



Single support service model for SMEs

«SME House» platform

OVERVIEW

The Small and Medium Business Houses (SMB Houses) is an organizational unit of the Small and Medium Business Development Agency responsible for coordination of services rendered by state bodies and private entities to entrepreneurs in the single space.

Objective

- The strategic objectives were to strengthen the role of SMEs in the economy and improve enabling SME environment by delivering flexible, tailored and sustainable public services and support mechanisms.

Content

- SME Houses are one-stop-shop centers providing comprehensive services and support tools to SMEs during planning, starting, running and developing businesses.

Beneficiaries

- **SME owners:** about 378000 SMEs have access to one-stop-shop services at SME House
- **Startups:** startups are able to benefit from Startup Development Center at SME House and can get Startup Certificate providing tax incentive for 3 years to already operating startups
- **Citizens:** SME House promote business mindset through trainings and guide individuals in setting up businesses
- **Government institutions:** by relocating front offices to SME House, they can organize activities more effectively in collaboration with other agencies and reduce operational costs
- **Civil society organizations:** SME House hosts Public Council meetings and sectoral discussions with public-private participation

Key Building blocks of the platform

SME House platform



SME Centric

Services are provided to SMEs while taking into account their peculiarities and needs over the different stages of business activities.



Effective coordination

Comprehensive support and services provided by up to 30 government institutions and up to 20 private entities under one roof.



Agile approach

The model is developed in responding to needs and feedbacks of potential users and is flexibly to reflect changes in ecosystem and be scaled down and up for replication



Inclusiveness

Special programs are developed to young, women and disabled people

Close public-private sector collaboration

Participation development process

Institutional cooperation and communication channels were introduced and used to ensure engagement and reflection of feedbacks of all stakeholders in the development and implementation process the Single support service model for SMEs

Coordination group

By the Decree of the Cabinet of Ministers, a permanent Coordination Group covering more than 30 state institutions was formed. The group played an important role in coordinating the activities of state institutions dealing with SME sector and creation of SME House that required joint collaboration

Public council

Public Council of KOBIA (which is the operator of the Single support service model) composing 15 business associations was an instrumental platform for engaging private sector for the improvement of SME support infrastructure.



Surveys

Surveys were conducted both through SME Friend networks of KOBIA and through involving private companies to find out challenges faced by and preferences of SMEs in order to develop a content best suited to needs of business sector

Sectoral and regional meetings

Discussions held with the participation of relevant government institutions, business community, business associations and civil society members played an important role to ensure successful operation of the model.

