



UDC 330.3

DOI: 10.48077/scihor.25(11).2022.111-119

## Sources of Financing for Increasing the Competitiveness of the Food Industry in Azerbaijan

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### Article's History:

Received: 10/10/2022

Revised: 11/17/2022

Accepted: 12/14/2022

### Suggested Citation:

Babayev, F. (2022). Sources of financing for increasing the competitiveness of the food industry in Azerbaijan. *Scientific Horizons*, 25(11), 111-119.

**Abstract.** The state policy of the government of Azerbaijan is aimed at the sectoral diversification of the economy of the country, in which the food industry occupies a significant place. Since for a long time there has been a raw materials-based model of the economy in Azerbaijan, investment funds have not been not directed to increase the competitiveness of the food industry in order to operate successfully in the global market. The main aim of the research is to investigate the opportunity of using various sources of financing, which are required to improve the Azerbaijani food industry competitiveness. The methods of summary and grouping, analysis, synthesis, induction, deduction, were used in order to reach the goal. It was shown that the food industry in the state could be improved by increasing the climate investment and the share of outside and joint financing sources. During the research conducted it was determined that over the past 15 years, the government of Azerbaijan has implemented more than 70 national and industry specific programs. The work separately points out the State Programs I and II on the economic and social development of the regions, which were introduced in the period from 2004 to 2013. For increasing the food sector competitiveness in Azerbaijan, additional financial resources, which reached \$65 billion in 2012, were attracted in the country; loans to strengthen the competitiveness of the food industry increased by 9.7 times in the period between 2006 and 2021, and the investment volume will exceed \$3 billion in the result. The positive impact of the measures, which were taken, was reflected in the creation of additional 1.2 million jobs in the food industry in the Republic of Azerbaijan. The study results showed that internal sources were the largest share in the financing of the food industry in the country, while the due attention was not paid to the development of international cooperation aimed at increasing external and joint sources of financing. The practical significance of the results of the study presented in this article lies in its providing of the basis for subsequent areas of study of the topic under consideration, as well as for the development of state programs on the improving of the food sector in Azerbaijan

**Keywords:** consumer market, customer orientation, investments, international cooperation, non-resource economy



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## INTRODUCTION

The food industry of Azerbaijan has a great potential in the national economy. After the collapse of the Union of Soviet Socialist Republics, Azerbaijan received raw material resources, which have already been depleted by now, and the country needs to use the existing potential to develop the non-resource of economy branch. There are internal as well as external factors that influence the urgency of the food sector development. Azerbaijan is an industrial-agrarian state, and the food industry occupies a leading position among the republic's processing industries. The insufficient development level of the food industry, due to low competitiveness, is evidenced by the ranking of the states of the world community when it comes gross domestic product, in which Azerbaijan ranks 76<sup>th</sup> (Food Safety Agency..., 2022). This situation is explained by the low level of competitiveness of food industry enterprises, which have practically not been modernized over the years of Azerbaijan's independence, suspended their activities on a large scale, and reduced production volumes.

It should be pointed out that the development of the food industry is one of the main directions for the strategic development of the economy in the Republic of Azerbaijan in "State Program for the Social and Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023" (Decree of the..., 2019), which is currently being implemented. At the same time, state resources for financing the modernization of equipment of food industry enterprises, the development and implementation of innovative technologies for processing food products, and training the personnel of food industry enterprises in Azerbaijan were virtually not allocated. Since the enterprises of the food industry in Azerbaijan are privately owned, the search for funds to increase competitive advantages falls on the owners.

The need to develop the competitiveness of the food sector in the country is due to the current world economy situation, which has faced the problem of hunger in developing countries. This problem has become especially acute against the backdrop of the war waged by Russia against Ukraine, as a result of which food products produced in Ukraine are not supplied to the world market. To solve the problem of the food crisis, Azerbaijan needs to attract investments to increase the competitive advantages of produced food in the country in a short time, since in order to import food products produced in Azerbaijan, these products must meet international quality standards. According to the head of the Small and Medium Business Development Agency (SMBDA) of the Republic of Azerbaijan (2022) O. Mammadov, the export potential of the food industry is huge; it is justified by the fact that approximately 10 thousand business entities are registered in Azerbaijan every year; and their activities are carried out in the food production market. Therefore, the study of the possibility of using various sources of financing for the food industry

in Azerbaijan, aimed at increasing the level of competitiveness of the industry's enterprises, is relevant.

