

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**INVESTMENTS IN NON-OIL SECTORS AND
DEVELOPMENT OF THEIR APPLICATION**

Specialty: 5304.01 – “Economic activity types”

Field of Science: Economy

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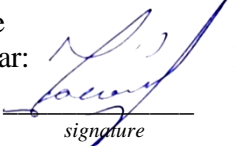
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OVERVIEW OF THE THESIS

The topic's relevance and depth of development. The non-oil industry is critical to the Azerbaijani economy's long-term viability. The development of the non-oil sector in terms of modern standards necessitates the implementation of a more effective investment program in this sector. The use of contemporary technology and the promotion of innovations in this area will result from the adoption of sector-wide policies based on an effective investment policy.

Foreign economic scholars such as Ph. Kotler, M. Porter, C. Limbden, A. Pechei, M. Jeremy, and others have focused on challenges related to economic progress in the industrial and economic sectors. The works of Russian scholars such as: Abalkin V.I., Busigin A.B., Bulatov A.S., Bulatov V.V., Pharkhutinov R. A., Nikolayev A.S., Morozov M.N., Merkulov Y.S., Livenchev N.N., Kolesnikova L.A., Qribov V.D. and others are important. They also present vital studies on the development of industry and investment, along with the economy. Azerbaijani economic scholars such as Alasgarov A.K., Samadzada Z.A., Nuriyev A.Kh., Quliyev T.A., Quliyev E.A., Aliyev I.H., Aliyev Sh.T., Aliyev T.N., Atashov B.Kh., Yuzbashova G.Z., Karimov E.A., Sultanova R.P. dedicated their studies on the economy's development issues, especially in the non-oil sector. While all such studies are important, modern experience demonstrates that research directly related to the development of the non-oil industry and strengthening its investment security is particularly important.

With their modernity, conceptual ideas on the growth of the non-oil sector and industry have gotten increasing attention in the last fifty years. Along with the branches of economics, classical economists' perspectives on the evolution of industry are important. Economic progress must be tied to the industrial system, according to Jean Condorcet. In the development process, Adam Smith emphasizes technical advancement, efficient and productive labour, as well as innovation and progress. David Ricardo emphasizes the effectiveness and expediency of applying contemporary technology in industry in his research, suggesting that this process will result in favorable outcomes.

According to J.A. Schumpeter, the development of a modern manufacturing process is inextricably tied to the development of new products and the extension of sales markets. Views that the industry's technical and technological progress has negative implications can also be found in traditional techniques. Marx elaborates on such ideas, and A. Sovi expresses his reaction to them. Theories of economic development have steadily brought environmental considerations to the fore since the beginning of the nineteenth century, substantiating the relevance of resource recovery. The perspectives on the utilization of modern technologies and natural resources in the growth of the economy diverge dramatically.

These are critical strategies, such as a long-term strategy to natural resource usage and transmission to future generations. The utilization of nature and its resources, according to Francis Bacon, turns man into either a slave or a destructive force. Hegel defends the grave hazards that may arise as a result of rapid industrial progress. J.S. Mill also mentions opinions on how to make the best use of nature and its potential. F. Engels also believes in the significance of the environmental difficulties and complications that may come as a result of the acceleration of economic development. T. Roosevelt and N.I. Bukharin put forward the views that inefficient and ruthless use of natural resources is unacceptable. Vladimir Vernadsky is interested in developing more sustainable development. The 1970s conceptual views of academician Hasan Aliyev underline the importance of a caring approach to nature in economic development. In theoretical and conceptual views, the approach to economic growth from the perspective of sustainability has gotten increased attention since the 1970s. In this context, the study conducted by members of the Rome Club, which brings together more than 100 experts, is significant.

To ensure the Republic of Azerbaijan's modern growth, the non-oil industry must be transformed into a key driving force. This position is already reflected in recent developments in this industry, particularly the considerable swings in world oil prices. The recent conceptual

documents, state plans, and strategic road maps developed in Azerbaijan more clearly indicate the diminution of the oil and gas sector's leading position and the priority given to the development of other sectors of the economy. As a result, the need to reduce the economy's current reliance on hydrocarbon resource exports and to better integrate it with the non-oil sector is critical. Many of the President of the Republic of Azerbaijan Ilham Aliyev's conceptual documents and strategic roadmaps underline the importance of sustainability in the non-oil sector's development. Taking into account all of these variables, the close link between the growth of the non-oil industry and the enhancement of investment in this sector has made the dissertation even more important.

