

# MAIN IMPLEMENTATION DIRECTIONS OF AGRARIAN POLICY IN THE REPUBLIC OF KAZAKHSTAN

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## ABSTRACT

*There has been a consideration of topical issues and priorities for the implementation of the agrarian policy in Kazakhstan, also there have been identified main priority areas of state support for the agrarian sector in Kazakhstan, and there have been revealed the primary principles for the implementation of the agrarian policy. There has been researching problems in the sustainable development of the agrarian sector of Kazakhstan and ways to solve them in the framework of the implementation of government programs in the field of supporting the agro-industrial complex. The article analyzes the main methods and forms of state regulation of the agrarian sector, where special attention is paid to issues of state subsidies and lending to AIC entities, as well as actual issues of the development of agricultural sectors in Kazakhstan. There has been an analysis of the dynamics of prices for socially significant food products at a given time. Also, issues of employment policy in the agrarian sector of Kazakhstan are considered, several measures of state support for employment in agriculture are studied, and topical issues of the agrarian labor market are highlighted. The main directions for solving the problems of the labor market in the agrarian sector were identified, in particular, as part of the implementation of the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021. The main focus of the study is on the study of the main directions in the implementation of agricultural policy, the urgent problems of sustainable development of the agricultural sector. The authors also focused on the problems of the labor market in agriculture, urgent issues of the implementation of the mechanism of state support for the agricultural sector as a whole. Actual research problems and possible solutions are described. Regulation of the agricultural sector must be considered comprehensively, taking into account the entire system of the agro-industrial complex of the country. In a market economy, the agrarian sector requires an optimal combination of government regulation and market levers, which necessitates the*

*development of a theory of stabilization and improvement of the practice of agrarian policy on macro and microeconomic processes in agriculture and related industries.*

**Keywords:** Agrarian Policy, Agrarian Sector, State Support, Agriculture, Government Regulation, AIC, Lending, Employment.

## INTRODUCTION

Kazakhstan's agro-industrial complex has crucial importance in its economy. The role of the agro-industrial complex is steadily increasing in the national and global arena. The extension of this complex will balance the sustainable development of the country, increase labor productivity, and provide growth in the standard of living of the general population. The agro-industrial complex of Kazakhstan in the future in many respects may become one of the largest producers of agricultural export products in the world. New global economic challenges and the instability of the situation in commodity markets dictate the need to solve the paramount task - diversification of the economy. The agricultural sector, which is considered as one of the drivers of structural reforms of the economy and its growth, plays a key role in achieving this goal.

One of the problems of sustainable development of agriculture in Kazakhstan is the ongoing migration of the rural population to cities, growth due to rural areas and the "loss" of active social life and business activity from small rural areas, the outflow of rural youth to cities and regional centers. Currently, the socio-economic conditions for solving the aforementioned and other problems of the development of the agro-industrial complex is the development of agricultural cooperatives, agricultural units, further state support for the agro-industrial complex sectors, which are necessary and important conditions for improving the quality and standard of living of rural residents. However, a serious obstacle to the implementation of the labor market function and the increase in the number of rural residents is the insufficient level of the social infrastructure development, partial imperfection of the housing market, working conditions in agriculture and poor motivation. The conducted research shows that the formation of labor resources in agriculture becomes more difficult in market conditions, and employment in agriculture is associated not only with demographic and migration processes, but also with the rate of employment in agricultural enterprises (Jussibaliyeva et al., 2019). In general, the state plays the main part in the regulation of agriculture and the agrarian sector. The experience of countries with advanced agriculture shows that state policy in the field of AIC is a fundamental factor for agricultural development. Supporting efficient industries producing competitive products, the establishment of general economic conditions for the stabilization of production agricultural products that provide the necessary level of food security of the country builds the state agrarian policy. The main goals of state regulation of agro-industrial productions are the stabilization and expansion of this production, ensuring the security of the food in the territory of Kazakhstan, enhancement of food provided to the whole population, maintaining the economic partnership between agriculture and other areas of the national economy, rapprochement of commodity producers in the field of agro-industrial production. In this regard, the study of the priorities of the agrarian policy, the analysis of the scale, directions and factors of its implementation, the definition of various aspects of the impact state regulation of the agrarian sector on the status of agriculture in Kazakhstan seems to be highly relevant. At present, the State Program for the Development of the Agro-Industrial Complex, calculated until 2021, is being actively conducted in Kazakhstan. The main objectives of this Program are food security, access to markets and development of export potential, efficient use of land and water resources, development of agricultural science, technology transfer, technical equipment, as well as quality

government services through digital technologies. The article presents such sections as materials and research methods, research results. The study is based on comparison of the agro-industrial complex development in different countries.

