

## **INSTITUTIONAL COMPLEXITY AFTER LAND REFORM IN ROMANIA**

### **1. Background information**

The findings presented in this paper are the preliminary results of a project conducted jointly by the Institute of Development Studies, England, and the "Gh. Zane" Institute of Economic and Social Research, Romania, under the research theme: *Land Reform in Eastern Europe and Central Asia*.

The project, coordinated by Dr. Rachel Sabates-Wheeler, entitled *Institutional Complexity after Land Reform: the Challenges of Co-operation for Rural Poverty Reduction in Transition Countries* analyses the agrarian transformations taking place in transition countries in order to contribute to policy making by investigating what institutions and processes work best to provide the most effective access for the rural poor. The focus of the research was on small and medium-sized agricultural groups and cooperatives, with the intention to evaluate the advantages of different farm forms for different agricultural actors.

For Romania, the field activity was coordinated by Dr. Krisztina Melinda Dobay. The research team consisted of 5 operators who conducted 20 case studies each and wrote reports on these cases. The team operators were:

- Dr. Mihai Tălmăciu, lecturer at the University "Alexandru Ioan Cuza", Iasi, Faculty of Economics and Business Administration (agrarian economist);
- Dr. Constantin Bălăceanu, scientific researcher, ISPIF, Bucharest (engineer specialist in irrigation systems);
- Petru Ivanof, scientific researcher, ICES "Gh. Zane" (agrarian economist);
- Robert Oprea, CCMIMM (Consultancy and Management Center for Small and Medium Size Enterprises), Iași (sociologist);

– Dr. Krisztina Melinda Dobay, scientific researcher, ICES „Gh. Zane” (agrarian economist).

The survey was conducted in Iasi County between July and September 2003. Were selected 6 representative communes for the county, mostly depending on the accessibility into the community (well known associations, an open minded mayor, a relative, etc.). Another selection criteria was the relative poverty of the commune. According to the Agricultural and Rural Development Department of Iasi, in 2001, the average income per inhabitant in the individual households in Iasi County was between 3,600,000 Lei and 7,200,000 Lei per year in individual households and between 6,000,000 Lei and 9,100,000 Lei in associations. For the selected communes the incomes were as follows:

Table no. 1

For 2001, the estimated income per inhabitant was as follows:

<i>Commune</i>	<i>Income per inhabitant for individual farming (tho.Lei/inhabitant)</i>	<i>Income per inhabitant for association forms (tho.Lei/inhabitant)</i>
Aroncanu	6,500	-
Șipote	7,000	8,000
Podu Iloaiei	7,000	7,500
Bălțați	5,800	8,000
Miroslovești	6,000	6,700
Târgu-Frumos	5,500	6,100

Source: DADR Iasi, data base, 2001.

One can conclude that usually the income in the associations is appreciated to be higher then the income obtained in the individual households. Some differences can be noticed according to the type of agricultural crops. For instance, the highest income differences are in Bălțați, where the association is organized for the fruit production.

From the incomes point of view we can consider that the selected communes are average poor/wealth.

## 2. Methodology

Background information about the selected communes was collected from the studies made in 1997 about various aspects of social-economic development. The present data was provided by the mayors on a sample commune file.

The case reports were completed after questionnaire based interviews took place. There were 3 different types of questionnaires: one for the manager/leader, one for the member and one for the renters. According to the size of the organization in terms of members, between 1 and 5 interviews were conducted. Also the interviews were recorded on dictaphones with the approval of the interviewed persons.

### 3. Overview of the selected communes

The selected communes were: Aroneanu, Șipote, Podu Iloaiei, Bălțați, Miroslovești and Târgu Frumos.

*Aroneanu Commune* is located 6 km North to Iași city, occupying a central-Eastern position within the county. The link to Iași city is provided by a modern road, the nearest Railway Station being in Iași. The commune comprises the following villages: *Aroneanu, Dorobanț, Rediu Aldei and Șorogari.*

The economy of Aroneanu commune has an agricultural character strongly influenced by the neighboring of Iași city, which gives it a peri-urban character of intense connections with the metropolitan city. Until the 1989, the volume of economic activities was achieved at a rate of 56.9% by circulation, 36.4% by agriculture and 7.2% by industry. This proportion was determined by the large mass of plying employees who maintained active the local commercial system. After 1990, the percentage of the commercial activity lowered a lot, agriculture returning on the first place as commune economic branch.

