

## EVOLUTIONARY BENCHMARKS OF AGRICULTURE AND RURAL DEVELOPMENT IN THE REPUBLIC OF MOLDOVA

Olga SÂRBU

State Agrarian University of Moldova, 42 Mircesti Str., Rascani District, Chisinau, MD-2049, Republic of Moldova, Phone: +373 22 432387, Email: o.sarbu@uasmd.md

### *Abstract*

*Agriculture continues to be the largest user of rural land and a key determinant of the rural development quality. The importance and relevance of the agriculture and rural development in the Republic of Moldova have increased with the enlargement of the EU and prospects of our country in this context. The present study proposes an analysis of the evolution of agriculture in its many aspects, focusing on rural development concepts in terms of durability and multifunctionality. During the research have been used traditional research methods quantitative and qualitative analysis, comparative and logical analysis. Preference was given to monographic study method applying the elements of observation, selection, induction and deduction. Investigations conducted allow us to conclude that accelerating reforms outlined in the agro-food sector will contribute to the formation of new enterprises, efficient functioning of market mechanisms, modernizing techniques and technologies, improving the legal framework in agriculture, increase the degree of diversification of the rural economy; educating economic behavior of farmers and creating a flexible mindset to various changes. All these would contribute to supply a competitive and efficient agriculture that would allow its integration in the European markets.*

**Key words:** agriculture, rural development, rural economy

### INTRODUCTION

The problem of rural areas development and planning is one of the most important problems of the mankind as it requires a balance between the need of preserving rural economic, environmental and social areas and the logical trend of improving the rural life. Therewith, rural development and planning is co-influenced by both the tendency of urban areas expansion and the industry development on account of rural areas and the need to preserve the current share of rural areas as far as possible. The targets of the major interest for any nation are to maintain and preserve the national character of rural areas and culture. The concept of rural development covers all the actions aimed at improving the life quality of the people who live in rural areas, preserving natural and cultural landscape and ensuring the sustainable development of rural areas in accordance with the conditions and specific character of those territories. We ultimately tend to make rural areas suitable for fulfilling their functions in the society sustainably. The development is a dynamic phenomenon that is extremely complex and difficult to define. Over the years, the focus has shifted from the economic

to the social or human development.

Rural problems, namely their acknowledgement, research, development and improvement are the complex activities of the vital importance for any country, their solution cannot be solved by short-term activities. Thus, one needs successive integrated programs with lasting effects which result in the improvement of human and institutional conditions. The European Charter of rural areas presupposes that one should take into account specific conditions of rural areas and respect the principles of subsidiarity and solidarity when working out rural development policies. The rural development is related to the Common Agricultural Policy and the measures that support employment. Its main objectives are the following: the modernization of farms and providing financial support for young farmers; the promotion of tourism infrastructure and encouraging local activities; providing better access of the population to services; the depopulation prevention in rural areas by assuring the professional development of the workers in small firms. Rural development programs are often complex and at the same time they can be applied to several sectors: infrastructure, agriculture, tourism

(agritourism and rural tourism), small and medium enterprises, job creation, environmental protection, education, community development, etc. Human resources, local communities, participants in the economic and social life, environmental and cultural landscape values play an important role in rural development.

Acknowledgement, research, improvement and development of rural areas are the activities of the vital importance for a country both by rural areas dimension, expressed by the area owned and the share of the population employed in productive activities, such as social and cultural, housing and tourism services. The problem of the rural economy development is one of the most difficult nowadays. Its essence involves achieving a balance between the requirement of the rural economic development in terms of the economy, environment and culture and the tendency of rural life continued modernization. However, the rural economy development is also influenced by the tendency of urban areas expansion and the requirement to maintain the current size of rural areas.

## **MATERIALS AND METHODS**

Both publications in journals and materials of national and international conferences have been used as the theoretical support. To reveal the matter we have conducted research based on the data provided by the National Bureau of Statistics. This statistical information has been used to quantify the progress that occurs in production, to learn the distribution of the rural population in different sectors, to watch the evolution of the rural population share, to analyze the situation in agriculture, etc. Various methods of economic analysis were used to study the actual conditions and resources in agriculture. The analysis of statistical indicators, which involves researching agriculture in terms of the indicators that quantify the role of agriculture in the economy, the agricultural potential, the potential of agricultural enterprises, the economic efficiency of the agricultural production, etc. The analysis of the

