

Opportunities to mainstream land consolidation in rural development programmes of the European Union



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This FAO Land Tenure Policy paper was prepared by Steffen Noleppa, Richard Eberlin, Morten Hartvigsen, Adri van den Brink, Frank van Holst, Nicolai Meier Andersen and David Palmer.

The paper was reviewed by Attila Blenesi-Dima, Willemine Brinkman, Ana Budanko Penavić, Mehmed Cero, Libor Cihal, Hamid Custović, Vilma Daugaliene, David Egiashvili, Zsuzsanna Flachner, Afrim Frrokaj, Idriz Gashi, Kiril Georgievski, Vahagn Grigoryan, Niels Otto Haldrup, Jiri Hladik, Oleg Horjan, Tetyana Kalna-Dubinyuk, Zoran Knezević, Jerzy Kozłowski, Siim Maasikamäe, Stevan Marosan, Ashot Muradyan, Jana Pivcova, Maja Pupacić, Fatbardh Sallaku, Roman Shmidt, Tomáš Števlík, Kiril Stoyanov, Joachim Thomas, Mati Tõnismäe, Odeta Tota, Maja Trajković and Andrzej Zadura.

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Abbreviations

| | |
|--------|--|
| CAP | Common Agricultural Policy |
| CF | Cohesion Fund |
| CARDS | Community Assistance for Reconstruction, Development and Stabilisation |
| CIS | Commonwealth of Independent States |
| EAFRD | European Agricultural Fund for Rural Development |
| EAGF | European Agricultural Guarantee Fund |
| EAGGF | European Agricultural Guidance and Guarantee Fund |
| EC | European Commission |
| ENP | European Neighbourhood Policy |
| ENPI | European Neighbourhood and Partnership Instrument |
| ERDF | European Regional Development Fund |
| ESF | European Social Fund |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| IPA | Instrument for Pre-Accession Assistance |
| IPARD | Rural development component of IPA |
| ISPA | Instrument for Structural Policies for Pre-Accession |
| Leader | Liaison entre actions de développement de l'économie rurale |
| LFA | Less Favoured Area |
| MEDA | Euro-Mediterranean Partnership |

| | |
|--------|---|
| NPA | National Paying Agency |
| Phare | Pologne, Hongrie Assistance à la Reconstruction Économique |
| RDP | Rural Development Programme |
| SAPARD | Special Accession Programme for Agriculture and Rural Development |
| TACIS | Technical Assistance to the Commonwealth of Independent States |
| TPAI | Turkish Pre-Accession Instrument |

Summary

A new support programme for rural development in member states of the European Union (EU) was introduced for the planning period of 2007-13. From 1 January 2007, the European Agricultural Fund for Rural Development (EAFRD) replaced the European Agricultural Guidance and Guarantee Fund (EAGGF), which had provided support in rural areas during 2000-06. The main focus of EAFRD is on rural development, the “second pillar” of the Common Agricultural Policy (CAP), with another fund, the European Agricultural Guarantee Fund (EAGF), dealing with the “first pillar”, i.e. agricultural market, price and trade policy. With EAFRD, rural development is now placed in a single financial and programming framework of four axes: axis 1 – improving the competitiveness of the agricultural and forestry sector; axis 2 – improving the environment and the countryside; axis 3 – improving quality of life in rural areas and diversification of the rural economy; and axis 4 – community initiative for rural development, i.e. Leader (Liaison entre actions de développement de l'économie rurale).

At the same time, new support programmes were introduced for countries that are not members of the EU. For candidate countries, the Instrument for Pre-Accession Assistance (IPA) replaced a number of programmes including Phare (Pologne, Hongrie Assistance à la Reconstruction Economique), ISPA (Instrument for Structural Policies for Pre-Accession), SAPARD (Special Accession Programme for Agriculture and Rural Development), CARDS (Community Assistance for Reconstruction, Development and Stabilisation) and TPAI (Turkish Pre-Accession Instrument). The instrument of IPA also applies to potential candidate countries but not to the same extent. Crucially, the component on rural development (IPARD) does not apply to potential candidate countries, which are eligible for only the first two components of IPA: transition assistance and institution building, and cross-border cooperation. For other countries of interest to the EU, the European Neighbourhood and Partnership Instrument (ENPI) was introduced to replace MEDA (Euro-Mediterranean Partnership) and part of TACIS (Technical Assistance to the Commonwealth of Independent States).

These new instruments reinforce the trend towards a broader treatment of rural development. Early programmes of the EU, and its predecessor the European Community, had placed an emphasis on agricultural development. Over the years, the focus expanded to include improvements to rural conditions. A new phase was ushered in with the First European Conference on Rural Development in 1996. This set the stage for the introduction of EAGGF, which required social, environmental and other requirements to be considered for rural areas during the programming period of 2000–06. In addition, Leader was introduced as an instrument to support community initiatives in rural development. As SAPARD was meant as preparation for EU membership, some of its measures were similar to those of EAGGF and Leader.

With the introduction of EAGGF and SAPARD, the EU provided a common framework for funding land consolidation activities. A measure on “reparcelling” dealt with the problem of fragmented parcels but other measures (ranging from early retirement of farmers through to village renewal) were relevant as well. Land consolidation is now explicitly included in EAFRD as a measure that member states can adopt under the Rural Development Programme for 2007-13, and a wide range of other measures can be considered to make an indirect contribution to land consolidation projects, or to be more effective if implemented with land consolidation. For candidate countries, it should be possible in principle to use IPARD in a similar way to EAFRD. In the case of potential candidate countries, it might be possible to use IPA to undertake institutional strengthening activities related to land consolidation. Some support may also be available to European Neighbourhood countries using ENPI.

Land consolidation has proven to be an important instrument of rural development in Europe. It can enable farmers to become more competitive by removing fragmentation of parcels, and by allowing them to expand the size of their holdings. Land consolidation is also used to benefit rural communities by including components to improve the natural environment and local infrastructure. At the national level, land consolidation can assist with developing the agricultural and other sectors that comprise the rural and regional economy, and with improving rural conditions through balancing the interests of agriculture, transportation, environment, recreation, cultural heritage and tourism. Land consolidation can be applied differently in different situations. Regardless of the context in which land consolidation is applied, it can be used to introduce integrated, participatory and cross-sector approaches into rural development.

This guide provides an interpretation of the EU’s Rural Development Programme for 2007-13, but the legally binding basis for the EU’s rural development policies and programmes are the relevant EC regulations. Policy-makers and stakeholders interested in rural development in general and land consolidation activities in particular should identify the challenges facing them and formulate appropriate policy interventions to meet those challenges through the proper communication channels with the EU as part of the programming of strategies, finances and measures. For EU member states, land consolidation should be included in their Rural Development Programme for 2007-13. In order for other countries to obtain co-financing from the EU for land consolidation, it is important that they include land consolidation as a priority in all relevant planning documents, strategic documents and agreements such as the Rural Development Programme (IPARD) for candidate countries, the Bilateral Agreements for potential candidate countries (in particular the transition assistance and institution building component of IPA) and the Action Plans for European Neighbourhood countries.

This opportunity should not be missed if countries wish to open the door for co-financing of land consolidation activities by the EU.

1. Introduction

Land reform has been an integral part of the political, social and economic restructuring of the countries that embarked on a transition from centrally planned economies in the early 1990s. Programmes to privatize and restitute land were early priorities during the transition period. To house the newly issued certificates of land rights, countries built new land registration and cadastre systems or restored and modernized systems that had not been maintained during the socialist period. In doing so, these countries reoriented the role of land administration from controlling land to protecting the rights of citizens. Efforts were also applied to the creation of land markets through the development of legislation to govern sales, leases and mortgages.

As countries progressed along their transition paths, land consolidation emerged as a new priority. A common characteristic of most transition countries is the predominance of small and fragmented farms, with land parcels often being far from the farmhouse and poorly shaped for agricultural purposes. This condition typically arose because of the principles of equity used in the process of privatization or restitution. The resulting agrarian structures are not competitive in today's Europe and the globalizing economy.

Land consolidation is now recognized as an effective tool to allow farmers to have farms with fewer, but larger, parcels. While land markets play an important role in the creation of more viable farming structures, experience shows they are not sufficient by themselves in situations where farms are very small and highly fragmented. Land consolidation can also be used to assist farmers to expand the size of their holdings. By promoting improved farm structures, land consolidation can help to foster the development of competitive farms

with increased agricultural production, lower production costs and improved quality. In addition, land consolidation is being used to support broader rural development goals.

Land consolidation has a long tradition in a number of Western European countries, and recently the European Union (EU) has become an important influence by introducing a common framework for the funding of land consolidation activities as part of rural development. Land consolidation, described as “reparcelling”, was introduced as a measure to facilitate the development and structural adjustment of rural areas as part of the Rural Development Programme for 2000-06 and the Special Accession Programme for Agriculture and Rural Development (SAPARD). Land consolidation is now explicitly included as a measure that countries can adopt under the Rural Development Programme (RDP) for 2007–13. The RDP is thus relevant to the transition countries that are new members of the EU. It is also relevant to candidate and potential candidate countries, and countries that are “European neighbours”.

This paper provides guidance regarding the RDP as it relates to land consolidation. It is an interpretation; the relevant European Commission regulations are the only legally binding basis for the EU's rural development policies and programmes. The paper responds to a need for information on how to link land consolidation activities and rural development issues, and how to finance measures and interventions targeted towards comprehensive rural development in general and land consolidation in particular.

The paper is part of a programme on land consolidation that FAO has implemented together with its partners. The programme comprises technical publications, workshops

BOX 1

FAO's technical publications on land consolidation include:

- FAO Land Tenure Studies 6: *The design of land consolidation pilot projects in Central and Eastern Europe*.
- FAO Land Tenure Manuals 1: *Operations manual for land consolidation pilot projects in Central and Eastern Europe*.
- FAO Land Tenure Training Materials on land consolidation pilot projects.

and projects. Early workshops defined the need for guidelines on how to start land consolidation. Guidelines on the design and operation of pilot projects were prepared and disseminated at later workshops. With this foundation, pilot projects were introduced

in several countries, and the field experiences were documented for use in other countries (see Box 1).

This paper addresses the policy implications for land consolidation of the EU's rural development policies and programmes. It describes the available funding options, presenting the requirements that need to be met to be eligible for funding in general, and to be successful in getting the necessary resources in particular. Chapter 2 presents the role of land consolidation in rural development, and chapter 3 describes how the EU has shifted from a narrow focus on agricultural development to a broader one on rural development. Chapter 4 presents details of how land consolidation may be applied within the RDP by EU member states. Chapter 5 describes the relevance of the RDP to candidate and potential candidate countries, while chapter 6 addresses European Neighbourhood countries. Chapter 7 concludes with recommendations for implementing land consolidation within the context of the RDP.

2. Land consolidation as an instrument to strengthen rural development: the European perspective

Land consolidation is a term traditionally used to refer to measures to remove the effects of fragmentation by adjusting the farm structures. But the term goes well beyond the narrow, yet important, actions of the reparaCELLing of land to remove fragmentation. Land consolidation has long been associated with broader social and economic changes: for example, it was part of the eighteenth century reforms in Denmark to free people from obligations to noble landlords and to establish privately-owned family farms. As the privatization of feudal land spread across Europe following the French revolution, so too did land consolidation.

Land consolidation can also be used to assist farmers to expand the size of their holdings. In some countries, land consolidation is considered to be the reshaping of parcels with the principle that the value of an owner's holding should be unchanged, i.e. the owner's land after consolidation should be equivalent to the land owned before the project. In such cases, farmers may expand their holdings through leases or purchases of land that occur outside the land consolidation project, although the transfers may be stimulated by the creation of the newly formed parcels. In other countries, land consolidation is considered to include the expansion of the size of holdings. For example, as part of a project one farmer may purchase the parcels of another farmer who wishes to retire. In such a case, a principle of equivalence still applies, as a person whose farm decreases as a result of the project receives financial payment from the person who acquired that land.

While land consolidation has always been regarded as an instrument for rural development, the understanding of rural development itself has changed over time. Early concepts of rural development were virtually the same as agricultural development because of the predominant role of agriculture in rural areas at the time. Agricultural improvements are still important but rural space is now no longer regarded as one of agricultural production alone. Concepts of rural development have become much broader and include increased environmental awareness and a range of non-agricultural applications. As a result, land consolidation has shifted from a narrow focus on agricultural structures to a broader focus on integrated rural development.

Land consolidation, as an integral part of rural development, can have an impact at several different levels: at the micro level (i.e. with direct beneficiaries such as farmers); the meso level (i.e. with indirect beneficiaries, the regional economy and infrastructure); and the macro level (i.e. national society, economy, institutions and environment).

At the **micro level**, land consolidation is about making changes to the farms and their direct environment, thereby enabling farmers to become more competitive. Removing fragmentation may allow farmers to make more use of their land. A farmer with several parcels may not use the parcels furthest from the homestead because of the travel time required. The farmer may bring more land into production if fragmentation is reduced so that there are fewer but larger parcels that are closer to the homestead. By redrawing the boundaries

of poorly shaped parcels, land consolidation may allow farmers to use more efficient means of production. For example, farmers may not be able to use machinery on narrow parcels or those with sharp corners. Land consolidation may also help farmers to expand the size of their holdings by allowing them to acquire land from public land reserves or from owners who decide to exit from farming, e.g. through early retirement schemes.

In addition, land consolidation projects may improve the physical conditions of individual parcels through measures such as land levelling and soil improvement. Such measures are likely to be more easily implemented on the larger parcels, and should lead to lower production costs and increased production. Projects may also include components to renovate irrigation and drainage systems, or to redesign them to fit the family farms that were created as a result of the land reforms.

Also at the micro level, land consolidation projects can serve to correct errors and inaccuracies in documents of the registration and cadastre systems.

At the **meso level**, land consolidation is about making changes to rural communities by improving the natural environment, infrastructure and spatial distribution of economic activities. Land consolidation projects can ensure that appropriate land is identified for these purposes, and that people whose land is acquired can receive alternative land elsewhere if they wish to continue farming. In some cases, changes to land use and ownership may be required to improve the management of natural resources. For example, in areas endangered by soil erosion or frequent flooding, land consolidation activities can be linked to the conversion of agriculturally inferior land into forests or wetlands, and to the restoration of water bodies and the protection of wetlands.

In other cases, land consolidation may be considered to be part of a larger investment strategy focusing on the improvement of physical infrastructure in a specific rural

development region. For example, land may be required for the construction of roads that suit the landscape, as well as for irrigation and drainage systems, communal drinking water and sewage disposal installations, and cable and other telecommunication facilities.

In yet other cases, land consolidation can be part of investment strategies of village renewal to improve living and working conditions. Projects can assist with the allocation of land for new residential areas, workplaces and recreational areas. They can serve to reshape parcels in accordance with the actual land use, to create new access routes to farms in order to lessen traffic congestion in villages, and to modify servitudes in light of the new parcel structures.

