

**Farmer-leaders.** The block of main problems consists of 4 elements:

	%
1) Supply of fuels, fertilizers, pesticides, seeds, electricity	15.7
2) Insure legal stability, modify existing procedures, diminish number of laws	14.5
3) Protect local production	14.5
4) Long term credits at low interest rate	14.5

Operation problem regarding the supply of fuels, fertilizers and others, showed its importance in the previous analysis. Yet, the substance of the expectation is related not only to shortage of funds. One may think of the protection against administrative violations, extra-normative control, cuts in electricity supplies. Farmer-leaders suffer of instability of laws, drawbacks of licensing procedures, customs checking, purchasing and registration of machines and equipment.

			%
1.	Assistance in supplying fuels, fertilizers, etc.	25	15.7
2.-4.	Insure stability of laws, modify procedures, diminish taxes	23	14.5
2.-4.	Protect prices on local production	23	14.5
2.-4.	Providing longterm credits at low interest rates	23	14.5
5.	Providing assistance to agrarian sector	14	8.8
6.	Diminishing taxes, customs duties and others	10	6.3
7.	Protection of local producers	9	5.7
8.	Create centers for purchasing agricultural production	7	4.4
9.	Assistance in purchasing transport means	6	3.8
10.	To facilitate the law on exports, cut export duties	5	3.1
11.	Set up informational centers	4	2.5
12.-13.	Facilitating control	3	1.9
12.-13.	Attract foreign investments	3	1.9
14.	Set up centers forland farming	2	1.2
15.-16.	Fighting corruption, formalities	1	0.6
15.-16.	Extend telecommunications net in rural areas	1	0.6
		159	100.0

The respondents of this group are close to the limit of 183 possible expectations. This fact immediately contributed to increasing share of respondents accentuating 16 problems. 8 of 16 problems accounted for 85%, and other 8 – for 15%. Thus one can notice a considerable concentration of expectations in the first group. Obviously, the importance of the problems comprised is very high.

Both *farmer-leaders* and entrepreneurs pretty often are subjected to extra-normative control. Yet, the fact that they do not include among expectations the need to diminish that is somewhat impressive. This expectation accounts for only 1.9%. Although almost twice higher than among the group of entrepreneurs, yet, obviously below its level of importance.

Fighting corruption as one of expectations, also ranks as low importance issue for farmer-leaders – 0.6%.

**Peasant-farmers.** The module of main expectations comprise 4 problems:

- |  |       |
|--|-------|
| 1. Supply of fuels, fertilizers and others                 | 18.4% |
| 2. Support agrarian sector                                 | 15.4% |
| 3. Long-term credits at low interest rate                  | 13.7% |
| 4. Setting up centers for purchasing agricultural products | 12.8% |

Evaluation of fuels related situation, as well as fertilizers and others, proves once again its importance for the rural area, for the agrarian sector. The Government should devise some manners of its settlement. This is possible not only by way of direct subsidies. More than farmer-leaders, peasant farmers expect protectionist measures to be undertaken by the Government. Yet, one can hardly regard this as a simple manner of support.

			%
1.	Assistance in supplying fuels, fertilizers, etc.	99	18.4
2.	Support to agrarian sector	83	15.4
3.	Providing longterm credits at low interest rates	74	13.7
4.	Create centers for purchasing agricultural production	69	12.8
5.	Diminishing taxes, customs duties and others	53	9.8
6.	Assistance in purchasing transport mean	45	8.3
7.	Insure stability of laws, modify procedures, diminish taxes	30	5.6
8.	Set up centers for land farming	23	4.3
9.	Protection of local producers	18	3.4
10.	Protect prices of local production	16	3.1
11.	Set up consulting centers	14	2.6
12.	Review the laws on exports and customs duties	6	1.1
13.	Attract foreign investments	4	0.7
14.	Facilitate the pressing of the control bodies	1	0.2
15.	Fighting corruption, bureaucracy	1	0.2
16.	Simplify accounting system	1	0.2
17.	Resolving the problem of product certification	1	0.2
<b>18.</b>	<b>Total</b>	<b>538</b>	<b>100.0</b>

Among other problems, requirement of protectionist measures is obvious:

- |  |       |
|--|-------|
| - supporting the agrarian sector         | 15.4% |
| - protection of local producer           | 3.4%  |
| - protection of prices on local products | 3.1%  |

Peasant farmers particularly suffer of shortage of machines. To this fact is related their high expectation of technical assistance – 8.3%. It is particularly concerning the expectation of help in land farming: 4.3% would like to get from the Government assistance in this manner of handling technical problems.

As in previous cases, the peasant farmers do not expect from the Government to fight corruption and bureaucracy – 0.2%. At the same level are the expectations in diminishing the pressing of the control bodies – 0.2%. Though some peasants are not disturbed too much of those bodies.