quantitative indicator system gives a possibility to those who study agriculture as an economic branch to create a “still” picture about its realities, and to identify the ways and development strategies of the analyzed agricultural phenomena by the correlation with the qualitative analysis. The SWOT analysis provides a comprehensive picture of the agricultural production systems and units by the simultaneous research of both internal characteristics and external influences upon them, taking into account both positive and negative variables. The comparative analysis, which is based on comparing the results of some agricultural policy measures, some management methods and the overall comparison of some exploitation systems of agricultural resources. The regional analysis aims to identify geographic, demographic and economic variables which characterize agricultural areas. The direct observation, which offers the possibility to capture as many aspects of the studied phenomenon as possible, using monograph and economic study as the main processes.

## **RESULTS AND DISCUSSIONS**

The rural development has multiple coverage areas from the conceptual point of view:

- the local rural development includes concepts related to the development of a settlement and its surroundings, aims at local communities (villages, communes) and households;
- the territorial (or regional) rural development refers to large investments, the development of infrastructure at the regional level or aims at more regions created by the regional interdependencies;
- the border rural development is created by means of economic, social and cultural relationships between border communities of different countries and is aimed at the development of those areas;
- the paneuropean rural development is characterized by the phenomenon extent at the European level.

The sustainable rural development is part of the concept and the strategy of the economic and social sustainable development. We distinguish two important concepts in the

rural development: the sustainable and integrated rural development. The concept of the sustainable rural development appeared after the UN Conference on Environment (Rio de Janeiro - 1972) and the establishment of the World Commission on Environment and Development (1985).

The coordinates of the sustainable rural development must start from the three-dimensional analysis (economic, social and ecological) of rural areas. Three-dimensional spatial relationships confirm that any action or phenomenon that occurs in the plan affects other plans as well. For example, an economic decision that is considered to be viable should not be applied in practice without the analysis of its influence on the social and environmental situation. The adoption of a decision that is good from the economic point of view can have negative effects from the social or ecological point of view.

In order to establish certain development strategies and avoid negative effects it is required to form some multidisciplinary mixed groups aimed at making decisions.

The economic sustainable development concerns the economic diversity, access to services and environment protection that are necessary to ensure the success and sustainability of the rural development. The rural development should be also viewed from the global perspective of the European Union. In order to halt the decline of rural areas one needs to organize the territory so that it becomes less dependent on economic centres. Then we must make sure that there is a market for our products, watch the evolution of this market over time and adjust to the market demand on the fly. We also need a work team, family or other members. The enrolment in a core association could be useful, especially in the segment of information supply and production disposal. Like any action or activity, the economic development must be carried out under the conditions of profitability and realized in all directions in order to have strong and viable business enterprises, as agriculture is the main determinant of the rural development in most rural areas. This does not mean that the rural development is restricted to the development

of agriculture. Agriculture is the main sector in the countries with the developing economy. The principles of the sustainable rural development at the economic level are: the prosperous, competitive and efficient rural economy; the sustainable and competitive agriculture to provide adequate supply of healthy food and satisfy consumers' needs; the diverse and dynamic economy with local initiatives and services to create jobs.

The sustainable development of rural areas from the environmental point of view should be coordinated with the economic and social development and avoid environmental degradation. The environmental protection is the cornerstone of the sustainable development and must be consistent with the principles of the sustainable agricultural practice [5]. At present the vast majority of farmers use a certain amount of fertilizers and chemical pesticides in order to increase the yield per hectare. The higher the doses, the more evident the negative effects on the environment and natural ecosystems.

Under the current situation in our economy it is necessary to find an optimal balance between the cultivated technologies, obtained yields and ecology to ensure the socio-economic development of rural communities through: the promotion of ecological land use practices and rational use of resources (soil, water, energy, ecosystems), especially at the level of farms; the conservation of habitat and landscape diversity (simultaneously with farming practices); ensuring the constant number of the population; satisfying food and social demands; the improvement of the environment and natural resources quality; the most efficient use of limited and non-renewable resources; the improvement of the life quality.

The sustainable agriculture practice aims at: maintaining soil quality and ensuring the optimal correlation between food quantity and quality, people's health and environmental quality. These balance correlations can be ensured by practicing alternative agriculture whose objective function is driven by environmental and production restrictions. The following activities have to be implemented: crop rotation; recycling of crop

residues and manure; the use of chemical fertilizers, pesticides and other chemicals in limited doses; the spread of crops for soil protection and improvement including nitrogen-fixing legumes; the integrated control of pests and diseases.