The importance of increasing the competitiveness of Azerbaijan's food industry enterprises has been widely studied by various authors. The high level of significance of involvement of the country in the food industry development in the state has been determined. But, at the same time, the main bias is made on the need and importance of the formation of new enterprises for the processing of agricultural products, without at all considering the possibility of attracting various investment funds for the development of the industry (Babayeva, 2018). There is evidence of the possibility of reducing the level of resource costs in the agricultural sector, but the financial support of the innovative technologies is still not provided (Hajiyeva, 2021). In addition, the issues of financing the agrarian economy branch in the state are not considered in article of A.D. Iskenderova *et al.* (2021). At the same time, this study proved the feasibility of increasing the level of competitiveness of food industry enterprises by optimizing supply chains. The article of N.R. Aliyeva (2021) proved the necessity and effectiveness of developing the food sector in the Republic of Azerbaijan through the introduction of green technologies. The disadvantage of the article is that it does not present calculations for the financing of the proposed innovations. The article of M. Suleymanov (2022) presents evidence of the importance and necessity of introducing the ideas of the scientific and technological innovations – innovative developments in order to achieve an enhance in the share, in the overall volume of the regional gross product of the Nakhichevan Autonomous Republic, enterprises and organizations involved in the production of food products; issues of financing the proposed directions for increasing competitive advantage are not considered.

Based on the above mentioned facts, it can be concluded that by now, a broad ground has been developed for conducting research on the expediency of using various sources of financing to increase the food field competitiveness in the Republic of Azerbaijan. *The purpose of the article* to study the possibility of using various sources of financing, and which are required to increase the competitiveness of the food industry in Azerbaijan, is finally justified.

## MATERIALS AND METHODS

To carry out this research the process was divided into separate stages. Collection of the statistical reporting data was done at the first stage. This data was presented on the official websites State Statistics Committee of the Republic of Azerbaijan (2022), Small and Medium Business Development Agency (SMBDA) of the Republic of Azerbaijan (2022), Food Safety Agency of the Republic of Azerbaijan (2022) over the last 15 years. Since the study involves the collection of a large amount of data,

the method of summary and grouping was used, which is the most appropriate at this stage.

An analysis of the collected material was carried out at the next stage; an insufficient level of use of the competitive potential of food industry enterprises was proved via using data analysis methods (Kelley, 2022). The method of analysis was used at this stage of the study, since there is a need for a detailed consideration of the object of the study, practical decomposition of the collected data into components to track existing trends. It was possible to prove the necessity and expediency of considering various sources of financing for the food branch development in state on the basis of the above-mentioned method.

The third stage of the study is to consider the possibility of using internal sources of financing, consisting of the financial resources of the budgetary and non-budgetary funds of Azerbaijan, the funds of the Azerbaijani population, the own funds of Azerbaijani enterprises and organizations, which will be used later to increase the competitiveness of Azerbaijan's food industry enterprises. It should be pointed out that the presented article considers several sources of funding, in addition to internal sources, external and joint sources are also considered. External sources of financing include funds received from foreign partners. Joint sources of financing for the sector development in the state include funds from international associations and corporations operating in various countries, including Azerbaijan.

It is explained by the functioning of the market model of the Azerbaijani economy, which involves the selection of the optimal ratio of funds raised and the result obtained. The induction methods were used at this stage (Yang *et al.*, 2022). The validity of using this research method is explained by the fact that, given the results of the analysis of the indicators of competitiveness of Azerbaijan's food sector business, it is required to determine the possibility of using internal, external and joint investments.

The fourth stage of the research involves the use of method of analysis to calculate the volume and share ratio of the use of various investment sources. Since internal funding may not be enough for the introduction of innovative production technologies, staff training, and the establishment of new companies, then by using the deduction method, it will be possible to select other sources of financing, which include exclusively external and joint sources (Bradford & Weisberger, 2021). Furthermore, a review of the ongoing situation of the global financial marketplace was carried out at this stage of study, which makes it possible to consider and assess the opportunity of attracting investment funds to the food industry in Azerbaijan from various sources, taking into consideration financial market analysis data.