As for size, the commune belongs to the group of small communes of Iași city, the agricultural surface occupying 75.9% of the total surface. The commune is characterized by a large percentage of lawn reserves yet with a low potential and an important vine patrimony.

On cultures, the productive potential of commune soils are totally under the average potential of the county, by about 10%. An exception is the vine potential, which is almost at half of the average potential of the county, but this positive characteristic of the commune overlaps only with the productive perimeter of Șorogari hill, where vine plantations are focused on.

About 40% of the agricultural surface of the commune is affected by one or several degenerative factors of the soil (sliding, erosion, compactness, humidity excess, salt excess, ravenes). The most serious problems of the

area is sliding and erosion, phenomena which advances annually taking pieces of land systematically out of the agricultural circuit of the commune.

To conclude, we can state that this commune belongs to the group of rural communities of open-integrated type, of small size, with generous environmental resources, with limited labor resources, powerfully favored by the setting in the peri-urban area of Iași city.

The development perspectives are special as residential area of Iași city and as entertainment area<sup>1</sup>.

*Șipote Commune* is situated on the Northern border of the county. The closest railway station is at approximately 7 km, towards Andrieșeni, on the Iași – Dorohoi track. The distance to Iași, on the road, is of approximately 50 km.

The following villages are part of the commune: *Chișcăreni, Hălceni, Iazu Nou, Iazu Vechi, Mitoc, Șipote*.

The economy of the commune is characterized as being mostly agricultural. Until 1989, the amount of economical activity was made 49% in agriculture, 14,4% in industry, and the rest in transport and services. After 1990 the amount of economical activity went down with an increase in the amount of agriculture. From the point of view of the land organization of the agricultural production, the commune is adequate for the meat, cereals and vegetables production.

From the proportional point of view, the commune belongs to the group of the medium size communes of the county, the agricultural area representing 86% of the total area of the commune. The commune sticks out with it pasture and hay reserves (33.5% of the cultivating area).

Almost 50% of the agricultural area of the commune is affected by one of more degenerative factors of the soil (too much salt, erosion, land sliding, excess of humidity, flooding, etc.). The capacity of the soil degree is 85%. In 1989, 246 hectares were prepared for irrigation. Also, until 1996, works for fighting against land erosion were made on 1620 hectares in big systems.

In conclusion, we can say that the commune of Șipote is situated in the group the rural communities of the closed-semi-integrated type, of medium-large size, with a strong agricultural profile, with limited natural resources, with a surplus of human potential, underprivileged by an outlying location, outside the big developing streams of the county.

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<sup>1</sup> xxx – „Study on the Economic-Social Development of Iași County. 2004 Horizon. Aroneanu Study”, AGER Iași, 1997.

The developing perspectives are moderate, towards the intensification and modernization of the agriculture. The area will develop by itself, a little influenced by the commune of Vlădeni<sup>2</sup>.

*Podu Iloaiei Commune* is located in the central part of the county, at 28 km of Iasi city. It has two railway stations on the Iasi – Pascani road. The commune is made up of the following villages: *Budăi, Cosițeni, Holm, Podu Iloaiei, Scobălțeni.*

The territory of Podu Iloaiei commune is found to the center of the county and geo-morphologically it is located in the Plain of Moldova, the meadow of Bahlui and its tributaries. The relief is made up of large between-river areas with rows of plateaus and slopes at various degrees.

Climate is temperate continental, with frosty winters and hot summers. The annual average temperature is of 9.6°C and the average of annual rains does not overpass 475 mm.

Soils have a low chemical reaction and slightly alkaline, being satisfactorily supplied with assailable phosphor and very rich in potassium. These soils are very favorable to cultures like wheat, maize, sugar beet, sunflower, vegetables and vine. Tree growing has less favorable conditions in this commune.

Animal breeding has the conditions of developing as basic industry together with plant production.

Commune economy had a prevailing industrial character. Until 1989, the business volume was made at a rate of 18.8% in agriculture, 70% in industry and the rest into the field of transport and services.

About 40% of the agricultural commune land is affected by one or several degenerative factors of soil (erosion, salinity, humidity excess, etc.). Soil compactness degree is of 44.3%.

In 1989, the commune had on 620 ha functional irrigation systems the highest irrigation potential being of 1,445 ha.

For most field cultures, the productive potential of the land expressed in solvability statements is more than the county average.

Besides the Agricultural Research and Production Station and the Center of Seed Conditioning, the locality has a diversified economic sector.

