

**Center for Strategic Studies and Reforms (CISR)**

## **Land Lease in the Republic of Moldova**

### **Findings of the study**

**This study was supported through funds provided by the U.S. Agency for International Development. The opinions expressed herein are those of the authors and do not necessarily reflect the views of the USAID.**

**Chişinău, March, 2001**

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## **Executive Summary**

### **Introduction**

Upon completion of the National Land Program, majority of the rural residents became landowners. By the beginning of 2001, more than 600 thou rural residents received their land titles. Over 701 thou ha of agricultural land was distributed with the average size of a land share being 2,5 ha. The next stage of the agricultural reform presupposes development of new private enterprises (farms, Limited Liability Companies, Joint Stock Companies, etc.), creation of cooperatives and farmers' associations, processing enterprises and infrastructures. It is also important that the new enterprise capacities would not only satisfy local demands but also provide competitive in price and quality products for export.

*After 1999, land lease became the main form of land consolidation on the just forming land market.* As compared to the land sale/purchase, hypothecation, donation and other types of transactions, lease is the most appropriate (economically and psychologically) both for landowners and lessees. At the same time, land lease sets a lot of problems whose resolution would speed up the development of market relationships in the rural zone and raise the agricultural reform efficiency.

*The goal of the study* is to identify conditions and impediments for the land lease development in Moldova's agricultural sector. Special attention was paid to the relationships between villagers: those having become landowners as a result of the National Land Program, and lessees. The situation analysis served as a basis for recommendations on how to improve the lease relationships. The sociological survey covered 464 lessees and 1476 land shareowners having leased out their land. The interviewers trained by the CISR carried out the poll in 326 villages, i.e. one third of all villages in the country (excluding Transnistria). Participation in the poll was absolutely free with the respondents themselves choosing the communication language. Data processing based on the SPSS standard.

The Land Lease Study was carried out by the Non-Governmental Organization named Center for Strategic Studies and Reforms (CISR) supported through the funds provided by the US Agency for International Development (USAID). Executors:

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Valentin Țurkan – sociologist;

Interviewers – 20 persons with higher education;

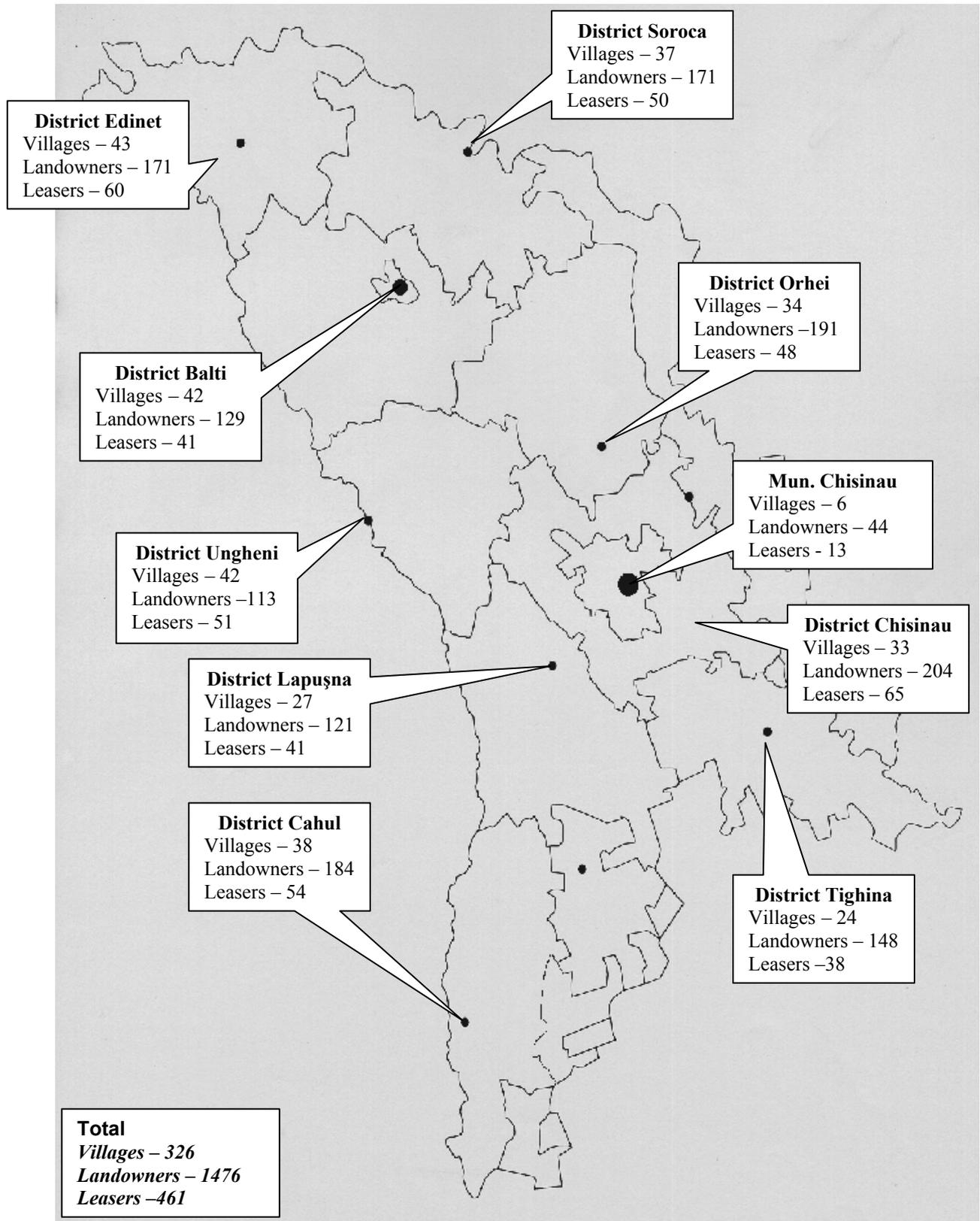
Anatol Bucatca – agricultural economist;

Andrei Țurkan – lawyer;

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The study was carried on during the period of March 14 – 28, 2001.

## Geography of sample



## 1. Land Market in Moldova: land relationship formation

Agriculture has always been a basis for Moldova's national economy. "Peasant sandals are the country's support," says Moldovan proverb. Majority of Moldova's native nation lives in the rural zones preserving Moldovan customs and traditions. The transition period and the crisis of the 90-s effected negatively the structure of the national economy. The total decrease in the gross domestic product in the year 2000 as compared to that of 1989 was equal to 34%. The share of industries (light and heavy industries, construction, transport) in the gross domestic product decreased, while the share of services has increased. The major contribution in the GDP (over 50%) is that of agriculture. Its produce (including the processed one) in many respects determines now the country's export potential.

The land reform started in the country as far back as 1992 (the year when the independence of the Republic of Moldova was proclaimed). That was the time when household plots – 350 thou ha, or 10.3% of the total land fund were transferred into the citizens' private ownership. However, the private ownership introduced on the 1/10 of the total land area was evidently insufficient for creating on its basis a market economy in the agricultural sphere.

The new Constitution of the Republic of Moldova (1994) declared the country's economy as "market, socially oriented and based on the private and public ownership and free competition". According to the Land Code and based on the egalitarian principle of social justice, 1.5 million ha of agricultural land was to be distributed to about 1.2 million people in equal shares. This process sped up considerably in 1998 when the pilot project (kolkhoz Maia, Nisporeni, 1997) acquired institutional forms as the National Land Program.