At the **macro level**, land consolidation is about making changes to a country by improving the overall competitiveness of the agricultural and rural sector, the natural environment, and the economic and social relations between actors at all levels. By supporting the improvement of infrastructure, land consolidation contributes to the creation of a more competitive agricultural sector, and also to the further development of other sectors that comprise the rural and regional economy. In addition, land consolidation can help to improve rural conditions through ensuring a more efficient and multiple use of rural space by balancing the interests of agriculture, transportation, environment, recreation, cultural heritage, tourism and other activities. Land consolidation projects can be used to build trust between government and citizens if the projects are responsive to the needs of farmers and others in rural communities, and if they are implemented as promised.

Land consolidation projects can support the development of land markets by providing information on the supply of and demand for agricultural land and on prices. Land consolidation also contributes directly to the land market through the transactions that are implemented in projects. In addition, the creation of larger parcels with better shapes supports the

land market as such parcels are more likely to be attractive to purchasers if the owner later decides to sell the farm. In addition, land banks or land funds can strengthen land markets and improve land mobility in land consolidation projects by increasing opportunities for farmers to transfer land.

Land consolidation projects may differ significantly according to their objectives, the needs of local communities and the resources available. Some projects may be designed primarily to reduce fragmentation and increase the size of holdings, but they may be the catalyst that brings investments in rural roads or irrigation and drainage systems that would otherwise not have been made. Other projects, such as the provision of major roads or railways, may cause fragmentation, and land consolidation may be introduced

to mitigate the effects on farmers and others in the communities. Yet other projects, such as the restoration of rivers, may require land consolidation as a means to exchange parcels with farmers whose land will be affected. In all cases, land consolidation can serve as an instrument of rural development.

Land consolidation should be included in strategies and activities to improve rural conditions. It should be incorporated, where appropriate, in all policies regarding rural areas (e.g. national and sector programmes, spatial planning, master plans, rural development policies) and in programmes that are formulated to implement those policies. The following chapter describes briefly the evolution of the EU's rural development policies and programmes with regard to land consolidation.

3. Rural development policies of the European Union

At the start of 2007, the EU comprised 27 member states, 12 of which were new members. In addition to support for member states, the EU provides support for candidate and potential candidate countries and European Neighbourhood countries. These support programmes have changed over time (see Figure 1).

With the introduction of the programming period for 2007–13, the instrument of EAFRD (European Agricultural Fund for Rural Development) replaced EAGGF (European Agricultural Guidance and Guarantee Fund) that was in place during 2000–06. For the countries that joined the EU in 2004, the instrument of SAPARD (Special Accession Programme for Agriculture and Rural Development) was replaced by EAGGF upon accession; EAGGF was then replaced by EAFRD in 2007. In the case of Bulgaria and Romania, SAPARD was followed directly by EAFRD upon accession.

The start of 2007 also saw the introduction of the Instrument for Pre-Accession Assistance (IPA) that applies to candidate and potential candidate countries although in different ways. The new instrument of IPA substitutes a number of previous instruments, such as SAPARD, Phare (Pologne, Hongrie Assistance à la Reconstruction Économique), ISPA (Instrument for Structural Policies for Pre-Accession), CARDS (Community Assistance for Reconstruction, Development and Stabilisation) and TPAI (Turkish Pre-Accession Instrument).

Changes were also introduced for other European countries. The instrument of ENPI (European Neighbourhood and Partnership Instrument) partly replaced TACIS (Technical

Assistance to the Commonwealth of Independent States).

This chapter provides an overview of the evolution of the EU's rural development policies up until 2007. The following chapters describe the policies for the period of 2007–13.

SUPPORT FOR MEMBER STATES BEFORE 2007

From a sector to a holistic approach

An important objective of policies of the European Union has been to reduce disparities between urban and rural areas by improving rural conditions of its member states. Countries such as Germany started in the 1960s with programmes to support a recovery, stabilization and development process within disadvantaged rural areas (Neander and Schrader, 2000). These interventions were almost entirely focused on agriculture and included improvements to local natural and infrastructure conditions by regulating local water regimes and road construction, and included land consolidation (Breloh and Struff, 1969).

Over the years, the EU and its predecessor, the European Community, extended its activities in rural development to go beyond a narrow focus on agricultural development. For example, in the early 1970s direct compensations were introduced for farmers who farmed in “Less Favoured Areas” (LFAs) and this was followed in the late 1970s by the renewal of private and public buildings and infrastructure in villages to increase their attractiveness. Despite this broadening of focus, until recently the emphasis of EU programmes was placed on aid for investment on farms and improvements in marketing and processing farm products, and with limited support being given to

FIGURE 1
EU assistance instruments for agriculture and rural development



rural development activities such as rural infrastructure, road construction and village renewal. Rural development issues remained

in the hands of individual member states. As a result, land consolidation approaches tended to be defined at a national level.

BOX 2

The Council Regulation (EC) No 1257/1999 on the European Agricultural Guidance and Guarantee Fund (EAGGF) introduced several measures relevant to the use of land consolidation as a tool of rural development:

- Support was provided for the transfer of farm business (and, therefore, also land) through encouraging early retirement on the one hand, and providing measures for young farmers on the other hand.
- To keep land in production, farmers in “Less Favoured Areas” (LFAs) and farmers who are subject to environmental and other constraints benefited from payments intended to compensate losses from unfavourable production conditions.
- Support was also provided for the protection and sustainable management and development of forests. It was possible to get financial resources for the afforestation of agricultural and non-agricultural land, provided that plantations were adapted to local conditions and compatible with the environmental standards.
- Even more specific support with respect to land consolidation activities became available through the measures listed in Article 33 of the regulation. Among others, support was devoted to land consolidation activities with respect to land improvement, re-allotment of land parcels, basic services for the rural economy and population, renovation and development of villages, the protection and conservation of rural heritage, water resource management, development and improvement of infrastructure connected with the development of agriculture, the protection of the environment in connection with agriculture, forestry and landscape conservation, restoring agricultural production potentials damaged by natural disasters and introducing appropriate prevention instruments.

A new phase, looking at rural development from a more holistic approach, started with the First European Conference on Rural Development, which took place in Cork, Ireland, in November 1996. This new phase became apparent to all stakeholders in rural areas in 2000 with the coming into force of “Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain regulations”. Social, environmental and other requirements of the rural world now had to be considered. The new instrument of EAGGF comprised two sections: the guarantee section served as the source of funding for agricultural expenditure, and the guidance section financed rural development measures.

To support the new emphasis on rural development, a rural development policy was established as the “second pillar” of the Common Agricultural Policy (CAP), the “first pillar” being the agriculture market, price and trade policy. As an essential part of the European agricultural model, the rural development policy aimed at putting in place a consistent and lasting framework for guaranteeing the future of rural areas and promoting the maintenance and creation of employment in these areas. Council Regulation No. 1257/1999 identified a menu of 22 measures, which was extended when an additional four measures were introduced with the 2003 CAP reform.

Land consolidation was recognized as a means to promote rural development. Article 33 of the regulation listed a number of measures aimed at promoting the adaptation

BOX 3

Important lessons learned during the assessment of the rural development programme for 2000–06 include the following:

- The new rural development policy should accompany and complement the market and income support policies of the CAP more than before and it should to a greater extent consider the general objectives for economic and social cohesion policy while integrating other major policy priorities for competitiveness and sustainable development.
- The reform of the CAP in 2003–04 introduced major changes that had a significant impact on the economy across the whole rural territory of the EU in terms of agricultural production patterns, land management methods, employment and the wider social and economic conditions in the various rural areas. This impact had to be taken into consideration more than before.
- Rural development as seen by EU policy-makers could no longer be achieved sufficiently using existing policy programmes because of the increased disparities between the rural areas in the enlarged EU. The limits on the financial resources of the EU and its member states became more obvious. Concentration on priorities and adaptation of policy measures were needed to address this dilemma.
- To ensure the sustainable development of rural areas, it was considered necessary to focus on a limited number of core objectives, most of all relating to agricultural and forestry competitiveness, land management and environment, quality of life and diversification of activities taking into account the diversity of situations in rural areas.
- The Leader approach, after experiences in three programming periods, had reached a level of maturity enabling people in rural areas to implement it more widely and comprehensively in mainstream rural development programming.

and development of rural areas; one of these measures was “reparcelling”. Several other measures were also relevant to comprehensive land consolidation (see Box 2).

In addition, the Leader approach was introduced as an instrument to promote participation. Leader is a French acronym for “Liaison entre actions de développement de l’économie rurale” (i.e. Links between the rural economy and development actions). The Leader approach has been tested and improved through three programming periods (1988–94, 1994–2000 and 2000–06). Leader+ was established as a separate programme by Article 20(1)(c) of “Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds”. Details on the legislative background are provided in the “Commission Notice to the Member States

of 14 April 2000 laying down guidelines for the Community initiative for rural development (LEADER+)”.

The Leader approach can be considered a “laboratory” or pilot model that aims at encouraging the emergence and testing of new approaches to integrated and sustainable development that will influence, complete and/or reinforce rural development policy. In the context of land consolidation, Leader+ could be used to support the formulation and implementation of integrated territorial development strategies through a truly bottom-up approach.

In preparation for the programming period of 2007–13, the old agricultural and rural programmes underwent substantial evaluations which revealed the need for a more simplified rural development policy. Box 3 lists some

TABLE 1
Use of measures of Article 33 of EAGGF in 2003

| Country | Land improvement and reparable measures implemented | Village renewal measures implemented | Development and improvement of infrastructure measures implemented |
|----------------|---|--------------------------------------|--|
| Austria | | ✓ | ✓ |
| Belgium | | ✓ | ✓ |
| Denmark | ✓ | ✓ | ✓ |
| Finland | | ✓ | |
| France | ✓ | ✓ | ✓ |
| Germany | ✓ | ✓ | ✓ |
| Greece | | | |
| Ireland | | | |
| Italy | ✓ | ✓ | ✓ |
| Luxembourg | | | |
| Netherlands | ✓ | ✓ | ✓ |
| Portugal | | | |
| Spain | ✓ | ✓ | ✓ |
| Sweden | | ✓ | ✓ |
| United Kingdom | | ✓ | ✓ |

✓ indicates the measure was used.

Source: European Commission, 2006b

TABLE 2
Share of public expenditure on measures in 2003

| Measure | Allocation of EU rural development budget |
|---|---|
| Land improvement and reparable measures | 2.5 percent |
| Village renewal measures | 2.7 percent |
| Infrastructural measures | less than 2 percent |

Source: European Commission, 2006b

of the important lessons learned during the evaluations.

Land consolidation in the 2000–06 funding period

It is not possible to state how many EU member states implemented land consolidation based on the rural development programme between 2000 and 2006 due to missing statistics (i.e. land consolidation activities have not been counted separately) and the terminological interpretations of the nomenclatures. However, figures available for 2003 allow the identification of countries that implemented specific measures listed under Article 33 (i.e. land improvement and

reparable measures, village renewal, and development and improvement of infrastructure) that relate closely to components that might be included in a comprehensive land consolidation project (see Table 1).

Figures for the share of public expenditure are available for 2003 (see Table 2). These figures represent investment expenditure and do not include the human capital that was invested by land consolidation specialists in projects. Nonetheless, some countries applied substantial resources to land consolidation: as a new member state, the Czech Republic applied €53 million for land consolidation measures during 2004–06.

SUPPORT FOR ACCESSION BEFORE 2007

Pre-accession aid of the EU started in 1990 with Phare, which aimed at: strengthening public administrations and institutions to function effectively inside the EU; promoting convergence with the EU's extensive legislation and reducing the need for transition periods; and promoting economic and social cohesion.

With the intensification of the enlargement process in 1997, the pre-accession strategy of the EU was reinforced by Accession Partnerships, the participation of candidate and potential candidate countries in EC programmes and work carried out under the European Agreements. In 1999, Phare was restructured with the creation of SAPARD and ISPA. With the transfer of rural and agricultural development issues to SAPARD and infrastructure projects to ISPA, Phare focused on its remaining key priorities.

An early step of the enlargement process occurred in 2000 when the agriculture chapter

(which includes rural development) of the *acquis communautaire* (the body of EU legislation that has been built up since the Treaty of Rome) was formally opened for negotiation with six countries (Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia). The following year negotiations were opened with an additional four countries (Latvia, Lithuania, Malta and Slovakia). The agriculture chapter was closed for all ten countries in 2002, and accession to the EU occurred in May 2004. As shown in Figure 1, these ten countries received pre-accession funding under Phare until 2000 when SAPARD became the relevant assistance instrument for agriculture and rural development. With accession to the EU in 2004, SAPARD was replaced by EAGGF and Leader+ until the end of 2006.

Negotiations on the agriculture chapter started with Bulgaria and Romania in 2002 and concluded in 2004, with accession following in January 2007. For these countries, SAPARD was the assistance instrument for agriculture and rural development throughout the period of 2000–06.

Land consolidation was most closely associated with SAPARD. This instrument was launched with the entering into force of “Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period”. It was specifically designed to support countries willing to join the EU in their efforts to enhance efficiency and competitiveness in farming and the food industry, to create employment and sustainable economic development in rural areas, to facilitate the implementation of the *acquis communautaire* concerning the CAP and related legislation, as well as to prepare the countries for the management and use of EU funds, such as EAGGF and Leader.

The eligible countries had access to measures targeted at rural development in general (see Box 4). As SAPARD was meant

BOX 4

Measures under SAPARD included:

- early retirement of farmers;
- support for less favoured areas;
- support for areas with environmental restrictions;
- agri-environmental programmes;
- afforestation of agricultural land;
- other forestry measures;
- specific measures for semi-subsistence farms;
- setting up of producer groups;
- technical assistance, investment in agricultural holdings;
- aid for young farmers;
- training, improvement of processing and marketing; and
- adaptation and development of rural areas, with land reparation as a submeasure.

as preparation for future funding under an EU membership, some of its measures were very similar to those of EAGGF and Leader+. In the context of land consolidation, the measure of adaptation and development of rural areas was of special importance as it included such submeasures as reparation, land improvement, basic services for the rural economy and population, renovation and development of villages and protection and conservation of cultural heritage, as well as development and improvement of infrastructure.

Statistics of the European Commission (2006b) show that countries used a considerable part of the budgeted money for actions under the measure of adaptation and development of rural areas. Much of the funding was for rural infrastructure and village renewal. However, direct land consolidation activities were funded by SAPARD in the Czech Republic and Slovakia.

For countries in southeastern Europe (Albania, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia, Montenegro, and Serbia including the United Nations Interim Administration Mission in Kosovo (UNMIK Kosovo), Phare was replaced by CARDS in 2000. The new instrument was substantially similar to Phare and was adopted with the “Council Regulation (EC) No 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia, repealing Regulation (EC) No 1628/96 and amending Regulations (EEC) No 3906/89 and (EEC) No 1360/90 and Decisions 97/256/EC and 1999/311/EC”. In 2006, Croatia became eligible for SAPARD in place of CARDS.