The legal actions of the government do not rank among key issues of rural producer' expectations. In all three groups their evaluations rank as 5<sup>th</sup>-6<sup>th</sup> and last positions. In fact this is quite natural – the Government is not a legal body.

Yet, the share of the legal expectations by rural producers is much bigger indeed. They relate all problems resolution to legal regulation. Getting help in terms of technical equipment, protectionist measures etc. can be reached only in case when respective laws will be available.

### **Conclusions and recommendations**

1. All those seven elements of the milieu, in which the farmers and entrepreneurs are running their activities, are assessed as negative. Thus, all seven components: administrative, technical, legal, financial, control, informational and marketing, in the current state of affairs, are barriers, hindering the development of the business and operational activity in the rural area.

Negative evaluation, in terms of quantity, has been provided by about 44.7% to 71.2%, which proves the high degree of negative evaluation.

2. Among the most barriers prevail:

- administrative,
- technical,
- legal.

3. Each category of producers has itemized its own main barriers, that impact negatively on their activities:

- entrepreneurs: administrative, legal and control related;
- farmer-leaders: financial, control and marketing;
- peasant-farmers: technical, administrative and financial.

Both the set of barriers and degree of their negative impact is determined as per type of basic activity and degree of readiness of the producers to settle the emerging barriers.

4. *The survey allows us to conclude the following: of the seven types of barriers the most negative impact on entrepreneurial and production activity in the rural side is exercised by the legal ones.* It is determined by its influence on all the other types of production and business activity of the entrepreneurs and farmers. Imperfection of legal norms and their enforcement procedures, lead to complicating removal of all other types of barriers.

Respondents have noticed a negative impact of the legal imperfection on:

- purchasing of equipment – 40.8% of entrepreneurs, 60.7% of farmer-leaders, 43.1% of peasant farmers.
- purchasing necessary fertilizers, pesticides, oil, seeds, *et al.*, - 42.1% of farm-leaders and 52.5% of peasant farmers.
- haulage and sale of outputs and services on the territory of Moldova – 31.3% of entrepreneurs, 27.1% of farmer-leaders and 34.4% of peasant farmers.
- export of products 38.8% of entrepreneurs, 38.8% of farm-leaders and 42.6% of peasant farmers.

- laying-in agricultural products – 43.8% of the entrepreneurs consider there are real legal barriers, stalling off the peasants and farmers in selling their outputs.
- in handling the tax legislation – 64.7% of entrepreneurs, 73.8% of farmer-leaders and 70.6% of peasant farmers.

Resolution of legal and administrative barriers, inconsistency of licensing procedures, uprooting bureaucracy and violations while registering ownership, machines, at customs controls, exaggerating the authorities by local and regional administration and law and order organs, pertain to the authority of the respective bodies – Parliament, Government and branch ministries.

The Parliament and Government should avoid in their practice enforcement of legal and unjustifiably difficult administrative norms and regulations, make them simple and effective.

## 10. Social portrait of the countryside entrepreneur and farmer

### *Surveyed regions*

Регион	Entrepreneurs		Farmer- leaders		Peasant-farmers		Mayors, counsellors		TOTAL:	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
North	68	38.8	16	26.2	68	31.8	16	29.6	168	31.7
Center	103	51.2	25	41	97	45.3	25	46.3	250	47.2
South	30	14.9	20	32.8	49	22.9	13	24.1	112	21.1
TOTAL:	201	100	61	100	214	100	54	100	530	100

The sample corresponds in general to the share of the population inhabiting each of the natural -economic regions of Moldova. The Center is the most populated region and 47.2% of the country's population lives here, 31.7% lives in the North region and 21.1% lives in the South. The share of interviewees from a given social category depends on their number in each surveyed region.

### Gender

#### Distribution of interviewees by gender, (%)

	Entrepreneurs	Farmer leaders	Peasant farmers	TOTAL:
Men	83.6	91.8	85.5	85.5
Women	16.4	8.2	14.5	14.5

The surveyed group includes more men than women: 85% against 14.5%. The share of men within social categories is also considerably bigger than that of women. The group of farmer leaders includes two times more men than women. The general picture is that men play a leading role in business and farming in Moldova. Among farmer leaders there are 8.2% of women, 16.4% account for entrepreneurs and only 14.5% among farmers.

Another clear conclusion is that men constitute the biggest number of property owners.