Data as of January 1, 2001 provided by the Statistics Department showed that with the NLP completion the number of persons having received in-kind land shares exceeded 500 thou people. They received over 701 thou ha of agricultural land. Another 450 thou land title holders owning 741 thou ha did not want to alienate the land and transferred it to (about 1.3 thou) economic entities mainly on the lease terms. Thus, *in the Republic of Moldova over 2/3 of agricultural lands are now private*. As long as the size of the land share is not very large (1,5 – 3,0 ha), it is evidently insufficient for the effective farming. The issue on the agenda now is consolidation of land use and formation of the land market.

Starting with 1999, and in 2000 especially when the number of land transactions grew up considerably, this tendency became rather evident. The main types of transactions at the land market in Moldova are sale/purchase, inheritance, exchange, donation, hypothecation, and lease.

For Moldova's rural residents having become again land shareowners after a fifty-year interval, this land share is the main source of income and land lease is considered one of the most mitigated forms of market relationships (both economically and psychologically). It is important that lease relationships due to their mass spreading create preconditions for forming the "infrastructure for peasants" – cooperatives and service organizations. It would be fair to ask what the nature of the practice forming in the lease relations is. How well are the procedures fixed by the law observed? How stable are the agreement relations and why do some lessors terminate the lease agreements? What is the payment form? What is the social

portrait of lessees and what are the motives for leasing out land by peasants owning land? Is there any future for the land lease?

## **2. Methodology and procedures of the study**

**The goals of the study.** The main goal of the study was to identify through polling of villagers the situation in which the lease relations are in the Republic of Moldova. The procedure was based on the formation of two samplings consisting of 1476 landowners-lessors and 464 lessees from 10 judeţes and one municipality – Chişinău. They were distributed proportional to the results of the National Land Program implementation. The survey involved 326 villages, i.e. 20% of their total number in the country

**The object of the study:** physical and legal entities involved in land based legal relationships. On the one hand, these are landowners-lessors, who are the source of information. They provided the information on the land share size; the enterprise to which the land was leased out; existence of contracts, lease payment terms and forms; satisfaction with implementation of the terms set in the contract; the cause for leasing out the land shares and the lessors' plans for the future; age and occupation. On the other hand, these are lessees. The information obtained from them serves for verification of the data obtained from lessors. From them we obtained information, specific for this category of respondents on the leased land size, credit use, etc. As a rule, both the lessors and the leaders having leased in their land were questioned. This was the basis for cross verification of responses on some variables.

**Determination of the sampling aggregate.** The sampling aggregate is based on the statistic data presented by the territorial agencies of the post-privatization program. The performed survey of 1476 lessors and 464 lessees ensures survey results of statistical importance.

**Data collection techniques:** enroute survey involving 1476 landowners and 464 lessees on the territory of communities where their land parcels are located, selected at random by the interviewers themselves. The survey was done at the respondents' homes and in some cases at their workplaces.

**Study tools** – questionnaires in Romanian and Russian. The language was chosen by the respondents themselves.

**Terms.** Data collection was performed on March 14 – 21, 2001. Data analysis and processing as well as analytical report preparation took place on March 22 – 29, 2001.

## **3. Findings of the study**

### **3.1. The nature of farms-lessees**

The farms of different legal forms existing in Moldova based on the Law on Enterprises and Entrepreneurship are involved in lease relations differently. Table 3.1. compiled on the basis of the data obtained through the present survey displays the structure of the land lease transactions performed by landowners, lessors and lessees on each type of legal form correspondingly.

Table 3.1.

### Legal form of farms involved in lease relations

<i>Legal form of the enterprise</i>	<i>Number of transactions</i>	
	<i>Lessors, %</i>	<i>Lessees, %</i>
LLC	55,8	52,9
Peasant farm	38,9	41,9
Cooperative	3,1	2,6
Joint stock company	0,7	0,4
Individual farm	1,5	2,2

We see that based on the lessors' assessment land lease is the most widely spread form of farming with «LLCs» being equal to 52, 9% and «peasant farms» – 41, 9%. The least common are «cooperatives» – 2,6% and «Joint stock companies » – 0,4%. This fact probably reflects the extent to which the legal forms of farms are spread in the rural zone.

The existing situation has its advantages and disadvantages. The advantage is in the fact that land comes to the hands of those who knows how to farm it. The lessee itself is a landowner and is directly involved in the process of working the land. On the other hand, the lessees, “closest” to the landowners (as a rule fellow villagers from the former kolkhoz-sovkhoz structures), oftentimes impose on the landowner their own terms when negotiating agreements and payments. It is also necessary to take into account the fact that peasant farms-lessees are short of money and oftentimes cannot provide efficient farming on the leased land independently. The size of the leased land depends on the legal form of the farms-lessees, as shown in table 3.2.

Table 3.2

### Agricultural land distribution based on the farm's legal form

<i>Agricultural land plot size, ha</i>	<i>Legal forms of farms</i>				
	<i>LLC</i>	<i>Peasant farm</i>	<i>Cooperative</i>	<i>Joint Stock Company</i>	<i>Individual farm</i>
1 - 10	-	1, 6	-	-	-
11 - 20	0, 4	5, 2	-	-	-
21 - 50	0, 8	9, 8	-	-	-
51 - 100	2, 0	7, 3	-	-	20, 0
101 - 500	32, 8	53, 9	33, 3	-	40, 0
501 - 1000	33, 6	15, 5	25, 0	-	40, 0
> 1000	30, 3	6, 7	41, 7	100	-
Total	100	100	100	100	100

It is interesting that in the most “democratic” form of peasant farms all size categories of agricultural land plots are represented. Land plots of 100 ha and over prevail in the LLCs and

JSCs, as well as cooperatives and individual farms. The JSCs do not have land plots over 1000 ha.

**Who leases the land?** The study findings are: lessees are the people of higher social capital, with sufficient potential for farming, having contacts and other advantages as compared to those who do not lease in land or lease it out.

Lessees' social capital is determined primarily by their education, the social position that they used to hold in the 90s and age. Lessees have rather higher level of education, majority of them used to occupy high rank positions in different rural economic structures (kolkhozes, sovkhozes, teams) as far back as 90s. As a rule, they are younger than lessors are. The minimum age for lessees is 25, the maximum – 75, the average age being 47.

Table 3.3.

#### Distribution of lessee categories depending on age

Age	%%
20 – 30	0, 9
31 – 40	17, 2
41 – 50	50, 2
51 – 60	26, 9
61 and over	4, 5

The largest category of lessees is represented more or less compact in the age group of 41 – 50, i.e. 49.8%; the second by size is the group of 51 – 60, i.e. 27.1%. The distribution of lessees depending on their education level is shown in Table 3.4.

Table 3.4.

#### Assessment of lessees based on their education

Education	%
Without education	0, 6
Secondary	3, 7
Special secondary (agricultural)	18, 1
Special secondary (nonagricultural)	4, 1
Higher agricultural	63, 6
Higher nonagricultural	9, 9
Total	100

Social capital, i.e. the lessees' education is much higher than the average indicator in Moldova. The share of lessees with higher education is 74.0%, which is about 12 times as high as the country's indicator on the whole including the urban area. If we address the rural zone only, it appears that *practically all elite, or the most educated part of the rural population, has become lessees*. It is important that 64% of lessees have special agricultural higher education and only 10.0% – nonagricultural higher education. This means that this category of lessees is

people with necessary professional skills in the sphere of agriculture. The share of lessees with special secondary education in agriculture is 18.1%, which is rather high. These are the people of the lower level (former agronomists, economists, technicians, team and group leaders) having sufficient knowledge in agriculture and able to use the leased land efficiently.