Turkey alone was the beneficiary of a dedicated pre-accession instrument (TAPI) to help it meet the criteria for EU membership. Before that Turkey benefited from the principal instrument for the implementation of MEDA (Euro-Mediterranean Partnership).

SUPPORT FOR NEIGHBOURING COUNTRIES BEFORE 2007

Prior to 2007, the EU used the instrument of TACIS to support neighbouring countries that were not candidate and potential candidate countries. The European countries covered by TACIS were Armenia, Azerbaijan, Belarus, Georgia, Moldova, the Russian Federation and Ukraine. In addition, TACIS included Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

From 2000 TACIS activities concentrated on the following areas of cooperation, where applicable: (1) Support for institutional, legal

FIGURE 2
European Union co-funding principle

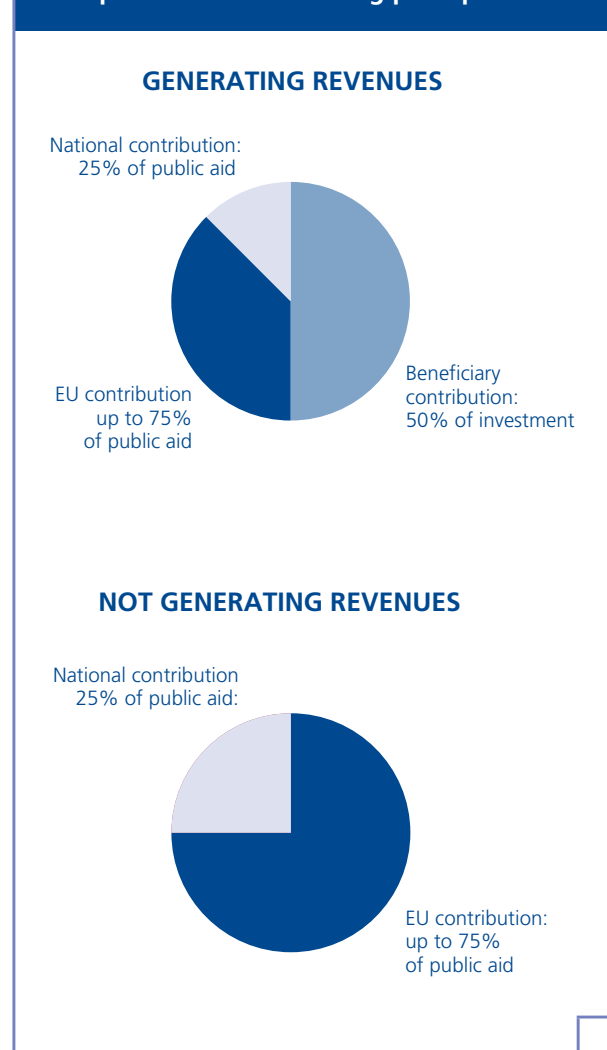
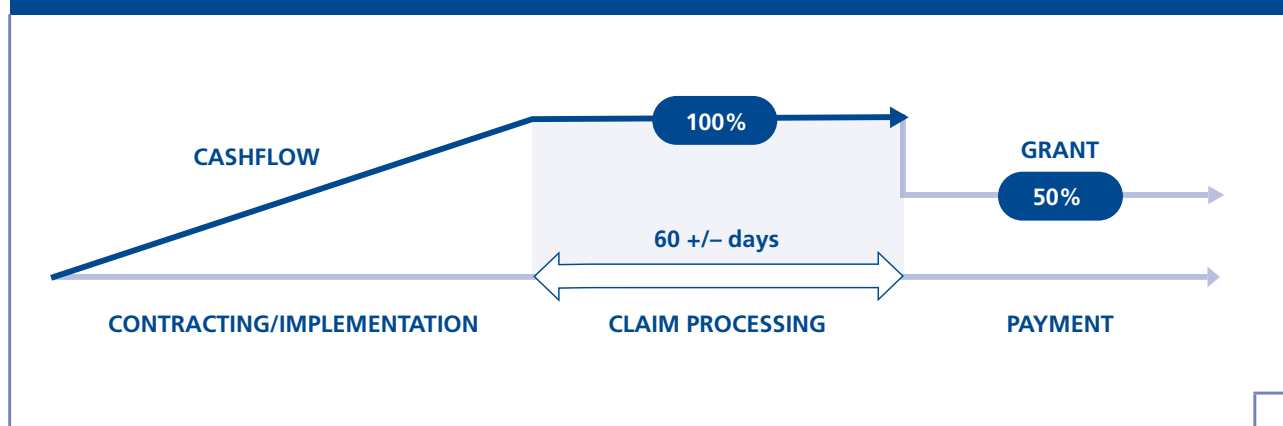


FIGURE 3
Cash flow



and administrative reform; (2) Support to the private sector and assistance for economic development; (3) Support in addressing the social consequences of transition; (4) Development of infrastructure networks; (5) Promotion of environmental protection and management of natural resources; (6) Development of the rural economy; and (7) Support for nuclear safety. The programme framework did not make any clear references to land consolidation although a few initiatives did address rural development.

Enlargement brought the EU closer to the countries of Eastern Europe and, from May 2004, the ENP (European Neighbourhood Policy) was launched for the new Eastern and Southern neighbours of the enlarged European Union.

FUNDING PRINCIPLES

As with the previous instruments for rural development, EAFRD and its preparatory programmes for accession countries (e.g. IPA) follow the same model for EU co-financing of rural development support programmes.

When land consolidation is regarded as an “investment for generating substantial net revenue” the beneficiary has to pay 50 percent of the costs, with the remainder being a grant from the EU (37.5 percent) and public funds (12.5 percent).

However, when land consolidation is regarded as an “investment not of a nature to generate substantial net revenues”, it may be funded with an EU grant of 75 percent, and with 25 percent coming from public funds. This may be particularly important when land consolidation forms part of an infrastructure or spatial planning project (see Figure 2).

A second feature is the issue of the cash flow for the beneficiary, as illustrated in Figure 3. Once a project or investment is approved by the National Paying Agency for EU funding, the beneficiary has to advance 100 percent of the costs of the project or investment. After completion, the beneficiary submits the claim (including all proofs that the investment was really done and completed) to the National Paying Agency, which after around 60 days of processing reimburses 50 percent of the costs (i.e. the grant component).

4. Support measures for European Union member states

This chapter describes the European Agricultural Fund for Rural Development (EAFRD) and its relevance to land consolidation in EU member states. EAFRD was created and is largely regulated by “Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development”. This was followed by the adoption of strategic guidelines for rural development by the Agriculture Council of the EU in February 2006. The general implementation rules and conditions are defined in “Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)”.

EAFRD is also relevant to candidate countries as Article 12 of “Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)” states with regard to the rural development component of IPA that: “It may in particular contribute towards the financing of the type of actions provided for under Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).”

EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT

For the programming period of 2007–13, the EU continues to emphasize a holistic approach to rural development. With EAFRD, rural development as a policy area is placed in a single financial and programming framework.

Measures formerly included in the guidance section of EAGGF and the Leader-type measures are now combined within a single fund. This marks a symbiosis of two former rural development policy programmes and it is expected that such a focus will improve the policy’s coherence, transparency and visibility. The agricultural support measures of the guarantee section of EAGGF are now included in EAGF (European Agricultural Guarantee Fund). The legislative framework makes clear that the main focus of EAFRD will be solely on the “second pillar” of the CAP, i.e. rural development, whereas EAGF will focus solely on the first pillar, i.e. agriculture.

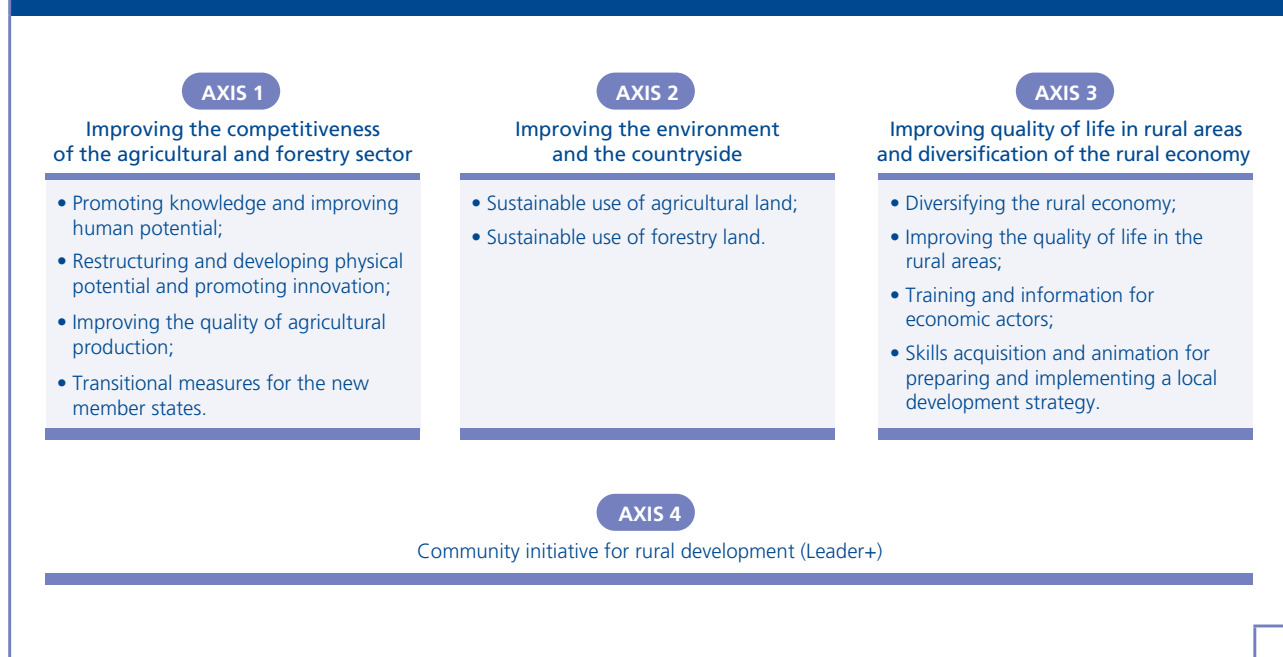
EAFRD contributes to the achievement of three objectives, namely:

- improvement of the competitiveness of agriculture and forestry by means of support for restructuring;
- improvement of the environment and the countryside by means of support for land management; and
- improvements in the quality of life in rural areas and encouragement of diversification of economic activities.

These objectives fit closely with the vision of comprehensive land consolidation as an instrument of rural development. Indeed, the measures of EAFRD can provide support for land consolidation activities to an extent not previously possible within the EU context.

EAFRD has four axes. The first three axes correlate to the objectives listed above, while the fourth axis deals with the Leader approach (see Figure 4). The following sections provide some general remarks on how individual EAFRD measures can be used to support land consolidation. Appendix A provides additional

FIGURE 4
The axes of EAFRD



details on specific measures, including their rationale and objective, the scope and actions to be financially supported, and the eligibility criteria and expected impacts.

Axis 1: Improving the competitiveness of the agricultural and forestry sector

Although rural development issues have become more significant in recent years, the objective of strengthening agricultural development remains important. The new rural development policy continues to place emphasis on improving the competitiveness of the agricultural and forestry sector. Box 5 lists the measures included within axis 1.

One measure can be used directly to implement land consolidation, namely that described in Article 20(b)(v) of Regulation No 1698/2005: “Improving and developing infrastructure related to the development and adaptation of agriculture and forestry”. Article 30 states that support provided for in Article 20(b)(v) may cover land consolidation and improvement, as well as access to farm and forest land, energy supply and water management.

Land consolidation is supported by the EU to overcome fragmentation or to enable any other development related to land. Money may be allocated to respective projects for covering some associated costs of purchasing land (e.g. costs of preparing and managing the transfer of land) but not for the purchase itself. Support may also be provided when landowners agree to lease land in order to improve farm structures. For example, farmers might lease neighbouring parcels in order to create farm holdings that are easier to manage and harvest.

Certain investment activities may be co-financed through this measure. These include the construction and further development of rural roads to improve access to farms and forests for development, management and harvesting. Infrastructural support may also be co-financed for recreation and the provision of amenities wherever there is scope for such development.

Some measures may be used indirectly when implementing land consolidation activities. Land banks or land funds may be relevant to the measures of setting up of young farmers

BOX 5

For Axis 1 of EAFRD, measures envisaged in Articles 20-35 of Council Regulation (EC) No 1698/2005 aim to improve the competitiveness of the agricultural and forestry sector. Measures shown in italics could be used directly or indirectly to support land consolidation.

- a) Measures aimed at promoting knowledge and improving human potential through:
 - (i) vocational training and information actions including diffusion of scientific knowledge and innovative practises for persons engaged in the agricultural, food and forestry sectors;
 - (ii) *setting up of young farmers;*
 - (iii) *early retirement of farmers and farm workers;*
 - (iv) *use of advisory services by farmers and forest holders;*
 - (v) *setting up of farm management, farm relief and farm advisory services as well as of forestry advisory services.*
- b) Measures aimed at restructuring and developing physical potential and promoting innovation through:
 - (i) modernization of agricultural holdings;
 - (ii) improving the economic value of forests;
 - (iii) adding value to agricultural and forestry products;
 - (iv) cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector;
 - (v) *improving and developing infrastructure related to the development and adaptation of agriculture and forestry;*
 - (vi) restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions.
- c) Measures aimed at improving the quality of agricultural production and products by:
 - (i) helping farmers to adapt to demanding standards based on Community legislation;
 - (ii) supporting farmers who participate in food quality schemes;
 - (iii) supporting producer groups for information and promotion activities for products under food quality schemes.
- d) Transitional measures for the Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia concerning:
 - (i) supporting semi-subsistence agricultural holdings undergoing restructuring;
 - (ii) supporting setting up of producer groups.

(Article 22) and early retirement of farmers and farm workers (Article 23). These measures can contribute to the rejuvenation of the farming sector. They share the objective of transferring land to younger, better trained farmers who should be able to meet the new challenges that agriculture is facing. The first measure assists people under the age of 40 years who are interested in pursuing farming as a career by

offsetting the associated costs and provides a mechanism for encouraging investment on such farms. The second measure assists an opposite group, i.e. people who wish to exit from farming. It encourages farmers to leave the sector earlier than planned by offering a financial incentive in the form of annual payments, and thus facilitates the transfer of their holdings, including land, to other farmers.

