

| Azerbaijan       |   |
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| Policy responses |   |
| Containment      | <p><b>Quarantine regime:</b> [24 March] Azerbaijani authorities introduced lockdown measures to prevent the spread of the novel coronavirus in the country. The new restrictions are expected to be in place until April 20.<sup>1</sup></p> <ul style="list-style-type: none"> <li>• Border closures</li> <li>• Required quarantine of returning citizens</li> <li>• Prohibition of mass gatherings</li> <li>• Restriction on domestic movements;</li> <li>• Closure of retail outlets, airports, and transportation hubs;</li> <li>• Social distancing, and</li> <li>• Disinfection of public spaces.</li> </ul> <p><b>Reopening:</b></p> <ul style="list-style-type: none"> <li>• [27 April] Azerbaijan has decided to partially ease restrictions from April 27.<sup>2</sup></li> <li>• [29 April] The term for entry-exit restrictions on the state border of Azerbaijan has been extended until May 31.<sup>3</sup></li> <li>• [4 May] The authorities started a staged relaxation in these restrictions.<sup>4</sup></li> </ul> <p><b>Re-imposing containment measures:</b></p> <ul style="list-style-type: none"> <li>• [3 June] Azerbaijan is reintroducing strict controls on movement as its COVID-19 outbreak has started to accelerate. Residents of the largest cities are forbidden from leaving home between Friday evening and Monday morning. A new rule mandating wearing masks in public is also introduced.<sup>5</sup></li> <li>• [10 June] The special quarantine regime is extended to 1 July.<sup>6</sup> [2 July] The special quarantine regime is extended to 20 July.<sup>7</sup></li> <li>• [19 June] Azerbaijan extends border restrictions until August 1.<sup>8</sup></li> <li>• [23 June] Azerbaijan has imposed a two-week quarantine regime (from June 21 to July 5) and re-introduced electronic permits to control residents' movement as the country faces a spike in COVID-19 cases.<sup>9</sup></li> <li>• [17 July] the special quarantine regime was extended in 13 cities and districts until August 31, with tighter provisions in place until August 5. With new inflections starting to decline in early August, the authorities relaxed some of the lockdown restrictions in 7 cities (e.g., a few beaches were reopened and the requirement to receive SMS</li> </ul> |

<sup>1</sup> <https://ruptly.tv/en/videos/20200329-032>.

<sup>2</sup> <https://news.az/articles/society/147890>.

<sup>3</sup> [https://www.inform.kz/en/azerbaijan-extends-restrictions-for-entry-exit-on-state-border\\_a3644227](https://www.inform.kz/en/azerbaijan-extends-restrictions-for-entry-exit-on-state-border_a3644227).

<sup>4</sup> <https://www.worldaware.com/covid-19-alert-azerbaijan-lift-many-business-restrictions-starting-may-4>.

<sup>5</sup> <https://eurasianet.org/amid-renewed-covid-19-outbreak-azerbaijan-introduces-strict-lockdown>.

<sup>6</sup> [https://www.inform.kz/en/special-quarantine-regime-in-azerbaijan-extended-until-july-1\\_a3660069](https://www.inform.kz/en/special-quarantine-regime-in-azerbaijan-extended-until-july-1_a3660069).

<sup>7</sup> <https://apa.az/en/social-news/Special-quarantine-regime-in-Azerbaijan-extended-until-July-20-324835>.

<sup>8</sup> <https://www.news.az/news/azerbaijan-extends-border-restrictions-until-august-1>.

<sup>9</sup> <https://eurasianet.org/azerbaijan-re-introduces-electronic-permits-to-restrict-movement-as-covid-spread-worsens>.