Acting in the spirit of sustainable development one should avoid soil degradation because of economic reasons at all costs, the results of the latter are expected in the short term but there may be some negative effects in the medium and long term.

The sustainable development of rural areas is not only obtaining ecologically friendly agricultural products of good quality, it also implies the assistance in agricultural products processing based on technological procedures.

When realizing investment projects, the people involved in raw material processing are generally interested in the indicators of economic efficiency, profitability of recovery yields and the ones aimed at the extraction of useful substances, pursuing the economic development. The strategies of sustainable development make them to analyze the projects from the ecological point of view, which usually leads to the increased costs.

The main objective of the rural development policy is to maintain the existence of rural communities: the competitiveness of agriculture is essential but not sufficient. The economic diversification, access to services and environmental protection are necessary to ensure the success and sustainability of the rural development. The rural development should be also viewed from the global perspective of the European Union.

The optimum of the sustainable socio-ecological development is the increased accessibility to environmentally friendly measures by adopting the most viable alternatives that satisfy all the mobility requirements of the society; ensuring the transparency of measures and their explanation, while encouraging public participation in the discussion of the usefulness, scope and cost of these actions; the assessment of the social and environmental impact before taking any actions; providing permanent information and instruction in the spirit of environmental

measures promotion; giving priority to the development of transportation systems in favour of ecological ones, with the minimal or no negative impact; the reorientation and reorganization of all transport modes towards environmental measures; the minimization of waste production and disposal for each stage of the life cycle of vehicles, along with their recycling; the prevention of habitat degradation, division of ecosystems and loss of land for agricultural or social purposes.

The sustainable development of rural areas from the social point of view consists in assuring living conditions at the level of human conditions for all settlements and regions where this activity is present. Not all regions provide the same conditions for the economic and social development. The differences occur because of the natural conditions and the level of regions development from the economic point of view. The social development of a region is correlated with its economic development and is dependent on it. The more prosperous the region from the economic point of view, the fewer adverse effects leading to social regression. The level of the economic and social development varies from one region to another and from one community to another in the Republic of Moldova. Huge discrepancies appear in the same community, where we meet social groups that are more or less prosperous.

The sustainable rural development must be understood as a logical mechanism which acts to direct the economic and social development of the countryside phenomena towards the individual and community development leading to the improved rural welfare and the balance of natural factors. One may improve the welfare of rural areas by: stopping the migration of the population from rural to urban areas; by creating alternatives to motivate the existence and to stimulate initiative in order to provide all the things that are necessary for living; by fighting poverty; stimulating and diversifying services; ensuring minimum living conditions for the rural population compared to the urban population; the right for a better life, health care, education and social protection.

The sustainable development of rural areas cannot be worked out without some viable solutions for the myriad of social problems and the rural infrastructure which will provide minimum comfort for community members.

The reforms promoted in the rural economy of the Republic of Moldova have led to significant changes in this field. The structure of the agriculture has been changed; new forms of organization have appeared, such as: farm enterprises, farms and individual enterprises. Some fixed means of production in agriculture have been provided, the era of guaranteed sales for fixed prices under the conditions of domestic demand unlimited capacity for agri-food products is over; competition as a market element has appeared. This has led to the polarization of farmers, separation of a small number of efficient and competitive producers, marginalization of a significant number of other producers on the one hand, and to the appearance of unemployment, lower living standards in rural areas on the other hand.

At present the countryside is undergoing the processes of depopulation and population ageing, which means a decrease of the available labour force and a lower rate of the older generation replacement, as well as a lower employment potential. The professional status of farmers, the polarized structure of the used lands and the economic size of farms indicate the existence of a large number of agricultural enterprises with low efficiency and thereby reduced potential for growth. Most of the farms are not integrated into the market economy, practicing subsistence agriculture; the low level of education and participation in vocational training in rural areas is a significant competitive disadvantage and a reduced growth potential in the context of knowledge-based development. However, the data show that the low level of education is also associated with lower rates of employment.

The rural economy occupies the key and priority place in the general process of social and economic recovery of the country, and agriculture is its essential part. Therefore, the efficient development of agriculture is an objective necessity. To achieve this objective

one needs a continuous development and improvement of the material and technical basis, the application of new technologies in production, the practice of scientific agriculture in order to create viable business enterprises that will be competitive in the market economy where nothing but the products in demand are produced, the transfer of the whole system of organization, operation and management of the economic agent, by introducing new management, marketing and economy principles [10].

