

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL CENTER OF GRADUATE EDUCATION

MASTER DISSERTATION

on the topic

**“THE WAYS OF INVESTMENT ATTRACTION TO THE REGIONS
LIBERATED AS A RESULT OF THE PATRIOTIC WAR”**

Mirzayeva Zahra Rovshan

BAKU - 2022

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN
AZERBAIJAN STATE UNIVERSITY OF ECONOMICS
INTERNATIONAL CENTER OF GRADUATE EDUCATION

**Head of the International Center for
Graduated Education**

Assoc. Prof. Dr. Ahmedov Fariz Saleh

_____ signature

“ _____ ” _____ 20__

MASTER DISSERTATION

On the topic

**“THE WAYS OF INVESTMENT ATTRACTION TO THE REGIONS LIBERATED AS
A RESULT OF THE PATRIOTIC WAR ”**

Code and name of the specialty: 060409-Business administration

Specialization: Business administration

Group: 146

Master's Student:

Mirzayeva Zahra Rovshan

_____ signature

Supervisor:

Ph.D., Assoc. Prof. Aghayeva Konul

Asaf

_____ signature

Program Manager:

Ph.D in Econ. Shamkhalova

Samira Ogtay

_____ signature

Head of the Department:

Dr. of Econ.Prof.

Kalbiyev Yashar Atakishi

_____ signature

BAKU – 2022

Elm andı

Mən, Mirzəyeva Zəhra Rövşən qızı and içirəm ki, “The ways of investment attraction to the regions liberated as a result of the patriotic war” mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

VƏTƏN MÜHARİBƏSİ NƏTİCƏSİNDƏ AZAD OLUNAN BÖLGƏLƏRƏ İNVESTİSİYA CƏLBİYYƏTİNİN YOLLARI

XÜLASƏ

Tədqiqatın aktuallığı: 2020-ci ilin 27 sentyabr tarixində düşmən təxribatlarına cavab olaraq işğalçı Ermənistan qarşı başlanılan və 44 gün davam edən Vətən müharibəsi nəticəsində düşmən işğalındakı torpaqlar azad edilmiş və ölkəmizin ərazi bütövlüyü təmin edilmişdir.

Tədqiqatın məqsədi: Tədqiqatın əsas məqsədi işğaldan azad olunmuş ərazilərin bərpasında və inkişafında hazırlanmış layihələrin tətbiqi ilə sosial-iqtisadi inkişafa, investisiya cəlb edilməsinə nail olmaqdır.

İstifadə olunmuş tədqiqat metodları: müşahidə, müqayisəli təhlil, analiz metodlarından istifadə edilmişdir.

Tədqiqatın informasiya bazası: Tədqiqatın informasiya bazasını müxtəlif yerli və xarici mənbələr, elmi tədqiqatlar, imzalanmış fərmanlar və tarixi faktlar, Dövlət Statistika Komitəsinin hesabatları təşkil edir.

Tədqiqatın məhdudiyyətləri: Hazırda Dağlıq Qarabağda aparılan quruculuq işlərinin aparılması səbəbi ilə bölgəyə səfərlərin məhdudlaşdırılması.

Nəticələrin elmi yeniliyi və praktiki nəticələri: Tədqiqatın elmi-praktiki nəticələrinə əsasən işğaldan azad olunmuş ərazilərdə geniş miqyaslı quruculuq və bərpa işlərinin həyata keçirilməsi xərcləri artırmaqla yanaşı, eyni zamanda rəqabətqabiliyyətli iqtisadi sahələrin, o cümlədən turizm potensialından səmərəli istifadə edilməsi, dövlət investisiyaları, xarici və yerli investisiyaların cəlb edilməsi, sahibkarlığın, xüsusilə də mikro, kiçik və orta biznesin inkişafının dəstəklənməsi növbəti illərdə həmin ərazilərin sosial-iqtisadi inkişafının əsaslarını daha da möhkəmləndirməklə yanaşı, Azərbaycanın yeni inkişaf prosesində mühüm mərhələ olacaqdır.

Nəticələrin istifadə olunma biləcəyi sahələr: Tədqiqat işinin praktiki əhəmiyyəti olduqca böyükdür, belə ki, dissertasiyanın əsas müddəaları, əldə edilən nəticə və təkliflər turizm cəlb edilməsinə dair nəzarət plan və proqramının və hesabatlarının tərtib edilməsində, auditor fəaliyyətinin təşkilinin təkmilləşdirilməsində istifadə edilə bilər.

Açar sözlər: Qarabağ, investisiya, iqtisadiyyat, maliyyə, dövlət

PERSPECTIVES INCREASING ATTRACTIVENESS OF TOURISM INDUSTRY IN AZERBAIJAN AFTER THE COUNTRY'S TERRITORIAL INTEGRITY

SUMMARY

The actuality of the subject: As a result of the 44-day Patriotic War launched against the occupying Armenia on September 27, 2020 in response to enemy provocations, the enemy-occupied lands were liberated and the territorial integrity of our country was ensured.

Purpose and tasks of the research: The main purpose of the study is to achieve socio-economic development, investment attractiveness through the implementation of projects developed in the restoration and development of the liberated territories.

Used research methods: observation, comparative analysis, analysis methods were used.

The information base of the research: The research database consists of various local and foreign sources, scientific research, signed decrees and historical facts, reports of the State Statistics Committee.

Restrictions of research: Restrictions on visits to the region due to ongoing construction work in Nagorno-Karabakh.

The novelty and practical results of investigation: According to the scientific and practical results of the research, in addition to increasing the cost of large-scale construction and rehabilitation work in the liberated territories, at the same time effective use of competitive economic sectors, including tourism, public investment, foreign and local investment involvement and support of entrepreneurship, especially the development of micro, small and medium-sized businesses, will be an important stage in the new development process of Azerbaijan.

Scientific-practical significance of results: The practical significance of the research is very great, as the main provisions of the dissertation, the results and recommendations can be used in the development of control plans and programs and reports on tourism attractiveness, improving the organization of auditing.

Keywords: Karabakh, investment, economy, finance, state

ABBREVIATIONS AND SIGNS

ECED	Eurasian Development Expert Center
GDP	Gross Domestic Product
ICT	Information and communications technology

TABLE OF CONTENTS

	INTRODUCTION.....	8
CHAPTER I.	THEORETICAL AND METHODOLOGICAL BASES FOR ASSESSING THE LEVEL OF INVESTMENT ATTRACTIVENESS OF THE REGIONAL ECONOMIC SYSTEM	12
1.1.	Investment attractiveness of the region as a subject of market competition: concept, essence, main elements.....	12
1.2.	Investment attractiveness management system at the regional level	21
1.3.	Methodological issues of assessing the investment attractiveness of the region.....	27
CHAPTER II.	ANALYSIS OF INVESTMENT ATTRACTIVENESS AND INVESTMENT MANAGEMENT SYSTEM AT THE REGIONAL LEVEL IN AZERBAIJAN.....	35
2.1.	Assessment of the current situation in Azerbaijan affecting investment.....	35
2.2.	Analysis of factors affecting investment activity in Azerbaijan.....	38
2.3.	Valuation of development performance and investment climate of a region.....	44
CHAPTER III.	MEASURES AND MECHANISMS FOR INVESTMENT INTENSIFICATION ACTIVITY IN THE REGION.....	50
3.2.	Development model of investment attractiveness in the regions.....	50
3.3.	Measures to stimulate investment activity	58
	CONCLUSION AND RECOMMENDATION	74
	REFERENCES.....	79
	List of tables	81
	List of schems	81
	List of figures	81

INTRODUCTION

The actuality of the subject:The revival and development of our liberated lands is the most important strategic task facing the Azerbaijani state today.

After the end of the Patriotic War and the liberation of Karabakh, Azerbaijan has accumulated considerable economic potential.

Analysis of direct investments in Karabakh during the post-war period by sector means the implementation of primary infrastructure projects to ensure the resettlement of the population to the regions, and the second issue is the investment in various areas to implement economic activity in the region.

Taking into account the current geological position, climatic conditions and potential resources of Karabakh, it is possible to determine that the following areas are priorities for investment:

1) Tourism sector - The location of Karabakh in the Lesser Caucasus Mountains of the region, its special potential geographical location can be an impetus for the significant development of tourism potential.

2) Agrarian sector - The fact that the region belongs to favorable climatic conditions, as well as lands suitable for agriculture, will give a great impetus to the development of agriculture, crop production, vegetable generation, as well as the improvement of animals.

3) Mining industry - non-metallic mineral deposits in Karabakh, mining and decorative stones, as well as sawdust, facing and construction stones with a total reserve of ten million cubic meters, cement raw materials, astringents, mineral paints, raw materials for construction bricks, concrete are represented by building materials such as aggregates and road-building raw materials. The development of this industry also creates a special basis for the production of different types of products in parallel.

4) Energy production - There are abundant rivers and reservoirs of special importance in the Karabakh region. The power plants to be built here will take over a certain share of the country's energy supply, as well as energy exports.

Problem statement and level of study: IRS Publishing House has published two books on Karabakh and the liberated territories in 2021, "Karabakh's Black Book" and "Karabakh - Towards Victory".

AzerGold CJSC and Azerbaijan Industrial Corporation have the experience, qualified personnel, export and investment opportunities to produce and process these resources.

Thus, by attracting new natural resources, Azerbaijan has the potential to ensure the development of the western region, the growth of the mining industry, as well as the metallurgical complex. The development of metallurgy will accelerate the development of a number of industries in Azerbaijan, as well as the military industry. Our military industry must have a say in supplying the Azerbaijani Army with 5G technologies.

A "construction boom" is expected in the liberated areas. In result of the liberation of our territories, the forecasts for the development of the non-oil sector over the years will have to be revised. Because this victory of our Army will also give impetus to the rapid growth of the non-oil sector. The full liberation of the territories from occupation will have a great impact on economic development. Preliminary estimates show that in the coming years, the total output of key areas in the Upper Karabakh and Kalbajar-Lachin economic regions may increase by more than 2 billion manat.

Objectives and tasks of the research:The reason of the proposal is to justify the need to create a favorable investment environment and study the methodology for assessing investment attractiveness. To attain the objective of the graduation work it is vital to consider the main types of investments and their characteristic features, as well as factors affecting the investment environment, estimates used to create a favorable investment climate. Which will be considered in this final work.

In accordance with the goal, the following tasks were set:

- determine the nature of investment, investment environment and investment attractiveness;
- justify the need to create favorable conditions for investment;

- determine the indicators for assessing investment attractiveness at the country, region, industry and corporate level;
- to study the factors that determine the investment environment;
- identify ways to improve the investment environment in Azerbaijan.

The liberation of Azerbaijani territories will also make a significant contribution to ensuring food security in our country. In particular, the level of self-sufficiency in livestock products will improve. At present, the level of self-sufficiency in our country is 82.5 percent for meat and meat products, 86.2 percent for milk and dairy products. According to our forecast, after the resumption of economic activity in the liberated territories, it will be able to meet domestic demand with these products. Also, the level of self-sufficiency in cereals (excluding paddy) in Azerbaijan will reach 70 percent.

Object and subject of research: The purpose of the study the field is to highlight current and possible conditions in Karabakh after liberalization in 2020 and give recommendations about well-structured ways for re-assessing sustainable development policy of industry after territorial integrity.

Research methods: The hypothetical and methodological premise of the investigate is the modern results of fundamental economic research in the field of marketing concept, marketing theory and marketing strategies. Scientific methods - dialectical method, analysis, synthesis, laws of formal logic, as well as systems analysis, mathematical statistics, graphical analysis, generalization, abstraction were used in the research process.

Research database: In order to conduct an analysis of investments in the economy of Azerbaijan in the final work, materials of the State Committee for Statistics of the Azerbaijan Republic and analytical materials from foreign websites were used to study foreign experience of increasing investment attractiveness. The work concludes with conclusions on creating a favorable investment environment.

Limitations of the study: Scientific-theoretical research on tourism references to approaches are given. Mainly in the tourism sector of Azerbaijan studies have been conducted. Economy working within the tourism segment There are challenges

in getting factual information of the subjects.

Scientific novelty of the research: The attractiveness of tourism to the Nagorno-Karabakh economic region has been studied from a scientific and methodological point of view

Practical significance and applications of the research: Proper in the tourism sector directly to the country in the case of guided and implemented reforms to raise living standards, recognition abroad, economic development, will have a substantial effect. Non-oil foundation of oil-based economy. The main steps in the transition to the economy are the development of these areas realizing that it should come should be the main goal of the nation.

CHAPTER I. THEORETICAL AND METHODOLOGICAL BASES FOR ASSESSING THE LEVEL OF INVESTMENT ATTRACTIVENESS OF THE REGIONAL ECONOMIC SYSTEM

1.1. Investment attractiveness of the region as a subject of market competition: concept, essence, main elements

One of the key issues of financial matters at all times has been the think about of the hypothetical and commonsense perspectives of speculation. Such near consideration is due to the reality that speculations and venture forms have a critical affect on financial development and socio-economic advancement of the locale as a entirety.

In spite of the common supposition on the significance of speculations within the territorial economy and the speculation attractiveness of the locale, there's no single point of see on the nature and financial substance of ventures. In the classical domestic and foreign literature, they are described in different ways, have an insufficient set of evaluative elements and characteristics, or their interpretation is not complete enough.

Before revealing the essence of the category of "investment attractiveness", let us designate the main elements:

Investments are financial investments in the economy of individual regions or specific types of entrepreneurial activities of economic complexes in order to maximize profits (for the production sector) or social infrastructure (for the social sector).

The investment process is a mechanism for determining the object, the size of the investment, with subsequent control over the use of investment resources.

Participants in the investment process are at least two parties: the investor - the owner of temporarily free funds, hoping to receive additional income (when investing in the production sector), and the consumer of investments, hoping to receive additional funds to expand production (Moran, H. T., Blomstorm, M. 2015: p.101).

World practice distinguishes three groups of investors:

In the process of participation in investment processes, the goals and objectives of each group of investors may not coincide.

The investment activity of the state, for example, is primarily aimed at solving social and subsequently economic problems, or at providing infrastructural support for the subjects of the real economy, i.e. his activity does not always imply and not only profit.

In other words, the state, as a potential investor, is interested in ensuring social justice and stability, in the development of science and promising environmentally friendly technologies, innovative production methods.

According to the criterion of attractiveness for government bodies, investments in strategically important industries or infrastructure facilities are of top priority, and due to limited financial resources due to budget deficits at almost all levels, the state does not have enough funds (Addison-Wesley. Harris, N. 2020).

In such conditions, there is a need for such forms of cooperation between the state and private capital, such as public-private partnerships and state ownership of a controlling or blocking stake, allowing the state to control investment projects with partial investment, and private investors to guarantee the return on investment and the stability of their investments.

Participation, albeit partial, of the state in such investment projects gives confidence in the dynamic development of such regions, companies, types of activities and makes them investment attractive not only for domestic but also foreign investors.

For investors providing financial (borrowed) funds and belonging to the second group (banks and credit institutions), the investment attractiveness consists in the ability to timely and fully return the invested funds with additional profit.

Accordingly, it tends to be contended that a mark of the speculation engaging quality of a district for this situation is its reliability, dissolvability and monetary soundness of ventures, undertakings and sorts of exercises.

Venture appeal for speculation assets of private homegrown and unfamiliar financial backers (third gathering) is portrayed not such a huge amount by the

ongoing monetary and monetary marks of the area as by the methodology of its further turn of events and business notoriety.