## LITERATURE REVIEW

A review of the scientific literature will allow us to carefully study the given issue. The analysis of foreign experience in the development of rural economy and implementation of successful agrarian policy showed that in order to ensure sustainable development of the agro-industrial complex and the development of national competitive advantages of domestic products, it is necessary to explore in more detail the positive trends of foreign experience in a number of countries that can be used in the implementation of our state's agrarian policy. It is advisable to consider the agrarian policy in the context of the implementation of the economic policy of the state, the agrarian development of its regions, as well as taking into account the prevalent economic and demographic trends (Jussibaliyeva, 2016). A fundamental contribution to the theory of entrepreneurship was made by (Jussibaliyeva & Mursalova, 2017; Doshmanli et al., 2018). Among the domestic researchers considering the problems of small and medium-sized business development, one can single out (Kahramano & Kulak, 2019; Salamzade, 2020). However, giving due to the achieved results, one can single out a number of insufficiently worked out issues of formation, use of the potential of small and medium-sized businesses, as well as the development of methods and forms of state support for its development. The problems of the small and medium-sized enterprises functioning are studied in various publications. Polinkevich (2016) argues that the main factors of the enterprises' advanced development are *"the level of educational training, technological development, the level of organizational culture, and innovative activity of the enterprise"*. However, the impact of these factors on SMEs role increase in economic development should also be examined. According to Kuzmisin & Kuzmisinova (2016), *"SMEs with a unique niche at different stages of production or with different service tasks could become a driving force for one country to participate more in common value chains"*. The same conclusions were obtained by Benini (2016). However, there is still an open question about the reasons for the SMEs role increase in the global movement of value. In the state regulation of the agricultural sector of the country, forecasting, planning, as well as the introduction of innovations and achievements of scientific and technological progress in agricultural production are of great macroeconomic importance. Long-term programs also play an important role in the implementation of agricultural policy. Long-term sectoral programs for the development of agriculture of Kazakhstan until 2027 are determined by seven priority sectors.

## RESEARCH METHODOLOGY

The study used macroeconomic, statistical and analytical approaches, which focused, firstly, to studying the priorities in the implementation of agrarian policy; secondly, analysis of the effectiveness of the realization of state programs in the sphere of regulation of the AIC of the Republic of Kazakhstan; thirdly, the study of problems in achieving the macroeconomic sustainable development of the agrarian sector. The theoretical and methodological basis of the study is the scientific works of foreign and domestic scientists on the entrepreneurial activity development, state support for its development, the formation and activation of the use of small and medium-sized businesses' entrepreneurial potential. The methodological basis of the work

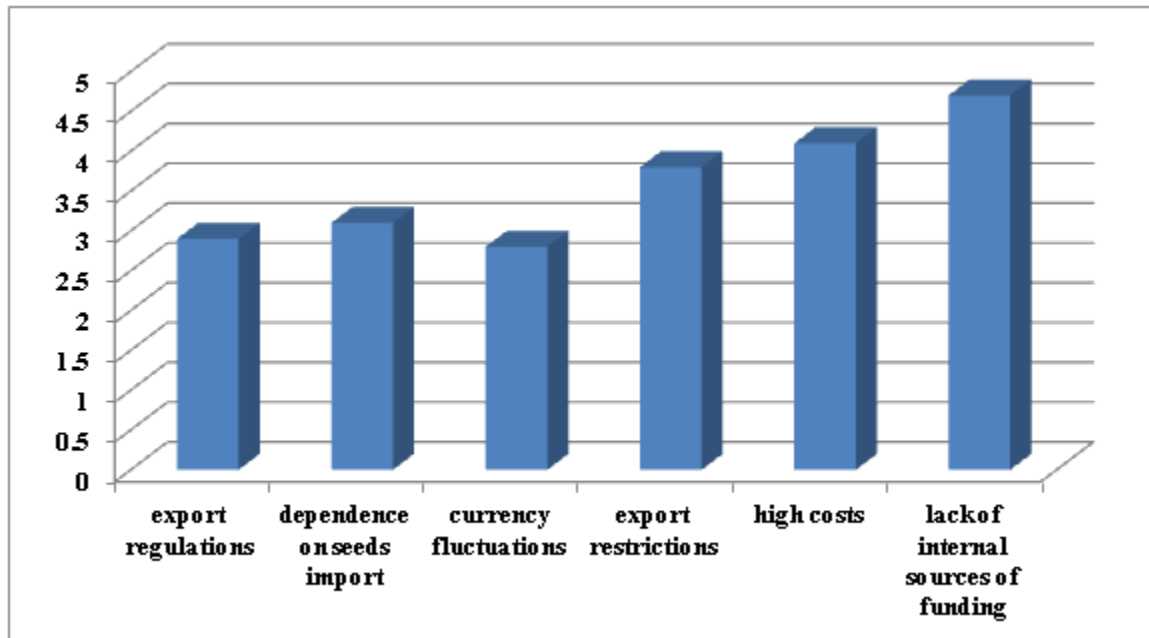
was the general scientific research methods, including analysis, synthesis, and generalization. The practical significance of the results obtained is determined by the fact that the scientific and methodological provisions of the work have been brought to the level of specific methods and practical recommendations to increase the efficiency of the small and medium-sized businesses' development in the agricultural sector of the economy.