Challenges addressed

Before implementation

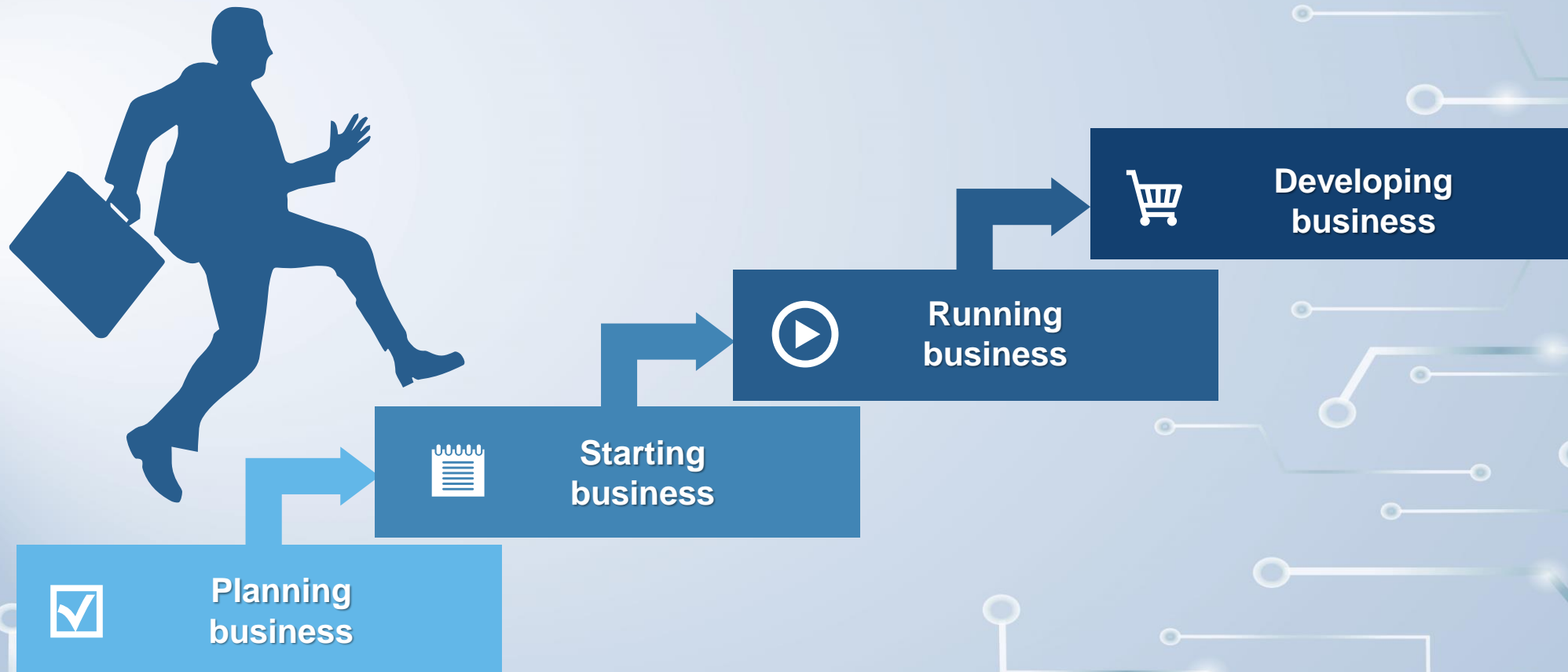
- › There are different state services provided by different government institutions. Sometimes people used to wrongly apply to one government agency and then redirected to another one.
- › Going to different places for different services was taking up much of time and resources away from core business activities.
- › There was lack of coordination among government institutions in cases where combined services or support tools were required.
- › SMEs who needed advice and explanation for developing business activities used to separately address to SME Friends and then guided to different institutions.
- › Surveys indicated that in most cases SMEs don't have information about available government support tools for business.

After implementation

- › People coming to SME House can obtain numerous services under one roof
- › Provision of different services through one-stop-shop model saves precious time and resources
- › Presence of numerous government institutions dealing with SMEs in a single space significantly contributed to consumers' satisfaction.
- › SME Friends who are available at SME Houses guide and if needed, accompany entrepreneurs for obtaining required services
- › While coming to SME Houses for getting public services or doing routine work operations, SMEs have a chance to be informed and notice existing support mechanisms.

Comprehensiveness of the Model

Single support service mode includes numerous B2B and G2B Services, as well as different support tools over the main lifecycles of business operations of SMEs:





G2B and B2B services

SME Houses combines services provided by 29 government organizations, which provided more than 150 services and 20 non-government organizations which provided more than 100 services to entrepreneurs in the SME House. Here, services related to business registration, obtaining licenses, access to discounted financial resources, tax, customs, banking and other issues is provided.

Training and consulting services



More than 900 trainings and up to 20,000 hours of consulting services were held at SME Houses in 2023 for SMEs and startups on various topics (marketing, sales, corporate law, financial management, business automation, reporting, business plan preparation, etc.) More than 600 business plans were prepared.

Business support services

- Grants are provided in the amount of \$13,000 to finance educational, scientific research and support projects of SME's
- Free business trainings and consultations are provided by SME Development Centers which are operated within the SME Houses
- Financial support up to \$13,000 is provided for domestic market research
- 80% and 50% of costs related to arranging sales at large supermarket networks are compensated for micro and small businesses respectively
- Start-up Certificates providing 3 years' exemption from income tax are issued
- Provision of investment promotion document. The investment promotion document is a document that provides the basis for obtaining the concessions specified in the Tax Code of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Customs Tariff" for a period of 7 years from the date of receipt of that document.



