



Center for Analysis of  
Economic Reforms  
and Communication

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# AZERBAIJAN ECONOMIC REFORMS REVIEW





Ensuring development of non-oil sector in efforts to increase efficiency of the economy and raising competitiveness is one of the main economic priorities of the state. In this regard, along with achieving diversification of the economy with the help of promising economic policy implemented in the country, the share of the non-oil sector in gross domestic product has increased noticeably.

Production and processing of agricultural products has been identified as one of the priorities of the non-oil sector over the last period due to its particular importance in socio-economic life of the country and favorable condition has been created for development of this sector in Azerbaijan as a result of the goal-oriented measures put into action.

Thus, a number of legal acts, including state programs have been approved in connection with the expanded government support in rapid development of cotton-growing, tobacco-growing and sericulture, all of which are traditional agricultural sectors, meeting demand for agricultural products, bettering raw material provision of processing plants and enhancing processing industry. In addition, significant measures have been put into action for establishing agro-parks, which have an important role in increasing export potential, forming integration among producers, processors and consumers in large application of intensive methods, enhancing innovative skills of small and medium-size entrepreneurs operating in production and processing of agricultural products, and accomplishing high productivity.

However, apart from the abovementioned, improving the mechanisms on providing

sustainable development, ensuring diversification of financial resources in the future, increasing the level of provision of producers with financial resources in order to raise competitiveness and improvement of mechanisms serving for proper evaluation of the risks to be faced in this sector are one of the crucial issues. In this regard, accelerated execution of the measures covered in the priorities stipulated in the 3rd strategical target subtitled as "Facilitating access to finance" of the Strategic Roadmap on production and processing of agricultural products in the Republic of Azerbaijan approved by the Order of the head of the state, signed on 6 December, 2016 is inevitable.

For this purpose, more comprehensive and detailed actions plan with measures described on the priorities stipulated within the Order shall be developed and approved by the Council of Financial Stability within a month with the executors and effective dates shown and reported to the President of the Republic of Azerbaijan.

The list of actions includes several directions according to the order of priority and can be classified as follows:

1. actions related with the improvement of agricultural financing mechanisms:

- determination of targets on agricultural demand for financial resources;
- consideration of opportunities to establish credit guarantee fund;
- development of mechanisms on implementation of innovative and unsecured loans in the agricultural sector;
- expanding the collateral basis for credits;

- increasing financial literacy of agricultural producers;
- developing mechanisms on management of risks affecting the agrarian sector;
- stimulating the funds of credit organizations to be directed into crediting of the agricultural sector;

2. actions related with the development of the agricultural insurance:

- improving existing legislation related with the agricultural insurance system;
- evaluating the opportunities for establishing the agricultural insurance fund;
- developing the Register of Insurance Events;
- establishing the mechanism for redressing of the tangible damages to agricultural producers in connection with implementation of the quarantine regime ;
- increasing insurance literacy of agricultural producers;

3. actions related with promoting investments in agricultural sector:

- evaluating agrarian investment needs and developing investment projects;
- improving investment climate in the agrarian sector;

Simultaneously, to ensure implementation of the part of the action plan prescribed in the Order which postulates to carry out legislative and institutional reforms in 2017, measures such as efficient implementation of necessary actions and informing the President of the Republic of Azerbaijan on the matter have been reflected among the tasks given within the Order.



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