Advisory services may stimulate a demand for land consolidation by providing mechanisms to consult landowners and prospective purchasers regarding the best return on their investment. Measures include the use of advisory services by farmers and forest holders (Article 24) and setting up of management, relief and advisory services, as well as of forestry advisory services (Article 25). The costs related to the use of such advisers can in principle be covered to some extent. The measures may thus assist in the identification and development of suitable areas to improve overall performance of farm, forestry and other holdings.

The measure of the modernization of agricultural holdings (Article 26) might be considered to be useful for land consolidation. However, a review of RDPs already available casts doubt that this measure will be applied to land consolidation in a useful way. Modernization of farms, for instance, is first of all considered an investment in machinery and other long-term assets such as buildings.

A similar assessment applies to the transitional measures identified for the new member states, namely for semi-subsistence farming (Article 34) and producer groups (Article 35).

Axis 2: Improving the environment and the countryside

Land consolidation has developed into an instrument for the implementation of publicly initiated nature and environment projects in a number of EU countries during the past few decades. Land consolidation may thus be relevant to axis 2. Support under this axis aims at ensuring the delivery of environmental services in rural areas and at improving land management. The respective measures contribute to sustainable rural development by encouraging the main economic actors to manage their land in a way that preserves and enhances the natural space and landscape. Box 6 lists the relevant measures.

If considering land consolidation as a means to help prevent the abandonment of

BOX 6

For Axis 2 of EAFRD, measures envisaged in Articles 36-51 of Council Regulation (EC) No 1698/2005 aim at improving the environment and the countryside. Measures shown in italics could be used to support land consolidation.

- a) Measures targeting the sustainable use of agricultural land through:
 - i) natural handicap payments to farmers in mountain areas;
 - ii) payments to farmers in areas with handicaps other than mountain areas;
 - iii) *Natura 2000 payments and payments linked to Directive 2000/60/EC;*
 - iv) *agri-environment payments;*
 - v) animal welfare payments;
 - vi) support for non-productive investments.
- b) Measures targeting the sustainable use of forestry land through:
 - i) *first afforestation of agricultural land;*
 - ii) *first establishment of agroforestry systems on agricultural land;*
 - iii) *first afforestation of non-agricultural land;*
 - iv) *Natura 2000 payments;*
 - v) *forest-environment payments;*
 - vi) restoring forestry potential and introducing prevention actions;
 - vii) support for non-productive investments.

agricultural and forestry land, this axis offers several measures to keep farmers and foresters in business and to use land in a sustainable way, i.e. the measures of Natura 2000 payments and payments linked to Directive 2000/60/EC (Article 38), agri-environment payments (Article 39), “Natura 2000 payments” (Article 46) and forest-environment payments (Article 47). The natural handicap payments to farmers (Article 37) might be added here as well, but the existing arrangements will continue only until the end of 2009 (European Commission, 2006a). In addition, the intended impact of this measure on land use is seen to be very low (Bernhards *et al.*, 2003).

In general, annual payments may be given to farmers and foresters who sign up voluntarily to environmental commitments or who suffer from policy-induced disadvantages related to the implementation of the Natura 2000 Network, which deals with the protection of birds and habitats. These payments are calculated according to the income losses resulting from economic disadvantages and additional costs arising from commitments made. Thus the measures ensure continued agricultural land uses that preserve the landscape, a farmed and wooded environment with a high nature-value, and contributions to the maintenance of a viable rural society.

The Natura 2000 Network is regulated by “Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora”, “Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds”, and the implementation of the Water Framework Directive that deals with improving water quality in general and is regulated by “Directive 2000/60/EC of 23 October 2000 of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy”.

Three additional measures of axis 2 provide a clear, although indirect, reference to land consolidation, namely first afforestation of agricultural land (Article 43), first establishment of agroforestry systems

on agricultural land (Article 44) and first afforestation of non-agricultural land (Article 45). The afforestation programme within the EAFRD should stimulate the flow of a range of benefits to the wider community including enhanced environmental, economic and social returns by promoting the multifunctional role of forests. Particular objectives are to increase the area under forest and the area of purpose-designed recreational and amenity forests, improve water quality, increase overall biodiversity and provide a sustainable basis for development of the rural area and its economy. Support may cover establishment costs (such as ground preparation, scrub clearance, costs of plants and for plantations and mapping) but excluding the costs of buying land. In addition, support covers annual premiums to maintain forestry and compensate losses of income resulting from the transfer of land from agricultural to forestry use.

Axis 3: Improving quality of life in rural areas and diversification of the rural economy

Investment in the broader rural sphere, especially in remote rural areas, is essential for increasing the quality of life through improved access to basic services, infrastructure and environment. Moreover, comprehensive rural development requires strengthening the link between agriculture and other sectors of the rural economy as well as diversification towards non-agricultural activities. Axis 3 of the EAFRD aims to accomplish this, as indicated by Box 7.

Land consolidation could be linked with some measures. For example, farm households may profit from the measure of diversification into non-agricultural activities (Article 53) and, together with other economically active stakeholders, from the measure of encouragement of tourism activities (Article 55). Both measures follow one rationale: to create alternative on-farm and off-farm opportunities in non-agricultural activities and services. An increasing number of rural households are no longer

BOX 7

For Axis 3 of EAFRD, measures envisaged in Articles 52-60 of Council Regulation (EC) No 1698/2005 aim at improving quality of life in rural areas and diversification of the rural economy. Measures shown in *italics* could be used to support land consolidation.

- a) Measures to diversify the rural economy comprising:
 - (i) *diversification into non-agricultural activities;*
 - (ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric;
 - (iii) *encouragement of tourism activities.*
- b) Measures to improve the quality of life in the rural areas, comprising:
 - (i) *basic services for the economy and rural population;*
 - (ii) *village renewal and development;*
 - (iii) conservation and upgrading of the rural heritage.
- c) A training and information measure for economic actors operating in the fields covered by axis 3.
- d) A skills acquisition and animation measure with a view to preparing and implementing a local development strategy.

sustainable through farming alone. Additional on-farm income as well as new employment opportunities would create a rural environment where assets, such as land, are managed in a more sustainable manner or are transferred to others as a result of increased income options. An example is rural or agricultural tourism. Providing tourism facilities for purposes such as hiking, cycling, fishing, horse riding and bird watching may be supported. In addition, it is possible to get financing for analysing, providing and maintaining infrastructural needs for tourism and countryside recreation in a respectively defined area.

Land is an issue when dealing with the measures of basic services for the economy and rural population (Article 56) and village renewal and development (Article 52). The establishment of basic services concerning a village or a group of villages (i.e. related to small-scale infrastructure) may be supported through Axis 3. The range of activities is broad, and includes the creation of public drinking-water systems, waste and effluent water treatment, investments in kindergartens

and schools, the entire field of village renewal and development, and the provision of amenities and leisure and cultural facilities. EU co-financing can make it possible to provide appropriate small-scale infrastructure that enhances the economic and social attractiveness of villages, small towns and the surrounding countryside. Land consolidation can play a role by making land available for the provision of services and village renewal.

Axis 4: Leader

Land consolidation is a useful instrument to implement projects with multiple purposes. So is Leader. Land consolidation can address a wide variety of purposes ranging from improving agricultural structures by reducing fragmentation and enlarging farm sizes, to implementing nature and environment projects, and providing alternative land to compensate farmers whose land is acquired for new local and rural infrastructure. While some purposes can be supported by using measures defined within axes 1, 2 and 3, the complex variety of purposes can be targeted

very efficiently and explicitly only by axis 4, i.e. Leader. For additional information on Leader, see the EC document (2005) “Rural Development 2007–13: Axis 3: Diversification of the rural economy and Quality of Life in rural areas and Axis 4: The Leader approach”.

The Leader approach is designed to support rural actors in improving and using the potential of their local areas to the greatest extent possible. Indeed, the EC is of the view that a substantial share of the contribution of the EAFRD should be earmarked for axis 4 because it encourages the implementation of integrated, high-quality and original strategies for sustainable development in rural and local areas drawn up by broad-based local partnerships (European Commission, 2006a) (see Box 8).

Local Action Groups are required to prepare development strategies for their geographical areas. It is possible to finance the implementation of such local development strategies and cooperation projects as well as the operating costs for managing the strategy or project implementation. By doing so, axis 4 aims at achieving a critical mass of stakeholders necessary for initiating, formulating, implementing and further

developing a rural strategy for a local area under consideration. Furthermore, it aims at exchanging experiences and implementing joint projects. Special emphasis is placed on cooperation at regional and rural levels (e.g. infrastructure development, tourism and environmental initiatives), which responds to local needs and strengths.

Land consolidation that uses a voluntary and market-based approach shares the participatory nature of Leader. Land consolidation projects can be an effective way to implement measures for rural development that have been defined locally through Local Action Groups. For example, a community may use the participatory approach of Leader to decide how land in the community will be used, and to prepare a community area development plan or territorial plan. A land consolidation project may be one of the first steps in implementing the community area development plan or territorial plan.

OTHER EU POLICIES WITH AN IMPACT IN RURAL AREAS

The priorities of the EU for 2007–13 are to: ensure the success of enlargement; increase competitiveness; create better jobs; attain the idea of an area of freedom, justice and security; and strengthen the EU’s role on the global stage. Support programmes addressing the four priority areas are under the following headings:

1. Sustainable growth comprising:
 - 1(a) Competitiveness for growth and employment; and
 - 1(b) Cohesion for growth and employment (regional policy);
2. Preservation and management of natural resources (which includes the CAP);
3. Citizens, freedom, security and justice;
4. The EU as a global partner (which includes IPA and ENPI).

Besides the programmes fully or partly targeted on rural development (i.e. EAFRD under the second priority area and IPA and ENPI under the fourth priority area), the subcategory 1(b) (Cohesion for growth and

BOX 8

For Axis 4 of EAFRD, measures envisaged in Articles 61–64 of Council Regulation (EC) No 1698/2005 aim to provide for active participation using Leader+ in:

- a) implementing local development strategies;
- b) implementing cooperation projects involving the objectives selected under point (a);
- c) running the local action group, acquiring skills and animating the territory.

employment) is most relevant for rural areas, as it finances regional policy.

The regional policy aims to make regions more attractive, innovative and competitive places to live and work. It focuses on growth and jobs for all regions and cities of the EU and promotes a harmonious, balanced and sustainable environment for the Community. It aims to strengthen the economic, social and territorial cohesion of the EU by reducing socio-economic disparities in development

among regions. It is financed by the two structural funds, the European Regional Development Fund (ERDF) and the European Social Fund (ESF), and also by the Cohesion Fund (CF).

Although priority 1(b) addresses development issues (e.g. infrastructure, employment, etc.) in rural areas, it is governed by national or regional development concerns and not easily accessible for rural development planners.

5. Support measures for candidate and potential candidate countries

For candidate and potential candidate countries, the Instrument for Pre-Accession Assistance (IPA) was introduced for the period of 2007–13.

IPA is created by “Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)”. The implementation regulation is “Commission Regulation (EC) No 718/2007

of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)”.

As stated in Regulation No 1085/2006, IPA aims at enhancing the efficiency and coherence of the assistance provided within a single framework. IPA incorporates all the previous pre-accession and stabilization and association assistance to candidate and potential candidate countries while respecting their specific features and the processes in which they are engaged. It replaces the disparate programmes introduced for different countries such as Phare, SAPARD, ISPA, CARDS and TPAI. In addition, IPA replaces a special Phare programme for Cross Border Cooperation.

IPA has five components, namely (1) transition assistance and institution building; (2) cross-border cooperation; (3) regional development; (4) human resources development; and (5) rural development (referred to as IPARD).

Candidate countries are eligible for all five components of IPA, while potential candidate countries are eligible for only the first two components.

CANDIDATE COUNTRIES: PARTICULAR SUPPORT THROUGH IPARD

At the start of the programming period of 2007–13, candidate countries of the EU were Croatia, The former Yugoslav Republic of Macedonia and Turkey.

Support that might be connected with land consolidation activities is integrated within IPARD, which is generally described in Article 12 of Regulation No 1085/2006 (see Box 9). Only countries that are identified in

BOX 9

IPARD is defined in Article 12 of “Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)”:

1. The Rural Development Component shall support countries listed in Appendix I in policy development as well as preparation for the implementation and management of the Community’s common agricultural policy. It shall in particular contribute to the sustainable adaptation of the agricultural sector and rural areas and to the candidate countries’ preparation for the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related policies.
2. It may in particular contribute towards the financing of the type of actions provided for under Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Annex 1 of that regulation are eligible for IPARD, i.e. the three candidate countries.

In general, assistance under IPARD should contribute to three objectives: improving market efficiency and implementation of Community standards (axis 1); preparatory actions for implementation of the agri-environmental measures and LEADER (axis 2); and the development of the rural economy (axis 3) (see Box 10).

The IPA regulation provides no direct support for land consolidation but the IPARD measures can contribute indirectly to land consolidation or can be more effective when land consolidation has been implemented already, a situation similar to that of EAFRD. Appendix B provides a graphical overview of the potential use of the measures for land consolidation although without the level of detail shown for EAFRD in Appendix A.

The IPARD axes have some similarity with the axes defined for EAFRD (see Figure 4), and the implementation regulation (No 718/2007) governing IPARD is considered by the EC as mirroring those of rural development for member states. There are, however, significant differences between the axes of the two instruments with respect to land consolidation.

Axis 1 of IPARD provides no opportunity for land consolidation activities; in contrast, axis 1 of EAFRD explicitly includes land consolidation as a measure.

Axis 2 of IPARD includes a measure to improve the environment and countryside, at both the administrative and farm levels. Articles 177 of the implementation regulation states that in order to prepare the beneficiary countries for such actions, assistance shall be granted to pilot projects covered by Article 39 of Regulation No 1698/2005. As Article 39 covers agri-environmental payments, respective land consolidation activities might be eligible provided they are considered as pilot project activities. (Appendix A7 describes a similar measure for EAFRD.)

BOX 10

IPARD has three axes:

Axis 1: Improving market efficiency and implementation of Community standards:

- Investments in agricultural holdings to restructure and upgrade to the EU standards;
- investments in processing and marketing of agriculture and fishery products;
- support the setting up of producer groups.

Axis 2: Preparatory actions for implementation of the agri-environmental measures and Leader:

- preparation for implementation of actions related to environment and the countryside;
- preparation and implementation of local development strategies.

Axis 3: Development of the rural economy:

- improvement and development of rural infrastructure;
- development and diversification of rural economic activities;
- training;
- technical assistance.

Another measure of axis 2 of IPARD provides for the preparation and implementation of local rural development strategies. Article 178 of the implementation regulation states that assistance shall be granted in accordance with Article 61 of Regulation No 1698/2005 to support the implementation of cooperation projects and the running of the local private-public partnerships, also referred to as “local action groups”, acquisition of skills, awareness raising activities and promotional events. As Article 61 addresses the Leader approach, IPARD offers assistance that is related to Leader-like activities, especially to the running of local action groups.