Available infrastructure

SME House's infrastructure includes training rooms, meeting spaces, conference hall, co-working spaces and cozy areas for private business discussions



Leaving no one behind

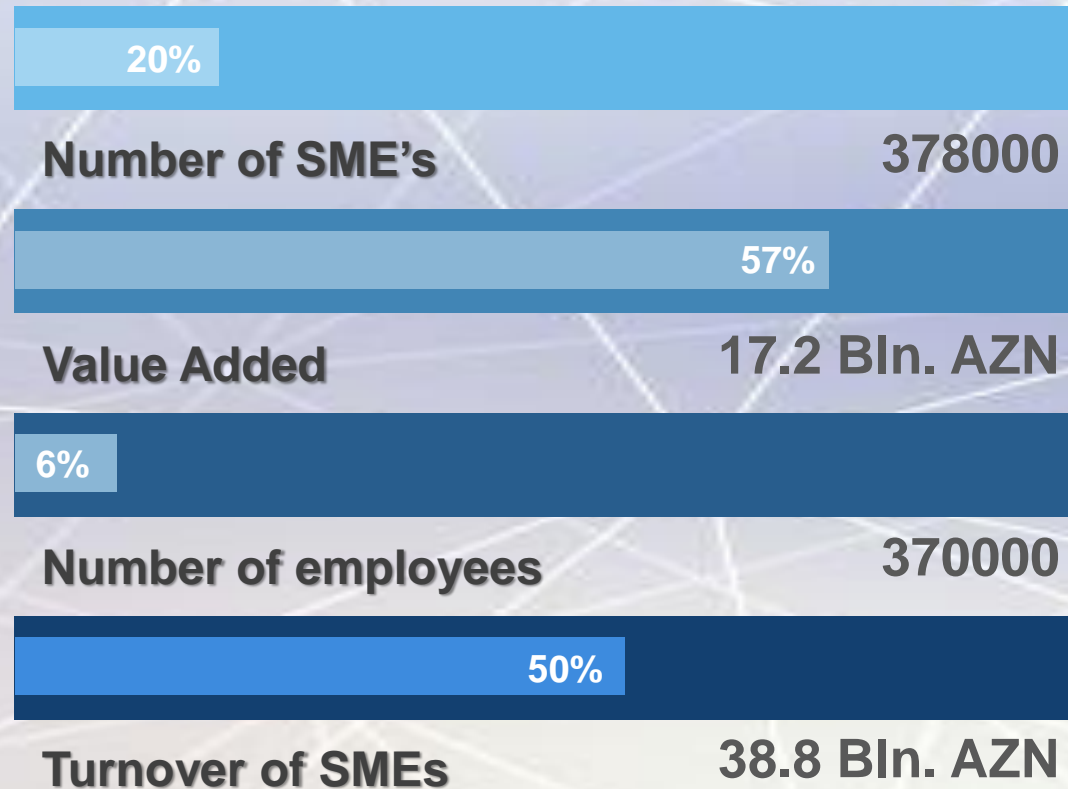
One of the important features of the initiative is that it promotes inclusiveness in business activities. Hence, SME House facilitates special events and support programs aimed at women, young and people with disability.



Impact

Impact can be measured through outcome and output indicators.

Outcome indicators:



Number of SME's

Over 2020-2022, number of SMEs increased by 20% from 316000 to 378000

Value Added

Over 2020-2022, value added created increased by 57% from 10.9 bln. AZN to 17.2 bln. AZN