Considering the abovementioned, the venture appeal of the area ought to be thought of as a bunch of measures that invigorate in the drawn out the fascination of speculations of all structures and pointed toward laying out the necessary sums, organization, wellsprings of funding and bearings of their utilization.

It is vital that practically all financial backers like to put resources into undertakings and associations with positive speculation appeal.

Practice shows that in present day conditions, the evaluation of the venture appeal of the district descends straightforwardly to the examination of the monetary state of the proposed speculation objects, albeit to get a goal and complete appraisal of the venture allure, the arrangement of introductory variables should be essentially extended.

We think of it as convenient to give a few definitions affirming our perspective.

The venture appeal of an area ought to be perceived as the condition of the provincial economy shaped by the current dangers and laid out speculation potential, affirmed by signs of productivity, reality and possibilities of monetary interests in the social or financial advancement of the district.

Investment attractiveness is a set of indicators of its financial and economic activities, with the help of which a potential investor rounds off the area of possible projects for investment (Mossa, A. I. 2020: p.201)

Investment attractiveness should be understood as the possibility of obtaining the expected positive economic effect (income) from the investment of temporarily free cash resources in certain projects with a minimum level of risk.

The pointer of speculation allure can be considered both at the level of a nation, industry, locale, and at the level of an undertaking.

Evaluation of an enterprise in this system is the final stage, a put for the of usage ventures, at the same times, the attractiveness of each project will be determined by the attractiveness of the enterprises involved.

Many economists have approximately the same interpretation of the concepts

of "investment climate", "investment attractiveness" in relation to the economy of a country, industry, region, enterprise; however, when specifying the structure of these concepts, methods and techniques for assessing, the opinions of scientists differ significantly.

For example, employees of the Harvard Business School propose to use a special expert scale as the basis for comparing countries and regions in terms of investment attractiveness, including the following characteristics: legislative support for foreign and national investors, the possibility of unhindered import and export of capital, stability of the national currency exchange rate, political stability, level inflation, the possibility of using national capital.

Naturally, the given set of indicators is not sufficient to fully reflect all the conditions taken into account by potential investors.

Investment attractiveness at the macro level should be understood as political, economic, social, legal and other conditions created by the state for domestic and foreign investors in order to attract investment for the development of the regional economy.

Experts note that investment attractiveness means the presence of such optimal conditions that affect the investor's decision in choosing a particular investment project.

Thus, it is proposed to consider an investment attractive region (an economic entity) that has a set of characteristics (first of all, such as profitability and risk), in which the invested funds become attractive for an investor interested in average profitability and moderate risk.

A region planning to attract investment resources also assesses its investment attractiveness from the point of view of potential investors: the level of its profitability, possible risks.

The creator's examination of present day ways to deal with evaluating speculation allure at the local level uncovered the shortfall of an overall strategic way to deal with the determination of pointers for surveying venture appeal.

As per the creator, while evaluating the speculation engaging quality of most

tasks, it is fundamental and prudent to zero in on the normal outcome.

Since the favored final product is benefit, the higher the normal assessed benefit, the more alluring the venture (locale) is for speculation.

A huge sign of evaluating the speculation allure of districts (projects) is the intricacy of the methodology, for example considering every one of the attributes of, still up in the air by the singular qualities of the area. This principle is also obligatory when selecting indicators for individual elements (personnel, etc.), according to functions (for example, scientific and technical, etc.), when determining the composition of indicators (private, cost, natural, time, etc.) (Churilova E.E, 2021).

In the process of assessing investment attractiveness, the optimal ratio of elements and groups of indicators is of key importance, since an excessive focus on some indicators or an unreasonable overestimation of their value will lead to erroneous results and incorrect formation of a complex of assessments of the investment attractiveness of a region, which ultimately reduces the quality of the result.

In our opinion, it is advisable to lay not only economic factors, but a state-regulated set of social, technological, scientific and technical and other indicators as the basis for a comprehensive system for assessing the investment attractiveness of a region (Ball, D., McCulloch, W, 2019)

With the state regulation of some indicators, depending on the main goal of attracting investments, the list of indicators of investment attractiveness, if necessary, expands or narrows, which is accompanied by the possibility of an increase or decrease in the value of some indicators.

When creating an successful framework for surveying the venture allure of a locale, of a group of key indicators that provide an objective assessment of its level, and the possibility of using the results obtained in the process of regulating investment projects.

In our supposition, when gathering the framework of markers the productivity s and the venture allure locale, fundamental to require into consideration the taking after essential prerequisites:

➤ logical connecting of the shown markers with the extend inside the system of the speculation prepare, scientific validity and objectivity; comprehensibility and a certain simplicity of calculation;

➤ elimination of the possibility of ambiguous interpretation of the results obtained;

➤ ensuring the universality of the indicators used in terms of management levels and in time.

The exploration led by the creator made it conceivable to reason that the speculation allure of any monetary substance comprises of three primary components: venture appeal of the business all in all, speculation engaging quality of a specific area and speculation engaging quality of the financial element itself.

To choose a particular locale, the financial backer has the valuable chance to utilize the consequences of surveying the amount of input engaging quality of the nation's districts, distributed in periodicals.

As an underlying condition, we will expect that the financial backer has previously settled on the district.

For this situation, the "total" venture appeal of the district will comprise of the accompanying components:(Palgrave. Piggot, J., Cook, M, 2020)

Investment attractiveness of the industry.

The level of investment attractiveness of the industry is an external factor, which is not significantly influenced by the regional administration, but information on the industry attractiveness for investors is necessary, since it allows identifying weaknesses and promising opportunities to increase its investment attractiveness.

1. The level of demand for the industry's products. The profitability of any industry is determined based on the needs of the economy for its products: a stable demand for products, goods or services of the industry means that the population needs it, which guarantees a certain level of income. Low (unstable) demand for the industry's products is an indicator of low profitability.

2. The level of differentiability of the product. The highest profitability is characterized by industries in which unique products are created (there is an

opportunity to create), characterized by exceptional properties, since consumers can satisfy the demand only from this manufacturer, for which they agree to pay a high price.

3. Average level of costs in the industry. The size of production costs directly depends on the duration of the production process in industrial production (the shorter the cycle, the less the volume of circulating assets required by the industry), the cost of consumed resources, the severity of taxation in the industry, the share of fixed and circulating assets. All other things being equal, the lower the cost level, the higher the profitability (Bocharov S.V. 2016: p.101)

The factors of sectoral investment attractiveness considered above are universal and characteristic for all sectors.

However, along with the factors and conditions of profitability and profitability, it is necessary to analyze industry-specific risk factors, the main of which from the perspective of the problem under consideration is the risk of a decrease in industry profitability.

1. Prospects for the development of the industry. Practice shows that periodically fluctuations occur in the structure of consumer demand: the demand for certain goods and services decreases or, conversely, increases, mainly for new goods. The more guaranteed the demand for products in the future, the more attractive the industry is.

2. The duration of the production process. The lengthy industrial production cycle creates unpredictability in the market, and, naturally, industries with a long production cycle are characterized by higher risk and lower investment attractiveness.

3. Stability of prices for industry products. Inflationary forms going with the socio-economic advancement of the locale altogether influence the level of costs for items. In addition to the inflationary component, price fluctuations are also influenced by the seasonality of production, which ultimately has a negative impact on the investment attractiveness of the region.

4. Competitive component in the market. The creation of artificial barriers to

competition is more likely to give confidence that in the future the profitability (profitability) of the region and industry enterprises will not decrease. The more conditions for competition and the easier it is for new producers to enter the regional market, the more difficult it is for established enterprises to maintain their profitability.

5. The level of state support for the industry. The presence of state targeted programs for the development of the region and the industry, benefits and state guarantees, grants and subsidies in the industry is intended to develop and maintain a certain level of profitability. Regions and industries, as well as certain types of production that receive increased attention from the state, are the most attractive and less risky from the point of view of a potential investor. Although, on the other hand, state targeted programs, benefits, grants and subsidies are often intended for low-profit, but also vital industries and activities.

6. The state of the market for raw materials and resources. The expected amount of income from investments made largely depends on the state of the market for raw materials and resources required for further production. The higher the supply for the required raw materials and resources, the lower the risk of a decrease in income, and vice versa. This group of risks also includes the likelihood of an increase in prices for raw materials and resources, a decrease in their quality.

7. The degree of dependence of the industry on the natural and climatic conditions of production. The higher the dependence of regional sectoral production on natural and climatic conditions, the higher the risk of a decrease in income, which is strongly manifested in the agro-industrial complex.

Adhering to the above criteria, the degree of speculation allure of a locale should be determined on the premise of the composition and level of profitability and potential risks of a set of industries operating in the region.

The prospects of the industry, the likelihood of its further development is determined on the basis of an analysis of factors through the identification of the weak and strong positions of the enterprises of the industry.

Having identified the most promising, from their own point of view, industry

with optimal levels of income and potential risk, the investor has the opportunity to choose the industry, and within the industry, the company that, in his opinion, uses investments more efficiently than others.

As an indicator of the investment attractiveness of a region and regional production, many researchers define the payback period, that is, "the time required to accumulate income from an investment project to return the initial investment."

It should also be noted that most authors, noting the features of the investment attractiveness of specific regions, compare them with the development prospects and stages of the life cycle of the region's industries, the average industry level of efficiency and profitability, the ratio of exports and imports, the level of inflation, the tax system and other factors. It is important that in many works the same indicators are used to determine the investment attractiveness of enterprises, since the indicators of the industry, the regional economy and the region as a whole are formed from the results of the activities of enterprises and entrepreneurs: the volume of production, the value of assets, equity capital, the size of the financial result.

We believe that the correct approach is that the study of the sectoral aspect of investment attractiveness should be linked to the specifics of the activities of specific enterprises within these sectors and regions.

The world renowned economist Michael E. Porter considers the presence or absence of competitive advantages to be the fundamental factor of investment attractiveness, the study of which is devoted to his work "Competition". In it, Michael E. Porter proposes to divide the factors that determine investment attractiveness into three main categories: macroeconomic environment; investment allocation mechanisms; and the conditions in which specific investment projects are "immersed" (Aksenova N.I., 2016: p.145).

The macroeconomic environment determines the general conditions for the investment activity of all industrial complexes in a particular region.

A steadily developing regional economy often stimulates investment processes, guaranteeing investors a certain level of income in the long term.

The reverse side, expressed in the deficit of budget funds, low savings rates,

periodic and unpredictable changes in tax policy significantly reduce the investment attractiveness of the regional economy, which can be clearly seen in the US economy over the past two decades.

Based on the results of a study by the Competitiveness Council of the Harvard Business School on the functioning and interaction of these two markets and their influence on investor behavior in determining the investment attractiveness of regional economic projects, determining the factors of profitability and risks in the implementation of financing investment projects.

In a broad sense, by investment attractiveness we mean the system of socio-economic, political, financial and managerial relations arising from the feasibility of investing in a particular economic entity.

Investment attractiveness is determined by a system of various factors, the list and influence of which may differ and change, depending both on the type of investors and on the production and technical characteristics of the financed investment project.

1.2. Investment attractiveness management system at the regional level

Strategic management of investment processes can be represented as a dynamic set of interrelated management processes. In modern conditions, the survival of the industry directly depends on its ability to attract investment. If there are investments, the industry will develop, therefore, there will be an economic recovery. There will be no attracted investments, there will be a decrease in production growth rates, a decline in economic development, a diminish within the living guidelines of the populace, as a result of all this social instability and other adverse consequences are possible. An increase in investment attractiveness, even the smallest, can lead to additional funds that will make it possible to take a step towards increasing economic efficiency.

Administration of the speculations attractiveness of the industry includes the creation of an organizational and financial component. To make a instrument for overseeing the speculation allure of the industry, its mechanism includes the

following main stages: Determination of investment potential. This requires a comprehensive study of the potential in the following areas:

- provision of the main types of natural resources;
- the aggregate result of economic activity;
- economic and geographical location, infrastructure assessment;
- level of the instruction of populace;
- the level of improvement of the showcase economy;
- the level of wages, the level of unemployment (Bulgakova L.N, 2014: p.178)

It can be noted that the mechanism for determining the investment potential of the industry includes the implementation of the initial stages. These stages are necessary in order for investments to be made purposefully and already at the initial stage begin to form the investment attractiveness of the industry.

➤ Determination of trends in the development of individual sectors of the industry's economy at the time of research before attracting investments.

➤ Development of procedure for improvement the industry with pulled in ventures based on the figure for the improvement of the industry:

➤ creation of a administrative framework;

➤ formation of auxiliary instruments; assurance of the prospects for the improvement of the industry.

➤ In agreement with the industry advancement methodology, it is fundamental the carry out:

➤ development of a staged venture arrange, assurance and estimating of the money related result of investment;

➤ determination of socio-economic results after investment.

➤ Calculation of investment risks, development of plans for the prevention and insurance of risks.

➤ Understanding the sources of investment.

➤ Determination of the development of the industry, after the investments made in it.

➤ Development of a phased investment plan, its implementation, control over

its implementation, definition of strategy and strategic actions

The basic task of investment management is to ensure the efficiency and reliability of your own investments. This is a kind of foundation, without which no development of events is possible. Before investing in any industry, an investor must make sure that his investments will be used effectively. Investment performance management presupposes a formed activity strategy and the presence of the necessary control over the creation, formation and implementation of this strategy. Strategy is a clear understanding of the state of the system in the present and the future, determination of the conditions for achieving the set plan.

Strategic activity - subordination of all activities to a single strategy that allows the investor to manage the efficiency of their investments. The presence of strategic activities is evidenced by the ongoing personnel policy, this property of the investment object that the investor should know about, a regulatory framework and sustainable processes necessary for the functioning of this strategy, as well as internal control, are also needed. All of the above will be the object of the initial investment. Purposefulness of resource allocation is the subordination of financial policy to the adopted strategy of activity. Financial policy is based on the balance of interests of society, investor and contractor. It is a set of principles and criteria on which financial activities are based and the budget for the implementation of the strategy is formed. Continuous monitoring ensures that the effectiveness of the strategy is realized. The reliability of the management system is ensured by the conformity of the organizational structure of the adopted activities and the placement of managers, taking into account their managerial abilities.

Building an organizational structure means designing a specific organism, the functions of which are necessary, correct and sufficient to carry out a given strategy. This refers to the global restructuring of activities, the need for it is determined by a sharp transition from a planned economy to a market one. Until the system is fully adapted, the investor risks his investments, and therefore it is inappropriate to invest funds as long as there is a risk of their ineffective use. No organizational system will be effective until the management system is able to generate the necessary

commands and correctly convey them to the working bodies. A quantitative assessment of the managerial abilities of each individual leader allows not only to control the management system, but also purposefully influence it and gradually give it the desired properties. Knowing the properties of the control system, it is possible to predict how much it will be possible to implement the adopted strategy, as well as what additional funds will be required to compensate for possible failures in the implementation of the adopted strategy (İbrahimov İ, 2017: p 102).

- Creation of state support for the development of the economic development sector for the period of investment (tax incentives, reduced interest rates for the use of borrowed funds, etc.)

- Attracting investors to investment management and control over their implementation. Thus, when making focused on venture within the arrangement of vital exercises, the deliberateness of the allotment of assets and the unwavering quality the administration frameworks, the investor takes responsibility for end of the of his speculations, in this manner expanding the venture allure of the industry not as it were for himself, but too for other financial specialists.

