

Czech Republic case study

The situation of land management and reparation in the Czech Republic

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Land ownership is substantially fragmented in the Czech Republic. It is recorded under 4 875 860 title numbers and divided into 15 146 737 parcels. The total area of agricultural land in the Czech Republic amounts to 4 273 000 ha, which is approximately 54% of the total area of the Czech Republic. Of the agricultural land, 3 607 000 ha are commercially farmed. Agricultural land is for the most part (more than 3 500 000 ha) owned by natural persons or various types of companies and associations. About 700 000 ha of agricultural land are owned by the state. This land is managed by the Land Fund of the Czech Republic.

Agricultural land is farmed by approximately 54 158 operators. Of this total there are 51 473 natural persons and 2 685 legal persons.

Natural persons, independent private farmers, farm almost 26% of agricultural land. The remaining 74% of agricultural land are farmed by legal entities:

- limited liability companies (22%)
- joint stock companies (22%)
- co-operatives (30%)

In the course of recent years, big agricultural co-operatives of an area of several thousand hectares each have been transformed into smaller units. State farms have been gradually privatised by legal and natural persons. Independent private farmers emerged as a new form of agricultural enterprises of natural persons.

Joint stock companies have been the most dynamic business form in Czech agriculture as their share in total farmed area tripled during 7 years. A substantial part of co-operatives was transformed into joint stock companies during 1990s and the share of co-operatives in total farmed area declined by almost 8%. At the same time, the share of legal persons in total farmed area declined by 2.6% in favour of natural persons, which now account for more than a quarter of total farmed area.

The farm size structure changed significantly between 1995 and 2002. Average size of farms declined from 153 ha to 136 ha. The decline in size is experienced by legal as well as natural persons. Average farm size grows only in the case of independent private farmers (from 39 to 42 ha) and joint stock companies (from 1206 to 1502 ha).

Land owners in the Czech Republic for the most part do not farm their land and lease it. Of the total area of farmed agricultural land, 3 317 000 ha are leased (91.95%).

The difference between land ownership and land use, which is reflected in the extremely high proportion of leased land in farms, is a legacy of collectivisation. It is a specific feature of current Czech agriculture which is unparalleled elsewhere in the EU.

The amount of rent is governed by law in the Czech Republic and it amounts to 1% of official price of agricultural land, unless the owner and the leaseholder agree otherwise. In reality, the average rent amounted to 1.5% of the official price in 2002, i.e. 794 CZK/ha (24.50 EUR/ha). The relatively low rent eliminates the economic difference between own and leased land and does not provide an incentive for buying of land. With the Czech Republic's accession to the EU it is foreseen that with higher supports for agriculture there will be a growing pressure from land owners to increase the rents for agricultural land as it is usual in other EU countries. This trend can already be seen.

Restitutions of agricultural and forest property have been taking place pursuant to Land Act of 1991, and next to reparcelling, they represent one of two major activities of the land offices. In total, 231 841 restitution claims were lodged between 1991 and 2003, of which 228 644 cases, i.e. 98.6% were resolved by the end of 2003. Among the cases to be resolved there are the so-called compensations for parcels, which can not be released pursuant to the Land Act. In such cases the compensation can be financial or substitute parcels can be handed over. This matter falls under the competence of the Land Fund of the Czech Republic. This process has been complicated in the Czech Republic by the adoption of Land Sale Act, which gave preference to the sale of land to municipalities and to leaseholders with a long-term lease of land from the Land Fund rather than to the transfer of land to eligible persons under the restitution process. The settlement of restitutions will provide a basic order in the ownership of land and agricultural assets in general and is a precondition for other activities including reparcelling.

Reparcelling (land consolidation) is a main instrument to assure real and identifiable ownership, it finalises the restitution process and the restoration of private land ownership. At the same time, reparcelling provides conditions for improvement of the environment, soil protection and improved soil fertility, water management and increased ecological stability of landscape.

Results of reparcelling serve for the renewal of cadastre and as a binding basis for land use planning.

In the Czech Republic, reparcelling has been done by land offices from 1991 pursuant to the Act on reparcelling and land offices. This Act distinguishes two types of reparcelling: simple and comprehensive reparcelling.

Simple reparcelling takes place as an exchange of ownership rights to parcels on a territory smaller than a single cadastre territory. It usually involves exchange of parcels between several owners or a re-arrangement of parcels under some urgent landscape development measure (such as erosion or flood control measures, access road, etc.), when it is not necessary to re-arrange parcels within the entire cadastre territory. In the first half of 1990s, simple reparcelling by means of temporary use was a relatively wide-spread approach. This method did not solve ownership rights, and it was based on a temporary charge-free use of someone else's parcels. This approach was necessary in the initial phase of agricultural transformation, so as to at all enable farming to those who wished to pursue it.

At present, comprehensive reparcelling is the most frequent form of reparcelling taking place in the Czech Republic. It deals in a comprehensive manner with the entire cadastre territory from the viewpoint of new arrangement of parcels as well as from the viewpoint of landscape development. The so-called polyfunctional skeleton of landscape is a part of the reparcelling consisting of anti-erosion, flood control, water management, accessibility, ecological and other measures.