We can say that this commune belongs to the group of open-integrated rural communities, large sized, with a semi-urban development degree, favorably located with access to the national road and being at the

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<sup>2</sup> xxx – „Study on the Economic-Social Development of Iași County. 2004 Horizon. Șipote Study”, AGER Iași, 1997.

interference of the attractive areas of Iasi city and Târgu Frumos town. It has a polarizing force of five communes, with unforced extension possibilities of such polarization to another three or four communes<sup>3</sup>.

*Bălțați Commune* has a central location in the Iasi county, being situated at only 9 km away from Târgu Frumos and 33 km from Iasi city on the national highway DN 28. Also it has a railway station in the village of Sarca, the distance from this location to Iasi being of 34 km.

The commune is made of the following villages: *Bălțați, Cotârgaci, Filiași, Mădârjești, Podișu, Sârca* and *Valea Oilor*.

The predominant soils are of the *cernoziom levigat* group, that have a weak and moderate alkaline chemical reaction these soils are good for the cultivation of: wheat, corn, sugar beet, sun flower, vegetables and vineyard.

Fruit growing has favorable conditions because of the location in the fruit growing area Hârlău-Târgu Frumos-Strunga, the area being characterized by having a very good fruit growing production and also a very good capitalization. The main fruit growing species are: cherry tree, sour cherry tree, apple tree, pear tree and plum tree.

Fruit growing is already considered traditional in the commune. By the presence of 4 farms and of the Research and Fruit Growing Production Station, located in Sarca on a more than 250 ha area, to which it's added the agricultural company SA Pomicola, which makes fruit growing be an important segment in the commune.

In the commune there are different cooperative assets that may be used more efficiently than at present: cattle 9 stables, 6 sheep folds, a 300 sq. m hothouse, 4 office spaces.

The Baltati commune is an open integrated rural community type, of medium size, with limited natural resources, with an overwhelming human potential and is favored by the close vicinity with the city of Târgu Frumos, and also by the infrastructure of a national road that crosses it. The development perspectives are moderate, the strength of the commune remaining the agriculture<sup>4</sup>.

*Miroslovești Commune* is located in the west part of the county, 88 km away from the City of Iași. The closest railway station is in Stolniceni (10 km towards Siret), on the Suceava-București railway line.

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<sup>3</sup> xxx – „Study on the Economic-Social Development of Iași County. 2004 Horizon. Podu Iloaici Study”, AGER Iași, 1997.

<sup>4</sup> xxx – „Study on the Economic-Social Development of Iași County. 2004 Horizon. Bălțați Study”, AGER Iași, 1997.

The commune is made up of the following villages: *Ciohorani, Mitești, Miroslovești, Soci* and *Verșeni*.

Miroslovești Commune is located in the west of the county, between Moldova-Siret and Lunca Moldovei rivers. Geo-morphologically speaking, these lands belong to Suceava Plateau. The main types of soil are forest brown-grey and forest grey. These lands are suited for the following types of crops: autumn wheat, early maize, sugar beet, potatoes and fruit trees. More than 50% of the agricultural land has an acid reaction and it requires reclaiming with high amounts of limestone. The soils have little phosphorus.

In the structure of the agricultural production, live stock breeding has a large extent. The commune can sell meat, milk and sugar beet. In 1996, in the commune there was a sugar beet reception station, with a capacity of 5,000 tons, two bakeries and 10 milk collecting stations belonging to SC "Lactis" SA Iași. The locality also has several non-agricultural economic elements: terra-cotta manufacture, ballast extraction, tanning, woodwork sections etc<sup>5</sup>.

*Târgu-Frumos Commune* is located in the centre of the county, on the National Road 28 and on Iași-Pășcani railway line, 46 km westwards from the City of Iași.

The commune is made up of the following villages: *Balș, Boureni, Buznea, Coasta Măgurii, Costești, Dădești, Gănești, Giurgești, Ion Neculce, Prigoreni, Războieni*.

Târgu-Frumos Commune belongs to the Moldavian Plain (Jijia-Bahlui Depression) lying in the South-West of this geographical area and making the connection with Suceava Plateau and the Central Moldavian Plateau in the south. Land fertility exceeds the county average. The following crops grow very well in these fields: maize, wheat, sugar beet and sunflower. Livestock breeding and vegetable growing are also powerful in this area.

Târgu-Frumos Commune belongs to the category of large open-integrated rural communities, with periurban agricultural characteristics, with good natural resources and a large human potential<sup>6</sup>.