Goals and objectives. The goal of this dissertation is to examine and assess the non-oil sector's current state of development and trends, as well as to make proposals and recommendations for enhancing investment in this sector. To meet the dissertation's goal, the following objectives have been identified:

- Research of existing theoretical and methodological bases related to non-oil sector development;
- Evaluation of the idea of sustainable development and perspectives on non-oil sector growth;
- Research of modern sources in the field of ensuring non-oil sector investment activity;
- In modern world practice, organization of investment activity and appraisal of development elements;
- Assessment of the state of the non-oil sector in Azerbaijan in terms of organization and regulation;
- Analysis of the country's non-oil sector's present state of development and tendencies;
- Assessment of non-oil sector investment activity in Azerbaijan;
- Identification of issues that impede the development of non-oil sector investment security.

Methods of research: The dissertation was written using statistical, analytical, comparative, and systematic evaluation methods,

retrospective analysis, and logical investigation. The study's data comes from reports from the Republic of Azerbaijan's State Statistical Committee, the Ministries of Economy, Finance, and other government departments, the Central Bank, and international financial institutions.

The research topic is the development of the Republic of Azerbaijan's non-oil sector and investment policies in this area. The dissertation's main focus is on examining the current condition of non-oil investment policy and making practical recommendations in this area.

The main provisions of the defense:

1. The development of the non-oil industry must be viewed through the lens of sustainable development.

2. Non-oil sector investment activity is linked to the identification of sources in this area

3. In modern practice, the development characteristics of investment activities are different.

4. The role of legal bases in the regulation of the non-oil sector is high.

5. The development of the non-oil sector is closely linked to the investment needs of this sector

6. There are differences in investments in the non-oil sector.

7. It is vital to define development directions in the non-oil industry in order to improve investment provision.

8. The need to update the present legal framework is becoming more critical as investment activity grows.

Scientific uniqueness. The dissertation's primary scientific innovations are:

➤ Views on the non-oil sector's sustainable, traditional, and modern development have been proposed;

➤ Ways to develop and implement a modern investment policy in the non-oil sector have been identified;

➤ Proposals on the organization and development of the stock market to increase investment activity in the non-oil sector have been put forward;

➤ Directions for improving investment provision of the non-oil

sector's innovative development have been identified.

➤ Directions for enhancing the legislative framework in order to increase non-oil sector investment activity have been presented.

Theoretical and practical significance of the results. The dissertation's findings have both theoretical and practical implications. The dissertation's findings provide numerous opportunity to define the scientific and practical basis for enhancing the non-oil sector's investment provision in the country, while also adapting the growth of these areas to modern needs. The findings of the study will have a substantial impact on boosting the operations and efficiency of the country's non-oil industry, hence raising investment attractiveness in this sector. The research materials can be used in the production of non-oil sector teaching aids, as well as in the preparation of legal and methodological papers relevant to improving the investment climate.

Approbation and application. 9 scientific articles and theses related to the dissertation have been published. The results of the dissertation were discussed at "FAB Paint and Chemical Industry" LLC. The management of "FAB Paint and Chemical Industry" LLC (director Kanan Maharramov. N 038, 20.04.2018) provided the researcher with a useful application reference for the application of proposals and recommendations derived from the dissertation's theoretical and practical results.

Name of the organization where the dissertation work has been carried out: Economics and Taxation" department of Azerbaijan Cooperation University.

Logical and structural bases of the dissertation. The subject, object, goals, and objectives of the research have determined the logical foundation of the dissertation. An introduction (14899 characters), three chapters, eight paragraphs, results, a list of sources, and references make up the dissertation's structure. The dissertation has 75489 characters in Chapter I, 69934 in Chapter II, and 48172 in Chapter III, for a total of 220069 characters in the dissertation. **The dissertation has 140 pages, 2 illustrations, 3 tables, 6 schemes, 11 diagrams, and 12 graphs, all of which are organized according to the work's logic and substance.**