## Age

Distribution of interviewees by age (%)

	Entrepreneurs	Farmer leaders	Peasant farmers	TOTAL:
Under 30 years	5.5	-	2.8	3.6
30 – 39	26.4	19.7	13.6	19.7
40 – 49	47.8	60.7	41.6	46.6
50 – 59	17.4	14.7	26.2	21.0
Over 60	2.5	3.3	15.8	8.6
No answer	0.4	1.6	-	0.5

46.6% (the largest share) of all the surveyed persons involved in business activities are 40 to 49 years old. This trend is valid also for the social categories. 21.0% (second largest share) of all the surveyed persons involved in business activity are 50 to 59 years old. This age group constitutes the largest share of peasant farmers. The age group 30 - 39 years constitutes 26.4% of entrepreneurs and 19.7% of farmer leaders – they constitute the second largest share. As a whole entrepreneurs and leaders are younger than peasant farmers.

## Education

Distribution of interviewees by education (%)

	Entrepreneur	Farmer leaders	Peasant farmers	TOTAL:
Uneducated	-	-	2.3	1.1
Primary	1.0	3.3	13.1	6.7
Secondary general	8.0	8.2	28.8	15.1
Secondary vocational	32.3	32.8	33.6	33.0
Higher	57.7	52.5	25.2	42.4
Incomplete higher	1.0	3.0	1.9	1.7

Important is, that the situation with the education level of countryside entrepreneurs and farmers is good: 92.2% of all the interviewees have education from general secondary to higher. Each third has secondary vocational education, 42.4% - higher education and 1.7% - incomplete higher education. The entrepreneurs have the highest educational level, farmer leaders – somewhat lower. Within the sample each interviewee has studied on the average for 11.7 years.

The entrepreneur has studied on the average for 12.9 years, the farmer – leader – for 12.6 years and the peasant farmer – 10.4 years.

*Incentives for starting a business activity*

	Entrepreneur	Farmer leaders	Peasant farmers	TOTAL:
Wish to have revenues	26.4	14.7	5.8	15.7
To survive	18.9	24.5	33.0	26.7
Wish to work independently	25.9	16.4	21.0	22.9
Wish to be owner	40.8	45.9	33.5	38.9
Did not know what to do	4.0	1.6	6.7	2.3
Other	3.5	4.9	2.8	2.3
No answer	-	1.6	0.9	0.6

Among the incentives for undertaking business and farming activity the wish to be owner is prevailing: 38.9%. 45.9% of farmer leaders started their activity in view of this incentive. They are followed by entrepreneurs of which 40.8% had this incentive. 33.5% of peasant farmers started their activity in view of this incentive – they aspired to a lesser extent to become owners.

A considerable share of the interviewees started their business activity under the influence of external factors and constraints. Some of them – only to survive, others because they did not know what to do else. Their share is considerable in all groups. The external factors had a particularly strong impact on peasant farmers: almost each third started farming in order to survive (33.0%). Each fourth leader farmer and each fifth entrepreneur started their activity in order to survive. The wish to have revenues was the most characteristic for entrepreneurs and was the incentive for 26.4% of them. Only 5.8% of peasant farmers started their activity in view of this incentive. For them this incentive was the least characteristic.

*The starting social status of entrepreneurs*

The starting social status	%
Agriculture	49.8
Industry and construction	12.4
Social sector (healthcare, education, culture)	6.5
Trade	16.4
Local administration	5.0
Other	9.5
No answer	1

Most entrepreneurs worked in agriculture before starting their current activity (49.8%). 16.4% of them worked in trade (second most common field), 12.4% worked in industry and construction. A small share of entrepreneurs is made up of former representatives of the social sector and local public administration.

*Plans for the future, (%)*

	Entrepreneur	Farmer leaders	Peasant farmers	TOTAL:
Desire to preserve the same level	35.3	43.7	43.0	39.7
Expand activity	43.3	39.3	18.2	31.5
Find a foreign partner	38.3	6.5	34.6	32.6
Stop activity	8.4	8.2	6.5	7.6
Other	6.9	11.5	5.1	6.7
No answer	1.0	-	0.9	0.8
TOTAL:	133.2	109.2	110.1	118.9*

In general within the sample the trend to stagnation prevails over the aspiration to expand business activity in the plans for the nearest 2-3 years: 31.5% intend to expand their business, 39.7% - to maintain the same level. Thus, 43.7% of farmer leaders and 43.0% of peasant farmers do not intend to expand its activity. However the share of entrepreneurs who do not intend to expand their business is also quite high – 35.3%. This

\* Сумма ответа равна больше ста процентов, поскольку возможны были несколько выборов.

illustrates that business activity in the countryside is in a non-favorable situation. At the same time a part of entrepreneurs intends to expand activity (43.3%). This is also true for 39.9% of farmer leaders and for only 18.2% of peasant farmers.