Agricultural activity differs from industry and other sectors by certain peculiarities that greatly influence production, market and profitability of products, which requires necessary guidance and regulation mechanisms of the agricultural supply against the demand evolution. Some of these features consist in the fact that:

- production has a cyclical character, caused by some natural and biological factors as manifested by the seasonal nature and instability of production and farm incomes. There are some other characteristics that determine slower processes of the economic growth in agriculture as compared to other economy sectors;
- high cost of transportation in agriculture, the natural risk and high prices of industrial origin materials that make the cost of commodity delivery become higher than numerous issues on agricultural wages;
- the supply and demand for agricultural products differ from other products due to the difficulty to adopt a relatively stable and less elastic demand to the offer that is varied and difficult to change in the short term;
- significant amounts of secondary products are obtained in the agricultural production (both plant and animal sectors) along with the main products.

The rural economy of the Republic of Moldova is greatly dominated by agriculture; therefore, it is very poorly integrated into the market economy. Agriculture is a priority branch, which needs to be fully integrated into the national economy and increase the role of its structuring and training factor in accordance with the principles of the free

market [8]. The economic and social progress under contemporary conditions is closely related to the development of agriculture and its ability to meet vital demands of the population as well as the demand for raw materials of the industry sector (Table 1). Nowadays agriculture remains a key sector of the Moldavian economy. The dominance of agriculture in the economy of the Republic of Moldova is due to its moderate climate, fertile soil and rich labour resources. The importance

of this sector is also explained by the fact that it produces about 12% of GDP, 53% of the population lives and works in rural areas, 27% of the labour force is employed in agriculture. However, a person of the working age employed in agriculture feeds on average 2.5 people from urban areas. There are on average 15 non-farmers per farmer in Europe while this indicator is 1.5 people in the Republic of Moldova.

Table 1. The place of agriculture in the economy of the Republic of Moldova

Indicators	2004	2005	2006	2007	2010	2009	2010	2011	2012
The share of the rural population in the total population, %	59	59	59.1	58.7	58.7	58.6	58.6	58.4	58.3
The share of the employed rural population in the total employed population, %	56.8	56.5	55.4	56	55.3	53.7	52.9	52.6	51.7
The share of the population employed in agriculture, %	40.5	40.7	33.6	32.8	31.1	28.2	27.5	27.5	26.4
The share of agricultural lands in the land fund, %	57.7	57.7	57.7	58.5	58.5	58.6	59.3	59.4	59.4
The global agricultural production at current prices, million lei	11,819	12,688	13,734	12,825	16,503	13,300	19,873	22,619	19,693
of which:									
- plant production	7,900	8,449	9,079	7,941	10,600	7,861	13,616	15,751	10,776
- animal production	3,524	3,851	4,278	4,509	5,519	4,987	5,789	6,347	8,417

Source: developed by the author based on NBS, [2]

The most important products include fruits, vegetables, tobacco, grapes, wheat, corn, sunflower and animal products

The rural population of the world, especially of the developed countries, is being continuously reduced, including the Republic of Moldova. The permanent reduction of the rural population, but not the one employed in agriculture endangers the environment. This reduction occurred primarily due to the modernization of agriculture, but the more industrialized and intensive agriculture, the greater its impact on the environment. Under these conditions, a reduction of about one third of the rural employed population corresponds to the more than doubled reduction (55.4 %) of the staff employed in agriculture. In 2004 the share of the population employed in agriculture was 40.5 %, while at the end of 2011 it decreased to 27.5 %, or by 13 per cent.

The Republic of Moldova has always been recognized by its fertile land and agriculture, the backbone of its economy. The black soil of the Republic of Moldova is among the

most fertile soils in the world. The land fund of the Republic of Moldova is 3,384.6 thousand ha, its destination slightly varies. The arable land constitutes about 74 % of the total agricultural land area of 3,384.6 thousand ha, it is the highest percentage in Europe. The share of the agricultural land increased in the land fund from 57.7 % in 2004 to 59.4 in 2011, or by 1.7 per cent.

The agricultural sector had a relatively big share in the economy of the Republic of Moldova until 2002. The dynamics demonstrates the tendency of GDP increase, but the share of agriculture has a reversed trend. In 2004-2009 the contribution of agriculture to GVA decreased from 20.4% in 2004 to 10.1% in 2009, having insignificantly increased to 14.7 % in 2011 (Figure 1).

