

Modeling Financial and Investment Support for Regional Socio-Economic Development: Challenges, Mechanisms, and Strategic Directions in Azerbaijan

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Abstract

This study examines the theoretical and practical problems associated with modeling financial and investment support for regional socio-economic development, with a particular focus on Azerbaijan. The primary objective of the research is to identify structural deficiencies in existing financial and investment mechanisms, assess their effectiveness in supporting balanced regional development, and propose adequate institutional and policy-based solutions tailored to national and regional specificities. Based on an objective analysis of Azerbaijan's regional socio-economic conditions, the study substantiates a complex functional structure of regional development and identifies key factors that ensure sustainability, including financial resource formation, investment allocation efficiency, and rational utilization of local natural and economic potential. Special attention is paid to the conceptual and practical role of financial and investment support in regional development modeling, emphasizing the importance of maximizing internal regional resources and strengthening enterprise-level investment mechanisms. The research analyzes the structure and implementation system of regional investment policy, identifies formation factors and implementation pathways, and proposes mechanisms to enhance financial and credit support for regional socio-economic development programs. Empirical analysis includes an assessment of the share of regions in the total number of economic entities in Azerbaijan, the multiplicative effects of regional investments, and the effectiveness of state-led regional development programs. Furthermore, the study presents and interprets dynamic indicators related to capital investment distribution by region, per capita capital investment, industrial production volumes, and sectoral output performance across economic regions. The findings highlight the strategic importance of strengthening financial and investment support mechanisms as a prerequisite for reducing interregional disparities, ensuring inclusive growth, and achieving long-term socio-economic stability. The study concludes with practical recommendations and policy proposals aimed at improving the strategic planning, coordination, and sustainability of financial and investment support for regional development in Azerbaijan in both the short and long term.

Keywords: Azerbaijan; regional economic policy; socio-economic development; financial and investment support; regional investment modeling; interregional development disparities; regional economic potential; sustainable regional development.

JEL Classification: R1; R10; R11; R13; R53; R58

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Introduction

The economics of Azerbaijan appeared for the element of the former soviet empire during the long period of 70 years (1920-1990). Back then there were no available capabilities for development of the economic modeling of the country or regional development programs. Everything was solved in the centre – in Moscow. Other ways of saying Moscow determined the programs and economic development tendencies which it considered necessary for Azerbaijan. The resources were also divided from the centre. It is worth to mention one interesting detail: for example in Sumgayit industrial centre the two huge chemical enterprises were divided by just a fence but these two plants did not have a right on independent division of resources and raw materials between them. This issue had to be reviewed definitely three thousand kilometres away in Moscow and the work had to be done on the basis of the solution received from there. All financial issues were solved the same way. The government of Azerbaijan could not independently divide the financial resources, and allocate funds for development programs of the regions. Imagine that the issue of construction of any infrastructure object in a distant village in Azerbaijan was solved in Moscow and the financial resources were also allocated from there. Of course all these became history. After restoration of independence in 1990 Azerbaijan had already to conduct a free economic policy, social economic reforms and to solve the issues of preparation of the regional development programs itself. From this point of view the national economic interests, the economic development tendencies of the country and especially the perspectives of regional development modeling grew up. It is interesting that on January 15, 1992 the law about 'Foreign investment protection' was adopted. The law about 'Investment operations' was put in force on January 13th, 1995. It means that during a short period of time after restoration of independence the government of Azerbaijan was quite interested in bringing foreign investments to Azerbaijan and in increasing the attractiveness of these processes and took active measures in this field. It is known that the realization of the economic reforms is impossible without financial resources and the balanced regional social and economic development programs requires the serious level of finance and credit maintenance. Formation of sustainable and continuous financial resources and adequate modeling of the regional development to the national economic interests of the country depends on each other very much. For this reason making investments to the regions is one of the important fields of activity of Azerbaijan government in its economic policy. The objective scientific and practical approach is the main criteria in this article. Our main goal is to reveal the modern essence of the balanced regional social and economic development in Azerbaijan, to show the local problems. For this reason we did not want to overload the article with the existing economical theoretical views and approaches; in the article alongside with avoiding these thoughts we gave preference mainly to find the solution of the problem by benefit of the social and economic stability already existing in modern Azerbaijan and economic development tendencies. The modern scientific and practical standpoints on increase of the finance and credit supply of the regional development programs in Azerbaijan are covered in the article. Alongside with all these under the circumstances of global economic challenges of the regional social and economic development and important economic transformations the definition and measurement of tendency direction, the preparation of the sustainable mechanisms of the finance and credit supply in the processes and suggestions for implementation stand in the centre of the reviewed problem. Truth be told, the aim is quite actual and important, but the challenges ahead are much more complicate. First of all we considered necessary to give our opinion to the researches on these issues, to the arguments mentioned in economics literature, to the scientific approaches and thoughts, and statistic and the other data bases, and explore the study level of the given issues.

The issues covered in the article. If make a generalization the issues covered in the article are mainly connected with finance and investment supply modeling of the regional social and economic development in Azerbaijan. First of all it is considered important to investigate the content of finance and investment supply of the regional economics importance and regional social and economic development. On the assumption of objective assessment of the resource and industry level in the region, human resources, business development level, investment and real analyses, the determination of increase directions of the finance and investment supply in the regions is one of the main problems. The problems of elimination of maladjustments between social and economic development of the regions, the growth of population's income in the regions, the problems of economic activity increase are also remained in the center of attention. The importance and solution of issues of finance and investment supply reinforcement and factors connected with them were reviewed and the relevant mechanisms and suggestions were prepared with the aim of modeling of the social and economic development of the regions.

The practical importance of the article. First of all it is connected with the consideration of the regional social and economic development in Azerbaijan on a modern stage on a strategic level. The strategic aims were determined in this field and the main goals were reducing the difference in economic development level between the regions and the centre – capital city Baku, development of mechanisms balancing the social and economic development between the regions and provision of its implementation. From the other hand there were developed the scientific and practical approach methods and suggestions on the available issues of determining financial resources and increasing the investment. The advice on modeling of the finance and investment supply in the regions were given and the adequacy activity directions were justified.

Methods and approaches. A lot of methods and approaches widely known in the economic science such as comparative analysis, synthesis, systematization, generalization, diagrams, bar charts, graphs and tables were used in the preparation of the article. The was expressed an adequate opinion on the thoughts and observations of classic economists and modern researchers and also the generalization was made. The was given a large place to the foreign experience, and the main reason of this is that the economic development in Azerbaijan is of a specific character and formation of the regional social and economic development in the framework of the local interests. The regions of the country are rich with resources and the social and economic development of each of them, their financial support requires a special approach. From this point of view a solution of the problem on the assumption of objective realities and available resources was considered more rational. was

considered more rational. The main idea of the article consists of the author's approach to the current problem and his own point of view. The author thinks that there are not any results in solution optimization of the issues of finance and investment supply modeling yet and the researches and investigations in this sphere should be continued.

