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**Poverty in Azerbaijan and the Role of the Micro Financing in the
Poverty Reduction**

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Abstract

In contribution is analysed the poverty level in Azerbaijan and the influence of the micro financing on the poverty reduction. For the analysis are used the reports from micro-finance association.

Higher GDP growth and oil incomes last year has also influenced positively on poverty in the land and the poverty level of 49 % (2001) to 15.8 % (2007) has sunk.

The weak development the non-oil sector, missing infrastructure in the regions, small structure of the enterprises plays considerable role with the low income level of the population. The small and middle companies in non-oil sector do not dispose is enough funds to finance production cycle, or to develop her business.

In the world practise, special in poor lands the micro financing is an important instrument by the poverty reduction. The micro financing has well developed in Azerbaijan also the last 10 years. Borrowers number of the micro financial institutions has become already more than 300 000 and amounts to the loan portfolio approx. 600 thousand \$ (1.5 % of the GDP).

By micro financing the small and middle enterprises get the access to the funds, around the production continue and extension. The short treatment time of the documentation and little security demand is also decisive. On the other hand, the trust of population is grown by micro financing in the bank systems which have lost union by higher inflation rate her savings inserts after the layout the Soviet.

The investigation between 2000 borrowers that by the micro financing the poverty has decreased in borrower circle. For it will have taken up the old borrowers who have taken up more than 18 months a micro credit and anew borrower who questions a micro credit the last 17 months. By the analysis it was found out that old borrowers have borrower's higher incomes and low poverty level in the comparison with anew. In addition to the micro financing has stronger positive influence on poverty decrease and income rise in the rural area in Azerbaijan.

Keywords: Azerbaijan, microfinance, poor, poverty reduction