THE MAIN PROVISIONS OF THE DEFENSE

1. The development of the non-oil industry must be viewed through the lens of sustainable development. Traditional views on economic development are being replaced by a new, more sustainable strategy, which is becoming a requirement. Since the nineteenth century, economic development theories have made it evident that economic growth and expansion are built on non-renewable yet frequently used natural resources. The rapid economic development of the last two centuries, as well as the resulting problems, economic, social, and environmental catastrophes, are now calling the attention of not only politicians, but also scientists, to serious research on this topic. A number of scientists take seriously the duty for the sustainable and purposeful use of nature's potential, as well as the preservation of these resources for future generations. "All communities, nations, and peoples are not the proprietors of the land and its potential, but only its users," Mill says, speaking from this perspective¹. F.Engels also focused on the pace of economic development and, at the same time, the expansion of growth, as well as the potential for environmental concerns and complications². Academician Hasan Aliyev emphasizes the importance of preserving nature in the growing economic development.³

Modern development, as well as non-oil sector development based on it, should prioritize current and future interests. Such techniques have had a significant impact on the development of the notion of sustainable development. From the international point of view, the works of G.Daley, J.Forrester, D.H.Medouza, B.Berensa, E.Pestel and other members of the "Club of Rome", which unites more than a hundred specialists, played a key role in the development of this concept. The Development Concept "Azerbaijan 2020: Vision for the Future" is another major document

¹Роббинс Л. История экономической мысли: лекции в Лондонской школе экономики / пер. с англ. — М.: Издательство Института Гайдара, 2013.
<https://www.twirpx.com/file/1710569/>.

²Ф.Энгельс «Диалектика природы». www.razumei.ru/files/others/pdf/.

³Нәсән Әлиев. *Нәяacan тәбили*. Бақа, 1976. <https://www.clb.az/dosyalar/1043.pdf>.

aimed at assuring long-term development. This document emphasizes the need of efficient natural resource utilization in the development of the non-oil economy. Environmental challenges in economic development are also addressed in the “Main Directions of the Strategic Roadmap for the National Economy and Key Sectors”.

Assuring the Republic of Azerbaijan’s modern development should be linked to the non-oil sector’s dominant position. This position is already evident in new perspectives on the sector. It is worth noting that this is a crucial topic that has been proposed in recent decades. This is due to the fact that nations whose economies are based on oil and gas exports, particularly a number of CIS countries, are paying close attention to the sector’s leading development. Despite the fact that this notion has not yet been thoroughly researched in terms of its theoretical and practical aspects, it is believed to be one of the most important factors in deciding economic policy.

The non-oil sector’s national and international perspectives provide a chance to reflect the sector’s conceptual nature: the non-oil sector encompasses other non-oil industries, which are the mainstay of the economy in most nations. In terms of manufacturing and services, these areas are likewise commercially oriented. The non-oil sector has distinct sectoral origins, since it is preferable to incorporate contemporary sectors (ICT, space and military industry, a wide range of services, etc.) alongside historic, existing sectors of the economy.

2. Non-oil sector investment activity is linked to the identification of sources in this area. Investment activity and non-oil sector development are not self-sufficient; they must also lead to effective production and service development, as well as an increase in macroeconomic indicators. Investing in this area can take many forms, depending on the peculiarities of the industry. The underlying characteristics can be used to identify the sectoral classification of investments. In this situation, the investment object should be classified as a fundamental feature. One of the most essential requirements for the execution of investment activities in the country, such as stock market

activity, investment and financial institutions, insurance and pension funds, state and commercial banks, is that they meet modern market requirements. Short- and long-term financial investments in the non-oil industry include cash, tangible and intangible assets such as securities, stocks, bank deposits, and shares, as well as loans from one legal entity to another. According to the aim and level of investor participation in this process, non-oil investments are separated into direct and portfolio investments. In terms of maturity, non-oil investments might be planned for the short, medium, or long term, depending on the technical and technological qualities of a given facility. In the non-oil industry, it is vital to first distinguish between domestic and international sources of investment. Domestic and foreign investments in the non-oil economy should be systematized on macro and micro levels. In today's world, both direct and indirect public financial and investment investments in the non-oil industry are possible.