The possibility of contribution of the article to the global economic science. We think that the ideas about the regional social and economic development problems and its finance and investment supply, the approaches to the issues, specific characteristics, modeling of solution of finance and investment supply of the regional social and economic development on the country level can attract the attention of global economists, researchers and experts, the state authorities responsible for this sphere. From the other hand Azerbaijan differs with dynamic economic development in positive meaning. Because of this the development of the social and economic development programs and the materials, analysis and judgments on their finance and investment supply modeling keep their chance to become a contribution to the global economics.

1. Level problem study and literature review

As mentioned above taking into consideration the modern strong economic transformations and complexity of global economic appeal we decided that usage of last years economic literature and resources was more rational. But in formation of the main thoughts and considerations on the issues the major place is given to author's approaches. Of course this is not an evidence of a cold approach to the other economic thoughts and statements, each research work has its own scientific essence and practical value. Taking these into consideration there were declared against the problems indicated in the article according to the theoretical views of a group of classic economists and the other world economists: Smith Adam (1909–14; 2001), Alfred Marshall (1890–1891), Keynes M. John (1936), Solow Robert Merton (1974), Samuelson P.A., Nordhaus W.D. (Economics, 2009), Stiglitz E. Jozeph, Charlton Andrew (2005). Under the condition of treating classic economic views and many world scientists' thoughts and statements with respect we would like to mention that in the article the preference was given mostly to scientific practical approaches to the reviewed issues adequate to the last years global economical appeals. The regional social and economic development processes taking place in Azerbaijan and the mechanisms of finance and credit supply of these problems require new approaches, mechanisms considering local specific characteristics and economic tools. From this point of view it is quite difficult to mention the fundamental study of the financing issues of the regional development programs in Azerbaijan. Thus, the existing economic practical mechanisms and the thoughts, suggestions and advice mentioned in the economic literature are not enough to solve the existing problems and their relevance is not adequate. Azerbaijan researches such as Nuriyev A. H. (2013), Atashov B. Kh. (2016), Hasanli Y. H. (2011), Huseynova Kh. M. (2010), Aliyev Sh. T. (2015), Shirinov Sh. V. (2012), Allahverdiev N. B., Gafarov K. S., Ahmedov A. A. (2012) conducted researches, prepared monographs, expressed their thoughts and made suggestions about the complex problems of the social and economic development, importance and modeling of the regional development programs, the positive and negative features, the issues of financial and credit supply of these development programs and finance and investment supply. Taking into consideration these problems the works of a group of young Azerbaijani researches such as Ahmedzadeh (2010), Baghirov N. A. (2014), Khakimova Y. A. (2014), Mammadova G. G. (2012), Rzayev P. G. (2011), Rahimov M. R. (2014) and Sadygov E. M. (2013) attract attention last years. The regional economic development processes and the issues of financial and investment supply related to them were in the highlight of a number of world researches. As an example we can show the scientific articles and research works of Arias Maria A., Wen Yi (2015), Brown Ross (2000), Chaplyuk V. Z. (2006), Capello Roberta (2011), Florida Richard (2002), Gazizulina I. A. (2011), Gren Jörgen (2003), Harshana Kasseeah (2016), Korchagina Y. V. (2012), Otsuka Akihiro, Yamano Norihiko (2006), Rakar Fredrik., Tallberg Pontus (2014), Storper Michael (2011), Tolstolesova L. A. (2010), Tabellini Guido (2006), Venables Anthony J (2003) and etc. Alongside with all these we would like to notify that the modeling problems of financial and investment supply of the regional social and economic development in Azerbaijan are quite relevant and have a strategic impact for our country. For this reason the importance of problems reviewed in the article is approached by the features and tendency of regional economic development processes taking place in Azerbaijan.

2. Analysis of the conceptual and practical approach to the finance and investment supply of the regional social and economic development

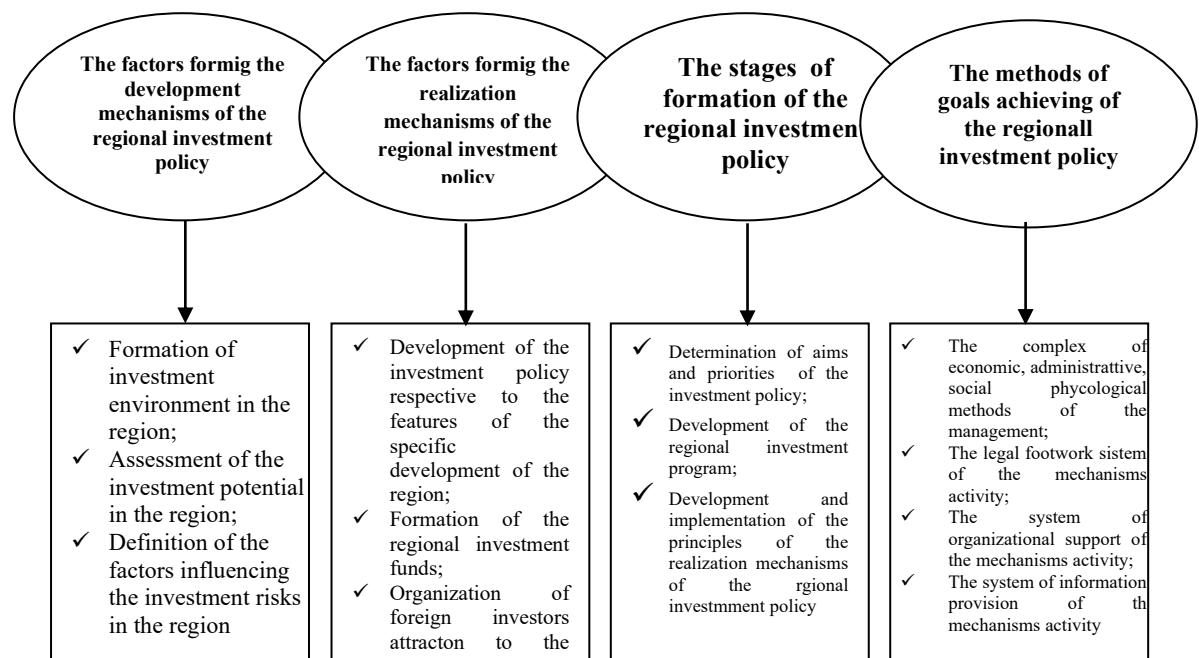
The social and economic development priorities of each country are directly linked to the economic development features of the country, the objective reality and optimal modeling of the regional development. After accomplishing the phase of its economic reforms Azerbaijan achieved the boosting of regional social and economic development to the priority activity level. The two state programs on the regional development which followed and complemented each other were realized and the third state program is now being developed. We are not going to list off the main essence of these state programs. The problems of renovation or improvement of the most social and economic development components in the regions of the country and also of the financial and investment supply mechanisms attracts attention. And what is the region, the modern elements of regions, what the formation or development components consists of? As the main factors in formation and development of any region, the adequateness of the natural resources and population base in this region, formation of market infrastructure, production, social, ecological and institutional infrastructure components are of great importance. Professor Nuriyev A. considers the finance and investment supply of social and economic development in the regions to be the determinative factor (Nuriyev A. H., 2013). Professor Atashov B. mentions that investment funds in Azerbaijan began to appear comparably later than commercial banks (Atashov B. Kh., 2016). Taking into consideration that some problems have already appeared nowadays in the bank system in Azerbaijan it means that it is not still so real to wait the valuable results from the investment funds activities in the country. From this point of view the financial and investment supply in the regions of our country have to be emulated in a complex and systematic way. Thus, in reality the balanced development of the regions have to be considered in a balanced manner with the provision of national economic security of each country and one of the main tasks in these processes is establishment of the secure financial system. For that end first of all the optimal limit of the government intervention into the private and state financial institute activities and the methods of