Number of employees

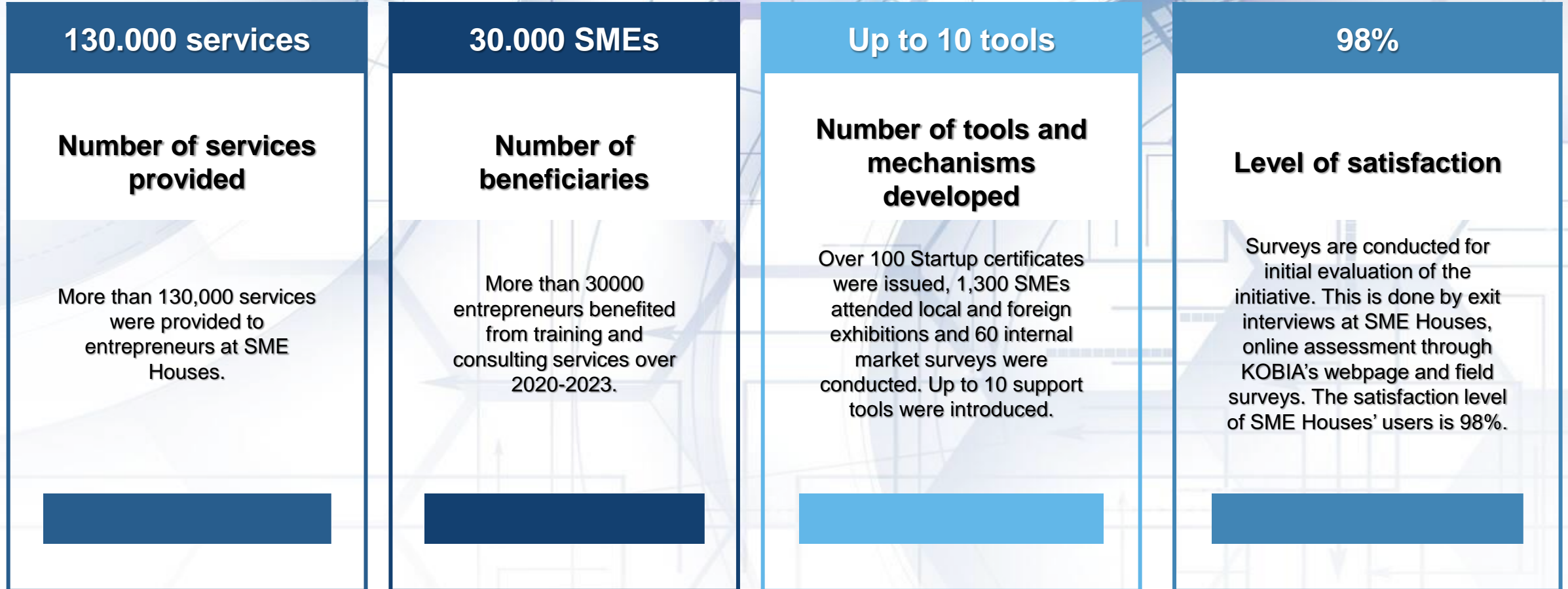
Over 2020-2022, number of employees in SMEs increased by 6% from 349000 to 370000

Turnover of SMEs

Over 2020-2022, turnover of SMEs increased by 50% from 25.8 bln. AZN to 38.8 bln. AZN

Impact

Output indicators:



Contribution to SDGs



Ensuring efficiency of service provision

Different practices and tools are applied in order to supervise and improve of quality of services provided at SME Houses



SME volunteers carry out exit surveys among users



SME Friends ready available at SME Houses answer questions, advise about and explain how to use existing services and support tools, direct and accompany people in the process of getting services from other agencies at SME Houses



Staff of SME Houses regularly conducts third-party observations of the service provision process.



International Council
for Small Business

Thanks to the initiative of ICSB, United Nations declared 27 June as
the Micro-, Small and Medium-sized Enterprises Day.

www.ICSB.org founded in 1955



ICSB Certificate of Recognition

for
The Small and Medium Business (SMB) Development Agency of the Republic of Azerbaijan
(KOBIA)

To Whom It May Concern,

Letter of Commendation and Recognition for The Small and Medium Business (SMB) Development Agency of the Republic of Azerbaijan (KOBIA)

It gives the International Council for Small Business (ICSB) great honor and pleasure to acknowledge the commendable work of The Small and Medium Business (SMB) Development Agency of the Republic of Azerbaijan, widely recognized as KOBIA.

Over the years, KOBIA has displayed an exceptional dedication to advancing Small and Medium-sized Enterprises (SMEs) and entrepreneurs in Azerbaijan. Their efforts in providing broader opportunities for these SMEs to access vital financial resources speak volumes about their commitment to the nation's entrepreneurial fabric. The enhancement and implementation of mechanisms to provide institutional support have individualized the growth of various enterprises and have played a pivotal role in elevating the national entrepreneurial ecosystem.