The deduction method was used at the fifth stage of the study, which helped in drawing conclusions based

on logical conclusions that rely on the results of the data obtained in the previous stages of the study (Javed, 2022). The need to use this particular research method is substantiated by the need to obtain one's own conclusions, which were drawn after carrying out analytical and generalizing procedures, indicating the possibility and necessity of using internal, external, joint sources of financing for food industry enterprises, directions for increasing the level of competitiveness of these enterprises.

## RESULTS

Among the sectors of the Azerbaijani economy, the non-primary sector is developed more actively by the government nowadays, in view of the depletion of natural resources. To this end, Development Concept "Azerbaijan 2020: A look into the future" (Decree of the..., 2012) has already been implemented, and "State program for the Social and Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023" (Decree of the..., 2019) is currently being implemented, one of its priority tasks is to enhance the competitiveness level of food industry business. According to Small and Medium Business Development Agency (SMBDA) of the Republic of Azerbaijan (2022) 75.6% of the overall number of food industry businesses of the republic are micro and small enterprises, which influence the activity of these enterprises in the implementation of measures to increase their competitiveness in a positive way, including innovative activity. The need to stimulate an increase in the level of competitiveness of enterprises of food industry in Azerbaijan is evidenced by statistical data, according to which, 180 enterprises of food industry were liquidated in 2016-2021 due to the influence of subjective and objective reasons, while 20% of the overall number of companies working in the market, small, micro and medium-sized enterprises operate in the red – the number of total losses in 2021 was 1063 million manats. According to Food Safety Agency of the Republic of Azerbaijan (2022), the first place among the countries pursuing an active investment policy is actually occupied by the United Kingdom, which invested \$1234759000 in the economy of Azerbaijan in 2021. It is followed by Turkey – \$530051000, United States of America – \$410960000, Malaysia – \$324857000, Cyprus – \$231309000, Japan – \$215820000, Iran – \$209390000, Norway – \$121722000, Georgia – \$74264000, United Arab Emirates – \$48222000.

The low rate of implementation of measures to increase competitiveness by food industry enterprises indicates the need to search for various sources of investment, which are required for the improving and realization of measures dedicated at increasing the competitiveness of the food industry in Azerbaijan. These directions should not be limited solely to the upgrading production and the implementation of innovative developments in production activities that require constant

updating due to rapid wear and tear. The measures to improve the quality of work of labor resources, such as timely training of personnel, full-fledged motivation of personnel, and the prevention of internal labor conflicts, which also have a negative impact on the competitiveness of enterprises, should also be included. Thus, according to the Food Safety Agency of the Republic of Azerbaijan (2022), during 2006-2021, the quality of products decreased by 40% at 25% of food industry enterprises in Azerbaijan due to a low level of employee motivation, and the level of competitiveness of products decreased by 28% at 45% of food industry enterprises

in Azerbaijan as a result of internal labor conflicts. The mentioned facts influence the economic sustainability of Azerbaijan's food industry enterprises in a negative way and are a significant obstacle to the realization of Azerbaijan's export potential in international markets, where the level of competition is quite high.

As a result of the data analysis on investing in measures to increase the competitiveness of food industry enterprises in 2021 relative to the data of 2006, financing of the non-state sector at the expense of internal funds increased by 44.43 times, external financing increased by 21.36 times, joint financing – by 30.38 times (Table 1).

**Table 1.** Volumes of investment in increasing the competitiveness of food industry enterprises

Years	Internal funds			External sources			Joint investment		
	Volume of investments, million manats	Growth rate over the previous year (%)	Share in total domestic investment (%)	Volume of investments, million manats	Growth rate over the previous year (%)	Share in total foreign investment (%)	Volume of investments, million manats	Growth rate compared to the previous year (%)	Share in total joint investments (%)
2006	57.11	110.10	44.13	82.02	88.3	35.99	13.91	101.30	38.88
2007	72.51	126.96	56.42	105.69	128.86	46.38	17.82	128.08	49.80
2008	86.50	119.30	66.56	157.87	149.38	69.27	24.44	137.14	68.29
2009	134.29	155.24	33.30	247.90	157.02	10.88	38.22	156.39	106.80
2010	155.32	115.66	29.13	341.26	137.66	14.97	49.66	129.93	138.77
2011	198.97	128.10	53.10	562.67	164.88	24.69	76.16	153.38	21.28
2012	284.33	142.90	28.78	1223.90	217.52	53.71	150.82	198.02	42.15
2013	384.74	135.31	29.04	2454.41	200.54	10.77	283.91	188.24	79.34
2014	815.58	2.1 times	27.56	3115.38	126.93	13.67	393.10	138.46	10.98
2015	1152.45	141.30	67.60	3101.30	99.55	13.61	425.37	108.21	11.89
2016	1105.98	95.97	51.01	2672.91	86.19	11.73	377.89	88.84	10.56
2017	937.11	84.73	72.07	2303.22	86.17	10.11	324.03	85.75	90.55
2018	1743.90	186.09	41.89	1767.48	76.74	77.56	351.14	108.36	98.12
2019	1636.71	93.85	59.39	1158.34	65.54	50.83	279.51	79.60	78.11
2020	1693.21	103.45	62.86	1743.02	150.47	76.48	343.62	122.94	96.02
2021	2537.39	149.86	52.43	1751.90	100.51	76.87	428.93	124.83	11.99