## RESULTS AND DISCUSSION

The small and medium-sized business (SME) sector is a globally recognized driving force, an important element of the modern economy, without which the state cannot develop. It largely contributes to keeping up the competitive status in the economy, creates national wealth through the creation of new jobs, and the growth of gross domestic product (GDP). Currently, the SMEs role in ensuring sustainable economic development in Russia is extremely important. This sector of the economy forms the revenue side of the budget, provides employment for the population, satisfies public needs for goods and services, stimulates the reduction of poverty and an increase in the population living standard, affects the country's image in the global market. The issues of SMEs stimulation and development in the country are the task of the state authorities and are considered a matter of domestic policy. At the same time, the effectiveness of domestic policy is directly related to the processes of international cooperation, therefore, it is important to determine the existing differences between the development policy of our country and the developed countries of the world. A difficult political situation, a drop in demand for products, high tax rates, an unfavorable investment climate, limited access to funding sources, an increase in government pressure on the activities of small and medium-sized enterprises in the agro-industrial complex significantly hinder their development. It is the state that should play a stimulating and supportive role in ensuring the development of small and medium-sized businesses. Therefore, taking into account the negative trends in the development of this sector of the economy, the study of the world experience in the SMEs development in the agro-industrial complex and the identification of the main mechanisms and instruments of state stimulation of sustainable growth becomes especially relevant. In recent years, with the strong support of the state, the Russian agrarian complex has become accustomed to the position of the economy driver and seemed invulnerable. Even in the face of the merciless COVID-19, which although caused panic in the consumer market this spring, but still could not stop the ongoing development of the industry. Following the results of 11 months, the agricultural production growth amounted to 1.5%, in contrast to other industries, positive dynamics is expected for the whole year. On the other side of the scale is the fall in October and November. In the past year, the agro-industrial complex has mastered a new system of state support; agrarians have sharply increased the purchase of agricultural machinery, mainly domestic, and fertilizers. In the context of the pandemic, they coped with the field work and received the second grain harvest after the record one in 2017 - 132.9 million tons. Another step was taken in the development of exchange grain trading - in December, delivery wheat futures were launched on the Moscow Exchange.

Russia retained its leadership in the world wheat market, actively developed new sales markets and offered them not only traditional raw materials, but also deeply processed products. Last year's export figure of \$ 25.6 billion was achieved at the beginning of December. Russian products were supplied to almost 160 countries of the world. And yet this year, both external and internal factors led to the fact that the industry which seemed to be long adapted to the market economy and now and then reminded of its ambitious task of foreign expansion, had to undergo strict regulatory pressure. Largely due to the rise in food prices, the Central Bank had to adjust

the annual inflation forecast (according to preliminary estimates, out of a 0.7 percentage point increase in the forecast, the accelerated rise in sugar and sunflower oil prices accounted for 0.2 percentage points, export prices for grain - 0.3 percentage points). Compared to other sectors of the economy, the agro-industrial sector is considered the least affected by the pandemic. It was not fully affected by lockdown - the specificity of production is that it cannot be stopped. But it was influenced by such factors as the closure of borders, the rupture of supply chains, and the drop in consumer demand. In general, the main market players note the growth of production and financial indicators, the preservation of investment plans and development programs. The main problems of SMEs in the agricultural sector in Russia are presented in Figure 1.



Source: Authors' Compilation.

**FIGURE 1**  
**THE MAIN PROBLEMS IN THE ACTIVITIES OF SMES IN THE AGRO-INDUSTRIAL COMPLEX IN RUSSIA**

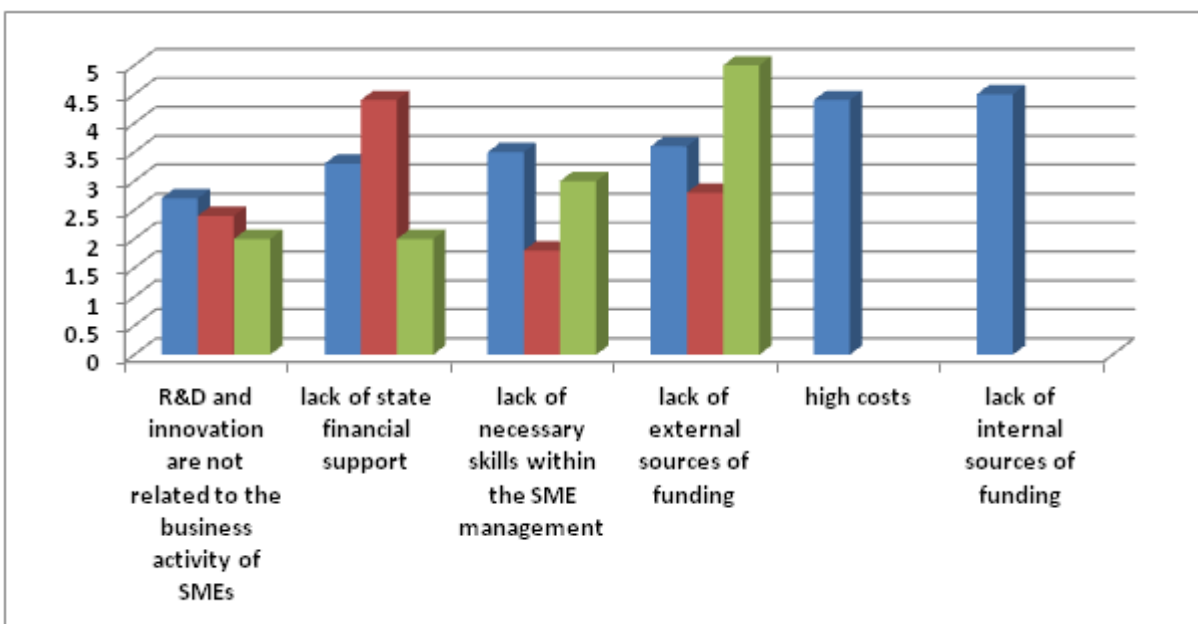
Therefore, the main problems of SMEs development in the agro-industrial complex in Russia are:

- Lack of internal sources of funding;
- Export restrictions;
- High costs;
- Dependence on seeds import.

According to the annual report, the report on European SMEs, the main problems faced by small and medium-sized enterprises in the agro-industrial complex are:

- lack of internal sources of funding;
- high costs of Research and Development and innovation activity;
- lack of external sources of funding;

- lack of necessary skills within the SME management;
- lack of state financial support (grants, tax credits, etc.) for Research and Development and / or innovation activities of SMEs (Figure 2).



Source: Authors' Compilation.

**FIGURE 2**  
**THE MAIN PROBLEMS IN THE ACTIVITIES OF SMES IN THE AGRO-INDUSTRIAL COMPLEX IN THE EU COUNTRIES**

The main task is to increase by 2.5 times the labor productivity and export of recycled agricultural products by 2022. All steps of state support should be directed to the large-scale attraction of modern agricultural technologies in the country. We must use the best experience in managing the industry by introducing flexible, convenient standards and attracting «gray heads» – authoritative foreign experts in the field of agriculture. Noted that it is necessary to build a system of mass education for rural entrepreneurs with new business skills. In the next 3 years, the President of the country was charged to provide an additional not less than 100 billion tenge annually for this purpose. As we know, the agro-industrial complex is a set of branches of the national economy involved in the production of agricultural products, their storage, processing and bringing to the consumer. The development of the AIC, the improvement of its sectoral and territorial structure contributes to the more rational distribution of production, integrated and efficient use of resources, improvement of the final results of its operation, and ensuring the country's food security. The agro-industrial complex of Kazakhstan is one of the principal reproduction branches of the country's economy; it produces about 1/3 of the national income. In developed countries, the agro-industrial complex accounts for a significant part of workers, fixed and circulating capital, and GDP. The scale of the agro-industrial complex, the perfection of its structure and the efficiency of its functioning largely determine the rise in the standard of living of the population and food security. Support for the agricultural industry, and in particular the food market, is one of the most significant tasks of the state. In all developed countries, agriculture is largely supported by the state. This branch of the national economy is least adapted

to the market and competition (Vdovenko & Kiselev, 2010). The intentions of sustainable development of the AIC of Kazakhstan are:

- Ensuring the country's food security;
- Focusing efforts on those sectors of agriculture that export products;
- The use of large export potential and the transfer of the veterinary system to international standards;
- Improving the quality of life of villages as a priority direction of the state agrarian policy;
- Transformation of the agro-industrial complex into the most important highly profitable sector of the national economy, taking into account the emerging global trends and the existing potential of the AIC;
- Application of further measures for system state support of the agro-industrial complex and agriculture at all levels.

The state finances the agro-industrial complex and agro-industrial production at the expense of budget funds, budgets of the subjects of the Republic of Kazakhstan and extra-budgetary sources. The main tasks of state regulation of the AIC are the development of agro-industrial production (AIP), ensuring food security, regulating markets and maintaining economic parity between agriculture and other sectors of the economy, creating an effective management system for the agrarian sector of the economy, implementing a unified science-technology policy, protection of domestic producers and others. Thus, the state policy in the field of development of the agrarian and related industries has short, medium and long-term goals and in the aggregate will be aimed at improving the well-being of the rural population through improving productivity and profitability of agrarian production directly, advancing the development and support of all forms rural employment, including through the industrialization of rural areas (Simagin, 2018). At present, the main content of the agrarian policy of most economically developed countries is state support of the agrarian sector through various kinds of subsidies, grants, and privileges. In our country, the state has created more simplified conditions and reduced the cost of registration procedures, has established procedural deadlines, frequency, and sequence of control checks by various agencies and structures. Also, the President of the country has repeatedly declared for a certain period a moratorium on inspections of business entities by various agencies. Measures to stabilize agrarian production involve various methods of state regulation of the agro-industrial complex. The state support of agriculture in Kazakhstan is now operating through several channels of financial assistance, where the leading role is played by the JSC «National managing holding «KazAgro». It acts as an infrastructure investor and source of financing for agricultural producers who need long-term commitments and loans based on the strong political support necessary for the development of the country's agricultural sector. The implementation plan of the priority areas for their financing by the group of companies JSC «National managing holding «KazAgro» (hereinafter - Holding) within the framework of the State Program for the Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2017-2021 and the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021, approved the establishment of performance indicators according to the following principles (JSC: National Managing Holding-KazAgro, 2019):

- ♦ The holding undertakes measures to attract resources for the implementation of priority areas in the framework of the State program of development of the AIC of the Republic of Kazakhstan for 2017-2021;
- ♦ The consolidation of indications in several priority areas is necessary to ensure maximum concentration of both financial and labor resources of the Holding;

- ◆ The holding provides financing in the framework of priority areas, including by funding financial institutions (credit partnerships, microcredit organizations, second-tier banks, and leasing companies).