It is feasible to talk about the administration of speculation appeal when similar key properties are of premium not exclusively to the financial backer, yet in addition to the chief. At the phase of the arrangement of components that guarantee command over exercises, the administration of venture engaging quality comes down to directing the financial backer's admittance to both the formation of the fundamental instruments and interest in command over their right working: the more extensive the financial backer's entrance, the higher the speculation allure of the business for different financial backers. Whenever the components are repaired and their working is formed, the administration of venture engaging quality with respect to the financial backer comes down to managing the financial backer's inclusion in settling on essential choices and molding monetary approach. Along these lines,

The above arrangements help to reach the accompanying inferences:

- the main point of interest of financial improvement is the administration of the speculation appeal of the business;

- the executives of the venture engaging quality of the business - this is the administration of industry improvement patterns;

- perhaps the main part of dealing with the speculation appeal of the business is the presentation of an authoritative and financial component for overseeing venture allure. Central issues of the component:

- determination of the desired trends in the development of the industry and, in accordance with this, the investment sectors of the economy;

- an integrated approach to investment in order to create future attractiveness at the initial stage of work;

- attracting an investor for participation and control at the moment of investment in the industry (Reed, G., 2020)

Based on the analysis of foreign experience, the following measures can be proposed to increase investment attractiveness and competitiveness of Azerbaijan industries.

1. Exchange of the bulk of state bolster for venture action from the capital to the territorial level

2. Application of cluster models of the economy.

The state needs to select industries with a greater investment potential and first develop them, rather than trying to improve the investment climate of all industries at once. In the context of limited financial resources, such a decision is most expedient, since investments in a particular industry lead to the development not only of the industry in which they invest, but also to the development of all auxiliary and service industries, and as a result, to an improvement in the investment climate of all industries and to growth of the national economy. In this case, a multiplier effect is manifested, the investment climate is influenced through investment attractiveness, and not vice versa.

3. Using the mechanism of public-private partnership, which allows to improve the investment climate through the creation of structural elements of the new economy, private investors, concentration of financial resources of the state, directions of innovative development of industries.

4. Creation of a business-friendly administrative environment.

5. Control over the investment policy of regional authorities. To activate the investment activity of the industry, it is necessary to:

- purposefully engage in the formation of an attractive investment climate, taking into account decision-making, as well as solving the problems of the global competitiveness of the state economy;

- obtaining strong business relationships with investors and partners in the investment business and people who make decisions;

- attracting investment resources to small and medium-sized businesses of the Azerbaijan Republic;

- advancement of viable proposition and approaches to the usage of venture and development arrangement of the state. concentration of money related assets of the state, headings of inventive advancement of businesses.

In fact, the state has few real instruments of investment policy, especially at the sectorial level. Known methods are widely used in practice. Different investors need different policies, and each one needs an individual approach. In terms of investment policy, it is only necessary to stimulate what is in the strategic interest. A number of problems were also identified that investors and industries face when implementing investment projects:

- lack of the required infrastructure;

- problems of access to land and urban planning procedures; • lack of qualified workers;

- limited access to financial resources;

- administrative barriers;

- need of vital vision, taking into consideration the requirements of commerce and the institution of focused on attracting investors.

It can be concluded that there's a have to be draw in speculations, both residential and remote, for the improvement of modern innovations, as well as the utilize of administration strategies to unravel existing issues. In spite of the positive patterns, the potential of the businesses remains essentially underutilized.

1.3. Methodological issues of assessing the investment attractiveness of the region

It should be mentioned that scientists have established numerous methods for assessing the investment attractiveness of businesses, as well as classification rules for procedures.

The attractiveness of a financial sector as an investment is an economic category that demonstrates operational efficiency and is defined by a set of quantitative and qualitative indicators that cover various aspects of the business and determine the possibility of maximizing profits for investors (in comparison to other potential investment objects) in the presence of a certain level of risk

There are systemic ways to deal with speculation engaging quality, which likewise enjoy benefits and disservices. Perhaps the earliest idea of speculation allure, which was assessed in view of capitalization markers.

In this manner, the evaluation of speculation engaging quality is the capacity to pick the best of the analyzed choices. Correlation of speculation allure is completed by requesting the items being referred to in sliding or climbing request. Additionally, in the economy to survey speculation allure utilize such an amazing concept as venture evaluations. A speculation rating is a rating that shows that a corporate security has a somewhat low default risk. Rating firms like Norm and Poor's and Moody's utilization various assignments comprising of upper-and lower-case letters "A" and "B" to decide the FICO score of a bond.

In the event that we examine different logical works, we can arrange the techniques for surveying venture engaging quality as follows. In light of the data base utilized, isolating the strategies into two contingent groups is conceivable:

- 1) an evaluation based on the company's financial statements;
- 2) an evaluation based on the company's financial statements, internal quality parameters, and external factors impacting the company (Sarma, M., 2018: p.52).

The first method assumes that the evaluation is solely based on a database of the company's financial statements. Essentially, the outcomes of the financial and economic activities analysis are implemented based on this. The following are some

of the benefits of this assessment method:

the starting parameters can be easily assessed in dynamics;

a more objective assessment, based on the fact that subjective approaches are not used; and

the use of more accessible information, particularly when it comes to public joint-stock businesses.

4) This approach has some drawbacks, including the likelihood of inaccuracy in the underlying data for the assessment.

Falsification (deliberate misrepresentation or omission of values or disclosures in financial statements for the purpose of fraud or misrepresentation) and veiling are two elements that influence the quality of financial accounts, according to Mazaev V.V. (not always intentional, false reflection information in normative documents). In this instance, all of the information gathered during the evaluation process will be incorrect.

2) Only the impact of internal factors is studied, particularly those with a numerical manifestation, such as liquidity indicators.

The second approach is to evaluate the enterprise's investment attractiveness based on its financial statements and taking into account external factors such as (macroeconomic) and internal qualitative factors that are not numerically expressed, such as (quality of products, programs for the education of employees, the presence of a staff motivation system, etc.) (Vakhrushin (I.V. 2019: p.96).

Among economists, the method of determining a rating score often comes down to finding an integral indicator, which is determined by combining the numerical values of individual private indicators of investment attractiveness.

The utilization of such a pointer in the act of surveying speculation allure permits you to rapidly and obviously evaluate the ongoing amount of input appeal. Since speculation allure incorporates a genuinely wide scope of variables that decide it, then to ascertain the basic pointer that most completely mirrors the degree of input appeal, it is important to present countless private markers, and this thusly convolutes the assignment. Considering an adequately huge number of optimality

standards in it is truly fitting to take care of speculation issues. Until this point in time, none of the known markers (even a basic pointer) can mirror the degree of monetary, monetary and social outcomes accomplished by an endeavor. Accordingly, while surveying speculation engaging quality, it is important to utilize an exhaustive philosophy that mirrors an investigation of all parts of the assessed venture.

The proposed coordinates technique ought to incorporate all viewpoints of the investigation of venture engaging quality and comprise of the taking after steps:

1. Examination of the outside environment (financial state of the macroenvironment, administrative viewpoints, socio-political conditions, infrastructure).

2. Definition of showcase positions (item volume, competitiveness, market stock price).

3. Conducting an master appraisal (choice of a framework of markers characterizing the exercises of the enterprise).

4. Review examination of markers (budgetary steadiness, dissolvability, productivity, commerce movement, liquidity).

5. Comprehensive chance analysis.

6. Investigation of future cash streams (wage approach).

7. Rating companies.

In this procedure, an exceptional spot is given to a complete gamble evaluation, which will permit you to analyze potential speculation objects concerning likelihood of event risk circumstance and pick the most fitting choice. In this way, in surveying venture allure, the utilization of a methodology in view of hazard examination is viewed as vital. Likewise, while shaping an arrangement of markers for incorporated appraisal, it is fundamental that they were available and prohibited the intricacy of estimations, generally completely mirrored the monetary the meaning of the appraisal permitted to settle on administrative choices on the development of venture appeal of the endeavor.

The philosophy for surveying the venture appeal of undertakings, incorporated

considering these necessities, will permit financial backers to give an excellent and sensible decision of a capital speculation object, screen speculation proficiency and change the method involved with carrying out venture activities and projects in case of an unfavorable circumstance.

The speculation potential of Azerbaijan undertakings is characterized by a palatable level of improvement of generation potential, in specific, the development of the fabric and specialized base of ventures; development in mechanical generation and development in request for items of Azerbaijan ventures; development of movement of endeavors within the securities market and specifically increment within the esteem of Azerbaijan offers; a diminish within the effectiveness of endeavor administration, which is reflected within the values of markers characterizing the budgetary condition of undertakings; adequate volume and capabilities of the workforce; uneven advancement of endeavors in different businesses.

The movement of Azerbaijan financial specialists is declining, whereas the intrigued of foreign speculators in mechanical endeavors of the Azerbaijan budgetary division is expanding (İbrahimov, 2017: p.102). One of the most variables of venture engaging quality of an undertaking is speculation risk.

Venture dangers incorporate the taking after subspecies of dangers: hazard of misplaced benefits, hazard of decreased benefit, hazard of coordinate monetary losses. The hazard of misplaced benefits is the chance of the event of circuitous (collateral) budgetary harm (misplaced benefits) as a result of the disappointment to carry out any event.

The chance of a diminish in benefit may emerge as a result of a diminish within the sum of intrigued and profits on portfolio ventures, on stores and loans. Profitability hazard incorporates the taking after assortments: intrigued rate dangers and credit risk there are numerous classifications of components that decide speculation allure. They can be partitioned into:

- production and technological;
- regulatory;

- infrastructure;
- institutional;
- export potential;
- resource;
- business notoriety and others.

Each of the over factors can be characterized by differing markers, which habitually have the same money related nature. Other components choosing the theory locks in quality of an wander are classified into: formal (calculated on the premise of money related statements); informal (administration competence, commercial reputation). The venture engaging quality from the point of see of an person financial specialist can be decided by a diverse set of components that are most imperative within the choice of an speculation question (Məmmədov A., 2016: p.101).

As an advantage, it is worth noting that this approach makes it possible to take into account a larger number of factors, which allows us to give the most high-quality, complete and reasonable assessment. But, as in the case of other methods, we must not forget about the shortcomings, the main essence of which is as follows:

1) a significant effect is exerted by the subjectivity of the results obtained, due to the use of expert evaluations, etc .;

2) far from all the necessary information is in the public domain, for example, it may be a commercial secret of the enterprise.

In addition, the methods for assessing investment attractiveness, in addition to the indicated attribute, can be classified according to the final indicators.

In this case, the evaluation strategies are characterized as the result of either a set of last pointers for their consequent investigation or one fundamentally add up to marker. Of the positive angles of this approach, it can be famous that less calculations are required. But it is worth noticing the drawbacks of this approach:

1) the trouble in comparing undertakings among themselves for a few totals;

2) an experienced master within the field of ventures is required, who will make choices on assist explanatory work with the gotten markers and comparisons among

themselves;

3) the trouble of conducting program algorithmization and systematization of undertakings into bunches agreeing to the marker of venture allure for the investor.

The methods based on the formation of a group of final individual indicators, without using an integrated assessment, include:

1) the methods that were proposed by A. V. Bolotin, I. A. Blank, R. R. Burnashev, they take into account the data of financial statements, as well as the qualitative parameters of the enterprise and external factors;

2) in their works by V.V. Bocharov, V.V. Mazaev, are based only on the data of the financial statements of the enterprise (Kovalev, V. I., 2007: p.118).

For a set of person markers, a set of coefficients can be taken that are gotten within the course of examination of the endeavor: return on value, dissolvability of the venture, commerce movement, etc. V.V. Mazaev recommends conducting a step-by-step handle of selecting investment-attractive endeavors. At first, markers are calculated for the investigation of venture security (current liquidity proportion, net resources, etc.), after which conclusions are made around the level of venture security by comparing the values of markers (calculated with standard) and their elements are assessed. Another, an investigation of the benefit of contributed objects, which concurring to the comes about of the comparisons were secure. The following step is the calculation of markers for the examination of benefit (payback period, net benefit proportions of the authorized capital and profit salary, etc.).

The taking after may be a conclusion on the venture productivity (carried out essentially by comparing the calculated values with their standard values of markers and evaluating their flow) for endeavors with adequate wage, the net display impact marker is calculated. An protest with a most extreme esteem of the net show impact marker is considered more alluring for venture. It ought to be famous the advantage of this strategy is the nearness of step-by-step determination of applicants among endeavors, which guarantees a lessening within the number of calculations performed to get ready information that will be utilized in making venture decisions. Advantages of the moment strategy (utilizing an coordinates add up to marker as a

result of surveying speculation allure): (Kovalev K, 2017: p.129)

1) lower prerequisites for the individual who will make choices on the issue of venture, in connection to encounter in this field;

2) it is much less demanding to survey the elements of venture allure when considering a few at the same time changing factors;

3) the full method for the arrangement of the ultimate appraisal of speculation engaging quality and the dissemination of endeavors into bunches loans itself well to program algorithmization;

4) based on comparing the values of the necessarily pointer of person endeavors, it is very straightforward to compare undertakings among themselves and gather by the level of their engaging quality to investors.

Hence, the competitiveness of the endeavor and its potential in trade participation is decided by the money related condition of the organization, conjointly acts as a underwriter of the financial interface of the endeavor and its accomplices in money related and other relations.

CHAPTER II. ANALYSIS OF INVESTMENT ATTRACTIVENESS AND INVESTMENT MANAGEMENT SYSTEM AT THE REGIONAL LEVEL IN AZERBAIJAN

2.1. Assessment of the current situation in Azerbaijan affecting investment

Because of the triumph in the tactical struggle in the fall of 2020, Azerbaijan recovered control of various domains recently constrained by the Armenian military, both in and around the previous Nagorno-Karabakh Independent Area. From that point onward, Baku confronted the issue of reestablishing framework and fostering these regions.

The principal area of the economy in the returned domains ought to be agribusiness and the travel industry, which will make a huge commitment to the whole Azerbaijani economy. However, this is hampered by the mining of important areas in the region. A complete mine clearance can take about 10 years. The government, in turn, is ready to invest in the development of the region. Baku can spend about \$ 60 billion on the reconstruction of Karabakh in 10 years(Aksenova N.I., 2006).

Azerbaijan promises a favourable regime for companies that support its position on Karabakh, including companies from Turkey, Hungary and the Baltic states during the war. This also applies to Russia - Azerbaijan appreciates its non-interference in the military conflict. The investments will bear fruit and Karabakh will produce the same percentage of GDP - excluding oil and gas - 20% from the territory of Azerbaijan.

However, now the economic situation of the returned regions is very satisfactory. The Armenian side has already submitted maps of the mined areas. Along with agriculture, it is proposed to develop tourism and mining in the region - after the war, Azerbaijan acquired two-thirds of the Zod gold deposit in the Kalbajar region on the border with Armenia. According to the Ambassador Extraordinary and Plenipotentiary of the Ministry of Foreign Affairs of Azerbaijan Elshad Isgandarov,

during the Soviet era, there were agreements between the Armenian SSR and the Azerbaijani SSR on the use of this field. Now Baku intends to manage the gold mine on its own without negotiations with Yerevan (Aksenova N.I., 2016: p.201).

Recreation of the locale will be completed both to the detriment of public speculation and with the association of private assets. The Priest demands that alluring circumstances will be made for financial backers, and the way that the Azerbaijani side is available to unfamiliar speculation doesn't imply that it can't manage without them. In 2021, Baku plans to spend about \$ 1.5 billion in open interest in the remaking of the area.

Recreation of the Nakhchivan transport hall and the reclamation of the railroad from Azerbaijan to Turkey through Armenia and Nakhchivan will likewise influence the area's economy. Rebuilding of binds with Nakhchivan is gainful for all nations in the area (Shevtsova T.P, 2017: p.116-118).

