

ANALYSIS OF MECHANISMS FINANCING OF CULTURAL SPHERE

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ABSTRACT

In this work is made analysis concern basically state structures of culture and arts activities, is describes the problems are met during the reforming process the financial mechanisms in cultural sphere. Author disclosed the ways evolve private and estate financing cultural sphere, also is disclosed why is need estate financial support. The work contains something detailed measures actions to improve financial and mechanisms financing of cultural sphere. Analyzing questions of modernization of budgetary financing of branch the author have formulated effectiveness of use of budgetary funds at all levels in cultural structures and proposed the ways of finishing of market reforms in cinematography. In the final of work is presented scheme system of financing, formation and distribution of financial resources in cinematography and is making conclusions and is offered wais of the solutions created present situation in this sphere in Moldova.

Key words: cultural mission, cultural policy, mechanisms of financing cultural sphere,

INTRODUCTION

The economic crisis of the ninetieths and significant (in the comparable prices and conditions) reduction of budgetary support of culture and arts activities has forced to increase volumes of provided paid services to the population (frequently to the detriment of to their quality and general availability) to obtain other off-budget sources of finance. Our analysis will concern basically state structures of culture and arts activities. Reduction of the state support of all kinds of cultural institutes became a consequence of system political and economic social crisis sharp, almost twice in comparable prices. Forced in these conditions to become on a way unjustified commercialization, culture establishments have essentially reduced service of children, rural population, an interstate and international cultural exchange. Consecutive replacement of free services paid, a prompt rise in price for tickets have led to actual infringement of constitutional laws of citizens on access to cultural values and use of culture establishments.

THE FUNDING FOR THE CULTURAL SPHERE IN TRANSITION IN RM

Therefore, in our opinion, forthcoming years the basic efforts of the state should be concentrated not to reduction of the State expenditure on culture - continuation of it threatens with already irreversible consequences - and on efficiency of use of budgetary funds and restoration at least that level of financing which was in not too safe 1990 Understanding, that only budgetary support of branch was, is and remains in the future the warranty of fulfillment by culture and art of those social problems which are put before them by any civilized state, it is necessary to understand clearly, that the system of budgetary financing of culture requires serious modernization.

Thus, research shows that on the first place it is necessary to put necessity of sharing of the state for financing of cultural activity. Dynamics of financing of sphere of culture and art is presented to Republics Moldova in table 1. Democracy and market economy is an unconditional imperative of development of our country. Here is not present and there can be no doubts. But, going on this way, it is impossible to forget, however, as the market is imperfect. Objective comprehension of "market errors" phenomena has induced an economic science to admit possibility of imperious interference of the state in those particular cases, when the market generates inefficient resource exploitation. It is known that, there are such fields where are met «the market' errors», more of that, there is exception of imperious state interference which is observed hardly, but exists naturally. The culture and art concerns such spheres.

Whether means the given fact what it is necessary to refuse at all here market mechanisms? Thus, should we replace them? We would not like to come back to the set the teeth on edge alternative «the state market ». If in the most developed market countries the state redistributes more than third of gross national product, that, similar, that in this case this alternative in general is incorrect. With ours - and not only with ours - the points of view, in culture and art sphere market and state regulation symbiosis is necessary.

Cultural activity from a number of other sectors of an economic life is allocated, in particular, with that circumstance, that for the majority of the organizations of culture the economic insufficiency caused by their inability to market self-repayment and forced attachment to the state is characteristic. This insufficiency became that weak place in a public organism where pathogenic viruses are conveniently settled. They cause as «a dependence syndrome» - fall of a tone of market activity of the organizations of culture, and some kind of «a budgetary spasm», accompanied by increase of pressure of financial department with a request of reduction of the state support. Owing to genetic dependence on budgetary funds of the organization of culture for ever belong to risk group.