**The lessees' experience.** Majority of lessees was registered in 1999/2000. The pick of registration was in 1999 – 51.7%, and 2000 – 31.0%, as opposed to the “waiting” period of 1990 – 1998 equal to 18.3%.

Table 3.5.

**Assessment of lessees as to the years of registration**

<i>The year of the farm's registration</i>	<i>Number of farms</i>	<i>%%</i>
1990	1	0, 2
1992	2	0, 4
1993	4	0, 9
1994	2	0, 4
1995	5	1, 1
1996	12	2, 6
1997	14	3, 0
1998	31	6, 7
1999	240	51, 7
2000	144	31, 0
2001	6	1, 3
No response	3	100

**The agricultural lands area.** The minimum size of the lessee's agricultural land plot is 3 ha, while the maximum one is – 5946 ha. The average size of the leased plots is 680 ha.

Table 3.6.

**Assessment of lessees as to the size of the leased agricultural plots**

<i>Plot size, ha</i>	<i>%</i>
1 – 10	0, 6
11 – 20	2, 4
21 – 50	4, 5
51 – 100	4, 5
101 – 500	41, 4
501 – 1000	26, 1
> 1000	20, 5

As we see, 88.0% of lessees farm land plots of 100 ha and over. At the same time, every fourth lessee has 501-1000 ha and every fifth one – over 1000 ha.

The conclusion is simple: *the lease system in the Republic of Moldova involves rather large areas of agricultural plots, which is a disproof of the statement that the land reform resulted in land splitting and, as a consequence, impossibility to use machinery and chemicals, etc.*

However, the issue of the quality aspect of the land lease remains unanswered, starting with the “feelings” of peasants-lessors, the true landowners, and finishing with the interests of the state (taxation, farm marketability, production efficiency).

### 3.2. The nature of landowners-lessors

*What are the reasons making landowners lease out their land?* In fact, the landowners have three options in their “land behavior”: farming the land independently, sell it or lease it out. Every option is motivated. Based on the survey data, the reasons making landowners in Moldova lease out their land are those shown in table 3.7.

Table 3.7.

#### Reasons for land lease

<i>Reasons</i>	<i>%%</i>
Health conditions, age	20, 1
Lack of machinery for farming the land	62, 4
Lack of the needed knowledge	3, 3
Marketing difficulties	5, 1
Other	9, 1

The main reason for leasing out the land by the landowners is the impossibility to farm it manually, i.e. lack of machinery – 62.4%. The second reason is poor health – 20.1%. The next reasons are marketing difficulties (5.1%) and lack of the needed knowledge – (3, 3%).

As we see, the main reason is “purely technical”. It is caused both by the fact that machinery was allocated to those who had an access to it and by the depreciation of the machinery that used to belong to collective farms. Some reasons are due to the difficulties of farming and split land lots.

**Lessors’ age.** The age nature of lessors is rather diverse. However, majority of them (69.1%) is concentrated in the age category of 41 – 50, those who are over this age account for 17.2%. Absence of considerable divergences in the age group numbers enables us to make a conclusion that age is not the main factor in the lessors’ motives to lease out their land because the most numerous category of lessors (38.2%) is a rather active age group of (41-50).

Table 3.8.

#### Age based assessment of lessors

<i>Age</i>	<i>%%</i>
20 – 30	4, 1
31 – 40	19, 6
41 – 50	38, 2
51 – 60	20, 9
61 and over	17, 2

In the total number of respondents (1473) the minimum lessor age is 20, the average – 48 and the maximum – 91.

Table 3.9.

**Age based reasons for leasing out land, %**

<i>Age</i>	<i>Reasons for leasing out land</i>				
	<i>Poor health</i>	<i>Lack of machinery</i>	<i>Lack of knowledge</i>	<i>Difficulties in marketing</i>	<i>Other</i>
20 – 30	3, 2	73, 0	6, 3	6, 3	11, 2
31 – 40	4, 3	69, 3	4, 6	9, 3	12, 5
41 – 50	8, 3	72, 1	4, 0	5, 1	10, 5
51 – 60	20, 5	65, 7	2, 3	4, 0	7, 5
61 and over	69, 3	25, 8	0, 4	1, 2	3, 3

As we see, the age factor influences the land lease motivation: the higher the age – the more respondents indicate the “health” factor. Thus, if in the age group of 20 – 30 only 3.2% of respondents indicated this reason, in the group of 51 – 60 we see 20.5%, while in the age group of 61 and over – 69.3%. However, it is worth attention that in the age group of 61 – 25.8% indicated the reason of lack of machinery as opposed to the age. In other words, every fourth landowner of this age thinks that it could farm the land having the machinery. It is worth attention that in the same age group the number of those lacking the necessary knowledge is the smallest (0.4%).

**Interconnection between occupation and land lease decision** can be seen in table 3.10.

Table 3.10.

**Occupation based reasons for leasing out land, %**

<i>Occupation</i>	<i>Reasons for leasing out land</i>				
	<i>Poor health</i>	<i>Lack of machinery</i>	<i>Lack of knowledge</i>	<i>Difficulties in marketing</i>	<i>Other</i>
Pensioner	70, 9	25, 5	0, 4	1, 1	2, 1
Unemployed	19, 4	72, 6	1, 6	6, 1	-
Individual activities	12, 7	60, 0	9, 1	-	18, 2
Farm employee	7, 3	73, 2	2, 5	4, 6	12, 4
Other enterprise employees	10, 8	64, 0	10, 8	5, 4	9, 0

The conclusion is obvious: the main reason for leasing out lands both by the employed and the unemployed is impossibility to farm the land without machinery. 60.0% of those employed independently and 73.2% of farm employees indicated this reason.

Table 3.11.

**Occupation based assessment of lessors**

<i>Lessor's occupation</i>	<i>%%</i>
Pensioner	20, 6
Unemployed	4, 7
Employed independently	4, 6
Farm employees	61, 6
Other enterprise employees	8, 5
	100

The survey data disproves the opinion that the majority of lessors are pensioners. Being rather numerous they still do not exceed the number of pensioners in the general structure of the population. Majority of lessors is actively working people – 74.7%. It is obvious that working landowners lease out their land due to the impossibility to farm it independently of lack of desire to do so. This issue can be partly clarified through the answer given to the following question.

Table 3.12.

**Do the lessors work in the farms to which they have leased their land?**

	<b>%%</b>
Yes	68, 6
No	29, 5
No response	1, 9
	100, 0

As we see, 68.6% of lessors work in the same farm where their land is. Other family members also work in the same farms (38.2%).

Table 3.13.

**Do other family members also work in the same farm?**

Yes	38.2%
No	59.3%
No response	2.5%

The fact that 50.5% of landowners do not have property lease agreements probably complicates the situation with the land farming, though the other half of the land owners (49.5%) indicated that they do have such agreements.

Table 3.14.