The new division of monetary areas in Azerbaijan adds to financial advancement, more effective speculation strategies and adaptable provincial administration. Their creation will give force to the reclamation and advancement of the domains freed during the 44-day war. This progression can be considered as a brought together arrangement for the flourishing of the freed regions. It is likewise significant for the reintegration of the freed domains into the Azerbaijani economy, as it requires expanding the effectiveness of arranging the advancement of financial locales, guaranteeing the productivity of administration and rebuilding.

Without a doubt, the acknowledgment of monetary open doors in the freed domains after the reclamation will truly affect what is happening in Azerbaijan. Because of the occupation, around 7,000 undertakings were shut in Karabakh. 24% of pay came from grain, 41% from wine, 46% from potatoes, 18% from meat and 34% from dairy items. The previously involved regions are plentiful in different minerals like gold, copper, mercury, chromite, lead and zinc. During the long periods of occupation, they were unlawfully taken advantage of by Armenia. The rebuilding of creation limit will make a significant commitment to the advancement of financial areas, particularly farming. As per primer appraisals, before very long, just the

recently made East Zangazur area will actually want to accomplish 4% development in the Azerbaijani economy, as it has great chances to animate ventures like industry, horticulture, animals and the travel industry. Albeit the portion of the area in the absolute Gross domestic product of Azerbaijan diminished to 0.1% during the occupation, soon it will be feasible to acknowledge farming and rural creation in Jabrayil, Kalbajar, Gubadli, Lachin and Zangilan locales and \$ 1.76 billion in horticulture. what's more, modern items will be created (Kinugasa, Tomoko, and Andrew Mason, 2017: p.1-23).

The freed regions additionally have huge sustainable power potential, particularly hydropower. Around 2.56 billion cubic meters of water, or 25% of Azerbaijan's nearby water assets, are delivered in Karabakh, which sets out open doors for the development of hydropower plants (HPPs). During the 44-day war, Azerbaijan assumed command over hydroelectric power establishes that were savagely taken advantage of and afterward obliterated by Armenian intruders. A considerable lot of these power plants have been reestablished, while others are being reestablished. Karabakh additionally has huge potential in the sun powered and wind energy ventures. As per primer evaluations of the Global Sustainable power Organization, the freed regions have a capability of in excess of 4,000 megawatts of sun oriented energy and up to 500 megawatts of wind energy. Kalbajar and Lachin areas have extraordinary potential for wind energy, while Zangilan, Jabrayil and Fizuli districts are wealthy in sun powered energy potential.

To understand the monetary capability of the freed domains, it is likewise important to have a reasonable vehicle framework, so one of the primary headings of the program for the rebuilding of the freed regions is the formation of an incorporated vehicle foundation. Fuzuli Worldwide Air terminal, the main air terminal in Karabakh, has previously been assembled and practice runs have been completed. The runway of this air terminal is 3,000 meters in length and 60 meters wide. Also, two additional worldwide air terminals have been laid out in the Zangilan and Lachin regions of Karabakh. Azerbaijan has likewise started work to reestablish and grow the nearby street and rail network in the freed regions: a few

streets have proactively been placed into activity. They will permit Karabakh to go from the north, south and east, making it one of the most encouraging financial courses in the Transcaucasus.

This large number of monetary possibilities of the freed lands in agribusiness, energy, transport and different regions show that their execution and capable administration through circulation will make a significant commitment to the financial advancement of the economy of Karabakh and Azerbaijan. In this way, one of the fundamental objectives of the recovery of Karabakh is to return its portion in the economy of Azerbaijan before the contention with Armenia. The improvement of these locales and resulting support in the North-South and East-West global vehicle hallways will transform Karabakh into an efficient area of the Caucasus. This monetary element will turn into an image of territorial participation, not a position of dispute, as during the Armenian occupation (Shevtsova T.P, 2017: p.116-118).

2.2. Analysis of factors affecting investment activity in Azerbaijan

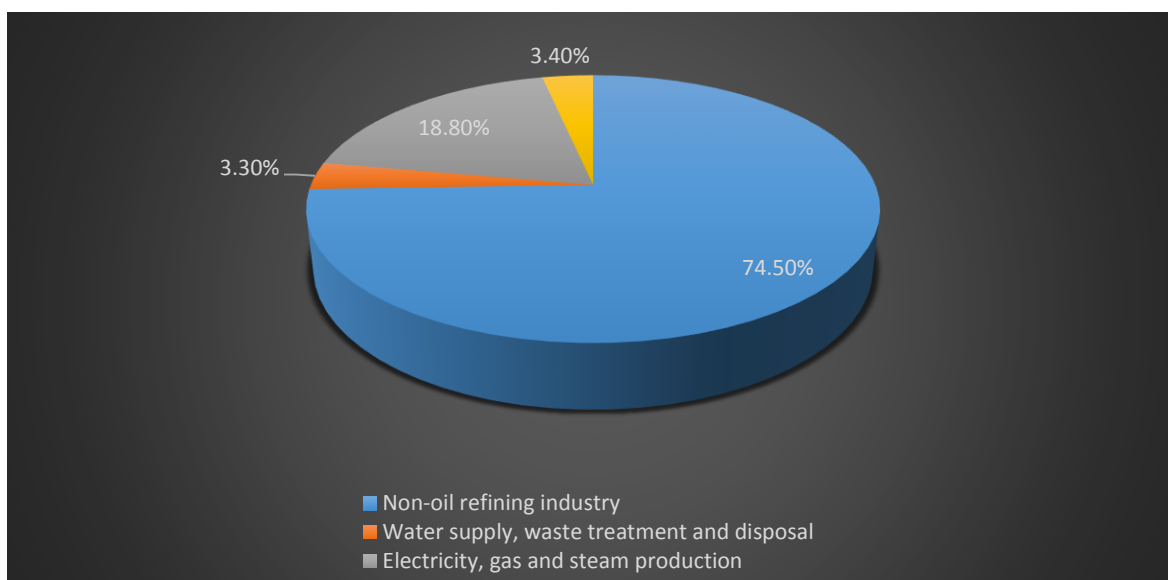
At the side the advancement of by and large acknowledged generation ranges of the non-oil industry (light industry, chemical industry, metallurgy, building, electrical designing, gadgets, nourishment industry, etc.) and increasing their export potential, the formation of new production areas will stimulate competitive productive industries. Back components are being utilized to fortify the fascination of capital ventures by neighborhood and outside ventures within the country's non-oil division, and to extend export-oriented non-oil exercises (Toyne, B. Walters, P, 2021: p.614).

In 2021, some non-oil deposits (copper ores and concentrates, silver, salt, gypsum and anhydride) were observed in the mining industry. In January-September, items worth 6 billion 482.3 million manat were created, which is 0.7 percent more than a similar period last year. Because of the steady execution of food security undertakings set by President Ilham Aliyev as one of the needs of financial improvement of the country, food items, which are quite possibly the main region of the non-oil area, expanded by 4.3% in the initial multi month. In 2021, the

country's material items will increment 2.7 times, clothing 34.6 percent, furniture 16.3 percent, wood handling and wood items 32.2 percent, printing items 12.7 percent, electrical gear 2.6 times, PCs and Electronic and other significant items were delivered by 14.9%.

Measures have been taken to back the comes about of mental action, to form positive conditions for drawing in venture in development and inventiveness, to ceaselessly extend the non-standard economy based on mental property, and to extend the country's share in GDP(Babanov A.V., 2012: p.88-95).

Figure 1: Product structure of the non-oil industry



Source:https://www.researchgate.net/figure/Product-Structure-and-Value-of-Azerbaijan-Non-oil-Exports_tbl3_338584925, 01.01.2022

Inside the system of the concept, the development of tourism foundation, the improvement of tourism administrations that meet worldwide measures, the increment within the competitiveness of this segment and the increment in its share in GDP are calculated. Laws and benchmarks in this run have been advanced for the headway of the tourism industry, crucial measures have been taken to create full utilize of the tourism potential of the Caspian Sea, the tourism division has been maintained inside the areas, and awareness-raising works out have been strengthened. The course of action of appropriate guest courses, taking beneath thought national, irrefutable, social, socio-economic and ordinary characteristics,

will fortify particular sorts of tourism. At appear, cultivation, tourism, information and communication advancements, and the planning industry are the foremost needs inside the headway of the non-oil division in Azerbaijan. As a result of the application of inventive innovations for the handling of agrarian items and the arrangement of modern undertakings, comprehensive measures have been taken to move forward the generation capacity of existing rural preparing organizations, as this range plays an imperative part in improvemen. Choices on government motivations to bolster the seriously and effective extension of agrarian exercises will be proceeded in understanding with worldwide hone. Additional measures have been taken by private banks and credit organizations to create an environment that further stimulates the allocation of loans in this area, and the agricultural insurance mechanism has been improved. In the end, agricultural productivity will increase, and the rural population will learn more about international best practices.

The supply of agricultural producers with new equipment, fertilizers, seeds and seedlings has been improved. Further improvement of scientific support and training in the agricultural sector is calculated. Supportive steps will be taken to intensively expand various sectors of agriculture, and initiatives to establish large grain farms will be stimulated (Bulgakova L.N., 2014: p.174-195).

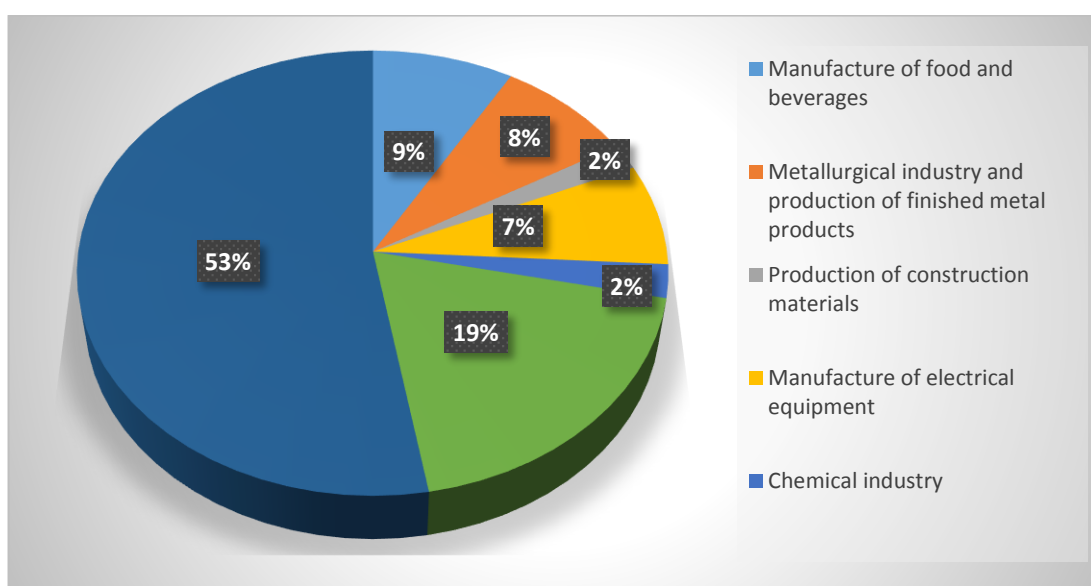
Taking into account the importance of agriculture in the regions, continuous steps are being taken to intensively expand the formation of warehouse complexes based on innovative technologies, regulate seasonal prices, eliminate crop losses, protect the domestic market and improve export potential (Danilov Y..A., Abramov A.E., 2021: p.178-193).

Our state has finished up an energetic exporter of country things. Hazelnuts, almonds, tobacco, cotton, tea, silk, grains, olives, sugar cane, grapes and their things will make exceptional conditions for get to to widespread send out markets. In expansion, as popular by the President, they are in addition ordinary resources of Azerbaijan, which do not exist in other countries of the world, and can be utilized for the advantage of the nation.

In extension to the for the foremost portion recognized markets, there's

interested in Azerbaijani things in Europe, the Persian Gulf and Asia. Hence, within the to begin with half of 2021, trades of gold measured to 64 percent, power - 300 percent, aluminum - 30 percent, plastic items - 22 percent, hardware, mechanical gadgets - 50 percent, copper - 67 percent, copper concentrate minerals - 100 percent, gum oil - 56 percent, bentonite clay - 255 percent, materials - 73 percent, stone, gypsum, cement - 3,000 percent, chemicals - 8 percent, lead - 123 percent (Santalov A.V., 2021).

Figure 2: Non-oil refining industry



Source: <https://www.economy.gov.az/en/article/non-oil-industry/22771>, 01.01.2022

Nowadays, non-oil division items delivered in Azerbaijan, counting electrical apparatus and hardware, save parts, chemical items, development materials, wrapped up material items, etc. sold to distinctive districts of the world. Billions of dollars have been went through on farming to invigorate little and medium-sized undertakings, give delicate credits to individuals working in this field, and send endowments to the state budget in arrange to alter the economy and lay the foundation for the extension of the non-oil division in agreement with the development programs endorsed by the President. All these measures, in turn, before long bore natural product and driven to a significant restoration within the non-oil division of the economy (Myashkin V.N., 2014: p.23-28).

Much obliged to the extraordinary consideration and care of the President, favorable conditions have been made for the maintainable improvement of the districts by making strides macroeconomic markers.

Due to its area within the center of the East-West and North-South transport hallways, Azerbaijan has increased its transport and transit potential over the past period. We are talking about the transport corridor intended for internal use in Karabakh. This passage will make strides the quality and utilize of transport from Azerbaijan to Kazakhstan, Iran, Turkey, Russia and other nations, in expansion to the potential for the Baku-Tbilisi-Kars railroad and will make simpler the conveyance of products from Iran and the Persian Inlet locale to Azerbaijani ports, as well as ships over the Caspian Ocean.

Azerbaijan intends to completely get rid of oil dependence in 2030. For this purpose, the role of the Karabakh region is exceptional.

During this period, the State Oil Company of Azerbaijan (SOCAR) has become a global brand, forming a network of filling stations and refining organizations in various regions of the world. Every year, more than 300 million tons of cargo is transported from China to Europe and back. If Azerbaijan can receive and send 10% of this amount, then the revenues will create great prospects (Orazio P. Attanasio, Guglielmo Weber, 2018).

At appear, as a result of the execution of the State Program on socio-economic progression of the regions, it is obvious that the appearance of all settlements has changed, and an inventive socio-economic establishment has been molded here. All issues related to open utilities, tallying the course of action of common gas, control and water, have been settled. Unemployment and dejection inside the state have as of late dropped to 5%, pay rates have been expanded fivefold, annuities have been extended sevenfold and continue to expand each year starting from 2014.

By 2025, a competitive environment will be created in Azerbaijan, which is able make break even with conditions for get to to imaginative advances, markets and budgetary assets. Azerbaijan will make a commerce environment that will guarantee the restoration of neighborhood companies and outside financial

specialists to work at world measures. Ease of doing business consists of three main areas: creating investment opportunities, joining international value chains and achieving world standards in conducting business operations.

Azerbaijan's improved transport and logistics capabilities will be key to improving the country's exports and saving on operating costs. In addition, the improvement of transport infrastructure in all regions of Azerbaijan will ensure closer integration and give impetus to the expansion of entrepreneurship in the regions (Danilov Y, 2020).

