

Difficulties with equipment purchase

Entrepreneurs. The top five among all the mentioned above (19) are the following:

- High custom duties, high VAT rate (18.7 %)
- Formalism with import and export of equipment (14.1 %)
- Law on Mortgage (10.9 %)
- 3-4 - lack of money (10.9 %)
- 5th - bureaucracy, corruption (9.4 %)

As we can see, lack of money is not the main problem of entrepreneurs that relates to purchase of equipment.

Farmer-leaders. On first places (of 7) rank:

- Formalism with equipment import (61.1%)
- Low prices for local products (i.e. lack of financial means), (13.9 %)
- Credit policy (5.6 %)*

Farmer-leaders put forward more complaints (60.6 %), than peasant farmers (45.8%) and entrepreneurs (40.8 %). 57.7 % of entrepreneurs, 50.9 % of farmer-leaders and 39.4% of peasant farmers are satisfied by the law, instructions, etc.

4.3 Factors impeding production

Are there any laws, instructions or administrative procedures impeding the producer to produce and process?

| | Peasant farmers | | | Farmer-leaders | | |
|-------------|-----------------|-------|---------|----------------|-------|---------|
| | Absolute value | % | Index | Absolute value | % | Index |
| No | 149 | 69, 6 | | 35 | 57, 4 | |
| Yes | 63 | 29. 4 | | 26 | 42. 6 | |
| No response | 2 | 1. 0 | | - | - | |
| | 214 | 100 | + 0. 40 | 61 | 100 | + 0. 15 |

* The respondents explain the negative assessment as follows: registration takes too long; I want to buy a seeding-machine in Romania, but *getting a license costs too much(?)*; it is impossible to buy without a loan, but to get it is far too expensive; we cannot purchase equipment abroad; for purchasing seeds abroad too high duties are levied; the law does not *allow* to freely purchase production equipment in other countries; the pledging procedure does not suit me; procedure on purchasing machines based on leasing leads to a double increase of its price; I cannot get permission from the administration for purchasing combines in other countries.

Major part of farmers give positive evaluation of current situation: 69.6 % of peasant farmers and 57.4% of farmer-leaders. At the same time it does not mean that there are no problems.

Farmer-leaders.

- The Law on Vineyards and Orchards does not allow replacement of non-profitable vineyards and orchards;
- It is necessary to prepare at the level of judets a new set of documents for bulk sale every year;
- It is difficult to work on a land divided into small plots.

Peasant farmers

- It is difficult to change the product mix;
- It is impossible to use machinery because plots of lands are very small (Law on Privatization);
- The laws prevent from uprooting non-profitable vineyards, which is violation of ownership rights;
- We are entirely subordinate to the Mayor’s office;
- We were not allowed to plough land by tractors from another village, and were obliged to plough by tractors from our village.

Are there any laws, instructions or administrative procedures that create difficulties in purchase of such factors of agricultural production as fertilizers, chemicals and pesticides, fuel, seeds, and others?

| | | Peasant farmers | | | Farmer-leaders | | | Σ | | |
|-------|-------------|-----------------|------|-------|----------------|------|-------|----------------|------|-------|
| | | Absolute value | % | Index | Absolute value | % | Index | Absolute value | % | Index |
| 1 | No | 120 | 56.1 | | 29 | 47.5 | | 149 | 54.2 | |
| 2 | Yes | 91 | 42.5 | | 32 | 52.5 | | 123 | 44.7 | |
| 3 | No response | 3 | 1.4 | | - | - | | 3 | 1.1 | |
| Total | | 214 | 100 | 0.13 | 61 | 100 | -0.04 | 275 | 100 | 0.09 |

As we can see, the situation in general repeats the previous one: opinions of respondents have divided almost equally in both groups. The only difference is that a little bit more than half of farmer-leaders (52.5%) have evaluated this situation negatively. And inversely, peasant farmers have evaluated it positively (56.1 %).

The problem can be better presented in the answers of respondents:

Farmer-leaders

- We cannot buy fuel directly from abroad;
- Economic police checks place of origin of fuel without any authorization;
- There are artificial impediments to import of seeds from abroad;

- It is impossible to obtain license;
- 12 documents are needed to pass customs.

Peasant farmers

- we are not allowed to buy seeds from abroad;
- there is monopoly of elevators and of “Fertilitate”;
- for chemicals purchase a document is required from epidemiological station on availability of rooms for their storage;
- there are no laws protecting buyers of seeds.

5. Difficulties of the market

Successful sale of produced goods and services is the main indicator of producers adjustment to the market. However, rural farmers and entrepreneurs evaluate the situation on their products sale very negatively.