According to the final results of the General Agricultural Census (GAC) in 2011, there are 902,214 farms in the Republic of Moldova, of which 99.6 % is unincorporated entities and 0.4 % is legal entities. The number of active farms is 848,637 (they use agricultural land and / or breed livestock and / or poultry), and

53,577 farms are registered as temporary inactive entities (they own land, but they do not use it and do not breed livestock and / or poultry). The farms have a total of 2,243,540.02 ha, of which the used agricultural area (UAA) is 1,940,135.56 ha, distributed among 846,981 farms. The average UAA per farm is 2.29 ha, which is similar to that recorded at about 49% of all farms in the EU-27, which, according to the 2010 census, had on average less than 2 ha.

Moreover, the UAA per capita is 0.54 ha, which has placed Moldova above the average UAA per capita registered for the EU-27 (0.34 ha UAA per capita).

Approximately 57% of the total area is used under the full ownership by 97.2% of farms, about 25% of the total area is fully leased and used by 0.3% of farms, 15% of the area is exploited by 1.4% of the total number of farmers in the form of mixed ownership (owned and leased).

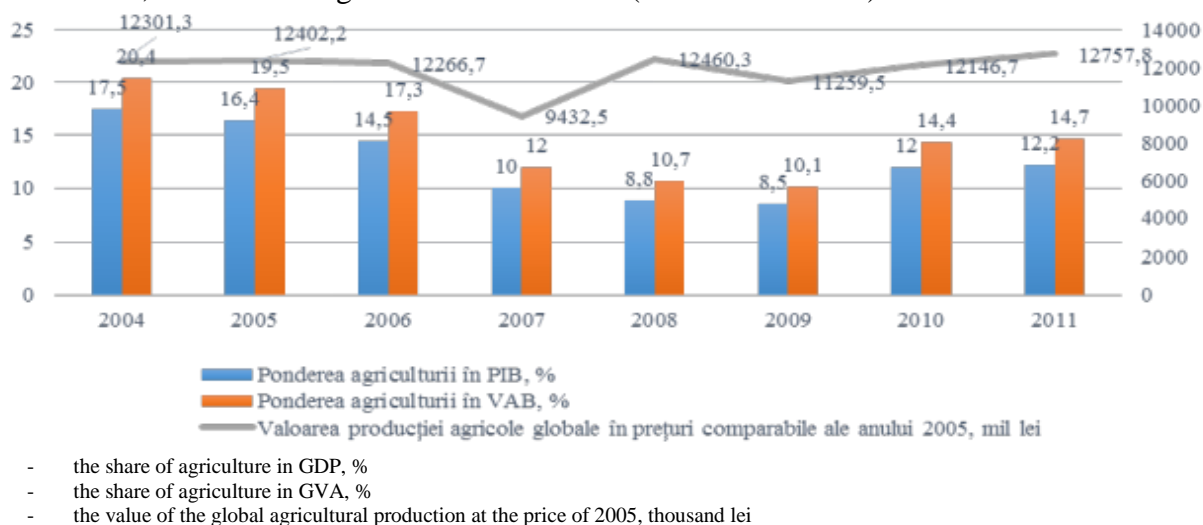


Fig. 1. The dynamics of the global agricultural production and the share of agriculture in GDP and GVA in the Republic of Moldova in 2004-2011

Source: developed by the author based on NBS, [2]

The remaining 3% of the total area is used by 1.1% of farms that operate under other types of land ownership. The UAA distribution was not homogeneous within the classes of land area. The census results indicate that the largest percentage of farms is grouped in the class of the smallest land area. Thus, about 71% of farm enterprises have less than 1 ha and the area used by them is 10.1% of the total UAA. The farms from the 1-5 ha category (27% of the total number of farms) use 19.3% of the total UAA. 0.3% of farms with large areas (at least 100 ha) are situated at the other end of the scale, using 63.4% of the total UAA. About 73% of the total UAA is used as arable land, placing Moldova above the EU-27 average in terms of this category share in the total UAA (60%). The arable land is generally the area which is regularly used (ploughed) in the crop rotation system. Pastures cover almost 17% of the UAA,

representing almost half of the registered share of this category at the EU-27 level (30%) [7].

The agriculture of our republic is characterized by the increased economic and social costs. The socio-economic consequences of the implemented reforms in agriculture are not immediate. New types of business enterprises created in the sector and their modernization require a long period of time, which is directly related to the maturity degree of the land market and increased technical equipment and technology.