Using the latest communication capabilities, the scope of e-services (e-learning, e-health, e-commerce, etc.) through high-speed broadband network will be expanded. Increasing the use of e-services in the country will be the basis for the internationalization of business. In 2025, conditions will be created for more intensive participation of the private sector in the creation of infrastructure, which can increment financial effectiveness. In addition, high-quality utilities will be recommended at competitive prices, and as a result, Azerbaijan will occupy a key place in the ranking of efficient utilities among countries (rising from 65th to 35th place in the world rankings) (Alfaro, L., Chanda, A., 2020: p.189-212).

Mechanical traditions strategies within the low-tariff zone on the premise of positive exchange agreements with key nations within the locale, such as the CIS countries, Turkey, Georgia and Iran, will reinforce Azerbaijan's position as a regional trade center inside the monetary perspective for 2025. The increase in exchanges of non-oil things and organizations is of magnificent importance for the geopolitical and money related position of the state. For case, about 90 percent of Azerbaijan's family and food things are sold to Russia, Georgia and Central Asia. Exchange understandings with neighboring countries will open the potential for Azerbaijan to amplify exchanges of stock and organizations to farther markets on more better terms. In development, regional ties will increase Azerbaijan's export-oriented locks in quality to exterior examiners. In organize to continue regional relations until 2025, in particular, the integration of high-value items and organizations of Azerbaijan into around the world regard chains, contacts will be

built up and assertions will be checked.

2.3. Valuation of development performance and investment climate of a region

Small and medium enterprises are a common and basic part of the economy of almost all countries, and in turn industrialized countries. It is known that the expansion of small enterprises in each country has its own characteristics, based on historical traditions and, in turn, the established role and position of small enterprises in the state economy. It depends on the achieved level of industrialization and concentration of the economy, and in turn, in the new socio-economic conditions, its tasks in the field of entrepreneurship must be addressed (Babanov A.V., 2012: p.88-95).

Business expansion is an important condition for economic development. The economy in which little and medium ventures (SMEs) play a critical part:

- The manoeuvrability of the economy is increasing, as the majority of market participants (SMEs) are naturally fast and efficient, able to adapt to economic conditions;

- Increasing the stability of the economy, as risks are shared among a large number of companies (SMEs), reducing dependence on a limited number of market participants;

- The modern opportunities of the economy are increasing, as most business entities (SMEs) tend to strengthen the application of modern ideas to entrepreneurship internally and their dissemination in the economic sphere;

- The economic expansion of individual regions of the country is stabilizing, for example, the location of most market participants (SMEs) tends to be decentralized.

One of the main goals of Azerbaijan's socio-economic development is the development of entrepreneurship, which is important for determining the level of economic opportunities and creating conditions for socio-economic stability.

The most important part of economic measures to support the expansion of

entrepreneurship are the various funds, levers and motives for both cross-sectoral and regional impact. A key role in business expansion is played by a territorial mechanism for regulating and supporting small and medium-sized businesses. The strategies and shapes of regional approach in connection to little and medium undertakings are based on the steps taken at the state level on the one hand, and the goals for their expansion and development on the other (Churilova E.E., 2021: p.194-197).

In particular, the main additional ways to stimulate economic activity in the region are: migration policy (ensuring the flow of qualified personnel to the region, creating favourable conditions for entrepreneurs to stay in the region); founding policy (development of training programs for entrepreneurship, formation of modern places for teaching); social policy (raising the living standards of the population in order to stimulate the solvent demand of entrepreneurs for products); marketing policy (improvement of territorial products, creation of demand for products in other regions, policy of concluding interregional trade agreements). Given the link between the protection of property rights and the expansion of entrepreneurship, the following dependencies are noted. On the one hand, the product patenting mechanism supports entrepreneurship, reduces the risk of non-return on investment and acts as a system that ensures the security of cash flows by separating third parties from the illegal use of business results. In turn, the patent mechanism can allow small businesses with a narrow reserve fund to enter the products of individual entrepreneurship without special rights, which can no longer compete with enterprises with a certain market share.

Recently, more and more attention has been paid to motivation, while the idea that it is simply impossible to create conditions for the expansion of local markets in the current situation and at the modern level only with state support is strengthened. The purpose of various legislative documents is to study the scientific basis of the economic motivation of business expansion not only in the regions, but also at the local level, and in turn to increase the efficiency of the use of state and regional resources.

The study of common views on the stimulation of entrepreneurial activity is of global importance, because it creates conditions for the national economy to get rid of dependence on raw materials, changes the nature of employment and reduces the dependence of citizens on dismissal. Methods of economic incentives have been and continue to be shaped by experience (Ball, D., McCulloch, W., 2019).

In particular, a key component of the incentive mechanism is the study or borrowing of effective methodologies to assess business expansion opportunities. The amount of incentives depends on the extent to which the population of the region pays attention to business expansion, as a result of which the competence and completeness of the research has a direct impact on the scope of state support for business expansion.

The concept of the mechanism for supporting the growth of entrepreneurship should realistically assess the real potential of the region in terms of impact on the most common areas, such as the economic situation of the country and the region, the legal sphere of entrepreneurship, tax legislation in Azerbaijan. formation of business environment, resource support mechanism and provision of entrepreneurial activity with human, logistical and financial resources. These conditions are mainly determined by the state policy in the field of business expansion and can be changed only slightly by the adoption of certain initiatives at the regional level (Toyne, B. Walters, P, 2021: p.614).

At present, the organizational structures for business promotion, first of all, the State Committee for Stimulation and Expansion of Small Business of the Republic of Azerbaijan, the State Fund for Small Business Promotion, territorial funds, agencies, centres, etc. represents. The mechanism of chambers of commerce and industry, which has great potential in the sector of stimulating small entrepreneurs, has been significantly applied.

An important role in the mechanism of regulatory influence is played by special schemes and methods of relations between management and organization, its system of stimulation. One of the main ways to help expand business is to provide loans to businesses in the first instance. Loans can be provided from the budget and extra-

budgetary funds or through banks, as well as directly by the administration in the form of joint-stock participation, based on the expediency of expanding the specific business sector in the region.

The main branch of management is the implementation of financial forms in relation to market structures operating in small business. It can be used to reduce the tax rate on businesses that lend to small businesses, and to provide them with financial guarantees from the regional government. As a guarantee, the regional government can use the financial resources of the budget, municipal property, real estate.

The main branch of management is the implementation of financial forms in relation to market structures operating in small business. It can be used to reduce the tax rate on businesses that lend to small businesses, and to provide them with financial guarantees from the regional government. As a guarantee, the regional government can use the financial resources of the budget, municipal property, real estate. Because of fruitful execution of state programs on financial advancement of the areas of the Republic of Azerbaijan took on to guarantee maintainable and adjusted advancement of urban communities and locales of the country, the presence of urban areas, towns and towns has been drastically improved, monetary capability of districts has expanded, nature of public administrations venture environment, the government assistance of the populace has expanded.

Progressive designated changes and huge scope measures have fortified the monetary and military-protection force of our nation, established a strong starting point for a splendid triumph in the 44-day Devoted War.

As of now, huge scope measures are being taken to reestablish the freed regions, guarantee their future turn of events, make the important framework and return the populace to their local terrains. The convenience of completing basically everything based on a solitary program to guarantee the equivalent improvement of these region, utilizing their rich financial potential, regular assets and broad the travel industry open doors, makes it important to rethink the division of the freed domains.

To guarantee the rebuilding and quick advancement of the old Karabakh locale, including Aghdam, Shusha, Fizuli, Tartar, Khojavend, Khojaly districts and the city of Khankendi, with its rich authentic and social legacy, the new Karabakh monetary area, for example, Agjabadi and Barda areas Making a region is likewise significant.

Reintegration of the freed domains into the country's economy requires expanding the productivity of arranging of other financial districts, including Maryjane Gazakh and Aran locales, guaranteeing effectiveness in monetary administration and reevaluating the organization of these monetary areas for this reason.

To guarantee the execution of the "State Program of financial improvement of the districts of the Republic of Azerbaijan in 2019-2023" endorsed by the Pronouncement of the Leader of the Republic of Azerbaijan dated January 29, 2019 No. 500, the division of financial districts determined in this State Program is applied.

It is realized that the economy of Karabakh will create in six principal regions: rural business, food industry, mining, efficient power energy, planned operations and the travel industry.

Today, the favorable geographical position of the lands connecting the two economic regions - Karabakh and East Zangazur, the passage of important transport and trade routes, rich mineral deposits have historically led to the development of various industries and crafts in them. All this potential will be re-used under the Great Return Program, taking into account the existing economic opportunities of Azerbaijan and modern technologies (Kinugasa, Tomoko, and Andrew Mason, 2017:p.1-23).

In the renewed Karabakh, the function of the industrial center in the region will be transferred to the largest city with a population of 70,000 - Agdam. Before the occupation, there were 17 industrial enterprises, including a machine tool plant, a tractor repair plant, grain and meat processing plants, a carpet factory, etc. All of them were almost destroyed by the occupiers. In 2021, President Ilham Aliyev laid the foundation stone of the first industrial park with an area of about 200 hectares in

the liberated territories of Agdam. The organization and management of Aghdam Industrial Park has been entrusted to the Agency for Development of Economic Zones under the Ministry of Economy. Industrial park is the most profitable and convenient form of organization of a new enterprise for entrepreneurs and investors. In addition to the ready infrastructure, they will be provided with discounts for residents of other industrial parks in the country. Thus, they will be exempt from income tax for 10 years, land and property taxes, VAT on imports of machinery, equipment and technological equipment imported for production purposes, and customs import duties for imported machinery, technological equipment and facilities for 10 years (Shevtsova T.P, 2017: p.116-118).

According to the plan, Aghdam industrial park will be divided into zones - food industry, service areas, large industrial enterprises, as well as socio-technical zones, a zone for a truck fleet, zones for the sale of construction materials. It is planned to establish enterprises for the production of construction materials, packaging of agricultural products, canned vegetables and fruits, production of meat and dairy products, production and processing of wine, feed, fertilizers, as well as service industry, production of refrigerators. According to preliminary estimates, 110 million manat will be required to implement all these plans, and 330 jobs will be created. It should be noted once again that although this is the first industrial cluster planned in Karabakh and East Zangazur, it will not be the last industrial cluster. Most likely, new enterprises and parks will be created in accordance with the demand and interest of investors, as the economic development of each settlement is envisaged (Reed, G, 2020: p.102-126).

CHAPTER III. MEASURES AND MECHANISMS FOR INVESTMENT INTENSIFICATION ACTIVITY IN THE REGION

3.1. Development model of investment attractiveness in the regions

According to a recent study by the Eurasian Development Expert Center (ECED), Azerbaijan ranks second in terms of investment attractiveness in Central Asia and the South Caucasus in 2020.

Economics reports quoting ECED that the Center connects Azerbaijan's economic success and favorable investment climate with the country's large oil exports. In addition, high resource potential and political stability also play a role in keeping this figure high (ECED, 2021).

The most attractive country for investment in the region this year is Kazakhstan. However, although the ECED sees Kazakhstan as a leader in the region in terms of investment attractiveness, the Center does not rule out a negative outlook for the country due to uncertainties over electricity transit and a lack of strong economic drivers, as well as delays in reforms.

Uzbekistan and Georgia are in the third and fourth places in the list.

The center emphasizes that Georgia is developing mainly through loans from the International Monetary Fund and the European Union, and although the desire for European integration has helped democratize, low resource potential and political instability persist.

Table 1: ECED ranking of countries in Central Asia and the South Caucasus region in terms of investment attractiveness in 2020:

1	Kazakhstan
2	Azerbaijan
3	Uzbekistan
4	Georgia
5	Armenia
6	Kyrgyzstan
7	Tajikistan
8	Turkmenistan

Source: <https://achieve.lausd.net/eced>, 01.01.2022

The report, in light of the consequences of an overview directed in May-July 2021 on the venture environment and the adequacy of financial changes in Azerbaijan, mirrors the reactions of respondents, zeroing in on the speculation environment in the nation and the exercises of unfamiliar organizations in Azerbaijan. The report features Azerbaijan's financial accomplishments and the country's appeal for venture by unfamiliar money managers. The report, ready because of an overview of trustworthy organizations, gives a sensible picture as far as distinguishing and examining the effect of the pandemic on the economy in Azerbaijan, as well as assessing changes to limit the adverse consequence.

As a rule, such reports are significant as far as concentrating on the assessment of the business local area, evaluating business challenges, and showing the degree of business allure of any country.

How is the business climate in Azerbaijan surveyed by unfamiliar money managers?

It ought to be noticed that a review was shipped off 270 unfamiliar organizations working in Azerbaijan and addressing 30 nations (Germany, Incredible England, USA, Switzerland, Turkey, and so forth) to set up the report "Unfamiliar Business in Azerbaijan: Business Climate Overview 2021". 130 substantial and finished answers were chosen for assessment.

➤ It is essential that 88% of unfamiliar organizations overviewed, miniature undertakings and 67% of SMEs have been executing their tasks in Azerbaijan for over 10 years, have broad data about the nation's economy and the neighborhood market.

➤ 68% of respondents in the review survey the present status of the Azerbaijani economy as steady. For examination, in last year's report, this figure was 39%.

➤ 57% of unfamiliar organizations plan to extend their exercises or make new interests in Azerbaijan. In spite of the hardships in putting resources into association with the pandemic, unfamiliar organizations are hopeful about the fate of Azerbaijan and note that unfamiliar direct venture has not diminished(<https://>

home.kpmg/az/en/home/insights/2021/09/foreign-business-in-azerbaijan2021.html).

The interest of foreign investors in participating in the restoration and reconstruction of our liberated territories.

As it is known, after the Victory in the Great Patriotic War, important projects have been launched in our liberated territories and reconstruction work is underway. It should be noted that the rich natural resources, mineral resources, agricultural and tourism potential of our liberated territories attract the attention of foreign companies. The strategic importance of the newly established Aghdam and Araz Valley Economic Zones industrial parks and the establishment of industrial zones in the liberated areas will further expand the investment opportunities of foreign companies.

In our freed domains, yet as a general rule, the work done to work on the business and venture environment in our country, the improvement of the non-oil area, districts and business, the effect of the pandemic on the business climate in Azerbaijan and government support components, coordinated operations capacities of modern zones and Alat Free Monetary Zone. The Incomparable Re-visitation of our freed domains, which are among our public needs, and the "shrewd city" and "brilliant town" ideas that will be executed around there, open up new business and speculation valuable open doors for financial backers.

Recreation of the Karabakh and East Zangazur locales gives a chance to exhibit Azerbaijan's obligation to business uprightness by closing settlements on straightforward and unsurprising cycles on delicate standards and methodology.

According to the survey, it can be said that the member companies of the German-Azerbaijani Chamber of Commerce are showing great interest in reconstruction projects in our liberated territories. 61% of companies are interested in acting as contractors / subcontractors in these projects or participating in public-private partnerships.

Forty-three percent of foreign companies have already expressed interest in participating in projects in the Karabakh and East Zangazur regions, 22 percent in the possibility of participation, and 17 percent (mostly in the fields of construction,

telecommunications and information technology).

60% of respondents (50% in the previous report) recommend Azerbaijan as a favorable business environment. Foreign businessmen believe that the restoration of our liberated territories will contribute to strengthening security and stability in the Caspian region, the implementation of international transport and communication projects, the diversification of the Azerbaijani economy, as well as increase the country's investment attractiveness and competitiveness.

71% of respondents stressed the political stability in Azerbaijan, 49% - a safe country, 39% - sustainable investment in infrastructure.

The report also reflects the expectations of continuing reforms to further improve the business environment.

As can be seen, the favorable business and investment climate in Azerbaijan and the interest of foreign companies in our country in this regard are clearly expressed in opinion polls.