achieving it should be determined. Besides it the provision of government intervention transparency should be also kept in the center of attention. The determined optimal intervention levels between the state and private sectors can cause the increase in rational use of the resource potential in the region, formation of the sustainable and productive financial resources, and maximum effective use of the capital and labour resources in the region. Besides this, the government must provide the attraction of investment in the regions for the maximum effective use of the population labour resources, creation of the effective infrastructure and competitive production enterprises network.

2.1. The essence of conceptual practical approach to the financial and investment supply of the social and economic development in the regions

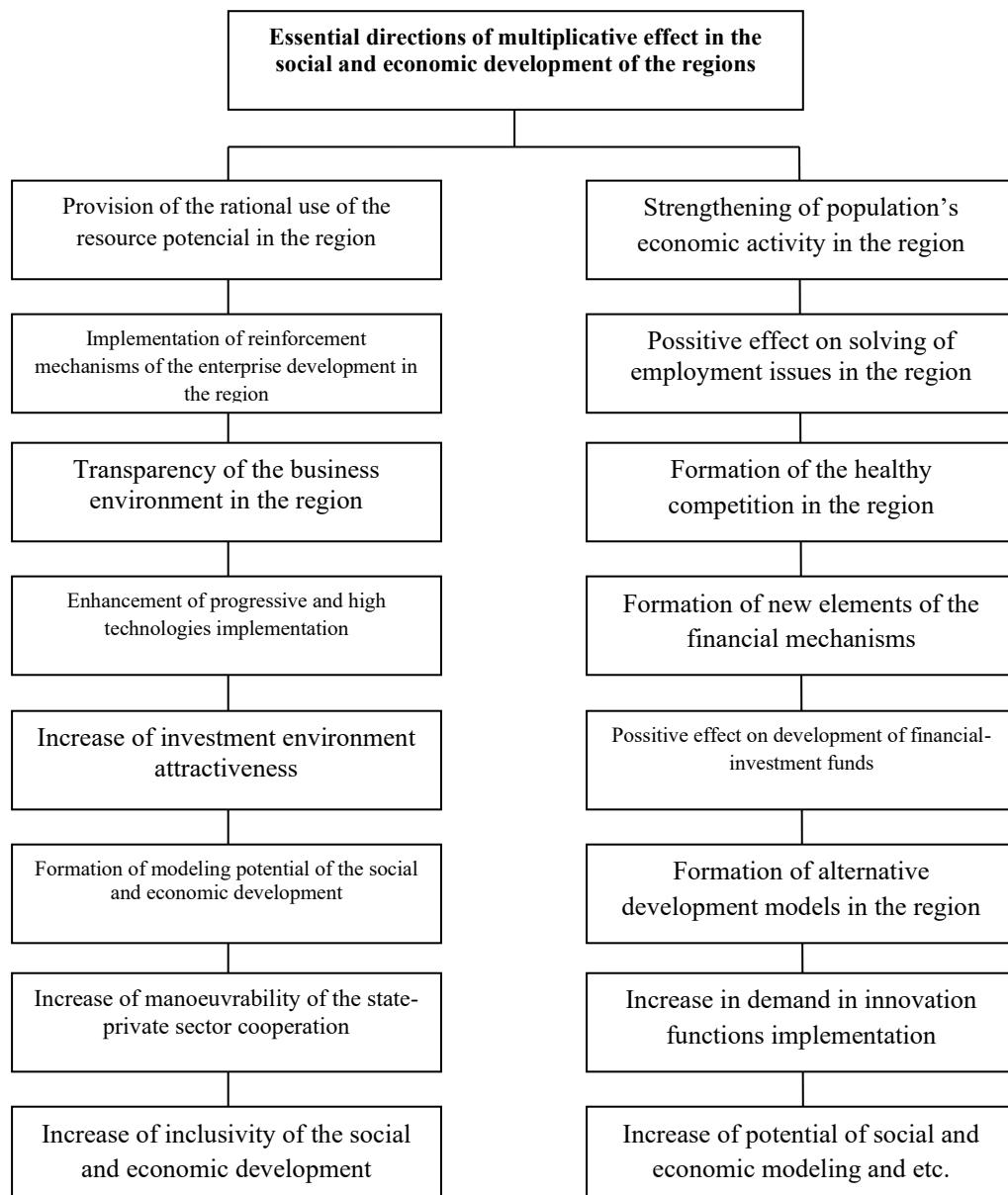
A conceptual approach to the increase of investment attraction and financial resources formation in the region should be provided. The different factors in the regions, the internal and external factors influencing the formation and development of the region should take place adequate to their features in this conceptual approach. It's no coincidence that in spite of the concept of investment is one of the essential category of the market economy, we can observe the quite serious control of it. The source of this variety are the position of both classic and neo-classic, keynesism and neo-keynesism economic schools and contradictions of the modern reality. The representatives of classic political economy consider with big foresight that 'any increase or decrease of the capital will naturally cause the increase or decrease of the industrial activities, the number of production workers, and as result the annual value of products on the land and labour of the country, the real wealth and income of its population' (Smith Adam., 1909–14; 2001). We would like to note that the conception of state regulation of the economics composes the theoretical and methododlogy, and practical base of the investment policy as an essential part of economic policy. J.M. Keynes's point of view on investment which gives proof to the non-compliance of the market in the pure form with social and ecological requirements of the society and the relevance of state regulation of the modern economics, conforms the terminology of the current investment policy the most. Thus, as to the Keynes who notes that investment increase gives an impetus to economic activity, "an investment is a purchase of an old or new property by a person or corporation. In some instances this conception is limited by purchase and sale of paper holdings on stock-market. At the same time, for example, in the purchase and sale of a car or a house it can be referred to the investments in gathering stock of the finished manufactures or uncompleted production" (Keynes M. John., 1936). The diversity of financial supply in the region, creation of sustained and productive finance resources depend on attracting investment in the region. Or the new economic appeals stipulates the enhancement of the economics, abolition of the trans-regional economic differences (Storper Michael, 2011). In a number of developing countries such as China, Mexico, Brazil and India, the issues of abolition of the trans-regional economic differences attracts attention (Venables Anthony J., 2003). R.Capello considers that the power improvement of the local production in the development of the regions and rational use of the advantages of the regions are the important issues (Capello Roberta, 2011). In accordance with the research based on the 125 country's information K.Harshana arrived at an important conclusion that enterprise development plays an importat role in increase of economic potential and economic perspectives of the regions (Harshana Kasseeah, 2016). The complex development of the infrastructure in the regions must be seriously in the highlight (Gren Jörgen, 2003). In addition, the intensity and enhancement of the industrialization in the regions can assert great positive influence on the development of the region and financial investment supply (Otsuka Akihiro, Yamano Norihiko, 2006). From the other side, the effective use of the resources in the regions and also the enhancement of the clusterization will form the potencial of productive influence on the social and economic development of the regions (Florida Richard, 2002) and etc.