Agriculture reforming and improvement has not reached its goal yet. Although private ownership prevails in the structure of agricultural land by the type of ownership, these changes are mostly formal. The newly formed business enterprises use old management and remuneration models, the technology, work and sale system. There is

also no healthy competition in the agricultural market because of some regulatory, technical, economic and information barriers. Both large and small businesses of this sector are highly leveraged; the demonetization of the rural sector blocks the agri-food sector [6].

The Republic of Moldova is actively seeking foreign direct investment. In 2011 FDI flows amounted to 274 million euro, with an increase of 44.5% compared to 2010. In 2011 FDI was 3.91% of the country's GDP. Nevertheless, agriculture remains unattractive for FDI. This is partially because agriculture and industry have necessary long-term investment and one needs a political and economic stability as well as predictability.

Rural areas lag behind urban ones in terms of the main indicators of economic well-fare, having recorded lower revenues, higher rates of poverty, low employment and lower indicators of health and education. The economically active population from rural areas has to either accept jobs that are modestly paid or migrate to urban areas in order to find more attractive and better paid jobs or go abroad looking for the job that would provide necessary income to maintain themselves and their family. Nowadays rural areas become less populated, and those who remain there are mostly the people aged up to 16 years old, i.e. pupils and the elderly, i.e. retired people.

Table 2. The analysis of the rural population dynamics by its participation in the economic activity of the Republic of Moldova

Indicators	2003	2004	2005	2006	2007	2010	2009	2010	2011	2012
The number of the rural population, thousand people	2,134.2	2,129.5	2,124.4	2,120.1	2,103.1	2,096.6	2,091.4	2,087.0	2,078.7	2,073.8
The share of the rural population in the total population, %	59.0	59.0	59.0	59.1	58.7	58.67	58.6	58.6	58.4	58.3
The total active population, thousand people	810.9	786.7	776.2	739.4	724.5	710.9	669.6	639.6	650.8	617.0
of which:										
- the employed	774.5	747.3	745.1	696.4	698.6	691.8	636.1	605.0	616.7	592.8
- the unemployed (ILO)	36.4	39.3	31.2	43.1	25.9	19.1	33.5	34.6	34.1	24.2
The activity rate, %	49.3	47.7	46.4	43.7	43.1	42.2	39.3	37.5	38.0	36.0
The employment rate, %	47.1	45.0	44.5	41.2	41.6	41.0	37.4	35.4	36.0	34.6
The unemployment rate, %	4.5	5.0	4.0	5.8	3.6	2.7	5.0	5.4	5.2	3.9

Source: elaborated by author based on data of NBS, [2]

More than half of the population is rural inhabitants – 2,073.8 thousand people. The share of the rural population of the Republic of Moldova is bigger as compared to other countries in the region and exceeds 58%.

The main indicators of the labour force participation in the economic activity in rural areas show a continuous decrease over the past years. Thus, from 2003 till 2012 the economically active population decreased considerably from 810,900 to 617,000 people (or by 24%), the number of the employed was reduced from 774.5 to 592.8 thousand people. Seasonal fluctuations in employment that occur during the year are quite alarming too; they are mainly driven by the agricultural character of the economy. For example, in the first trimester of 2012 the number of the employed in rural areas was approximately 26% less than in the second trimester. The

dynamics of the employed population for the period 2003-2012 is characterized by the higher average figures in the trimesters II and III (704,000 and respectively 707,000 people) and the lower ones in the trimesters I and IV (533,000 and respectively 572,000 people).

However, according to the ILO data, the number of the unemployed has been reduced from 36.4 thousand people in 2003 to 24.2 thousand people in 2012. The weaker consolidation of the labour market relationships in rural areas on the one hand and the lack of employment opportunities in these regions, on the other hand, results in a reduced flexibility of the market and, therefore, an increase in the number of the unemployed.

The activity rate in rural areas has been continuously reduced from 2003 till 2012. So in 2003 this indicator was 49.3%, in 2012 it



fell to 36.0%. This contributed to the decrease of the employment rate from 47.1% to 34.6% in the studied period.

The unemployment rate decreased from 4.5% in 2003 to 3.9% in 2012 in rural areas. But in recent years this indicator increased and was 5.4% in 2010, which is only 0.4 per cent less than in 2006.

