Galicia 2009 Regional Workshop on Land Tenure and Land Consolidation

FAO’s Experience with Land Development Instruments in Europe

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Budapest, Hungary

Overview

- FAO’s mandate and role
- First wave of land reform
- The current situation
- Second wave of land reform – land consolidation
- Land consolidation and rural development
- Land consolidation and development strategies
- FAO’s work in land consolidation
- FAO’s approach
- Armenia, Lithuania and Serbia examples
FAO’s mandate and role

- **Mandate:** Food security, poverty alleviation and rural development
- **Role:** To provide advice to governments, development assistance, information, neutral venue

“First wave” of land reforms

- Privatization and restitution of land: “Reallocation of land rights through actions of the state”
- Creation of land markets
- Land administration (mainly land registration & cadastre)
- “Changing the state’s role from controlling land to protecting rights of citizens”
The first wave...

<table>
<thead>
<tr>
<th>Country</th>
<th>privatization &amp; restitution</th>
<th>registration &amp; cadastre</th>
<th>land markets</th>
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<td>Albania</td>
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The current situation

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<tr>
<th>Restitution</th>
<th>Bulgaria</th>
<th>86% of farms are under 1 ha</th>
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<td></td>
<td>Latvia</td>
<td>14 ha in 2 – 15 parcels</td>
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<td>Lithuania</td>
<td>6.3 ha in 2 parcels</td>
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<td>Romania</td>
<td>1.7 ha in 3 parcels</td>
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<tr>
<td>Privatization</td>
<td>Armenia</td>
<td>1.2 ha in 3 - 4 parcels</td>
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<td>Georgia</td>
<td>0.9 ha in 4 - 5 parcels</td>
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<td>Moldova</td>
<td>1.4 ha in 3 parcels</td>
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<td>Survival of the old peasant system</td>
<td>Bosnia &amp; Herzegovina</td>
<td>3 ha in 8 – 10 parcels</td>
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<td>Croatia</td>
<td>1.9 ha in 8 parcels</td>
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<td>Serbia</td>
<td>70% of farms are under 5 ha</td>
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EU15: 19 ha
Greece, Italy, Portugal, Spain: 10 ha
Remaining 11 countries: 36 ha (UK: 69 ha)

The initial policies that created small, fragmented farms were not wrong

1. social equity: to exclude some (or many) would have created social instability
2. food security: access to small land parcels allowed families to feed themselves during the economic problems of the mid-1990s
“Second wave” of land reform

On the agenda...
- Completing the “first wave” of land administration reforms:
  - Land markets (ending restrictions on ownership between 2011-16)
  - Land registration (movement to electronic conveyance)
- Implementing “second wave” issues of land administration:
  - Land taxation
  - State land management
  - Land consolidation

The interest in land consolidation

- Many small and fragmented farms which are not competitive
- The success of rural development projects depends on how they address the small, fragmented farms

There is now wide-spread recognition of the potential role of land consolidation as a tool to improve rural conditions.
Small, fragmented farms require a “second wave” of land reform – land consolidation

- Land consolidation has been around a long time (Denmark started in the 1750s)
- Recently the EU has been a major driver – Chapter 4 of the acquis communautaire: Free movement of capital => Removal of restrictions on ownership of assets by people from elsewhere in the EU
- Land consolidation is one of fundable measures under EARDF and IPARD

<table>
<thead>
<tr>
<th>New EU countries</th>
<th>New EU countries</th>
<th>Candidates</th>
<th>Potential candidates</th>
<th>European neighbours</th>
<th>Central Asia</th>
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<tr>
<td>Bulgaria</td>
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<td>Albania</td>
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<td>Bosnia &amp; Herzegovina</td>
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The transition in demography is demanding a new type of land reform

- National populations are declining
- Rural to urban migration: villages show increasing numbers of elderly and decreasing numbers of young people
- The population at working age is declining: the agricultural labour force will continue to decline

=> Depopulation of rural areas and a shift away from agriculture will have a significant impact on demands to use rural land, and on its ownership
Land consolidation – an instrument to implement local rural development

- traditionally been an instrument to improve local agricultural structures through enlargement of farm sizes and reduction of fragmentation
- in most countries in Western Europe the purpose of doing land consolidation has shifted in the last 20 years towards a more integrated and multifunctional approach (instrument for integrated rural development, nature and environmental protection, implementation of infrastructure projects etc.)

Rural development & land consolidation – basic dimensions

⇒ increasing capacity of rural families to improve economic status and livelihood through own efforts

⇒ five principal constraints:
  1. human capital
  2. social capital
  3. public physical capital
  4. institutional capital
  5. private physical capital
Rural development & land consolidation –
development strategies and policies

- Strategies on national level => based on overall national
development priorities
  - Agricultural competitiveness, agri-environmental schemes
  - Support programs for specific groups (e.g. old farmers - young
    farmers, natural handicaps)
  - New policy priorities (e.g. EU NATURA 2000, EU Water
    Framework Directive, HNV areas => land for protection)
  - National physical planning and national infrastructure
  - Abandoned land

- Land Consolidation Strategies

Rural development & land consolidation –
development strategies and policies

- Strategies on local level => based on priorities set by local stakeholders in participatory processes
  - Improve competitiveness of agriculture
  - Implement spatial planning
  - Implement local development strategies
  - Local infrastructure
FAO’s work in land consolidation