The following table shows the situation as regards the started and completed simple and comprehensive reparcelling projects in the Czech Republic as on 31 December 2003.

Implementation of reparcelling in the Czech Republic

| Form | Phase | Number | | Area (ha) | |
|---------------|-----------|--------|-------|-----------|---------|
| | | 2003 | Total | 2003 | Total |
| Simple | | | | | |
| | started | 394 | 4553 | 17 992 | 197 321 |
| | completed | 284 | 2729 | 14 714 | 133 771 |
| Comprehensive | | | | | |
| | started | 149 | 584 | 61 315 | 268 744 |
| | completed | 109 | 407 | 41 553 | 151 879 |

Source: Ministry of Agriculture, Central Land Office

In total, reparcelling has been completed on 285 650 ha, which accounts for 8% of farmed agricultural land in the Czech Republic.

In the Czech Republic, reparcelling, whether preparatory works or the actual implementation, is financed by the state. Starting from 2000, reparcelling has been partly co-financed by the EU, namely under the SAPARD programme. After the Czech Republic's accession to the EU, the co-financing is done from the European EAGGF fund. The following table shows the cost of reparcelling in individual years from 1991.

Cost of reparcelling in the Czech Republic in the period 1991-2003

| Years | Total cost of reparcelling (000' CZK) | Cost of simple reparcelling (000' CZK) | Cost of comprehensive reparcelling (000' CZK) |
|-------|---------------------------------------|--|---|
| 1991 | 40 000 | - | - |
| 1992 | 100 856 | - | - |
| 1993 | 289 548 | - | - |
| 1994 | 542 600 | - | - |
| 1995 | 605 396 | - | - |
| 1996 | 515 321 | 294 766 | 220 555 |
| 1997 | 556 048 | 226 397 | 329 651 |
| 1998 | 628 701 | 184 323 | 444 378 |
| 1999 | 662 629 | 153 456 | 505 956 |
| 2000 | 651 365 | 152 127 | 499 238 |
| 2001 | 530 512 | 100 146 | 430 366 |
| 2002 | 634 536 | 119 094 | 377 442 |
| 2003 | 808 363 | 152 133 | 656 227 |

Source: Ministry of Agriculture, Central Land Office

Of the total costs of reparcelling in 2003, the costs of preparatory works amounted to CZK 295 412 900 (36.5%), the development of digital cadastre maps to CZK 117 922 000 (14.6%) and the actual implementation to CZK 395 029 000 (48.9%).

The number of commenced reparcelling projects is much lower than would be necessary to meet the needs of stabilisation of land ownership or to resolve the problems of agricultural landscape and this deficit is growing every year. The problem is not insufficient readiness in the legislative or institutional area or in the area of human resources, but in a small political will to provide sufficient funding for the reparcelling. This is supported by a strong lobby of big agricultural enterprises, which benefit from unclear ownership of land and thus from a lack of interest and knowledge of land owners, who often do not know that their land is farmed by another operator.

In view of the shortage of finance for reparcelling, it has been necessary to concentrate efforts on particular priority areas, which are currently the following:

- areas with incomplete allocation and consolidation procedure on the basis of post-war decrees of President Beneš
- areas, where line structures (especially motorways) are being constructed,
- areas affected by the change of Czech-Polish state border in 1958,
- areas which have an effect on the quality of water in selected water reservoirs,
- areas with urgent ecological needs or with insufficient access to parcels.

In institutional terms, a network of 77 land offices of the Ministry of Agriculture deals with the reparcelling matters. The work of these land offices is governed by the Act on reparcelling and land offices and it is to complete the restitution process and to implement reparcelling. Outside of their responsibilities resulting from that Act, land offices take part in a screening of state land and in the development of the IACS system, which is used for the granting of supports from the EAGGF.

The Central Land Office, which is a part of the Ministry of Agriculture, is responsible for methodological guidance of the land offices. In total there are some 1400 officers dealing with public administration in the field of reparcelling.

The business sphere taking part in actual design and implementation of reparcelling is relatively consolidated and transformed into bigger companies, which evenly cover the territory of the Czech Republic. Pursuant to the Act on reparcelling and land offices, the persons which design reparcelling need to possess certain qualification. The authorisations are issued by the Central Land Office. At present there are 450 persons with such authorisation. In total some 1 200 persons take part in the design of reparcelling projects.

In the context of the Czech Republic's recent accession to the EU, it is interesting to mention the history and experience with the funding of reparcelling in the Czech Republic from Structural Funds of the EU, which began as early as in the pre-accession period through the SAPARD Programme, which was one of the EU pre-accession instruments designed for the ten candidate countries, including the Czech Republic. The SAPARD Programme was launched in the Czech Republic on 15 April 2002, when the first round of receipt of applications began. "The Agriculture and

Rural Development Plan for the period 2000-2006” was the basic programming document for the SAPARD Programme.