It is to be highlighted that among entrepreneurs and peasant farmers there is the intention to find a way out of the unfavorable situation in the cooperation with other partners. Thus, 38.3% of entrepreneurs wish to find a foreign partner and 34.6% of the peasant farmers wish to join an association. 6.5% to 8.4% of the interviewees intend to stop their activity.

## Description of business activity of entrepreneurs and farmers

### Procurement and lease

*Did you procure or rent premises, equipment and land (entrepreneurs), %*

	Quantity	Bought		Rented	
		Число	%	Число	%
Production buildings (square meters)	1-100	18	9	39	19.4
	101-500	21	10.4	27	13.4
	Over 500	8	4.0	11	5.5
	No answer	154	76.6	124	61.7
Transportation means (pieces)	1	29	14.4	21	10.4
	2	13	6.5	8	4.0
	3 and more	24	12.0	17	8.5
	no answer	135	67.2	155	77.1
Technical equipment (pieces)	1	18	9.0	4	2.0
	2	12	6.0	6	3.0
	3 and more	34	17.0	19	9.5
	no answer	137	68.0	172	85.5
Land (ha)	Less than 2	8	4.0	4	2.0
	From 2 to 5	6	3.0	4	2.0
	Over 5	3	1.5	44	21.9
	No answer	184	91.5	149	74.1

The entrepreneurs rent more often the production premises – 38.3%, than procure – 23.4%. This situation exists in the case of agricultural land: 25.9% renting and only 8.5% - procured. However a considerably bigger number of entrepreneurs neither rent nor procure production buildings.

In the case of transportation and technical equipment the situation is different: it is more often bought than leased -in. 32.9% of entrepreneurs procured transportation and 22.9% leased it. The technical equipment was bought at the same roughly level but was leased considerably less (32.9% and 22.9% respectively). The majority of entrepreneurs – from 67.2% to 85.5% did not procure and did not lease transport means or technical equipment. In other words since the beginning of their business activity their majority did not increase the quantity of transport and technical equipment.

Roughly the same situation occurs in the case of land: only 8.5% bought and 25.9% leased in, the majority did not carry out any activities with land.

Judging by the answers the entrepreneurs since the beginning of their activity could not accumulate the required capital for procurement of technical means and equipment and for expanding the production premises, or spent the capital on other purposes.

## Works for the construction and renovation of production buildings

*Did you build or renovate production buildings?*

Number	Answers	Frequency	%
1	No	103	51.2
2	Yes	91	45.3
3	No answer	7	3.5

In accordance with answers, the entrepreneurs were busy to a larger extent with the construction and renovation of their own production buildings (45.3%) than with the procurement and lease (23.4% and 38.3% respectively). At the same time half of them – 51.2% did not renovate and did not build production premises.

## Number of owners

Farmer leaders		Peasant farmers	
Quantity	%	Quantity	%
1-6	27.9	1-2	73.4
7-100	29.5	3-7	15.0
Over 100	39.9	Over 7	4.7
No answers	3.3	No answer	7.0

The form of organization of *farmer leaders* activities is so, that it includes a considerably bigger number of land owners than with peasant farmers. Thus more favorable conditions for the use of modern technologies for the cultivation of land are created. At the same time among peasants the trend is in place of a reducing number of land owners (land is being sold).

The overwhelming majority (73.4%) of the farms owned by *peasant farmers* are owned collectively by 1 – 2 peasants, and 15% – by 3 – 7 peasants. Naturally they have less possibilities to organize cultivation of land and agricultural production at a high level. At this initial stage of the agricultural reform there are farms owned by 7 and more owners.

## Number of employees

Farmer leaders		Peasant farmers	
Quantity	%	Quantity	%
1-10	16.4	1-8	27.1
11-100	24.6	9 - 15	2.8
Over 100	27.9	Over 15	1.9
No answer	31.1	No answer	68.2

The farms of farmer -leaders use for the cultivation of land and for the processing of harvest a considerable number of employees. Moreover, the group of farms that have more than 100 employees is the biggest – 27.9%. 24.6% of farms employ 11 to 100 employees.



At the same time 31.1% of farms of leaders can do with their own forces without hiring employees.

The biggest share (68.2%) of **peasant farmers** do not hire employees. Only a small share of them – 21.8% employ people. 27.1% of farms employ 1 to 8 employees.

*The surface of land (ha)*

Farmer leaders		Peasant farmers	
Number	%	Number	%
1-100	27.9	1-2	26.6
101-500	45.9	2-5	36.0
501-1000	9.8	Over 5	36.6
Over 100	16.4	No answer	1.0

The process of concentration of land use on the basis of lease mainly has started in the republic. Particularly active is this process in the farms of “Land” Project. According to the survey 25% of leaders in 1990 owned plots of land of over 500 ha, 16.4% of leaders owned plots of over 1.000 ha. The process of concentration is quite fast, particularly after the moratorium on selling -buying the land was lifted in 1996.