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|        | <p>permission to leave home was eased).</p> <ul style="list-style-type: none"> <li>• [29 August] The special quarantine regime was extended until September 30.</li> <li>• [28 September] Azerbaijan extended some of its lockdown restrictions until 2 November, while its borders remain closed.</li> <li>• [19 November] The lockdown restrictions were extended until 28 December.</li> <li>• [14 December] The new quarantine measures became effective and the special quarantine regime was extended until 31 January 2021.</li> </ul> <p><b>Punishment of violating quarantine regime:</b></p> <ul style="list-style-type: none"> <li>• [2 June] Azerbaijani parliament approves fines for not wearing face masks.<sup>10</sup> [29 June] The parliament doubled the fine if individuals do not wear masks in public places.<sup>11</sup></li> <li>• [10 June] The Azerbaijani Cabinet of Ministers has changed the quarantine regime control rules. The violators will be liable in the manner prescribed by the Code of Administrative Offenses and the Criminal Code of Azerbaijan.<sup>12</sup></li> </ul>  |
| Fiscal | <ul style="list-style-type: none"> <li>• Fiscal stimulus: 4.3% of GDP</li> <li>• The 2021 budget allocated an additional 0.3% of GDP (AzN 261 million) for coping with the pandemic.</li> </ul> <p><b>Public health:</b></p> <ul style="list-style-type: none"> <li>• Increased spending on public health (AzN 8.3 million or .01 percent of GDP)</li> <li>• Created a COVID Response Fund for public health needs (AzN 114 million or 0.14 percent of GDP). Transferred AzN 20 million (.02 percent of GDP) to the Fund, with additional contributions coming from the public and private sectors.</li> </ul> <p>Ten modular hospitals are expected to be built (one of which has been completed) adding 2,000 beds at an estimated cost of AzN 15.3 million.</p> <p><b>Support businesses and households:</b></p> <ul style="list-style-type: none"> <li>• On April 4, the authorities announced support to the affected businesses and individuals in the amount of AzN 3.3 billion (4.1 percent of GDP). Measures aimed at redressing damage to entrepreneurs and supporting incomes include: <ul style="list-style-type: none"> <li>○ partial coverage of salaries (AzN 215 million);</li> <li>○ support to microentrepreneurs (AzN 80 million);</li> <li>○ temporary public jobs (AzN 54 million);</li> <li>○ subsistence and unemployment payments (AzN 230 million);</li> <li>○ pensions (AzN 200 million);</li> <li>○ targeted social assistance (AzN 4.5 million);</li> <li>○ energy and education subsidies (AzN 20 million);</li> <li>○ allocation of additional funds to the Entrepreneurship</li> </ul> </li> </ul> |

<sup>10</sup> <https://www.news.az/news/azerbaijani-parliament-approves-fines-for-not-wearing-face-masks>.

<sup>11</sup> <https://eurasianet.org/azerbaijan-faces-prospect-of-covid-doctor-shortage>.

<sup>12</sup> <https://www.news.az/news/azerbaijani-cabinet-of-ministers-changes-quarantine-regime-control-rules>.

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|  | <p>Development Fund (AzN 50 million).</p> <ul style="list-style-type: none"> <li>On June 23, the Cabinet of Ministers announced a one-time extension of social assistance announced as part of the April 4 relief package for the unemployed and low-income people who lost earnings because of the special quarantine regime. An additional lump-sum payment of AzN 190 will be paid once to the individuals who received social assistance under the April 4 relief package.</li> <li>[August 5] The Azerbaijani government will provide financial support to business entities working in economic spheres affected by the COVID-19 in the period of August and September as part of the next stage of financial support program. The financial support will be paid in equal installments in two phases, covering August and September. <ul style="list-style-type: none"> <li>taxpayers working in the areas affected by the pandemic who received financial support and have not significantly reduced the number of employees, will receive financial support in the amount of a monthly salary based on the number of employees listed on July 1;</li> <li>micro-entrepreneurs, who received a lump-sum payment of AZN 250 (\$147) in the first stage, will be reissued a lump-sum aid in the same amount.<sup>13</sup></li> </ul> </li> <li>[August 6] On August 6, the parliament passed a revised 2020 budget which reflected a lower oil price (\$35 a barrel) and growth assumptions (-5 percent). The transfer from the Oil Fund was increased by AzN 850 million to offset lower state budget (SB) revenues, while SB expenditures were increased by some AzN 600 million. Overall, the 2020 SB deficit has increased from AzN 2.8 billion to AzN 3.4 billion (4.8 percent of GDP), while the consolidated government deficit increases from AzN 1.9 billion to AzN 8.4 billion (11.9 percent of GDP).</li> <li>[August 20] AZN 50.38 million (\$29.6M) have been transferred to the bank accounts of 22,603 taxpayers affected by coronavirus pandemic as of August 19, according to the Ministry of Economy has reported. 228,175 employees are among those receiving the financial aid.<sup>14</sup></li> </ul> <p><b>Support international COVID Fund:</b><br/>Azerbaijan's government has provided \$5 million to the COVID-19 Fund as part of the WHO's Strategic Preparedness and Response Plan.</p> <p><b>Tax:</b><br/>On June 2, the President approved amendments to the Tax Code, providing tax benefits to businesses affected by the COVID pandemic. The amendments grant a one-year exemption from land and property tax to selected sectors, including tourism, passenger road transportation, and cultural facilities. Income taxpayers will also receive a 75 percent</p> |
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<sup>13</sup> As of 5 August, the volume of financial support on the approved appeals as payment of part of salaries to employees has amounted to AZN 99.13 million (\$58.3M), of which the funds envisaged for payment on the second stage amounted to AZN 49.56 million (\$29.1M). The volume of financial support of the micro- entrepreneurs on the approved appeals is AZN 63.6 million (\$37.4M).