5.1 Problems of products sale

Do you have problems with sale of your products?

| | Absolute value | % | Index |
|-------------|----------------|------|-------|
| No | 164 | 34.4 | |
| Yes | 310 | 65.1 | |
| No response | 2 | 0.5 | |
| Total | 476 | 100 | -0.31 |

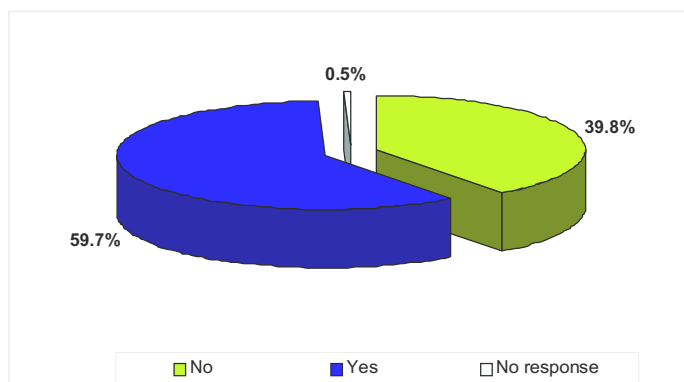
Materials of the poll show that there are many rural entrepreneurs and farmers (65.1 % of the whole sample) who face problems with their products and services sale. In general, evaluation of this situation is negative (index equals to - 0.31). 34.4 % of all interviewed do not have problems with their products sale. But this figure does not also characterize this situation as positive. The reason is that some rural producers, especially farmers, do not have these problems because their production is reduced either to the level of self-sustaining or is in critical situation. In this case they don’t have anything to sell, therefore there are no problems.

Do you have problems with your products sale?

Entrepreneurs

| | Absolute value | Index |
|-------------|----------------|-------|
| No | 80 | |
| Yes | 120 | |
| No response | 1 | |
| Total | 201 | -0.20 |

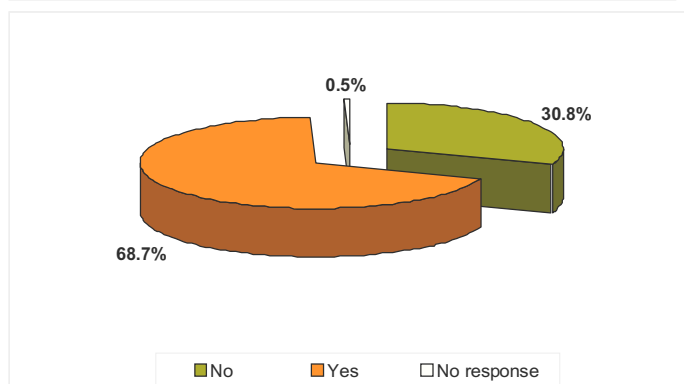
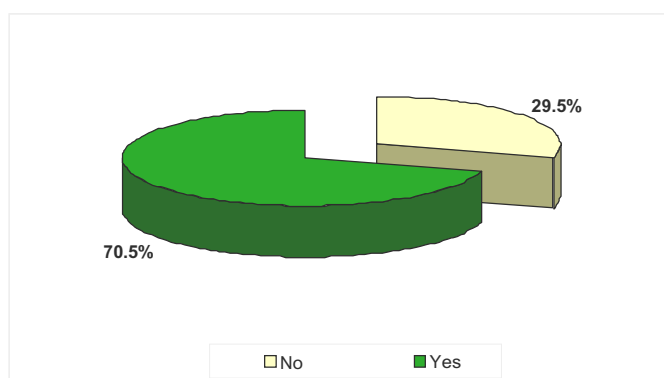
Rural entrepreneurs evaluate situation with their products sale as less problematic in comparison with peasant farmers. Evaluation index equals to -0.20 , but this is twice as low than of farmer-leaders and peasant farmers. The main reason for this situation is, probably, specific character of their production, which can be better projected, calculated and is more predictable. On the other hand, entrepreneurs have more possibilities to maneuver, change strategy and tactics, than farmers.



Farmer-leaders

| | Absolute value | Index |
|-------------|----------------|-------|
| No | 18 | |
| Yes | 43 | |
| No response | - | |
| Total | 61 | -0.41 |

Evaluation index of market problems in this group is two times lower than in the group of entrepreneurs. Therefore, sale problems are evaluated twice harder. Large areas of land being processed (average area of 388.22 hectares), number of people (average number is 131 persons), and, probably, significant volume of produced goods make this problem even more serious. We should also take into consideration that a peasant farmer can limit production by internal consumption, while it is practically impossible for the leader.



Peasant farmers

| | Absolute value | Index |
|-------------|----------------|-------|
| No | 66 | |
| Yes | 147 | |
| No response | 1 | |
| Total | 214 | -0.39 |

Probably the same type of labor and production cause the same market problems for peasant farmers. This can be the explanation of similarity of quantitative parameters.