<sup>5</sup> xxx – „Study on the Economic-Social Development of Iași County. 2004 Horizon. Miroslovești Study”, AGER Iași, 1997.

<sup>6</sup> xxx – „Study on the Economic-Social Development of Iași County. 2004 Horizon. Târgu Frumos Study”, AGER Iași, 1997.

Table no. 2

Selected quantitative information<sup>7</sup>

Specification	Aroneanu	Șipote	Podu Iloaiei	Bălțați	Miroslavesti	Târgu Frumos
Population (no. Inhabitants)	2,760	5,795	9,562	5,054	2,040	10,449
Agricultural surface – total (ha):	3,900	8,143	1,953	3,223	7,065	15,691
- arable	3,136	5,969	1,675	2,540	4,273	6,342
- vine	1,662	85	39	47	0	85
- orchards	0	44	2	132	33	0
- pastures	170	1,886	237	402	927	1,730
- hayfields	152	115	0	102	120	239
Forests (ha)	458	35	0	0	514	599
Water surface (ha)	32	40	120	0	0	-
Livestock:						
- cattle (heads)	741	1,625	800	1,646	1,942	*
- sheep (heads)	366	11,550	2,882	4,150	3,520	*
- bee families	173	410	1,470	183	340	350
Land properties (no.)	957	2,835	2,004	1,065	2,184	3,200
Average size of a property (ha)	2.19	3.00	0.80	1.37	2.4	1.5
No. of plots/ property	5	5	2	*	6-8	3
Individual households						
- number	957	2,485	1,390	1,065	1,650	2,995
- land surface	2,100	5,069	1,075	1,465	2,240	5,227
Family associations (no.)	1	3	3	0	3	0
Agricultural societies (Law 36)	0	2	0	2	2	2
Trade companies operating in agriculture (Ltd).	3	1	2	2	1	2
Informal groups	5	10	2	1	*	*
Equipment:						
- tractors	10	100	76	30	57	79
- combines	0	9	4	6	12	18
Mechanic service suppliers (no.)	10	80	*	*	1	*
Processing units:						
- mills	2	4	3	3	8	6
- bakeries	0	0	2	0	1	0

<sup>7</sup> information source - Commune files.



Table no 2 (continued)

- oil presses	0	3	4	1	-	6
- milk collecting centre	0	2	1	0	3	7
- milk processing unit	0	0	0	0	1	0
- animal slaughter houses	1	1	0	1	0	0
- meat processing	0	0	0	0	0	0
- fodder mills	2	3	3	1	7	6
- tanning houses	0	1	0	0	1	0
- wool loards	0	1	1	0	1	0
Land transactions recorded (2000-2002)						
- number	230	82	180	*	84	120
- total surface	130	142	194	65	43	67
Working people (no.)	865	4,127	3,920	3,555	1,182	6,700
Persons over 65 (no.)	1,028	1,016	830	*	582	781

\* missing information

#### 4. Conclusions regarding the selected case studies

##### *Main characteristics of the villages*

They have been selected 10 villages, from the 6 communes considered to be representative for Iasi County.

Comparing some quantitative data, one can conclude that:

- the average size of the villages is about 829 inhabitants, the small one having 257 people and the biggest one 7112;
- the percentage of old people (>65) is between 10% and 70% (average 32,8%);
- more than 70% of the land has been distributed in each village, in some cases being finalized this process;
- the main agricultural activities are the crop cultures and animal breeding;
- in each village were identified informal groups (exception was one village where almost all the farmers were members in the village association (Agricultural society);

- the main income is coming from agriculture in most of the cases (exception is for the peri-urban villages);
- the average size of a property is between 0.8 and 3 ha;
- a property is consisted usually by 5 plots.

The *main problems* mentioned by the interviewed persons were:

- lack of equipment;
- high prices of the fuel;
- low prices for outputs;
- inexistence of irrigation networks;
- lack of capital;
- mentality for subsistence farming system;
- land fragmentation;
- lack of credits (accessibility);
- lack of storing facilities;
- absence of local seed suppliers;
- lack of information;
- drought (crop losses);
- difficulties in agricultural product sale

As *priorities for rural development* were mentioned:

- infrastructure development (roads, water supply/sewage, bridge, etc.);
- easier access to agricultural equipment procurement;
- initiatives in processing agricultural products;
- irrigation systems;
- greenhouses;
- vineyards;
- storing capacities;
- fisheries;
- animal breeding associations;
- domestic market development;
- development of more profitable crops
- subsidies;
- credits for equipment and seed purchase;
- access to information sources;
- training for farmers.

