

## FOREIGN EXPERIENCES OF EFFECTIVE MEASURES OF FINANCING THE ACTIVITIES OF AGROCLUSTERS

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A B S T R A C T	K E Y W O R D S
this article highlights the international experience of financing the activities of agroclusters. The article examines the situation and experiences of financing agroclusters in developed countries. The practice of financing agroclusters in Germany is considered.	agrocluster, financing, financial situation, agriculture, food security, resource, credit, subsidy, grant, subsidy

In the current period, the development of any country is measured by the potential of its enterprises and the degree to which these enterprises can fully use the resources available in the country. Especially in the period of rapid increase in the demand for food products in the world and ensuring food security among countries, rational use of available agricultural resources is in the main place. Who will have to be prepared to face the risks if he cannot fully use his opportunities in this process. The sudden increase in food prices is causing impoverishment of some countries of the world. This has a negative impact on the state of the social system in the country and destroys development opportunities. Wars and unrest in the world require every country to use its resources wisely and efficiently, and to ensure the stability of the economy. In this case, the main focus is on the implementation of projects that will take into account all the opportunities in the agrarian sector, provide the industry with constant resources, increase the employment of the population, and increase the income of the population. Most of the countries of the world consider these opportunities in the clustering of the agricultural sector. Clustering of industries is carried out through the process of clustering carried out in the country. Clustering provides an opportunity to increase the competitiveness of the national economy. Clustering is well developed in the USA, Germany, Italy, Great Britain, France, and has completely taken over the economy in Denmark, Finland and Sweden. Cluster Policy - is a set of measures aimed at increasing the competitiveness of the country in the production of agricultural products at the international level by encouraging the development of clusters in the agricultural sector in the country.

Policy of agricultural clustering is divided into " *top-down* " and " *bottom-up* " types. When national or regional authorities take the initiative to implement the cluster policy, in accordance with its "top-down" type, this policy is usually implemented in relation to the group of enterprises forming industry clusters that participate in the added value chain of the formation of various products and services at the state level. Finland, the Netherlands and Denmark are clear examples of this type of cluster policy.

When self-government bodies, local associations of entrepreneurs or local government bodies take the initiative in the implementation of cluster policy, it corresponds to the "bottom-up" type of cluster policy.

In most countries of the world, agriculture is financially supported by the state. But special attention is paid to the organization of financing at the level of market requirements. In the developed countries, the development of agriculture has been created through the organization of agroclusters and cooperatives. The concept of cluster and the concept of cooperation have different appearances.

A cluster is a system of agrarian, industrial and other related enterprises united in a single technological chain <sup>1</sup>. At the center of the clusters is a large production enterprise, the agricultural products are fully processed, and the finished products are sent to the domestic and foreign markets. Agricultural cooperative does not have such a system.

Agricultural cooperative means an organization established by farmers who are producers of agricultural goods, dekhon farms, and homestead land owners to meet their material and other needs for joint production or other economic activities on the basis of voluntary pooling of property contributions <sup>2</sup>.

Agricultural cooperation was established in Europe mainly in France. Germany is the leader in Europe in the organization and financing of agroclusters. A cluster platform (Clusterplattform) was created in Germany. Part of it is financed by the state. The system of financing agroclusters is very well established in the German state of Bavaria. Cluster Offensive Bavaria was launched in 2006 and currently supports a remarkable 17 cluster platforms <sup>3</sup>. In Germany, clusters operate in almost all sectors (construction, industry, transport and agriculture). The agricultural and food industry in Bavaria is the most sought-after branch of Germany, with sales of 100 billion euros and more than 700,000 jobs <sup>4</sup>. With this indicator, it takes the highest place in Europe. The importance of agroclusters in this area is very important, and now the state is spending a lot of money on digitizing their activities. There is a shortage of workers for seasonal jobs in agriculture. Most of the workers in Germany are seasonally attracted from Ukraine, Belarus, and Turkey.

Emergence of clusters is a result of mutually beneficial relations, the merger of enterprises doing business in a geographical area, coming into a single system, and he is very right.