As the world community knows, in the 44-day Great Patriotic War, Azerbaijan liberated all the countries of the world, including the lands recognized by special UN resolutions. Now this region of Azerbaijan is actively reviving and a new zoning has been organized in the context of historical and economic regularities on the basis of new realities in the country (<https://ru.president.az/articles>).

The newly created Karabakh and East Zangazur regions have strong natural and economic resources to create a competitive sphere of the national economy and can become a productive center and a source of economic growth (https://iqtisadiislahat.org/news/vusal_qasimli_qarabagin_boyuk_iqtisadi_potentiali_var-1050).

It is believed that the development of these potential economic regions will create new impulses and driving forces for the intensive development of economic and integration processes in Azerbaijan and the region as a whole, which will contribute to the prosperity of the regions. and will contribute to the recovery of growth (Bagirova, F, 2021).

According to a number of experts, including foreign experts, after the revival of the region and the restoration of the territories, it will be more profitable to expand

the integration process with the countries of the region. Such development of events and economic processes is useful for expanding effective forms of trade and economic relations and increasing the flow of international trade. It is in these processes that the real sectors of the country's economy, including the newly created economic regions and liberated territories, will need more accessible credit resources for development. In addition, the formation of a mobile infrastructure for the provision of banking services is required (Bagirova, F, 2021)

It is important to intensify the transition to cashless payments, ensure the convenience of settlements in the service sector and other areas, thereby creating a more reliable basis for the movement of financial resources and simplifying taxation. Figure 1 shows the dynamics of the installation of POS terminals in Azerbaijan, which shows that in 2020 the number of POS terminals will decrease due to the restriction of pandemic-related services.

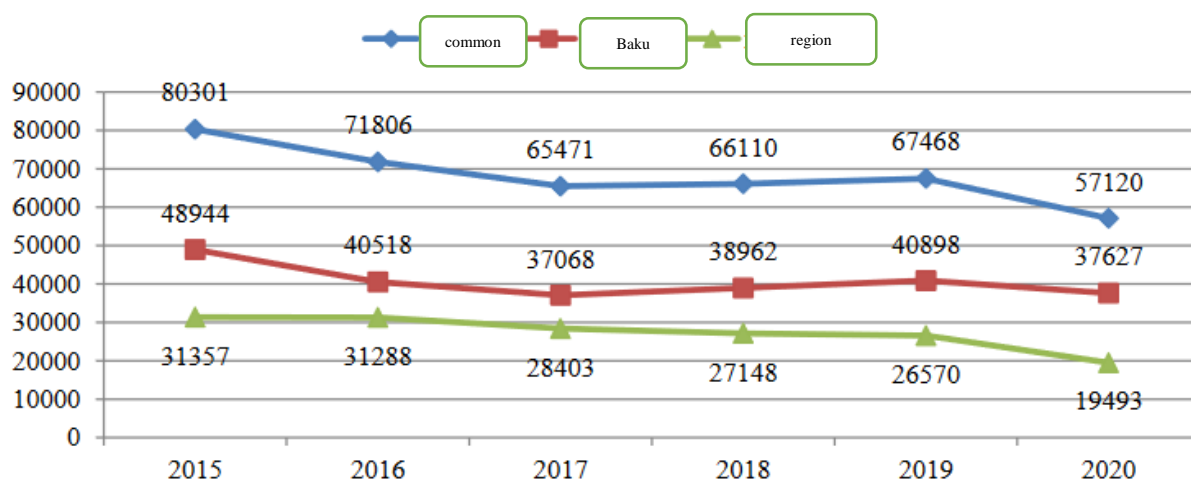
We believe that in the post-pandemic period, the demand for efficient and convenient banking services will increase in the country's regions, including the newly created economic regions. In addition, the need for credit resources to overcome the devastating consequences of Armenia's military aggression will increase significantly (<https://iz.ru/1124945/nataliia-portiakova/territoriia-pomyslov-kakoe-budushchee-azerbaidzhan-zadumal-dlia-karabakha>). On the other hand, it will be necessary to create a more attractive investment climate to attract additional and alternative sources of investment resources, and one of the key roles in these processes belongs to banks (Hüseynova, N.E 2021)

Actuation of monetary and credit assets and accessibility of modest advances will set out extra open doors to increase the improvement of non-oil areas of the economy in the post-pandemic time frame (Eyvazova, L., Mahmudova, L., 2021). Given the cutting edge foundation of the financial area in the locales, the extension of recovery work and expanded income can turn into another main thrust for monetary development in the country. Moreover, the production of another organization of serious undertakings in the freed regions will give another stimulus to the advancement of the economy overall. The truth of the matter is that the Karabakh

area has incredible monetary potential and adequate assets: minerals and minerals(https://moscow-baku.ru/suppositions/aktualno/ekonomicheskijpotentsial_karabak_ha_posle_deokkupatsii_mnenie_eksperta/).

Along these lines, the ideal arrangement of the amassed issues is viewed as quite possibly the main errand to build the speculation engaging quality of the Karabakh locale of Azerbaijan soon.

Figure 1: Dynamics of Point Of Sale installation in Azerbaijan, 2015-2020 (prepared by the author based on materials from the Central Bank)



Source:<https://www.cbar.az/press-release-919/statement-of-the-central-bank-of-the-republic-of-azerbaijan?language=en>, 01.01.2022

Also, the public needs of financial improvement of the nation, including explicit objectives for the advancement of the regions freed from Armenian occupation by 2030 have proactively been distinguished and this archive was supported by the Leader of the Republic of Azerbaijan on February 2, 2021(<https://president.az/articles/50474>). In our opinion, a stronger banking infrastructure and attractive banking services are needed in this regard.

Thus, the Karabakh and East Zangazur economic regions of Azerbaijan established in the coming years will be of strategic importance for the development of modern banking infrastructure, and it is necessary to pay attention to a number of factors and issues in this regard:

- Taking into account the availability of financial and credit services, it is

necessary to create a strong and efficient infrastructure for the organization and development of the country's regional banking system;

- In addition, it is necessary to strengthen the role of regional banks and the banking structure in general in the restoration of the economic regions of Karabakh and East Zangazur, which were completely destroyed and looted during 30 years of Armenian occupation;

- Strengthening the activities of regional banking institutions and strengthening their independence in active investment in real sectors of the economy and ensuring the intensive development of the territories liberated from Armenian occupation, etc.

Table 2: Classification of minerals available in Karabakh and East Zangazur regions

Name of the district	Type of mineral
Aghdara	Gold, lead, zinc, copper, sawdust, mud gypsum
Shusha	Confronting stone, mud, building stone
Khojaly	Gli, confronting stone, sand and rock
Khojavend	Confronting stone, development stone
Kalbajar	gold, mercury, sawdust, mud, perlite, sand and rock, building stones, confronting stones, shaded stones (obsidian, onyx, pefritoid, listvenite)
Lachin	Mercury, sawn stone, confronting stone, building stone, mud, sand rock, pumice, vermiculite, volcanic debris, agate, jade
Gubadli	dusty stone, mud, building stone, confronting stone, shaded stone
Zangilan	Gold, silver, cladding, limestone, mud, building stone, sand and rock
Gabriel	sawn stone, mud, sand, concrete, earth gypsum, building stone, gypsum, anhydride, pumice, volcanic debris, shaded stones (nephrite, chalcedony)
Fuzuli	dusty stone, mud, sand and rock
Ağdam	sawn stone, confronting stone, crude concrete, mud, sand and rock

Source:<https://interfax.az/print/817974/ru>

It ought to be famous that Karabakh and East Zangazur are one of the foremost lovely corners of the South Caucasus, as well as the whole world, due to its economic and geographical position and natural resources. It is no coincidence that the city of Shusha is called the cultural center and conservatory of the South Caucasus, and in the future will receive the status of a cultural center of the Islamic and Turkic world, will become the main driving force of tourism. During 2021, a number of cultural events were held in Shusha. Among them, "Kharibulbul" music festival, Uzeyir Hajibeyli International Music Festival, Poetry Days were organized in front of the fully restored museum-mausoleum complex of the great Azerbaijani poet,

statesman, Minister of Karabakh Khan Molla Panah.

As per the Service of Environment and Regular Assets of the Republic of Azerbaijan, there are 167 mineral stores in these financial districts. These areas have 140 million tons of lime saves; mud - 90 million tons, limestone for soft drink creation - 130 million cubic meters, concrete natural substances - 140.1 million tons; pumice - 2.1 million cubic meters, gold - in excess of 132 tons, lead - in excess of 37 thousand tons, many structure and confronting stones, shaded stones, dirt, sand-rock, sand-rock, gypsum, and so on. Their full order by managerial regions is given in the table.

More than 40% of Azerbaijan's mineral water resources are located in the liberated territories. In general, there are about 150 mineral water fields in the region. They differ in their composition and therapeutic value in different sediments. It should be noted that the mineral waters of Karabakh do not lag behind the water of the famous Karlovy Vary in Europe. Water resources in Kalbajar region have special properties and large volumes. The gas and chemical composition of the water of these places allows it to be used in the treatment of many diseases. About 40 years ago, a resort was built in these places near the Istisu spring, and a plant for the production of bottled mineral water was launched. Production was 800,000 liters per day.

The volume of mineral water reserves in Minkend area of Lachin region is 4,300 cubic meters per day, and in Shusha city - 342 cubic meters. In addition, there are large underground freshwater deposits in the region. 2 of them are in Fizuli, 7 in Jabrayil and 2 in Zangalan. The largest groundwater basin of Karabakh is located in the Aghdam region. These fields are valuable not only in terms of production, but also in terms of the development of the tourist complex of the region. Their existence allows to build hospitals, sanatoriums and hotels in these areas (<https://iz.ru/1124945/nataliia-portiakova/territoriia-pomyslov-kakoe-budushchee-azerba id zhan-zadumal-dlia-karabakha>).

The efficient use of these resources, their involvement in the production process, as well as the restoration of the liberated territories will require large

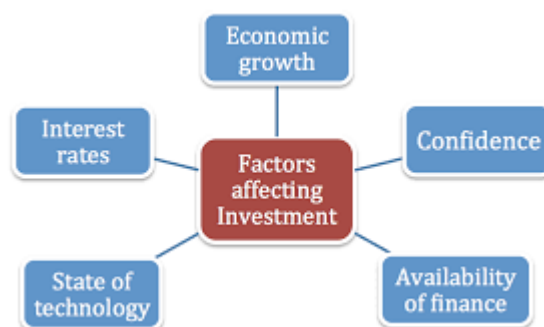
amounts of domestic and foreign investment. Therefore, \$ 1.29 billion was allocated from the state budget in 2021 and about \$ 1.3 billion in 2022 for these purposes. In our opinion, these funds are not enough. Therefore, it is necessary to attract foreign capital through the establishment of joint ventures to fully restore the destroyed economy of the region, the exploitation of the above fields, the processing of raw materials, the production of targeted products in the value chain(<https://iz.ru/1124945/nataliia-portiakova/territoriia-pomyslov-kakoe-budushchee-azerbaidzhan-zadumal-dlia-karabakha>).

Progressive designated changes and thorough measures have reinforced the financial and military force of our nation, established a strong starting point for a splendid triumph in the 44-day Devoted War.

3.2. Measures to stimulate investment activity

As a result of large-scale socio-economic changes effectively actualized in our nation, critical changes have taken put within the life of our nation in later a long time, and the country's economy has entered a modern organize of industrialization with its energetic improvement. According to preliminary data, in 2021, the country produced 92857.7 million manat or 5.6 percent more than the same period last year.

Schem 1: Factors affecting investment



Source: <https://www.economicshelp.org/blog/136672/economics/factors-affecting-investment/>

As can be seen, the advancement of the country's economy is to a few degree one of the critical stages of the day in drawing in ventures and utilizing them successfully. A number of problems hinder the country's investment climate.

Remote speculation within the country's economy makes it vital to consider in

profundity the financial environment of this nation. At present, all large companies first assess the investment climate and the level of business infrastructure in the country for this purpose, and then decide to invest in that country.

It ought to be famous that the taking after variables have a positive affect on the favorable venture climate:

1. Stability of the state policy to stimulate entrepreneurship;
2. Existence of preferential tax regime;
3. Reliable operational banking system;
4. Degree of provision with information technology and infrastructure;
5. Lack of artificial inspection and interference, development of a network of firms to demonstrate;
6. Strong system of protection of intellectual property;
7. Simplification of economic activity procedure;
8. Creative freedom, etc. (innovative freedom);

In universal hone, one of the foremost vital components impacting the choice of a nation for venture is charge enactment. It is known that the charge enactment of the nations varies essentially depending on the objectives and level of national financial development.

Improving the financial proficiency of speculations is one of the critical measures. Its arrangement requires the arrangement of a number of issues, the two most critical of which can be recognized. To begin with, the need for comprehensive measures to form a favorable speculation climate. It ought to be famous that the execution of these measures eventually leads to the development of speculation openings. The moment is to extend the specialized back of ventures at particular costs. In other words, outside venture ought to attempt to donate inclination to hardware and advances that meet advanced guidelines (Bađirova, F.,2021).

The proficiency of venture within the districts within the nation is classified into the taking after five fundamental groups:

- increase monetary assets and investments;
- application and advancement of more progressed unused procedures and

technologies;

- increasing send out potential;
- raising the level of employment;
- positive affect on natural protection.

Financial proficiency is additionally reflected within the increment of labor efficiency and the positive arrangement of other imperative financial issues. From this approach, two fundamental financial and social aspects of deciding the productivity of ventures within the current circumstance are distinguished.

In deciding the financial effectiveness of the speculation, an endeavor is made to require into consideration in more detail the most and related generation costs. Here, the sum of the impact on the overall taken a toll of both the maker and the buyer is clarified, and the by and large financial effectiveness is surveyed as the proportion of the impact gotten to the speculation. In this case, the level of capital capacity, labor efficiency, item taken a toll, specialized quality level of the item, fabric and vitality capacity of the item or benefit, generation supportability, extend capacity utilization, advancement of working conditions, environment, etc. natural security, etc. is determined.

Deciding the social result of an venture reflects a comparison of its compliance with social standards, benchmarks and the assurance of human rights. From this point of see, the pointers reflecting the social comes about of speculations incorporate the taking after

- quantitative alter of jobs;
- improvement of living and social conditions of the population;change of working conditions;
- change in the structure of production staff;
- improving the health of the population;
- positive change in meeting the individual needs of the population.

When the efficiency of investments is calculated in several aspects, including the country's economy as a whole, ie at the macro level, at the level of a large group of enterprises based on the same technology, the indicators reflected in the formula

are reflected as the ratio of return on capital investment. At the level of recently set up undertakings, the proportion of the contrast between the discount cost of the yearly yield of the venture and the esteem of the yearly yield to the capital speculation is reflected. At the macro level, efficiency indicators reflect the general economic interests, as well as the interests of the regions, industries and firms involved in its implementation.

It should be noted that the increase in economic benefits obtained as a result of investment here includes not only the growth of national income, but also qualitative changes that cover the social aspect of investment. In general, the preference is given to the comparison of individual investments and the selection of the most efficient one, which leads to more general positive economic effects. In this case, the results of the project related to the investment include the following indicators in the form of value:

- social and environmental consequences. As a result of joint activities of investment participants, the impact on the health of the population, social and environmental environment in the region where it is carried out is determined by this indicator;

- liabilities of foreign states, banks, firms;

- final production results. This indicator reflects the income from the sale of the product to be produced as a result of the investment in the domestic or foreign market, the use of local enterprises as partners during the investment cycle and other activities;

- loans and direct financial results. This indicator reflects direct investments, as well as indirect financial results. This includes changes in the income of legal entities and individuals who are not directly involved in the implementation of investments and the market value of various types of property, etc.