Moreover, funding might be available for activities that focus on cooperation, whether inter-territorial cooperation (within a beneficiary country) or transnational cooperation (between territories in several beneficiary countries and with territories in third countries). See also Article 65 of Regulation No 1698/2005. As a potential example, regional workshops on land consolidation might be partly funded by IPARD if the topic is related to Leader-like measures covered by IPA.

Axis 3 of IPARD contains a measure on improvement and development of rural infrastructure. Article 179 of the implementation regulation provides for assistance with investments aimed at improving and developing rural infrastructure addressing regional disparities and increasing the attractiveness of rural areas for private individuals and entrepreneurial activity as well as providing conditions for the development of the rural economies. Priorities shall be given to investments in water and energy supply, waste management, local access to information and communication technologies, local access to roads of particular importance for local economic development, and other infrastructures. (See Appendix A15 for a similar measure for EAFRD.) Article 179 pays particularly attention to local rural development strategies, and investments supported under this Article must be in line with those strategies. An interface to Leader-like measures becomes apparent.

A further measure of axis 3 of IPARD deals with diversification and development of rural economic activities. Article 180 of the implementation regulation allows for assistance to be provided to investments that raise the economic activity, create employment opportunities and lead to diversification into non-agricultural activities. Priorities shall be given to investments for the creation and development of micro and small enterprises, crafts and rural tourism, with a view to promoting entrepreneurship and developing

the economic fabric. The measure thus shows some similarity with the EAFRD measures of diversification of non-agricultural activities (Appendix A13); encouragement of tourism activities (Appendix A14); and village renewal and development (Appendix A16). Where local rural development strategies have been established, the investments supported must be in line with those strategies.

Training is another measure of axis 3 of IPARD. Article 181 of the implementation regulation states that assistance may be granted to contribute to the improvement of the occupational skills and competence of persons engaged in the agricultural, food, and forestry sectors and other economic actors operating in the fields covered by IPARD. This opens room for support for carrying out training measures linked to land consolidation.

Two other IPA components are targeted towards candidate countries only: the regional development component (component 3) and the human resource development component (component 4).

The regional development component has limited potential for use with land consolidation (see Article 147 of the implementation regulation). The component measures may only support well-defined land consolidation operations under the following priorities: (1) environment measures related to waste management, rehabilitation of contaminated sites and land, areas related to sustainable development that present environmental benefits, namely energy efficiency and renewable energy; and (2) measures involving the provision of local infrastructure and services that contribute to facilitate the establishment, development and expansion of new and existing business and education and training infrastructures, where necessary for regional development and in close coordination with the human resources development component of IPA. Technical assistance, however, may only be granted for preliminary studies and technical support related to eligible activities, including

those necessary for their implementation. This includes financing of respective preparatory, management, monitoring, evaluation, information and control activities.

Even less support will probably become available and should therefore not be expected to come from the human resource development component of IPA since no obvious interfaces to land consolidation activities are included (see Article 151 of the implementation regulation).

A further two components are available to candidate countries: transition assistance and institution building (component 1) and cross-border cooperation (component 2). These components are also available to potential

candidate countries, and they are described in the following section.

POTENTIAL CANDIDATE COUNTRIES: SOME SUPPORT THROUGH IPA

Potential candidate countries of the EU in 2007 were Albania, Bosnia and Herzegovina, Montenegro and Serbia. UNMIK Kosovo is covered as well within the group.

Potential candidate countries, as with candidate countries, are eligible for IPA's component 1 (transition assistance and institution building) and component 2 (cross-border cooperation). Potential candidate countries are not eligible for the other three components (regional development, human

BOX 11

Component 1 of IPA (Transition assistance and institution building) provides for assistance to candidate and potential candidate countries as identified in Article 64 of the implementation regulation No 718/2007. The assistance may be granted for areas that can be easily linked to land consolidation, for example:

- public administration reform;
- reform in the field of justice and home affairs, such as reform of the legal system;
- modernization of the regulatory framework, including support for investment to equip key institutions whose infrastructures or capacity to monitor and enforce legislation need strengthening;
- strengthening of the market economy, notably by helping self-organization of economic actors and directly supporting economic activity;
- environmental policy, based on a high level of sustainable utilization of natural resources and renewable sources;
- improvement of access to financial facilities for public administrations;
- support for participation in community programmes, and preparation for participation in Community agencies.

In addition, assistance might be granted in areas which have a potential link with land consolidation activities:

- social, economic and territorial development including *inter alia* investments in the areas of regional development, human resources development and rural development;
- support to the improvement of business-related infrastructures;
- adaptation, reform or, where appropriate, establishment of educational systems and professional training systems;
- improvement of access to, and interconnections of networks;
- improvement of information and communication systems.

BOX 12

Component 2 of IPA (cross-border cooperation) provides for assistance to candidate and potential candidate countries as identified in Article 86 of the implementation regulation No 718/2007. The assistance may be granted for areas that can be easily linked to land consolidation, for example:

- promotion of sustainable economic and social development in border areas;
- working together to address common challenges in fields such as environment, natural and cultural heritage;
- promotion of joint small-scale actions involving local actors from the border regions.

These objectives may in particular be pursued by land consolidation activities that are designed, among others, towards the following directions:

- encouraging entrepreneurship, in particular, the development of small and medium-sized enterprises, tourism, culture and cross-border trade;
- encouraging and improving the joint protection and management of natural and cultural resources as well as the prevention of risks;
- reducing isolation through improved access to networks and services, and cross-border water, waste and energy systems and facilities;
- developing collaboration, capacity and joint use of infrastructures;
- promoting legal and administrative cooperation;
- encouraging cross-border contact at regional and local level, enhancing exchanges and deepening cooperation between local communities, etc.

resource development, and rural development or IPARD) until they reach the status of a candidate country.

At first glance, this might appear to exclude potential candidate countries from getting financial support for rural development actions and, therefore, for land consolidation activities. However, while the EU will probably not co-finance an entire national land consolidation programme under IPA, it may be able to co-finance some activities to some meaningful extent. Appendix C provides a graphical overview of the potential use of the measures for land consolidation although without the level of detail shown for EAFRD in Appendix A.

Paragraph 20 of the preamble of the IPA regulation explicitly states that “Potential candidate countries [...] should however be eligible, under the Transition Assistance and Institution Building component, for measures

and actions of a similar nature to those which will be available under [...] the Rural Development component”.

Component 1 (transition assistance and institution building) covers institution building actions or measures related to the *acquis communautaire* and the investments related thereto (see Box 11). The support can be given in a targeted way only, but co-financing may be possible with respect to capacity and institutional building and related investments and for regional as well as horizontal programmes.

Assistance might be granted to a number of areas that could be linked to land consolidation. Respective fields of assistance are listed in Article 64 of the implementation regulation. For example, financial and/or technical support might be provided for the planning and establishment of appropriate institutions such as regional or national land agencies.

Training of staff with respect to strengthening the management capacity and competence within a land consolidation agency might be possible. Other activities might include the establishment of information systems on land markets and the formulation of appropriate regulatory frameworks.

Component 2 (cross-border cooperation) aims at strengthening transnational and interregional cooperation among beneficiary countries and between them and EU member states through joint local and regional initiatives (see Box 12).

In accordance with Article 86 of the implementation regulation, the cooperation could pursue rather broad objectives (e.g. related to social and economic development and protection of the environment) that can be linked to land consolidation efforts, among others, by promoting sustainable economic and social development in rural border areas, working

together to address common challenges in the fields of environment and nature, promoting administrative cooperation, etc.

IPA provides less support to potential candidate countries than it does to candidate countries. This support, limited though it is, will be available only if bilateral agreements between the individual potential candidate country and the EU foresee targeted support for land consolidation. If this is not the case, other funding options might need to be used. Land consolidation should thus be included as a priority in the bilateral agreements between the respective country and the EU.

The identification of land consolidation as an important issue should be seen as the best and most valuable chance to open the door for future financing of land consolidation activities in potential candidate countries. If this chance is missed, it will probably be difficult to get substantial support from the EU in the context of land consolidation during RDP 2007–13.

6. Support measures for European Neighbourhood countries

Enlargement brought the EU closer to the countries of Eastern Europe and in 2004 the European Neighbourhood Policy (ENP) was introduced to apply to the EU's immediate neighbours by land or sea: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libyan Arab Jamahiriya, Moldova, Morocco, Syrian Arab Republic, the Palestinian Authority, Tunisia and Ukraine. The Russian Federation is an exception, and the EU's relationship with it is in the form of a Strategic Partnership rather than the ENP.

From 2007, a new instrument of ENPI (European Neighbourhood and Partnership Instrument) replaced TACIS in the case of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. In the case of the other ENP countries, ENPI replaced the MEDA programme. Former TACIS beneficiaries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan are now covered by the Development Co-operation and Economic Co-operation Instrument.

The general provisions establishing ENPI are set out in "Regulation (EC) No 1638/2006 of the European Parliament and of the Council of October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument". The implementation of ENPI is at an early stage, and there is only one additional regulation that pertains to cross-border cooperation (Regulation No 951/2007 of 9 August 2007.)

As a result, limited information is currently available regarding the possibility for co-financing of land consolidation activities. Article 2 of Regulation No 1638/2006 states that EU assistance shall be used to support measures within particular areas of cooperation. One area identified is: "pursuing regional and local development efforts, in both rural and urban areas, in order to reduce imbalances and improve regional and local development capacity" (Article 2(2)(f)). Another area is: "promoting environmental protection, nature conservation and sustainable management of natural resources including fresh water and marine resources" (Article 2(2)(g)).

While the ENPI regulation is more flexible than TACIS, actual support for specific activities will depend on them being retained as a priority in the context of the ENP Action Plans agreed between the EU and the partner countries. It is therefore important that land consolidation activities be part of a reform strategy drawn and adopted on a national level.

As with the use of IPA by candidate and potential candidate countries, land consolidation should be included as a priority in the bilateral agreements between the respective country and the EU if land consolidation activities are to be co-financed. Without doing so, it is unlikely that efforts will be supported by funds provided by the EU.

7. Implementing a Rural Development Programme: recommendations with respect to land consolidation

1. Assign a priority to land consolidation in agreements with the EU on strategies, finances and measures. Policy-makers and stakeholders interested in rural development in general and land consolidation activities in particular should identify the challenges facing them and formulate appropriate policy interventions as part of the programming of strategies, finances and measures. For EU member states, land consolidation should be included in their Rural Development Programme for 2007–13. In order for other countries to obtain co-financing from the EU for land consolidation, it is important that they include land consolidation as a priority in all relevant planning documents, strategic documents and agreements such as the Rural Development Programme (IPARD) for candidate countries; the Bilateral Agreements for potential candidate countries (in particular the transition assistance and institution building component of IPA); and the Action Plans for European Neighbourhood countries. This opportunity should not be missed if countries wish to open the door for co-financing of land consolidation activities by the EU.

Land consolidation should be embedded in a strategy for rural development, which itself should be included in national development strategies, spatial master plans and regional development plans, etc. Building land consolidation into the framework of the rural development programme increases the opportunities for different measures to reinforce each other, e.g. addressing fragmentation, providing infrastructure and facilitating early retirement.

The experiences with the recent EU programming periods show clearly that issues which do not have a strong lobby are rarely included in rural development programmes, and therefore cannot be supported by the EU budget. The inclusion of land consolidation within a programme requires a combination of top-down and bottom-up approaches. On the one hand, stakeholders coming “from the field” need to influence the national policy decision-makers in an appropriate way. On the other hand, national decision-makers need to incorporate respective priorities in mandatory programming documents.

Raising awareness of the importance of land consolidation is necessary. There is usually competition for funds between various parts of a Ministry of Agriculture, and between a Ministry of Agriculture (through axis 1 of EAFRD) and a Ministry of Environment (through axis 2). Often investment measures score higher than structural measures. It is important to develop a consensus on the importance of structural measures such as land consolidation, early retirement, and land banks or land funds in regard to improving the competitiveness of the agricultural sector.

2. Evaluate existing legislation and amend if necessary. Legislation should be specific enough to govern in particular situations and to protect individual rights. At the same time, the legislation should allow for integrated and flexible projects, and for the division of tasks and responsibilities. It should define the procedures for the initiation, implementation and funding of projects. These issues are

described in more detail in separate recommendations below.

Countries that are introducing land consolidation programmes for the first time may need to prepare new legislation. Policy-makers should thus address the questions: How does the proposed rural development programme match the existing legislation? How can land consolidation be implemented in a manner that supports rural development?

Countries without or with very limited experience with land consolidation should introduce pilot projects before preparing new legislation on land consolidation. FAO Land Tenure Studies 6 and FAO Land Tenure Manual 1 provide guidance on the design and operation of land consolidation pilot projects.

Improving the land tenure structure of farms may require legislative reform to address the use of public land reserves for enlarging the sizes of farms, as well as improving leasing arrangements and reducing transaction costs for market sales. Land banks or land funds can address some of these issues and increase the flexibility without having to enter into long lasting legislative reforms.

3. Allow for integrated and flexible projects.

EU rural development programmes include a broad range of activities. Land consolidation should be developed as an instrument that can deal with this broad variety. An integrated, participatory and cross-sector approach can provide opportunities to apply land consolidation differently in different situations. In some cases, land consolidation projects may be limited to improving the agricultural structure by addressing fragmentation while in other cases other functions may be included as well. The range of stakeholders that are invited to participate in projects may also vary.

Implementation and auditing procedures may act against integrated projects and result in projects being sectoral in nature. However, it should be possible to combine different kinds of activities within one single RDP-financed project, e.g. by adding additional

activities such as ecologically-sensitive drainage banks or the rehabilitation of rural roads to a principal activity of addressing fragmentation and enlarging parcels.

4. Allow for a flexible division of tasks and responsibilities.

Models for land consolidation may require modification in response to changes in the institutional and financial environment. Enough flexibility should be built into underlying strategic documents such as land consolidation strategies and rural development plans.

For example, in Denmark the introduction of the RDP 2000–06 gave new emphasis to the environment in projects initiated by landowners. These projects had a principal objective of making agricultural holdings more efficient, but they were eligible for co-funding from the EU of the costs of planning, surveying and registration fees when meeting certain criteria for environmental and nature protection. At the same time, the responsibility for designing and implementing such projects was transferred from the public sector to private companies in line with the view that the RDP should not finance the salaries of civil servants. The public sector is now responsible for the overall implementation of land consolidation within projects such as highway construction and nature restoration. Land consolidation planners from both the public and private sectors can do the land consolidation design in these publicly initiated projects.

5. Develop clear procedures and guidelines to allow for the initiation and implementation of land consolidation projects.

Rules are needed to allow the relevant actors to start the process easily, whether from below through the efforts of individual farmers to improve farm structures or from above when land consolidation is part of a wider infrastructure development or environmental protection project.