We deem it advisable to give preference to the approach of proceeding from real objectivity on the level of regional economic development in Azerbaijan and modern economic appeals in the review of such kind of issues. It is obvious that in this approach all the mentioned above are also considered and generalized. We also considered the different approaches and scientific views in our efforts to form the regional investment policy and to build the structure of its implementation system. We consider that for preparation of the regional development investment policy and its implementation first of all the regional investment policy has to be developed and the factors forming the realization mechanisms have to be determined ad listed in accordance with their importance level, after that the formation levels of the regional investment policy have to be specified, and at last the ways to achieve the goals of regional investment policy have to be chosen (see: Picture 1).



Picture 1. The structure of formation and implementation of the regional investment policy (composed by the author).

As we can see from Picture 1 the factors forming the development mechanisms of the regional investment policy and the mechanisms of realization of this policy, the levels of regional investment policy formation and the ways to achieve the goals of the regional investment policy stipulates the complex and systemic approach to many problems. Implementation of the results oriented directions of the social and economic developments in the regions and modeling of the finance and credit supply in these processes are of important conditions. Increase of competitiveness of the regional economics is especially kept in the center of attention. At the other end of the scale from the point of view of investment attracting and its rational use, more attention should be given to formation of the definite infrastructure and development issues. The finance and credit system plays a huge role in financing of the real sector of the economics (Chaplyuk V.Z., 2006). To create a multiplicative effect of the social and economic development in the regions, the investment activity should possess the necessary development rate and coverage area in the real sector (Be, 2025). Let's review some points stipulating the necessity to review the processes of multiplicative effect creation of the social and economic development in the country regions and strengthening of the national economic security in the unified complex. First of all we should mention that the multiplicative effect is related to investment processes, and these processes are related to the features of investment flows. A multiplicator reflects the interrelation between the national income and investment amounts. As to Keynes a multiplicative effect is stipulated by the interrelation which causes the increase between the national income and investment (Keynes M. John., 1936). By differentiating the factors creating the multiplicative effect from the point of view of the character influencing the investment volume and structure, on the different levels and stages of the economic development the estimation of their place and role demands the complex research. In addition to all mentioned about the multiplicator we would like to note that the fiscal policy instruments, and also taxes and customs duties should be especially mentioned alongside with the factors stipulating the economical growth and influencing the investment value and structure. Generation of a prompt system of the regional economic regulation by means of these tools possess the real opportunities for strengthening the multiplicative effect created by the social and economic development in the regions as it can be seen from the progressive experience (Rasulev, A. F., Shomurodov, T. B., Babajanova, M. R., Abdulkadriya, K. A., Najafov, R., & Asadov, K., 2026). Usually, with consumers' increasing tendency for acquisition, in other words as long as they decrease the intake, the multiplicator also decreases. And conversely, if consumers increase the funds allocated to the intake from the increased income (of course, in this situation the funds directed to the acquisition decrease) the multiplicator also increases. It is hard to agree with the opinion that 'a country with mixed economy can achieve the change of its real national product structure in the direction of capital increase and current consumption decrease in the terms of high employment by provision of the necessary integrity of the fiscal and credit funds policy' (Samuelson P.A., Nordhaus W.D. Economics., 2009). The important directions of the multiplicative effect in the social and economic development of the regions were indicated in Picture 2.



Picture 2. Approximate scheme of important directions of the multiplicative effect in the social and economic development of the regions (prepared by the author).

While reviewing the Picture 2 we will see that the financial investment supply can be evaluated as an important term in realization of each important direction of the multiplicative effect in the regional social and economic development. Thus, organization of the rational use of the resource potential in the region, strengthening of population's economical activity, support of enterprise development, solution to the employment problem, implementation of high technologies, realization of innovative functions, enhancement of "state-private sector" cooperation and finally solution of social and economic problems are directly associated with availability of sustainable and adequate finance and investment supply mechanisms primarily and their further realization.

