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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

ENHANCING FINANCIAL MECHANISM OF EXPORTER FARMS

Speciality: 5301.01 - Internal fiscal policy and public finance

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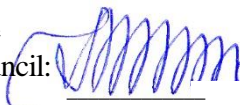
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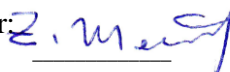


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GENERAL DESCRIPTION OF RESEARCH

Relevance and study level of topic. One of the most significant economic issues after the Republic of Azerbaijan declared its independence was our nation's integration into the global economy, the development of international trade ties, the growth of export potential, and the efficient utilization of these potentials. The economy of our country was heavily dependent on imports in the early years of independence, and as time moved on, the "locomotive" sectors of the economy experienced severe economic crises. However, currently the economic situation is completely different, rapid and sustainable development of our national economy has been ensured, positive results have been achieved in the direction of the integration of our economy into the world economy, and the total number of countries with which commercial and economic relations have been strengthened has reached 150. The experiences of developed and developing countries show that in the modern era, no country can be isolated from the international trade system and can ensure the development of the national economy without establishing export-import operations.

It is known that agricultural exports provide the overall export structure of the country and the diversification and diversity of the macroeconomics in general. On the other hand, thanks to agricultural exports, foreign currency income flows into the state budget and the country's trade balance is adjusted. However, the role of farms in agricultural exports is often closely linked to larger agricultural enterprises and supply chains. Cooperation between farms, access to global markets, the effectiveness of the financing mechanism and state support is one of the decisive factors in realizing the export potential of agricultural products produced by farms.

Financial resources are mobilized, distributed, redistributed and finally used for the continuous operation of farms as one of the constituent parts of the national and global agrarian economy. Farmers, as one of the subjects of economic management that produce and export agricultural products, need the necessary financial resources to sell their products and services to foreign markets or, in other words,

export, and benefit from the services of financial institutions. Therefore, there is a need to study the financial relations, management of financial resources, financial planning and financial control system, facilitating access to finance, researching new forms of financial support, and improving the financial mechanism in this field.

In modern age the attention directed to the development of the non-oil sector sets as a goal the study of the problems of researching the financial and economic capabilities of farms, evaluating the export and import substitution potential, transforming them into exporting farms, ensuring access to finance, and comprehensively studying their financing mechanism.

In the publications and reports issued by global organizations, as well as in the strategic political documents adopted by the President of the country, national priorities, speeches, as one of the shortcomings underlying the problem of increasing agricultural exports, the need to increase access to financial resources of farms, export and agricultural the financing of the sector has always been highlighted as an actual issue on the agenda.

The relevance of the work is thus brought to the fore as an essential subject for study by examining the main directions of enhancing the contemporary financial mechanism of exporting farms in Azerbaijan for the development of agriculture, increasing export potential and export varieties, and expanding the export geography.

The economic scientists focused on issues related to the financing mechanism of farms in the pre-independence period of Azerbaijan and during the period of independence, the financing mechanism of farms and the agrarian sphere in general. Economists include A.A.Alakbarov, M.X.Hasanli, M.M.Sadigov, T.A.Guliyev, Z.A.Samadzade, A.K.Alasgarov, S.V.Salahov, R.A.Balayev, I.H. Ibrahimov, V.H.Abbasov, N.V.Alibayov, F.F.Fikratzade, B.S.Ahmadov, I.V.Ahmedov, C.X.Valiyev, M.M.Huseynov, M.S.Hasanova, Y.N.Fataliyeva and others have investigated the problem in their researches and published works, approaching the problem from different viewpoints. Among the foreign economists are E. Atkinson, B.G. Bazarova, L.A. Drobozina, M.V. Romanovsky, G.I. Beloglazova, O.A. Tarabrin, Y.V. Trushin, V.A. Tikhonov, A.I.

Abalkin, S.F. Mocherniy, S.I. Lushin, M.G. Lapusta and other foreign economists. representatives of the economic school conducted many studies, wrote works, published monographs, articles on the functioning of the financing mechanism in various spheres, the financing of the agricultural sphere, the development directions of agricultural exports, their economic efficiency, and the ways of development.

However, it should be noted that in the works of the mentioned scientists, the issues related to the determination of the directions for improving the financing mechanism of the exporting farms have been little studied as a separate research object, and a number of theoretical and methodological issues have not been properly studied scientifically.

Considering the above, the dissertation work can be considered as a research work that needs fundamental research, and these factors reflect the relevance of the topic of the research work.

The object and subject of the study. The research's object is on farms functioning in the country's agricultural sector that produce export-oriented agricultural products, as well as associations and unions established specifically to export agricultural goods. The entire export finance system, including the financial relationships between financial institutions and exporting farms as well as those between state farms, state financial institutions, and financial institutions overall is the subject of the research.