Table no. 3

## The villages – comparative situation

Commune/ Villages	Pop.	% of >65	% of active people	Indivi- duals	Informal groups	Fam assoc.	Agric soc.	Com. Comp
<i>Aroncanu</i>								
Aroncanu	1030	40%	60%	200	3	1	0	0
Dorobanț	1156	50%	80%	300	3	1	0	1
<i>Bălțați</i>								
Bălțați	1764	40%	approx.70%	700	3	1	2	1
<i>Șipote</i>								
Șipote	948	30%	85%	230	10	4	1	1
Mitoc	594	25%	60%	*	15-20% of the house-holds	0	0	0
Iazu Nou	1012	33%	50%	360	15	0	2	1
Chișcăreni	1834	40%	80%	700	6	10	0	0
Hălăceni	875	70%	64%	1	0	1	1	0
<i>Podu Iloaiei</i>								
Holm	257	approx. 8%	approx.41%	39	1	0	0	0
Podu Iloaiei	7112	10%	80%	2500	2	0	2	1
<i>Târgu Frumos</i>								
Boureni	1200	30%	70%	700	3	1	1	0
<i>Miroslovești</i>								
Miroslovești	2758	20%	95%	680	0	0	2	0
Ciohorani	1689	60%	80%	500	0	0	1	0

Table no 4

Commune/ Villages	% of distribu- ted land	Main problems	RD priorities
<i>Aroneanu</i> Aroneanu	100%	lack of equipment (harvesting combines); high prices of the fuel; low prices for outputs; inexistence of an irrigation network	easier access to agricultural equipment procurement; initiatives in processing agricultural products
Dorobanț	100%	lack of equipment, lack of capital; mentality for subsistence farming	infrastructure
<i>Bălțați</i> Bălțați	100%	lack of equipment	infrastructure (roads, water, gas); fruit and vegetable processing company
<i>Șipote</i> Șipote	85%	land fragmentation; lack of credits (accessibility); lack of storing facilities	infrastructure; utilities; irrigation system; establishment of viable agricultural exploitations (> 350 ha); vineyards; storing capacities; fisheries; animal breeding associations
Mitoc	95%	lack of equipment; lack of capital	infrastructure development; domestic market development; development of more profitable crops
Iazu Nou	90%	lack of equipment; lack of capital; absence of local seed supplier; lack of information	subsidies; credits for equipment and seed purchase; access to information sources; infrastructure (roads); training for farmers

Table no 4 (continued)

Chișcăreni	70%	lack of finance for seeds, fertilizers and mechanical services; lack of equipment; low prices for agricultural products and animal products; drought (crop losses)	obtaining help for individual farms in order to surpass the crisis; infrastructure (roads); public lighting to reduce crime
Hălceeni	100%	drought; markets; credit; production losses; the price trap in agriculture	foreign investments; development of industrial and commercial activities; product processing; domestic market
<i>Podu Iloaiei</i>			
Holm	*	high prices for mechanical services	bridge over the Bahlui river; railway restoration
Podu Iloaiei	98.5%	lack of equipment	infrastructure (roads);
<i>Târgu Frumos</i>			
Boureni	*	lack of irrigation systems; lack of capital; difficulties in agricultural product sale	connecting the village in the water supply/sewage; maintaining gas supply; greenhouses
<i>Miroslovești</i>			
Miroslovești	*	lack of capital: selling the agricultural products	reducing the percentage of old labor force; reducing the costs of the agricultural works (fuel); processing company for milk
Ciohorani	*	lack of capital; expensive fertilizers; lack of local jobs;	village connection to water supply/sewage; roads; village club; small processing factories