<http://www.today.az/news/business/196071.html>.

<sup>14</sup> <http://www.today.az/news/business/196467.html>.

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|                            | exemption and taxpayers filing under simplified procedures a 50 percent exemption. Moreover, the rental property tax in the COVID-affected areas is reduced from 14 percent to 7 percent.  |
| Monetary                   | <p>Central Bank of Azerbaijan:</p> <p>[Jan 31] lowered the refinancing rate by 25bp to 7.25%</p> <ul style="list-style-type: none"> <li>• [March 19] left the refinancing rate unchanged at 7¼ percent,</li> <li>• [March 19] raised the floor of the interest rate corridor by 125 bps to 6¾ percent.</li> <li>• [2 June] held a deposit auction, attracting 250 million manat (\$147 million) from Azerbaijani banks, aiming to stabilize money supply.<sup>15</sup></li> <li>• [19 June] cut refinancing rate by 25bps to 7 per cent.<sup>16</sup></li> <li>• [30 July] lowered the refinancing rate by 25bp to 6.75% , and shifted the floor and ceiling of the corridor downwards to 6¼ and 7¼, respectively.</li> <li>• [18 September] lowered the refinancing rate by 25 bps to 6.5%, and adjusted the ceiling and floor rates to maintain a +/- 50 bps interest rate corridor.</li> <li>• [18 December] lowered the refinancing rate by 25 bps to 6.25%.</li> </ul>  |
| Financial/Foreign exchange | <p>[23 April] The CBA undertook several measures to assist the financial sector. This included:</p> <ul style="list-style-type: none"> <li>• a relation of capital requirements (system wide and the countercyclical capital buffer) and risk weights on mortgage loans;</li> <li>• a moratorium on late fees and interest rate penalties;</li> <li>• guarantees on insurance premiums; and</li> <li>• suspension of inspections of credit institutions.</li> </ul> <p>[27 April] Azerbaijan's central bank took four of the country's top banks into temporary administration, and has reduced capital requirements for others, as the country's financial system comes under increasing strain from falling oil prices.<sup>17</sup></p> <p>[19 May] the CBA signed a \$200 million swap agreement with the EBRD, aimed at improving the flow of financial resources to the real sector. The swap enables the EBRD to provide domestic currency credit support to local companies, including for short-term liquidity needs, working capital and restructuring of exposure for existing clients, as well as trade finance and emergency support to key infrastructure providers.</p> <p>The CBA, with the participation of the State Oil Fund, has conducted scheduled and extraordinary foreign exchange auctions, and has satisfied all demands for foreign currency at the announced 1.7 AzN/US\$ rate.</p> <p>Banks are kept open seven days a week to allow individuals and businesses to convert their manat holdings into foreign currency.</p> |

<sup>15</sup> <https://www.news.az/news/central-bank-of-azerbaijan-holds-auction-attracts-bank-funds>.

<sup>16</sup> <http://www.cbrates.com/decisions.htm>.

<sup>17</sup> <https://eurasianet.org/azerbajjans-banks-showing-signs-of-strain>.