Table 1. Dynamics of costs connected with welfare actions, cultures and art, sports and youth financed from the budget for 1997-2004

1; 2; 3 – in mln. MDL, 4; 5 – in % to the total budget expenses
In % to total expenditures

N /	consolidated budget	1997	1998	1999	2000	2001	2002	2003	2004
1	Expenditures-total	3608,4	3027,1	3495,3	4268,8	4325,8	5194,1	6177,5	7390,1
2	social-cultural activities	1964,3	1475,9	1460,6	1887,4	2063,1	2816,7	3352,8	3720,5
3	culture, art, sport and measures for youth	82,0	82,2	62,0	82,5	92,5	138,7	175,0	219,2

4	social-cultural activities	55,4	48,8	42,5	44,2	47,7	54,2	54,2	50,3
5	culture, art, sport and measures for youth (%)	2,3	2,7	1,8	1,9	2,2	2,6	2,8	2,9

1990th have been connected with not come true hopes of power structures to shift a part of budgetary burden on shoulders of a different sort of sponsors and patrons of art. It became popular in those years and it's still popular till now to allocate budget funds to projects to achieve certain results instead of existing structures. Recognizing such item absolutely unreasonable, it is not necessary to deny nevertheless necessity of reforming of the developed system of state financing of cultural activity. Thus it is necessary to remember, what efficiency of concrete reforms in very big measure is caused by answers to the general questions - *what* benefits of culture, for what purpose and how should support the state?

In our opinion, first, in ward the states should be the mixed and social benefits of culture having social utility. Second, support of cultural activity is carried out for the purpose satisfactions of the public interests which are not revealed market by, i.e. for the purpose realizations of a cultural policy of the state. Third, this support can be realized as in the form of direct budgetary appropriations (by means of current financing of activity of official bodies and financing of concrete projects of not state organizations), and in the form of fiscal incentives.

WHAT IS A PUBLIC CULTURAL INSTITUTION?

Culture official bodies are the organizations of the culture which founder is the state. These organizations *created for fulfillment of certain cultural mission* (for example, formation of library funds and information service of the population, preservation and public demonstration of museum collections, statement of products of a theatrical art and display to their spectators), constitute now a basis of branch of culture. Budgetary financing of such organizations should supply fulfillment of that cultural mission which is fixed in their constitutional instruments and consequently cannot be focused on separate projects and the programs having certain duration and the concrete contents. Another typical situation for cultural organizations which founder the state is not and consequently has before them no any budgetary obligations. In this case, on the contrary, by the most comprehensible and even, it is not excluded, unique, the project financing and a competitive order of distribution of budgetary funds are. Here it is necessary to underline, that for official bodies of culture project financing methods can be considered only as auxiliary mechanisms of distribution of budgetary funds.

In the developed conditions installation on transformation of a competitive order of distribution of budgetary funds from auxiliary in the basic financing method of cultural activity means not that other, as a request of realization scale

institutional reforms. And the main contents of such system modernization is liquidation of the majority state both municipal authorities of culture and creation on their basis of the organizations of the culture having other legal status. Commenting on this clearly undesirable scenario of development, it is necessary to underline, that in itself system of financing of cultural activity and even quite clear aspiration to reasonable economy of budgetary funds change of a legal status of the organizations of culture cannot cause. *The mission of culture and arts structures is set in favor strategic public interests, state cultural policy but not in favor of investors.* Thus without delegation of necessary authorities to culture establishments by means of definition of their mission expressed in the authorized purposes to realize the cultural policy it is impossible. In this context it would be wrong to think, that the cultural policy of the state can be shown to set of projects and programs. At the heart of the given error two extreme items lay.

The first originates in the centralized economy of the recent past with its aspiration to transform managing subjects in the disciplined executors of decisions of operating body. In this case any authorities to delegate it is not necessary, for all decide tasks from above (in the most advanced form is a state order). The second, being complete contrast to the first, is connected with failure of the state of realization of a cultural policy counting on positive results of market mechanisms of self-regulation. And in this case no delegation of power to the culture organizations occurs. Not having before them budgetary obligations, the state decides only present-day problems, correcting the market at the expense of financing of the same state orders in the form of support of concrete projects and programs.

Denying both extreme measures, we start with the recognition of expediency of interference of the state accepted in all civilized world in a situation in those particular cases when the market does not consult. To such particular cases, we will repeat once again, the biggest segment of cultural activity, where not revealed market by public interests concerns (the valuable judgments formed by political system and democratic institutes of company) define strategic targets and the cultural policy of the state. Their realization is impossible without delegation of corresponding authorities to the culture organizations. Focusing the created establishments on fulfillment of certain cultural mission, the state undertakes budgetary obligations on financing of their operating performance.