The purpose and main tasks of the study. The purpose of the study is to investigate the role of the financial mechanism in increasing the export potential of farms and its theoretical basis, to determine the current situation and development trends of the financial-credit mechanism, to prepare scientifically based proposals for the improvement of the financing mechanism of exporting farms. Based on the purpose of the research, the following tasks were set and solved:

- to investigate the essence of export potential and farmer activity, to determine the factors affecting the activity of exporting farms;
- to determine the factors affecting the financial and credit mechanism of exporting farms and clarify the current situation;

- to determine the relations between exporting farms and financial institutions, as well as the state;
- to study the economic mechanism and main directions of state regulation of exports;
- to study the international experience on the issues of stimulation of farms for export and efficient organization of their financial mechanism;
- to determine directions for improving the financial mechanism of exporting farms and prepare proposals.

Research methods. Scientific-research methods were systematically applied in the research work. Dynamic analysis, cross-country comparison and mathematical-statistical forecasting, econometric analysis, correlation-regression methods were used in the research. Also, in the course of the analysis using the induction-deduction method, generalizations were made through new approaches to the use of innovative financial instruments in the financing of exporting farmers in the world and country experience.

The main provisions for the defense. The following are the main provisions in support of the research work:

- ✓ Factors determining the export of agricultural products, influencing the export potential and important scientific-theoretical provisions were determined;
- ✓ System of factors determining the economic environment ensuring the functioning of the financing mechanism of exporting farms has been determined;
- ✓ Analysis of development dynamics and main directions of development of agricultural exports, as well as the financial support of exporting farms' access to the world market have been determined;
- ✓ Efficiency of state support in the financing mechanism of exporting farms was measured and ways of its improvement were chosen;
- ✓ Proposals have been developed in the direction of applying advanced international practice and its advantages in Azerbaijan on the financing of exporting farms.

The scientific novelty of the research. The scientific novelty of the research consists of the following:

➤ the effect of state support in agriculture and agrarian export was studied, and the role in the financing of exporting farms at the modern stage was justified;

➤ as a result of the analytical analysis of the financing of exporting farms in Azerbaijan, as well as the current situation in the export of agricultural products, factors affecting the financial and credit mechanism of exporting farms were systematically investigated and existing problems were revealed;

➤ directions for increasing the efficiency of state support in the financing of exporting farms have been indicated;

➤ system solutions and development perspectives of the financing mechanism of exporting farms in the country have been determined.

The theoretical and practical significance and foundations of the research. The research's findings and well-reasoned recommendations enable characterizing exporter farms' financial mechanisms, predicting the factors and their levels of influence, creating an even better financing mechanism, and furthering scientific study in this field.

Provisions and ideas supported by science can be utilized to address the issues of encouraging farms to expand exports and developing a supportive financial framework for export realization.

Approbation and implementation of the results. Regarding the topic of the dissertation, reports were heard at many scientific conferences held at the international and national level in 2017-2021, articles were published in international prestigious foreign scientific journals (Russia, Turkey) and periodical scientific journals that are on the list of scientific publications recommended by the Higher Attestation Commission.

The name of the organization in which the dissertation work was carried out: Dissertation work was carried out at the "Finance and Audit" department of the UNEC.

The total volume of the dissertation work with marking structural sections separately. The dissertation consists of 165 pages with an introduction, three chapters, a conclusion, and a list of 130 references. There are 14 tables, 14 graphs, and 4 pictures in the

dissertation work. The total volume of the thesis, excluding the bibliography, tables and pictures, is equal to 266070 conditional signs. Introduction - 14563 signs, first chapter - 97682 signs, second chapter - 98755 signs, third chapter - 42617 signs, conclusion - 12450 signs.

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MAIN PROVISIONS FOR THE DEFENSE

1. Factors determining the export of agricultural products, influencing the export potential were systemically studied and important scientific and theoretical provisions were determined.

It is well known that agriculture is crucial to guaranteeing both the population's reliable access to food and the food security of all nations. According to this viewpoint, agriculture forms the backbone of every nation's economic structure. Agriculture has a significant role in improving employment levels and supplying food and industrial sectors with raw materials, as well as giving the majority of the population who live in rural areas employment.

The successful management of agricultural economic relations directly affects the efficiency of the end product of agricultural activity. Agrarian economic ties refer to a distinct aspect of socially constructed economic relationships involving land ownership and the right to utilize it for agricultural purposes. The basis of the means of agricultural production is established on land, as is evident from the definition of the key characteristics of these interactions. The character of agricultural relationships is determined by the distribution of land among classes and social groupings in various economic systems, and this can occasionally lead to violent social conflicts. The resolution of all these agrarian relations-related problems paves the way for increased social division and agro-industrial integration.