The recent steep reduction in oil prices on global markets, as well as the depreciation of the country's currency, have hampered the availability of investment and financial resources. In this context, new financial and investment sources must be identified and utilized. Mortgage loans are a popular investment option, and they can be obtained on both concessional and non-concessional conditions. For current investment operations, leasing is one of the most appealing kinds of finance. Venture capital and other forms of finance are critical to the growth of the business sector. The importance and incentive of franchising in terms of investing in business activities should be noted. In order to make optimal use of investment resources in modern development, the state's investment policy must consider the following factors: regular evaluation of the country's investment requirements; analysis and evaluation of financial resources created and invested in the country; selection of acceptable investment sources and investment priorities

3. In modern practice, the development characteristics of investment activities are different. Since the second part of the twentieth century, many countries' economic policy strategies and tactics have

emphasized the need of providing a favorable climate for both local and foreign investment. The process of governments soliciting foreign investment making efficient use of these resources is dual. To begin with, a significant requirement in the regulation of investment policy is the line of maximum gain from investments in the country's economy or investments scheduled in the future. On the other hand, the size of these investments surely has a significant impact on the economy's ability to attract foreign money⁴. Despite the consistent efforts of many countries, the European Union has the advantage in terms of its freedom in the context of modern economic integration and globalization, the gradual formation of a single world economic system, the gradual creation of a more favorable environment for foreign investment. The European Union's example of attracting, using, and regulating investments, as well as the free movement of capital flows between countries and the diversity of economies within a single market, are used to illustrate how to attract, use, and regulate investments in Europe. The regional group of the European Union is engaged in conducting a variety of investment initiatives in post-Soviet countries.

A specific provision of the agreement reflects the terms of mutual investment between NAFTA (North American Free Trade Agreement), which was founded and operates in the North American region on the basis of mutual agreements between the United States, Canada, and Mexico. The existing conditions are based on three main principles: the status of the national regime, the most favorable conditions, and non-discrimination. According to NAFTA analysts, these countries have become more dynamic over the last decade, speeding both mutual investment within the area and investment cooperation with non-regional countries⁵. Canada, a highly industrialized country in North America and a member of the modern world's Group of Eight, is unique in that it

⁴Конференция Организации Объединенных Наций по торговле и развитию Юнктад доклад о мировых инвестициях. 2013. https://unctad.org/system/files/official-document/wir2013overview_ru.pdf.

⁵Северо-Американская зона свободной торговли (НАФТА). <http://www.eureport.ru/articles/ecunions/nafta.htm..>

continues to invest in various ways in many countries and territories throughout the world. This country creates the best conditions for attracting international investors to its economy and way of life⁶. Investment funds formed in the United States before to World War II and later in Western Europe, such as England, Spain, France, and Germany, will definitely be of interest to other countries, particularly post-socialist and post-Soviet countries, such as the Republic of Azerbaijan.

In order to increase and extend foreign direct investment, Japanese companies have put approximately 20% of their direct investment in Asia and approximately 40% in other parts of the world. Despite Japan's challenges, the chosen development model is distinguished by the effective implementation of the savings-credit-investment line, the country's continued prosperity, and its pivotal role in securing its place in the current world economic system⁷. Particularly remarkable are India's efforts to build a favorable investment climate in the country, which has recently differentiated itself in terms of economic resources and prospects. The government is also functioning in accordance with economic policy principles, modernizing industry based on real natural resources, cheap labor, and a legal framework, and attempting to construct it on the basis of new technologies, according to research⁸.

4. The role of legal bases in the regulation of the non-oil sector is high. Because the vast majority of non-oil sectors are private, the legal and regulatory instruments adopted in the country reflect the system of their organization and regulation. It is necessary to assess the appropriate regulatory system in terms of legal, economic, and social factors. Recent measures aimed at improving the business environment and expanding tax reforms in the country have borne dividends. Because customs

⁶Доклад о мировом развитии 2019.

<https://www.vseмирnyjbank.org/ru/publication/wdr2019>.

⁷Кузнецов А.В. *Международные финансы. Особенности инвестиционной стратегии Японии и перспективы сотрудничества с Россией.*
<file:///C:/Users/User/Downloads/593-775-1-SM.pdf>.

⁸Ливенцев Н.Н. *Международное движение капитала : (инвестиционная политика зарубежных стран) : учебник для вузов / Н. Н. Ливенцев, Г. М. Костюнина.* – М. : Экономистъ, 2014. – 367 с. <https://mgimo.ru/files/17713/17713.pdf>

legislation plays such an important role in the organization and control of the non-oil economy, substantial developments have occurred in this area during the last ten years. Despite these trends, the non-oil sector's growth also puts the structure of tax and customs legislation in line with modern needs to the fore. Increasing economic and national security, safeguarding the health of the country's people, implementing best practices in this field, and enabling international trade are all considerations to consider in this regard. The growth of Azerbaijan's non-oil industry, which is critical to the country's long-term development, as well as the increased provision of financial and investment resources in this area, demonstrates the improvement of the essential legal framework.

