



EURASIA
PARTNERSHIP
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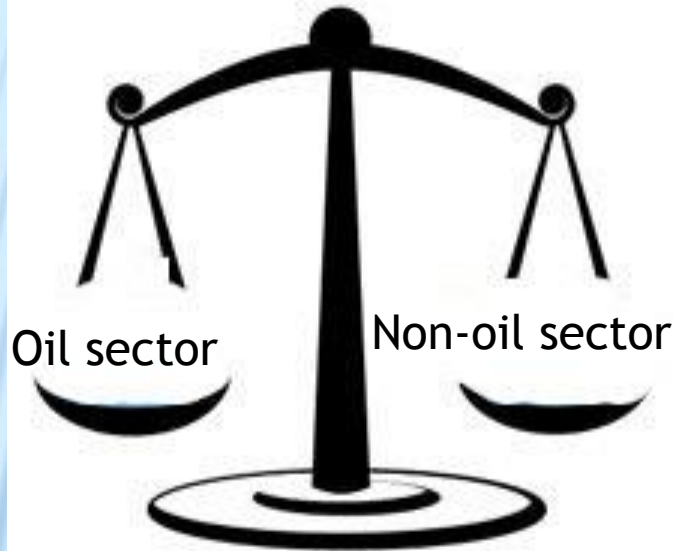
HOW TO INCREASE THE PRODUCTIVITY OF AGRARIAN SECTOR IN AZERBAIJAN