**Do you have a property (property share) lease agreement?**

Yes	50.5%
No	49.5%

One of the major factors in the land lease decision making is *land share size* of the lessor, i.e. landowner. 1472 of the surveyed lessors leased out 2680 ha of land including arable land, orchards and vineyards.

Table 3. 15.

**Distribution of leased out land based on the land share size**

<i>Land share size, ha</i>	<i>Area, ha</i>	<i>%</i>
Up to 1	106,23	4,0
From 1 to 2	1269,95	47,4
From 2 to 3	761,24	28,9
From 3 to 4	257,96	9,5
From 4 to 5	122,99	4,5
From 5 to 6	41,49	1,4
From 6 to 7	90,85	3,3
From 7 to 7.54	29,36	1,1
14 ha (one case)	14,00	0,5
Total area of the leased out land	2680,07	100,0

As we see, landowners having up to 3 ha are mostly involved in lease transactions. This is the most representative group including small land shareowners.

We can suppose that owners, whose land shares are below 3 ha and are split into 4-8 parcels, find it difficult to farm their land using machinery. And vice versa, land shares of 5 ha and over are easy for using the machinery.

Such are the characteristics of lessors, actual land shareowners, having taken the decision to lease out their land.

**3.3.Problems with agreements: registration and accessibility**

*Evidences of lease relations in the form of agreements.* Moldovan practice in the concluding of agreements shows that they exist in two forms: written and oral. Though the first form is the only one fully protected by the law, the second one is also used in lease relations rather widely.

Use of land lease agreements is shown in table 3.16.

Table 3.16.

**Assessment of lessors and lessees having written land lease agreements**

	<i>Lessor, %</i>	<i>Lessee, %</i>
Yes	91, 7	92, 5
No	8, 1	7, 3
No response	0, 2	0, 2
Total	100	100

As we see, the practice of the initial period, when the oral form of agreement prevailed in the rural zone, is over. Apparently, considerable changes took place in this respect by the year 2000. Based on the survey data, majority of lease agreements was concluded in writing. We should mention that the data obtained both from lessors and lessees practically coincide. The question, “Do you have a written lease agreement was answered positively by 91.7% lessees and 92.5% of lessors. Judging by the lessees’ responses, 8.1% does not have written agreements, i.e. they have them in the oral form. The same situation is true for 7.3% of lessors.

Thus, the survey data shows a considerable breakthrough between both parties towards legal lease agreements. At the same time, tenacious traditional relationships in the Moldovan village provide a lot of possibilities for oral lease agreements. Such “agreements” are mostly typical for peasant farms where both parties, as a rule, are fellow villagers (table 3.17.).

Table 3.17.

**Assessment of agricultural plot lease agreements based on the lessee’s legal form**

<i>Existence/nonexistence of the agreement</i>	<i>Farm’s legal form</i>					<i>On all farms</i>
	<i>LLC</i>	<i>PF</i>	<i>Coo per.</i>	<i>JSC</i>	<i>IF</i>	
Exists	97, 9	86, 5	91, 7	100, 0	90, 0	98, 8
Does not exist	2, 1	13, 5	8, 3	-	10, 0	7, 2
	100	100	100	100	100	100

As we see, written land lease agreements are mostly concluded with the farms of the Joint Stock Company type – 100%, LLC type – 97.9%, while peasant farms and individual farms oftentimes have family and friendly contacts and relations serving as a basis for oral agreements.

The information on the existence of agreements obtained from lessors corresponds to that received from lessees.

Table 3.18.

**Assessment of agricultural plot lease agreements based on the legal forms (of the lessors)**

<i>Farm’s legal form</i>	<i>Existence of agricultural plot lease agreement</i>	
	<i>Yes</i>	<i>No</i>
Limited Liability Company	96, 9	3, 1
Peasant Farm	86, 0	14, 0
Cooperative	100, 0	-
Joint Stock Company	100, 0	-
Individual farm	77, 3	22, 7

**Availability of land lease agreements concluded by lessors and lessees.** Theoretically, availability of land lease agreement presupposes that both negotiating parties have it “in their hands”. In table 3.19, we see an assessment of lessors having lease agreements “in their hands”.

Table 3.19.

**Assessment of lessors having lease agreement “in their hands”**

<i>Do you have a lease agreement?</i>	<i>%%</i>
Yes	83, 8
No	16, 2

The responses show that majority of the lessors (83.8%) do have such agreements “in hands”. At the same time, many landowners (16.2%) having leased out their land did not make efforts to obtain an agreement or were not given it (due to different reasons).

Table 3.20 shows in what legal farm forms lessors have lease agreements. From lessors’ responses we see that all types of farms have the sin of “forgetfulness” and do not always issue agreements to lessors.

Table 3.20.

**Assessment of land lease agreements based on the legal form of farms, %**

<i>Farm’s legal form</i>	<i>Do lessees have lease agreements?</i>	
	<i>Yes</i>	<i>No</i>
LLC	89, 3	10, 7
Peasant Farms	79, 5	20, 5
Cooperatives	59, 1	40, 9
Joint Stock Companies	90, 0	10, 0
Individual Farms	63, 6	36, 4

The established procedure is violated through non-issuance of agreements to lessors by 36.4% of individual farms, 40.9% of cooperatives and 20.5% of peasant farms. Majority of the Limited Liability Companies and Joint Stock Companies (90%) observe legal requirements set for the transaction and issue agreements. Though even they do not fully comply with their obligations.

**The problem with registration of land lease agreements.** In order to become legally effective, the land lease agreement like any other one must be registered. However, due to different reasons they are not always registered.

Table 3.21.

**Assessment of registered and unregistered land lease agreements.**

<i>Have you registered your agreement??</i>	%%
No	15, 0
Yes, in the mayor's office	82, 3
Yes, in the Land Cadastre	2, 7

The question about registered land lease agreements was asked only to lessees. As we see, a very considerable number of agreements (15.0%) have not been registered anywhere and strictly speaking do not have a proper legal effect. If we recall that 8.1% of lessors do not have such agreements at all, we can make a conclusion that 23.1% of lessors are outside the legal framework in the lease relationship system.

Agreements are registered by two bodies – mayor's office (82.3%), and in case of concluding a lease agreement for the period over 3 years – the National Land Cadastre (2.7%).

The existing lease agreement registration practice simplifies the procedure of their conclusion. Thus the agreement registration in the mayor's office considerably shortens the time needed for concluding an agreement, excludes unnecessary formalities, bureaucracy and expenses for visiting the land cadastral body in the județ center. It goes without doubt that simplification of the registration procedure is beneficial for both parties – lessor and lessee

Table 3.22.

**Land lease agreement registration based on the farms' legal forms**

<i>Is the land lease agreement registered?</i>	<i>Farms' legal forms</i>					<i>Total</i>
	<i>LLC</i>	<i>PF</i>	<i>K-z</i>	<i>JSC</i>	<i>IF</i>	
No	11, 1	19, 2	16, 7	-	10, 0	14, 4
Yes, in the mayor's office	86, 8	76, 8	83, 3	100	90, 0	82, 9
Yes, in the Land Cadastre	2, 1	4, 0	-	-	-	2, 7
	100	100	100	100	100	100

The agreements are mostly registered in the JSCs – 100.0%, IF – 90% and LLCs – 86.8%.

The question how viable the land lease agreements are and how often they are terminated before time is very important.