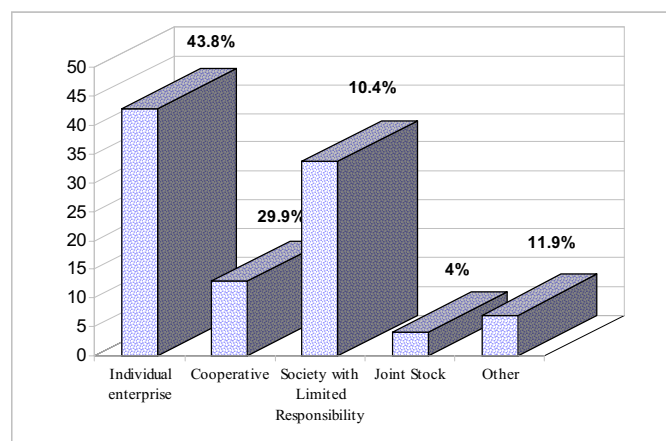
On the average in the country during land privatization a peasant received about 2.0 ha, while not less than 30-50 ha are necessary for an effective use. In 1999 only 36% of peasants had plots of land of over 5 ha. The use of land is still broken up and this is due to the big number of pensioners owners of land and depression in other branches. Apart from that the land plot is for the majority of households the only source of means for existence in the conditions of crisis.

*When was your enterprise set up?*

	Entrepreneurs	Farmer leaders	Peasant farmers	Total:
Before 1997	109	10	116	235
1997 – 1998	-	7	5	12
No answers	88	44	93	225
Before 1997	4	-	-	4
Total	201	61	214	476

The development of the private sector in the countryside of Moldova after the uncertainties and expectations of 1991 – 1995 became more active in the mid 90s. This process was speeded up by the new legislation adopted by the Parliament in the field of agricultural reform and by the implementation of the “Land” project.

*Which is the organizational form of your enterprise?*



The most common form of enterprise in the countryside– individual enterprises (42.8%) and joint stocks, created on the basis of the former collective and state farms (12.9%). Limited companies (33.8%) are popular for the small business. Quite a few enterprises (7.0%)– are of an uncertain form.

*What kind of activity are you carrying out?*

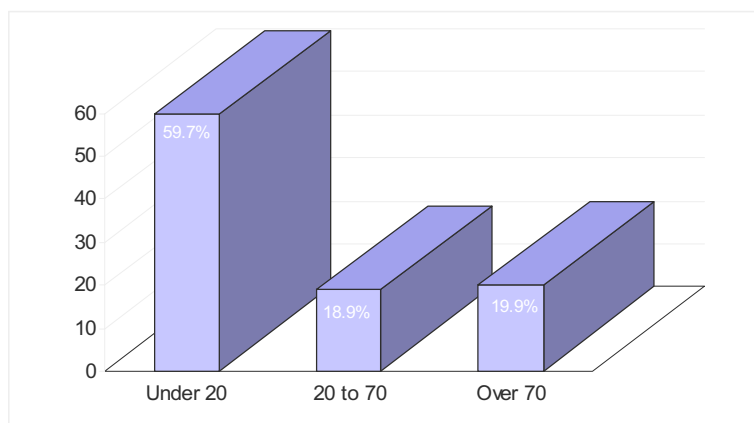
Характер деятельности	%
Trade	36.8
Services (technical, chemical, etc.)	31.3
Processing of agricultural goods	23.9
Production of food (bread, vegetable oil, juices, etc.)	25.4
Warehousing	22.1
Other	8.9

**Entrepreneurs.** The majority of enterprises (about 22.1%) of small business in the countryside is busy with laying in agricultural products and trade. Services (31.3%) are often combined with depositing of agricultural products (in spring– oils and gasoline, fertilizers, seeds, in exchange for the harvest in autumn.) The small business for the production of food is at the initial stage of development.

*What is the size of your enterprise?*

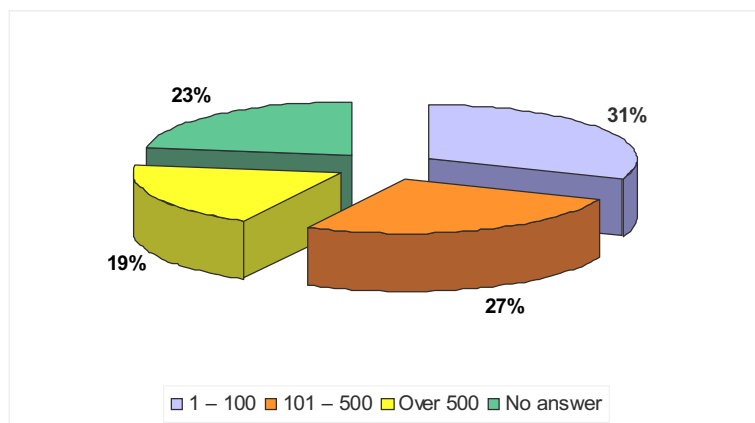
A) Number of employees

Around 60% of the enterprises of the private sector in the countryside – are small and employ less than 20 people. The majority of enterprises employ people on a seasonal basis.