The following directions are assigned to the JSC «National managing holding «KazAgro»:

- financing of cooperatives, personal subsidiary farms, peasant and private farms, individual entrepreneurs for the production and processing of agricultural products;
- financing of investment projects for the creation of new, modernization, expansion of existing enterprises;
- financing of small and medium-sized businesses.

The indicative indicators in 2019 are financed by preferential funds (RB, NF RK, and funds presented for the increase in the authorized capital), and funds rose by the Holding and subsidiary joint-stock companies in the capital markets. To implement the Program of development of productive employment and mass entrepreneurship for 2017–2021, the order of the Deputy Prime Minister of the Republic of Kazakhstan - Minister of Agriculture dated March 10, 2017 No. 109 approved:

- The rules of crediting and micro crediting in small cities and rural settlements, which are guided by «Agrarian Credit Corporation» JSC (hereinafter - the Corporation) and JSC «Fund for the financial support of agriculture» (hereinafter - the Fund). The fund implements the program through loan programs «Iglık», «Eginzhay», «Kasipker», «Yntymak», «Sybaga». The Corporation implements the Program through the «Isker» credit program, through the funding of credit partnerships and microfinance organizations for the subsequent lending to finite borrowers;
- guarantee rules on microcredits issued by microfinance organizations and credit partnerships in rural areas and small cities guided by «KazAgroGarant» JSC, which, in turn, developed and approved the Regulation on the activity of «KazAgroGarant» JSC on microcredit guaranteeing.

For example, in 2019, as part of the implementation of the Program for the Development of Productive Employment, the following indicatives were identified:

- The number of microloans issued in rural areas - 12,000 units;
- The number of guarantees issued in rural areas - 320 units;
- The share of funded start-up projects in rural areas is 20% of the allocated amount (JSC: National Managing Holding-KazAgro, 2019).

In accordance with the Report on the implementation of the State program of development of the agro-industrial complex of the Republic of Kazakhstan for 2017-2021, in order to increase the authorized capital of JSC «National managing holding «KazAgro» the implementation of the priority goals and objectives of the State program, including the development of guarantee institutions, funds in the amount of 15 000 million tenge to increase the authorized capital of JSC «National managing holding «KazAgro» was directed to lend to AIC entities for the purchase of agricultural machinery and equipment. In 2018, the number of crediting projects for the designated purposes was 22 projects. The funds of 2 880 million tenge were directed towards financing the development of horticulture according to the Law of the Republic of Kazakhstan «On the republican budget for 2018–2020» of 11.30.2017 No. 113-VI LRK. The number of loans issued for the development of horticulture is 50 projects, at the same time an increase in pledged areas for fruit crops amounted to 200 hectares. Regarding the achievement of the main objectives of the agrarian policy in the report on the implementation of the State program of development of the agro-industrial complex of the Republic of Kazakhstan



for 2017-2021 it was noted (Official Internet resource of the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan, 2021):

- On the issue of «Subsidizing for reimbursement of a part of expenses incurred by subjects of the AIC with investments», in 2018, 9821 applications of subjects of the AIC were subsidized, expenditure is 100%;
- On the issue of «Subsidizing the interest rate on credit and leasing obligations in the framework of the direction for the financial rehabilitation of AIC entities» in 2018, 167 applications of AIC entities were subsidized, expenditure is 100%;
- on the issue of «Subsidizing interest rates when lending to AIC entities, as well as leasing for the purchase of farm animals, machinery and technological equipment» in 2018, 19918 applications from AIC entities were subsidized, expenditure is 100%;
- on the issue «Ensuring the availability of sales markets and the development of export of products is» one of the main activities is the adoption of measures to remove barriers and open up foreign markets, as well as attracting TNCs and anchor investors to promote domestic AIC products;
- on the issue «Study of the structure of markets for priority types of products that have export potential in the framework of investment programs (on a systematic basis)», there has been an analysis of export markets, products and requirements of importing countries for a number of countries, such as - EEU countries, EU, Iran, China, UAE, Afghanistan, Belgium, Bulgaria, Great Britain, Germany, Hong Kong, Israel, India, Kuwait, Latvia, Lithuania, Mongolia, Slovakia, USA, Tajikistan, Thailand, Turkey, Uzbekistan, Finland, the Czech Republic and Japan and developed a list of Priority Export Markets, and also 53 types of AIC products.