**Source:** compiled by the author in accordance with data provided by Food Safety Agency of the Republic of Azerbaijan (2022)

In 2022 \$19.7 billion was attracted from all sources of financing as a result of internal labor conflicts, to increase the competitiveness of Azerbaijan's food industry enterprises, which is 18% more than in 2021. 42% micro, small and medium enterprises are among these food industry enterprises. The sources

of financing for ensuring the competitiveness of the food sector are the funds of enterprises, the budget and extra-budgetary funds of the country, credit funds of banking institutions, personal savings of Azerbaijani citizens, more detailed figures are shown below (Table 2).

**Table 2.** Funding for enhancing the competitiveness of the food industry by investment source

Years	Funds of enterprises and organizations	Own funds of the population	Bank loans	Budget resources	Extrabudgetary funds	Joint investment
2006	71.2	4.7	13.6	2.9	0.9	6.7
2014	82.6	5.7	5.4	3.4	1.3	1.6
2015	70.7	3.8	5.8	14.2	4.1	1.4
2016	59.8	3.4	5.3	24.8	5.4	1.3
2017	47.6	3	6	28.9	7.6	6.9
2018	49.4	5	7.4	23.3	7.2	7.7

Table 2, Continued

Years	Funds of enterprises and organizations	Own funds of the population	Bank loans	Budget resources	Extrabudgetary funds	Joint investment
2019	50.9	3.8	6.5	32.9	5.7	0.2
2020	45	2.7	6.3	42.7	3.1	0.2
2021	44.6	2.6	4.9	43.8	3.7	0.4

**Source:** compiled by the author given the data provided by Food Safety Agency of the Republic of Azerbaijan (2022)

Due to the data presented in Table 2, 71.2% were attracted from the own funds of enterprises, 13.6% were investors from banking institutions, 4.7% of measures to enhance the level of food industry companies were financed at the expense of the population, 2.9% – extrabudgetary funds, 6.7% – joint investments in 2006. By 2014, the share of own funds of enterprises accounted for 82.6%, the share of own funds of the population – 5.7%, the share of bank loans – 5.4%, the share of extra-budgetary funds – 1.3%, and joint investments 1.6%. In 2021, the share of investments by enterprises and organizations in improving the competitiveness of the food industry decreased to 44.6%, the share of own funds of the population decreased to 2.6%, the bank loans share reduced to 4.9%, the share of budget funds in financing the increase in the competitiveness of the food economy sector increased to 43.8%, the share of extra-budgetary funds was 3.7%, the share of joint investments was 0.4%. The data allow noting the upward trend in the budgetary funds of the Republic of Azerbaijan as a source of financing, while the share ratio of other sources of financing showed a downward trend. At the same time, the total indicator of sources of financing showed growth, with the exception of bank loans.

This trend is explained by the fact that over the past 15 years, the Government of Azerbaijan has developed and adopted more than 70 programs of a national and narrow sectoral format for implementation. The I and II State Programs for the social and economic regions development in Azerbaijan, which were implemented in 2004-2013, should be highlighted separately. More financial resources were attracted from domestic sources, the amount of which was equal to \$65 billion by 2012 in order to realize their implementation. Over the period from 2006 to 2021, funding for developing the food industry increased by 9.7 times, to a level exceeding \$3 billion. The effectiveness of the implemented measures can be judged by the creation of 1.2 million additional jobs in the food industry in Azerbaijan (Ibrahimli, 2022). According to Small and Medium Business Development Agency (SMBDA) of the Republic of Azerbaijan (2022), a significant role in the process of formation of internal sources of financing for increasing the competitiveness of food industry enterprises belonged to small and medium-sized companies. Meanwhile, only 60% of small and medium-sized companies in the food industry in the state were profitable, the volume of investments is dedicated to enhance the competitiveness of the food industry has grown every year (Table 3).