2.2. The effectivity problems of financial and investment supply of the regional social and economic development in Azerbaijan

As we have mentioned before with the aim of acceleration of social and economic development of the regions in Azerbaijan the state programs of wide format are used actively and consistently. For example, in 2004-2008, 2009-2013 the 1st and the 2nd state programs were realized consistently, and now the state program on 2014-2018 years is in process of realization. In 2004-2008 the increase in state investment volume gives a fillip to increase of infrastructure, communal, social service objects building several times and increase in quality of the service sector (Bagirov N.A., 2014). The most of these measures are directly connected with commissioning of important infrastructure objects. In the framework of the

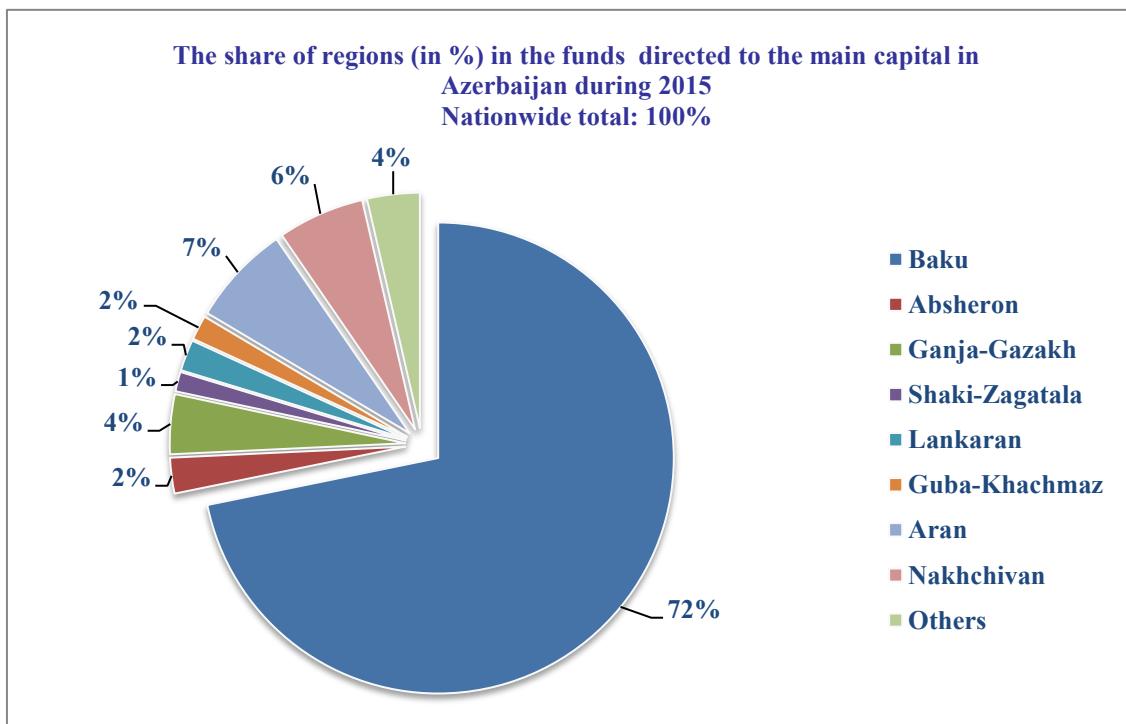
second large state program of the regional economic development in Azerbaijan (2009-2013) the main priority activity directions consisted of modernization of the rural sector in the regions and strengthening of the market infrastructure. Finally, the third large state regional development program which is still in process of realization (2014-2018) first of all is connected with diversification of economics in the regions, development of import replacing areas, increase of production of the export directed and competitive outputs, development of enterprise, and improvement of the business environment. The financial resources for main capital on Azerbaijan regions during 2005-2015, the funds per capita and the share of regions in the total funds are indicated in Table 1 and Picture 3.

Table 1. The funds directed to the main capital on the regions (mln USD) and per capita (USD) in Azerbaijan

	2005	Per capita	2010	Per capita	2015	Per capita
Countrywide	6099,8	713,18	12342,0		15551,1	1602,3
Baku	5390,3	2774,93	8449,3	3680,81	11165,87	5016,55
Absheron	143,25	309,1	148,3	283,6	381,1	683,2
Ganja-Gazakh	73,47	64,60	523,92	44,0	637,75	508,86
Shaki-Zagatala	16,92	30,66	228,6	397,4	209,34	345,4
Lankaran	98,0	124,0	167,7	197,7	332,1	366,7
Guba-Khachmaz	36,2	76,6	692,9	1390,2	262,9	492,3
Aran	123,96	72,13	694,5	400,9	1078,4	549,8
Upper Garabakh	45,0	75,4	105,9	169,7	40,8	617,3
Kalbajar - Lachin	0,73	3,4	0,96	4,1	0,19	-
Mountainous Shirvan	28,0	103,6	228,3	793,1	148,1	480,7
Nakhchivan	133,3	348,9	624,3	1522,4	927,0	2086,0

Note: The table was prepared by the author on the basis of the official information of The State Statistical Committee of the Republic of Azerbaijan: <http://azstat.org>.

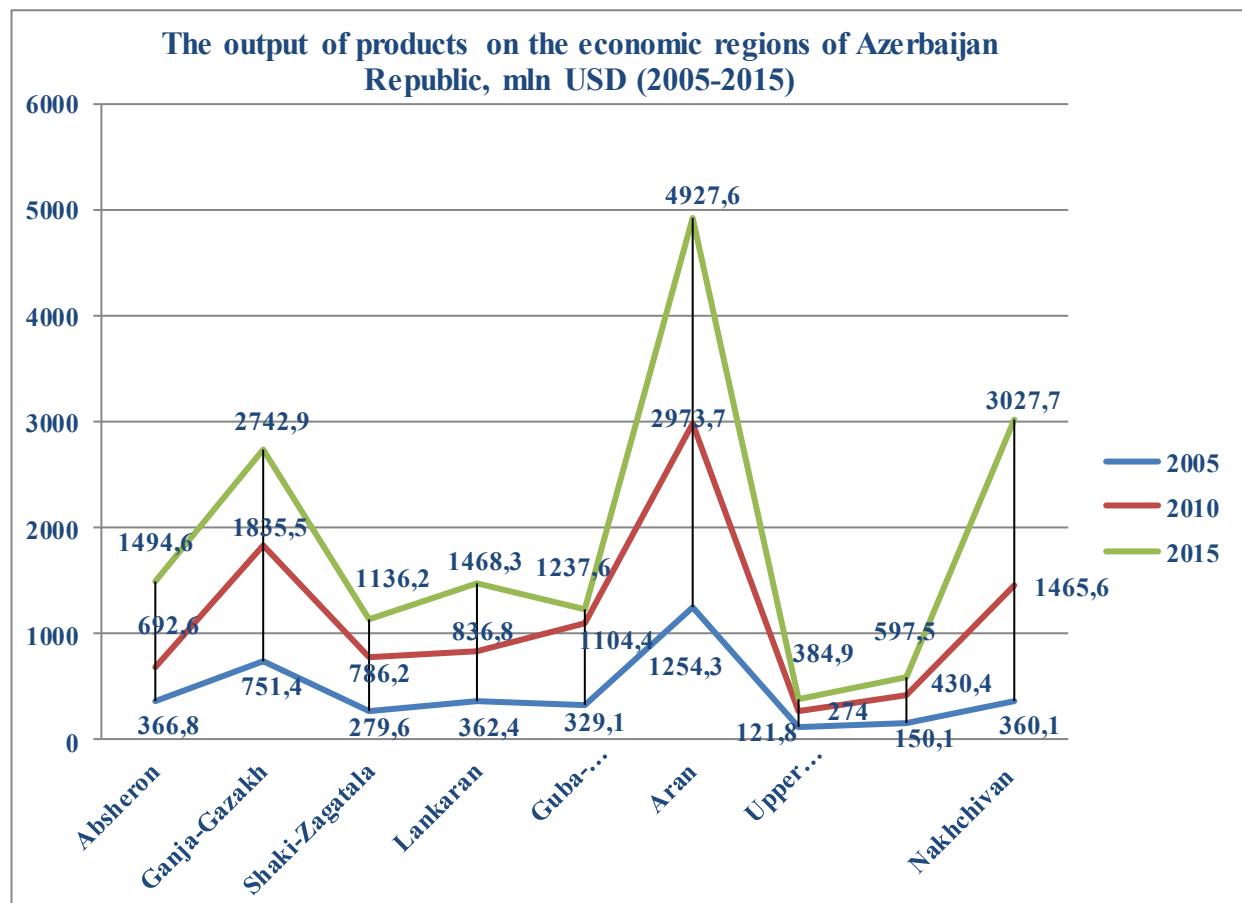
The regions shares in the resources directed to the main capital in Azerbaijan in 2015 were indicated (as %) in the Picture 3. In 2015 as compared to 2005 the share of Aran region increased from 2% to 7%. The share of Baku decreased from 88.4% to 72% at that period. The increase in Nakhchivan region composed from 2.25% to 6%, and in Ganja-Gazakh economic region composed from 1.20% to 4%.