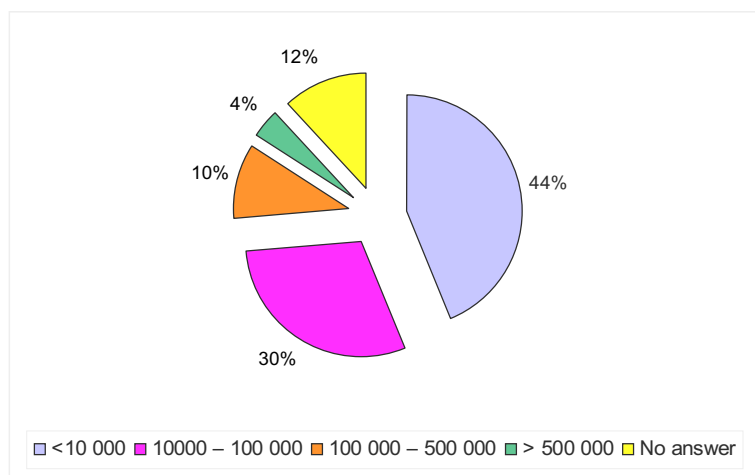
*b) Surface of production premises*

The small business in the countryside possesses mainly (57.7%) production surfaces of under 500 square meters. The majority is privatized, former property of collective farms or the state. There are few new production surfaces. There is a big share of enterprises (22.9%) which possess very limited surfaces or no surfaces whatsoever (?!).



*Which is your monthly turnover? (lei/month)*

Over 70% of enterprises in agriculture are small by their turnover. Their development is taking place in the conditions of a deficit of financial means for investing and for renewing the working assets. Yearly around 20% of enterprises go bankrupt. There is a clear trend towards concentration in the sector of farms (on the basis of purchase and lease of land).



## 11. Mayors, counsellors and other representatives of public administration on impediments to farmers and small-scale rural business

### 11.1 Local administration on impediments to farmers and small-scale rural business

no.	Enterprise	Frequency	%	Type of impediment	Rank
1	Ambiguity of legislation	10	18.5	Legislative-regulatory	3
2	Regulation abundance (too many licenses, etc.)	9	16.7	Legislative-regulatory	4
3	Tax complications	5	9.2	Financial	5
4	Financial difficulties (credit, pledge, etc.)	28	51.8	Financial	2
5	Lack of agricultural equipment, fertilizers, repair services, and etc.	29	53.7	Operational	1
6	Lack of services	2	3.7	Services	6
7	Lack of marketing, channels of sales, and etc.	-	-	Market	6
8	Other	1	1.9		7

Profile of impediments, their set and ranging by local administration is influenced by two factors, their social status and social environment. The first factor exists in the form of role instructions of the local administration officer, and the second factor exists in the form of pressure from entrepreneurs and farmers. Having the right to give power authorities to any person, social environment exerts pressure on local administration. It is also important to mention, that often besides its administrative functions *local administration is a farmer or entrepreneur itself*. Business and power are closely interconnected in the rural areas.

In the opinion of local administration seven impediments are divided into four groups: with high, average, low and zero score.

The *first* group includes technical and financial impediments. Their numerical value equals to respectively 53.7 % and 51.8 %.

The *second* group includes impediments evaluated three times lower than in the first group. On the other hand, their evaluation is two -three times higher than in the third group. This group includes legislation ambiguity (18.5 %) and regulation abundance (16.7 %).

The *third* group comprises tax and service impediments (9.2% and 3.7% respectively).

The *fourth* group consisting of marketing impediments has not received any serious evaluation by local administration. It has completely ignored them! Perhaps local administration is not concerned about lack of marketing activities or sale channels of products? We doubt that. But what is obvious is that they believe that there are more serious impediments than these ones.

In one case their opinion coincided with opinion of entrepreneurs and farmers, these are technical and financial impediments (see the Table). But their opinions about market impediments differ significantly. (Though we should take into consideration the fact that evaluation was carried out in accordance with different scales. And this could not but impact the result.). Let us remember complaints of entrepreneurs and farmers about restricting measures of local bodies to freely sell products. (see Chapter 5).