**Lease agreement termination.** 200 of the 464 questioned lessors terminated land lease agreements before time. The whole number of terminated lease agreements is 7413. As a rule, every lessee has 16 terminated agreements, on the average, while the number of the effective agreements is smaller. As we see, the number of terminated agreements is five times as big as that of the effective ones. However, it is evident that the situation with terminated lease agreements is not that simple. The lessors may terminate the agreement finding a more

favorable form of land transactions or deciding to start farming themselves their land. The lessees' responses to the question "What are the reasons for lease agreement termination?" can clarify to a certain extent the reason for early termination of the agreements. We should bear in mind that this is the lessees' opinion. With the account of the lessees' status we can hardly count on their objectivity and awareness. The lessors not always gave a true reason for the agreement termination. One of the essential divergences is low lease payment as a reason for agreement termination given by the lessors, equal to 3.9% of the total number of reasons. At the same time, lessors think that low lease payment is the reason for 90.3% of reasons for dissatisfaction with the agreements. Such a conspicuous divergence in the assessment is remarkable.

### 3.4. Lease agreement period

Lease agreement periods are an indicator of stability in the lease agreement relationships and the extent to which lessors and lessees rely on these agreements.

*Table 3.23.*

**Lease agreement periods.**

<i>Period</i>	<i>Lessors' responses</i>	<i>Lessee's responses</i>
	<i>%%</i>	<i>%%</i>
1 year	12, 5	13, 0
2 years	1, 4	2, 8
3 years	72, 3	72, 1
4 years	-	0, 2
5 years	11, 4	10, 2
6 years	-	0, 2
10 years	1, 0	1, 3
15 years	0, 3	-
25 years	0, 2	0, 2
	100	100

It is evident that the longer is the lease agreement period, the higher is the confidence in the land lease relationships.

Based on the survey data, short period (1-3 years) agreements (87%) prevail at present. Agreements of 5-years and over constitute over 10%. This situation probably proves the fact that land lease is still in the state of uncertainty as a form of farming. The state of uncertainty and lack of confidence, typical for agricultural relationships, slow down the process of concluding longer period agreements. At the same time, short lease agreements impede investments, structural changes and other activities aimed at the future. However, these are the factors determining the long-term perspectives both for the rural population and for the state.

Table 3.24.

**Lease agreement period based on the farm-lessee's legal form**

<i>Lease period</i>	<i>Farm-lessee's legal form</i>					<i>Total</i>
	<i>LLC</i>	<i>PF</i>	<i>Coop</i>	<i>JSC</i>	<i>IF</i>	
1 year	7, 4	18, 8	25, 0	-	10, 0	12, 7
2 years	1, 6	4, 2	8, 3	-	-	2, 8
3 years	77, 8	64, 4	58, 3	100	90, 0	72, 1
4 years	-	0, 5	-	-	-	0, 2
5 years	11, 2	10, 5	8, 4	-	-	10, 5
6 years	0, 4	-	-	-	-	0, 2
10 years	1, 6	1, 1	-	-	-	1, 3
25 years	-	0, 5	-	-	-	0, 2
<b>Total</b>	100	100	100	100	100	100

The lease periods in the LLCs and Peasant Farms are longer than in the farms with other legal forms. LLCs conclude 1 to 10-year agreements, Peasant Farms – 1 to 25-year agreements. Strange as it is, but in JSCs 3-year agreements prevail. In the cooperatives one-year agreements constitute 25%, while three-year agreements are equal to 58.3%.

Lease agreement periods in the LLCs and Peasant Farms are different. Three lengths are typical for the LLCs: one year – 7.4%; three years – 77.8%, five years – 11.1%. In the Peasant Farms the agreement periods are: one year – 18.8%, three years – 64.4% and five years – 10.5%. such an approach gives a free choice to lessors.

**Lease periods based on the lessor's assessment.** Table 3.25 shows that lease periods vary depending on the farm legal forms, but they differ from the lessees' assessment insignificantly.

Table 3.25.

**Lease period based on the farm legal forms, lessors' assessment, %.**

<i>Farm legal forms</i>	<i>Lease period, years</i>						
	<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>10</i>	<i>15</i>	<i>25</i>
LLC	6, 8	0, 9	79, 6	10, 8	1, 4	0, 5	-
Peasant Farm	19, 5	1, 9	64, 4	13, 0	0, 6	-	0, 6
Cooperative	15, 9	2, 3	68, 2	13, 6	-	-	-
Joint Stock Company	-	-	100, 0	-	-	-	-
Individual Farm	22, 7	4, 5	72, 8	-	-	-	-

**Optimal lease periods.** When choosing the most acceptable lease periods, lessees base on their idea of the land market situation, its dynamics and their own plans for the future. In table 3.26 we see optimal agricultural plot lease agreements based on the lessees' assessments. As we see, the lessees assess the optimal periods of lease agreements differently from those existing today. Thus, only 20.4% of lessees consider 1 to 3-year period as optimal, while 79.6% think

that the period should be over 5 years. 34.1% of lessees think that 5-year period is the best, while 30.4% consider that it should be 10 years.

Table 3.26.

**Optimal period for agricultural plot lease**

<i>Optimal number of years</i>	<i>%%</i>
1 year	4, 1
2 years	0, 4
3 years	15, 9
5 years	34, 1
7 years	0, 7
10 years	30, 5
15 years	6, 1
20 years	4, 3
25 years	2, 6
30 years	0, 4
99 years	0, 9
Total	100

However, the difference in the opinions is absolutely clear. None of the preferred periods reaches a 50% level and none of them is prevailing. Obviously, the main reason is a lack of stable guidelines for the future. The same is true for the quality of the legal basis, accessibility of credits, technical and other types of services, demand for products, conditions of export, etc. The state and its economic policy can and must give answers to these questions.

**3.5. Conditions and forms of the lease payment.**

Stabilization of market in the agrarian sector as a whole and the novelty of lease relationships in particular set the issue of conditions and forms of lease payment.

Table 3.27.

**Assessment of different types of lease payment in Moldova**

<i>Lease payment types</i>	<i>Lessors' responses</i>	<i>Lessees' responses</i>
	<i>%%</i>	<i>%%</i>
Fixed payment	57, 9	59, 3
As %% of the obtained gross harvest	37, 5	34, 5
Mixed	4, 6	6, 2

Lease agreements are usually concluded with two types of payments: fixed one – 59.3% and as percentage of the obtained gross harvest – 34.5%. The fixed type constitutes 6.2%. The lessees' and lessors' responses are somewhat different, though these differences do not influence considerably the lease payment nature. However, it is worth noting that such differences do exist. This indicates the fact that lessees, for example, somewhat underestimate

the fixed payment ratio as compared to the lessors and at the same time overestimate the ratio of the payments received in the form of percentage from the obtained harvest. We see such differences in the case with mixed type of payment as well.

Table 3.28.

**Types of lease payments based on the farm’s legal form**

	<i>Farm’s legal form</i>					<i>Total</i>
	<i>LLC</i>	<i>PF</i>	<i>Coop</i>	<i>JSC</i>	<i>IF</i>	
Fixed payment	63, 9	54, 9	33, 3	50, 0	70, 0	59, 4
% of the obtained gross harvest	30, 3	38, 3	66, 7	-	30, 0	34, 5
Mixed	5, 8	6, 8	-	50, 0	-	6, 1

Fixed type of payment prevails in the LLC, IF, and PF with the indicators being 63.9%, 70.0% and 54.9% correspondingly. In the cooperatives the percentage portion of the obtained gross harvest is 66.7%. In the JSCs we see equally represented fixed and mixed types of lease payments – 50% correspondingly. In all types of enterprises except for cooperatives, the “percentage portion of the obtained gross harvest” is between 30.0% and 38.3%. Fixed type of payment is used only in LLCs and PFs, with indicators being 5.8% and 6.8% correspondingly.

