



Leibniz Institute of Agricultural Development
in Transition Economies

Discussion of presentation :
***Agriculture's contribution to Structural Transformation:
Lessons for Central Asian countries***

Suresh Babu (IFPRI)

Nodir Djanibekov

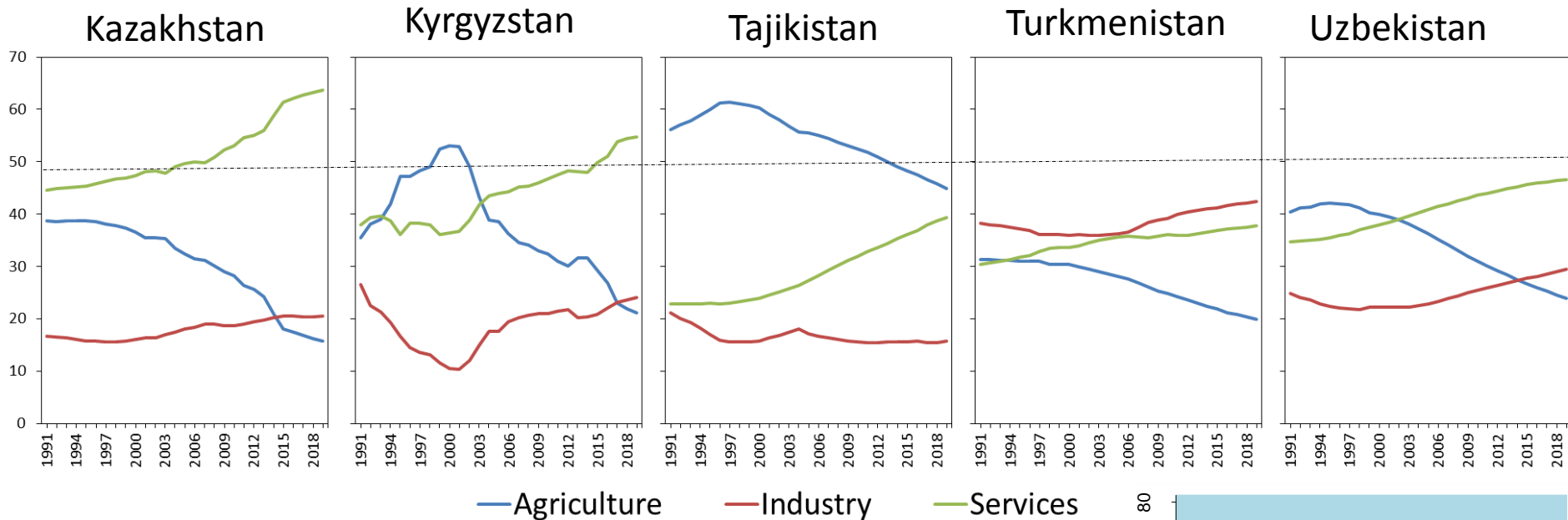
22 July 2020

Virtual Seminars on Applied Economics and Policy Analysis in Central Asia

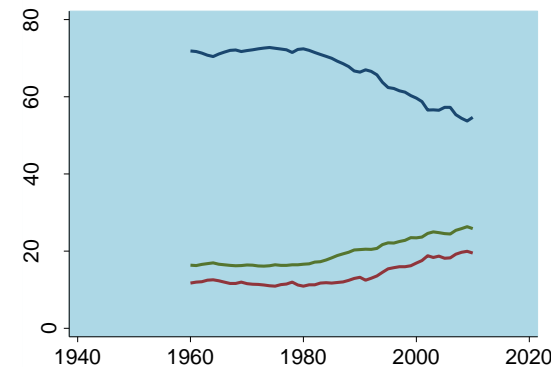
- Model structural economic growth and development
 - productivity growth & structural change in Indian agriculture and its implications for overall economic growth (21 states x 1981-2016)
 - contribution of productivity growth and structural change in agriculture to the national productivity growth
- New workforce in agriculture offset impact of productivity improvements in agriculture
- Labor-shift from agriculture -> consistent rise in agricultural productivity:
 - Positive relation between labor-shift and agricultural output
- Output-based transformation: consistent decline of % of agriculture in GDP
 - Rigidity is observed in the labor market
 - Construction sector absorbing agricultural workforce
- Decomposition analysis: ‘within-sector’ productivity growth is the major source of overall growth
 - a rising contribution of ‘structural change’

Central Asia: % of total employment across 3 sectors (modeled ILO estimate)

- The common issue of declining share of agriculture in employment
 - But different patterns