Almost the same percentage of respondents mention availability of difficulties (70.5 % and 68.7 %) and their absence (29.5 % and 30.8 %). However the character of the problem is probably different. Peasant farmer can limit the volume of production only to its own consumption and thus avoid all the market problems.

Are there any laws, instructions, or administrative procedures impeding transportation/sale of your products or services in the territory of the RM?

| | | Whole sample | | Entrepreneurs | | Farmer-leaders | | Peasant farmers | |
|-------|-----------------|----------------|------|----------------|------|----------------|------|-----------------|------|
| | | Absolute value | % | Absolute value | % | Absolute value | % | Absolute value | % |
| 1 | No | 331 | 69.5 | 137 | 68.2 | 40 | 65.6 | 154 | 72.0 |
| 2 | Yes | 142 | 29.8 | 63 | 31.3 | 21 | 34.4 | 58 | 27.1 |
| 3 | No resp Onse | 3 | 0.6 | 1 | 0.5 | - | - | 2 | 0.9 |
| Total | | 476 | 100 | 201 | 100 | 61 | 100 | 214 | 100 |

29.8 % of all respondents in the whole sample believe that there are laws and instructions that create difficulties for transportation of their products. Major part of them is comprised of producers of agricultural products. Farmer-leaders (34.4 %) and peasant farmers (27.1 %) prevail here.

5.2 Problems related to transportation/sale of products in the territory of Moldova

Entrepreneurs. In the opinion of respondents, the main reason is “corruption, bureaucracy, and formalities” which account for 21.4 %. The second rank licenses, procedures for registration transportation means, patent fee (14.3 % of responses). The third place rank high VAT and taxes (12.5 %). The fourth rank activities of customs and prohibition to trade agricultural products in other regions (8.9 %).

Prohibition to export products was mentioned, for instance, by entrepreneurs from villages Horeshti, Mihaileni, Sobari, etc. Entrepreneur from Mihaileni: «We were prohibited to sell milk in Balti by judets administration. Entrepreneur from Sobari: «Transportation of grain from Soroca to Ataki was prohibited by administration of the region”. Entrepreneur (84): «There is a decision which regulates utilization of timber only in timber production enterprises». Entrepreneur from Horeshti: «We were prohibited to sell products outside our region».

Farmer-leaders. They name the following four major reasons out of nine:

- 1-2 – Law on export, custom duties (26.3%)
- 1-2 – Expensive fuel (26.3%)
- 3-4 – Instability of prices (10.5%)

One of the reasons is obviously of legislative and regulatory character - the Law on Export and Custom Duties. As far as the second and the third problems, they would like to have state regulation of prices for fuel and ensuring stability of prices for agricultural products.

Peasant farmers consider, that transportation and sale of agricultural products on the territory of Moldova is hindered by:

| | % |
|--|------|
| 1. control bodies (tax police, financial guard, economic police, customs checks, actions of local and regional administration) | 29.5 |
| 2. barriers to sale of local products | 26.3 |
| 3. problems related to products certification, lack of special laboratories | 11.5 |

Judging by farmers' statements, most barriers in transportation and sale of agricultural products on the territory of Moldova are created by the control bodies. For 29.5% of them, the fiscal police, financial guard, economic police and customs check points, through their actions aggravated already serious situation in product sales. One of the farmers emotionally described the situation as follows: "Sometimes I think I live in a strange state!".

The second barrier, in terms of importance, is a marketing issue: available barriers in selling local production, acknowledged by 26.3% of respondents. The farmers, in fact, require from legislators to confirm additional safeguarding measures.

Despite the fact that the sales problem ranks third among the impediments, certification problem is extremely important. Having no possibility to implement the certification issue by their own, the farmers are compelled to resort to second-hand dealers. Of course, the latter are not interested in improving these possibilities. This is why 11.5% of farmers consider the issue of production sales to rank third in terms of importance.

Respondent №65: «We are not allowed to sell grain in Ukraine»; №59: «We are not allowed to sell products at real prices»; №48: «Passing of customs is a very difficult procedure, up to 12 documents are needed for it».

Peasant farmers. Coropcheni village: "Local police prohibit trading, because there are cases of stealing from the fields, and products being sold can be stolen". Colibash (Cahul): «At the session of the Mayor's office we were informed that we have no right to take products out of the village without authorization issued by the Mayor's office». Respondent from the same village: «Mayor's office prohibits to take grain out of the village».