At present, the geography of the export of Kazakhstan agricultural products and products of its processing looks following way. The chief markets for Kazakhstani agricultural and processed products are as follows:

- √ The countries of Central Asia (Uzbekistan, Turkmenistan, Tajikistan) and Afghanistan;
- √ The countries of the Persian Gulf (UAE, KSA, Bahrain, Qatar, Oman) and Iran;
- √ European Union countries (Italy, Belgium, Germany, Belgium, Latvia, etc.);
- √ Countries of the EAEU (Russia, Belarus, Kyrgyzstan, Belarus, Armenia);
- √ China, Japan, Korea, Vietnam;
- √ Turkey, Azerbaijan, Georgia;

On the issue «Provision of advisory services to agricultural producers on the export of products, including support of contracts», necessary work is underway to improve the investment climate with both public and private companies, where there are organized meetings with potential investors, initiators of investment projects, development institutions and representatives of international financial organizations. It is essential to note that JSC «National managing holding «KazAgro» takes an active part in 55 events of the Ministry of Agriculture of the Republic of Kazakhstan concerning improving the investment climate and encouraging private investment in the economy of Kazakhstan. A list of investment projects is being formed to fill the information monitoring system (Report on the implementation of the State program of development of agro-industrial complex of the Republic of Kazakhstan for 2017-2021, 2019). At present, the State Program for the Development of the Agro-Industrial Complex, calculated until 2021, is being conducted at an active pace in Kazakhstan. The planned effect of the program is the following:

- Increase in labor productivity 2.5 times to 4.0 million tenge per person employed in agriculture;
- An increase in exports of processed products by 2.5 times to \$ 2.7 billion;
- Increase the volume of gross agricultural output by 2 times;

- An increase in the inflow of investments in the principal capital of the industry by 3 times;
- 9 times increase in the volume of attracted credit by 2021 to the level of 2017.

The main objectives of this program are:

- Food security, access to markets and the development of export potential;
- The efficiency of land and water resources use;
- Development of agrarian science, technology transfer, technical equipment;
- High-quality public services through digital technology.

It should be noted that the agro-industrial complex of the country was set to radically increase labor productivity and increase exports of processed agricultural products by at least 2.5 times in 5 years. All this, together, will provide fundamental conditions for the development of the agro-industrial complex. Transformation into agriculture, accompanied by denationalization, development of peasant and farm enterprises, formed a new category of employed – self-employed population, whose number in rural areas is 1.7 million people or 48.8% of all employed. In the structure of the self-employed rural population, employers accounted for 2.8%, members of production cooperatives – 0.5%, and employees of individual and family enterprises – 8.6% (Jussibaliyeva et al., 2018). According to the report on the implementation of the strategic plan of the Ministry of Agriculture of the Republic of Kazakhstan for 2017-2021 for 2019, compared with 2018, in 2019 in Kazakhstan there is an increase in prices for basic food products, such as buckwheat, flour, rice, beef, potatoes, chicken meat, bread, butter, eggs, onions, milk, cabbage, carrots. The state of food security of the domestic market with these goods ranges from 80% to 100%. The exception is 3 products: cheeses and cottage cheese (58.4%), sugar (54.4%) and poultry meat (51.2%), for which there is currently import dependence. In particular, the government is carrying out import substitution work on poultry meat, cheese and cottage cheese, sugar. Long-term industry programs developed. The main reason for the increase in prices for vegetable products are seasonality of production, while total volume produced meets the needs of the population for science-based standards. To stabilize prices, regional stabilization funds for food products are functioning. The share of state-funded start-up businesses in rural localities and small towns, cities and single-industry towns in 2019 was at least 62%. According to the data of the Center for the Development of Labor Resources JSC of the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan, in the 4th quarter of 2019, the number of employed people in Kazakhstan amounted to 8.773 thousand people (100% in total), of which 1.174 thousand people were employed in agriculture, which was 13.4%, respectively. The number of employees by industry in the 4th quarter of 2019 comprised 6.667 thousand people (total - 100%), of which 457 thousand people were employees in the agricultural sector (6.8%). As for the structure of the self-employed population, in the 4th quarter of 2019 the number of self-employed in the country consisted to 2.106 thousand people (100% in total), and in the agricultural sector the number of self-employed people amounted to 717.3 thousand people, which showed the largest percentage (34.1%) of the total self-employed population of Kazakhstan by industry and field of activity. As for the nominal wage by industry, in the 4th quarter of 2019, the average nominal wage in the country amounted to 203.9 thousand tenge. The analysis showed that during this period the lowest nominal wage was observed in agriculture in the amount of 127.3 thousand tenge, which shows only 62.4% of the average nominal wage in all sectors (Demography and the labor market IV, 2019). Transformation into agriculture, accompanied by denationalization, development of peasant and farm enterprises, formed a new category of employed – self-employed population,

whose number in rural areas is 1.7 million people or 48.8% of all employed. In the IV quarter of 2019 in the structure of the self-employed rural population, employers accounted for 2.8%, members of production cooperatives – 0.5%, and employees of individual and family enterprises – 8.6% (Simagin, 2018). The labor market in the agricultural sector is experiencing particular difficulties, many of which are also due to its specific features, which we examined earlier. When developing government measures to ensure employment and social protection of rural unemployed, it is imperative to take these features into account. It is important to note that long-term programs play a large role in the implementation of the agrarian policy of the country. The long-term sectoral development programs of the agro-industrial complex of Kazakhstan until 2027 include the following sectors:

### **Meat Cattle Breeding**

Based on the analysis and comparison of the potential of foreign markets and domestic production capacity, the main long-term priority of the development of the agro-industrial complex is meat cattle breeding. The accepted model is based on the traditions of nomadic animal husbandry and competitive advantages of Kazakhstan:

- 180 million hectares of pastures (of which 58 million hectares are used);
- 3.8 million people of the able-bodied rural population (of which 1.3 million people are employed in agriculture);
- Proximity to the main growing markets with a total import of more than 2 million tons per year.

### **Dairy Farming**

Increasing dairy production, protecting the domestic market, reducing biosafety risks through government support: reducing interest rates on loans, lengthening the terms of financing and indirect subsidies.

### **Aviculture**

Growth in exports of poultry meat and eggs to 150 thousand tons and 1,500 million units, respectively, through the improvement of existing mechanisms of state support.

### **Irrigated Land**

Effective use of pastures, an increase in the volume of irrigated pastures for the development of fodder production.

### **Crop production**

Developed crop production has unlimited potential for the development of food supply, including on irrigated lands (by 2021, the area of irrigated lands will be increased to 2 million hectares, by 2030 - to 3 million hectares). Improving the quality of seeds and the application of mineral fertilizers in crop production, as well as the intensive introduction of irrigated land and the installation of water-saving technologies (by 2021 the area of irrigated land will be increased to 2 million hectares, by 2030 - up to 3 million hectares).

## E-AIC

The increase in labor productivity in the agro-industrial complex and export of processed agricultural products in 5 years will be at least 2.5 times to a greater extent ensured by the digitization of the agro-industrial complex. As part of the digitalization of the agro-industrial complex, there will be created at least 20 digital farms and 4,000 advanced farms across the country and 100% automation of processes and public services will be provided. Digitization will focus on farms and simplify its operations from inception to distribution. Under the State Program of the AIC, at the expense of organized events, it is planned to increase GDP over 3 trillion. Tenge, in which the effect of digitization of the agro-industrial complex will be 30% or about 1 trillion tenge.

## Pig Breeding

Implementation of mentioned industry programs will allow achieving:

- \* Creation of more than 600 thousand new positions;
- \* Insertion of an additional 50 million hectares of pasture;
- \* Increasing the production of beef and lamb from 600 thousand tons to 1.6 million tons;
- \* To be among the 5 leading countries in the export of cattle meat;
- \* Additional production for import-dependent areas: dairy products, poultry meat, fruits and vegetables, sugar - more than \$ 1 billion.

These funds will be used to stimulate the insertion of modern technologies in the industry and the updating of agricultural equipment. State support of employment in the agrarian sector is one of the primary priorities of not only agrarian but also economic policy. The program for the development of productive employment and mass entrepreneurship for 2017–2021 «Enbek», which aims to promote productive employment of the population and involve citizens in entrepreneurship, plays a major macroeconomic role. One of the objectives of the implementation of the Program is training in the basics of entrepreneurship under the «Bastau Business» project, which involves unemployed persons, regardless of registration at the Employment Centers and self-employed persons with entrepreneurial potential, members of agricultural cooperatives, as well as people living in rural areas and in small cities of Kazakhstan. Let us look at some indicators and the results of the implementation of the «Enbek» Program (Analysis of Global Trends in State Support of Agriculture, 2015):

- ◆ The unemployment rate on 01.12.2018 - 4.9% (in 2021 - no more than 4.8%);
- ◆ The share of labor resources without education or only with school education as of 01.12.2018 - 27% (in 2021 - no more than 20%);
- ◆ The share of unproductively employed in the composition of the self-employed population as of 01.12.2018 - 16% (in 2021 - no more than 10%);
- ◆ Growth of actively operating small and medium-sized businesses as of December 1, 2018 – 1 241 thousand SMEs (in 2021 - an increase of at least 10%) (Jussibaliyeva et al., 2018).

A huge role in the state regulation of the agro-industrial complex of the country is prognostication, planning, and then the introduction of innovations and the achievements of scientific and technological progress in agricultural production. For the development of the competitive growth of the agrarian sector, first of all, it is necessary to introduce innovative technologies. The experience of countries with developed economies indicates that science, hi-tech, active innovation are the primary driving force of the economic life of the agro-industrial