Infrastructure and environmental projects involving land consolidation are usually

initiated by the relevant authority. They may be implemented by the public or private sectors. Participation by landowners in such projects is usually compulsory, although consensual negotiations between the landowners and the land consolidation planner can be an effective way to form the basis for the expropriation of land and the payment of compensation in money or alternative land parcels. Land banks or land funds can play an important role in the identification of land parcels that are offered as compensation.

Land consolidation projects that aim primarily to improve farm structures should be voluntary in countries where citizens still have little trust in government. Projects to improve farm structures are usually initiated at the request of a minimum number of landowners who are required to state their interest in writing. (If such projects are to be co-funded by the EU they would also need to describe or justify environmental benefits such as reducing farm traffic with heavy agricultural machinery.)

Participation should not be limited to the landowners who initiate the projects: increasing the number of landowners increases the options for improving the re-allotment of land. The experience of several countries shows that some landowners will not have sufficient trust in a project to join when it is first proposed, but they may change their minds after the project starts if they see that their neighbours are benefiting as promised in the proposal. A sign of a successful project is the participation of more landowners than identified in the project proposal. Flexibility in participation also means that farmers who indicated their interest at the original initiation of the project should not be obligated to participate in the final re-allotment plan: it may be that the project is unable to provide them with something better than they had before the project started.

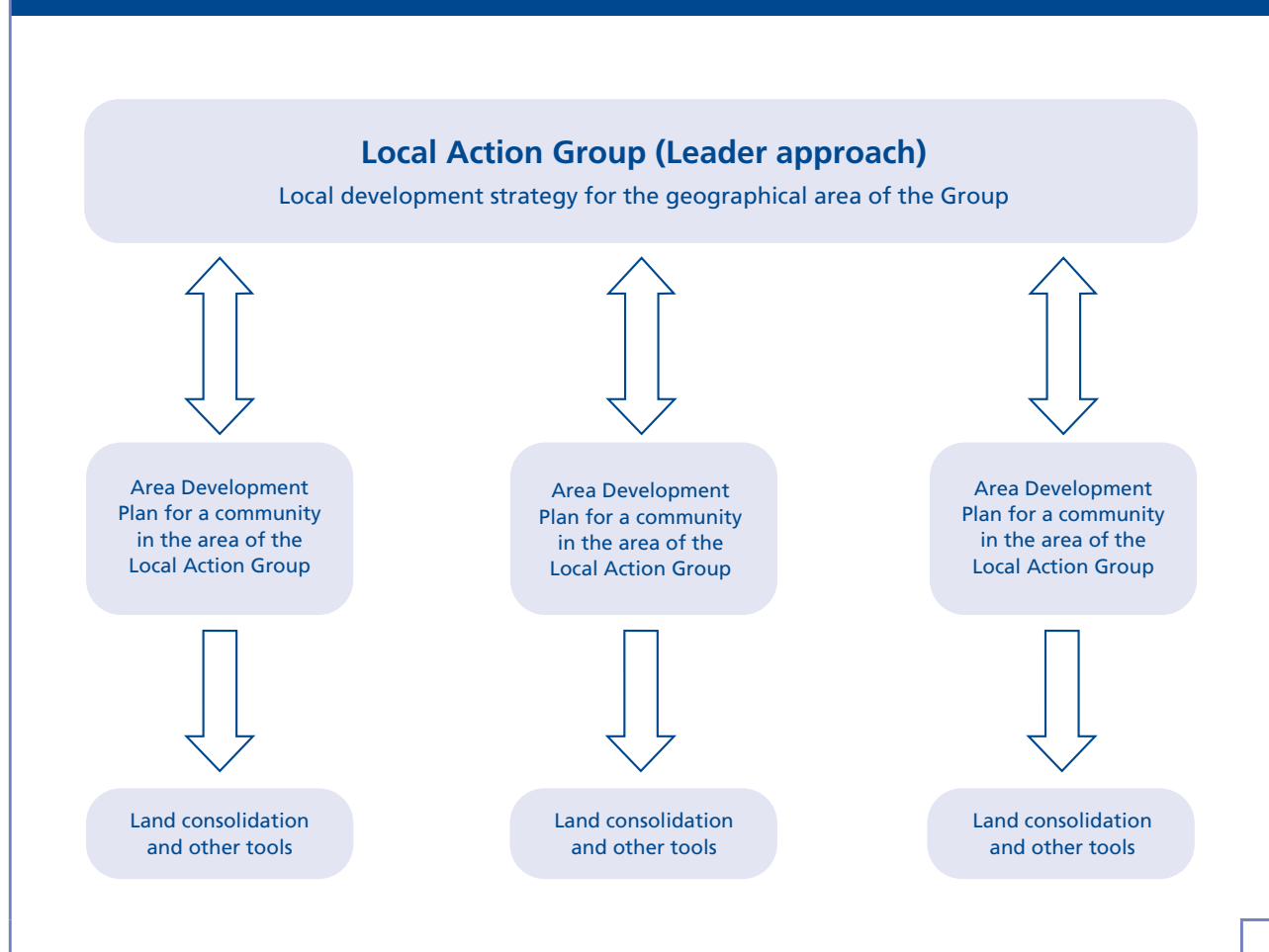
Agencies responsible for land consolidation should design procedures that allow them to make efficient use of their resources. For

example, a policy to use the private sector to do land consolidation can be implemented in several ways. In one approach, landowners wishing to initiate a project may request a private company to prepare an application. If the application is successful, the company performs the planning of the re-allotment of land parcels, and any resulting survey work related to the creation of new boundaries. The role of the state is that of supervision of the work by the private company. A different approach is to require the landowners who initiate the process to lodge their application with the relevant government agency. This agency is then responsible for preparing a tender for private companies to bid on the implementation, and for awarding the contracts. The second approach places a greater workload on government and it requires the responsible agency to have the expertise and resources necessary to prepare the tenders and award the contracts.

6. Develop clear procedures and guidelines for the funding of land consolidation projects. One of the challenges of land consolidation is that funding projects comes from different sources, including the EU. Funds are almost always related to a particular goal, e.g. improving the road structure or water management. Land consolidation can be a vehicle to integrate these goals into one project. The project will need to manage all these flows of money.

It may also be necessary to revise the budgets for projects. As described above, encouraging more owners to participate during a voluntary project will give a better technical solution, but it does complicate the budgeting process as the final number of participating landowners is unknown at the start of the project. It may be tempting to select instead the administratively simpler option of restricting participation to the original group of landowners who initiated the project, but this temptation should be resisted. Instead, the initial budget should be based on the best possible estimate of the number of

FIGURE 5
An example of the interaction between the Leader approach and land consolidation projects



landowners when drafting the proposal. If more landowners later decide to participate in the project, the regulations should allow for the land consolidation planner to apply for the additional amount of money, provided that such funds are still available under the annual state budget and the RDP.

Proposals for projects that are principally aimed at improving farm structures may include the provision of some infrastructure. In some cases it may be necessary to improve the infrastructure in order to deal with the effects of land consolidation (e.g. reducing fragmentation by creating fewer yet bigger parcels nearer to the farmhouse may bring more land into production, and improved rural roads may then be required to assist

farmers to take the increased production to the markets). In other cases, improvements to infrastructure may be necessary to encourage farmers to participate (e.g. if a community has an irrigation system that works and one that does not, farmers with land near the working irrigation system will not be interested in acquiring land near the irrigation system that does not work).

Important though these infrastructure works may be for a community, they should be included in a project only if finances for them have been secured at the time of the project proposal. Otherwise the list of potential improvements identified in a project may be an ambitious “wish-list” that is never fulfilled.

In practice, the Government institution responsible for land consolidation (e.g. Ministry of Agriculture or the State Cadastre Agency) and the National Paying Agency (accredited by the EC to handle CAP payments) will have to develop a flexible cooperation on issues such as project application, project approval and project budget. This applies not only for the funding of the land consolidation projects but also for other rural development elements implemented in relation to the land consolidation projects (e.g. improvement of local infrastructure and elements of nature and environmental protection).

7. Make use of the Leader approach. Land consolidation is well suited to supporting integrated, participatory and cross-sectoral initiatives in rural development. It is compatible with the Leader approach funded under EAFRD and the Leader-like activities possible under IPARD.

Local Action Groups are required to prepare development strategies for their geographical areas that comply with national and regional rural development plans. The development strategies can serve as an “umbrella” for all rural development initiatives in the local

area. The project area of a land consolidation project will normally be much smaller than the geographical area covered by a Local Action Group. Elaboration of a community area development plan or territorial plan in connection to the land consolidation project can be an efficient way to build a bridge between the Local Development Strategy prepared by the Local Action Group and the community measures for local rural development identified through a true participatory and bottom-up procedure in the land consolidation project area (see Figure 5). A subsequent land consolidation project can implement some of the short-term measures of the community area development plan or territorial plan.

8. Develop an effective approach to assess impact. To avoid criticism about land consolidation being detrimental to the environment or ineffective in improving rural conditions, develop assessment methodologies that are simple and transparent (ex-ante evaluation) and include effective monitoring and evaluation procedures into the land consolidation programmes (ex-post evaluation).

Appendix A

EU rural development measures relevant to land consolidation for use by member states

The following templates give information on those measures of “Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)” that are relevant for implementing land consolidation activities.

The measures are divided into two categories depending on their impact; on the supply side (i.e. measures that support land consolidation) or on the demand side (i.e. measures that benefit from land consolidation). Figure 6 illustrates the concept, showing the headings of the measures which are described in more detail below.

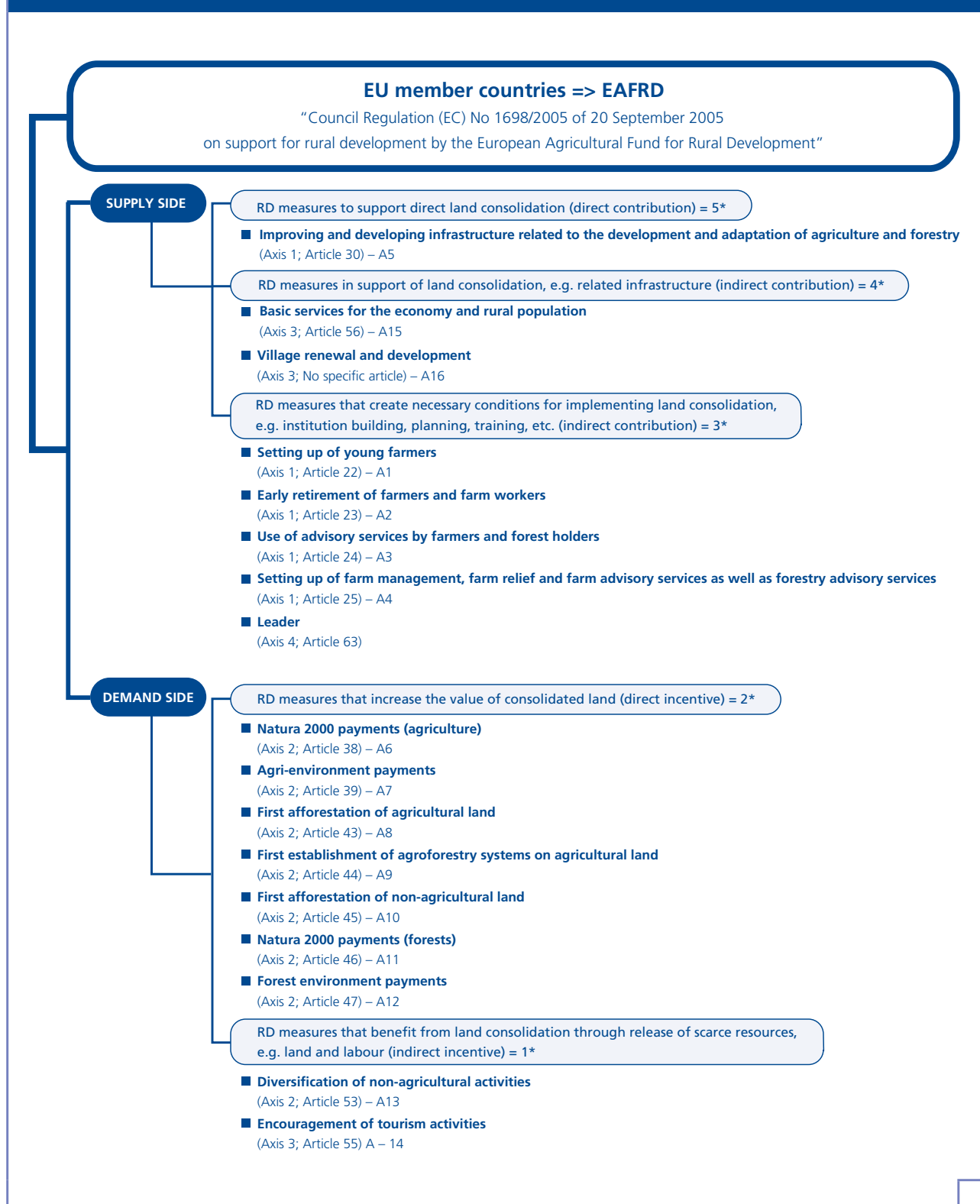
On the supply side are three groups of measures: (i) the only measure giving direct support to land consolidation (marked as 5*); (ii) measures that can directly support land consolidation by funding necessary changes

in infrastructure that are not covered under the direct support measure above (marked as 4*); and (iii) measures that create favourable preconditions (e.g. farmers willing to increase the size of their farms and farmers willing to give up land) and that provide support for successful implementation of land consolidation (marked as 3*).

On the demand side are measures that work as incentives to implement land consolidation, as they either: (iv) increase the potential value or economic return of the consolidated parcels (marked as 2*); or (v) benefit from the release of scarce resources, such as land or labour through successful land consolidation activities (marked as 1*).

The Leader approach is not covered as it is a method rather than a list of measures; it can be applied to any of the measures of the three first axes of EAFRD.

FIGURE 6
Measures relevant to land consolidation for use by EU member states



Appendix A1

Setting up of young farmers 3*

Axis 1

Legal base: Article 22 - EC 1698/2005

Rationale and objectives:

Overall objective: to improve competitiveness of the agricultural and forestry sector.

It aims at achieving the transfer of land to young and trained farmers who are better able to meet the new challenges that agriculture and the rural economy are facing, at setting off the costs faced by young farmers when establishing themselves in farming and at providing assistance for investments required by such holdings. It is complementary to the measure "Early retirement of farmers and farm workers" (Article 23, Appendix A2).

Scope and actions to be funded:

The measure will encompass a single payment to eligible applicants in order to fulfil the objectives set out above. The payable amount of the single premium will be up to €55 000.

Land consolidation activities may benefit directly from the measure as young farmers are more likely to wish to consolidate their lands.