Gunay Balashova

Junior Research Fellowship Program, 2013-2014

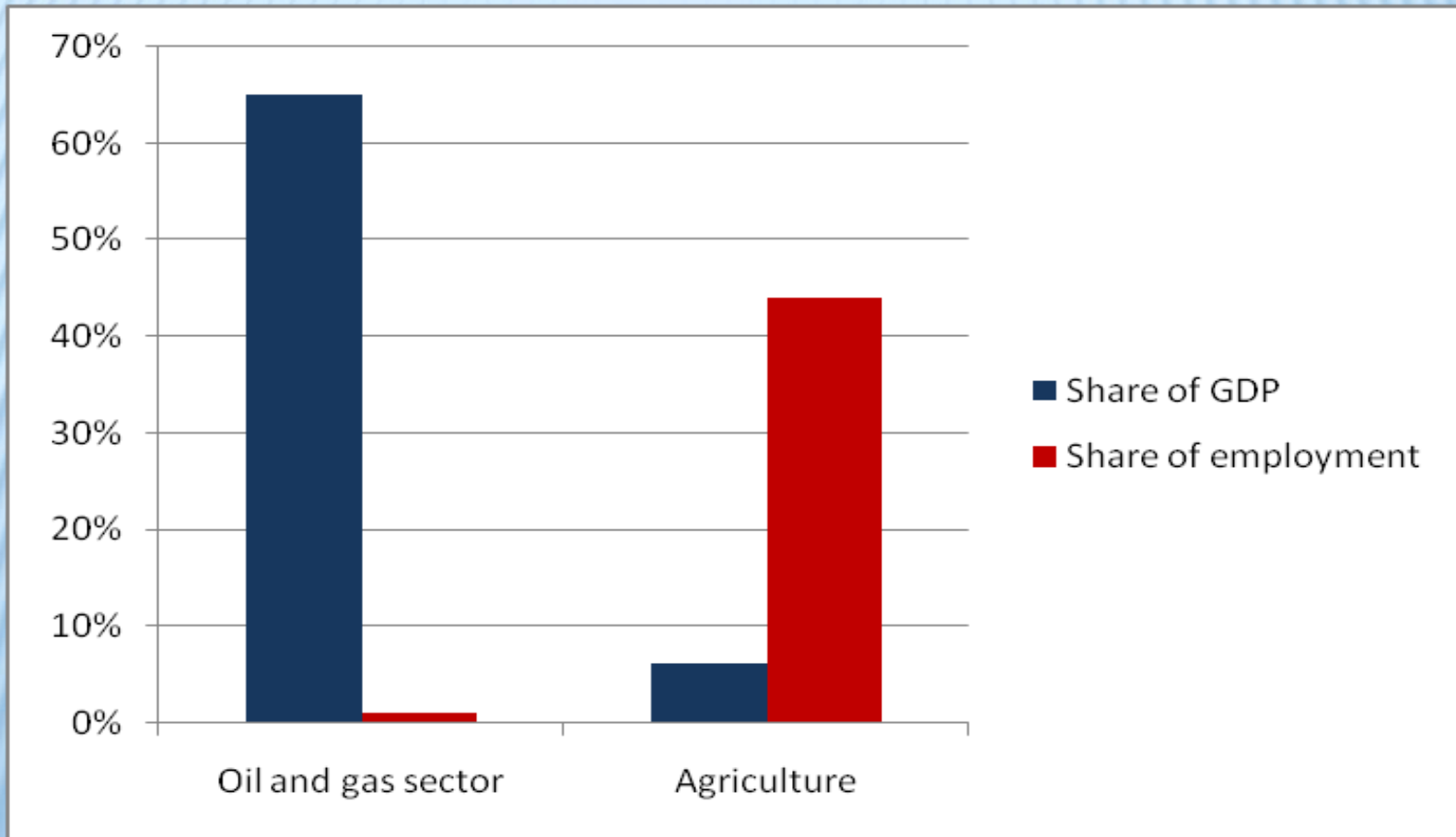
ECONOMY OF AZERBAIJAN

Depletion is expected in the forthcoming years



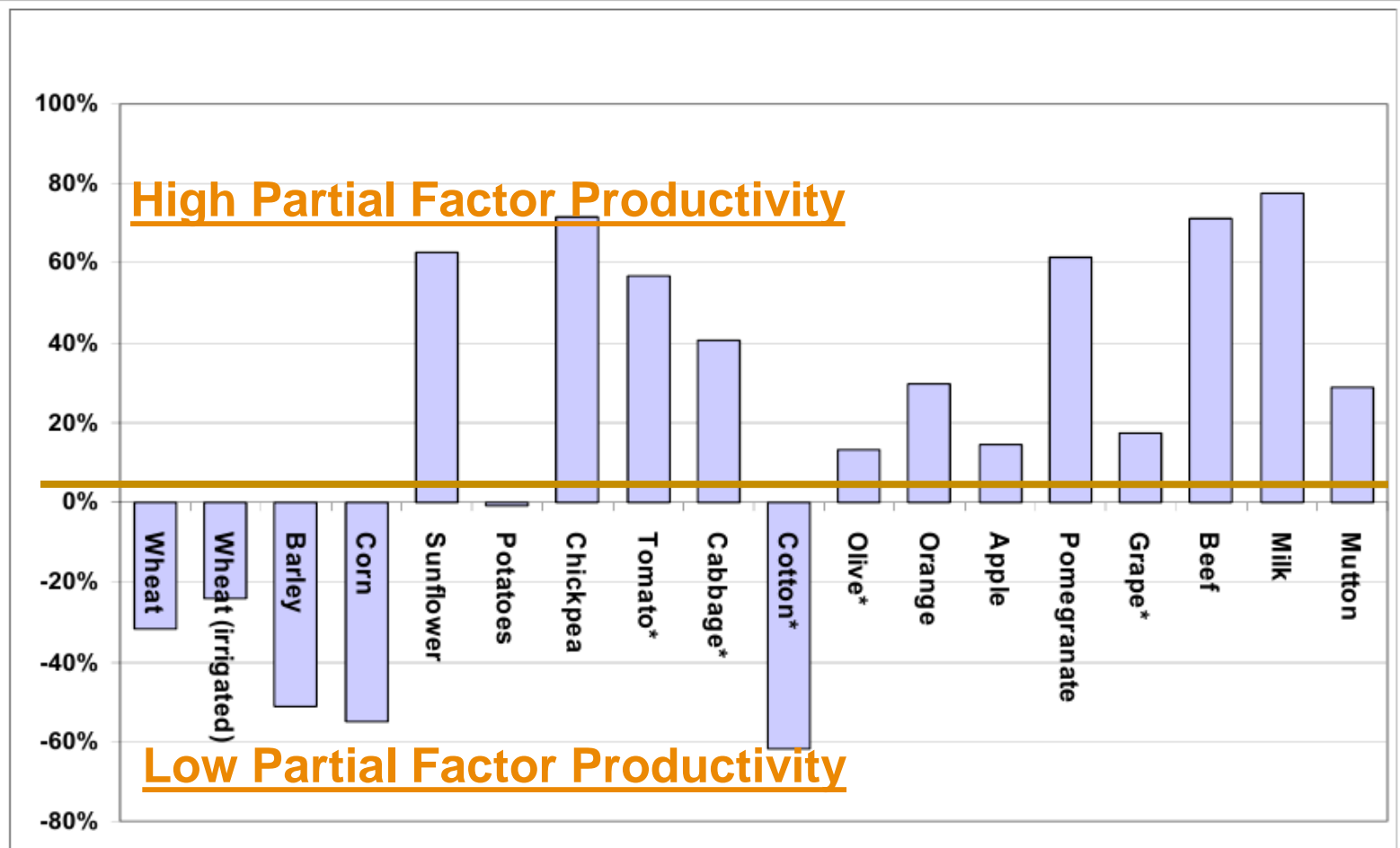
Agriculture is major part of it

SHARES OF OIL PRODUCTION AND PROCESSING AND AGRICULTURE IN GDP AND EMPLOYMENT, % (2011)



Source: Development of non-oil sector.
web: www.zerbaijan.com

COMPARATIVE ADVANTAGE IN AGRICULTURAL SECTOR OF AZERBAIJAN



Source: calculated from the DRCs in the PFP, op. cit.

MAJOR STATE PROGRAMS FOR DEVELOPMENT OF AGRICULTURE

- ✘ The State Program of Socio-Economic Development of the Regions of Azerbaijan, 2009-2013
- ✘ The State Program of Poverty Reduction and Sustainable Development, 2008-2015
- ✘ The State Program on the reliable food supply of population in the Azerbaijan Republic, 2008-2014

