

## **ECONOMIC DIVERSIFICATION OF AZERBAIJAN AND NEW INVESTMENT OPPORTUNITIES IN THE AGRICULTURAL SECTOR**

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For many years, Azerbaijan's economy has relied heavily on the oil and gas sector. However, in recent years, the government has made significant efforts to diversify the economy. As part of this strategy, particular focus has been placed on developing the non-oil sectors, especially agriculture. In 2023-2024, the government is set to increase investments in the agricultural sector and implement various initiatives aimed at its growth. Agriculture has become a vital component, not just for domestic consumption, but also for strengthening international trade relations.

Azerbaijan is known for producing a wide range of agricultural products, and this sector has become a central focus of the country's efforts to diversify its economy beyond oil. In recent years, the government has carried out substantial reforms aimed at modernizing agriculture and boosting production. Over the next few years, the introduction of new production techniques, agricultural mechanization, and improvements to irrigation systems are expected to play a key role. To support these efforts, the government is offering tax incentives, subsidies, and other financial benefits to attract both local and foreign investors. These measures will not only increase agricultural output but also improve the country's competitiveness in global markets (1).

The focus on agriculture isn't just about increasing crop and livestock production, but also about improving the processing and quality of agricultural products. In 2023-2024, new infrastructure projects in agriculture will be launched, focusing on modernizing agricultural processing techniques. These initiatives will ensure that the products produced in Azerbaijan meet higher quality standards and are more competitive in international markets.

Renewable energy is also playing an increasingly important role in the agricultural sector. In the coming years, there will likely be a rise in agricultural projects that make use of renewable energy resources in Azerbaijan. Solar and wind energy, for example, will be used more extensively to supply energy to farms, improving sustainability and efficiency. This move toward clean energy will not only reduce the environmental impact of farming but also address the growing energy demands of the sector. Additionally, projects related to renewable energy are expected to attract more foreign investment in the agricultural sector (2).

Another key focus for agriculture's development is its potential for international trade. In recent years, the export of Azerbaijani agricultural products has increased, helping to diversify the country's non-oil exports. In 2023-2024, this trend is expected to continue, with a focus on increasing the volume of agricultural exports to foreign markets. The government is also working to establish new trade relationships and enhance its presence in existing markets through various incentives aimed at boosting agricultural exports.

The development of agriculture also includes strengthening the sector's workforce. To support this, the government plans to expand training and education programs in 2023-2024, ensuring the development of skilled professionals with up-to-date knowledge in modern agricultural practices. The establishment of new training centers and the cultivation of new talent will help ensure the sector is more efficient and capable of meeting current challenges (3).

Azerbaijan's agricultural sector not only has the potential to increase domestic production but also to help strengthen the country's position in international markets. As the government continues to implement reforms and attract foreign investments, the sector is poised for significant growth. The increased participation of both local and international investors will not only boost production and exports but also contribute to the diversification of Azerbaijan's economy, making it more resilient and sustainable in the years ahead.

#### Literature:

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### **STRENGTHENING FINANCIAL MECHANISMS FOR IMPROVING INVESTMENTS IN THE AGRICULTURAL SECTOR**

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The agricultural sector in Azerbaijan plays a crucial role in the country's economy, contributing to food security and driving economic growth. However, one of the biggest challenges facing this sector is the difficulty that farmers and agribusinesses encounter in accessing financial resources. To address this, it is vital to strengthen financial mechanisms to accelerate agricultural development and attract more investment.

Financial mechanisms are essential for providing the necessary resources to implement new technologies, increase productivity, and develop infrastructure projects within the agricultural sector. Tools such as subsidies, loans, insurance, and investment funds allow farmers to access financial support more easily, enabling them to expand their operations. These mechanisms not only boost productivity but also play a role in attracting long-term investments and diversifying the economy.

Government support for agriculture is equally important. In Azerbaijan, especially for small and medium-sized farmers, subsidies help reduce production costs and improve productivity. These subsidies also enable farmers to adopt more efficient production methods and invest in new technologies. However, subsidies should not