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PRACTICE OF FINANCING AGRICULTURAL AGROTECHNOLOGIES IMPROVING

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Abstract

Agriculture remains one of the most important sectors of the global economy, playing a crucial role in ensuring food security, creating employment opportunities, and supporting sustainable economic development. The rapid development of innovative agricultural technologies has significantly transformed agricultural production by increasing productivity, improving product quality, reducing environmental impacts, and promoting efficient resource utilization. Despite these advantages, many agricultural producers, especially small and medium-sized farms, continue to experience financial constraints that limit their ability to adopt modern agrotechnologies. Therefore, improving the practice of financing agricultural agrotechnologies has become a strategic priority for governments, financial institutions, and international development organizations.

Keywords: agricultural finance, agrotechnologies, agricultural innovation, financial mechanisms, investment, agricultural insurance, digital finance, sustainable agriculture, green finance, rural development.

Introduction

The purpose of this study is to analyze the existing mechanisms for financing agricultural agrotechnologies, identify the major challenges affecting investment

in agricultural innovation, and develop recommendations for improving financial support systems. The research is based on a review of international experience, scientific literature, and policy documents related to agricultural finance and technological innovation.

Modern agrotechnologies include precision farming, digital agriculture, smart irrigation systems, drone technologies, automated machinery, climate-smart agricultural practices, biotechnology, and renewable energy solutions for agricultural production. These technologies enable farmers to optimize the use of land, water, fertilizers, pesticides, labor, and energy while increasing productivity and reducing production costs. However, the acquisition and implementation of these technologies require substantial financial investment, which is often beyond the financial capacity of many farmers.

One of the major challenges in financing agricultural technologies is the limited availability of affordable credit. Commercial banks often consider agricultural lending highly risky because of climate uncertainty, fluctuating market prices, production risks, and insufficient collateral provided by farmers. Consequently, agricultural producers frequently face high interest rates, strict lending conditions, and short repayment periods that discourage long-term investment in innovation.

Government intervention plays a significant role in improving access to agricultural finance. Many countries implement preferential credit programs, subsidized interest rates, tax incentives, grant schemes, and guarantee funds to reduce financial barriers for farmers. These measures encourage investments in advanced agricultural technologies and stimulate sustainable rural development.

In addition, international organizations such as the Food and Agriculture Organization (FAO), the World Bank, the International Fund for Agricultural

Development (IFAD), and regional development banks provide financial and technical assistance to strengthen agricultural innovation systems.

Agricultural insurance is another important financial instrument that supports technological development. Insurance products reduce production risks associated with droughts, floods, pests, diseases, and other natural disasters. Effective insurance systems increase farmers' confidence in investing in innovative technologies by minimizing potential financial losses. Similarly, leasing services enable farmers to obtain modern agricultural machinery without making large initial investments, thereby improving access to mechanization.

Digital financial technologies have also created new opportunities for agricultural financing. Mobile banking, digital payment systems, online lending platforms, financial technologies (FinTech), blockchain applications, and digital credit scoring simplify access to financial services for rural populations. These innovations reduce transaction costs, improve transparency, and increase financial inclusion among farmers.

Public-private partnerships represent another effective mechanism for financing agricultural modernization. Cooperation between governments, commercial banks, private investors, agricultural cooperatives, technology companies, and research institutions facilitates knowledge transfer, investment mobilization, and technology dissemination. Such partnerships contribute to the development of sustainable agricultural value chains and strengthen the competitiveness of the agricultural sector.

To improve financing practices, several policy recommendations should be implemented. Governments should expand concessional lending programs for innovative agricultural projects and establish specialized agricultural development funds. Commercial banks should introduce flexible lending products specifically designed for agricultural producers, while expanding risk-

sharing mechanisms through guarantee funds and insurance schemes. Greater investment should also be directed toward digital financial infrastructure and financial literacy programs that help farmers effectively manage financial resources and investment decisions.

Furthermore, strengthening institutional cooperation between universities, research centers, extension services, financial institutions, and agribusiness companies will accelerate the commercialization and adoption of innovative agricultural technologies. Environmental sustainability should also become a priority through green financing mechanisms that encourage climate-smart agriculture, renewable energy use, efficient irrigation systems, and environmentally friendly production methods.

In conclusion, improving the practice of financing agricultural agrotechnologies is essential for achieving sustainable agricultural development, increasing productivity, enhancing food security, reducing rural poverty, and strengthening national economic growth. Diversified financing mechanisms, supportive government policies, digital financial innovation, agricultural insurance, and effective public-private partnerships will significantly improve farmers' access to modern technologies and ensure the long-term competitiveness of the agricultural sector.

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