**Table 3.** Financial resources allocated by small, medium and large food industry enterprises to increase the competitiveness of their enterprises (million manats)

Years	Small business enterprises	Medium and large enterprises
2006	23.3	92.5
2016	23.0	89.3
2017	53.7	246.2
2018	114.1	281.1
2019	44.5	309.7
2020	86.4	423.7
2021	261.4	586.5
Growth rate	2021 to 2006	at 11.2 times
	2021 to 2020	2 times
		at 6.3 times
		by 138.4%

**Source:** compiled by the author given the data provided by Food Safety Agency of the Republic of Azerbaijan (2022)

The data presented in Table 3 indicates that small businesses operating in the food economy sector in 2021 compared to the data of 2006 increased the amount of funding allocated to increase their competitiveness by 11.2 times, while the growth of investment funds allocated for the specified goals, by enterprises

of large and medium-sized businesses amounted to 6.3 times. The increase in funding for building competitive advantages by large and medium-sized enterprises amounted to 138.4% relative to the data of 2020, and small enterprises allocated 3 times more financial resources. Considering the total number of food industry

enterprises in Azerbaijan from 2006 to 2021, it should be emphasized that the overall number of operating enterprises decreased by 235, medium and large enterprises decreased by 99 units. The food industry of Azerbaijan in 2021 structurally consisted of 79.3% of small enterprises. According to the data of 2022, funds were allocated to the improvement of the food sector in the amount of \$7.3 billion during the period from January to May. Thus, the growth of financial resources amounted to 27.4%, comparatively with the same period in 2021. Domestic sources of funding accounted for 73.4%. In 2006-2021, the food industry market of Azerbaijan was actively developing, as a result, factories for the production of ice cream in the Absheron region, the cultivation and processing of Aspi winery grapes were built and put into operation. The Azersun Holding and Gilan Holding enterprises continued their work, producing more than 120 types of food products exported to 40 countries of the world (Ibrahimli, 2022).

According to the assessment of the effectiveness of the financial resources usage allocated to increase the competitiveness of the food industry in the country in 2021, the enterprises restructured 2.1 times more than the sold products, the value growth of fixed production assets was 160.6%, business profitability increased 17.9 times, net profit increased 18.4 times compared to 2006. During the specified period, the indicator of the average level of renewal of fixed production assets was fixed at the level of 5.96% (Ranking of countries ..., 2021). Meanwhile, the high depreciation level of fixed production assets of food industry enterprises in Azerbaijan should be noted, which in 2006-2020 fluctuated at the level of 51.4-56.9%, the level of capital productivity – 1.04-1.46 manats, demonstrating an upward trend in 2020-2021. Given these factors, it can be affirmed that the financial resources are not used effectively enough, despite some improvements. There is still a need for financial sponsorship and other types of financial support which will enhance the competitiveness of the food economy sector in Azerbaijan with an enhancement in the share of investment from foreign funds (ElShazly, 2020; Lingnau *et al.*, 2022).

## DISCUSSION

To solve the low competitiveness of the food sector problem in Azerbaijan, it is necessary to introduce innovative technologies for processing agricultural products of Azerbaijan without taking into account financial needs, which must be attracted to build up competitive advantages that are not limited solely to the modernization of agricultural products in Azerbaijan. It is also required to use the results of earlier marketing research and monitor the state and needs of the market at the present stage of development by conducting new marketing research that will reveal the actual needs of the market that are not yet satisfied or the level of competitiveness of the food sector in Azerbaijan is insufficient, and will

help to determine the directions in which it is required to invest attracted financial resources (Babayeva, 2018). Given the fact that until now the leadership of the food industry in Azerbaijan has not been able to independently cope with the problem of increasing their competitiveness, it is required to think about attracting external consultants. Since more than 70% of food industry enterprises in Azerbaijan are small and medium-sized ones, the use of external consulting can be considered appropriate (Azerbaijan – Competitiveness List, 2022).