5. The development of the non-oil sector is closely linked to the investment needs of this sector. The development of fixed assets is one of the most critical challenges for the non-oil sector's development. Between 2010 and 2019, the value of fixed assets in agriculture climbed by 29% to 7 billion manat, 3.5 times to 97 billion manat in the mining industry, and 37% to 8 billion manat in the manufacturing industry⁹. A rise in the non-oil sector's percentage of GDP is accompanied by a rise in the non-oil sector's share of GDP. Over the last decade, the non-oil sector's share of GDP has risen from 44 percent to 55 percent. Macroeconomic indicators in this area demonstrate progress in the industrial sector's development. In comparison to 2010, the volume of net profit in this industry climbed by 1.4 times to 28.8 billion manat in 2019. The share of the non-oil industry in net profit on this sector increased to 51%¹⁰. As a result of these advances, the industrial sector, particularly the non-oil sector, has grown during this time. Over the last decade, the expansion of the refining business, a key non-oil sector, has demonstrated substantial growth tendencies. In comparison to 2010, manufacturing industry production increased in 2019 to 11.8 billion manat. Despite this rise, the manufacturing of petroleum products in this area still enjoys a competitive advantage (25-30 percent). Due to its high level compared to

⁹https://www.stat.gov.az/source/system_nat_accounts/

¹⁰ <https://www.stat.gov.az/source/industry/>

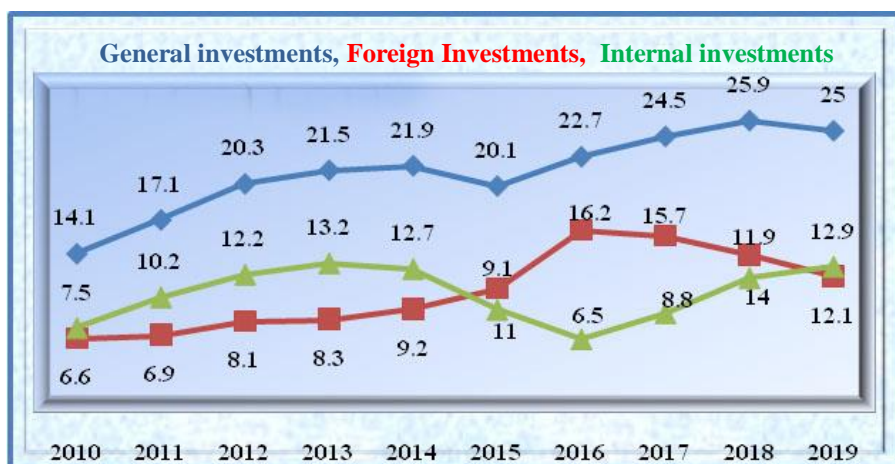
the production of oil products, the refining industry's part of production in most industries is barely discernible.

The development of the non-oil economy differs significantly between economic areas. Baku is responsible for 70% of the gross production of significant economic regions. For micro, small, and medium firms, the non-oil sector contributes for 21% of value added (9.8 billion manat). In 2019, the volume of output and services provided by micro companies accounted for 8.9% of GDP, compared to 3.8 percent for small businesses and 10.1 percent for medium-sized businesses. The oil sector accounts for 95 percent of the country's exports¹¹. The share of non-oil sector economic entities in imports is still low. This is demonstrated by the fact that non-oil products account for 5% of total exports (refining and agriculture). The amount of new and competitive items in international trade is not very great (0.5 percent). Most of the country's non-oil sectors still have limited access to overseas markets, as well as limited material and technical skills. The current scenario, in particular, clearly demonstrates the necessity for adequate investment in this industry.

6. There are differences in investments in the non-oil sector.

Over the last decade, there has been a focus on increasing the amount of money invested in the economy. The volume of investments in the country's economy expanded 1.8 times over this time, reaching 25 billion manats. Domestic investments climbed by 1.7 times over this period, reaching 12.9 billion manats, while international investments increased by 1.8 times, reaching 12.1 billion manats. A number of key aspects of economic investment are of particular importance. The oil sector, for starters, receives the majority of foreign investment. Public money, on the other hand, account for the majority of investments in this industry. Second, non-oil investments account for the majority of domestic investments. The money of firms and economic bodies from their own internal sources account for a large portion of these investments.