5.3 Problems related to laying-in of agricultural products

This type of activity of rural entrepreneurs plays very important liaison role between farmer and the outside world. It resolves many production and financial problems of farmers. Improvement of laying-in activity of entrepreneurs will have favorable impact on economic development of modern Moldovan villages. In accordance with results of the poll, 84.6% of rural entrepreneurs are dealing with laying-in of products. Plurality of this group could have arisen optimism. However, if we try to evaluate the success of laying-in activity, we can say that situation is changing for the worse. Thus, of 170 entrepreneurs involved in this activity, only 32.8% are able to lay-in sufficient amount of products for their business. Much larger part of businessmen (51.7 %) fail to do that. Obviously, to regret of farmers as well.

One of the reasons for such situation named by entrepreneurs is legislation and administrative procedures not allowing farmers and other persons to sell their products. 43.8 % of respondents in or pill are of this opinion. 52.7% adhere to opposite opinion believing that there are no impediments like that.

Since such issue is not resolved by mere voting, let us turn to the arguments of those who believe these problems exist. Let us review 55 clarifications provided by part of entrepreneurs in support of their statements. We believe that entrepreneurs are right in many cases. For instance, high license fees account for 50.1% of all the problems hindering laying-in, complexity of licensing procedure which requires lots of documents, as well as frequently mentioned corruption. 32.7 % is taken by high value of fuel, which probably makes transportation of products unprofitable. Among other impeding factors are arbitrary fines, prohibition to joint-stock companies to buy equipment from private persons(?!), prohibition to freely sell products, and for some reason, barter. Each of these factors accounts for 3.6%.

5.4 Problems related to products export

Well known are the problems related to export of the main wealth of the country - agricultural products. How much are these problems caused by current legislation, licensing system and administrative procedures?

Entrepreneurs. 56.2% of respondents believe that there are no reasons like that. And inversely, 38.8% believe that they are quite realistic. Since the second group provides grounds for its opinion, let us listen to it. There were expressed 73 argument-opinions. Let us take them for 100%. 74.0 % are related to high taxes and custom fees and complicated custom procedures. The second (by 10.9%) rank the notorious corruption. Further on follow formalities with certification of perishable products (5.5 %), complications with obtaining licenses (4.1 %), cumbersome controlling procedures (2.7 %) and problems with traffic police upon crossing Transnistrian border (1.4%).

We shall agree that impediments to export do exist. But are they related to legislation, licensing system and administrative procedures? Both yes and no. In some cases, the problem pertains, obviously, not to legislation, but to the manner it is executed (corruption). But it is not always easy to see the difference between them for a farmer or an entrepreneur. But they are right, that licensing procedures are too complicated, and excessive control really exists.

Farmer-leaders: 50.8% of them do not encounter this type of barriers, although quite a few of them consider them very real – 42.6%.

Peasant-farmers: the picture is somewhat different – 58.9% either do not really encounter such problem, or do not know of their existence. Yet, 38.8% of the farmers consider it real. Among the farmers, having available data on the given issue and assessing the situation on product export as negative, the bulk of them see the main barrier in the Law on Export and high customs duties. Both barriers are assessed almost equally by both groups: farmer-leaders – 86.8% and peasant farmers – 87.0%. The law and procedures, designed to enhance the export of production, for a considerable part of real and potential exporter is a stalling off factor.

The second as per importance issue that considerably shows up in evaluating the Law on Exports and Customs, yet, mentioned as a separate one is the bureaucracy,

formalism and corruption of control bodies – respectively by 1.6% and 3.5%. Of course, one may argue whether these issues refer to legislation, and try to prove something converse. Yet, in any case this problem is real, which hinders the efforts of the farmers in handling the export problem.

Here are some examples of everyday problems:

1. Respondent №7: «We have to pay “under the table”».
2. №55 (Horeshti): «I have to pay bribes to get a license».
3. №№107, 141, 143, 144: «Export documents are terribly complicated».
4. №95 (Soroca): «Duplication of documents prior and at the customs».
5. №13 (Vaskautsi): «Export procedure is extremely complicated because of excise taxes, VAT, and bureaucracy».
6. №31: «Products export process is very expensive».

6. Difficulties created by controlling bodies

Relations between farmer, rural entrepreneurs and controlling bodies were studied here from quantitative aspect, whether they are “within the norm” or “exceed the norm”. It is presumed that control within the norms does not cause additional difficulties, i.e. does not cause any difficulties by mere fact of a visit of inspectors². Excessive number of inspections creates nervous atmosphere and distracts entrepreneurs from performing their work.

We presumed that a norm for controlling bodies inspections is 4 visits per year, i.e. one visit per quarter. Visits in excess to this figure were considered as exceeding the norm.

Entrepreneurs. Analysis of respondents’ answers shows that visits of two out of five controlling bodies were excessive. On average within a year every entrepreneur was visited 5.6 times by inspector of electric networks, 5.4 times by financial inspectors and sanitary-epidemiological inspectors, and 3.1 by economic police. On average visits of fire-prevention inspector were less frequent than a norm and amounted to 2.1. visits per year.