According to S.F. Mocherniy and a number of other Russian economists, the main subjects of agrarian economic relations are state, legal entities, and individual producers of agricultural products (farmers and family-farms)¹.

The interaction of subjects of agrarian relations is the basis of economic relations in this area. These subjects participate in economic relations not only among themselves, but also with other industry and society representatives.

¹ Мочерный, С.В. Экономическая теория: учеб. для вузов / С.В.Мочерный, В.Н.Некрасов, В.Н.Овчинников [и др.] – Москва: Приор, - 2000. – 415 с.

The concept of "farmer" and "farm" as the main subject of these economic relations was explained in the research work, and its essence was explained. Thus, a **farmer** is the owner of a private farm or agricultural enterprise based on family labor or hired labor on private and leased land. In other words, a farmer means a peasant entrepreneur. At the same time, it was noted that it is more correct to treat the farm as a special agricultural enterprise that produces commodity agricultural products under market economy conditions.

Agricultural exports provide the overall export structure of the country and the diversification and diversity of the macroeconomics in general. On the other hand, thanks to agricultural exports, foreign currency income flows into the state budget and the country's trade balance is adjusted. However, the role of farms in agricultural exports is often closely linked to larger agricultural enterprises and supply chains. Cooperation between farms, access to global markets, the effectiveness of the financing mechanism and state support are one of the decisive factors in realizing the export potential of agricultural products produced by farms.

The maximum profit from the sale of agricultural products is sometimes achieved in the export markets rather than in the domestic market. Thus, by directing the products produced by farms to export instead of selling them in the domestic market, it increases the sales volume, obtains high profits, having a world market share, diversifies risks and incomes, needs the application of innovations in the conditions of competitiveness, the seasonal demand volume of the partner country for export they pay through and also get other economic benefits².

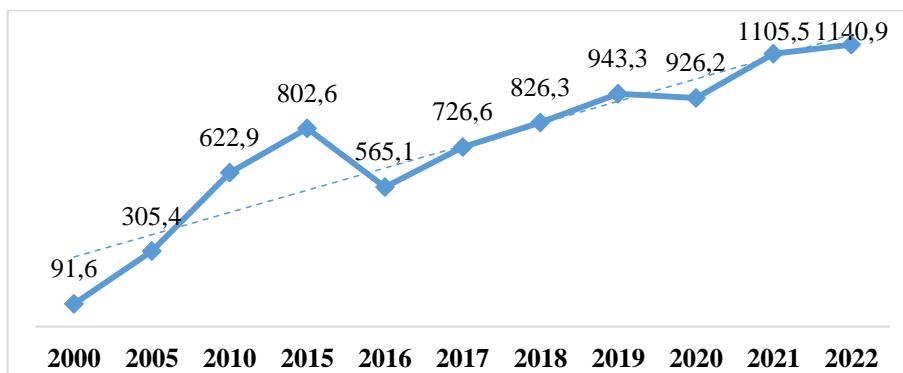
2. The development dynamics of agricultural exports, as well as the financial provision of exporting farms' access to the world market, were analyzed and the main directions of their development were determined.

Direct assessments at the sector level are required in order to properly study and investigate the current situation of the finance mechanism of the exporting farms. Because the development of

² Tekle S. Advantages And Challenges Of Exporting: / The Trade Game U.S. Small Business Administration & Global Source, Inc.

exporting farms is influenced by the overall agriculture industry's top priorities. The state should put support measures in place and plan agricultural exports based on calculations and assessments made concurrently with food security. First, the current situation of the agricultural sector, agricultural exports, farm production activities, and its economic indicators were examined at the national level while taking into account the aforementioned criteria. The research in this area was, however, constrained by the paucity of statistical indications concerning the output and international economic activity of exporting farms.

According to the current development trend in agricultural export statistics, an increase in the export of all types of agricultural products after 2017 is observed, albeit slightly. In addition to the absolute indicators of export, it is also possible to show it with relative percentage indicators. Thus, the specific weight of those types of products in agricultural exports is unstable. In 2022, in exchange for the production of agricultural and food products in the amount of approximately 17.6 billion manats, 11% of these products, i.e. 1.14 billion US dollars, will be exported (**Graph 1**).



Graph 1. Export dynamics of agricultural and food products in Azerbaijan (million US dollars)

Source: It was compiled based on the statistical data of the State Statistics Committee (<https://www.stat.gov.az/source/trade/>)

As it can be seen, although a part of agricultural products is exported, the scale of the total volume and share in the world remains

small. Thus, the share of Azerbaijan's agricultural and food products export in the world export does not exceed 0.1% for years, in 2021 this indicator was only 0.06%. The export of agricultural and food products in the country is about 3% of the total export of products in the country. For information, let's note that the share of import indicators for these products in the total import in the country is 19%. This resulted in the creation of a negative difference in the amount of 1.6 billion US dollars in the trade balance of agricultural and food products. It should also be noted that the main export market for agricultural products in the country is the CIS countries, especially Russia. This is a fact that shows the need for diversification in export geography.