*The case studies*

Villages	Cases	Type of group	Organization/ Group name	Year of establishment
<i>Aroneanu</i>				
Aroneanu	c01o02	Inf. Group	Bârlescu/ Avădanei Group	1990
	c01o04	Inf. Group	Ciornea Group	1991
	c01o05	Inf. Group	Păltinel Group	1993
Dorobanț	c01o03	Com. Comp	SC Hofra Impex SRL	1998
Iași (Aroncanu, Dorobanț, Rediu Aldei)	c01o01	Com. Comp	SC FAX-FORTIS SRL	1994
<i>Bălțați</i>				
Bălțați	c04o01	Agric. Soc.	SA Vega Bălțați	1992
	c05o01	Agric. Soc.	SA Pomicola Bălțați	1992
<i>Șipote</i>				
Șipote	c02o02	Agric. Soc.	SA „Gospodarul”	2001
	c03o02	Fam assoc.	Iftode Group	1991
Mitoc	c04o02	Inf. Group	Botezatu Group	1989
Iazu Nou	c02o04	Fam assoc. and Agric. Soc	AF Șipotele cu miere (Șipote with honey)	1995 (Fam assoc.) 2001 (Agric soc)
Chișcăreni	c03o04	Fam assoc.	AF Amarandei	1996 inf group (registered in 2002)
	c04o04	Fam assoc.	AF Corlat	1996 inf group (registered in 2002)
Hălțeni	c05o02	Agric. Soc.	SA “Ceres” Hălțeni	1990
<i>Podu Iloaiei</i>				
Holm	c02o01	Inf. Group	Iurea Group	1994
Podu Iloaiei	c03o01	Com. Comp	SC PRODALEX SRL	1992
<i>Târgu Frumos</i>				
Boureni	c05o05	Inf. Group	Acatrinei Group	2002
<i>Miroslovești</i>				
Miroslovești	c02o05	Association (foundation type)	ISPA Association	1999
	c03o05	Inf. Group	“Păgănu” Group	1997
Ciohorăni	c04o05	Agric. Soc.	SA “Agrosem” Ciohorăni	1992

Villages	No of members	No of renters	Surface (ha)	Main activities
<i>Aroneanu</i> Aroncanu	4 fam	0	15	noble vine, crop cultures (maize, wheat, potatoes, lucerne, beans, sunflower), mechanical services for land preparation
	4	65	36	land servicing and crop cultures (wheat, sunflower, maize)
	2	3	7	carpentry, crop cultures (wheat, sunflower, soy), vegetables, mechanical land services
DorobaŃ	2 fam	30 fam	100	sunflower, soy, corn and rape; land servicing
Iași (Aroneanu, DorobaŃ, Rediu Aldei)	0	174 fam	163	crop cultures (wheat, maize, sunflower, soy, sugar beet, two-row barley, crocus)
<i>Bălțați</i> Bălțați	200	0	200	crop cultures (maize, wheat, sugar beet), land servicing with equipments
	300	0	115	orchard (fruit tree cultivation)
<i>Șipote</i> Șipote	11	the Church	10	orchard (fruit tree cultivation) and vegetables
	5	4	60	crop cultures (sunflower, maize, lucern, wheat); animal breeding, mechanical land servicing
Mitoc	4	0	9	noble vine, crop cultures, animal breeding, bee keeping
Iazu Nou	10 members (5 fam)	0	7	bee keeping and crop cultures
Chișcăreni	4	3	12	agricultural land and farming
	5	1	25	crop cultivation (wheat, maize, sunflower, soya, peas and sugar beet); livestock (pigs);
Hălceeni	250 fam	0	600	land servicing and crop cultures (maize, sunflower, sugar beet, wheat, barley)
<i>Podu Iloaiei</i> Holm	7 fam	0	16	wheat and maize cultivation
Podu Iloaiei	1 fam	397	466	bakery, processing agricultural products, crop cultivation: wheat, maize, sunflower and rape; animal breeding
<i>Târgu Frumos</i> Boureni	5 (3 fam)	4	6	vegetable production and marketing
<i>Miroslovești</i> Miroslovești	2500	0	0	supply activities, milk collecting, marketing activities, milk processing activities
	29	0	10	wheat cultivation
Ciohorăni	500 fam	0	530	purchasing inputs, services, crop production (cereals), marketing

## 5. Group typology

According to the group types, the 20 cases can be classified as follows:

- 7 informal groups and 4 family associations;
- 5 agricultural societies;
- 3 commercial companies;
- 1 association (foundation type).

The informal groups are small with few members (between 2 and 29 persons) and land surfaces between 6 and 36 ha.

The family associations have usually around 4-5 members and in some occasions renters (1-4). The land surface is between 7 and 60 ha depending very much on the type of activities performed by the members.

The agricultural societies (firms) in most of the cases are constituted as village associations and the number of members or renters is high (from 200 to 500). Their size according to the land is also big (between 200 and 600 ha for cereals and between 10 and 115 ha for orchards and vegetables).

The commercial companies have only 1 member (the shareholder) or maximum 2 persons (2 first degree relatives). The number of renters is between 30 and 397 persons. The land surfaces are between 100 and 466 ha.