Picture 3. The share of regions (in %) in the funds directed to the main capital in Azerbaijan during 2015 (Prepared by the author on the basis of statistical information).

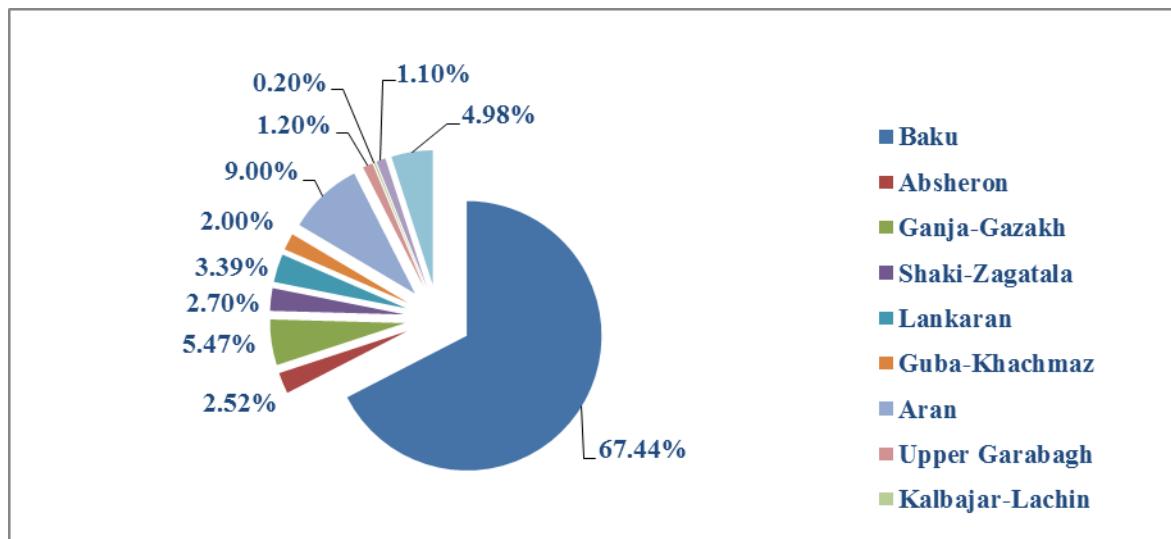
2.3. The analysis of the current state of the regional social and economic development in Azerbaijan

The remarkable thing is that during 2005-2015 in Azerbaijan the dynamism in the regional social and economic development was provided. The output of products on the economic regions of the country is indicated in Picture 4.



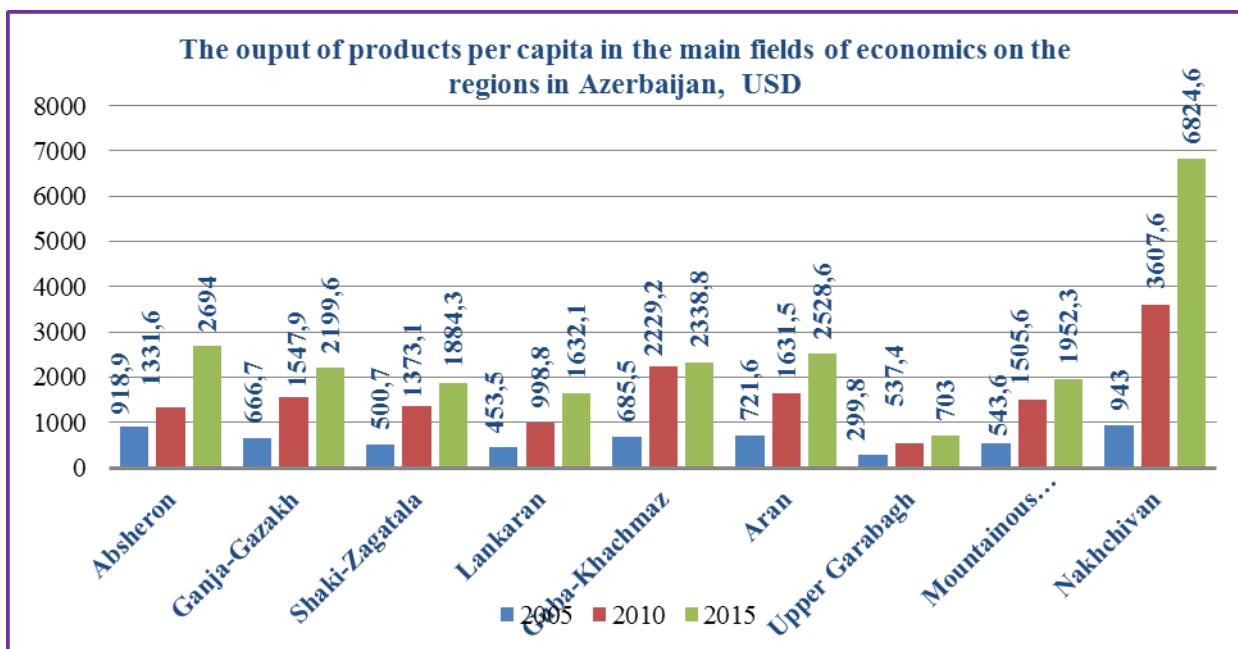
Picture 4. The output of products on the economic regions of Azerbaijan Republic, mln USD (2005-2015).

