“Land Consolidation in Central and Eastern Europe – a wish, a must or a luxury?”

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Regional Consultation on Land Consolidation Legislation

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Content

• Selected trends in rural situation in CEE countries – a small journey in the time
  • Post Soviet Period - Land Reform/ Land Re-privatisation
  • Expectation Period
  • Period of Moving and Changes
  • Some examples, incl. Cadastral Maps/Land Registry records vs the reality

• Results of Land Reform (from some CEE countries)

• Priority for the Land Consolidation?

• Current Status of Land Consolidation in CEE Countries

• Do the CEE countries need to implement the Land Consolidation – is it a wish, a must or a luxury?
Selected trends in rural situation in CEE countries *(1a)*

Post Soviet Period - Land Reform/ Land Re-privatisation (ca. 1995 - 2005)

- **Political and economic changes**, incl. LAND REFORM leading to:
  - Quick re-privatisation of land
  - Giving the land mainly to the rural population.

- **Various approaches** for this process:
  - **Giving a piece of land** (Farm holding of < 2ha) in small plots (0,30ha)
  - **Compensations**, e.g. via a shares/bonds system
  - **Vouchers/bonds** to be used mostly on auctions
  - **Restitution of land** to the expropriated owners
  - **Other** type of **compensations** (e.g. money)
  - **Combination** of above.

Various approaches to LAND REFORMS in various CEE countries (*1*)

(*1) Land Reform and Land Consolidation in Central and Eastern Europe after 1989, Hartvigsen, Morten 2015
Selected trends in rural situation in CEE countries (1b)

Post Soviet Period - Land Re-privatisation (ca. 1995 - 2005)

- Land Reform/Reprivatisation resulted mostly in (too) small Farm holds and very fragmented ones (5-10 plots)

- A big political and social step forward = the land has got finally the real owners! – a dream of generations!

- But also big economic step backwards (agriculture efficiency)

- Land Registration/Cadastre assessment of this period:
  - Efficient Cadastres and Land Registry not in place
  - Lack of F2P (also not international) cadastral/models/systems to register quickly millions of new land owners & land plots
  - Lack of professional capacities, lack of technologies, lack of standards in concerned countries
  - Lack of trust to governmental institutions (incl. Cadastres) by rural population
  - Lack of land transaction registration culture
  - Challenging main goal of land registration within Land Reform: Do it quick!

All resulted in rather poor registration & and weak cadastral records of millions of parcels.

### Land structure results of Post Soviet Land Re-privatisation (various periods - mostly situation between 1995-2005) – (*1), (*2)

<table>
<thead>
<tr>
<th>Country</th>
<th>Farm Holding Size (ha)</th>
<th>Average Size of Land plot (ha)</th>
<th>Average No. of Land plots per Farm holding</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Albania</td>
<td>1.40</td>
<td>0.30</td>
<td>2 - 5</td>
<td></td>
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<tr>
<td>Armenia</td>
<td>1.20</td>
<td>0.30</td>
<td>3 - 4</td>
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<td>Azerbaijan</td>
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<td>0.30</td>
<td>4 - 5</td>
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<td>Bulgaria</td>
<td>2.00</td>
<td>0.4 - 0.5</td>
<td>4 - 5</td>
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<td>Bosnia &amp; Herzegovina (BiH)</td>
<td>Special Case</td>
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<tr>
<td>Croatia</td>
<td>2.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>1.4</td>
<td>0.20 – 0.30</td>
<td>4 - 5</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>1.10</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Kosovo</td>
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<td>0.30</td>
<td></td>
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<td>FYR Macedonia</td>
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<td>0.30</td>
<td>6 - 7</td>
<td></td>
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<tr>
<td>Moldova</td>
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<td>3 - 4</td>
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<td></td>
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<td>0.40</td>
<td>0.40</td>
<td>1 Plus a share in Cooperative</td>
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<tr>
<td>Serbia</td>
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<td>0.3</td>
<td>5 - 6</td>
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<td>Slovenia</td>
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<td>22 (!) Plus a share in Cooperative</td>
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<td>Ukraine</td>
<td>2.50</td>
<td>1.00 – 1.50</td>
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</table>
Selected trends in rural situation in CEE countries (2)

*Expectation Period (ca. 2000 - 2010)*

- The Farmers (owners/users) hoped to be the efficient food producers.