¹¹<https://www.stat.gov.az/source/finance/>



Graph 1. Structural dynamics of investments in the economy (billion manat)

Source: prepared based on data available <https://www.stat.gov.az/source/finance/>

Over time, the amount of credit invested in the economy has increased. In 2019, the volume of credit investments in the economy expanded by 1.4 times compared to 2010, reaching 13 billion manats. Over the last decade, long-term loans have dominated the distribution of credit investments in the economy. Over the last decade, the amount of financial and credit money directed to the economy by the country's banking and credit institutions has expanded by 1.7 times. With the increase in the number of overdue loans, the dynamics of the expansion of credit investments by banks and credit organizations in the economy may also be seen. While the volume of loans made by these organizations climbed by 1.7 times between 2010 and 2019, the volume of overdue loans increased by 2.6 times. In the last ten years, banks and credit institutions have issued the majority of loans to households. In comparison to 2010, the volume of household loans increased by 2.6 times to 7 billion manat in 2019. Loans in this category account for 46% of all loans. It should be noted that the bulk of household loans (70%) are consumer loans. The trade and service industry is another area where banking institutions provide a large number of loans. In terms of modern needs, the number of bank loans to industry and agriculture cannot be overstated. The growth of banking and financial institutions differs

significantly by area. The city of Baku receives the majority of bank loans, accounting for 81 percent. While the average interest rate on loans in Baku is 9%, it fluctuates between 15 and 24 percent across the economic regions¹².

The growth in money directed to the economy by banking and credit institutions is mostly due to the focused attraction and use of budget funds within these organizations' state programs. The amount of money directed to the economy by banks is insufficient. The non-oil sector does not have many options to utilise these financial resources due to high interest rates on bank loans.



Diagram 1. Credit investment by economic regions (% , 2019).

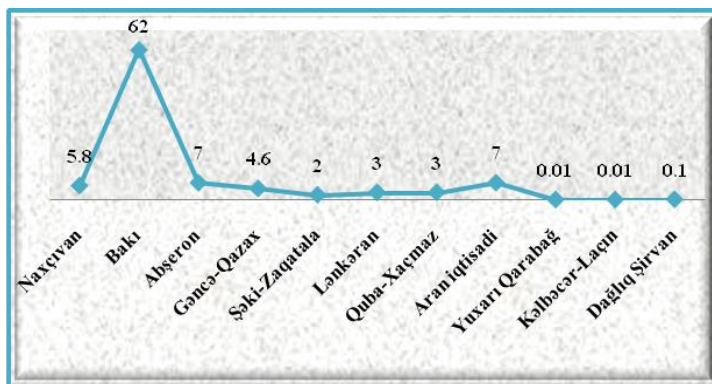
Source: prepared based on data available <https://www.stat.gov.az/source/regions>

The volume of fixed asset investments in the country has increased by 33 times in the last 10 years, from 8.7 billion manat in industry to 8.7 billion manat in construction. The oil and gas industry receives the majority of fixed asset investments in the industrial sector. In the industrial sector, there are considerable disparities in investment by sector. In comparison to 2010, the amount of fixed asset investments in the mining industry increased by 1.9 times in 2019, reaching 5.7 billion manats. This figure climbed five fold in the manufacturing business, reaching 2.5 billion manat. The following are the main differences in the relevant sector:

¹²<https://www.stat.gov.az/source/regions/>

- The mining industry is primarily in the public sector, whereas the non-oil manufacturing business is in the private sector;
- Fixed asset investments account for 61 percent of overall industrial investments in the mining industry, and 27 percent in the manufacturing industry;
- While 62 percent of mining investments are international and 38 percent are local, 32 percent of manufacturing industry investments are foreign and 68 percent are domestic;
- Domestic mining investments belong to the government, whereas those directed to the manufacturing industry belong to the businesses themselves.

In comparison to other sectors, the volume of fixed asset investments in agriculture, information, and communication is low. There are clear disparities in the distribution of fixed asset investments among economic regions of the country. The supremacy of numerous economic regions and the city of Baku, as in other areas, is primarily responsible for regional variations. Baku has the biggest percentage of fixed asset investments in the country, accounting for 62 percent of total fixed asset investments.