Actually, here also there passes that border outside of which the culture appears in the power of pure market mechanisms. Therefore, recognizing not so comprehensible to many organizations of culture the existing status of establishment and thinking of expediency of realization corresponding institutional reforms, should start with necessity of preservation of two "patrimonial" signs of activity of the organizations of culture:

1. Availability of the authorized purposes reflecting the state cultural policy;
2. Budgetary obligations of the state on financing of operating performance of these organizations.

From the indicated items it is necessary to approach and to definition of the valid role of a project financing of culture. Instead of purely tactical attempts of ideological sense directed on redistribution of budgetary support of culture in favor of concrete projects (it is all the same «a budgetary spasm»), it is necessary to prefer a principle of "allocation of grants», transferring in a project financing zone only those problems of a cultural policy which cannot be decided within the limits of operating performance of culture establishments. For example, development of large information systems or organization of festivals, competitions and other actions directed on preservation of uniform cultural space, and also purely investment projects connected with capital construction, repair, etc. According to the practice of the developed culture and arts activity countries, the project financing share doesn't exceed 25-30 % of all budgetary funds allocated for support of cultural activity. At the same time we do not consider, that official bodies and budget financing of their activity are the unique institutes for the culture organizations. Reforms here have ripened for a long time. The need to increase the state support of cultural activity, desirability of gradual failure of a budget method of the financing not creating stimulus to rational resource exploitation and reproducing wasteful type of managing, in our opinion, require realization of some **the practical measures** directed on modernization of developed system of budgetary financing of culture establishments.

MEASURES AIMED AT MODERNIZING THE FINANCING OF CULTURE

As a result of our research, most of the main measures have been introduced as it follows:

1. *Introduction of the new organization-legal form of nonprofit institutions;*
2. *Introduction of contract relations of culture establishments with their founder;*
3. *Change of the mechanism of budget financing;*
4. *Overcoming of backwardness of an infrastructure and removal of barriers in cooperation of budgetary funds;*
5. *To increase the results of the use of budgetary funds at all levels;*
6. *End of market reforms in cinematography.*

Now we will shortly consider in effect each of these measures:

1. Introduction of the new organization-legal form of nonprofit institutions

In the evolutionary comparison, the first attempts «to unbutton a close uniform» the official body essentially limiting creative and economic activities of many organizations of culture, have been undertaken, as is known, still in the late eighties, at introduction of "new system of managing». Practice has confirmed efficiency of the accepted measures. Realization of substantive provisions of this system has allowed increasing essentially quality of work, to interest workers in results of the work, to improve, within the limits of possible, their financial position to involve additional financial resources and by that has increased "survival rate" of the organizations of culture in difficult 90th

However neither the Civil Code, nor any other Code or laws concerning nonprofit institutions do not contain the given positive experience. As a result many organizations of the culture, the reorganizations which have passed a difficult way of management, independent management of the economic development have got again to a vice of directive economy. The development of market relations and the need to increase the results of the deployment of budgetary funds press the prompt legislative introduction of the new organization-legal form of the state nonprofit institutions allowing at preservation of a state ownership and indicated above "generic characteristics" to restore freedom of managing of these organizations, supplying at fulfillment of budgetary obligations of the state for persistent growth of incomes of own activity. Therefore, we consider, that realization corresponding institutional reforms, directed on transformation of official bodies of culture to this new kind of nonprofit institutions is possible only on the basis of free will of collective and cannot have compulsorily mass character.

2. Introduction of contract relations of culture establishments with their founder.

Introduction of contract relations means application of such method of budgetary financing of operating performance of the organizations of culture which would be based on introduction three-year (five years') and the annual agreements concluded by the founder with culture establishment. Within the limits of the three-year agreement it is necessary to provide responsibilities of the organizations of culture on realization of their professional functions connected with granting to the population of profile services (theatrical, concert, museum, library, leisure realizations etc.), no less than responsibilities on realization of a complex of the measures directed on preservation and development of their cultural potential, creation and preservation of repertoire of the organizations of performing arts, formation and preservation of museum and library funds, etc. In the same agreement should be formulated warranties of the founder on maintenance of conditions of cultural activity at the expense of public finance means.