The Plan contained three priorities and 9 measures:

Priority 1 – Increasing the competitiveness of agriculture and processing industry

Priority 2 – Sustainable development of rural areas

Priority 3 – Conditions for full use of the plan

Within the SAPARD Programme, reparacling was covered by priority 1, measure 1.4 “Land improvement and reparacling”.

Two types of projects were implemented under this measure:

a) Surveying projects

- surveying of original property parcels,
- development of digital cadastre maps,
- demarcation of parcels according to approved reparacling proposals.

b) Implementation of common facilities

- field roads, anti-erosion measures, hydrological measures, local territorial systems of ecological stability.

The objective of the measure was:

- to complete the transformation of ownership rights,
- to enable farming of one’s own land,
- to allow access to parcels and to arrange land resources in the best possible way
- to facilitate investments in land with the aim of protecting it while enhancing the landscape
- to allow operational and unchallengeable identification of ownership rights required for the development of land market
- to increase ecological stability of landscape.

Applications under measure 1.4 could further be submitted in the periods 25 September – 6 November 2002 and 9 – 30 April 2003. Within these three periods, land offices submitted 584 projects of a total value of CZK 1 395 398 412. The National Selection Committee selected and recommended for implementation 329 projects for CZK 752 180 990.

Most projects under measure 1.4 have already been completed and paid and the remaining ones will be completed this year.

It follows from the hitherto experience with the submission of applications, implementation and payment of projects that, as regards measure 1.4, the SAPARD programme fulfilled to a maximum extent its mission as a pre-accession instrument, with the mission being to teach how to draw financial support from EU Structural Funds.

The basic programming document for the SAPARD Programme “The Agricultural and Rural Development Plan of the Czech Republic for the period 2000-2006” with measure 1.4 “Land improvement and reparacling” was a valuable source and basis

for the development of sub-measure 2.1.1 Reparcelling in the **Operational Programme “Rural Development and Multifunctional Agriculture” (Agriculture OP)**. Following the Czech Republic’s accession to the EU, the Agriculture OP serves as a basic programming document for the drawing of finance from the Guidance Section of the EAGGF fund in the period 2004-2006.

The Agriculture OP contains 3 priorities, 7 measures and 14 sub-measures.

Priority I – Support to agriculture, processing of agricultural products and to forestry

Priority II – Rural development, fisheries and vocational training

Priority III – Technical assistance

In the Agriculture OP, reparcelling is included under priority II, measure 2.1 “Promoting the adaptation and development of rural areas”, sub-measure 2.1.1 Reparcelling. The structure of sub-measure 2.1.1 is virtually identical with that of the SAPARD Programme’s measure 1.4, including the rating of projects. Also the projects under sub-measure 2.1.1 must meet basic eligibility criteria and are assessed on the basis of scoring criteria according to submitted voluntary enclosures.

Sub-measure 2.1.1 Reparcelling

Support may be granted for:

- land survey work to design reparcelling proposals,
- surveying of parcels for exact identification of property parcels and demarcation of newly proposed parcels on the basis of an approved reparcelling proposal,
- implementation of common facilities within reparcelling (i.e. field roads, anti-erosion measures, measures to increase the ecological stability of the landscape (local TSES, including subsequent maintenance of the TSES elements).

The Agriculture Operational Programme had been prepared in the Czech Republic from 1999 and the first draft was submitted to the European Commission in June 2001. A draft Agriculture OP was adopted by the Government of the Czech Republic in January 2003 and in early March 2003 it was submitted to the European Commission for assessment. In autumn 2003, several rounds of technical consultations took place between the representatives of the Ministry of Agriculture and the European Commission and the outcome of these was an amended programming document. On 14 April 2004, the Agriculture Commissioner Franz Fischler signed a letter expressing tentative approval of the European Commission for the Czech Operational Programme “Rural Development and Multifunctional Agriculture”. The final version of the Agriculture OP was officially approved by the European Commission on 2 July 2004.

On 30 April 2004, the State Agricultural Intervention Fund (SAIF) was accredited as a paying agency for measures under the EU Common Agricultural Policy.

On 4 May 2004, the Minister of Agriculture Mr. Jaroslav Palas signed “The rules laying down the conditions for the granting of financial assistance for projects under the Agriculture OP for the period 2004-2006”. He thus launched the first round for the receipt of applications for financial support from this programme. In the first round, applications for support were being received for sub-measure 1.1.1 Investments in

agricultural holdings and setting-up of young farmers, namely for investments in agricultural machinery and further for sub-measure 2.1.1 Reparcelling. The first round for the receipt of applications was closed on 25 June 2004. Land offices submitted a total of 180 projects for more than CZK 600 million.

The selection of reparcelling projects is expected to take place in early 2005 (the final amount earmarked for the first round of this sub-measure is almost CZK 600 million) and it will be followed by the issuing of decisions and subsequent implementation of projects. At the same time, another round for the submission of projects should be opened in the first quarter of this year. Also for this round the land offices have prepared a sufficient number of projects of a good quality.

1 EUR = CZK 31