complex, and the predominant increase in agricultural production is achieved through the implementation of scientific and technological achievements (Analysis of Global Trends in State Support of Agriculture, 2015). In this regard, it is necessary to carry out the reform of agrarian science to increase the availability of educational and consulting services for agricultural producers. To implement the scientific support of agrarian science in the framework of the program-targeted financing of the Ministry of Agriculture, there were concluded 42 agreements with scientific organizations for the implementation of the program-targeted financing of 7.6 million tenge. The reports are submitted to the Ministry of Agriculture of the Republic of Kazakhstan on time according to the contractual 68 obligations; all reports were reviewed at the SSTE and approved at meetings of the National Scientific Councils (Report on the implementation of the State program of development of agro-industrial complex of the Republic of Kazakhstan for 2017-2021, 2019). An important direction in the implementation of the agrarian policy is the regulation of prices for socially significant food products (hereinafter - SSFP). The Government of the Republic of Kazakhstan affirms the list of socially significant food products. The threshold values of retail prices for SSFPs, the size of the maximum allowable retail prices for SSFPs are approved by local executive bodies. The threshold value of retail prices for SSFPs is the allowable level of retail prices which is set to prevent unreasonable price increases, to keep inflation within acceptable limits and to ensure macroeconomic stability in the country to which a business entity has the right to determine retail prices for SSFPs. The maximum allowable retail prices for SSFPs are recognized as the level of retail prices set by local executive bodies if the threshold values of retail prices for SSFPs are exceeded. According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, the inflation of prices for socially significant food products from the beginning of 2019 was 8.0%, from the beginning of the month it was 0.6%. Information on prices for socially significant food products in June 2019 is as follows: since the beginning of June 2019, prices for the following products have increased: potatoes - by 20.5%; onion - by 16.1%; carrots - by 15.9%; rice - by 5.4%; chicken meat - by 2.1%; beef - by 1.7%; wheat flour of 1 class - by 1.2%; butter - by 0.8%; buckwheat - by 0.8%; horns - by 0.5%; kefir - by 0.1%; salt - 0.1%. The decrease in prices is observed for cabbage - 51.9%, for the 1st category egg - 5.9%, for sugar - 1.8%. Pasteurized milk prices, cottage cheese, wheat flour of the 1st class, sunflower oil remained unchanged. In the regional section, the highest price growth for SSFP in June 2019 is noted in the cities of Zhezkazgan - 3.1%, Turkestan - 1.8%, Atyrau - 1.8%, Shymkent - 1.2%, Taldykorgan - 1.1%, Ust-Kamenogorsk - 1.0%, and the decline in prices observed in the cities of Kokshetau - 0.4%, Uralsk - 0.3%, Taraz - 0.1%. The main reasons for the increase in prices for vegetable products are the seasonality of production and the decrease in stocks of last year's crop among agricultural producers (Official Statistics: Monitoring of Economic Indicators for Public Authorities and Monitoring of Economic Indicators for MNE RK, 2019). In General, the agricultural sector is characterized by stable indicators production growth, as evidenced by the growth in production volumes gross agricultural output for January-December 2019 compared to the same period in 2018 increased by 0.9% and amounted to 5 216, 5 billion tenge. At the same time, production livestock production increased by 4.0%, crop production decreased by 1.7%. As part of the anti-crisis measures, the Head of State instructed to include additional financial assistance to Kazakhstan farmers in the spring field work in the program «Economics of Simple Things». Funds are not free, but are issued on easy terms. For farmers 100 billion tenge are provided for only 6%. Financing is provided through JSC «Agrarian Credit Corporation» (a subsidiary of JSC NMH «KazAgro») and second-tier banks. It should be noted that recently, JSC

«Agrarian Credit Corporation» completed financing of spring field work under the «Ken dala» program. At that time, 2,405 farmers, mostly representatives of small and medium-sized businesses, received 70 billion tenge at 5% per annum. Thus, in total, under the «Ken dala» and «Economics of Simple Things» programs, the spring field work of 2020 was funded by 170 billion tenge. Tangible state support will allow the peasants to sow on time and without disruption (Official Internet resource of the Ministry of Agriculture of the Republic of Kazakhstan, 2021).

## CONCLUSION & POLICY IMPLICATIONS

1. Thus, in the regulation of agriculture and the development of the agrarian sector, the state and state support play the most valuable role.
2. Long-term programs play an important role in the implementation of the agrarian policy of Kazakhstan. Long-term sectoral programs for the development of the agrarian sector of Kazakhstan formed to 2027 include the further development of seven branches of the agro-industrial complex.
3. The expedient and productive use of labor resources in agriculture at the stage of industrialization and diversification of the agro-industrial complex of Kazakhstan and state support for employment is one of the priorities of the agrarian policy.
4. The stabilization and further accelerated developments of the agro-industrial complex of our republic are impossible without the reproduction of new knowledge, the replication of the achievements of agrarian science, their accelerated diffusion into agrarian production. These areas of activity should be ensured by expanding the research and development work area, increasing the need for highly qualified scientific engineering personnel, financing research, and development at rates exceeding economic growth, which in turn will lead to a further increase in the knowledge-intensiveness of our country's GDP.

The most important direction in financial support improvement is the SME entities lending and credit development. To date, the Government of the Russian Federation is taking measures to ensure the repayment of credits to SME entities, a number of credit institutions have received the right to subsidize income that was not received on credits issued to medium and small businesses in 2017 at a preferential rate (Krainev, 2020). Another measure is the development of an infrastructure to support the entrepreneurship. The volume of financing for the current financial year allowed ensuring the creation of a regional subjects' network of infrastructure support for SMEs.

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