On the basis of Picture 4 we can mention that during 2005-2015 production of outputs in Aran economic region increased 3.93 times and amounted to 4802,3 mln USD in 2015. During that period the increase in Baku city composed 2.88 times, in Absheron economic region - 4.1, Ganja-Gazakh economic region - 3.65, Shaki-Zagatala economic region - 4.1, Lankaran economic region - 4.1, Guba-Khachmaz economic region - 3.76, Upper Garanagh economic region - 3.16, Mountainous Shirvan economic region - 3.98 and Nakchivan economic region - 8.41 times. As it can be seen, in most economic regions the increase in production of outputs was on the same level (for example, 4.1 times in 3 regions). In Picture 5 there are indicated the shares of economic regions in the production of outputs in 2015.



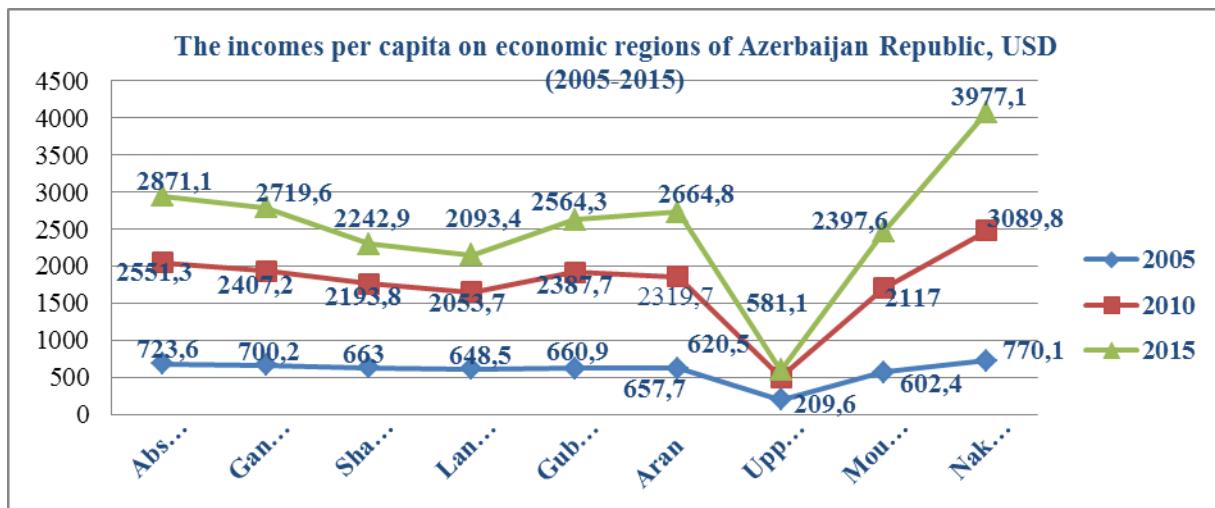
Picture 5. The share of economic regions in the output of products in Azerbaijan in 2015 (as %; total 100%).

The output of products per capita in the main fields of economics on the regions in Azerbaijan in 2015 is indicated in Picture 6.



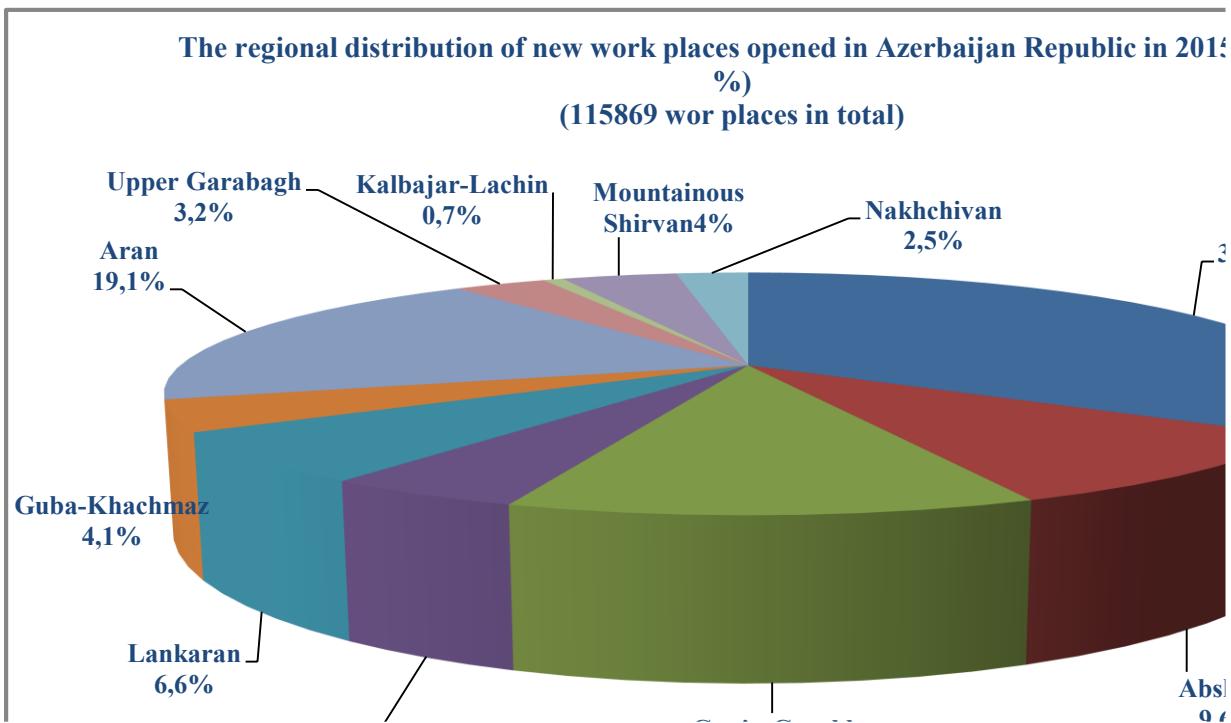
Picture 6. The output of products per capita in the main fields of economics on the regions in Azerbaijan in 2005-2015 (in current costs, USD)

The incomes per capita on economic regions of Azerbaijan Republic (2005-2015) are indicated in Picture 7.



