

# MCGF / Azerbaijan

The **Outstanding guarantee volume** reaches **mEUR 56** at end-2020

More than **235 supported SMEs** in portfolio (in 2020)

The **average guarantee size is kEUR 203** in 2020

In 2020, the **Azerbaijan Mortgage and Credit Guarantee Fund (MCGF)** made clear that good knowledge of local business landscape in line with entrepreneurs' needs is essential for building a robust partial credit guarantee mechanism.

According to the Central Bank of the Republic of Azerbaijan, the net decrease in the volume of loans issued to entrepreneurs in 2020 amounted to mAZN 396 (mEUR 191.26). However, in such a difficult situation with the coronavirus pandemic, the volume of loans guaranteed by the Fund increased by 3.1 times compared to the previous year and amounted to mAZN 161.6 (mEUR 78.05). Thus, the total amount of issued loans guaranteed by the Fund reached mAZN 231 (mEUR 112) and accrued subsidy to entrepreneurs for interest on loans reached mAZN 30 (mEUR 14.5).

The amount of loans allocated to the sectors affected by the COVID-19 pandemic exceeded mAZN 100 (mEUR 48.3).

55% of all loans guaranteed by the Fund were partially or fully unsecured by collateral.

In the projects, financed by loans under the Fund's guarantee, currently more than 21,000 people work and more than 3,000 new jobs were created, which helps to reduce unemployment and increases the social welfare of the population.

The state provides support within the framework of special programmes to minimise the impact of the coronavirus pandemic on the economy and to support entrepreneurship during this period. In particular, this mechanism aims to increase access to financial resources, preferential loans are provided to entrepreneurs.

Today, entrepreneurs may enjoy a fully electronic application platform that was designed to increase transparency and reduce processing time. The electronic system allows to fully automate the entire process, to obtain the required documents electronically from e-gov resources in real time and to check the workflow and status of application.

In order to meet expectations of the local market in 2020, **MCGF** amended its support programme in the following way:

- The Fund started to provide guarantees and interest subsidies for fully unsecured loans, in addition to secured and semi-secured loans.
- Guarantees for loans up to kAZN 100 (kEUR 48.7) granted on authorised banks' positive opinion without further underwriting in Fund.
- The list of necessary documents required for applications not exceeding kAZN 500 (kEUR 242) were reduced to a minimum;
- Introduction of a new mechanism for short-term guarantees (max. 6 months).
- The commission fees from authorised banks for guarantees have been reduced to a minimum.
- The maximum coverage rate was increased from 75 to 85%.
- Increase of the limit on guarantee payments to banks from 7% to 10%.
- The interest rate subsidy is set at 10% regardless of the loan term in order to further simplify the allocation of interest rate subsidies and to support export-oriented entrepreneurs.
- Review of applications for restructuring of business loans.

More information on measures by **MCGF** can be found under the following link:  
<http://mcfg.gov.az/>

Latest update: 25th January 2021