Graphic 2. Distribution of fixed capital investments by economic regions (%)

Source: prepared based on data available at <https://www.stat.gov.az/source/regions/>

In comparison to 2010, the volume of fixed asset investments in the entrepreneurial sector in Azerbaijan increased by 1.7 times to 7 billion

manat in 2019. This represents 41% of the country's fixed capital investments. Relevant private-sector investments also draw notice because they are only funded from domestic sources. Micro-business entities account for 40% of relevant investments in the sector, medium-sized firms for 44%, and small businesses for 16%. Despite the fact that small businesses account for 78 percent of all businesses, the share of fixed asset investments in this sector is low. Despite the progress made in the development of the business sector, significant investment is required in this area.

Despite the fact that the mining sector has changed dramatically over the last decade, the volume of innovation costs has increased by 8 times to 4 million manat. The volume of innovation expenditures in the manufacturing industry surged six fold to 47.7 million manat. One of the most innovative industries in the world is the manufacturing industry. However, in today's world, such investments pale in comparison to technological advancements in these fields. Increased innovation-oriented investments in both the industrial and non-oil sectors are already on the table.

The stock market's role in modern economic development, particularly in the non-oil sector, should be given special consideration. In comparison to 2010, the capitalization of Azerbaijan's stock market expanded by 7.8 times in 2019, reaching 16.4 billion manat. Government securities account for 72 percent of the stock market's total capitalization¹³. This condition limits the private sector's ability to attract investment from this market. The importance of the stock market's development in the usage of the non-oil sector as the primary source of stock market investment cannot be overstated. The stock market's portion of the overall capitalization of the stock market is not greater than 9%. This figure is deemed insignificant, especially in light of contemporary practice.

7. It is vital to define development directions in the non-oil

¹³ <https://www.cbar.az/page-190/capital-market>

industry in order to improve investment provision. Relevant elements should be given special attention in order to stimulate the creation of products that will fulfill modern criteria in the country's non-oil industry, as well as the use of investment potential in this respect (improvement of the mechanism of guaranteed discounts and support for enterprises producing products that meet modern market requirements; increase the necessary support for long-term investment lending to relevant and market-oriented enterprises).

Enterprises in the non-oil sector have a unique requirement for a flexible and successful investment program. The ability to justify the provision of the entity's own and the portfolio formed at the expense of attracted financial resources with cost-effectiveness and efficiency of the projects to be implemented is one of the most important factors in the development of investment policy in enterprises in this sector. The elements impacting domestic and international development in the country, as well as the requirements of the competitive environment, should be used to design a coherent investment policy. This policy would encompass all existing legal, economic, social, environmental, methodological, innovative, and other policies in this field. It must enable comprehensive knowledge, coherence, and flexibility amongst them by bringing the fundamentals to a level. The existing policy should be aligned with the region's and entities' investment programs and strategies. A number of key areas of public investment policy should be addressed in order to maintain macroeconomic stability and stimulate investment activity. One of the most critical concerns is to align investment policy with the objectives of the non-oil industry. Medium- and long-term investment policies should be prioritized, with historic, regional, and leading sectors of the economy receiving top attention. Improving the non-oil sector's finance and investment provision should be connected to the stock market's investment attractiveness. To make the stock market more appealing to investors, systematic actions should be adopted, and the legal and economic systems that regulate the market should be enhanced.

Increased scientific and technical development of entities in the

non-oil sector should be one of the primary paths for investing in innovative activities. More focus should be made to developing innovation activities and enhancing the use of the ICT system in the non-oil industry in order to improve investment provision. Given the non-oil sector's potential, it would be prudent to establish an effective coordination structure amongst these companies in order to increase financial support for innovation activities and the coordination of their planned joint efforts.

8. The need to update the present legal framework is becoming more critical as investment activity grows. The Regulations of the Republic of Azerbaijan “On Protection of Foreign Investments” and “On Investment Activity” are the principal laws governing investment operations. In terms of regulating local and international investment operations, it is more practical to consolidate existing regulations. Despite the fact that the relevant laws operate independently and that some time has passed since their enactment, many of the modifications in these legal and regulatory documents are the result of a unique necessity. The conceptual provisions of the applicable legislation must be improved. The legal framework for the implementation of investment policy in the country will be strengthened by defining the legal framework for public investment policy, its direction, and implementation in a single section with comprehensive and better provisions. Despite the fact that the legislation contains provisions on investment activities, regulation, and investment entities, it is critical that the provisions in this area be more specific and clear on security restrictions related to the country's, society's, and citizens' lives, health, and environmental protection. In addition, a wide range of incentives must be included in investment legislation, as well as the means for their execution.