More interesting picture of interrelation between normative and over-normative control can be obtained as a result of their interrelation analysis in each particular case.

Thus, over-normative visits of electric networks inspector amounted to 36.4 %, of financial inspector to 33.0 %, economic police – 13.5 %, fire-prevention inspector – 12.5%.

So, we can see that almost every third company experienced excessive control of financial and electric network inspectors, and almost every eighth-ninth company experienced excessive control from economic police and fire-prevention inspector.

² This does not mean in any way, that the norm in terms of number of visits cannot create barriers to business development. Yet, this type of problem goes beyond the limits of the poll.

Even more excessive and therefore negative character of control can be observed with regard to certain particular companies the number of which is not that small.

Here are at least some examples:

Financial inspector: 15 firms were inspected 12 times, 4 firms - 15 times, 2 firms - 20 times, 4 - 24 times, 3 - 30 times, 1 - 25 times, and 1 firm - 50 times within a year.

Economic police: 12 firms were inspected 10 times, 5 – 12 times, 2 – 20 and 2 - 24 times within a year.

Fire-prevention inspector: 6 firms were inspected 10 times, 3 – 12 times, 1 firm was inspected 30 times within a year.

The most excessive control is exercised by electric networks inspector: 32 companies were visited by him 12 times within a year, and 10 companies from 16 to 100 times a year

Substantial amount of excessive control is exercised by the doctor of sanitary-epidemiological station: 18 firms were visited by him on a monthly basis, i.e. 12 times within a year, 7 firms were visited from 15 to 60 times within a year. On the whole, there are 233 visits of 7 companies within a year (!).

It is also interesting that while some companies experience high level of excessive control, significant number of entrepreneurs are not controlled at all. Thus, 7 % of entrepreneurs responded that financial inspectors had not visited them, 29% were not visited by economic police, 29.9 % were not visited by fire-prevention inspector, 22.4 % had no visits of electric networks inspector, and 31.3 % were not visited by doctor-epidemiologist.

Farmer-leaders. General analysis of visits of farmer-leaders by controlling bodies show that in comparison with entrepreneurs their number per one farmer-leader is much lower. Thus, the number of over-normative inspections amounts to 2 out of 5. The responds show that there are 5.7 visits per year of electric network inspector and 4.3 visits per year of financial inspectors. Visits of other controlling bodies do not exceed the norm (2 sanitary-epidemiological inspections, 2.4 fire-prevention inspections, and 1.5 inspections of economic police). It is difficult to explain the reasons for less frequent inspections, since this was not the objective of this study.

The poll of farmer-leaders show that over-normative control of financial inspectors amounts to 34.3%, of electric networks inspectors to 32.9%. These figures for other controlling agencies are lower. Economic police– 9.8 %; sanitary-epidemiological inspection – 9.8 %, and fire-prevention inspection - 11.4 %.

To mention is that burden of over-normative control of certain leaders is much heavier. Thus, financial inspector visited 2 leaders 5 times, 6 leaders - 6 times, 10 leaders - 12 times within a year, one leader was visited 15 times and another one 20 times within a year. At the same time 14.8 % (9 leaders) were not been inspected at all.

Electric networks inspector visited 20 leaders 266 times within a year, at the same time almost half of the interviewed (42.6%) were not inspected at all.

Peasant farmers. The results of the poll show that peasant farmers are less frequently controlled by 6 controlling agencies. Thus, not a single agency has exceeded the norm of four inspections per year.

For peasant-farmers the results of the poll are as follows:

- Electric networks inspector 1.8 inspections per year
- Financial inspector 1.6 inspections per year
- Economic police 0.4 inspections per year
- Sanitary-epidemiological service 0.2 inspections per year
- Fire-prevention inspector 0.06 inspections per year
- Technical inspector 0.06 inspections per year

At the same time average figures are much exceeded with regard to certain farmers. Thus, financial inspector carried out over-normative inspections of 38% of interviewed farmers. At the same time, 20.6 % (44) of all interviewed have not been inspected at all.

Electric networks inspector visited 17.6% of interviewed from 5 to 12 times within a year, at the same time 68.2% (146) have not been inspected at all.

Within one year economic police controlled 9 farmers 82 times, i.e. from 6 to 12 times per year. At the same time 82.2% (176) have not been inspected a single time.

Conclusion. Though, performing quite legal controlling functions, state bodies nevertheless create real difficulties for certain part of rural businesses. In conformity with the study results, these difficulties are created already at the quantitative level, since major part of all three groups comprised of entrepreneurs, farmer-leaders and peasant farmers have experienced over-normative control. For some of them this level of control presents serious impediment to their business activity.