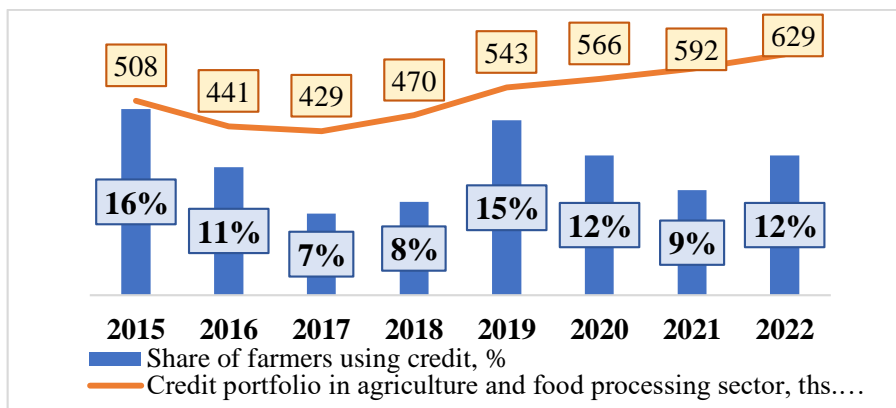
There are about 150 farms engaged in the export of agricultural products in the country, but more than half of the exports of related products account for only 6 entrepreneurs or 80 percent of 25 entrepreneurs. In total, there are 35 large exporting enterprises in the field of Agriculture and food exports, which accounts for about half of exports. In 2022, some large enterprises exported agricultural products worth about US \$ 330.1 million. Such enterprises include both state and non-state (private) enterprises.

In addition to the participation of government agencies such as the Entrepreneurship Development Fund (EDF), the Agrarian Credit and Development Agency (ACDA), the Center for Analysis of Economic Reforms and Communication, authorized commercial banks, non-bank credit organizations and credit unions, the Agrarian Insurance Fund operate in the mechanism of financing farms engaged in the export of agricultural products in Azerbaijan.

Farms in the country have access to preferential financing, mostly through EDF and ACDA. Thus, the EDF issued a concessional loan of around 1.4 billion manats, or about 100 million manats, over the course of the previous ten years to the corporate organizations involved in processing the farm. ACDA has provided producers working in the agricultural sector with more than 9.1 million manats as of 2007, and 215.2 million manats in 2022.

The results of surveys conducted by the Agrarian Research Center among an average of up to 4,000 farmers each year in order to assess the access to credit funds of farmers, including those engaged

in the export of agricultural products, show that the increase or decrease in the rate of credit use by farmers varies depending on the provision of preferential loans (*Graph 2*).

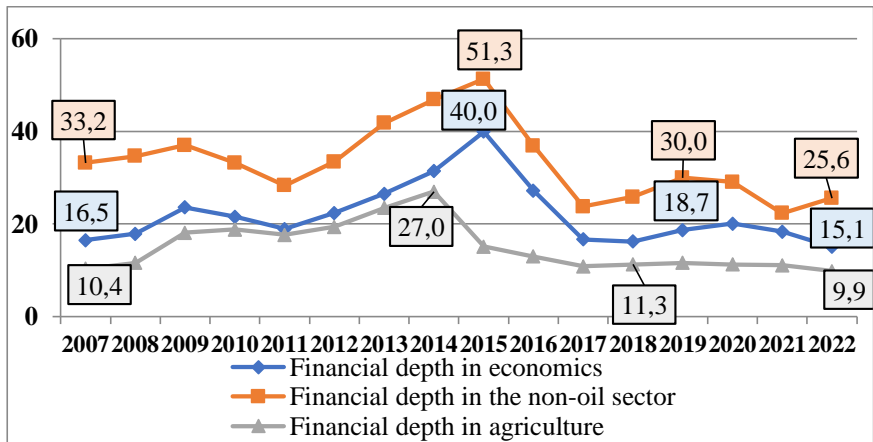


Graph 2. The current situation of access to credit resources of export-oriented agricultural producers

Source: FDMS reports of Agricultural Economics Research Center, Baku-2022

In 2022, the volume of the credit portfolio invested in the agrarian sphere was 629.1 million manats, which made up 3.1% of the structure of credit investments in the real sector of the economy. The volume of credit investments in the agricultural and processing sector increased by 46.6% in 2022 compared to 2017. The impact of the currency devaluations that took place in 2015 on the bank-credit system was also manifested in the field of agriculture. Thus, in 2014, the volume of credit investments in agriculture and processing was 847.3 million manats, but in the following years, this figure was observed to decrease to 429.2 million manats.