Table 3.29.

**Assessment of satisfaction with agreement terms depending on the lessors’ occupation**

<i>Occupation</i>	<i>Are you satisfied with the agreement terms?</i>	
	<i>Yes</i>	<i>No</i>
Pensioner	73, 0	27, 0
Unemployed	71, 0	29, 0
Working independently	70, 9	29, 1
Farm employee	87, 5	12, 5
Another enterprise employee	71, 2	28, 8

The survey shows that farm employees are satisfied with the agreement terms more than other categories of lessors – 87.5%. Possibly, this can be explained by the fact that these are “employees of the farms” that have leased in their shares. These lessors evidently have privileges as compared to others and more possibilities to influence the terms in the agreements when concluding them. Besides, the survey shows that this category of lessors have a higher indicator of agreement implementation.

Table 3.30.

**Implementation of agreement terms depending on the lessors' occupation**

<i>Occupation</i>	<i>Have the agreement terms been implemented?</i>		
	<i>Completely</i>	<i>Partially</i>	<i>Unimplemented</i>
Pensioners	76, 7	20, 0	3, 3
Unemployed	63, 5	34, 9	1, 6
Working individually	72, 7	23, 6	3, 6
Farm employee	86, 0	12, 5	1, 5
Another enterprise employee	73, 0	23, 4	3, 6

Those working individually, other enterprise employees and pensioners have the highest indicator of unimplemented agreement terms.

Table 3.31.

**Lease payment form**

	<i>Lessees' responses</i>	<i>Lessors' responses</i>
	<i>%%</i>	<i>%%</i>
Cash	1, 9	1, 8
In-kind	82, 5	86, 5
Mixed	15, 6	11, 7
Total	100	100

As it was expected, in the situation with “lack of cash”, in-kind payments between lessees and lessors prevail in the rural zone. It is less risky for the lessee and acceptable psychologically and economically for the villager, i.e. land shareowner. Lessees think that in-kind payments constitute 82.5%, while the lessors' number is 86.5%. The difference of 4% may be referred to oral agreements that are rather common in the village.

Assessments of both parties practically coincide in the estimation of the cash payments portion. They are 1.9% and 1.8%. Cash payments are practiced, as a rule, by large lessees with stable financial position and well-adjusted marketing channels. The conclusion is that prevalence of in-kind payments in the village testifies to the underdeveloped nature of market relationships in the village. Official statistics proves this fact giving the indicator of not less than 20% of rural population being outside the cash circulation sphere.

Majority of lessees is quite satisfied with in-kind nature of lease payment. This simplifies their relationships with villagers and partly decreases the responsibility for marketing products, their quality and exterior. The position of villagers that have leased out their land is more dependent and difficult.

**Implementation of agreement terms.** Deviation from the legal norms in the drafting of the land lease agreements as well as many circumstances and risks often result in the violations of the agreement implementation.

Table 3.32.

**Have the agreement terms been implemented, %?**

	<i>Lessees' responses</i>	<i>Lessors' responses</i>
Completely	86, 4	77, 8
Partly	12, 9	18, 2
Unimplemented	0, 4	2, 0
No response	0, 3	2, 0

Discrepancy in the two parties' opinions are obvious: lessees' assessment of the agreement terms implementation is more optimistic, while that of lessors less so. The difference is rather high – 8.6%.

Table 3.33.

**Have the terms been implemented on time (%)?**

	<i>Lessors' responses</i>	<i>Lessees' responses</i>
Yes	90, 3	86, 0
No	5, 0	8, 9
No response	4, 7	5, 1

As we see, there exist problems with timely implementation of agreement terms. Both parties involved in the agreement think that 10% to 14% of agreements are not implemented on time.

Table 3.34.

**Are you (lessor) satisfied with agreement terms?**

Yes	81, 4
No	16, 9
No response, difficult to say	1, 7.

The fact that majority of lessors (81.4%) are satisfied with agreement terms are probably due to lack of alternatives to leasing out the land that was received from the state into private ownership; the demand for land purchase is not very large as yet. At the same time, leasing out their land the villagers preserve their ownership rights. As long as majority of villagers has, as a rule, at least one more income source, peasants are happy with what they obtain as an additional payment via the lease agreement. And finally, agreement terms allow majority of lessors to work in the same farm where their land parcel is. It is worth attention, however, that 16.9% (!) are not happy with the agreement terms. Approximately the same number of lessors is an actively working group of people. Their demands are higher and this is a frequent reason for their being dissatisfied.

**Major reasons for lessors' dissatisfaction with lease agreement terms, %**

Low lease payment	90,3
Untimely payments	3,7
Poor land farming	1,4
Non-observation of agreement terms	4,6

The reasons for dissatisfaction are very specific: the main reason for dissatisfaction with lease agreement terms is low payment (90.3%). The other reasons are untimely payment (3.7%) and finally, non-observance of other agreement terms – 4.6%.

**Main reasons for lessees' leaving (lessees' opinion), %**

Have separated and farm their land independently	75,7
Have sold their land	4,5
The lease payment has not been paid	1,0
Low lease payment	9,1
Taxes have not been paid	0,6
Have left for another leader	9,1

According to the lessees' opinion, the major reason for lease agreement termination is a decision to start farming the land independently – 75.7%, another reason is leaving for another leader because of low lease payment.

**3.6. Lessees' problems with credits.**

Credit is a stimulus for farm development and expansion. The way the credit is used indicates the quality of economic activities. Unfortunately, a large number of lessors (57.8%) do not use credits. The reasons are well known: unacceptability of the banks' terms, underdeveloped pledging practice and use of non-bank sources of loans.

*Table 3.35.*

**Obtaining credits by lessees**

<i>Did you obtain credits throughout the last year?</i>	<i>%%</i>
Yes	42, 0
No	57, 8
No response	0, 2

Major bulk of credits obtained by lessees is short term (up to one year – 94%). And only 6% are long term credits (over one year). The reason is that major part of the leased land is used for annual, less intensive crops (grain, sunflower) allowing to obtain “quick money” mainly by exporting the products. At the same time, expensive long term credits do not promote implementation of long term projects in viticulture, horticulture, irrigation and other spheres requiring large investments.

Table 3.36.

### Period-based assessment of credits

Credit period	%%
Short term, up to one year	94, 0
Long term, over one year	6, 0

Peasant Farms and cooperatives obtain less credits – 37.8% and 33.3% correspondingly. Joint Stock Companies and Individual Farms obtain somewhat more credits – 50.0%, while LLCs – 45.7%.

Table 3.37.

### Credit assessment depending on the farm's legal form

<i>Farm's legal form</i>	<i>Obtained credits</i>	
	<i>Yes</i>	<i>No</i>
LLC	45, 7	54, 3
PF	37, 8	62, 2
Cooperatives	33, 3	66, 7
JSC	50, 0	50, 0
IF	50, 0	50, 0

Table 3.38.