The affect on the economies of taking part nations within the execution of large-scale speculations with the cooperation of outside nations decides its worldwide importance. At the same time, the most objective is to decide productivity based on the costs of all sorts of merchandise and administrations at the universal level. In

this case, the comes about incorporate the taking after markers:

- social and environmental comes about gotten as a result of joint exercises of the members within the locale where the venture is made;
- final generation comes about gotten by the members of the speculation from the deal of the created product;
- indirect budgetary impacts on the salary of parties not specifically included within the investment (Bağirova, F.,2021).

It ought to be famous that when deciding the financial effectiveness of ventures, political, social, natural and other results that cannot be evaluated are considered as extra effectiveness variables and are taken under consideration by the state when making investments.

In a market economy, it is important for the investor to know in advance the effectiveness of the investment, which is expected to bring long-term costs as well as long-term returns. Thus, in the conditions of free competition, the wide range of opportunities for private entrepreneurship and the diversity of types of investment activities require the owner to be more careful. The process of making investment management decisions is based on comparing and estimating the amount of money that will be received in the future with the intended investment.

The most issue here is to compare the markers compared, as they relate to different moments of time. Within the current circumstance, counting the rate of swelling, the estimate of ventures, receipts, determining time, etc. In truth, it is conceivable to approach this issue differently.

In advanced times, different strategies are utilized to decide the financial productivity of ventures, which are partitioned into two bunches based on reduced valuation and bookkeeping. Reducing is based on the concepts of "cost-benefit" and "elective fetched" and includes the bookkeeping of all costs. In this case, not as it were all the fabric costs, but too the ethical costs are taken into account. When evaluating the benefits and costs, the end result is examined.

In common, the venture decision-making handle is based on a comparison and assessment of future ventures with the expecting speculation. Since the markers

being compared relate to diverse minutes of time, the most issue here is their compatibility.

One of the most errands ahead is to advance make strides the venture climate within the nation in arrange to guarantee the desired volume and quality of speculations. To do this, the taking after measures are taken:

- security of private property and enhancement of corporate governance;
- creation of a more favorable competitive environment for all financial specialists, in any case of the shape of ownership;
- expanding the part of the state in arrange to guarantee a steady administrative regime;
- encourage enhancement of the administrative system of venture activities;
- Making strides the framework of advising financial specialists around undertakings for the reason of choice and examination of speculation objects;
- increment bolster for the advancement of cutting edge organization foundation that guarantees the compelling change of stores into investments;
- Progressing commerce data arrangement, bringing bookkeeping and insights in line with universal measures(Əbdurrəhmanov S.Ə, 2020).

In terms of securing the financial interface of remote financial specialists, the focal points of the Azerbaijani economy can be assembled into two bunches: Bunch 1 components are focal points that are particular to all creating nations, counting Azerbaijan. The moment gather of points of interest is specifically related to Azerbaijan (<https://president.az/az/articles/view/31697>). The preferences of creating nations, counting Azerbaijan, are as follows:

- 1) As a creating nation, its advancement potential is numerous times higher than in created nations. More improvement implies the opportunity to win more. This guideline energizes multinational companies around the world to contribute more in creating countries;
- 2) inner competition isn't solid, as huge firms are ineffectively developed;
- 3) creating nations have the opportunity to gain more in return for higher risk;
- 4) In creating nations, outside financial specialists confront less bureaucratic

obstacles than neighborhood investors.

Among the advantages that are directly specific to Azerbaijan are the following:

1) In expansion to Azerbaijan's favorable topographical and transport position, there's a created transport arrange of universal significance (discuss, water, rail and street, oil and gas pipelines). This encourages the foundation of intensive contacts abroad;

2) Contains a wealthy normal and financial potential (wealthy mineral assets, ripe lands, favorable common and climatic conditions, plenteous and cheap labor, etc.);

3) There are a number of mechanical endeavors, production areas and framework offices with present day specialized and financial base;

4) Features a solid logical and specialized potential and qualified human resources;

5) Foundation of an organizational and administration instrument for the appropriation and usage of a number of vital laws and controls on the fascination and security of remote speculation, liberalization and improvement of remote financial relations;

6) Foundation of joint wanders with a number of trustworthy outside companies around the world;

7) Concluding interstate financial understandings with driving nations of the world, acquiescing to worldwide settlements and assentions, joining worldwide and territorial financial affiliations and organizations, etc. It is vital to utilize these focal points of our nation to quicken the fascination of remote venture and expel obstructions to commerce development.

It ought to be famous that outside speculators evaluate 3 primary dangers when contributing in nations with economies in transition:

- macroeconomic solidness, financial development, expansion, trade rate hazard, etc.

- regulation chance - outside speculation climate, assess administration, lawful

direction and level of corruption;

- political dangers - political solidness, political opportunities, etc.

At the same time, an important basis for attracting foreign investment and promoting exports is the existence of a favorable business and investment environment, the relevant regulatory framework and institutional framework.

The Republic of Azerbaijan is among the primary within the world in terms of financial development rates accomplished in later a long time. Financial soundness, which is most vital for potential outside financial specialists when investing in one nation or another, is reflected within the quick and feasible development of macroeconomic markers in Azerbaijan. At the same time, it is convenient to require the taking after measures to assist move forward the speculation climate:

- expansion of e-services in arrange to make strides the quality of administrations given by government organizations and districts to trade substances, counting remote financial specialists, extend their scope and increment straightforwardness in this area;

- Registration of commerce substances, counting legitimate substances with outside speculation, issuance of development licenses, association to utilities, state enlistment of genuine bequest rights, labor enrollment, decrease of methods, time and costs in other ranges of state direction of outside exchange and business, as well as remote venture enhancement of administrative acts pointed at pulling in, securing and advancing, as well as extending the two-sided lawful system within the field of common security and advancement of ventures with remote countries;

- expansion of administrations given by important government organizations to businesses, counting outside financial specialists, on the premise of the "single window" principle;

- strengthening regulation components for speculation and send out advancement serving outside speculators and exporters and making strides them in understanding with the most excellent worldwide practices;

Stimulation of outside coordinate venture within the country's economy, particularly ventures of financial substances through the securities showcase,

organization improvement of the securities showcase, organization and advancement of budgetary intermediation and collective venture plans, back of supply and request within the securities showcase, standards of budgetary straightforwardness and growing the application of corporate administration, moving forward the administrative system for the securities showcase and raising mindfulness and proficient preparing on the securities market;

- Acceleration of Azerbaijan's membership in the WTO;

- to take an dynamic portion in territorial integration alliances, as well as to get common concessions on remote exchange by marking respective understandings with the nations of the region;

- Our nation contains a number of focal points within the locale to pull in outside companies to the nation. Cases include:

1. In addition to the country's favorable geo-transport position, it moreover incorporates a well-developed transport arrange of worldwide significance (air, water, rail and road, oil and gas pipelines), which facilitates the establishment of intensive contacts and exchanges with the international market.;

2. Azerbaijan incorporates a solid characteristic and financial potential;

3. The nation contains a number of present day specialized and financial bases, product businesses, generation offices and framework facilities.;

4. The nation includes a solid logical potential and a save of qualified work force in a number of areas;

5. Attracting remote venture on its security, liberalization and advancement of outside financial relations, and the appropriation of a number of other lawful and administrative acts and organizational administration for their usage;

6. The republic has concluded understandings on interstate financial relations with numerous nations, joined a number of worldwide settlements and understandings, joined universal and territorial financial affiliations, and so on.

In recent years, instead of supporting inefficient enterprises, the direction of the state's structural policy has been changed. and stimulating reforms. The state should also gradually increase the output of processing industries, especially high-tech

industries, which support export diversification. Such a large-scale modernization of the economy cannot be completed in a short time. It will take several years to implement, and the process will consist of several stages.

Security decreases pioneering chances, reestablishes scholarly capital, and lessens social disparity. The principal objectives and goals in establishing a positive venture environment ought to be steady with the generally speaking financial improvement system. To that end drastically further developing the speculation environment in our nation ought to be one of the fundamental objectives of the following ten years. As I would see it, at the ongoing transformative phase, it won't be imaginable to guarantee reasonable and supportable monetary improvement without guaranteeing it.

As of now, enormous scope work is being completed to reestablish the freed regions, guarantee their future turn of events, make the fundamental foundation and return the populace to their local terrains.

The freed regions presently look like a huge building site. From one viewpoint, a strong groundwork is being laid for the execution of new framework projects, and then again, current ventures in light of global principles are being placed into activity. It ought to be noticed that the economy in these locales will create based on open private association in six key regions(http://www.iqtisadiislahat.org/news/vusal_qasimli_qarabag_azerbaycanda_iqtisadi_artimin_yeni_drayveri_olacaq-1079).

- Mining industry;
- Light and food industries;
- Agricultural business;
- "Green Energy";
- Transport and warehousing logistics;
- Tourism.

The main directions of economic development in Karabakh are as follows:

1. Mining industry - consists of 167 mineral deposits, of which the following can be noted:

- 5 gold deposits;

- 6 mercury deposits;
- 2 copper deposits;
- 1 lead and zinc deposit
- 19 facing stone deposits, etc.

2. Light food industry - it includes:

- light industry;
- wine and vodka production;
- production of meat and dairy products;
- bread production;
- silk and fabric production;
- Manufacture of leather and footwear

3. Agrarian industry - includes 200,000 hectares of agricultural land and pastures. Necessary conditions for the development of entrepreneurship in the fields: viticulture, animal husbandry, beekeeping, crop production, horse breeding, silkworm breeding, cotton growing, tobacco growing, sheep breeding, etc. is being developed.

4. Green energy - a green energy zone has been created here. Solar energy potential - 4.0 thousand MW; wind -500 MW; construction of small hydropower plants - 30 units; Availability of thermal water resources - 3505 cubic meters / day. Coal reserves are 8.5 million / ton.

5. Transport and warehousing logistics - this includes:

- “Araz Valley Economic Zone” Industrial Park;
- Construction of three international airports;
- Extensive network of new highways;
- Railway and highway along Zangazur corridor

6. Tourism - Karabakh will take a leading position in the tourism sector of Azerbaijan. There is an opportunity to develop: domestic, ecological, mountain, winter, hunting, health, agriculture, cultural and other types of tourism.

Authorities on the matter agree, the investigation of financial changes and correspondences because of the execution of these areas by 2030 can add to the

development of Azerbaijan's non-oil area by 5-10%.

The colossal long haul errands in light of the Public Needs of financial advancement of the Republic of Azerbaijan until 2030 are reflected in various authoritative reports, announcements and orders of the Leader of the Republic of Azerbaijan. This need is pointed toward tending to the accompanying significant regions: manageable settlement and reintegration of financial movement (Aliyev, S.T., 2020).

During the previous period, nitty gritty end-all strategies of Aghdam, Fizuli, Jabrayil and Zangilan were created and supported by the significant declarations of the Leader of the Republic of Azerbaijan inside the projects of monetary recuperation and advancement of Karabakh and East Zangazur, and their show was endorsed by people in general.

Today, air terminals, a broad organization of streets and rail lines, "shrewd urban communities" and "savvy towns", as well as farming grounds are being fabricated seriously and methodically in the freed terrains of Azerbaijan. It ought to be noted with fulfillment that the main significant undertakings carried out in the area were the 4-6-path "Triumph" street and the Fizuli Global Air terminal on the 101 km long "Ahmadbeyli-Fuzuli-Shusha" course. These frameworks were implicit an extremely brief time frame, ie in 8 months, as per the most elevated worldwide guidelines. Fizuli air terminal is viewed as "Karabakh's door to the world". The launch of this air terminal occurred on October 26, 2021 with the support of Turkish President Recep Tayyip Erdogan, the principal head of express whose plane arrived at Fizuli Worldwide Air terminal (Eyvazova, L., Mahmudova, L., 2021: p.86).

For 30 years, the Armenian occupiers have destroyed almost all roads and railways. In order to restore the economy of Karabakh, to return former refugees and IDPs to their homes, first of all, it is necessary to restore the old and build new roads. According to the approved General Plan, it is planned to build a 500-kilometer central highway in 11 directions in the liberated territories (<https://iz.ru/1124945/nataliia-portiakova/territoriia-pomyslov-kakoe-budushchee-azerbaidzhan-zadumal-dlia-karabakha>).

The construction of energy facilities in Karabakh and East Zangazur is very important as part of infrastructure development and economic recovery. Over the past year, one power plant and five substations have been built and put into operation in the region, as well as a high-voltage power line has been laid. About 60 people are employed at these facilities, most of whom are local residents. The Gulabird, Sugovushan-1 and Sugovushan-2 HPPs were restored, and substations were put into operation in Shusha, Fizuli, Jabrayil and Kalbajar. Hydroelectric power stations are being gradually restored in Zangilan, Lachin and Kalbajar districts. In a few years, we will receive 120 MW from Khudafarin and Maiden Tower stations.

One of the main directions of socio-economic development of Karabakh and East Zangazur is tourism. Of course, the full use of the tourism potential of the region is possible only after the following key factors are met: the full return of the majority of the population and the creation of appropriate infrastructure.

The demining of the liberated areas, the construction of new industrial enterprises and social infrastructure, and the systematic resettlement of former refugees will begin. After that, it will be necessary to form a wide network of innovative business structures in the field of economic activity, taking into account the economic and geographical features of each administrative region. There is no doubt that these structures will be equipped with modern technology, ICT, and based on the efficient use of strong raw materials and energy resources, will ensure the dynamic socio-economic growth of each region.

Given the industrial potential of regional centers and the presence of 46 settlements in the regions, this could contribute to the creation of 21 small industrial service districts.

There is no doubt that in the near future, in accordance with the strategy defined by the President of the Republic of Azerbaijan and the relevant provisions of the Tripartite Agreement on Nagorno-Karabakh, Armenia will withdraw its troops from the liberated territories of Azerbaijan. The city of Khankendi, Khojaly and other adjacent areas and the tricolor state flag will be hoisted in these areas. After the return of peaceful life to these cities, it will be possible to restore the work of the

Regional Scientific Center of ANAS. In order to effectively use the potential of industrial enterprises of science and education, it is expedient to create a modern industrial park in Khankendi.

Taking into account the history and national traditions of the residents of Aghdam, Jabrayil and Gubadli districts, the establishment of a branch of Azerkhalcha OJSC, as well as the development of silkworm breeding can strengthen the role of small and private entrepreneurship.

Taking into account the large reserves of mineral water in Kalbajar, Lachin and Shusha districts, it is recommended to establish a business entity for the packaging and sale of a wide range of spring water.

In the future, it is possible to establish a cross-border free trade zone in Horadiz, Fizuli region.

As mentioned above, Karabakh and East Zangazur have very favorable opportunities for the development of almost all types of tourism. It is recommended to develop small and individual entrepreneurship in the processing of hides and skins of large and small horned animals and the production of clothing, footwear and other consumer goods from them. Increasing the number of world-famous Karabakh horses should also be one of the traditional activities of individual entrepreneurs (<https://iz.ru/1124945/nataliia-portiakova/territoriia-pomyslov-kak-oe-budushchee-azerbaidzhan-zadumal-dlia-karabakha>).

In addition to the above, after the last resettlement of the population to their homes, it is considered expedient to organize the following:

- On the basis of the branch of the State Conservatory in Shusha, it is planned to build a music cluster, including music schools, business facilities for the production of musical instruments, orchestras, ensembles, as well as the Mugam House.