Looking at the indicators of financial depth in the country for the last 15 years, not only in the field of agriculture, but also in the non-oil sector and the general economy, a variable and relatively decreasing trend can be observed in the country in recent years. Thus, the devaluations of 2015 had a negative impact on the financial depth by reducing the volume of the loan portfolio. However, since 2018, a positive dynamic change is noticeable in the financial depth indicators. In 2022, the financial depth for agriculture was 9.9% (*Graph 3*).



Graph 3. Comparative indicators of financial depth in agriculture (%)

Source: It was compiled based on the statistical data of the State Statistics Committee and the Central Bank of Azerbaijan Republic

Taking into account the trend of the last 15 years, the indicator of financial depth in the agricultural sector of the country was predicted for 2025. Calculation results suggest that with 97% probability (trend line with logarithmic dependence) it will be a maximum of 16% in the next 5 years.

We think that in the future, farmers' export circumstances and new export geography will be determined by maintaining continuity in their production activity. For this reason, it is deemed appropriate to provide farms with favorable financial access and to use cutting-edge financial techniques.

3. Ways to improve the efficiency of state support in the financing mechanism of exporter farms have been determined.

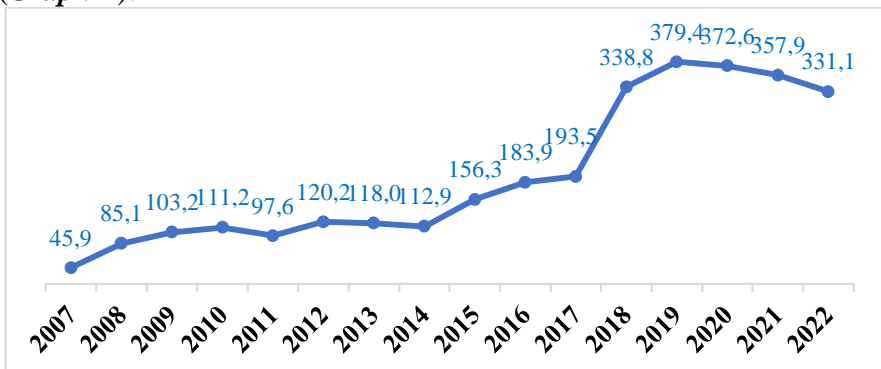
Productivity and profitability in agricultural production activities depend on the natural climate and geographical location, capital has a low turnover rate, etc. such factors cause a low rate of savings in the agricultural sector. This ultimately limits the ability of farmers to make investments at the expense of their personal funds, as well as ensure the attraction of funds from the financial markets. Therefore, the role of the state in improving the provision of financial resources in the

agricultural sector and the need for continuous improvement of supporting mechanisms.

The issue of state regulation of the agrarian sector and provision of "favorable" and "concessional" credit resources to producers, including farmers who have a share in the export of basic agricultural products, has become an important object of state support for our country. The fact that agricultural production is of strategic importance in terms of food security and export potential includes the various characteristics of state support to this field. Thus, AKIA and SIF act in the form of state support in the direction of facilitating access to preferential credit resources for farms producing export-oriented agricultural products. Along with these institutions, commercial banks and other credit institutions continue to support measures in this context.

According to the results of the conducted research, the share of the total funds allocated to agriculture in Azerbaijan in the budget expenditures was between 3.1-3.5% in different years, and it was observed that the share of direct subsidies in the agricultural sector changed from 0.95% to 1.43%. Compared to 2016, the export of agricultural and food products increased 1.6 times in 2020.

During the last 15 years, more than 3 billion manats of direct state support was given to farms engaged in the export and production of agricultural products. In these years, the volume of state support has increased 7.2 times. The dynamics of the state support (subsidy) given to agricultural producers can be observed from the graph below (*Graph 4*):



Graph 4. Amount of state support (subsidy) given to agricultural producers, million manats

Source: It was compiled based on the information of ACDA

In addition, it is necessary to mention the export incentive paid by the Cabinet of Ministers to the exporters of a number of agricultural and processed products in the amount of 3-6% of the export value of the respective products exported by them during 2017-2020. According to the information obtained from the Ministry of Economy of the Republic of Azerbaijan, the support amount of about 13 million manats was paid to the exporters of this field during those years (*Table 1*).