### Credits obtained for one year and over

	<i>Credit period</i>	
	<i>Up to one year</i>	<i>Over one year</i>
LLC	94, 7	5, 3
PF	94, 6	5, 4
Cooperatives	60, 0	40, 0
JSC	100	-
IF	100	-

### 3.7. Lease perspectives: lessees' and landowners' intentions

The country's experience with the land market shows that lease as a kind of land transactions will exist forever. However it will probably change in scope and manifestations depending on a whole range of economic, social and political factors. A certain idea (this is a subjective opinion of the group) on the future of the lease in Moldova's farming can be obtained from the lessors' and lessee's plans.

**Lessors' plans.** As long as landowners do not have many options now (farming independently, leasing or alienating) 79.4% of lessors intend to continue lease agreements practice in future, which fact is a certain type of indicator. We should add to this number of lessors 3.2% of those who, in principle, are satisfied with lease but plan continuing lease by transferring their land share to another leader. Few lessors, only 6.4%, plan to terminate the lease and start

farming by themselves. It is worth attention that every 10<sup>th</sup> lessor for the time being has not yet determined as to how to use the land in future.

Table 3.39.

**Lessor's plan for the future**

To prolong the lease agreement	79, 4
To terminate the agreement and transfer the land share to another leader	3, 2
To terminate the agreement and farm independently	6, 4
Do not know/no response	11, 0

Table 3.40.

**Lessors' plans depending on the occupation**

<i>Occupation</i>	<i>Future plans, %</i>			
	<i>To prolong the lease agreement</i>	<i>To terminate the agreement and transfer land to another leader</i>	<i>To terminate the agreement and farm independently</i>	<i>Do not know</i>
Pensioner	80, 7	5, 8	5, 8	7, 7
Unemployed	54, 8	8, 1	21, 0	16, 1
Working independently	53, 3	3, 3	30, 0	13, 4
Farm employee	84, 6	2, 7	3, 7	7, 2
Other enterprise employee	61, 5	1, 7	12, 0	24, 8

Occupation influences significantly the lessors' plans. Two categories of the employed – farm employees (87.3%) and pensioners (86.5%) intend to continue leasing out their land shares more than other categories of lessors, though their reasons are different. Those working independently and the unemployed (62.9%) are less satisfied with the status of the lease relationships. The same is true for employees of other non-agricultural enterprises.

Table 3.41.

**Assessment of the lessees' plans for the future**

	<i>Leader-lessee plans for the future</i>	<i>%%</i>
1	To buy out land	16, 8
2	To prolong agreements with lessors	73, 3
3	To refuse from a part of lands	4, 5
4	To buy agricultural machinery and processing equipment	3, 4
5	Other	1, 3
6	No response	0, 7

**Lessors' plans** regarding lease and types of farming are shown in table 3.41. The lessees' survey shows that their plans for the future are somewhat different. Like in former times,

majority of them intends to continue lease relationships (73.3%). However, 16.8% of lessees plan to buy out the land and make it private property. It inspires optimism that with all the difficulties and uncertainty of the “medium”, only 4.5% of lessees plans to refuse from a part of the leased land. There is very much uncertainty in the agrarian sector and the state has a lot to do in the sphere of legislative and institutional basis for land relationships. However, the data obtained as a result of the survey showing that majority of lessees plan to continue their business, be it on the lease terms or land purchase, is encouraging. Land has been Moldova’s major asset since time immemorial and for this reason the state’s main objective is to create conditions for efficient farming, which is the basis for the country’s well-being.

#### 4. Conclusions and recommendations

Land privatization in the agricultural sector of the Republic of Moldova is coming to an end. After privatization rural landowners have three options in using the land: to farm their own land independently, to lease it out, alienate or sell it

The survey covered 326 villages in the Republic, i.e. 1/3 of Moldova’s communities. 1476 land shareowners and 464 lessees were polled. The results show that the prevailing form of farming is lease. Based on the results of the sociological survey, a sociological portrait of lessees and lessors, the nature of contractual relations between them and the problems characteristic of both parties were described.

1. *Lessees were identified as people with higher social capital* – experience and knowledge needed for agricultural business. The share of lessees with higher education is 74.0%, with 64.0% of them having special agricultural education. Only 0.6% of lessees do not have education. The average age of lessees is – 47, the minimum – 22 and the maximum – 75.
2. *The sizes of the newly created farms are different.* However, 88.0% of lessees farm 100 ha and more each. Every fourth lessee has 501 – 1000 ha and every fifth one – over 1000 ha. The average size of land farmed by one lessee is *680 ha*, which allows observing agrotechnical requirements in the agricultural production process. Thus, to a certain extent, lease resolves the issue of land parceling resulting from its privatization.
3. The survey shows that *the main reasons for the land lease are impossibility to farm it without machinery* – 62.4 %, and poor health accounting for 20.1%. The survey data disproves the opinion that majority of lessors is pensioners. They constitute only 20.6% of lessors, while people of the active age constitute 74.7%.
4. It was found out that *majority of agreements is drawn in writing.* However, many of them (15.0%) have not been registered anywhere, while 82.3% have been registered in the community mayors’ offices and the National Land Cadastre (if the agreement periods are over 3 years). The agreement period of majority of lease agreements is one to three years (87.0%). 10% of agreements are five year long.
5. Land lease agreements are concluded with *three types of payments*: fixed one – 59.3%; as percentage of the gross harvest – 34.5% and mixed – 6.2%.

6. *Property (share) lease agreements are not widely spread.* Only 50.0% of property owners have such agreements at present.
7. *Lessors' and lessees' plans for the future are positive:* 79.4% of landowners have indicated their will to prolong lease agreements, which is explained by the lack of any other option for them. Majority of lessees (73.3%) also plans to prolong lease agreements. At the same time, 16.8% of them intend to buy out the land and make it their property.

Thus, the study results may bring us to the conclusion that land lease in the Republic of Moldova has set in rather quickly as a prevailing form of land agreement relationships and due to certain reasons it can remain such throughout a whole generation's life time.

On the one hand, this can be explained by Bessarabian peasants' love for land that they have regained after a half-century interval. At present, majority of the rural population is below the poverty level and outside the money circulation sphere finding relief in the in-kind economic activity. Peasants will not part with their land soon because their land shares are practically the only source of sustenance.

On the other hand, lessees also confront with numerous restrictions. Meanwhile, the number of people able to buy large size land lots is not very big. For this reason, leasing land for the period of up to three years and using it for highly technical cultivated export crops (grain and technical crops) is most appropriate even for well to do lessees.

In the situation with lease, risks for lessees are minimized: the credit is quite justified the payment to the lessor is mainly in-kind, while the major bulk of products is supplied to the foreign markets bringing profit. The negative impact is that unlike the landowner, a lessee oftentimes behaves like a temporary land user not observing agricultural technology and thus damaging the soil fertility.