- to establish Karabakh State University, as well as branches of public and private universities, colleges for training specialists in one of the major cities with a wide network of all types of transport communications, taking into account the local needs of economic activity;

- Establishment of "ASAN" and DOST centers in cities with favorable location.

After the victory in the Great Patriotic War, important projects have been launched in our liberated territories, and reconstruction work is underway. It should be noted that the rich natural resources, mineral resources, agricultural and tourism potential of our liberated territories attract the attention of foreign companies. The strategic importance of the newly established Aghdam and Araz Valley Economic Zones industrial parks and the establishment of industrial zones in the liberated areas will further expand the investment opportunities of foreign companies. The establishment of a joint service center of Russia's KamAZ OJSC, one of the world's leading truck manufacturers, and the Ganja Automobile Plant Production Association in Jabrayil is also an indication of the interest of foreign investors in setting up businesses in our liberated territories.

In our freed domains, however by and large, the work done to work on the business and venture environment in our country, the improvement of the non-oil area, locales and business - the planned operations capacities of modern zones, as well as the Alat Free Financial Zone, the Incomparable Re-visitation of our freed regions The "savvy city" and "shrewd town" ideas to be executed there open up new business and speculation amazing open doors for financial backers.

As per the review, one might say that unfamiliar organizations, including individuals from the German-Azerbaijani Office of Business, are keen on reproduction projects in our freed regions. 61% of organizations are keen on going about as workers for hire/subcontractors in these tasks or taking part in open private associations. 43% of foreign companies have already expressed interest in participating in projects in Karabakh and East Zangazur.

➤ 60% of respondents (50% in the previous report) recommend Azerbaijan as a favorable business environment. Foreign businessmen believe that the restoration of our liberated territories will contribute to strengthening security and stability in the Caspian region, the implementation of international transport and communication projects, the diversification of the Azerbaijani economy, as well as increase the country's investment attractiveness and competitiveness.

➤ 71% of respondents stressed the political stability in Azerbaijan, 49% - a safe country, 39% - sustainable investment in infrastructure ([https:// economy. gov. az/en/article/azerbaycanda-xarici-biznes-biznes-muhiti-sorgusu-2021-hesabatinin -teqd imati-kechirilib/31985](https://economy.gov.az/en/article/azerbaycanda-xarici-biznes-biznes-muhiti-sorgusu-2021-hesabatinin-teqd-imati-kechirilib/31985)).

These facts allow us to see more clearly the results of the current economic stability and future priorities.

Improving the investment climate in Azerbaijan Foreign investment is related to the work carried out to increase the flow. Not only the investment rating the portfolio will help increase investment, but also foreign direct will have a strong impact on the dynamics of investment. This is new funds for the establishment of enterprises and modernization of production will help to attract.

CONCLUSION AND RECOMMENDATION

Based on the system analysis, we believe that it will contribute to achieving the following organizational, technical and socio-economic advantages in increasing the attractiveness of investment in the liberated territories:

- Joint solution of problems and interests within the framework of sustainable competitiveness;
- Rational use of property;
- Expanding the role of municipalities in production and services;
- Creating favorable conditions for the application of new equipment, technology and ICT;
- Joint implementation of targeted innovation projects;
- Minimize production, energy and transportation costs;
- Application of the principle of economy in the process of production and logistics;
- Expanding financial opportunities and export potential;
- Wide application of advanced methods of innovation management;
- Implementation of a combination of agro-technical, sanitary and phytosanitary services in a single space and area;
- Stimulation of labor taking into account the final result of production, processing and sale of the product;
- Organization of foreign and joint ventures, territorial clusters, regional business associations, financial and industrial groups, business incubators, startups, etc. in the regions, including the development of women's entrepreneurship, opportunities to expand the production of a wide range of branded products; products and non-profit cooperation.

Immediately after the liberation of Karabakh, large-scale reconstruction work began in the region. The volume of work done is astonishing - new roads are being built in almost the entire region, the first international airport of Karabakh is being opened in Fizuli, the Aghdam industrial park and the "Araz Valley economic zone" are being built. It has been relocated to Kalbajar and Lachin districts, tourist routes

are being prepared, and Shusha, Agdam and other settlements are being fully restored.

It is worth mentioning the "Smart Village" and "Smart City" projects, which will become the "face" of the renewed Karabakh. It is no secret that according to the government's plans, the liberated territories will become a high-tech zone. At present, the first "smart village" of the republic is being created in Zangilan district.

Currently, 200 houses are being built in the village of Agali, where the project is being implemented, a 360-seat school, a 60-seat kindergarten and other civil construction works are underway.

The project consists of 5 components: housing, manufacturing, social services, smart agriculture and alternative energy infrastructure.

For the first time in Azerbaijan, Huawei's AirPON technology will be used here, which will reduce the laying of fiber-optic lines from 10 km to 1 km and provide up to 100 megabits of wireless internet.

The village will produce the famous Italian cheese mozzarella di buffalo, and a farm for 300-400 buffaloes will be built. Later, the number of cattle will be increased to 1,000. The farm will be built by an Israeli company. Manure will be processed for the production of fertilizers and biogas, treated wastewater will be reused, and electricity from solar energy will be consumed.

Karabakh and East Zangazur financial areas have incredible potential. Just the East Zangazur financial area can represent 4% of the country's economy before very long. This intends that sooner rather than later in the East Zangazur monetary area it is feasible to deliver around 3 billion manat of rural and modern items.

Entrepreneurs also understand the potential of the region. Although the rehabilitation and demining work has not yet been completed, about a thousand investors have already applied to the Small and Medium Business Development Agency for a work permit.

When developing a development strategy for the regions of the Republic of Azerbaijan, it is important to identify the following:

- strengthening the territorial, economic and social unity of the region;

- raising the level of education and innovation potential of the economy;
- ownership
- development of the environment;
- effective use of the region's potential

REFERENCES

In Azerbaijan

1. “Azərbaycan Respublikasının Sahibkarlığa Kömək Milli Fondu haqqında Əsasnamə”, Azərbaycan Respublikası Prezidentinin Fərmanı, 27 avqust 2002-ci il, № 779.
2. “Azərbaycan Respublikasında kiçik və orta müəssisələr səviyyəsində alıcı məhsullarının yaradılmasına dair Əsas Yol Xəritəsi”, Azərbaycan Respublikası Prezidentinin 2016-cı il 6 dekabr tarixli, № 1138 Fərmanı.
3. “Azərbaycan Respublikasının Vergi Məcəlləsində dəyişikliklər edilməsi haqqında” Azərbaycan Respublikasının Qanunu, Bakı, 30 noyabr 2018-ci il, № 1356-VQD.
4. “Özəl sahibkarlığa dövlət dəstəyi haqqında” Azərbaycan Respublikasının Qanunu, Bakı, 4 iyun 1999-cu il, № 673-IQ.
5. “İcazələrin verilməsi sahəsində bəzi tədbirlər haqqında” Azərbaycan Respublikası Prezidentinin 21 dekabr 2016-cı il, № 713 sərəncamı.
6. “Miniatür, kiçik, orta və iri sahibkarlıq subyektlərinin mənimsənilməsi tədbirləri haqqında” Azərbaycan Respublikası Nazirlər Kabinetinin 21 dekabr 2018-ci il, № 556 qərarı.
7. “Sahibkarlıq fəaliyyəti haqqında” Azərbaycan Respublikasının Qanunu, Bakı, 15 dekabr 1992-ci il, № 405.
8. Azərbaycan Respublikasında pul yerlərinin yeni bölgüsü haqqında Azərbaycan Respublikası Prezidentinin Sərəncamı. Bakı, 7 iyul 2021. <https://ru.president.az/articles>.
9. Qarabağ Dirçəliş Fondunun Müşahidə Şurasının strukturunun təsdiq edilməsi haqqında Azərbaycan Respublikası Prezidentinin Bəyannaməsi. Bakı, 4 yanvar 2021-ci il <https://president.az/articles/49877>.
10. Azərbaycan Respublikasında yeni maliyyə sahələri bölgüsü haqqında Azərbaycan Respublikası Prezidentinin 2021-ci il 7 iyul tarixli Bəyannaməsi.
11. “Azərbaycan Respublikası Ərazilərinin Minalardan Təmizlənməsi

Agentliyi”nin yaradılması haqqında Azərbaycan Respublikası Prezidentinin 2021-ci il 15 yanvar tarixli Sərəncamı.

12. “Azərbaycan 2030: sosial-iqtisadi inkişafın milli prioritetləri”nin təsdiq edilməsi haqqında Azərbaycan Respublikası Prezidentinin 2 fevral 2021-ci il tarixli Sərəncamı.

13. “Azad edilmiş ərazilərdə metropoliten hazırlığı məsələləri haqqında” Azərbaycan Respublikası Prezidentinin 2021-ci il 12 avqust tarixli Bəyannaməsi.

14. Azərbaycan Respublikası Prezidentinin 2021-ci il 10 dekabr tarixli “Azad edilmiş domenlərdə pul köçürməsinin sürətləndirilməsi” ilə bağlı bəzi tədbirlər haqqında müraciəti.

15. “Azərbaycan Respublikası sahələrinin 2019-2023-cü illərdə maliyyə inkişafı Dövlət Proqramı”nın təsdiq edilməsi haqqında Azərbaycan Respublikası Prezidentinin 29 yanvar 2019-cu il tarixli elanı.

16. Azərbaycan Respublikasının işğaldan azad edilmiş rayonlarında məsələlərin birgə həlli üçün Əlaqələndirmə Qərargahının yaradılması haqqında Azərbaycan Respublikası Prezidentinin 24 noyabr 2020-ci il tarixli müraciəti.

17. “Qarabağ Dirçəliş Fondu” ictimai legitim mahiyyətinin yaradılması haqqında Azərbaycan Respublikası Prezidentinin 2021-ci il 4 yanvar tarixli Bəyannaməsi

18. Abdullayev Ə., Əsgərova M., Siyasi və iqtisadi coğrafiya. Bakı, 2018.

19. Bağirov, F.A Azərbaycanca birbaşaxarici investisiyalardan istifadənin tarixi aspektləri, //AMEA-nın Xəbərləri: İqtisadiyyat seriyası, .-2019.- №2.- s.75-81.

20. Hacıyev E.N. Azərbaycan xarici investisiyalar üçün çox cəlbedici ölkədir, //Azərbaycan, 2015.- 21 avqust.- S.5

In English

1. Aliyev S.T. Actual issues of economic security of Azerbaijan in the conditions of pandemic and postpandemic // “Izvestia”, ANAS, Institute of Economics, № 05, 2020.- p. 5-12.

2. Bagirova F. East Zangazur economic region as a symbol of entering the stage of development and progress of the liberated lands. 07/07/2021. <https://1news.az>.
3. Eyvazova L., Mahmudova L., Aliyev S. Actual issues of intensification of development of non-oil sectors of the Azerbaijani economy in the post-pandemic period. / International Forum: Problems And Scientific Solutions Melbourne, Australia, 25-26.04.2021, (53). - p. 85-91.
4. Guliyev A. Expert: Logistics will take a special place in the new economic reality of Azerbaijan. 07.22. 2021.
5. Huseynova N.E, Yaxyayeva A.Y., Aliyev, S.T. Problems of increasing the investment attractiveness of the Karabakh region of Azerbaijan and their solutions / II International Scientific and Practical Conference current issues and prospects for the development of scientific research held on May 7-8, 2021 in Orléans, France. – p.13-19.
6. Khoshtaria N., The economic potential of Karabakh after the de-occupation - an expert's opinion. 01/30/2019.
7. Qasimly V., Karabakh has great economic potential. 23.10.2020.
8. Mamedov R.M., Analysis and assessment of economic complexes of economic regions of Azerbaijan // Russian Journal of Entrepreneurship. - 2011. - Volume 12. - No. 10. - p. 169-174.
9. Nuriev G., Agrarian potential of Karabakh and Eastern Zangezur. July 31, 2021
10. Nuriev G., Industrial potential of Karabakh and East Zangezur. August 2, 2021.
11. Petrovich N.K. Fundamentals of small and medium-sized businesses, Moscow., Infra-M., 2012 -446s
12. Portyakova N., Territory of thoughts: what future does Azerbaijan have in mind for Karabakh. And why Armenia can also benefit from the restoration of territories. February 15, 2021.

Internet resource

1. <http://www.m-economy.ru/art.php?nArtId=3010>
2. <https://achieve.lausd.net/eced>, https://moscow-baku.ru/opinions/aktualno/ekonomicheskii_potentsial_karabakha_posle_deokkupatsii_mnenie_eksperta/
3. https://bakuresearchinstitute.org/az/foreign-direct-investment-in-azerbaijans-economy-current-status-development-trends-and-challenges/#_ednref7
4. <https://bakuresearchinstitute.org/az/the-minimum-wage-and-wage-labor-in-azerbaijan/>
5. https://ec.europa.eu/eurostat/statisticsexplained/index.php?title=File:Real_GDP_rate_of_change,_2005_2020_NA2021.png
6. <https://economy.gov.az/en/article/azerbaycanda-xarici-biznes-biznes-muhiti-sorgusu-2021-hesabatini-teqdimati-kechirilib/31985>
7. <https://home.kpmg/az/en/home/insights/2021/09/foreign-business-in-azerbaijan-2021.html>
8. https://iqtisadiislahat.org/news/vusal_qasimli_qarabagin_boyuk_iqtisadi_potentiali_var-1050.
9. <https://iz.ru/1124945/nataliia-portiakova/territoriia-pomyslov-kakoe-budushchee-azerbaidzhan-zadumal-dlia-karabakha>
10. <https://mod.gov.az/ru/posledstviya-voennoj-agressii-armenii-statistika-412/>.
11. <https://president.az/az/articles/view/31697>
12. <https://science.gov.az/az/news/open/15789>
13. <https://unctad.org/news/global-foreign-direct-investment-set-partially-recover-2021-uncertainty-remains>
14. <https://uploads.cbar.az/assets/97aa174a150aff7358f5aedbc.pdf>
15. https://wikifaz.icu/wiki/Greek_withdrawal_from_the_eurozone
16. https://www.aserbaidzhan.ahk.de/filehub/deliverFile/07314e90-bdb0-4ee0-a28a-51f800329b5b/1023258/Final%20Report%20digital_1023258.pdf
17. <https://www.bbc.com/azeri/azerbaijan-58945397>

18. <https://www.cbar.az/page-42/monetary-indicators#page-2>
19. <https://www.cbar.az/page-43/external-sector-statistics>
20. <https://www.doingbusiness.org/content/dam/doingBusiness/country/a/azerbaijan/AZE.pdf>
21. <https://www.heritage.org/index/explore?view=by-region-country-year>
22. <https://www.macrotrends.net/countries/AZE/azerbaijan/inflation-rate-cpi>
23. <https://www.stat.gov.az/news/index.php?id=6788>

List of tables

Table 1: ECED ranking of countries in Central Asia and the South Caucasus region in terms of investment attractiveness in 2020.....	51
Table 2: Classification of minerals available in Karabakh and East Zangazur regions.....	57

List of schemes

Schem 1: Factors affecting investment.....	59
---------------------------------------------------	----

List of figures

Figure 1: The structure of the gross product of the non-oil industry.....	40
Figure 2: Non-oil refining industry.....	42
Figure 3: Dynamics of Point Of Sale installation in Azerbaijan, 2015-2020 (prepared by the author based on materials from the Central Bank).....	56