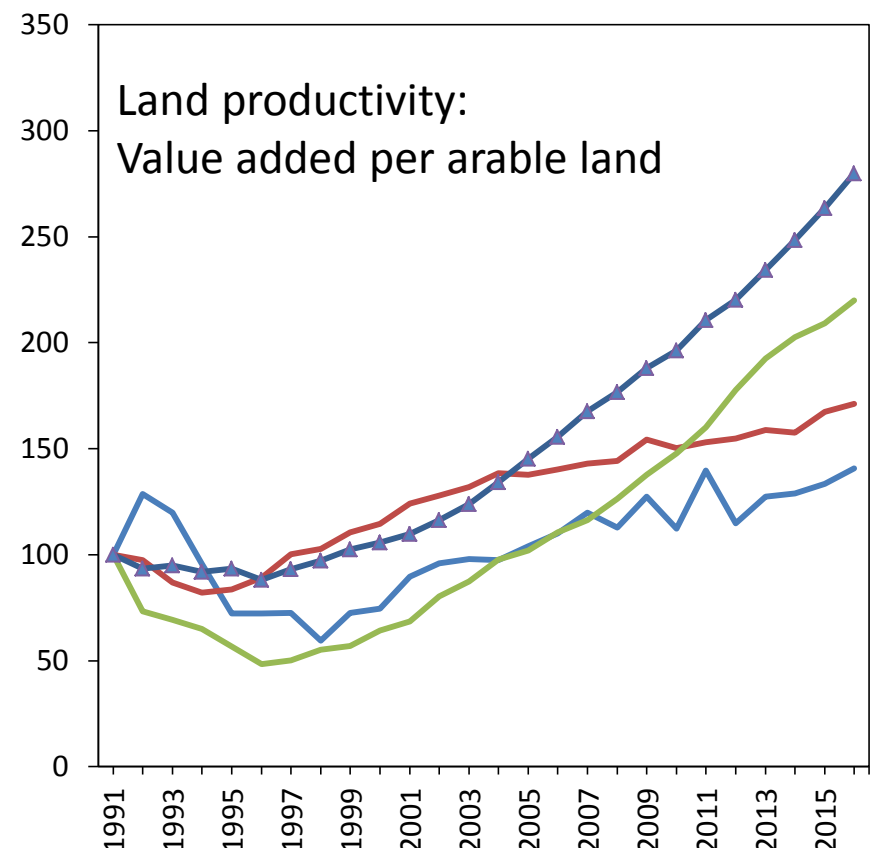
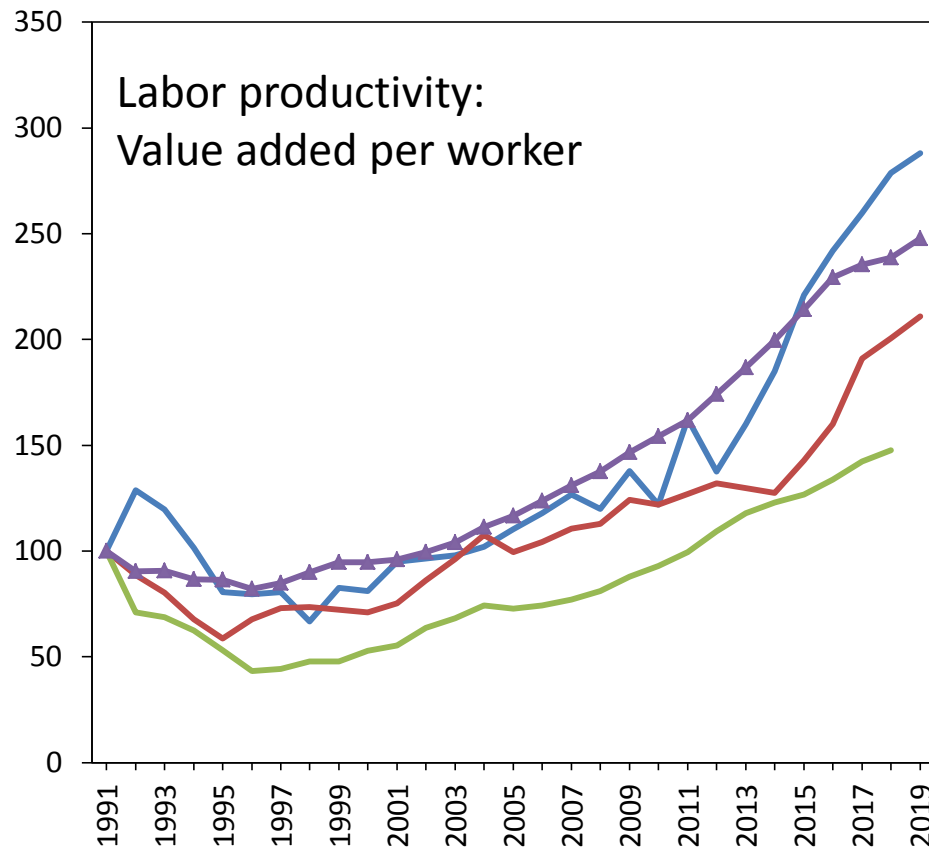