- But without big investment in equipment, technology, sales/marketing they discovered that their “land ownership/possession happiness” will not realize their dream; Why not?
  - The lower income
  - Land plots are too small and too fragmented for efficient and effective agri production
  - Access to: capital, technology, foreign markets - very limited, if none, etc.
  - Domestic agri-products less competitive than imported ones (price, sanitary/biological aspects, marketing, weak sells channels, etc.);
  - Cadastres/Registration organisations offering mainly time & money consuming cadastral/registrations leading to:
    - avoiding the official land registration,
    - “illegal (not registered) land transactions,
    - parallel land market,
    - different field situation than recorded.
  - Governments realised that the field reality deviates very much from official recorded land & agriculture data.
Examples of differences between Land Reform Cadastral maps and reality, then the official land registration and the reality

Unsolved ownership of urban land in the former Yugoslavia (and many other countries!) (*5)

Examples of differences between Land Reform Cadastral maps and the reality

Shift of ca. 150m between Cadastral Map and reality (new orthophotos)

Shift and rotation between Cadastral Map and reality (new orthophotos)

Various differences/errors between registry and cadastral maps

<table>
<thead>
<tr>
<th>District</th>
<th>Total Number of parcels</th>
<th>Number of parcels</th>
<th>Percentage of parcels</th>
<th>Difference in area less than 5%</th>
<th>Number of parcels</th>
<th>Percentage of parcels</th>
<th>Difference in area 5 - 10%</th>
<th>Number of parcels</th>
<th>Percentage of parcels</th>
<th>Difference in area 10 - 20%</th>
<th>Number of parcels</th>
<th>Percentage of parcels</th>
<th>Difference in area more than 20%</th>
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<td>940</td>
<td>18,5</td>
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</table>

(*5) Land consolidation and readjustment experiences & challenges in Slovenia; LC Conference Apeldoorn, 2016. Anka LIŠEC, Tomaz PRIMOŽIC, Boštjan PUNCUH, Marjan CEH, Miran FERLAN, Jernej TEKAVEC, Barbara TROBEC, Slovenia
Selected trends in rural situation in CEE countries *(3a)*

**Period of Moving and Changes (ca. 2000 - 2015)**

- The (emotional) ties: land owner and land plot are very strong.
- But when Farm holdings are very small and fragmented (of < 5m - 20m of width) then it is difficult to:
  - access them,
  - operate them,
  - generate from them efficiently/competitively any agri production and to
  - generate a reasonable income.
- This leads in the longer period of time to:
  - poverty and
  - searching for better economical options and
  - finally leaving the land plots apart/abandoned- 100% break of the ties!
- This processes happens gradually:
  - Part of rural population(mostly the man) chooses the semi-emigration (to urban areas), and/or emigration
  - Left at home(on the land) women, needs to do the land tasks
  - The efficiency, the quality, etc. of agri production is (too) low to survive.

Selected trends in rural situation in CEE countries *(3b)*

**Period of Moving and Changes (ca. 2000 - 2015)**

Confirmation of my observations as made by Fahro BELKO (from BiH) (*6) on situation in Agriculture/Rural perspective in BiH:

- Great potential, poor delivery
- Striving for more, going abroad
- As we travel abroad, our home turf gets undernourished
- Agriculture does not make one feel so well, so what shall one do?
- Etc.”

(*6) Land Consolidation as a Tool in Reshaping Natural Resources Governance to Achieve Long-Term Sustainability and Accountability in BiH - White Paper
Fahro BELKO, Bosnia and Herzegovina - LC Conference Apeldoorn 2016
Selected trends in rural situation in CEE countries (3c)

**Period of Moving and Changes (ca. 2000 - 2015)**

- **Family emigrates**, → all land plots are left apart behind. Selling it is usually not an option, due:
  - there are no buyers on the horizon,
  - rural land market value was/is low,
  - legal restrictions to sell of “reprivatized/given to use land”
  - then to sell it officially, the Farmer needs to register his land first (costly and time),
  - in post-conflict areas (Balkan!) sometimes the Frames had to move anyway (own safety)
  - Often farmers had the hoop to come back one day.

- In the same time, the active/powerful Farmers (that stayed on the land), started to annex the left land incl. the governmental/municipal one.

- The effect of all that:
  - Nobody knows who owns/uses what,
  - Who operates/produces what and where, etc.
  - Land Registries do not offer reliable information,
  - Land structure is changing dynamically (illegal transactions),
  - Land use is changing,
  - The social and economical relations in rural areas are changing too.

- Then a dilemma for the governments: how to develop an optimal agricultural policy without accurate data on the existing situation?