Further remarks:

A business plan will be required from each applicant. The plan shall be submitted within six months of the date of set up, otherwise entitlement to financial support will be lost. It shall contain at least a description of the present situation of the agricultural holding including the agricultural output and specific milestones and targets for the development of the activities of the new holding. Furthermore, it shall contain details of investments, training, advice or any other action required for the development of the activities of the agricultural holding.

Eligibility criteria:

Applicants must be young farmers between 18 and 35 years who are setting-up in farming for the first time. Applicants are subject to compliance with a specific off-farm income ceiling. Minimum land areas and/or herd numbers may apply. Participants will be required to continue farming for at least five years.

Expected impacts:

The competitiveness of the agricultural sector will increase in general. An increase of the gross value added and the net value added, expressed per annual work unit, will occur in particular.

Appendix A2

Early retirement of farmers and farm workers 3*

Axis 1

Legal base: Article 23 - EC 1698/2005

Rationale and objectives:

Overall objective: to improve competitiveness of the agricultural and forestry sector.

It aims at complementing the measure “Setting up of young farmers” (Article 22, Appendix A1) by encouraging the transfer of land from older farmers to young farmers and at reassigning land from retiring farmers to established farmers, who wish to enlarge their holdings.

Scope and actions to be funded:

The action targeted is the transfer of agricultural holdings from older to young farmers and the reassignment of land from retiring to established farmers. The maximum amount per farmer is €18 000 annually and €180 000 in total. The maximum amount per farm worker is €4 000 per annum and €40 000 in total.

Land consolidation activities may benefit directly from the measure, as additional land is set free for other farmers wishing to increase their land.

Further remarks:

Support shall be granted as a supplement taking into account the amount of any national retirement pension to which a transferor is entitled. All applicants must have applied for any national retirement pension paid by the State to which they may be entitled and must provide notification of the outcome of their application. The total duration of the aid cannot exceed ten years. For farm workers it ends with the normal retirement age of the farm worker, for farmers it shall not go beyond the 66th birthday.

Eligibility criteria:

A transferor must be at the age of 56 to 66, have practised farming for at least ten years, and agree to cease all commercial farming. A farm worker must be aged between 56 and 66, have devoted at least half of his working time to farm work during the preceding five years, and belong to a social security system.

Expected impacts:

The competitiveness of the agricultural sector will increase in general. An increase of the gross value added and the net value added, expressed per annual work unit, will occur in particular. Moreover, it is expected that a significant structural change of the transferred holdings will occur.

Appendix A3

Use of advisory services by farmers and forest holders 3*

Axis 1

Legal base: Article 24 - EC 1698/2005

Rationale and objectives:

Overall objective: to improve competitiveness of the agricultural and forestry sector.

It aims at allowing farmers and forest holders to improve the sustainable management of their holdings. It should help farmers to assess the performance of their agricultural holdings and identify necessary improvements. It aims at assisting farmers and forest owners to increase their knowledge of management techniques and application of best practises as well as to improve competitiveness. It is complementary to the measure of "Setting up of farm management, farm relief and farm advisory services as well as forestry advisory services" (Article 25, Appendix A4).

Scope and actions to be funded:

Funding will be provided for advisory services for farmers and forest holders. Types of services covered may include support in formulating management plans, provision of accessible and understandable information, advice on required safety standards, training courses, workshops, training and information seminars, field trips, etc.

Land consolidation activities may benefit directly from the measure, as relevant training and information could facilitate the process.

Further remarks:

Support may cover 80 percent of the eligible cost per advisory service provided. However, the maximum eligible amount per service is limited to €1 500. One hundred percent of the eligible cost may be covered in case of advice provided to reduce debts.

Eligibility criteria:

All farmers and forest holders are eligible. Applicants have to prove that the advisory service used is a proper measure to improve the management and performance of an agricultural/forestry holding.

Expected impacts:

The competitiveness of the agricultural sector will increase in general. A better return on investments will be achieved, gross investments will increase, mandatory quality parameters will always be met, and voluntary quality parameters will be met more frequently.

Appendix A4

Setting up of farm management, farm relief and farm advisory services as well as forestry advisory services 3*

Axis 1

Legal base: Article 25 - EC 1698/2005

Rationale and objectives:

Overall objective: to improve competitiveness of the agricultural and forestry sector.

It aims at setting up farm management, farm relief and farm advisory services as well as forestry advisory services. It is complementary to the measure of "Use of advisory services by farmers and forest holders" (Article 24, Appendix A3).

Scope and actions to be funded:

According to "Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers", EU Member States have to establish an advisory system. Support provided shall be granted in order to cover costs arising from the setting up of respective farm management, farm relief and farm advisory services as well as forestry advisory services.

Land consolidation activities may benefit directly from the measure as relevant training and information could facilitate the process.

Further remarks:

Support shall be decreasing over a maximum period of five years from setting up the service.

Eligibility criteria:

Those services that meet the requirements laid down in the above mentioned council regulation are eligible.

Expected impacts:

An advisory system meeting the requirements of the above mentioned regulation will be established. Therefore, the competitiveness of the agricultural sector will increase in general. Additional expected impacts are similar to those mentioned in Appendix A3.

Appendix A5

Improving and developing infrastructure related to the development and adaptation of agriculture and forestry 5*

Axis 1

Legal base: Article 30 - EC 1698/2005

Rationale and objectives:

Overall objective: to improve competitiveness of the agricultural and forestry sector.

It aims at investing in infrastructure as required to improve access to farms and forests for the purposes of developing, managing and harvesting. Infrastructural support is also necessary for recreation and amenity purposes, wherever there is scope for such a development. **It aims at overcoming fragmentation by re-parcelling or transferring parcels of land.**

Scope and actions to be funded:

With respect to infrastructure operations related to access to farm and forest land, land consolidation and improvement, energy supply and water management will be funded. Budget will be allocated to respective projects for covering associated costs of re-parcelling, i.e. costs occurring while preparing and managing the transfer of land. Support will also be provided when landowners agree on a voluntary but contractual base to lease land for improving the layout of parcels.

This is the only measure supporting directly land consolidation.

Further remarks:

Grants at different levels depending on the type of action will be provided. No financial resources will be provided for buying land. No funding will be provided for industrial and commercial areas, statutory projects, areas with over 10 000 inhabitants, overhead costs and public consultancy services.

Eligibility criteria:

Beneficiaries are farmers, foresters and other rural dwellers. Communities as well as other public and private bodies might apply for support. Some countries such as the Czech Republic and Slovakia negotiated for applicants in the framework of land consolidation to be land consolidation offices as organizational bodies of the state.

Expected impacts:

The competitiveness of the agricultural sector will increase in general. It is particularly expected to improve infrastructure, flood and soil protection and development in rural areas, enforce the economic, ecological, social and cultural framework, improve production and working conditions, etc.

Appendix A6

Natura 2000 payments (agriculture) 2*

Axis 2

Legal base: Article 38

Rationale and objectives:

Overall objective: to improve the environment and the countryside.

It aims at contributing to the implementation of the agricultural Natura 2000 network and the so-called Gothenburg commitment to reverse biodiversity decline. It shall contribute to a positive management of farmed Natura 2000 sites while implementing the Birds Directive and the Habitats Directive of the EU. See also Article 46 "Natura 2000 payments (forests)" (Appendix A11).

Scope and actions to be funded:

Support for farmers is necessary to help address specific disadvantages in the areas concerned with "Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds" and "Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora" for contributing to the effective management of Natura 2000 sites. Support will be available by means of annual management payments compensating foregone income and costs occurring due to the disadvantages mentioned above.

Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.

Further remarks:

The initial maximum Natura 2000 payment for a period not exceeding five years is €500 per hectare of utilized agricultural area. The normal maximum Natura 2000 payment, however, should be €200 per hectare.

All payments are meant for activities exceeding those required for the so-called cross-compliance. All beneficiaries must maintain their land in compliance with good agricultural and environmental conditions and adhere to environmental legislation in force.

Eligibility criteria:

Those eligible are farmers with utilized agricultural land within or adjacent to a Natura 2000 site designated to implement the two Council Directives mentioned above. Participants in this measure must comply with defined farming conditions for their specific areas (see further remarks).

Expected impacts:

The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas as well as improving water quality and soil quality are particularly expected.

Appendix A7

Agri-environment payments 2*

Axis 2

Legal base: Article 39

Rationale and objectives:

Overall objective: to improve the environment and the countryside.

It aims at supporting the sustainable development of rural areas by encouraging farmers and other land managers to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. Moreover, it is designed to protect against land abandonment, sustain the “social fabric” in rural communities and promote conversion to organic production standards.

Scope and actions to be funded:

The measure builds on actions already carried out under the 2000-2006 programming period and will continue in the new programming period in order to oblige farmers to apply environmentally friendly methods. According to these actions farmers are obliged to implement their farming activities under defined relatively disadvantageous farming conditions. Support will be available by means of annual management payments compensating foregone income and costs occurring due to the disadvantages mentioned above.

Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.

Further remarks:

Payments may vary among production structures. For annual crops €600 per hectare may be paid, for specialized perennial crops it could be €900 per hectare, for other land uses a maximum of €450 per hectare can be provided. In very special cases (i.e. local breeds in danger of being lost to farming) €200 per head of livestock may be paid.

Usually, very specific and detailed conditions are defined on a national basis with respect to general programme mandatory requirements.

Eligibility criteria:

Those eligible are land managers within and outside environmentally sensitive areas depending on national definitions as well as farmers who wish to change from conventional to organic farming. Participants must have applied for registration with a recognised organic sector licensing body.

Expected impacts:

The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas as well as improving water quality and soil quality are particularly expected.

Appendix A8

First afforestation of agricultural land 2*

Axis 2

Legal base: Article 43

Rationale and objectives:

Overall objective: to improve the environment and the countryside.

It aims at increasing the area under forest to contribute to climate change mitigation, providing a sustainable source of timber for energy purposes and other uses, providing an additional sustainable basis for the development of the rural economy, increasing the area of purpose-designed recreational and amenity forests, improving water quality, and increasing overall biodiversity by providing woodland habitat. Its objectives are similar to those defined for the measures "First establishment of agroforestry systems on agricultural land" (Article 44, Appendix A9) and "First afforestation of non-agricultural land" (Article 45, Appendix A10).

Scope and actions to be funded:

Up-front costs of investing in forestry are significant in view of the long lead-in time before revenue streams are established. In addition, forests provide a range of public goods that are not accounted for by the market. Without grants, planting would be too little to achieve the objectives. Therefore, it is foreseen to provide an establishment grant and annual premiums. The measure supports operations such as ground plantation, scrub clearance, costs of plants, planting, fertiliser, cleaning and spraying, mapping, fencing, establishing fire lines, etc.

Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.

Further remarks:

The maximum annual premium to cover loss of income from afforestation for farmers or associations thereof is €700 per hectare. For any other natural person or private-law body it can be as high as €150 per hectare. In the following areas establishment costs may reach 80 percent of eligible costs: mountain areas, areas with handicaps other than mountain areas, and Natura 2000 areas. It may be 70 percent of eligible costs in other areas except in so-called outermost regions, where the intensity can be as high as 85 percent of eligible costs. In all cases, environmental protection efforts have to be considered as an essential component of first afforestation.

Eligibility criteria:

Those eligible are both farmers and non-farmers. Agricultural land suitable for the measure is defined as arable land and fallow land, permanent pasture and meadow, permanent crop land. It is necessary that the land has been in agricultural use for the previous years, i.e. usually five years.

Expected impacts:

The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas, improving water quality and contributing to combating climatic change are particularly expected.

Appendix A9

First establishment of agroforestry systems on agricultural land 2*

Axis 2

Legal base: Article 44

Rationale and objectives:

Overall objective: to improve the environment and the countryside.

It aims at supporting the production of good quality timber products while providing environmental benefits in a mixed farm context. Its objectives are similar to those defined for the measures "First afforestation of agricultural land" (Article 43, Appendix A8) and "First afforestation of non-agricultural land" (Article 45, Appendix A10).

Scope and actions to be funded:

There is considerable potential on farms to plant trees in a way that contributes actively to a better environment and that complements existing farming practice. Therefore, it is foreseen to provide an establishment grant. The measure promotes and encourages such planting and supports operations such as ground plantation, scrub clearance, costs of plants, planting, fertiliser, cleaning and spraying, mapping, fencing, establishing fire lines, etc.

Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.

Further remarks:

Support shall cover the establishment costs only. In the following areas establishment costs may reach 80 percent of eligible costs: mountain areas, areas with handicaps other than mountain areas, and Natura 2000 areas. It may be 70 percent of eligible costs in other areas except in so-called outermost regions, where the intensity can be as high as 85 percent of eligible costs. In all cases, environmental protection efforts have to be considered as an essential component of first afforestation. Support shall be granted to farmers for creating agroforestry systems combining extensive agriculture and forestry systems.

Eligibility criteria:

Farmers are eligible. Agroforestry systems refer to land use systems in which trees are grown in combination with agriculture on the same land. Landowners growing Christmas trees or other fast growing species of trees for short-term cultivation are usually not eligible for support.

Expected impacts:

The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas, improving water quality and contributing to combating climatic change are particularly expected. The economic impact is positive as well.

Appendix A10

First afforestation of non-agricultural land 2*

Axis 2

Legal base: Article 45

Rationale and objectives:

Overall objective: to improve the environment and the countryside.

It aims at the same issues as “First afforestation of agricultural land” (Article 43, Appendix A8). In particular it aims at increasing the area under forest to contribute to climate change mitigation, providing a sustainable source of timber for energy purposes and other uses, providing an additional sustainable basis for the development of the rural economy, increasing the area of purpose-designed recreational and amenity forests, improving water quality, and increasing overall biodiversity by providing woodland habitat.

Scope and actions to be funded:

Up-front costs of investing in forestry are significant in view of the long lead-in time before revenue streams are established. In addition, forests provide a range of public goods that are not accounted for by the market. Without grants, planting would be by far too little to achieve the objectives. Therefore it is foreseen to provide an establishment grant and annual premiums. The measure supports operations such as ground plantation, scrub clearance, costs of plants, planting, fertiliser, cleaning and spraying, mapping, fencing, establishing fire lines, etc. Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.

Further remarks:

Support shall cover the establishment costs only. In the following areas establishment costs may reach 80 percent of eligible costs: mountain areas, areas with handicaps other than mountain areas, and Natura 2000 areas. It may be 70 percent of eligible costs in other areas except in so-called outermost regions, where the intensity can be as high as 85 percent of eligible costs. In the case of abandoned farmland, support shall also cover the annual premium as described with the measure “First afforestation of agricultural land”. In all cases, environmental protection efforts have to be considered as an essential component of first afforestation.

Eligibility criteria:

Those eligible are rural dwellers (natural persons, private bodies) with respective land. Potential non-agricultural land for afforestation will have to be identified within a so-called indicative forest strategy and must be capable of supporting forestry.

Expected impacts:

The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas, improving water quality and contributing to combating climatic change are particularly expected.