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<sup>1</sup> Rakhmatov M.A., Zaripova B.Z. Cluster – integration, innovation and growth. T.:Zamin edition 2018 page 19

<sup>2</sup> Burkhanov A. Umuraliev O. Issues of improvement of organizational and structural mechanisms of development of cooperative relations in agriculture. // Agro science. Issue #2 2020. Page 109

<sup>3</sup> S luster offensive Bayern . Bayerisches Staatsministerium für Wirtschaft, Landesentwicklung und Energie . 2020. Page

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<sup>4</sup> S luster offensive Bayern . Bayerisches Staatsministerium für Wirtschaft, Landesentwicklung und Energie . 2020. 2 p. 6

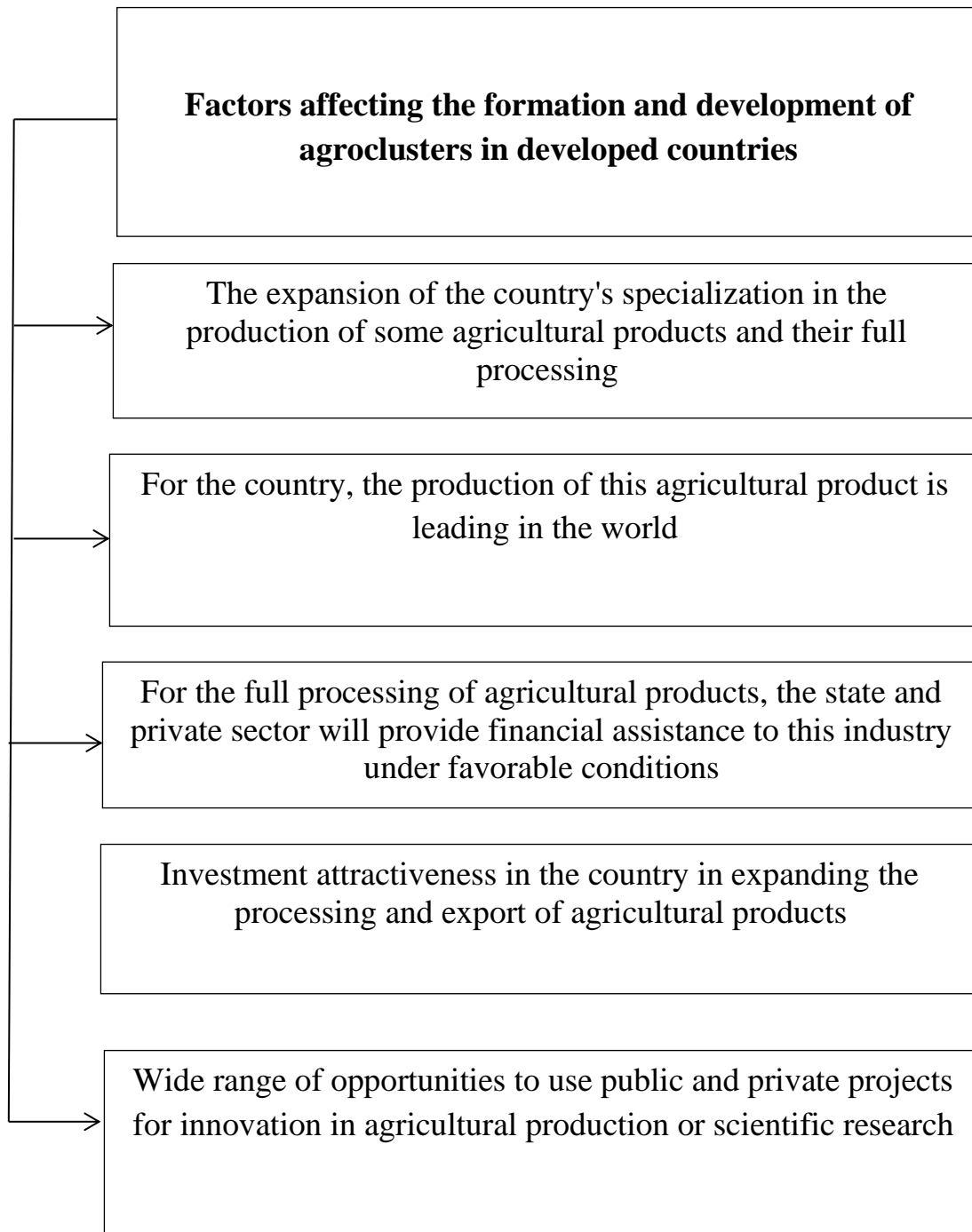


Figure 1. **Factors affecting the formation and development of agroclusters in developed countries<sup>5</sup>**