*Recommendations based on the study outcome:*

- a) to draft a model land lease agreement with more detailed explanation of the parties' rights and obligations, grounds for early termination of the agreement, terms for lost profit compensation due to early termination, and other aspects in the relationships between the parties;
- b) to work out two drafts of the property lease agreements:
  - on property lease;
  - on property lease with further redemption;
- c) to do a survey aimed at identification of reasons for considerable differences in the amounts of lease payments depending on the farm forms. Differences in the per hectare lease payments are fivefold and sometimes even higher; in 90.0% of cases the reason for the lessors' dissatisfaction with the agreement terms is low land lease payment. Based on this fact we can make a conclusion that lessees violate land shareowners' rights. When fixing the lease payment soil fertility and other factors are often ignored;
- d) to promote the development of leasing companies and cooperatives network aimed at the needs of both lessees and peasant farms working the land independently;
- e) to develop a targeted crediting system helping lessees redeem the land parcels;

- f) to speed up the drafting of the Law of the Republic of Moldova on Mortgage Lending;
- g) to make more active the awareness campaigns among lessees and lessors on the issues of lease relationships – time for concluding the agreements, type and form of the lease payments, rights and obligations of the parties, cases when lost profit is to be recompensed and other aspects in the parties' relationships.

In general, we should bear in mind that as long as land lease is going to remain popular on the land market of the Republic of Moldova for a long time, the state should assume the responsibility for creation of the lease-favorable surroundings. This should include a corresponding legal basis; bank, credit and tax relations; institutional structures, i.e. farmers' associations, cooperatives and small processing facilities; leasing companies and other service structures. All this will make the agrarian relations more civilized and acceptable both for rural residents including lessees and lessors and for the state as a whole.

**For lessee (leader)**

*Questionnaire for the survey "Land lease"*

*We would appreciate if you could participate in the survey on the issues related to land lease. The survey is carried out by the Center for Strategic Studies and Reforms at the request of the Ministry of Agriculture and Food. The objectives of the survey are to collect first hand information regarding land lease situation.*

*Relevant data and suggestions provided by you would be taken into account upon development of recommendations targeted at improving lease relations in agriculture.*

*Questionnaire is anonymous.*

*Thank You for collaboration.*

Data entry operator \_\_\_\_\_ Date « \_\_\_\_\_ » March 2001

**A1. Specify, what is the legal form of your enterprise?**

- 1      LLC
- 2      Peasant Farm
- 3      Cooperative
- 4      Joint Stock Company
- 5      Others

**A2. Date of your enterprise registration** « \_\_\_\_\_ » \_\_\_\_\_

**A3. Where is the enterprise located:** village \_\_\_\_\_, sector (former raion) \_\_\_\_\_, județ \_\_\_\_\_

**A4. What is the land share size, ha**

- 1      Total \_\_\_\_\_
- 2      including: arable land \_\_\_\_\_
- 3              orchard \_\_\_\_\_
- 4              vineyard \_\_\_\_\_

**A5. Number of leased land shares** \_\_\_\_\_.

**A6. Average size of a land share** \_\_\_\_\_ ha.

**A7. How many persons leasing land to you are employed by your enterprise?** \_\_\_\_\_.

**A8. Land lease term** \_\_\_\_\_ years.

**A9. Do you have land lease agreements signed with land owners?**

- 1      Yes
- 2      No

**A10. Are these agreements registered?**

- 1      No
- 2      Yes, registered at the mayor's office
3.      Yes, in cadastral registry

**A11. How many landowners have terminated lease agreements signed with you?** \_\_\_\_\_

**A12. What are the reasons for lease termination? Specify** \_\_\_\_\_

**A13. What are the land lease payment conditions**

- 1 Fixed payment
- 2 In % of total harvest
- 3 Mixed payment

**A14. Form of lease payment**

- 1 Cash
- 2 In-kind payment
- 3 Mixed payment

**A15. Are lease conditions met?**

- 1 Completely
- 2 Partially
- 3 Are not met

**A16. If lease conditions are met, specify whether it was done**

- 1 Within the fixed deadline
- 2 After the deadline

**A17. What do you think would be the most appropriate term for a land lease agreement? Please, specify \_\_\_\_\_ years**

**A18. Did you take any loans over the last year?**

- 1 Yes
- 2 No

**A19. If yes, specify the loan term?**

- 1 Short-term loan, up to one year
- 2 Long-term loan, over one year

**A20. Do you have property lease agreements signed?**

- 1 Yes
- 2 No

**A21. What are your plans for the future?**

- 1 Redeeming land into personal ownership
- 2 Prolonging lease agreements with the lessor
- 3 Renouncing from part of agricultural lands
4. Procuring agricultura machinery and equipment for processing agricultural goods
5. Others, please specify \_\_\_\_\_

**C1. Please, specify your age \_\_\_\_\_ years**

**C2. Education data.**

1. Secondary education
2. Special agricultural education
3. Special non-agricultural education
- 4 High agricultural education
- 5 High non-agricultural education

## For a land owner (lessor)

### Questionnaire for the survey "Land lease"

*We would appreciate if you could participate in the survey on the issues related to land lease. The survey is carried out by the Center for Strategic Studies and Reforms at the request of the Ministry of Agriculture and Food. The objectives of the survey are to collect first hand information regarding land lease situation.*

*Relevant data and suggestions provided by you would be taken into account upon development of recommendations targeted at improving lease relations in agriculture.*

*Questionnaire is anonymous.*

*Thank You for collaboration.*

Data entry operator \_\_\_\_\_ Date « \_\_\_\_\_ » March 2001

**A1. Specify the legal form of the enterprise leasing land from you?**

- 1 LLC
- 2 Peasant Farm
- 3 Cooperative
- 4 Joint Stock Company
- 5 Others

**A2. Locality of the enterprise:** village \_\_\_\_\_, sector (former raion) \_\_\_\_\_, județ \_\_\_\_\_

**A3. Did you sign a lease agreement with the lessee?**

- 1 Yes
- 2 No

**A4. If yes, do you have a copy of the lease agreement?**

- 1 Yes
- 2 No

**A5. Lease term** \_\_\_\_\_ years

**A6. What is the land share held by you, ha**

- 1 Total \_\_\_\_\_
- 2 including: arable land \_\_\_\_\_
- 3 orchard \_\_\_\_\_
- 4 vineyard \_\_\_\_\_

**A7. Lease payment conditions**

- 1 Fixed fee
- 2 In % of total harvest
- 3 Mixed payment

**A8. Form of lease payment**

- 1 Cash
- 2 In-kind
- 3 Mixed payment

**A9. Are you satisfied with the lease agreement terms?**

- 1 Yes
- 2 No

**A10. If no, explain the reasons? Please, specify** \_\_\_\_\_

**A11. Are the land lease conditions met?**

- 1 Completely
- 2 Partially
- 3 Are not met

**A12. If the lease conditions are met, specify whether it was done**

- 1 Within the fixed deadline
- 2 After the deadline

**A13. Are you employed by the enterprise leasing in land from you?**

- 1 Yes
- 2 No

**A14. Are other of your family members also employed by the same enterprise?**

- 1 Yes
- 2 No

**A15. What made you lease out your land?**

- 1 Health condition
  - 2 Lack of equipment
  - 3 Lack of knowledge
  - 4 Difficulties in trading the output (goods)
  - 5 Others (please, specify)
- \_\_\_\_\_

**A16. Have you signed property lease agreements (on lease of the property share)?**

- 1 Yes
- 2 No

**A17. What are your plans for the future?**

- 1 Prolonging the lease agreements
- 2 Terminating the lease, transferring the land parcel to another leader
- 3 Terminating the lease and farming the land individually
- 4 Don't know

**C1. Please, specify your age** \_\_\_\_\_ years

**C2. What is your current employment status?**

- 1 Pensioner
- 2 Unemployed
- 3 Running an individual business
- 4 Employee of a farm
- 5 Employee of other enterprises