Table 1. Information on promoting the export of agricultural and food products in Azerbaijan (thousand manats)

	2017	2018	2019	2020
Bird egg	0	76.2	0	0
Natural honey	0	0	0	0
Shelled hazelnuts	0	792.1	2497.7	3286.7
Palm	43.1	580.7	1016.3	801.6
Pomegranate	6.9	78.1	170.5	157.8
Dried fruits	0	4.7	16.0	17.5
Fruit and vegetable juices and preserves	348.9	475.3	400.0	471.5
Canned, blanched or roasted nuts	17.6	87.1	156.2	204.1
Natural grape wines and grape juice	272.4	293.8	378.6	228.3

Source: Compiled by the author based on the information of the Ministry of Economy

As a result of research, it was found that approximately 27% of fresh fruit production and 12.6% of fresh vegetable production in the country are export-oriented. This indicator is 95.7% in nuts, 76.4% in cotton, 69.6% in tobacco, and 67.9% in dates. For every thousand US dollars of apple and tomato production in the country, the export value of 350 and 780 US dollars, respectively, was returned to circulation. Grapes vary depending on how much of the export is supported by the state (*Table 2*).

Table 2. Information of state support for production and export of export-oriented agricultural products

Name of product	Amount of state support per product, thousand USD	The share of state support in exports, %	Share of product exports in production, %	
			by value	natural
Fruits, including	17.55	4.97	78	27.0
apple	0.01	0.03	35	23.9
Grape	1.45	29.53	8	3.2
Potato	1.66	4.9	12	7.8
Vegetables, including	1.1	0.53	57	12.6
tomato	0	0	77	24.2
cucumber	0	0	14	2.2
onion	0.01	0.24	20	6.3

Source: It was compiled based on the statistical data of the State Statistics Committee and the Ministry of Agriculture of Azerbaijan Republic

Although the mentioned promotion measure has its positive effect, taking into account the recommendations of the WTO, it would be appropriate to pay attention to more advanced and indirect promotion mechanisms. In our opinion, the production of export-oriented products and their varieties can be expanded due to the increase of state support that does not distort the market and is aimed at the development of agriculture. In addition, it will have a significant impact on the development and financing of farms engaged in the production of export-oriented fresh fruits and vegetables.

During the studies, econometric analyzes were conducted in order to model the impact of financing instruments on agricultural exports, to evaluate the efficiency of state support, and to reveal the dynamic dependence between them based on time series.

Since the dynamic dependence between the factors affecting the export of agricultural products in Azerbaijan (subsidies and volume of added value) for 2010-2020 is non-stationary, it was evaluated using the "ARIMA" (Auto Regressive Integrated Moving Average) model (*Table 3*).

measures in this regard has not yet fully developed. In this regard, the development and application of a functioning mechanism with a scientific foundation can help boost the economic productivity of farms producing export goods and increase the amount of exports.

In our opinion, the following actions should be taken to maximize the state assistance given to the nation's exporting farms:

- improvement of the organizational and institutional mechanism that supports export and expansion of the scope of the institutions included in this mechanism, the directions of activity, as well as the organization of coordination between them;

- expanding the use of indirect export support tools recommended in accordance with WTO norms and rules, using international practices;

- ensuring targeting of exporting subjects in the state budget funds given as subsidies to farms and giving preference to exporting farmers in relation to other farmers (for example, differentiation of coefficients in accordance with this rule, differentiation according to the orientation of the production volume to export, etc.)

- development of a new mechanism on the issue of re-applying the incentive amounts paid to exporting farms (export subsidies) in accordance with the rules and recommendations of the WTO and continuation of subsidization, improvement of the regulatory legal framework in this regard;

- Improvement of the control mechanism and certification of agricultural products exported to Western Europe and other countries for compliance with international quality standards, as well as strengthening of state support in the certification of products;

- promoting the orientation of traditional export products to export markets considered more optimal and profitable, creating a political-diplomatic and economic environment, expanding educational activities among exporter farmers;

- study of potential export markets for products that are considered non-traditional for export and implementation of propaganda work among farmers;

- continuation of educational activities among exporter farms regarding preferential financial resources;

- stimulation by the state of the activities of banks and other organizations in this field that offer credit products for financing exports and agriculture;
- realization of state insurance and guarantee of credit risks of banks and other organizations offering credit products for export financing;
- development of the mechanism of state insurance for loans obtained by exporter farms.

4. Advanced international experience in financing export farms was studied and justified proposals were developed in the direction of applying its advantages in Azerbaijan.

Based on the experience of financing exporting farms in different countries of the world, it can be concluded that governments pay special attention to this area, and each country has its own financing mechanism and tools. This is because this field has important strategic importance in terms of ensuring food security, developing agrarian entrepreneurship, and strengthening foreign economic relations. As a result of this, the large share of agriculture in the exports of the reviewed countries prompts governments to implement various programs, implement reforms, constantly improve the mechanism and create specialized organizations in this direction. Because there is a need to establish an efficient financing mechanism to ensure the development of this field and to operate in accordance with the current requirements.