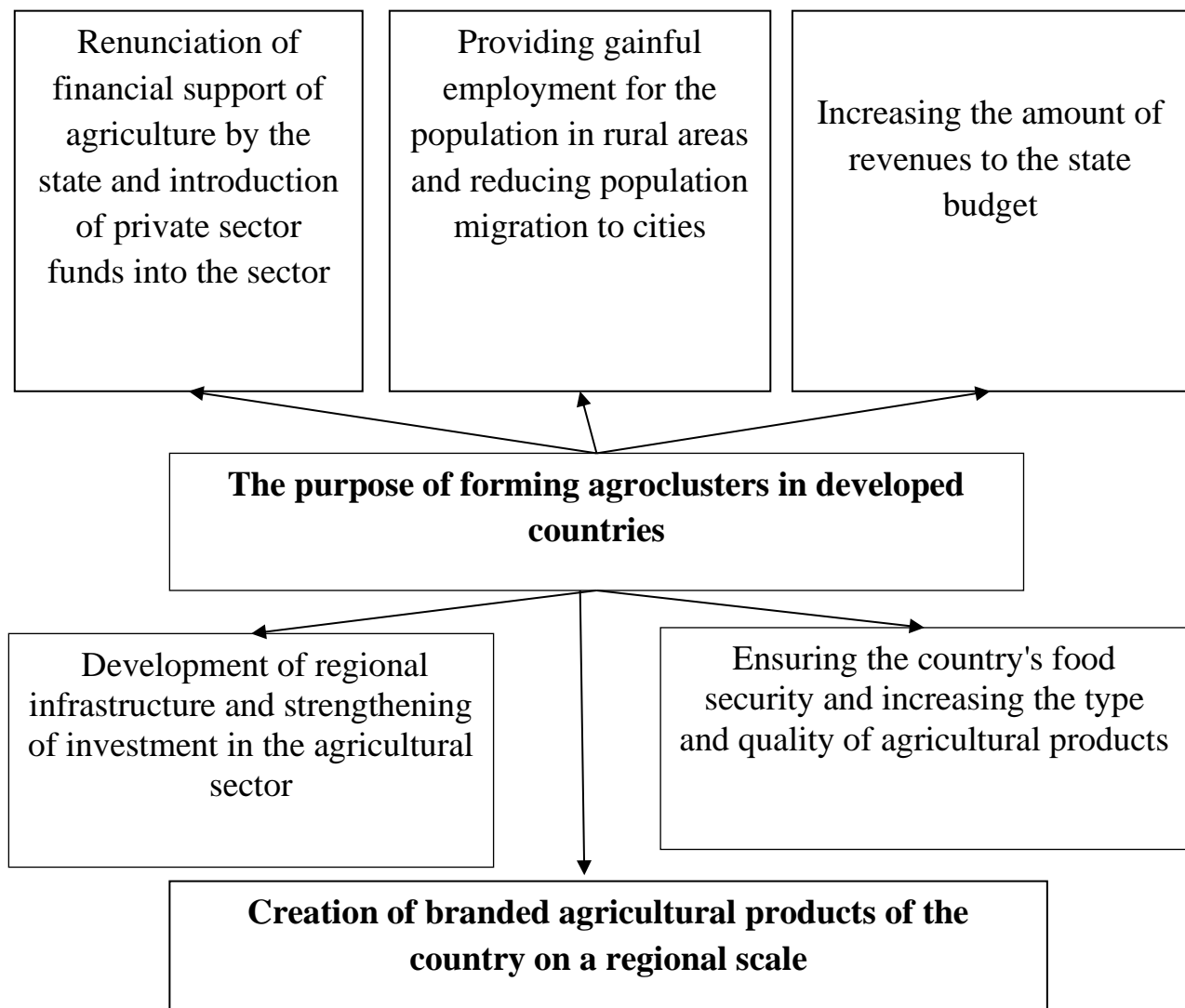
In Europe, agroclusters emerged at the highest level of the stage of increasing development. Most foreign countries , "the geographical location of related companies forms cluster structures understood as specialized producers of finished goods and services suppliers, companies engaged in related industries and organizations related to their activities, but at the same time the main partnership is to obtain additional benefits"<sup>6</sup>

<sup>5</sup> It was done by the author based on the experience of the formation of agroclusters in developed countries

<sup>6</sup>Porter M. Competition / Per. English — M.: ID "Williams", 2005. — 682 p.

The formation of agroclusters in our country will bring the financing of the agricultural sector to a new level. It increases the income of the population and increases the investment potential of the agricultural sector. It will fundamentally change the financing of agriculture. As in developed countries, private sector funding will increase. As a result of the expansion of agroclusters, the products grown by farmers and households in Uzbekistan, as well as in developed countries, are involved in processing and production of finished products. This increases the production of products by the population and its provision to agroclusters under agreed conditions. The income opportunities of the population will also increase.