Besides, in the three-year agreement it is necessary to establish specifications of financial expenditures of the founder (the fixed contract prices), supplying: (1) partial refund of costs of the organization of culture and the art, connected with cultural service of the population (production of the mixed benefits of culture); (2) the full indemnification of costs of the organization of culture and the art, connected with preservation and development of its cultural potential (production of social benefits of culture).

In the annual contract the production volume of profile services adjusted by the parties and a complex of the measures directed on preservation and development of cultural potential, proceeding from the program of activity of the given organization of culture for a current year, to its corresponding cultural mission and possibilities of the founder could be established. In the same agreement the annual sum of financing of operating performance of this organization from a public finance, expected on the basis of an annual production volume of its profile services and a complex of the measures directed on preservation and development of cultural potential, and corresponding specifications of financial expenditures of the founder should be fixed. Specifications of financial expenditures of the founder (the fixed

contract prices) are defined counting on unit of profile services and per unit of a complex of the measures directed on preservation and development of cultural potential, for each organization of culture. Specifications of financial expenditures of the founder remain stable for all three-year period and come under to annual correction in cases of change of the sizes and repayment terms of work, change of wholesale prices and tariffs, and also in case of increase in total amount of financing of culture and art in budgets for corresponding year.

3. Change of the mechanism of budget financing

Our research has shown interesting results. From the point of view of economic freedom, in 1990th obvious narrowing of economic freedom of all organizations using budgetary funds was observed. As it is paradoxical, but during market times as a result of working out of the new budgetary legislation and introduction of exchequer system economic independence of official bodies has fallen even below that level which has developed in the conditions of the planned housekeeper. Consequences of it are not noticed only by the one who continues to challenge known true - administration always revenges an inefficiency of use of economic resources and is objectively fraught with growth of production costs of benefits of culture and-or decrease in their quality. In effect, it is the same rake on which habitually there come officers of different generation and which strike every time on managing subjects.

Economic classification of costs of budgets of Republic Moldova which provides a regulation of the operational expenditure of the organizations financed on the basis of incomes and expenditure budgets under subject articles and sub-articles became the basic instrument of restriction of economic independence in 90th years, as is known. In present conditions in which there lives Republic Moldova clearly, that any establishment not in a condition for a year forward to calculate costs on all these kinds allocated in classification, moreover in the conditions of unpredictable change of the prices for commodity items and services and high rates of inflation. Position and the bureaucratic procedure of clarification of estimates of establishments established by finance bodies do not facilitate. Under the threat of punishment for "no-purpose" draught on funds of establishment are quite often forced to detain payments to one supplier of the goods and services and without special necessity to spend budgetary funds on accounts with others - especially in the end of a calendar year. In it is necessary to consider the relation and tough policy of the control of use which sometimes turns to game «long game of a ball in one collars» because on the one hand money and funds as though are allocated, and their use it is braked by exchequer the bureaucratic interpretations.

That, for example, preparation for acquisition of library fund passes very long means and sometimes time leaves only on document circulation, and time limits do not allow to sustain the announcement of competitions and then the provided financial funds are not used and withdrawn by the state. In this case our research has proved the inefficient existing mechanism of financing. In our opinion it is necessary to develop more flexible mechanism of preparation and to give more autonomy to culture establishments on development of financial resources. Thus, quality of development of all allocated financial resources, and also financial

management in it the relation will increase. Freedom and frameworks in which managers of these establishments can increase quality of rendered services also will increase.

At the same time the same economic classification does not provide allocation in an account part of the estimate of the subject article defining expenses for primary activity of establishments, - on achievement of the purposes for the sake of which realization the founder and creates corresponding establishments. In the field of culture and art it is replenishment and the contents of funds of libraries, replenishment and the contents of museum funds, exhibition activity of museums, updating and maintenance of repertoire of the organizations of performing arts. Efficiency of use of budgetary funds in the conditions of the scheduled stabilization of economy and also resulted above a reason apropos is obvious not optimum structure of incomes and expenditure budgets, press entering of essential clarifications into economic classification of expenditures on public account.