A.D. Iskenderova *et al.* (2021) believe that it is required to enhance the competitive advantages of the food economy sector in Azerbaijan through the introduction of resource and energy-efficient technologies in the agricultural sector of Azerbaijan, which is a significant structural component of the food industry in Azerbaijan. Since scientists A.D. Iskenderova *et al.* (2021) do not consider at all the sources of financing of the directions, which they proposed to solve issues of the food industry in Azerbaijan, it can be assumed that they also share the opinion that financing should come from domestic sources, which contradicts the results of the study presented in this article. It is also impossible to agree that it is required to introduce only resource- and energy-saving technologies developed in Azerbaijan. Since the world community is an interconnected mechanism and Azerbaijan occupies a significant place in the global food market, in order to successfully compete with international companies, enterprises and organizations of the food industry in Azerbaijan need to introduce innovative technologies developed in other countries, the effectiveness of which has already been proved by the example of enterprises and food industry organizations of other countries. It is necessary to ensure the joint development of the food industry and the oil sector of Azerbaijan. The Azerbaijan economy is resource-oriented, and internal funding for the food industry in Azerbaijan is carried out at the expense of funds received by the country after the sale of oil, gas, refined products (Djella *et al.*, 2019).

N.R. Aliyeva (2021) disagrees with the statement drawn from the results of this study presented in this article that for increasing the competitiveness of the food economy sector in Azerbaijan, it is required to take measures to increase the share of external sources of financing. N.R. Aliyeva (2021) believes that in order to increase the competitive advantages of enterprises and organizations of the food industry in Azerbaijan, it is necessary to attract more domestic resources to the tasks that are addressed in the state programs implemented by the Azerbaijani government. The results of the study presented in this article show that the domestic financial resources are not enough, it is required to develop such areas as co-financing and develop relationships with international partners to attract external sources of financing. At the same time, these steps should be implemented at the level of individual companies operating

in the food industry of Azerbaijan. Although the importance of the adopted state programs of Azerbaijan cannot be underestimated, their implementation contributes to the improvement of the investment climate of the entire state, because precisely the favorable investment climate of the state influence positively on the international cooperation development, and also helps to attract foreign financial resources. The implementation of government state programs is required to be coordinated with the actions of the heads of enterprises and organizations of the food sector in Azerbaijan. All actions together should be effective in order to increase the share of external and joint sources of financing.

A.D. Iskenderova *et al.* (2021) do not see the need to improve the investment climate in Azerbaijan, use various sources of financing aimed at increasing the competitive advantages of Azerbaijan's food industry enterprises, but focus on the development of supply chains in the agrarian sector of Azerbaijan and, due to this, increase the profitability of the agrarian sector enterprises as a structural element of the food industry in Azerbaijan. Despite the fact that the optimization of the logistics component has a beneficial effect on the level of competitiveness of enterprises and organizations in the Azerbaijani agricultural sector and the entire food industry in Azerbaijan, this is not enough. An obligatory condition for the growth of the competitiveness of enterprises and organizations of the food industry in Azerbaijan is the use of various sources of financing for measures to increase the competitiveness of the food industry in Azerbaijan.

M. Suleymanov (2022) supports A.D. Iskenderova *et al.* (2021), does not support the results of the study presented in this article, and believes that funds should be invested in innovative developments. The effectiveness of their research M. Suleymanov (2022) proves on the example of the Nakhichevan Autonomous Republic. He does not see the need to develop commercial relations in the field of finding various sources of financing for other areas of developing the food industry in Azerbaijan. Given this, it can be affirmed that M. Suleymanov (2022) does not agree with the need to conduct research in this direction and considers it inappropriate to continue developments aimed at finding means of attracting investments aimed at improving the investment attractiveness of the food industry companies and organizations in Azerbaijan.

R.N. Sultanova (2020) can be considered a supporter of the results of the study, since the scientist conducts research in the field of ensuring the food security in Azerbaijan through the formation of a competitive consumer market in Azerbaijan. But this support is partial, since the food industry is only a part of the consumer market, and it is impossible to ensure comprehensive food security for the entire country only in this way. And since in order to ensure food security it is required to build effective international relations, as a result of which

it will be possible to attract financial resources aimed at increasing the competitiveness of consumer market enterprises in general and the food industry in particular, it can be affirmed that R.N. Sultanova (2020) agrees with the gained results of this research. It can be concluded that the food sector development will allow the economy of Azerbaijan to reorient itself to a non-raw material model of the economy, and to this end it is necessary to increase competitiveness (Overview foreign economic ..., 2022).