7. Financial difficulties

Does financial legislation or practice create any difficulties for you?

| | Whole sample | | | Entrepreneurs | | | Farmer-leaders | | | Peasant farmers | | |
|--------------|----------------|------------|--------------|----------------|------------|--------------|----------------|------------|--------------|-----------------|------------|--------------|
| | Absolute value | % | Index | Absolute value | % | Index | Absolute value | % | Index | Absolute value | % | Index |
| 1 No | 144 | 30.2 | | 67 | 33.3 | | 16 | 26.2 | | 61 | 28.5 | |
| 2 Yes | 326 | 68.5 | | 130 | 64.7 | | 45 | 73.8 | | 151 | 70.6 | |
| 3 N/r | 6 | 1.3 | | 4 | 2.0 | | - | - | | 2 | 0.9 | |
| Total | 476 | 100 | -0.38 | 201 | 100 | -0.31 | 61 | 100 | -0.47 | 214 | 100 | -0.42 |

Difficulties related to financial legislation are characterized as one of the most problematic for respondents. Evaluation index of this legislation amounts to – 0.38. Every third respondent does not have any complaints, while two of every three do. Dissatisfaction prevails in the group of farmer-leaders (73.8 %). It is a little bit lower among peasant farmers and entrepreneurs (70.6 % and 64.7 % respectively).

Data of the poll do not provide for complete answer whether objective or subjective reasons prevail in this evaluation. However, it is obvious that such strong opposition of the subject makes the law implementation rather doubtful. In order to increase its efficiency it is necessary to, at least, persuade major part of entrepreneurs

and farmers that this law should exist in such form. It would be more efficient if some comments made by the respondents in the poll were taken into consideration.

7.1 Credit policy

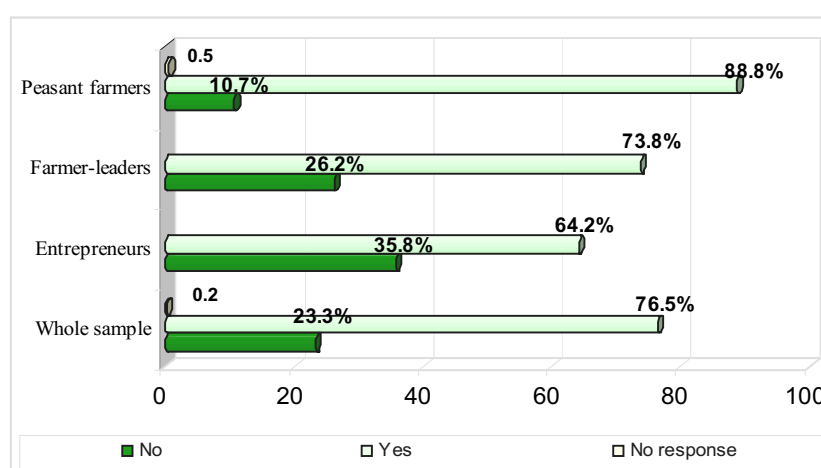
Did you take credit in 1998?

| | Whole sample | Entrepreneurs | Farmer-leaders | Peasant farmers |
|------------|----------------|----------------|----------------|-----------------|
| | Absolute value | Absolute value | Absolute value | Absolute value |
| 1 Yes | 111 | 72 | 16 | 23 |
| 2 No | 364 | 129 | 45 | 190 |
| 3 No resp. | 1 | - | - | 1 |
| Total | 476 | 201 | 61 | 214 |

As we can see from the results of the data provided above, crediting process has covered only every fourth respondent of the whole sample (23.3 %).

We can see noticeable differences in the groups. Entrepreneurs take more credits (35.8 %); farmer-leaders

rank second (by 26.2 %); and third rank peasant farmers with much lower percentage of 10.7%. Taking into consideration importance of credits in economic life we can conclude, that its role in agriculture and rural business of the Moldova is much impaired. This is especially true for peasant farmers. The most numerous layer of rural producers is practically cut off financial assistance. Of course, it is difficult to expect any positive changes, unless situation with crediting changes significantly.



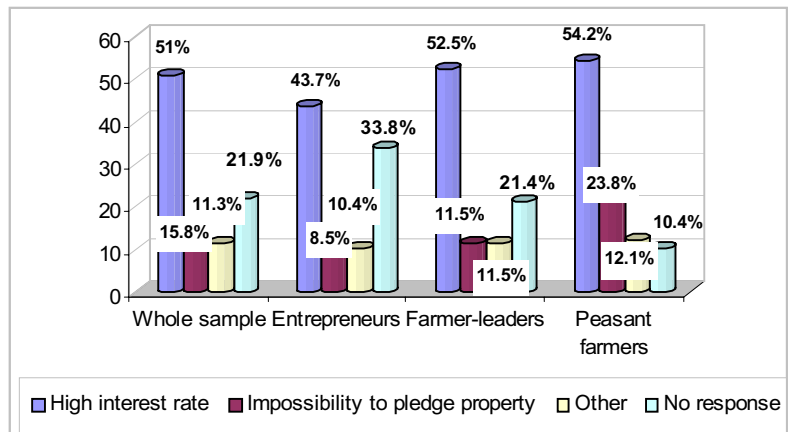
Why haven't you taken credits?