As a result of the research of international experience, the advantages of the experience of financing export farmers in the USA, Japan, Germany, England, Switzerland, Russia, Poland, Belarus, Kazakhstan and Turkey can be considered appropriate for implementation in the country. The activities of EXIM Banks and other credit organizations specializing in export lending to the USA, Switzerland, Russia, Kazakhstan and Turkey attract special attention. In Japan, the adoption of programs related to preferential loans and advance payments for export to agricultural cooperatives, issues of export credit for innovative projects, as well as support mechanisms aimed at meeting international standards of export products are given as examples. The adoption of complex state programs aimed at export financing in Germany and England, the presence of centralized state control in this

area, the organization of financial and administrative institutions for state guarantee and insurance have encouraged the achievement of significant results. In our opinion, there are opportunities to apply the mentioned advanced practices in our country and they can significantly contribute to the increase of agricultural exports in the future.

It should be noted that the credit funds allocated to the agricultural sector are important in terms of the financial stability of farms, the continuity and efficiency of extensive reproduction, and their place in the financial mechanism. Like other farms, export farms can also benefit from agricultural credit services. In international practice, credit conditions for farmers who are interested in exporting products and are oriented in this direction are distinguished from other agricultural credit offers by the amount of concessions and support.

The experience of foreign countries shows that in SEZs, national exporters are offered a wide range of financial products that promote export development. At the same time, some countries have created large export support institutions that provide export credits, guarantees and insurance, while others have specialized export support institutions (state banks specializing in providing export credits and classical export credit agencies).

Summarizing the mentioned issues, it is appropriate to consider the following priority directions for improving the financing mechanism of exporting farms:

- measures should be taken regarding the proper organization of preliminary and financial accounting in farms;
- the coordination of the activities of export supporting organizations should be ensured and systematized, as well as the number and scope of activities of financial organizations that provide loans or guarantees for exports should be expanded;
- economic and legal environment for creation of banks specialized in export-import operations, as well as agrarian profile should be formed;
- stimulation means should be provided for giving priority to agro-processing products compared to primary agricultural products in export;

- innovative possibilities of digital agriculture and digital financing tools in export should be used;
- innovative financing mechanisms in exporting farms and their applicability in the agricultural sector should be assessed by existing financial institutions;
- promotional tools should be used that provide for joint cooperation and joint financing of small farms in export;
- specific financial instruments should be provided for each stage along the value chain of agricultural activity and their development along the value chain should be encouraged.
- educational activities should be conducted among farmers regarding export markets and export financing instruments.

CONCLUSION

The following scientific findings were confirmed by the research's analysis of the financing mechanism used by exporter farms:

✓ As a result of the discussion of theoretical-conceptual approaches related to export and agriculture, it was determined that the active participation of farms exporting agricultural products in the food value chain depends on the efficiency of stimulation mechanisms.

✓ As a result of research, it has been revealed that although the state provides partial support to exporting farms in the country through financial instruments, a mechanism that includes a system of consistent and flexible measures in this regard has not yet been fully formed. In this regard, the creation and implementation of a scientifically based working mechanism will contribute to increasing the economic efficiency of farms producing export products and expanding the volume of exports.

✓ Facilitating the access to financial resources of farms and small entrepreneurs in developing countries has become a priority issue and important steps are being taken in this area. In a number of countries where the financial market is developed in accordance with the requirements of the market economy, the agricultural sector is developing with high technologies, because the penetration of the financial market in these countries ensures that farmers can use

comprehensive financial instruments and the services of all financial institutions.

✓ In Poland, Japan, Switzerland, and other CEEs, stimulating measures to create a favorable environment for exporters through financial and non-financial mechanisms to promote export and increase the export volume, and to increase the production of export-oriented innovative products are widely used. In the studied countries, there are special state institutions that support exports. These institutions, as an export development agency, create a wide network of offices both in the exporting country and abroad, and carry out technical-informational and financial promotional support measures.

✓ "Azexport" electronic portal was created at the initiative of the Center for Analysis and Communication of Economic Reforms to identify promising export products in Azerbaijan and exchange information between the export-import structures of the countries of the region. In addition, state institutions such as AZPROMO and Small and Medium Business Development Agency operate to provide technical information and marketing support to exporting entities.

✓ As a result of the conducted research, it is expected that the implementation of tax concessions aimed at initial registration in farms producing export-oriented agricultural products and the continuation of measures related to export promotion on a large scale for the next years will further improve the financial situation of exporting farmers.

✓ In the course of the research, it was found that subsidies for stimulating the export of agricultural products were not provided for in the state support mechanism for agriculture. In order for them to be directed to exports, it is necessary to consider subsidizing credit interest rates or other indirect stimulation tools in this mechanism.