The unemployment rate fell to 6.6% in 2011 (it was 7.4% in 2010) due to new jobs in industry and agriculture. More than 27.52% of the working population is employed in the agricultural sector, generating about 12% of the country's GDP. 25% (80,700 people) of the total labour force in agriculture are employed directly by agricultural enterprises and 75% (242,300 people) of them are classified as self-employed.

Incomes from agricultural activities are low. Household incomes from agricultural activities have been decreasing over the years, from 28.4% in 2007 to 19.1% in 2010. Meanwhile, in 2010, remittance incomes accounted for 22.8% of the household incomes. A recent study luckily shows that more than 10% of remittances are directed to the investment in agricultural enterprises to purchase new lands, buildings and equipment for farms [3].

The difficulties faced by the rural labour market led to an intensified reduction of the employment in rural areas. Thus, differences in employment in urban and rural areas of the country become more pronounced and the gap is likely to deepen. Rural infrastructure remains in poor condition. Roads, electricity and water for household and irrigation needs have the greatest negative impact on the agricultural income [1]. It is reported that more than 90% of the water supply systems from rural areas need to be repaired or reconstructed. The government, with the World Bank support, is implementing a comprehensive reforming program at the national level aimed at optimizing the network of schools and improving the efficiency and effectiveness of education. Waste collection covers 100% of the urban areas, while these services are not available in rural areas. Moreover, there are only 180 ha that can be used for recycling in the Republic

of Moldova, while the area of dumpsites is 1,800 ha [9].

The development of the agri-food sector must become one of the strategic national priorities because of the natural, social and economic traditions and experience. To achieve this goal one needs to create a competitive, efficient and sustainable agri-food system, which enables efficient use of the production potential and ensure food security; to restructure, modernize and efficiently use of agricultural enterprises; to redevelop agricultural land in accordance with ecological principles; to review the structure of the agricultural production according to the demands of both internal and external markets as well as to the environmental conditions; to specialize in obtaining agricultural organic products and to increase productivity; to diversify the rural economy.

## CONCLUSIONS

The success of agriculture and farmers in Moldova depends on the compliance with international standards and quality systems. The modernization of the Moldavian quality management, food safety, animal and plant health are of the major importance to maintain access to the profitable market segments, to achieve and increase access to new export markets through diversification, particularly since the EU enlargement. The replacement of the existing system of mandatory standards and overlapping inspections with the system based on fewer mandatory regulations, voluntary standards and dynamic inspections will reduce costs, increase competitiveness and improve food safety and agricultural health. The government has approved the national strategy for 2011-2015, which aims to strengthen the food safety system. The purpose of the strategy is to avoid fragmentation of the legislation and vague distribution of responsibilities among ministries, food control services and businessmen from the food sector. So, we will protect public health, prevent fraud and deception and facilitate trade. The population of the Republic of Moldova will receive information and education on food safety and

quality, and healthy diet as part of the national educational programs [4].

The accelerated reforms in the agri-food sector will contribute to the formation of new agricultural enterprises based on free association of small farmers; the functioning of the market economy mechanisms (competition, credit system, profitable investments); the modernization of techniques and technologies; the improvement of the legal framework for agriculture; the establishment of new mechanisms for agriculture financing and subsidizing; the degree of the rural economy diversification; inculcating the economic behaviour to farmers and developing the mentality flexible to various changes. All these would contribute to the formation of the efficient and competitive agriculture and its integration in the European markets.

Taking into consideration the modernization of agriculture and rural development we suggest:

- the organization of agriculture after the European agricultural model, based on some fundamental political and structural reforms, carried out by the public institutions competent in agriculture and food industry;
- the optimization of rural development policies: agriculture, fisheries, forestry, land reclamation, aquaculture, food production, land property consolidation, farm optimization and soil conservation;
- the development of the viable, competitive, modern agricultural sector that is able to ensure food security of the country and occupy the leading position in the regional agri-food market, producing food products in accordance with the highest standards;
- regaining the status of the net exporter of agricultural and food products by means of the constant increase in export supply thanks the increased yields and overall production of agricultural products;
- the development and diversification of economic activities in rural areas and the

increased employment rate through the development of small and medium enterprises, creating jobs and improving the life quality in rural areas;

- combating poverty in rural areas, access of the rural population to work, education and health services;
- preventing the population flee from rural areas and creating conditions for the investment in the rural economy, return, setting and employment of the people who have gone to work abroad.

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