AZERBAIJAN IMPORTS APPROXIMATELY 50% OF AGRICULTURAL PRODUCTS

Any changes in prices in the global market will affect Azerbaijan

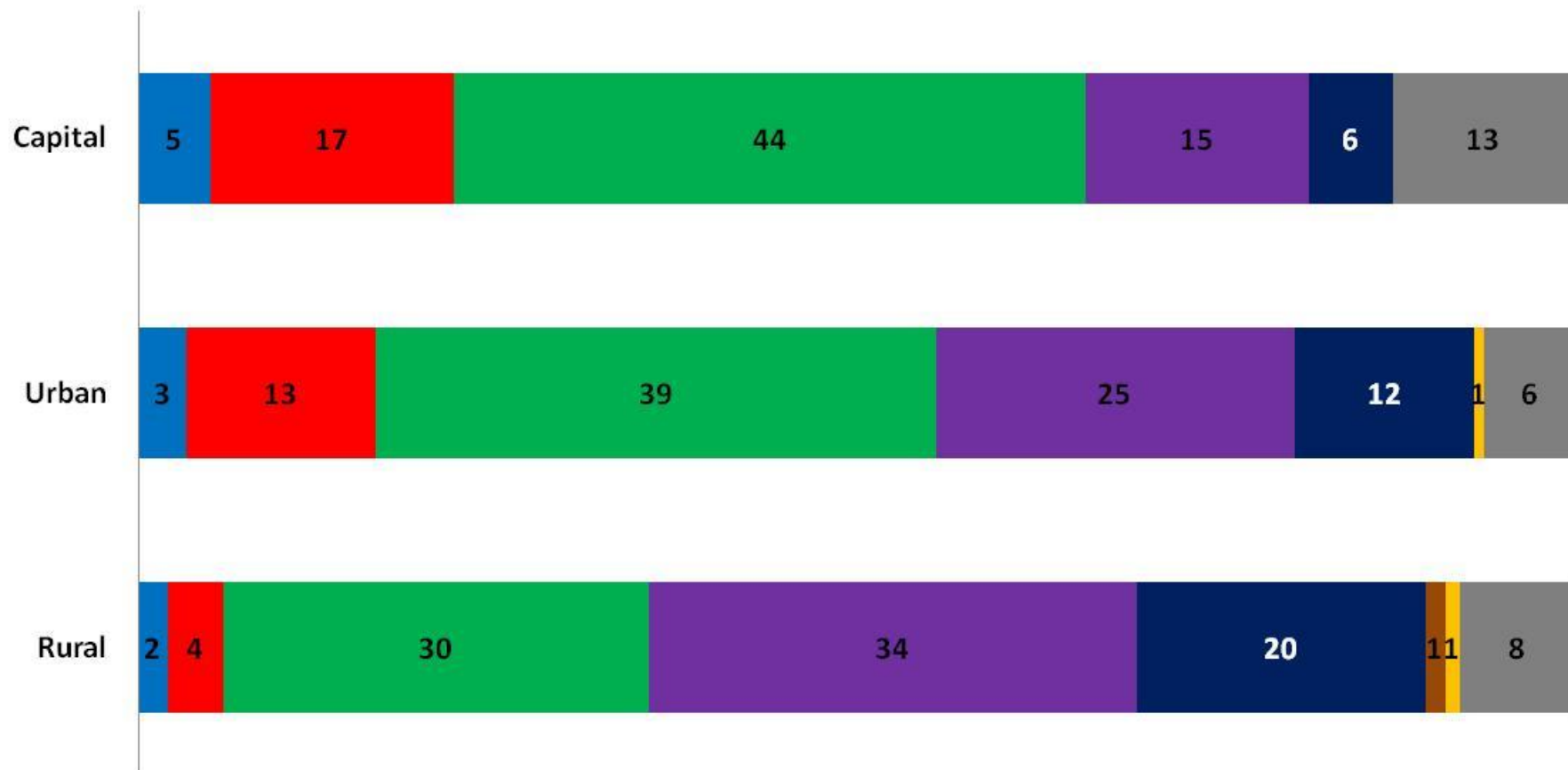


INCOME DISPARITY IN RURAL/URBAN AREAS

AZERBAIJAN

Household monetary income last month by settlement type (%)
CB2013

- More than AZN 960
- AZN 641 – 960
- AZN 321 – 640
- AZN 201 – 320
- AZN 81 – 200
- AZN 41 – 80
- 0
- DK/RA

