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Rethinking MSME Trade Policies

European Bank for Reconstruction and Development

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About us

EBRD is investing in 40 countries from central Europe to central Asia.

We financed over **€210 billion** in more than **7,500 projects**.

EBRD has been in Azerbaijan for more than 30 years. We provided almost **€4 billion** financing in nearly **200 projects** (**€199 million** in **2024**).

We support Azerbaijan's economy via investments in **public** and **private sector** projects.

Global Trade Uncertainty – Impact on MSMEs

- Recent shocks (pandemic, geopolitical tensions) are reshaping global trade
- Rising protectionism and supply chain disruptions – volatile export markets
- MSMEs hit hardest: less buffer to absorb cost spikes, delays, new trade barriers
- Azerbaijan's context: push to diversify beyond oil, integrate MSMEs into trade amid global uncertainty

Key Challenges for MSME

- Access to finance: Limited trade finance/credit; collateral requirements hinder MSMEs
- Complex Procedures: Limited know-how to handle multiple regulations, paperwork – high compliance costs for standards/regulations
- Digital divide: Many MSMEs struggle to leverage e-commerce and digital tools for export
- External Risks: Exchange rate swings, geopolitical shifts, supply chain shocks hit MSMEs harder

EBRD – Supporting MSMEs in International Trade

- Trade Facilitation Programme (TFP): Guarantees to local banks so MSMEs get access to import/export financing
- MSME Financing: Credit lines to local banks & loans via local banks under Risk Sharing Facilities to help MSMEs upgrade to international standards and go green
- Advisory Services: On-the-ground advice to improve quality, certification, e-commerce readiness – building MSME capacity to trade
- Supply chain integration: New Supply Chain Finance programs link small suppliers with large buyers, offer working capital

Financial products and grants



Direct lending

Starting from €3m

Financing new investments
and working capital needs

Restructuring of existing
indebtedness



Grants

Up to US\$ 500k to support
energy and resource
efficiency investments

Up to US\$ 50k to assist with
HR related challenges

Financing up to 25% of energy
and resource efficiency
investments.



Long-term loans

3-7 years tenor with
amortized loan structure

Grace period and tenor
tailored to project needs



Local/foreign currency

Loans can be provided both in
AZN and foreign currency
(USD, EUR, etc.)

Floating and fixed interest
rates dependent on clients'
preference

Advisory services as part of the finance



Audit assistance

Assisting businesses with first time audit in line with the IFRS.

Reputable audit firm training the accounting staff of the company.



Staff training

Supporting businesses with training of their staff.

Setting up best international practices.



Research support

Support in preparation of market research and business plans.

Assistance with obtaining international certifications.



Consultancies

International and local consultants to identify existing gaps.

Corporate Governance Action Plan to strengthen internal policies.

Major Constraints & Needs

- Trade finance gap: Still significant – need more risk-sharing and innovative financing (factoring, fintech) for MSMEs
- Knowledge gap: Small firms need better access to trade info and networks – EBRD/partners will expand training, digital platforms
- Standards & certification: MSMEs require help to meet international standards (technical assistance, cost-sharing for certification)

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