## 11.2 Forms of support of farmers and entrepreneurs

*What has the Mayor's office done to support farmers and entrepreneurs?*

№	Name	Frequency	%	Rank
1	Organization of machinery storage	2	2.8	7-8-9-10
2	Creation of consultative Center	10	13.9	4
3	Creation of center for provision of fuel, chemicals, seeds...	9	12.5	5
4	Center for provision of fuel, chemicals, seeds...	5	6.9	6
5	Services on land processing	1	1.4	11-12-13
6	Development of land projects и and issuance of ownership documents	16	22.1	1
7	Organization of credit associations...	2	2.8	7-8-9-10
8	Rescheduling of taxes	11	15.3	2-3
9	Organization of farming enterprises	11	15.3	2-3
10	Organization of the Committee on Draught Consequences Liquidation	1	1.4	11-12-13
11	Assistance to farming enterprises	2	2.8	7-8-9-10
12	Information seminars	2	2.8	7-8-9-10
	Total	72	100	

Assistance of local administration to farmers and entrepreneurs includes 12 types of activity. Is it much or not? Not so much, since seven of them are of random character and took place only 1 -2 times. (We should remind that 54 representatives of local administration participated in the poll). Three types of activity were carried three times. It is typical, that even activities determined by formal status of local administration are not dominant. They rank first place by only 22.1 % and 15.3 % (activities № 6, 7 and 8).

To mention is, that a very important type of activity is absent in the whole range of activities of local administration, aimed at entrepreneurs and farmers support. This is implementation of new forms of activity of economic entities in the rural areas. Mayor's offices are not involved in this. This is the task of entrepreneurs and farmers themselves, or of projects of technical assistance (WB, USAID, TACIS and others).

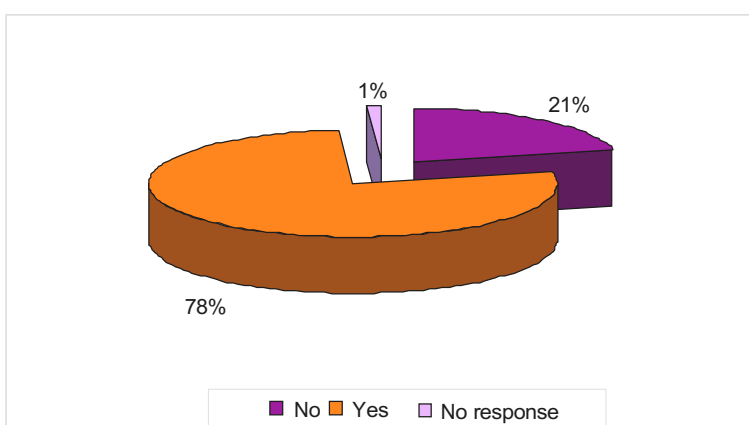
### 11.3 Ways of support of farmers and entrepreneurs

*What are the most important ways of support of farmers and entrepreneurs?*

No.	Name	Frequency	%	Rate
1	Assistance in understanding of laws, regulations and manners of their implementation	23	23.0	3
2	Assistance in rural infrastructure development (marketing channels, purchase of raw materials, fuel, computers, and etc.)	39	39.0	1
3	Assistance in credit disbursement	25	25.0	2
4	Protection of their interests at the national level	11	11.0	4
5	Do not know	-	-	
6	Other	2	2.0	

Obviously this scale has not been designed for measuring all or major part of ways of support of farmers and entrepreneurs. It does not suit this purpose, since its units of measurement are very small, only 4 segments. The sixth unit "other" did not work, as only two responses have been received. Therefore the character of conclusions is also predetermined by low level of fractions of the scale. We have received ranged distribution in four fractions. The first fractions of the scale are completely consistent with three main impediments to the activity of farmers and entrepreneurs: *technical, financial and legislative*. Ranging procedure is the same (see. E3). Higher weight of the scales (%) is determined by the same limitations of the scale fractions.

Evaluation by local administration of the fourth fraction of the scale "protection of interests of farmers and entrepreneurs at the national level" is of great interest. Only 11.0% believed that their interest protection is possible. Maybe the interests are undervalued, or, the whole matter is hopeless? Unfortunately, it is not possible to get answer to this in this poll.



## 11.4 Rights of local administration

*Do you have enough rights to support farmers and entrepreneurs?*

Most of Mayors and members of local administrations believe that obviously they do not have enough rights to support farmers and entrepreneurs efficiently. Whether it is true or not can be *determined only by a lawyer*. But what is obvious is, that assumption of an office holder's rights insufficiency shrinks the possibility of using the current available ones.