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|  | <p><b>Digital finance:</b><br/>[12 August] Within the framework of the “State Program on Expansion of Digital Payments in the Republic of Azerbaijan in 2018-2020”, the Instant Payment System (IPS) implemented by the Central Bank was launched in pilot mode with the aim of introducing new digital payment technologies in the country and increasing access to payment services.<sup>18</sup></p>   |
| Trade measures <sup>19</sup>               | <p><b>Restrictive</b><br/><b>Liberalizing:</b></p> <ul style="list-style-type: none"> <li>• Temporary elimination of import tariffs on chemical yarns for the production of face masks. Sept 2020. The measure was extended: Temporary elimination of import tariffs on nonwovens, coated, covered or laminated; and other made up articles, including dress patterns.</li> </ul>   |
| SME measures (last update 22 January 2021) | <p><b>Tax exemption:</b></p> <ul style="list-style-type: none"> <li>• The government announced an AZN 3.3 billion economic recovery package, which exempted micro-enterprises from simplified taxes, CIT, and certain raw materials' VAT related to food and pharmaceutical manufacturing.</li> </ul> <p><b>Tax reduction:</b></p> <ul style="list-style-type: none"> <li>• A 50 per cent discount is offered to micro entrepreneurs on simplified tax. The tax rate is reduced from 2 per cent to 1 per cent.<sup>20</sup></li> </ul> <p><b>Other fiscal support:</b></p> <ul style="list-style-type: none"> <li>• Extension of deadlines for submission of simplified tax returns for the first and second quarters of 2020 and reports on profit and property taxes as well as payment of accrued tax to the budget until 1 September 2020.<sup>21</sup></li> </ul> <p><b>Loan support:</b></p> <ul style="list-style-type: none"> <li>• As part of the package, enterprises can obtain a loan guarantee of 60 per cent from the government, and the government can subsidize 50 per cent of the guaranteed loan interest.<sup>22</sup></li> <li>• The government also can provide a 10 per cent interest subsidy for loans for one year to enterprises.</li> <li>• In case of full or partial delay in business loans, credit organizations are advised not to levy a fine, penalty and other payments from the borrowers and not worsen their credit history until September 30, 2020.<sup>23</sup></li> </ul> |

<sup>18</sup> <https://www.cbar.az/press-release-2702/central-bank-introduced-the-instant-payment-system-in-pilot-mode>.  
<https://www.cbar.az/press-release-2700/the-central-bank-of-the-republic-of-azerbaijan-and-the-international-finance-corporation-signed-cooperation-agreement-on-expansion-of-digital-payment-services>.

<sup>19</sup> <https://www.macmap.org/covid19>

<sup>20</sup> <https://home.kpmg/xx/en/home/insights/2020/05/azerbaijan-tax-developments-in-response-to-covid-19.html>

<sup>21</sup> Ibid.

<sup>22</sup> <https://caspiannews.com/news-detail/azerbaijan-takes-measures-to-mitigate-covid-19-impact-on-economy-social-life-2020-4-6-1/>

<sup>23</sup> <https://home.kpmg/xx/en/home/insights/2020/04/azerbaijan-government-and-institution-measures-in-response-to-covid.html>

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|                       | <p><b>Other financial support:</b></p> <ul style="list-style-type: none"> <li>Financial support program for entrepreneurs affected by COVID-19: The Ministry of Economy gives a financial support to individual (micro) entrepreneurs in order to pay a certain part of salaries to their employees. As of June 7, the State Treasury Agency of the Ministry of Finance had already secured the transfer of AZN 60.83 million to the bank accounts of 101.698 individual (micro) entrepreneurs.<sup>24</sup> Starting from August 11, the financial support was transferred to the bank accounts of 49,421 individual (micro) entrepreneurs.<sup>25</sup></li> </ul> <p><b>Employment support:</b></p> <ul style="list-style-type: none"> <li>In order to prevent job cuts and safeguard employment in the sectors negatively affected by the pandemic, (i) an AZN 215 million financial support program for the payment of salaries to 300,000 wage earners and (ii) an AZN 80 million financial support program for 300,000 individual (micro) entrepreneurs are provided.<sup>26</sup> Beneficiaries will receive financial support in the amount of the monthly wage fund in relation to the number of employees as of July 1, 2020. Financial support will be paid in equal installments in two stages, covering August and September.<sup>27</sup></li> </ul> |
| Other policy measures | <p>The Cabinet of Ministers created the COVID-19 Operational Headquarters and working groups within various ministries.</p> <ul style="list-style-type: none"> <li>As of April 22, 2020, the donations transferred to Azerbaijan's Fund to Support Fight against Coronavirus amounted to AZN 112,416,847 (66,381,920), according to the Fund's website.<sup>28</sup></li> <li>[23 April 2020] With the support of the DOST Center of the Ministry of Labor &amp; Social Protection, Azerbaijan is planning to create an additional 50,000 paid public jobs between April and May.<sup>29</sup></li> </ul> <p><b>International cooperation:</b></p> <ul style="list-style-type: none"> <li>[23 April] An information project will be launched in connection with the COVID-19 pandemic as part of the joint cooperation of the United Nations Children's Fund (UNICEF) representative office in Azerbaijan.<sup>30</sup></li> <li>[23 June] IFC provides \$35 million pre-privatization loan to Ipoteka-bank to expand lending to SMEs.<sup>31</sup></li> </ul>  |