## CONCLUSIONS

According to the results of the presented research, it can be summarized that as a result of the state programs being implemented by the government of Azerbaijan in the field of developing areas of non-resource-based economy, it was possible to track that attracting exclusively domestic financial resources to develop the enterprises and organizations of the food industry in Azerbaijan is not enough. In 2006, 71.2% was financed from own funds of enterprises, 13.6% from bank loans, 4.7% from state funds, 2.9% from extra-budgetary funds and 6.7% from co-investment. By 2014, 82.6% was financed from the own funds of enterprises, 5.7% from state self-financing, 5.4% from bank loans, 1.3% from extra-budgetary funds and 6.7% from co-investment. Investments – 1.6%; in 2021, the share of investments of enterprises and organizations in improving the competitiveness of the food industry will decrease to 44.6%, the share of own funds of the population – to 2.6%, the share of bank loans – to 4.9%, the share of financial resources in improving the competitiveness of the food industry will increase to 43.8%, extra-budgetary funds – 3.7%, co-investment – 0.4%.

Investments of foreign partners and joint investments should be more widely used as sources of financing in Azerbaijan. Another source that will expand the opportunities for increasing the competitiveness of the food economy branch in the state is the issuance of corporate securities by enterprises and organizations operating in the food market of Azerbaijan with their subsequent sale in the securities market. To attract financial resources, it is necessary to expand the network of joint ventures and foreign organizations, as well as create new holding companies, financial and industrial groups, special economic zones, technology parks, industrial centers and innovation infrastructures in the main cities of the Republic of Azerbaijan. The above mentioned actions will contribute to the innovative activity of food industry enterprises and organizations and increase their attractiveness as objects for financial investment. The study of the rating attractiveness of Azerbaijan's foreign partners is promising research for the feasibility of developing partnerships in the field of attracting investments in the food industry of Azerbaijan, it is a continuation of the study.

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## Джерела фінансування для підвищення конкурентоспроможності харчової промисловості в Азербайджані

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**Анотація.** Державна політика уряду Азербайджану спрямована на галузеву диверсифікацію економіки країни, значне місце в якій займає харчова промисловість. Оскільки тривалий час в Азербайджані існувала сировинна модель економіки, інвестиційні кошти не спрямовувалися на підвищення конкурентоспроможності харчової промисловості для успішної роботи на світовому ринку. Основною метою дослідження є вивчення можливості використання різних джерел фінансування, необхідних для підвищення конкурентоспроможності харчової промисловості Азербайджану. Для досягнення поставленої мети використовувалися методи зведення та групування, аналізу, синтезу, індукції, дедукції. Було показано, що харчову промисловість у державі можна покращити шляхом збільшення кліматичних інвестицій та частки зовнішніх та спільних джерел фінансування. У ході проведеного дослідження було встановлено, що за останні 15 років уряд Азербайджану реалізував понад 70 національних і галузевих програм. У роботі окремо відзначаються Державні програми I і II з економічного і соціального розвитку регіонів, які були введені в період з 2004 по 2013 рік. Для підвищення конкурентоспроможності харчового сектора в Азербайджані були виділені додаткові фінансові ресурси, які досягли 65 мільярдів доларів США. 2012, були залучені в країні; кредити на посилення конкурентоспроможності харчової промисловості зросли в 9,7 рази в період з 2006 по 2021 роки, а в результаті обсяг інвестицій перевищить \$3 млрд. Позитивний вплив вжитих заходів відобразився у створенні додаткових 1,2 млн робочих місць у харчовій промисловості Азербайджанської Республіки. Результати дослідження показали, що у фінансуванні харчової промисловості країни найбільшу частку займають внутрішні джерела, а розвитку міжнародної співпраці, спрямованої на збільшення зовнішніх та спільних джерел фінансування, не приділяється належної уваги. Практичне значення наведених у статті результатів дослідження полягає в тому, що вони стануть основою для наступних напрямків дослідження теми, що розглядається, а також стануть основою для розробки державних програм удосконалення харчової промисловості Азербайджану

**Ключові слова:** споживчий ринок, клієнтоорієнтованість, інвестиції, міжнародна кооперація, нересурсна економіка