There were two specific cases:

- 1) an agricultural society with 10 members and 10 ha (established due to the requirements of the donor – Romanian Social Development Fund).
- 2) an association (foundation type) – for supply services, milk collection and marketing (established also with external help – ISPA).

## 6. Reasons for association

*Informal groups.* The main reasons for association mentioned were:

- to buy their own equipment together;
- to strengthen the relationships between the generations in the same family (father and son working together cases );
- risk sharing and strengthening future chances (co-operation between brothers );
- neighborhood with the land;
- cost - sharing .



*Family associations.* For the family associations the reasons for their establishment are similar with those for the informal groups:

- to strengthen the relationships between the generations in the same family (father and son working together cases);
- cost-sharing;
- to keep the land together for the relatives who are living in other places.

From the 4 family associations 3 were registered legally. In the last case, the registration was made only at local level due to the lack of money.

*Agricultural societies.* The main reason for establishing this type of associations was to farm the land together (input supply, crop rotation, mechanical land preparation and in some cases marketing the products together) and to continue the activities carried out by the former CAP. Exception is case c02o02 because the reason for association was to obtain the grant from the Romanian Social Development Fund and the legal form of establishment was limited by special requirements (the members were not allowed to establish a limited company).

Another reason for association was to obtain certain subsidies from the Government.

In most of the cases (3), the manager had a leader position in the CAP, before 1989.

*Commercial companies.* For the commercial companies obviously the basic reason for their establishment was to generate profit.

Regarding the members and renters we can underline so following reasons:

- in the case of informal groups and family associations the main reason is the cost-sharing/ risk-sharing;
- for the members of the agricultural societies the reasons are different:
  - lack of money and equipment;
  - conservatorism/tradition (they were members of the former CAP and they prefer to continue to work together and to preserve the assets of the CAP – keep them without destruction);
  - too old for working alone;
  - they live in other places or the distance where they have the land is too far;

- crop rotation;
- no other choice because the land is in the middle of the land worked by the association;
- the agricultural society took all the equipments that remained after the dissolution of the former CAP and has the monopoly for the land servicing activities;
- trust in the technical knowledge of the manager (in the cases in which the manager is agronomical engineer or had an important task in the leadership of the former CAP).
- in the commercial companies, there are no members, only renters and the reasons for renting the land are as follows:
  - too old for working alone;
  - lack of money;
  - lack of equipment;
  - they are satisfied with the yields obtained and the products received;
  - living in other places.
- in the case of ISPA association/foundation, the members are delivering the milk to the collection centre and the reason for choosing ISPA is that the payments were made in time not like at the LACTIS (the former state milk processing company from Iași).

## 7. Activities

From the 20 cases, in 16 cases the main activity was the crop production.

Other activities identified were:

- providing mechanical services for land preparation;
- fruit tree cultivation (orchards);
- vegetable growing;
- noble vine cultivation;
- animal breeding;
- bee keeping;

- carpentry;
- supply services;
- milk collecting;
- selling agricultural products.

In fact the *members are working together in the following activities:*

- input supply (effectively in the case of informal groups and family associations or by delegating the leader or a specialist in the case of the agricultural societies);
- mechanical land preparation (driving the tractor one by one according to the availability of each member – inf. groups; specialists doing it for all the members/renters);
- harvesting (cereals mechanically for everyone);
- in some cases selling products together.

## 8. Management and membership policy

In most of the cases for the agricultural societies, the manager has a background as profession related to the main activity of the association or leader in the former CAP.

For the commercial companies the situation is different because some of them have professional managers (hired for this position) or the manager is a businessman who just wanted to start activities related to agriculture.

In the case of the informal groups and family association, the manager is a person who has recognized abilities of leader, or by nature being the head of the family. It was interesting to notice in the cases of father and son association how the leadership is taken by the son in a mutual agreement.

In the cases where the members are brother or/and friends sometimes is hard to find out who is the leader because they consider themselves equal.

The membership policy is different from case to case. The small groups are not so willing to have new members because they consider that the efforts up to now were considerable and don't want to endanger the group stability.

For the big associations, the new members should have the land surfaces in the neighborhood and they are willing to extend only to the size that they consider as optimal for their working capacity (with regard to the number of tractors and other equipments that already exist).

## 9. Gender issues

There are only exceptional cases when a group/association has a woman as leader. For this position the person has to gain the recognition of the entire community. In the case mentioned above, Mrs. Tudose was mayor for 4 years in Sipote Commune.

Another case is when the woman is professional manager.

Usually the women are considered as equal members only in the small groups or when they are landowners (with the title *des* on their name).