Picture 7. The incomes per capita on economic regions of Azerbaijan Republic, USD (2005-2015).

The regional distribution of new work places opened in Azerbaijan Republic in 2015 is indicated in Picture 8.



Picture 8. The regional distribution of new work places opened in Azerbaijan Republic in 2015, as % (115869 work places in total).

It is worth to note that the objective review and evaluation of the factors stipulating the strengthening of financial and investment supply of the regional social and economic development in Azerbaijan in present time is of great importance. Thus, the strengthening of finance and investment supply in the regional economic development model in Azerbaijan requires the complex review of a group of issues and substantiation of the factors caused by this. Alongside with macroeconomic problems of the finance and investment supply improvement the development and realization of the optimal variant of the financial and investment policy in the regions, especially the models taking into consideration the specific development tendencies in the regions is very important (Mammadova G.G., 2012; Borey B., 2025). Defining the priorities of regional economic development the real situation on the available between the regions financial and investment, natural resources, material and technical, infrastructure and staff potential should be objectively evaluated, and the social economic development programs adequate to the different advantages of each region should be prepared, the financial and investment supply of these programs should be measured and planned (Gadzhieva N.G., 2015; Le Hong Giang D. 2025). The orientation of mutual relations between a region and the center on the productive activity directon

and the active participation of the center in the objective determination of the financial investment supply in increase of the regional repeated production volume are the important terms in modeling of regional economic development processes. In all cases turning on the ‘green light’ to the intensive flow of financial investment resources from the center to the regions is considered to be very important. The swear by the regional economic development of the central government, keeping the regional problems in the center of attention created the conducive conditions for strengthening of the necessary financial and investment supply alongside with making positive impact on realization of the regional economic development programs. In present time one of the most important problems of the regional economic development consists of reaching the sustainable growth in both economic and social field in this direction. With this aim to achieve the economic rationality in the regions the rational use and arrangement of the resource and production potential, creation of the network of competitive enterprises in the regions, abolition of maladjustments in the regional development processes, in other words transregional development disparities, the social justice and economic progress in the regions, improvement of social standard of living should be provided (Le Hong Giang D., 2025). The financial planning and forecasts on the regions are of great importance in realization of strategic approach to the financial and investment supply of the regional social and economic development. In Azerbaijan the process of financial planning on the regions is multiple-stage process. On the basis of these standards the salaries expenses in the regions, the electric and telecommunication expenses are determined, and the tax process of the regions is defined in the process of state budget implementation (Khakimova Y.A., 2014). Against the global economic appeals and in the context of transformation of the global economic processes today the necessity of searching of new and more effective mechanisms of social and economic development management appeared in Azerbaijan (Huseynova Kh.M., 2010). In this context the elimination of differences of the regional social and economic development levels is considered to be one of the priority directions of regional development, and as a result the model of regional financial and investment supply should be developed and implemented. It is known that in the terms of market relations the financial supply is paid by the investments funded by this or another resource (Ahmedzadeh A.H., 2010; Rasulev, A. F., Shomurodov, T. B., Babajanova, M. R., Abdulkadriya, K. A., Najafov, R., & Asadov, K., 2026). From this point of view the maximum rational ways of strategic approaches of financial and investment supply of the regional social and economic development in Azerbaijan in the short and long terms have to be found. The role of finance and credit organizations in the regional enterprise and business development should be enhanced, the adequate development model of the regional enterprise should be built and in general the financial and investment model of the regional social and economic development should be developed.

3. Conclusion

What do we have in conclusion of the issues reviewed in the article? What is barring and missing the financial and investment supply of the social and economic development in the regions of Azerbaijan? It would be expediently to determine the adequate approach to these questions and directions of practical activity. First of all we should note that the available mechanisms of the financial and investment supply of the regional social and economic development are known: they consist of privileged credits, investments directed to the regional enterprise development, main capital investment, resources, equipment and etc. allocated via leasing. But in each established state program it was prescribed to use the non-budgetary foundation, foreign investment, foreign enterprises resource, financial resources of international organizations and foreign states as funding resource alongside with the state support and state resources for strengthening the regional financial and investment supply. Unfortunately in connection with this the real measures are on very low level. It must be acknowledged that the active attracting of the foreign investments into Azerbaijan regions, organization of foreign investors’ joint activity is still inadequate and many measures have to be taken in this field. The government put a lot of efforts to enterprise development and financial investment supply of the social and economic development in the regions, but the most (80-85%) enterprises and private farms operating in the regions consist of small enterprises. Generally on the assumption of modern reality of the social and economic development in the regions it is possible to achieve the following results:

- The social and economic development of the regions in Azerbaijan and the revision and modeling of the financial and investment supply of the development program connected with this is important;
- In the regions of the country there is no finance and credit organizations, finance and investment funds, finance and industry group operating with independent balance and activity program. Generally such kind of finance and credit organizations were centered in capital city – Baku;
- After the devaluation of the local currency-manat the activity of non-bank finance and credit organizations in the regions decreased and this situation made the financial and investment supply in the regions more complex;
- The enterprises and private farms in the regions have no practical experience in state support mechanisms and privileged credits, and also in searching and attraction of financial and investment resources alternative to subsidies, this means that in this field the measures on raise interest of regional subjects to the educational measures and active participation in the international financial and investment cooperation should be purposefully organized in a complex and system manner;
- With the aim of strengthening the financial and investment supply of the social and economic development in the regions the financial and investment organizations and companies creation should be stimulated and arranged in such formats as ‘Regional development funds’, ‘Regional finance and investment funds’, ‘Regional investment development banks’, ‘Regional financial and industrial groups’, ‘Regional agro-industrial companies’ and etc., and the companies, banks, investment funds which possess global experience in the similar spheres should be attracted in this processes. To organize these measurements the international tenders should be held, the concrete financial and investment supply projects should be prepared, the foreign financial and investment companies should be attracted purposefully. Alongside with the local

resources and domestic investments, the mechanism of intensive bringing of the foreign investments to the regions of the country should be implemented and etc.

Ethical Considerations. This study was conducted in accordance with accepted academic and research ethics standards. The research does not involve human subjects, personal data, or confidential institutional information. All sources used in the analysis are properly cited, and the study respects principles of academic integrity, objectivity, and transparency.

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