Any article linked to promoting openness in the sector of increasing investment activity should be included in the legislation. Improving the efficacy of investment regulation, as well as compliance with the legal and regulatory framework in this field, supports the inclusion of audit control in law. The organizational forms and methods

for controlling investment activities should be defined by the legal framework. This activity should be taken into account when planning an environmental audit for the control system. The mechanism for transferring investment rights should be clarified by legislation.

Fundamental regulations governing investment activities, such as the Law on Investment Activity and the Law on Foreign Investment Protection, must be made consistent. Many provisions in both statutes are closely related to the regulation of investment activities, and they serve the objective of improving total investment activity and attractiveness, according to development patterns in the country and around the world. Given the importance of the financial and stock markets in attracting investment, appropriate measures in this area should be implemented as soon as possible (increasing the efficiency of the financial and stock market related to investment activities; improving corporate governance in the market; developing a program to protect investors).

The following published scientific papers represent the main assumptions of the dissertation:

1. Sadıqov İ.V. “Azərbaycan 2020: Gələcəyə baxış” İnkişaf Konsepsiyası və qeyri-neft sektorunun inkişaf zərurəti. AMEA İqtisadiyyat İnstitutu, AMEA-nın Xəbərləri: İqtisadiyyat Seriyası, Bakı: 2015/6. səh.163-169.
2. Sadıqov İ.V. “Qeyri-neft sektoruna investisiya qoyuluşlarının cəlbi səviyyəsi və maliyyələşmə imkanları”. Azərbaycan Kooperasiya Universiteti. Kooperasiya elmi-praktik jurnalı. Bakı: №3(42)-2016, səh.117-122
3. Sadıqov İ.V. “Müasir şəraitdə qeyri-neft sektorunun investisiya fəallığı və mənbələri”. AMEA İqtisadiyyat İnstitutu. AMEA Xəbərlər İqtisadiyyat Seriyası Jurnalı. Bakı: 2016/5 (sentyabr-oktyabr), səh.167-175.
4. Sadıqov İ.V. “İnvestisiya qoyuluşları sahəsində beynəlxalq təcrübə və qeyri-neft sektorunun maliyyələşməsi” Azərbaycan Respublikası Əmək və Əhalinin Sosial Müdafiəsi Nazirliyi, Əmək və Sosial Problemlər üzrə Elmi-Tədqiqat və Tədris Mərkəzi, Əmək və Sosial Problemlər, Elmi əsərlər toplusu, Bakı: 2016, №2(18), səh.81-88

5. Садыгов И.В. «Развитие инвестиционной и инновационной деятельности в Азербайджанской Республике» Міністерство освіти і науки України, Національний лісотехнічний університет України, Актуальні проблеми та перспективи розвитку зовнішньоекономічної діяльності в умовах глобалізації , г. Львів: 2016; 27-28 жовтня, стр.86-89
6. Особенности современного развития ненефтяного сектора в Азербайджанской Республике (Журнал «Экономика и Предпринимательство». Москва: 2017, №5(ч.2), стр.214-217.
7. Sadıqov İ.V. Azərbaycan biznes mühitinin inkişafı. Azərbaycan Xalq Cümhuriyyətinin 100 illiyinə həsr olunmuş “Müstəqil Azərbaycan dövlətinin ərzaq təhlükəsizliyinin təmin edilməsi və aqrar sahənin rəqabətqabiliyyətinin yüksəldilməsi problemləri” mövzusunda Beynəlxalq Elmi-Praktik Konfransın materialları. Bakı: 1-2 iyun 2018, səh.517-520.
8. Sadıqov İ.V. Müasir şəraitdə qeyri-neft sektorunun təşkili və tənzimlənmə sistemi. “Azərıtıfaq” və Azərbaycan Kooperasiya Universiteti. Kooperasiya elmi-praktiki jurnalı. Bakı: 2019 №2 (53), səh.56-62
9. Sadıqov İ.V. “Qeyri-neft sektorunun investisiya təminatının artırılması” // Azərbaycan Respublikası Təhsil Nazirliyi, Naxçıvan Dövlət Universiteti. “Azərbaycan Respublikası iqtisadiyyatının davamlı inkişafında innovasiyaların rolu” mövzusunda Respublika Elmi Konfransının materialları, Naxçıvan: 2020, səh.139-142

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