| | Whole sample | Entrepreneurs | Farmer-leaders | Peasant farmers |
|---------------------------|--------------|---------------|----------------|-----------------|
| | Abs. value | Abs. value | Abs. value | Abs. value |
| 1. High interest rate | 243 | 95 | 32 | 116 |
| 2. Cannot pledge property | 75 | 17 | 7 | 51 |
| 3. Other | 54 | 21 | 7 | 26 |
| 4. No response | 104 | 68 | 15 | 21 |
| Total | 476 | 201 | 61 | 214 |

The main reason why credits are not taken, is high interest rate. 51.0 % of all respondents mention this reason as the main one. The second rank the impossibility to pledge property (15.8 %). Other reasons do not exceed 11.3 %.

Thus, it is high interest rate with banks that curbs crediting. The situation in groups does not differ greatly. Though we can see that in

comparison with entrepreneurs farmer-leaders and peasant farmers are more concerned about high interest rates (respectively 52.5% and 54.2%).



7.2 Problems related to financial legislation

Entrepreneurs

- Financial legislation often changes;
- It is difficult for understanding;
- It would be preferable to pay social tax after harvest, and not on a quarterly basis;
- Specification of taxes in accordance with types of services is extremely complicated.

Farmer-leaders

- financial legislation often changes;
- too many various taxes;
- traffic police penalizes for unlicensed retail trading, though there are no legal provisions for that.

Peasant farmers

- financial inspectors force farming enterprises to maintain double accounting which contradicts legislation;
- it is necessary to simplify tax system and to have only one financial tax;
- pensioners are not allowed to pay taxes from pension arrears;
- taxes should be collected at the end of the year;
- it is silly to require maintenance of a very complicated accounting system in a farming enterprise with 1-2 hectares of land and one farmer being a pensioner.

8. Informational difficulties

In conformity with the poll results, it is very difficult to obtain information for the purpose of business activity. Thus, 59.7% of entrepreneurs mentioned that they do not receive any information that would help them to improve production, sale of their products, etc. Only 24.4 % receive such information, though 15.4 % do not need it. We

should not think that this group does not face information problems. Most likely they just underestimate the role of information.

Peasant farmers have even more problems with information obtaining. Percentage of those who do not receive it is the highest in this group (65.4 %), and percentage of those who need it is the lowest (7.5 %). The number of those satisfied by information provision is practically the same, i.e. every fourth (26.2 %) manages to find necessary information somehow.

Farmer-leaders are in a more favorable situation, (obviously thanks to their participation in “Land” project). Percentage of those who receive necessary information is higher (37.7 %); and percentage of those who do not receive it is a little bit lower (47.5%). Percentage of those who do not need this information is practically the same as in the group of entrepreneurs.

Obviously, lack of information creates serious difficulties both for the process of rural production (farmer-leaders and Peasant farmers) and for servicing of this production (rural entrepreneurs).

One of the blocks of information provision of both business and farming activities is information on legislation of the Republic of Moldova.

The poll data testifies the fact that major part of entrepreneurs evaluates their knowledge of legislation as good and satisfactory (14.4 % and 52.2%). And only every third (32.8 %) estimates his/her knowledge as unsatisfactory.

The situation in the group of farmer-leaders is practically the same. But the situation in the group of peasant farmers differs. 5.6% of farmers have “good” knowledge of legislation, 40.7 % - “satisfactory” knowledge and 52.3 % estimate their knowledge as unsatisfactory.

Reasons for insufficiency of information: age and education

Age. In the group of entrepreneurs people younger than 50 amount to 79.7 %; in the group of farmer-leaders they constitute 80.4 %. In the group of peasant farmers – 58.0 %. And inversely, people older than 50 constitute respectively 20.4 %, 18.1 % and 42.1%.

Education. On the whole as we can see educational level in the group of peasant farmers is lower than in the first two groups. Number of people with higher and uncompleted higher education is two times higher in the groups of entrepreneurs and farmer-leaders in comparison with the group of peasant farmers. People with primary (10 %) and secondary (39.9 %) education prevail here.

9. Government and problems of farmers and rural entrepreneurs

The suggestions of farmers and rural entrepreneurs to the Government reflect the whole range of barriers and problems they come across in their activity. The set of the problems are limited to the framework of expected difficulties prior to starting activity as farmer and entrepreneurs and those encountered in day-to-day life. Unfavorable business and operational environment, where the rural Moldovan entrepreneurship and farming is being built-up, creates many real (and assumed) problems.