✓ In the study, an econometric analysis was carried out using the "ARIMA" (Auto Regressive Integrated Moving Average) model to measure the dynamic dependence between the factors affecting the export of agricultural products. According to the results from the graphs and stationarity tests, a 1% increase in the subsidy allocated to agriculture increases its export volume by 0.71%. A 1% increase in the added value created in agriculture increases the export volume by 4.64%. At the same time, neither credit funds nor the volume of

investments had a serious impact on agricultural exports. This indicates that credit funds are directed to farms that are not engaged in export, especially those that are engaged in the production of products in the domestic market. From the obtained results, it can be concluded that there is a need to create a systematic approach and an improved financing mechanism in order to direct the loans and investments in this area to export.

The main provisions of the dissertation, the results obtained and the proposals are reflected in the following published scientific works:

1. А.А.Дадашов, «Особенности механизма традиционного финансирования в фермерских хозяйствах» / Материали XIV Международная научно-практическая конференция «Мировые тенденции и перспективы развития финансовой системы, Украина // - Киев, -2017, №2, УДК 336, - стр.364-370.

2. Ə.Ə.Dadaşov, “Fərmer təsərrüfatlarının kooperativlərdə birləşməsinin zəruriliyi və onların maliyyələşməsi mexanizminin Yaponiya təcrübəsi” / Azərbaycan Dövlət İqtisad Universitetinin elmi xəbərləri // -Bakı, -2017, №5, ISSN 2306-8426, -s.172-184.

3. Ə.Ə.Dadaşov, “Fərmer təsərrüfatlarında maliyyələşmə mexanizminin əsas xüsusiyyətləri” / Azərbaycan Aqrar Elmi // -Bakı, -2018, №1, ISSN-76149, -s.165-168.

4. Ə.Ə.Dadaşov, “Fərmer təsərrüfatlarında ixrac potensialının qiymətləndirilməsi və dünya bazarına çıxış imkanlarının təhlili” / Azərbaycan Milli Elmlər Akademiyasının İqtisadiyyat İnstitutunun elmi əsərləri // -Bakı, -2018, №1, ISSN 2519-4909, -s.192-199.

5. Ə.Ə.Dadaşov, “İxracatçı fərmer təsərrüfatlarının maliyyələşdirilməsində maliyyə institutlarının rolu və əhəmiyyəti” / İpək Yolu // -Bakı, -2019, №2, ISSN 1810-911X, -s.70-80.

6. Ə.Ə.Dadaşov, “Fərmer təsərrüfatlarının istehsal və ixracına vergi güzəştlərinin təsiri” / Kooperasiya // -Bakı, -2019, №3, cild 54, ISSN 2218-91-49, -s.28-37.

7. Ə.Ə.Dadaşov, “Azərbaycanda fərmer təsərrüfatlarının kreditləşmə mexanizminin əsas xüsusiyyətləri və onun

təkmilləşdirilməsi istiqamətləri” / Azərbaycan Vergi Jurnalı // -Bakı, -2019, №1, cild 138, ISSN 2305-4611, -s.109-121.

8. Ə.Ə.Dadaşov, “İxracatçı fermer təsərrüfatlarının maliyyələşməsində innovativ mexanizmlərin tətbiqi perspektivləri” / “İqtisadi və statistik tədqiqatlarda innovasiyaların tətbiqi” elmi-praktiki konfransının materialları // -Bakı, -2019, -s.27-30.

9. Ə.Ə.Dadaşov, “Kənd təsərrüfatı məhsullarının ixracatında kooperasiyalaşmanın rolu” / “Kənd təsərrüfatında kooperasiyanın mövcud vəziyyəti və inkişaf perspektivləri” adlı respublika elmi-praktik konfransının materialları // -Gəncə, -2020, -s.54-59.

10. A.A.Alakbarov, N.N.Khudiyev, A.A.Dadashov, “International experience on insurance of farms from export risks: existing problems and perspectives in Azerbaijan” / “55th International Scientific Conference on Economic and Social Development” book of proceedings // -Baku, -2020, -Vol 2/4, ISSN 1849-7535, -p.76-88.

11. A.A.Dadaşov, “Küresel koronavirus pandemisi ve özel karantina rejiminin tarım ekonomisine etkileri” / “TURAN-SAM Uluslararası Bilimsel Hakemli Dergisi // -Kars, -2021, -№7, cild 13, ISSN: 1308-8041, s.128-136.

12. А.А.Дадашов, «Перспективы применения нового подхода в увеличении доступа к кредитным ресурсам фермерских хозяйств (на примере Азербайджана)» / «Экономика и управление: проблемы, решения» научно-практический-теоретический журнал, Россия // - Москва, -2021, №8, том 2, - ISSN: 2227-3891, - стр.4-12.



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