Moldovan collective-farm enterprises have been evolving since the late 1980s, even before independence in 1991. The restructuring of collective and state farms, however, has proceeded unevenly. In 1991 the first phase began with the distribution of 0.30 hectare (ha) household plots. The second phase began in 1992, with the adoption of the Land Code and the Law on Peasant Farms. Land and other collective and state farm assets were distributed as paper shares, or certificates of entitlement, that could be exchanged for land and non-land assets. By November 1994 some 14,000 families had withdrawn their land from collective farms to establish individual “peasant farms,” and an additional 40,000 to 50,000 families had submitted applications to do so.

The large number of households wishing to exit from collective and state farms and privatize their land stirred conservative opposition to land reform and led to the November 1994 Law on Suspension of Some Articles of the Land Code, which practically halted the process of privatization. Then in November 1995 the Constitutional Court of Moldova declared the limitations on “exit” unconstitutional, and the process of privatization again accelerated during 1996.

By October 1996 some 90,000 independent farmers were farming alone or in groups on 130,000 ha, representing 5 percent of Moldova’s total arable land. The remaining farm population still works on collective farms that have been nominally restructured, or in “new” farm associations and cooperatives that have split from the collective farms, but essentially function as slightly smaller collective farms.

Social Assessment

The social assessment (SA) on Moldovan land reform was undertaken as economic and sector work to study farm communities; assess the impact of land reform on stakeholder groups; and identify the perspectives, interests, and needs of different stakeholders. The SA aimed to provide information in support of the formulation of rural social policies capable of cushioning the difficulties that transition poses for farmers and non-farmers and ensuring them, more equitable access to resources in post-socialist farming communities.

Several basic steps were followed in carrying out the SA. First, based on previous studies of the agricultural sector and consultations with the Agricultural Reconstruction Agency (a Moldovan NGO established with international donor support), World Bank staff involved in agricultural projects, and national and foreign experts in Moldovan agriculture, the SA team selected representative communities, in which collective farms (restructured as joint stock companies, agricultural associations, or agricultural cooperatives), formal and informal peasant farming associations, independent farmers, and individual non-farm enterprises coexisted. Second, formal and informal interviews were conducted with the full range of stakeholders to identify factors that appeared to encourage or impede effective land reform at the village level.

This note summarizes the social development concerns and institutional issues identified by the SA process, and raises important issues for consideration in the design of future development activities in the Moldovan agriculture sector.

Key Social Development Concerns

A number of social development concerns emerged from the SA. First, it identified the most important factors that have slowed and confused the process of privatization and restructuring. These factors include: struggles between different interest groups, different conceptions of how to create a profitable and viable agricultural sector, issues of entitlement and access to
credit, and inadequate dissemination and clarification of information.

Second, it found that despite problems with the collectives, many farmers chose to stay due to a combination of intimidation; the difficulties of establishing and running independent farms; competition from former collective farms, some of which still receive subsidies; preferential access to irrigation; and other benefits. Third, it found that pensioners, who form a very large percentage of village populations, have become subject to manipulation because their long work tenure entitles them to relatively greater shares of non-land assets, and because many are less well informed and less physically able to farm.

The SA also identified a serious unemployment problem in rural areas, particularly for youth and women, that has emerged as a result of the reduction in state sector employment, shrinking rural social services, and the closing of food processing and other enterprises once operated by collective farms. Many young people expressed a desire to find other professions and have migrated in large numbers to urban areas, while women are excluded from some employment opportunities because of traditional gender-based divisions of labor in the closing of childcare facilities.

Finally, the SA pointed out that the drastic contraction of social services once offered by collective-farm enterprises has intensified the impact of the crisis on the rural population, particularly the most vulnerable—the aged, disabled, or those temporarily unable to work. Women also suffer from the reduction in social services, and now find childcare responsibilities competing with their ability to seek employment.

Institutional and Organizational Issues

A number of institutional and organizational issues were raised in the SA:

- The SA found that the rural landscape that has emerged as a result of restructuring is still characterized by top-down management practices, lack of accountability, and tense, hostile worker-management relations.
- The SA identified ways in which farmers cooperate informally in the use of agricultural equipment and harvesting, but noted that they rarely plan as a group, hold meetings, or assist each other in cultivating land or marketing.
- Changing relations of power and authority in farming communities, with the gradual break-up of the large collective-farm enterprise, was another observation noted in the SA. This power shift has created tensions for villagers and former collective-farm management, since budgets have not been restructured to reflect new responsibilities.
- The SA also revealed the emerging role of individual entrepreneurs in providing employment to the local population. While such employment is well-remunerated in comparison to meager collective-farm wages, these entrepreneurs have become centers of power in the village and are gaining the potential to intimidate smaller entrepreneurs or farmers.

Next Steps

The SA makes a number of recommendations that should be given consideration in the design of future development initiatives in the Moldovan agricultural sector. These include the need to modify eligibility criteria for obtaining land; simplify land titling procedures; implement a public-works program; and support increased social services, including low-fee childcare facilities.

The SA findings also suggested a number of actions that should be specifically targeted to stakeholders in the design of future development initiatives and considered in a participation framework. These targeted actions should include, for example:

- Supporting the mayoralty, as a key local-level institution, to become more responsive to local constituents
- Providing some form of assistance to villagers who wish to form purchasing and/or marketing cooperatives
- Preparing an information/communications plan for independent farmers and collective-farm workers that provides access to timely, low-cost extension services and to information about procedures for withdrawing land and property from collective-farm enterprises, taxation, importing and exporting regulations, and other legal information
- Ensuring women's access to credit, extension courses, and legal advice
- Increasing the access of rural youth to education and employment
- Targeting small entrepreneurs for credit, tax breaks, and incentives as a means to revive the off-farm economy and provide off-farm employment.

The SA also recommended that future development initiatives include a set of indicators to monitor and evaluate the transition-related difficulties experienced by farmers, non-farmers, and vulnerable populations and their access to resources in post-socialist farming communities. In addition, indicators should be developed to assess the evolving role of local-level institutions, such as mayoralities, and of potential conflicts among former collective-farm managers and villagers.