## 10. Investment policy

In most of the cases *there is a clear investment policy*, at least the managers mentioned that they are re-investing the profit each year and in order buy equipments, higher quality seeds, genetically better animal varieties and so on.

Some of the groups would like to *diversify their activities*:

- buying land and conserving the soil by planting trees (forest) or planting fruit trees (orchard);
- oil mill and wool loan;
- vegetable growing and animal breeding ;
- bakery .

Other groups want to *extend their activity*:

- renting more land and buying another tractor;
- buying more animals;
- buying another tractor and other agricultural equipment;
- greenhouse and irrigation system ;
- building up a store house with refrigerating system for the fruits;
- processing honey.

There were few cases when the managers had no clear idea about the future investment policy but the reasons were or the age (too old members) or the lack of money or lack of time (for the case when the group activity is not the basic one for the members).

## **11. Profit versus subsistence**

All the informal groups and family associations are both profit and subsistence oriented. But some of them are more for subsistence than for profit. For the agricultural societies, according to their managers, the reason for their existence is the profit but for most of the members the reason is the subsistence. "Only for those who are living in Iași city and who are asking me to sell their products is a profit. For the other is subsistence because they are taking the products at home for consumption".

The commercial companies are all profit oriented.

We have to mention that the affirmations regarding the profit obtained in the recent period were pessimistic because the low yields obtained due to the drought (2003).

## **12. Sustainability and estimated risks**

### ***Informal groups***

#### ***Sustainability:***

- depends on the evolution of prices for inputs and outputs ;
- capital for further investments;
- marketing (good prices for the products ).

#### ***Estimated risks:***

- dissensions between the members (influenced by their wives; drought can cause dissatisfaction and possible withdraws );
- the natural factors (drought, the absence of water for irrigations);
- new land distribution (problems in property restitutions could affect the land surfaces if someone wants to get back the initial placement and if is in the middle of the surface worked by a group).

For the groups based on family bounds there are no estimated risks regarding the withdraw of members. They even haven't thought before about this issue.

### **Family associations**

#### **Sustainability:**

- access to credit ;
- capital.

#### **Estimated risks:**

- drought (the danger that the costs cannot be recovered or the land remains without being worked);
- disagreements between members about profit distribution/incomes from product selling; conflict between generations (*based on personal observations – a.n..*);
- financial crisis.

### **Agricultural societies**

#### **Sustainability:**

- capital;
- prices for inputs (very high for fertilizers);
- credit;
- storing facilities;
- marketing/markets;
- insurances for agriculture against the natural disasters.

#### **Estimated risks:**

- economic conjuncture;
- not getting anymore subsidies;
- increases in the price of fuel (determining chain reactions for the prices of inputs).

### **Commercial companies**

#### **Sustainability:**

- capital (for the production process).

#### **Estimated risks:**

- natural factors.

Usually the managers consider that there are no factors that could endanger the activity of their company.

For ISPA association the sustainability depends on the milk quantities and qualities delivered to the collecting centers. The estimated risk is related to the new requirements according to the *acquis communautaire*.

### 13. General conclusions

The main problems identified were as follows:

- the subsidies (difficult access, bureaucrat procedures);
- organizational problems due to the land property restitutions on the initial placement;
- lack of credit;
- losses caused by climate factors (lack of insurance in agriculture);
- lack of support for investments in agriculture (equipment, processing companies etc. - for small associations);
- *acquis communautaire* is not disseminated at farmer level.

We can conclude that the case studies showed us that there are some phenomena in the rural space which are not prevailed enough by the statistical data and there is a need of changes in policy in order to support better the small size farms due to their social safety role.

This study highlights the intricacies of a variety of forms of cooperation in agriculture. The findings highlight the safety net, labour specialisation, asset-pooling and service delivery functions (among others) of different groups that enable rural livelihoods to at times cope and at times improve in situations of imperfect information, sluggish labour and land markets and constrained capital markets. The study also illuminates the challenges to cooperation for the rural poor. The policy relevance of this research is clear as the NE of Romania has a large rural population characterised by high levels of poverty. The implications:

- small scale cooperation and farm groups are crucial for allowing many rural poor secure their livelihoods;
- facilitate cooperation, via laws and subsidies, transparency in accounting and profit distribution;
- encourage off-farm labor opportunities so that land markets begins to move;

- do not penalize against small forms of cooperation, as these have important short-term safety net implications;
- encourage land rental markets for elderly people or absentee land owners.

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