Experiences of developed countries show that clusters have a very high role and importance in ensuring socio-economic development, increasing investment activity, and producing competitive goods . Agrocluster structures are successfully working in the light industry of Switzerland, Austria, Italy, Denmark, India, Korea, Pakistan, China and Turkey, in the chemical and engineering industries in Germany, and in the food and cosmetics industries in France. The process of forming clusters is becoming more active in South-East Asia, China, Singapore, Japan and other countries



2 pictures. The purpose of forming agroclusters in developed countries

According to the European Cluster Observatory, today there are 2101 clusters in 28 countries in Western and Eastern Europe in various sectors of the economy, employing a total of 42 million employees. At the same time, 11.5 percent of them work in the agro-industrial complex, and 4.5 million people are employed<sup>7</sup>. European countries managed to create a platform of clusters together. This increased the volume of production and ensured the competitiveness of the European economy. Clustering is in the interest of all countries in Europe. In 2021, according to the specialization of agricultural clusters in the European Union by the European cluster cooperation platform, agro-textiles (37), agro-tourism (22), energy-industry (35), creative-digital (19), healthcare (21), divided into 7 groups such as electronics-mobility (17) and non-specialized-diversified (50)<sup>8</sup>

According to the data, clusters occupy a very high share of employment in European countries. In addition, clusters have a significant role in tax payments to the state budget of countries. Funding of agroclusters is established in the Netherlands in a unique system. The Netherlands is the leading country in Europe that exports agricultural products to the whole world. The most priority areas of agroclusters are financed by the state. Scientific research and innovation in agriculture are these priorities. In addition, agroclusters producing environmentally friendly agricultural products in Europe are also financed by the state. The financial resources of the state are also involved in the projects implemented in order to improve the infrastructure of the rural areas and ensure the employment of the population.

The following financial sources are used to finance agroclusters in developed countries:

- 1) from the internal financial resources of the agrocluster. In most of Europe and other developed countries, all current costs of agroclusters are financed by their internal financial resources. The most developed clusters in the agricultural sector operate almost entirely on their own financial resources. Due to the increase in the volume of financial resources, agroclusters have the opportunity to invest in other sectors of the economy and diversify the sources of formation of financial resources. This practice is typical for agroclusters in the Netherlands, Germany, and the United States.
- 2) From the sources of targeted financing allocated by the state to agroclusters or from the resources of the state budget. Taking into account the specific characteristics of agriculture, in some developed countries, the state allocates resources to the current and investment costs of agroclusters on favorable terms. State resources are allocated to clusters in the form of grants and subsidies. Such forms of financial assistance are mainly directed to the processes of harvesting agricultural products without damage. Sometimes, such state resources are given in order to maintain the price of agricultural products in the domestic market at a set level, and not to plant crops on the land of agroclusters (France, Germany). That is, the state allocates a subsidy for not planting crops on a certain area of the farm. This agrocluster reduces the volume of production and prevents the prices of agricultural products from falling too much in the domestic and foreign markets.
- 3) From the funds of various special purpose funds, funds that finance the projects of agroclusters in the scientific field. Scientific works and innovative activities carried out in Europe and the USA are financially supported by various non-governmental, non-commercial funds. If such scientific research and development is carried out in the agrocluster activity, this scientific development will be financed

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<sup>7</sup> <http://www.clusterobservatoru.eu> site information

<sup>8</sup> Franco S., Murciego A., Salado J., Sisti., Wilson J. European Clusters Panorama 2021: towards a resilient economy. Available at: [https://clusterscollaboration.eu/sites/default/files/2021-12/T1.1\\_D1.02European Cluster Panorama Report final. Pdf/](https://clusterscollaboration.eu/sites/default/files/2021-12/T1.1_D1.02European%20Cluster%20Panorama%20Report%20final.Pdf/)

by the targeted funds. This scientific development must have a positive effect on the activity of the agrocluster, increase the quality and quantity of the product, and bring benefit to the society in general. Such activity is very effective in the Netherlands. Communication between agroclusters and scientific research institutes is organized in this order. Almost such scientific developments serve the activity of agroclusters and increase their income.

4) Financing the activities of agroclusters at the expense of bank credit resources. Bank credit is needed by all entities operating in the economy. Because there are interruptions and shortages in financial resources during the activity. In financing the activities of agroclusters, bank loans are also attracted by the clusters when there is a need for financial resources. However, it should be taken into account that bank loans are provided on favorable terms to enterprises operating in agriculture in developed countries. Such favorable conditions certainly apply to agroclusters.

In developed countries, financing of agroclusters activities is financed by the state within the framework of the established programs when the cluster activities are organized. Clusters are the main tax payers to the state. The development of this activity is of great importance for the country's economy and forms the sources of state budget revenues. The strong influence of science on the agricultural sector serves to further develop the activity of agroclusters and increase the level of profitability in the agricultural sector. Taking this into account, Germany, the Netherlands and other developed countries support the activities of agroclusters. During the next 40 years, developed countries formed a large school of experience in the process of organizing and financing the activities of agroclusters. This process is causing the agricultural sector to become one of the most profitable sectors in the economy. Since agroclusters are the main entities that provide employment to the population living in rural areas, the state also achieves the improvement of the infrastructure of the areas by allocating funds to their activities. Employment and profitability of the population in the regions will increase due to the establishment of agroclusters.

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