The skillful coordination by KOBIA of activities carried out by public and private entities exemplifies a masterclass in collaborative leadership. Their endeavors to cultivate a favorable business environment, particularly in the country's diverse regions, are both commendable and visionary. KOBIA's initiatives have successfully attracted both domestic and foreign investments, marking Azerbaijan's significant footprint on the global entrepreneurial stage.

As an international body dedicated to promoting SMEs globally, ICSB is deeply inspired by KOBIA's strides in championing the cause of entrepreneurship. Their continued emphasis on SMEs and their pivotal role in driving innovation, local economic growth, and job creation serves as a model for nations worldwide. ICSB has awarded KOBIA to hold the SME World Forum.

On behalf of the International Council for Small Business, we commend the exemplary performance and dedication. We look forward to witnessing further endeavors in SME and entrepreneurial development.

President & CEO, International Council for Small Business

International recognitions

EU BUSINESS CLIMATE REPORT AZERBAIJAN 2021

6TH ANNUAL EDITION

The EU Business Climate Report Azerbaijan 2021 based on surveys conducted among foreign companies operating in Azerbaijan, ranked the SME House concept among others at the top 5 effective reforms, considering it useful and efficient

International Council for Small Business certificate for the Single support model for SMEs in Azerbaijan:
“Their continued emphasis on SMEs and their pivotal role in driving innovation, local economic growth, and job creation serves as an exemplary model for nations worldwide”

SME Policy Index 2024 evaluation

According to the results of final assessment the indexes regarding our country has grown up by below main indicators

- Operational environment
- SME skills
- Business Development Services
- SME internationalization

SME Policy Index

Eastern Partner Countries 2024

BUILDING RESILIENCE IN CHALLENGING TIMES



Funded by
the European Union



From offline to online.

Digitization of services and support mechanisms is one of the main priorities of the “SME House” platform. Currently, many services are available online for SMEs. Some services are in the process of being put into use in the future.



E-learning

More than 180 online video-trainings, 180 training materials and self-assessment tests provided by www.kobim.az e-learning platform



E-market

SMEs are able to increase sales by www.kobmarket.az online platform



E-investment

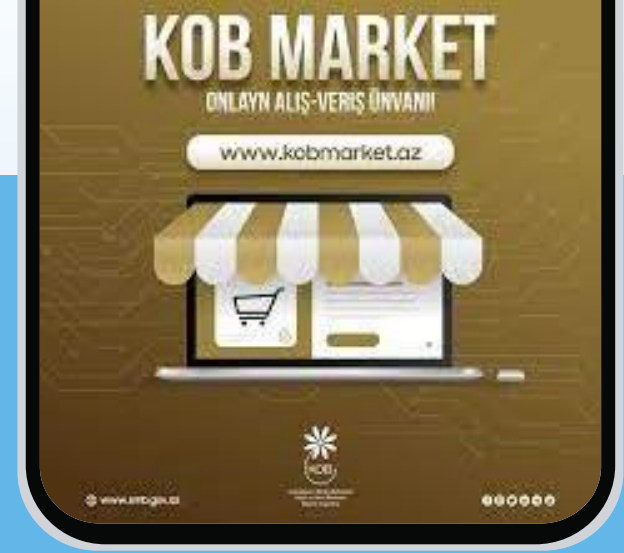
The investment portal www.invest.smb.gov.az can be used by those who have a business project, who are looking for investors, who want to sell their existing business, or who want to invest in the mentioned projects.



E-queue system

It is possible to get an online queue before coming to use the services provided at SME Houses

e-learning platform
e-market platform
e-investment platform
e-queue system





Current status and outlook for future

- Currently, there 3 SME Houses in different regions of the country.
- In the future, their scope will be further increased and all services will be made available online through e-SME House platform allowing transformation of operation of the SME Houses from one-stop-shop to non-stop-shop regime.
- It is also planned to establish specialized export-import oriented SME Houses in frontier region of the country to facilitate overseas operations of local SMEs.





THANK YOU!

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