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Central Asia: Land and labor productivity, 1991=100

- Increasing land and labor productivity in agriculture

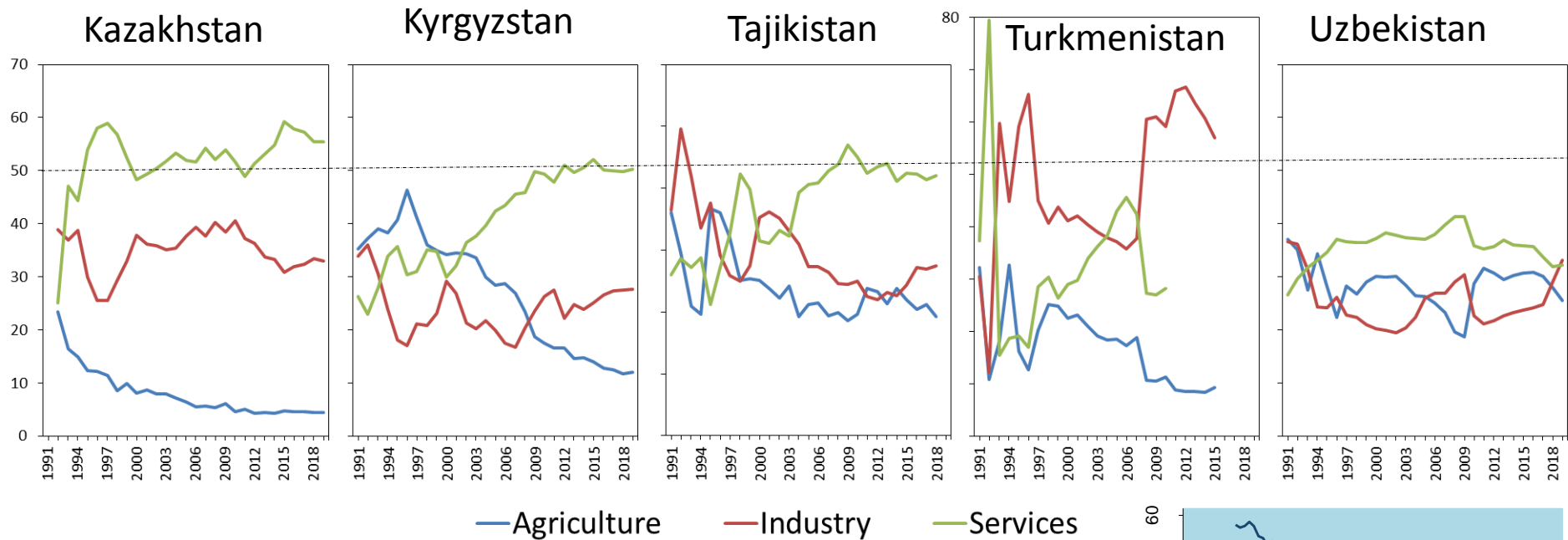


— Kazakhstan — Kyrgyzstan — Tajikistan — Uzbekistan

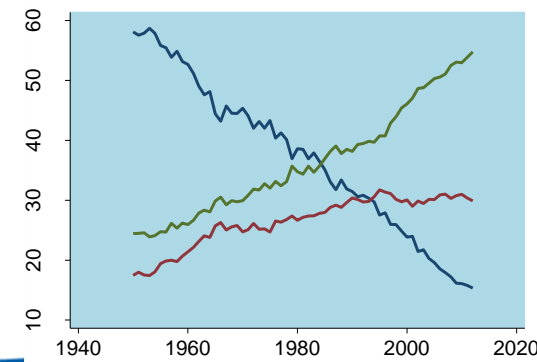
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Central Asia: Value added (% of GDP)

- Service sector bypassed other sectors:
- Increasing % of service sector in KZ, KG & TJ
 - **Shift to service-led economy? (location of service sector)**



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- **Data-related challenges:** quantity of data demanded VS data availability and quality:
 - Currency control, employment numbers
- Concentration of the **service sector** in major cities
- There are examples that **surplus labor** can be existent in urban areas (high unemployment in towns)
 - Increase in slums due to rural-urban migration
- Difficulty in relocating low-productive agricultural workers
 - Urban sectors can also expand through increases in **capital** rather than in labor
- Role of public employment guarantee programme in structural change