At the assertion of incomes and expenditure budgets of budgetary establishments and a budgetary list for main managers of budgets to establish the operational expenditure only under subject articles, without detailed elaboration of these costs on sub-articles. Further it is necessary to consider expediency of preservation as independent subject articles of estimates of the incomes which specific weight in a total sum of costs is insignificant (for example, in costs for culture and art these expenses constitute less than one percent). After the assertion of the new organization-legal form of the state nonprofit institutions to pass to the assertion for them incomes and expenditure budgets and a budgetary list under articles connected with a payment and charges to a payment, the payment of expenses on achievement of the authorized purposes, the operational expenditure on purchase of the goods and fee, etc.

Further, in process of the further stabilization of economy, achievement of stable growth rates of the budget and decrease in rates of inflation to Central European level, it is offered to restore financing of establishments by one line. At the same time, the state should not lose the control over validity of planning of expenditures on public account by establishments and should become the main things the manager of credits. For this purpose it is required to approve when due hereunder forms of *projects* of incomes and expenditure budgets of establishments and accounts to budget statements for main managers of credits, and also their reports on outturn of the budget. In these documents, proceeding from *information* requirements of finance bodies for the account, for certain time it would be possible to save the list of subject articles and sub-articles economic classification, in the statutory form, having added with its new subject article «the Payment of expenses on achievement of the authorized purposes».

4 Overcomings of backwardness of an infrastructure and removal of barriers in cooperation of budgetary funds.

Simultaneously with increase of requests to integration into European communities and in process of development international cooperation between the countries in the field of culture and art in the world there are different problems. Our country - not an exception and the duly decision of these problems allows to realize new steps

to constant improvement of investigated sphere. Along with other problems, one of the pivotal is improvement financing of budgetary sphere and one of them is financings of culture, art and cinematography.

In our opinion, the decision of the ripened problems of modernization of system of budgetary financing of culture, art and cinematography, efficiency of use of allocated funds is necessary for beginning with clarification of functions of republican, regional, municipal and local government bodies in this sphere, structure of subordinated establishments, conformity of the problems assigned to them to modern requests and new social and economic conditions. A legislative basis for this purpose is the Constitution of the Republic Moldova which has defined authorities of the authorities all levels in the field of culture. However today, after many years after the Organic law acceptance, separate questions of the organization of a cultural life of the country, its economic maintenance have found decision. State ownership differentiation in this sphere is not finished, the rights and responsibilities of various levels of the power in the field of protection of monuments of history and culture, the international cultural cooperation, preservation of uniform cultural space of the country and other general questions of culture are not defined.

The initial structure of culture establishments and art has been generated in the early nineties the last century by mechanical addition of a network of these establishments of allied (USSR) and republican (Moldovan Soviet Socialist Republic) submission. Because of discrepancy of responsibility as on a vertical and strong disintegration of culture, art and cinematography is across observed. To this process has helped more effectively to a measure process of privatization of many objects of culture and art.

On an extreme measure, the country has neither concepts, nor development strategies of this sphere, and it no that defines level of a condition of company for today. As a result enforcement authorities were not able to execute effectively the functions taken on, to supply safety and restoration of thousand monuments of history and the culture, taken under state protection. Meanwhile, the Constitution, other laws do not relieve from government bodies of responsibility for a culture condition in subordinated territories, for satisfaction of cultural requirements of the population living here, cultural heritage preservation. Thereupon it would be possible to offer a principle of the importance of establishments, their places in formation of a nucleus of the Moldavian culture defining Republics Moldova as the great cultural country.

Question on structure of republican establishments closely related with system of their financing. The active budgetary legislation recognizes only one criterion of differentiation of account authorities between budgets of various levels. In this quality, administrative subordination of establishment acts. Thus the quota of consumers of its services, and also the known in theory and checked up basic principle of successful economic policy known in theory in practice is completely ignored - the source of finance should be on the closest point to the recipient. But in this case here it is necessary to differentiate administrative submission of objects of

culture and art. In our opinion, it is necessary to define functional responsibilities and submission on a vertical and it is necessary to develop such structure which will allow to organize financing and to supervise performance.

