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### Romania – Rural Finance in Transition Economies

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In the transition process from a centrally planned to a market economy the financial sector has a vitally important role to play. Nevertheless, transformation research has largely neglected rural finance and its link to the development of agriculture and the rural economy. This book intends to fill this gap. It addresses such questions as 'how and in what sequence can rural finance be restructured', 'how can it support rural enterprise efficiency and help break the cycle of enterprise inefficiency, illiquidity and over-indebtedness', 'how can the typical constraints of uncertain land-ownership for financial institutions in the transformation process be overcome', and 'what type of institutional innovations are called for'.

These issues are evaluated in the light of theory and empirically analysed for the country case Romania. The book consists of three parts. First, it discusses rural finance and transition from a theoretical perspective. The second part contains empirical research results relevant to the development of Romania's rural sector. Thirdly, it formulates policy recommendations to overcome market and government failures in building an efficient rural financial market in transition countries.

Contents: Gertrud Schrieder/Franz Heidhues: Transition and Rural Finance – Paul G. Hare: Property Relations and Financial Reforms in Transition Economies – Junior R. Davis/Angela Gaburici: The Economic Activity of Private Farms in Romania during Transition: Just how Competitive are they? – Franz Heidhues/Gertrud Schrieder: Introduction – Angela Gaburici: Private Agricultural Sector: Resources – Activities – Constraints – Gertrud Schrieder/Franz Heidhues: The Institutional Side of Financial Intermediation – Barbara Breitschopf: Gaps between Supply and Demand of Rural Finance at the Small and Medium Scale Private Farm Level – Junior R. Davis/Paul G. Hare: The Role of the Rural Financial Market at the Meso and the Macro Levels of an Economy – Franz Heidhues/Angela Gaburici/ Paul G. Hare/Junior R. Davis/Barbara Breitschopf/Gertrud Schrieder: Conclusions and Policy Recommendations – Junior R. Davis/Paul G. Hare: Reforming the Systems of Rural Finance Provision in Romania: Some Options for Privatisation and Change – Gertrud Schrieder/Jürgen Munz/Raimund Jehle: Rural Regional Development in Transition Economies: Country Case Romania – Mehnaz Savafian: Rural Financial Market Development of the Private Farm Sector in Romania: A Case Study of the Dorna Basin.

The Editors: Franz Heidhues is professor for development theory and agricultural policy at the University of Hohenheim in Stuttgart/Germany. His principal research interests relate to food security policy, institutional development in rural areas, particularly in finance and resource tenure.

The research and teaching focus of Gertrud Schrieder, assistant professor at the University of Hohenheim, is on agricultural policy and rural sector reforms, food security issues, and rural finance.



Keywords: Transition economies, rural livelihoods, rural non-farm economy, rural poverty, rural development. The author would like to thank Mr. C. Lovendal, Prof. P. Hare, Prof. The focus of this paper is on rural non-farm livelihoods in the economies in transition. The transition from a centrally planned economy to a market economy in Central and Eastern European countries (CEECs)<sup>1</sup>, Balkans<sup>2</sup>, Baltic States<sup>3</sup> and the Commonwealth of Independent States (CIS)<sup>4</sup> has been one of the most important economic issues of recent years, and has given economists a unique opportunity to study the transition process itself. <sup>2</sup> Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Romania, Serbia. <sup>3</sup> Estonia, Latvia and Lithuania. Housing finance markets in Central and Eastern European countries are typically small in scale and under-developed, though it is generally recognised that fostering housing finance markets contributes to economic development and brings social benefits to the public. This book presents a comparative study on housing finance markets in the Central and Eastern European countries. It is based on an OECD market survey conducted in 2004 and on selected country data prepared for the OECD workshop on housing finance in transition economies held in December 2004. It reports on the progress and challenge