1950s publications

FAO’s work in land consolidation – multi-year program for capacity building

Workshops

Technical publications

Technical projects
FAO’s work in land consolidation – workshops

- 2002 Munich Symposium
- 2002 Rome Workshop
- 2002 Prague Regional Workshop
- 2004 Tonder Workshop
- 2005 – 2008 Prague Regional Workshop
- 2009 Galicia Regional Workshop -> land banking and land administration instruments
- 2009 Prague Regional Workshop -> legal aspects and participatory approaches

Early workshops defined the need for guidelines on how to start land consolidation
Guidelines were disseminated at later workshops

FAO’s work in land consolidation – Policy Papers

1. European Union accession and land tenure data in Central and Eastern Europe

2. Opportunities to mainstream land consolidation in rural development programmes of the European Union
FAO’s work in land consolidation – Land Tenure Studies

The design of land consolidation pilot projects in Central and Eastern Europe

Operations manual for land consolidation pilot projects in Central and Eastern Europe

The experience of projects was documented for use in other countries

Land Tenure Training Materials on Land Consolidation Pilot Projects

Unit 1:
General concepts of land consolidation pilot projects

Unit 12:
The results of the project
FAO’s work in land consolidation –
technical projects

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Type</th>
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<tr>
<td>Armenia</td>
<td>FAO-TCP project</td>
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<tr>
<td>Hungary</td>
<td>FAO-TCP project</td>
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<tr>
<td>Lithuania</td>
<td>FAO-TCP project</td>
</tr>
<tr>
<td>Serbia</td>
<td>FAO-TCP project</td>
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<tr>
<td>Moldova</td>
<td>WB project</td>
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<tr>
<td>Kosovo</td>
<td>EU project</td>
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<tr>
<td>Croatia</td>
<td>SIDA project</td>
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<tr>
<td>BiH</td>
<td>TCP under preparation</td>
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<tr>
<td>Albania</td>
<td>TCP in pipeline</td>
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<tr>
<td>Azerbaijan</td>
<td>TCP-facility</td>
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FAO’s approach to land consolidation

- Lessons to be learned from others => but develop own solutions
- Many countries compulsory participation of land owners
- FAO recommends voluntary approaches to:
  - reduce costs
  - implement projects in less time
  - overcome lack of trust when there is a history of coercion
  - introduce participatory approaches
- FAO recommends to start with pilot projects, including three components:
  - elaboration of a land consolidation strategy
  - implementation of a pilot land consolidation
  - capacity and institution building
Some examples

• if there is time

Armenia, Lithuania & Serbia – land consolidation strategies & pilot projects

• strategy was prepared by the country and not by foreigners
• Each project provided funds for:
  - 4 national consultants to help the Government staff to prepare the strategy (People in Government don’t have the time to do most of the work to be done.)
  - International experts who gave advice – but did not drive the process of defining content
Preparing a good strategy takes time – usually longer than initially thought!

- 12 - 18 months depending on the review period
- Team work takes time!
  - National consultants were encouraged to work as a team – and not produce individual reports
  - Government staff worked with national consultants to make sure the output met the needs of Government
- A good strategy is based on thinking – and good thoughts takes time!
- Strategies went through at least 3 drafts

The strategies were presented in a forward-looking way

- Setting out the vision – what is wanted
- Describing the current situation – where the country is now
- Recommendations – what is needed to make the vision a reality
- Before such a strategy can be written, some research had to be done ...
Analysis of the current situation

- Economic and social
- Environmental
- Legal and organizational
- Policy - relationship to other strategies:
  - agricultural and rural development water development
  - forestry development
  - tourism development
  - poverty reduction
  - EU programmes
  - SWOT analysis

Statement of principles, goals, objectives, outcomes

- Principles and goals
- Overall and specific objectives
- Beneficiaries
- Approaches:
  - voluntary participation (Lithuania & Armenia)
  - voluntary and compulsory (Serbia)
  - use of land banks / land funds
**Measures to implement the strategy**

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>Institutional and organizational:</td>
<td>Roles and responsibilities of central, regional and local governments and private sector</td>
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<tr>
<td>Legislation:</td>
<td>Amendments, new laws, regulations</td>
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<tr>
<td>Funding:</td>
<td>EU, national, municipal, other programmes</td>
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<td>Increasing the participation of landowners:</td>
<td>- incentives (credit, tax privileges, subsidized fees).</td>
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<td>- public awareness.</td>
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<tr>
<td>Capacity building:</td>
<td>Short-courses, university degrees</td>
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**Finally ...**

- **Criteria for evaluating success**
  - Assessment methodology to measure the implementation
- **Action plan**
  - Plan identifying **what** will be done **when** and by **whom**
Building capacity: moving from pilot projects to a long-term programme

- Major new legislation usually does not work well if it is not built on practical experience
- FAO recommends that countries introduce modern land consolidation in phases
- A first step is a pilot project

A pilot project serves several objectives

- To design and test approaches to be used in a long-term programme
- To identify issues to be addressed
  - some issues are discovered only when the project starts
- To allow people to get practical experience
- To have the community serve as a successful model for other communities
A pilot project is a learning experience

- The lessons provide practical guidance to problems to be addressed in the strategy and new legislation
- Learning the lessons requires a commitment to spend time to analyze the results of the project
- It is important to learn the lessons well in order to avoid making mistakes with new legislation

A pilot project lays the foundation for a long-term programme

- Programmes require stable funding
- EU provides a framework for funding land consolidation by member states
  - 2007-13: EAFRD (European Agricultural Fund for Rural Development)
- For candidate countries, the EU provides IPA (Instrument for Pre-Accession) which allows for EAFRD-like pilot projects