Hence, the budgetary legislation should regulate not only differentiation of account authorities, but also possibility of their association in cases when this or that kind of activity is in joint management government bodies of various level. However finance bodies do not hurry up to clarify this question, have not approved an order of practical application of the indicated norm and by that there is a risk when some establishments can be debarred from the state support.

Consolidated financing on a contractual basis republican and local government bodies of culture establishments will allow to spend more effectively means of budgets of various level, to strengthen the control over their rational use. Under the arrangement inter parties republican bodies, for example, could incur financing of charges of staff of creative staff, preparation new and support of current repertoire in the organizations of performing arts, preparation of new expositions, replenishment and the contents of funds of libraries and museums, and local authorities - the contents of buildings, utilities, payment of attendants. At making contract the variant of distribution of budgetary financing in percentage to the general income and expenditure budget of establishment (such practice is applied in Germany and some other European countries) is possible also.

5. Efficiency of use of budgetary funds at all levels.

Considering questions of modernization of budgetary financing of branch, it is necessary to concern problems of an effective utilization of budgetary funds at regional and municipal levels. For branches of social sphere as a whole and for culture in particular it has basic significance as nearby more than 65 % of means of the national budget of the country on culture are necessary on regional and local budgets. The particular interest is caused by costs for culture from local budgets because from local budgets on financing of houses of culture, clubs and libraries it is allocated more than from the republican budget. Meanwhile, if to compare number of rural population in Republics Moldova and Russia the obtained data very different. In our country, proceeding from a population of villages, there is settlement which would not require in libraries, no club or similar. In Russia, according to State Committee for Statistics, in 1989 was 152.9 thousand rural settlements, and the number of rural settlements continues to be reduced. Thus, it is possible with sufficient share of reliance to assume, that in settlements with number of inhabitants from 6 to 200 people, the contents of clubs, houses of culture and significant number of libraries is justified by nothing, in particular from Republic Moldova, where concentration of the population very dense.

From the beginning of 1990th of the last century functions of culture establishments were not revised also. As show checks, over 90 % of funds of rural libraries constitute editions of the Soviet years. In them there are no newspapers, thick and thin journals, scientific and the fiction, published in modern Moldova. Houses of culture and the clubs executing before function of assistants of a consignment on communistic education, are extremely slowly reconstructed, define the new purposes of the activity. The question on re-structuring of these establishments has ripened

for a long time. However overwhelming majority of municipal unions does not hurry up with searches of approaches to its decision. Certain conservatism shows in it and the republican authorities of subjects. Certainly the situation with cultural service of inhabitants has sat down difficult, it infringes on interests of many the person, has not only economic, but also political significance.

In our opinion, and the analysis shows, that formation modern cultural and leisure and the information environment on village followed begin with the regional centers. In the majority of them regional libraries for adults and children, culture houses, children's musical or art schools operate, in many there are municipal museums and some other establishments. They work each is isolated, under the plan, are equipped by primitive engineering. On the basis of these establishments followed create the modern cultural-information complexes equipped with modern electronic engineering and Internet connection. Provided that children joining now at school to new information sources and knowledge, with end of training would not lose communication with modern culture and a country and world science. The indicated measures would create additional possibilities for all countrymen.

Formation of such complexes and their hardware could become the major component Republican target and regional purpose-oriented programs the next years. It would be simultaneously expedient to start realization under the special program of monitoring of culture establishments on village and to define on its basis viability of each establishment (a quota of potential consumers of its services, volume of these services for the last two-three years, personnel structure, etc.).