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**Migration flows (3)***

Migration flows from outside the EU and main destinations

- The connection between migration and land use change is complex and difficult
- The land use responds to the pressures caused by migration in different ways, in different places, → creating implications for land use, environmental and social policies.
- The projections are difficult due current lack of data, especially from Balkan.
- Certain countries are still experiencing migration from rural areas to urban areas (CEE, Portugal and Nordic Countries)
- Others are experiencing counter-urbanisation (from urban to rural areas: UK, France, Spain, Italy, Netherlands, Germany).

**The example of results of depopulation in rural areas and land abandonment (**3\)**

Example from Albania.

- The socialistic regime - personal movement nearly zero - keeping high density in the rural.

- After the 1990, a significant **demographic shift to urban areas:**
  - population loss of about 380,000 inhabitants, (−12 % between 1989 and 2011),
  - wherein a **rural population decrease of −36 %**.

- Officially(!) still the majority of the population lives in rural areas, but real comparable data and metadata are not available.

- What is sure: the **overall demographical decline has particularly affected rural areas.**


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**Why the results of Land Reform in some countries are below the expectation?**

If we conclude that, then situation then in rural areas in many Land Reform countries leads to:

- low agriculture productivity
- leaving land apart
- migration
- poverty
- (negative) social impacts
- Etc.

**What is then wrong?**

**What are the reasons of it?**
What are the reasons of the situation?

- Is it the low market value of rural land?
- Is it lack of well-functioning Land Registration and Cadastre?
- Is it the very small and fragmented land structure?
- Is it the weak and not developed land market?
- Is it still the low value of agriculture products on the Producers level?
- Is it (too) easy/cheap to import the agriproducts from foreign countries?
- Is it lack of access to agriculture technologies?
- Is it lack of adequate education for rural population?
- Is it lack of access to acceptable affordable loan?
- Is it too weak or lack of land subsidy system?
- Are the land possession ties too weakened?
- Or is it lack of overall economic/social perspective for the rural population?
- Is it lacking of good Agriculture/Land policies?
- Or what?

Possible reasons?

Vicious circle = combination of all of them, however a lot begins just by the existing size of farms and fragmented land incl. poor registration

This is then a obstacle for the Farmers to
- to invest in purchasing and operating the bigger machinery and new technology,
- to get the loans for investments,
- to develop real agri business value chains, etc.

and finally to produce efficiently and to achieve an acceptable profit/live.

Then, the Governments are facing difficulties in development of appropriate and successful Agri/Land Policy
- when the data on Land are not accurate and
- people are migrating in a big numbers.
Priority then for the Land Consolidation?

- In my view, the Land Consolidation Programmes/Projects in many CEE countries, in combination with other stimulating the Rural development instruments (agri-subsidies, easier access to technology/loans(capital), agri-infrastructure, etc.) should get higher priority.

- This will in the long term result in:
  - Improvement of land structure
  - Increase of professional farmers companies and improved competition (foreign producers)
  - Improved efficiency and profitability of agriculture activities
  - Improved food security
  - Competitive land market and higher market rural land values
  - Improved and easier Governmental task to monitor and to support
  - At last but not least, creation of overall economic/social perspective for rural population.

The experiences from several Land Consolidation projects shows that the benefits for both, society and the land owners, substantially exceed the costs.

The Land Consolidation is therefore a very profitable investment, especially in the selected CEE Countries.

What is then the status of LC in CEE? (*2)

- Since the 1990s most governments of CEE have recognized the need for LC as an important tool to agriculture and rural development.
- But...

Is then the Land Consolidation in CEE countries - a wish, a must or a luxury?

**My conclusions:**

- **It is a must!** but also
- **It is a wish – as “a sleeping beauty”** (- as LC was called during Apeldoorn’s conference in 2016) - however this is not loudly expressed yet (due lack of awareness!)
- **Is it a luxury?** - for sure not!

Therefor, my message to all international Donors, International Financing Organisations and National Governments:

*Please pay attention to it and develop the Land Consolidation programmes and invest in them.*

It is worth to do it, as well from the political, social, legal as economic investment point of view.

**My additional recommendation** (similar to I. Săvoiuas from ROMANIA as made during LC conference in Apeldoorn 2016)

- **Hit the two flies is one shot:** Where possible, combine the Land Consolidation Programmes/Projects with the Rural Land Registration Programmes into one process – it will save the time, money, and create a better Stakeholders satisfaction.

Thank you for your attention!

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