<sup>24</sup> <https://www.economy.gov.az/en/article/koronavirus-covi-d-19-pandemiyasindan-zerer-chekmish-sahibkarlara-dovlet-maliyye-desteyinin-gosterilmesi-davam-etdirilir5/30968>

<sup>25</sup> <https://economy.gov.az/en/article/ferdi-sahibkarlara-maliyye-desteyi-gosterilmesine-bashlanilib/31163>

<sup>26</sup> <https://home.kpmg/xx/en/home/insights/2020/04/azerbaijan-government-and-institution-measures-in-response-to-covid.html>

<sup>27</sup> <https://economy.gov.az/en/article/ferdi-sahibkarlara-maliyye-desteyi-gosterilmesine-bashlanilib/31163>

<sup>28</sup> <https://www.news.az/articles/society/147808>.

<sup>29</sup> <https://www.news.az/articles/society/147818>.

<sup>30</sup> <https://news.az/articles/society/147859>.

<sup>31</sup> <https://www.timesca.com/index.php/news/22611-uzbekistan-ifc-35-million-pre-privatization-loan-to-ipoteka-bank-to-expand-lending-to-smes>.

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|  | <ul style="list-style-type: none"> <li>• [4 August] Thirty-nine women in Azerbaijan's Nakhchivan Autonomous Republic received investment capital worth 25,200 manat (\$14,823) within the project entitled "Empowering Women for Sustainable Development", which is funded by the European Union and partially by UNDP.<sup>32</sup></li> </ul> <p><b>Oil:</b></p> <p>[1 May] Azerbaijan, oil production of which amounted to 718,000 barrels of crude oil per day in October 2018, also undertook new commitments to reduce the oil production in July-December by 18 percent or 131 thousand barrels, and in April 2021 and 2022 - by 14 percent or 98 thousand barrels.<sup>33</sup></p> <p><b>Migrants:</b></p> <ul style="list-style-type: none"> <li>• [20 May] Azerbaijan extends period of residence for visa-less migrants. The period of residence of migrants without a visa in Azerbaijan has been automatically extended. The period of residence was extended until May 31.<sup>34</sup></li> <li>• [19 June] Azerbaijan extends period of temporary stay for foreigners. The temporary stays of these foreigners will be extended by 30-60 days, due to extension of the border crossing restriction till August 1.<sup>35</sup></li> </ul> <p><b>Economic restoration:</b></p> <ul style="list-style-type: none"> <li>• Azerbaijan intends to expand e-business in 2021.<sup>36</sup></li> </ul> <p><b>Social development:</b></p> <ul style="list-style-type: none"> <li>• [27 August] Azerbaijan has expanded its social programs to record levels in 2020 despite the limitations of the pandemic. This year's social package covers about 5 million people where only 4.2 million citizens were covered under the last year's package.<sup>37</sup></li> </ul> |
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*Source:* IMF, Policy Responses to COVID-19, if not specified.

<sup>32</sup> [www.today.az/news/business/196022.html](http://www.today.az/news/business/196022.html).

<sup>33</sup> <https://www.news.az/articles/economy/148105>.

<sup>34</sup> <https://www.news.az/news/azerbaijan-extends-period-of-residence-for-visa-less-migrants>.

<sup>35</sup> <https://www.news.az/news/azerbaijan-extends-period-of-temporary-stay-for-foreigners>.

<sup>36</sup> <https://www.azernews.az/business/167140.html>.

<sup>37</sup> <http://www.today.az/news/business/196649.html>.