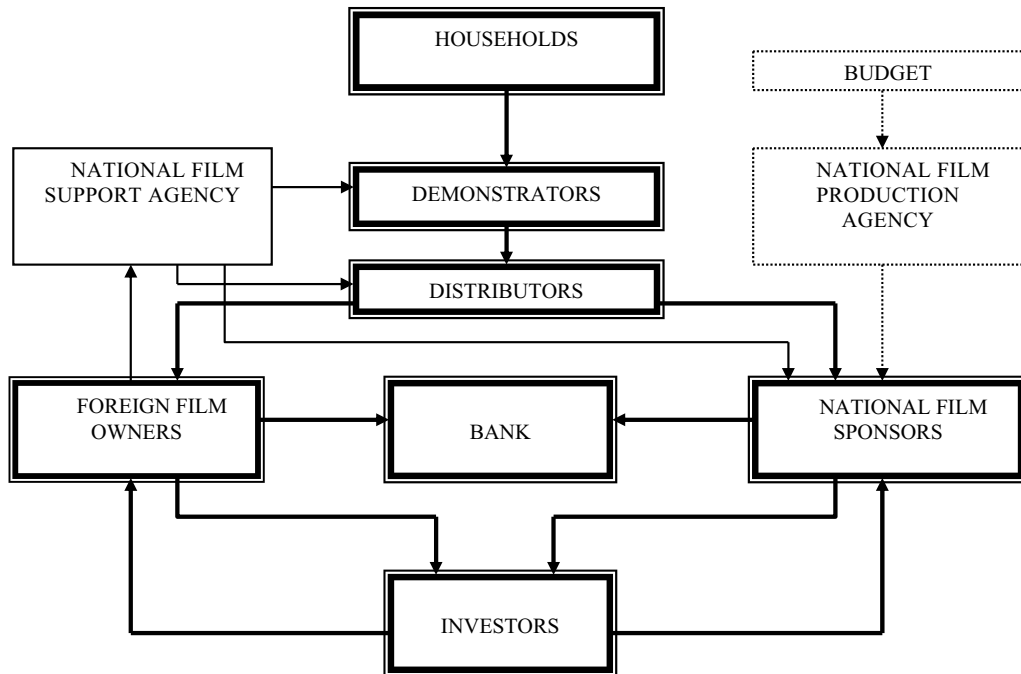
Monitoring data it would be possible to use for working out of recommendations about transformation of a part of rural clubs and culture houses, depending on local conditions, in culture establishments of new type - houses of crafts, houses of national culture, the house of public leisure and other establishments, which occurrence in a number of areas completely itself has justified. Creation on the basis of club establishments and libraries, club establishments and museums cultural-information, or cultural and leisure centers is represented perspective. It is natural, that all work on reforming of the organization of cultural activity on village should be executed on places at a methodical management of regional bodies of culture without allocation of supplementary appropriation from the budget.

6. End of market reforms in cinematography.

By means of cinematography the private blessings purchasing social utility only in certain conditions and in concrete intervals of time are made and consumed basically. Taking into consideration all told above, and also with allowance for specificity of cinematography, stage-by-stage end of reform we see in a following kind. At the first stage it is necessary to finish to a total condition institutional modernization, having transformed all independent organizations attending to production, hire and demonstration of films in private enterprises. Simultaneously with it is necessary to create a nonprofit institution, for example, «Agency on production of national films» which purpose should become support of production and hire of national films. Similar to European councils on art (*The Arts Council*), carrying out «a policy of the extended hand», this organization should act as the recipient of budgetary funds and the organizer of

competitive procedure of their distribution between manufacturers of national films. Besides, it is necessary to reorient a little work and the existing **body which is responsible for social and economic support of cinematography**, having granted in its order a part of incomes of hire of foreign films, which it will direct on support (in the form of grants) national cinema. As a result of such institutional reforms the developed; market infrastructure including three basic branches of formation and distribution of financial resources of cinematography can be created, happy.

First, it is main «a market branch», serving on purely market basis production, hire and demonstration of films. Three basic sources of financial resources in this case take place: budgets of house economy (family budgets), credit resources of banks (loan proceeds) and money of the investors putting internal funds in production and hire of films.



Film production and distribution financing mechanism

Secondly, it is intrabranched «a redistributive branch», supplying redistribution of a part of incomes of hire of foreign films in favor of support of national cinema. Thirdly, it is the budgetary branch connected with realization «politicians of the extended hand», with allocation of budgetary funds to Agency on production of national films for their subsequent distribution between manufacturers and distributors national films). At the second stage, in process of development of a domestic cinema, promotion on complete power intra-branch «a redistributive branch» and more effective work of financially-credit mechanisms it is necessary to weaken «a budgetary branch», and it is essential to reduce budgetary support of a cinema. The system of financing, formation and distribution of financial resources in cinematography is represented in the form of the above-mentioned scheme.

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