Many of them pertain to the authority of the state bodies. And the problems cannot be resolved without the efforts of the latter. The Government undertakes a lot of efforts to resolve the problems, actually according to respondents, and not less is being done for emerging other ones.

Which are the most important problems, that must, according to respondents, be settled by the Government in order to improve the situation of entrepreneurs and farmers?

The entrepreneurs submitted to the Government a *set* of 30 problems, farmer-leaders – 16, peasant-farmers – 17. The selection frequency in the first case was 477 problems, in the second – 159 and in the third one – 538.

On average there are 2.5 problems per respondent. It is less than what was suggested to be formulated (3 problems). “Under-disclosure” of problems is caused mostly by lack of confidence to the Government rather than lack of problems. This can be proved by activity of other respondents – many of their responses are so comprehensive, that they rather seem like letters to the Government and not just responses to a questionnaire.

Most actively were farmer-leaders. The rate of problems per one farmer-leader is 2.6, more than per one entrepreneur (2.4) and peasant-farmer (2.5).

Entrepreneurs. The main module of expectations comprises three elements:

| | |
|---|-------|
| 1. Reviewing normative acts on taxation | 18.0% |
| 2. Regulating prices on electricity and fuels | 16.3% |
| 3. Long term lending at low interest rate | 15.7% |

It is the juridical aspect that entrepreneurs are interested in with regard to reviewing the normative acts on taxation. The financial aspect of taxation was ranked by them on the 6th place.

In this particular case, to a great extent is obvious their general legal competence. Taxes cannot be cut without changing laws – it is well known by entrepreneurs too. Yet, should they relate those expectations to the Government?

Price regulation on electricity and fuels it a rather understandable expectation. Also very easily explainable. Expectation of long-term lending system at low interest rate

could be of interest not only for the entrepreneurs but for Government too. The list of expectations is provided below:

| | Frequency | % |
|--|-----------|-------|
| 1. Reviewing normative acts on taxation | 86 | 18.0% |
| 2. Regulating prices on electricity and fuels | 78 | 16.3 |
| 3. Affordable longterm lending | 75 | 15.7 |
| 4. Protection of local producer | 32 | 6.7 |
| 5. Subsidizing agraproduct sector | 29 | 6.1 |
| 6. Facilitating controls, fighting corruption | 25 | 5.2 |
| 7. Diminishing taxes, duties, issuing long term licenses | 24 | 5.0 |
| 8. Export stimulation | 18 | 3.8 |
| 9. Assistance in purchasing equipment | 13 | 2.7 |
| 10. Regulation of agraproduct prices | 11 | 2.4 |
| 11. Setting up informational consulting centers | 10 | 2.2 |
| 12. Stabilize the national currency (leu) | 10 | 2.2 |
| 13. Shaping sales market | 9 | 1.9 |
| 14. Purchase of agricultural production | 7 | 1.6 |
| 15. Provide for legal stability | 7 | 1.6 |
| 16. Support small business | 6 | 1.2 |
| 17. Attract foreign investments | 6 | 1.2 |
| 18. Land code, social fund | 5 | 1.0 |
| 19. Simplify accounting system | 4 | 0.8 |
| 20. Provide for political stability | 4 | 0.8 |
| 21. Regulate control | 4 | 0.8 |
| 22. Organize system of seed, fuel and pesticide supplies | 4 | 0.8 |
| 23. Adopt respective laws | 2 | 0.4 |
| 24. Prohibit barter | 2 | 0.4 |
| 25. Allow to work without control structure | 1 | 0.2 |
| 26. Insure permanent supply of electricity | 1 | 0.2 |
| 27. Cancel debts | 1 | 0.2 |
| 28. Implement new technologies | 1 | 0.2 |
| 29. Create associations for technical supplies | 1 | 0.2 |
| 30. To simplify the procedure of perishable items transportation | 1 | 0.2 |

Attention should be paid not so much to the set of expectations, but rather to the percentage of expressed views: 13 problems accounted for 85%, whereas other 17 – 15%. To mention is, that the respondents did not express the whole stock of suggestions. Obviously, one might say there is no unity of views with regard to a series of crucial problems pertaining to improvement of entrepreneurial activities.

For instance, the regulation of control, i.e. diminishing extra-normative control ranks among insignificant expectations – 0.8%. Considering the difficulty of the problem for the entrepreneurs, it seems strange. May be the Government lacks confidence as regards handling this problem? Or may be the problem is settled at the level of bodies themselves?

A rather insignificant attention entrepreneurs pay to implementing new technologies – 0.2%. Could that be another lack of hope as regards the possibility to handle this important for entrepreneurs problem?