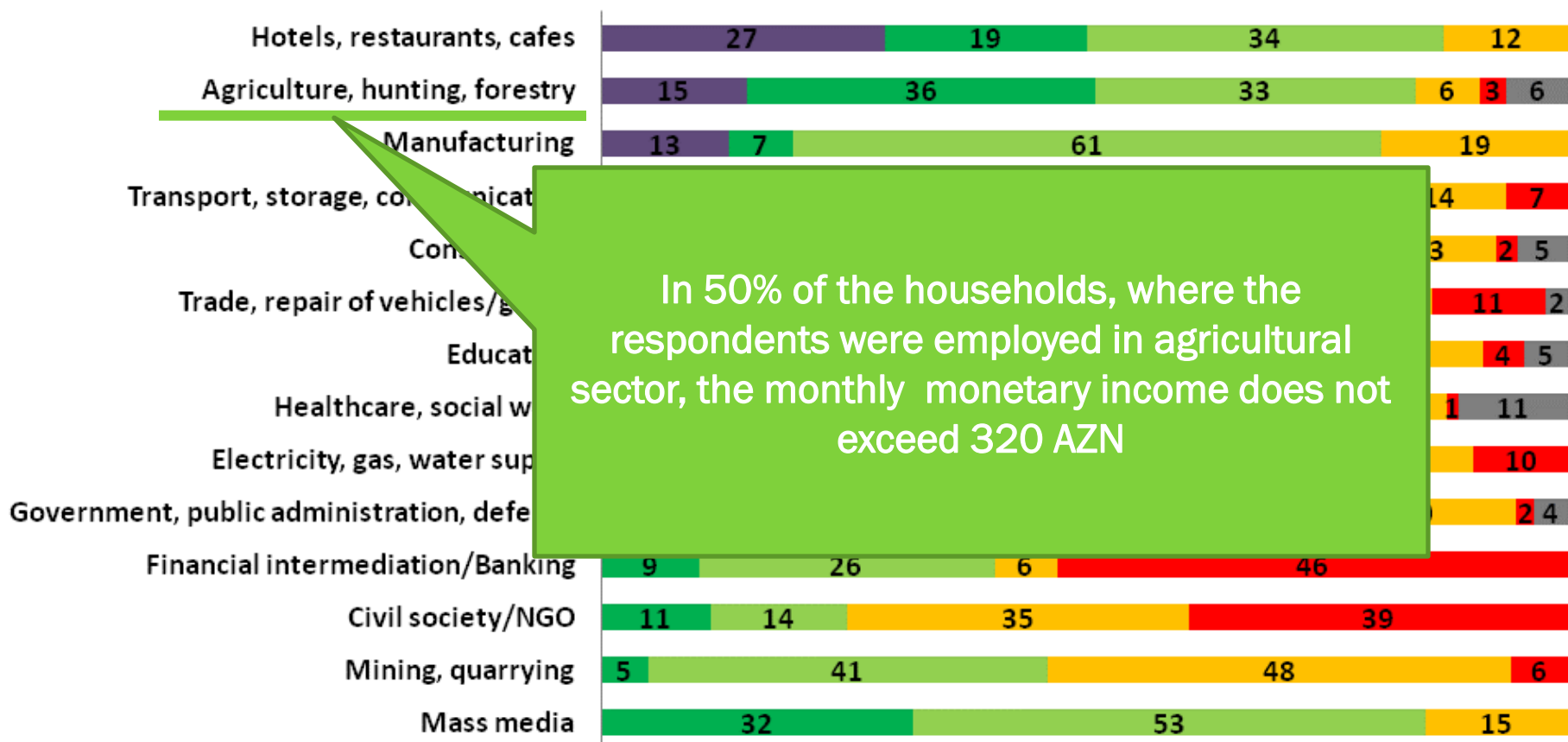


INCOME BY SECTOR

AZERBAIJAN

Primary employment sector vs Household monetary income last month (%)
CB 2013

■ AZN 41–80 ■ AZN 81–200 ■ AZN 201–320 ■ AZN 321–640
 ■ AZN 641–960 ■ More than AZN 960 ■ Don't know



In 50% of the households, where the respondents were employed in agricultural sector, the monthly monetary income does not exceed 320 AZN

PROBLEM TREE

Lack of interest
to work in this
area

High
transportation
costs

Limited financial
resources of
farmers for
reinvestment



**Low productivity
in the agricultural
sector**

Market
inefficiency

Lack of qualified
human
resources

Low
transparency in
implementation
of government
policies

Poor road
infrastructure

MAJOR STAKEHOLDERS

	Stakeholders	Interest(s) at stake	How much involved	How influential	His/her resources
Interest/pressure group					
Agriculture sector's workers	Small and large farms, traders of agricultural products	High interest for their own sake	Highly involved	Have low influence	Mainly personal assets and government subsidies
Investors	Governmental and international funds, foreign investors	Interested in investment, if profitable	Medium involved	Have medium influence	Financial investments
Executive Branch					
Cabinet of Ministers	Ministry of Agriculture, Ministry of Education	Interested in the development of sector	Medium involved	Have high influence	Human resources and authority
Legislative Branch					
Milli Majlis	Deputies/parties	Represents interest of people	Medium involved	Have high influence	Legislation power

ALTERNATIVE POLICY OPTIONS

1. Creating agricultural vocational schools in the rural areas
2. Non-agriculture development alongside agriculture in the rural areas
3. Increasing of market efficiency by improvement of supply chain
4. Providing high transparency to the existing agricultural projects

BEST POLICY OPTION

Alternatives	Timing	Costs	Feasibility
Agricultural vocational schools in the rural areas	Medium	High	Low
Non-agriculture development alongside agriculture in rural areas	Medium	High	Medium
Increasing of market efficiency by improvement of supply chain	Medium	Medium	Medium
Providing high transparency to the existing agricultural projects	Short	Low	High

THANK YOU FOR YOUR ATTENTION!!!