*If «not», how should your right be changed to provide more efficient support to farmers and entrepreneurs?*

	Name	Frequency	%	Rate
1	Subordination of economic entities to the mayor's office	3	10.7	2-3-4
2	Extension of rights of the Mayor's office (writing-off debts, land expropriation, etc.)	19	67.9	1
3	Issuance of export licenses	3	10.7	2-3-4
4	Establishment of a Mayor's Fund for farmers and entrepreneurs support	3	10.7	2-3-4
	Total	28	100	

The scale being analyzed represents modification received as a result of local administration interviews. We have kept four out of nine fractions. The reason is that excluded five directly refer to status rights of local administration. We should remind you that received scale is the result of responses to an open question.

Dominant requirement is extension of the Mayor's office rights. It was expressed by 67.9% of respondents. The Mayor's office (the Mayor) should have the rights to make decisions on the issues starting from *writing-off* taxes to land expropriation (!). Not clear, though, whether it is desired to do that based on a court decision or not.

With regard to the above, *justified should be considered the desire to extend mayor's office rights in making decisions on everyday economic entities activities*. Without any reason many important issues have been mandated to judets level. This creates many unreasonable difficulties for farmers and entrepreneurs.

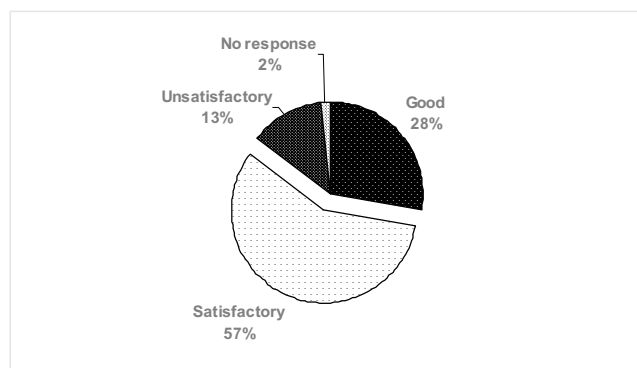
However, we can hardly agree with demand "to subordinate economic entities to the Mayor's office" (10.7 %) and entitle it «to expropriate land».

At the same time, local administrations do not feel like heading reforming process of rural economic entities. Local administration does not want to use the rights it already has, and to *organize production process*.

## 11.5 Awareness of local administration about legislation

*How well are you informed about legislation on regulation of the Mayor's activity?*

Self-evaluation scale of the local public administration with regard to



regulation of the Mayor's activity provides an approximate idea about real level of being informed. It is well-known that self-evaluations are always overestimated. Besides 90% of village mayors have been replaced. It is clear that not every person who only two months ago was running for this position will evaluate his knowledge of laws as unsatisfactory.

However, even the obtained data puts us on guard. 27.8% know laws well, and 57.4 % satisfactory. The last figure testifies that most of respondents face difficulties with regard to laws approach and enforcement.

*To which extent does legislation of the Republic of Moldova, regulations of the Government and ministerial instructions affect your activity in the local administration?*

No	Name	Frequency	%	Rate
1	Law on Local Public Self Administration	33	63.5	1
2	Law on Public Service	3	5.8	4
3	Village Council	1	1.9	5-6-7
4	Land Code	4	7.7	3
5	Local taxes, clarifications	9	17.3	2
6	Decision on Viniculture Development	1	1.9	5-6-7
7	Tax Code	1	1.9	5-6-7

Respondents give priority to the Law on Public Administration (63.5 %). Then rank the laws, regulating economic activity of rural economic entities, such as Land Code and Tax Code (7.7 % and 1.9 % respectively).

Second place (17.3%) represented by local taxes and clarifications is of special interest. Quantitative value and the fact that it ranks second demonstrates importance of this form of regulation. It would be important to get an answer to the question, how consistent local taxes and clarifications are with legislation of the Republic of Moldova. It is also interesting to find out that 1.9% are guided by decisions of the Village Council. As shown by the results of the poll of farmers and entrepreneurs, the first one often contradicts the second.

It is also surprising that not a single interviewed administrators named the supreme law of the country - the Constitution.

*In your opinion what problems result from the laws and administrative acts that impede the development of rural business and private farming enterprises?*

No	Name of the problem resulting from the law or administrative act and preventing development of rural business and private farming enterprises	Frequency	%	Rate
1.	High licensing fees	23	34.8	1
2.	Granting rights to the mayor's office to register documents on vineyards and orchards plugging up.	5	7.6	4
3.	Support in provision of chemicals, fuel and seeds	2	3.1	5-6
4.	Reduction of taxes	1	1.5	7-8
5.	Reduction of requirements to chemicals storage	1	1.5	7-8
6.	Registration of equipment should be done in the Mayor's office	16	24.2	2-3
7.	Complicated export procedures of agricultural products	16	24.2	2-3
8.	Difficulties with access to credits	2	3.1	5-6
<b>Total</b>		<b>66</b>	<b>100</b>	