Appendix A11

| Natura 2000 payments (forests) 2* | |
|--|------------------------|
| Axis 2 | Legal base: Article 46 |
| Rationale and objectives: <p>Overall objective: to improve the environment and the countryside.</p> <p>It aims at contributing to the implementation of the agricultural Natura 2000 network and the so-called Gothenburg commitment to reverse the biodiversity decline. It shall contribute to a positive management of Natura 2000 sites covered by forests while implementing the Birds Directive and the Habitats Directive of the EU. See also Article 38 “Natura 2000 payments (agriculture)” (Appendix A6).</p> | |
| Scope and actions to be funded: <p>Support for forest holders is necessary to help address specific disadvantages in the areas concerned with “Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds” and “Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora” for contributing to the effective management of respective Natura 2000 sites. Support will be available by means of annual management payments compensating income foregone and costs occurring due to the disadvantages mentioned above.</p> <p>Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.</p> | |
| Further remarks: <p>There are upper and lower ceilings with respect to the annual premium. The minimum annual premium to cover the loss of income from disadvantages for forest holders is €40 per hectare. The maximum annual premium may be as high as €200 per hectare.</p> | |
| Eligibility criteria: <p>Those eligible are private forest owners or associations thereof. Lessees of forests may apply if they can provide a certificate from the owner in which the owner allows the application.</p> | |
| Expected impacts: <p>The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas, and improving water quality and soil quality are particularly expected.</p> | |

Appendix A12

Forest environment payments 2*

Axis 2

Legal base: Article 47

Rationale and objectives:

Overall objective: to improve the environment and the countryside.

It aims at securing significant environmental benefits through the enhancement of biodiversity, improving the public amenity of woodlands while preserving high value forest ecosystems, reinforcing the protective value of forests in respect of soil, water and natural hazards, assisting in achieving the expansion, maintenance, enhancement or restoration targets set out in Woodland Habitat Action Plans, giving benefits to the habitats of woodland species.

Scope and actions to be funded:

Support will be available for participants who make a voluntary commitment to implement agreed forest environment actions to improve the ecosystems and prevent damage. The commitments will be for five years and standards will exceed the relevant mandatory requirements. Financial assistance will compensate additional costs and income foregone resulting from the commitment. Support will also be available for environment projects such as fencing, improving public amenity value infrastructure and support to assist forest owners to restore their woodland.

Land consolidation activities may benefit indirectly from the measure, as the measure constitutes an incentive to consolidate land by increasing its potential value and economic return.

Further remarks:

Forest environment payments will be mainly spent for semi-mature and mature woodland areas, although premature woodlands may, in some cases, be eligible for payments as well. The payments shall cover additional costs and income foregone resulting from the commitment made. Support shall be fixed between the minimum and maximum amounts, which are as follows: The minimum annual premium to cover loss of income from disadvantages for forest holders is €40 per hectare. The maximum annual premium may be as high as €200 per hectare.

Eligibility criteria:

Owners of private woodland are eligible. Payments shall cover only those commitments going beyond the relevant mandatory requirements. As a general rule, these commitments shall be undertaken for a period of five to seven years. Where necessary and justified, a longer period shall be determined.

Expected impacts:

The environment and the countryside will improve in general. Reversing the biodiversity decline, maintaining high nature value farming and forestry areas, and improving water quality and soil quality are particularly expected.

Appendix A13

Diversification of non-agricultural activities 1*

Axis 2

Legal base: Article 53

Rationale and objectives:

Overall objective: to improve the quality of life in rural areas and diversification of the rural economy.

The specific measure targets the further development of the non-agricultural sectors of the rural economy. It aims at assisting farm households to diversify into non-agricultural activities and, as a consequence, maintain or increase the income of the farm households and create additional employment opportunities.

Scope and actions to be funded:

There are numerous non-agricultural activities and the scope of the measure is wide. Activities that might be supported could include light engineering, innovative services, traditional skills, equestrian services, crafts, recycling facilities, tourism facilities, educational services, development of farm shops or open farms, etc. Support will be provided through different channels, e.g. grants for capital and resource investment, marketing support, bespoke training, technical support.

Land consolidation activities may benefit indirectly from the measure, as the measure supports innovation (e.g. "Setting up of young farmers", Article 22, Appendix A1) and increases the need for land consolidation in order to release scarce resources such as labour and land (as labour will be demanded for non-agricultural activities, or land consolidation releases necessary land for non-agricultural activities).

Further remarks:

Specific support mechanisms and levels of support are not defined. They have to be defined in individual rural development programmes reflecting the special situation and requirements in an EU Member State.

Eligibility criteria:

Those eligible are members of a farm household. Natural persons and associations of members of a farm household are eligible as well depending on definitions in the individual rural development programmes of an EU Member State.

Expected impacts:

The quality of life and diversification in rural areas will improve in general. Additional economic growth and employment creation in rural areas are expected in particular.

Appendix A14

Encouragement of tourism activities 1*

Axis 3

Legal base: Article 55

Rationale and objectives:

Overall objective: to improve the quality of life in rural areas and diversification of the rural economy.

It aims at using the natural resources in rural areas to attract visitors, increasing income and creating new employment opportunities through the sustainable development of the rural economy. Furthermore, it aims at maximising the sustainable regionally balanced tourism potential of rural areas through providing the necessary infrastructure and developing the countryside as a recreational source.

Scope and actions to be funded:

In most rural areas tourism can be seen as an integral component of the wider rural economy. Hence, it should be further developed in an integrated manner. There is potential for rural tourism to make a greater contribution to the rural economy at a time when traditional industries such as agriculture are declining. There is an opportunity to attract tourists through developing small-scale infrastructural, environmental and cultural attractions, activities and strategic marketing.

Land consolidation activities may benefit indirectly from the measure as it supports innovation (e.g. "Setting up of young farmers", Article 22, Appendix A1) and increases the need for land consolidation in order to release scarce resources such as labour and land (as labour will be demanded for non-agricultural activities, or land consolidation releases necessary land for non-agricultural activities).

Further remarks:

Activities to be supported might be the improving and developing of small-scale infrastructure to develop a quality tourism product, assisting tourism providers to develop clusters and business initiatives to meet visitors' needs and market their products and services, developing "green tourism" initiatives, developing a balanced accommodation base, developing a range of visitor facilities, events and outdoor activities, providing sign-posting to tourist sites. Support may be provided through grants for capital and resource investment, marketing support, bespoke training, technical support, etc.

Eligibility criteria:

Those eligible under this measure are all rural dwellers, especially existing rural tourism enterprises, persons wishing to set up a new and sustainable rural tourism enterprise in rural areas and rural tourism businesses wishing to deliver small-scale projects in the realm of tourism.

Expected impacts:

The quality of life and diversification in rural areas will improve in general. Additional economic growth and employment creation in rural areas are expected in particular.

Appendix A15

Basic services for the economy and rural population 4*

Axis 3

Legal base: Article 56

Rationale and objectives:

Overall objective: to improve the quality of life in rural areas and diversification of the rural economy.

It aims at setting up basic services concerning a village or a group of villages, i.e. services usually related to small-scale infrastructure, in order to influence the extent to which people are willing to stay, return or re-locate to rural communities to live and work there. Successfully implemented, it enhances the economic and social attractiveness of villages and the surrounding countryside.

Scope and actions to be funded:

Quality of life initiatives specifically targeted towards rural communities can be addressed under this measure. Hence, the range of activities to be principally supported is broad. It covers the creation of public drinking water systems, waste and effluent water treatment, investments in kindergartens as well as schools, the entire field of village renewal and development and many others. In addition, the providing of amenities, leisure and cultural facilities can be addressed.

Land consolidation activities may benefit directly from the measure, as this measure can fund the necessary changes in infrastructure that are not covered under Article 30 "Improving and developing infrastructure related to the development and adaptation of agriculture and forestry"

Further remarks:

Support will be provided towards the costs of identifying needs and providing basic services for rural dwellers. It is not possible to give a definitive list of activities to be supported. Support may be provided through grants for capital and resource investment, marketing support, bespoke training, technical support etc. All actions should be carried out in consultation and agreement with the appropriate local authorities. Any equipment, activities and/or infrastructure provided must be available and accessible to all age and social groups in the community concerned.

Eligibility criteria:

The target group consists of all rural community groups and, additionally, all rural dwellers. Costs usually need to be higher than a certain regionally specified minimum to be eligible for co-financing. Projects are selected on the basis of an annual update of a priority list.

Expected impacts:

The quality of life and diversification in rural areas will improve in general. Additional economic growth and employment creation in rural areas are expected in particular. The perspectives for rural areas will improve through a better infrastructure. Out-migration will be reduced and investments will increase.

Appendix A16

Village renewal and development 4*

Axis 3

Legal base: No specific article.

Rationale and objectives:

Rationale and objectives:

Overall objective: to improve the quality of life in rural areas and diversification of the rural economy.

It aims at providing appropriate small-scale infrastructure to enhance the economic and social attractiveness of villages, small towns and the surrounding countryside and supporting integrated village initiatives that promote cross-community development and regeneration.

Scope and actions to be funded:

Quality of life initiatives specifically targeted towards rural communities can be addressed under this measure as well. The range of activities to be supported is rather broad. It covers, among others, the supporting of small-scale infrastructure projects to develop or enhance village approaches, main and other community streets, community buildings, amenity spaces, workspaces and village landscapes. It can also support the increasing of skills and knowledge of local people and the strengthening of relations and connections inside and outside the village.

Land consolidation activities may benefit directly from the measure as it can fund the necessary changes in infrastructure that are not covered under "Improving and developing infrastructure related to the development and adaptation of agriculture and forestry" (Article 30, Appendix A5). In addition, the measure can also be used to prepare the ground for land consolidation under a LEADER approach. Hence, this measure is complementary to Article 30 and "Basic services for the economy and rural population" (Article 56, Appendix A15).

Further remarks:

Opportunities may exist to develop community-based or rural village initiatives to invest in rural and further economic development. Renewal and respective development activities may be supported by providing grants for capital and resource investment, marketing support, bespoke training, technical support etc.

Eligibility criteria:

Those eligible are all rural dwellers within the target area. A target area usually consists of a village or a group of villages and small towns as well as "the countryside".

Expected impacts:

The quality of life and diversification in rural areas will improve in general. Some economic growth and employment creation in rural areas are expected. The perspectives for rural areas will improve through a better infrastructure and attractiveness. Out-migration will be reduced and investments will increase.

Appendix B

EU support measures relevant to land consolidation for use by candidate countries

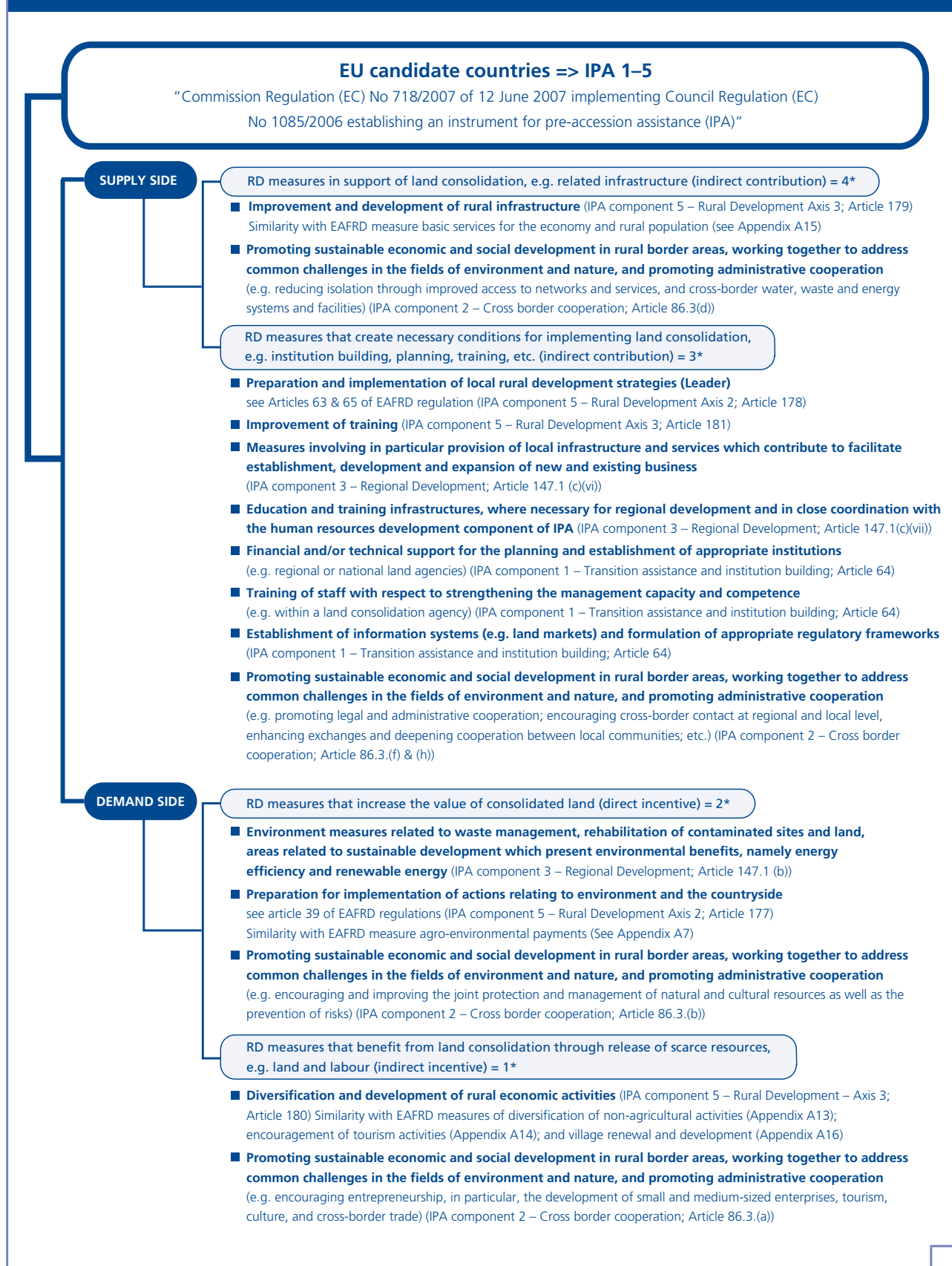
The measures of “Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)” that are relevant for candidate countries in support of implementing land consolidation activities are illustrated in Figure 7. The measures are divided into two categories depending on their impact; on the supply side (i.e. measures that support land consolidation) or on the demand side (i.e. measures that benefit from land consolidation).

On the supply side are two groups of measures: (i) measures that can support land

consolidation by funding necessary changes in infrastructure (marked as 4*); and (ii) measures that create favourable conditions, e.g. institution building, planning and training (marked as 3*).

On the demand side are a further two groups of measures: (iii) measures that increase the potential value or economic return of the consolidated parcels (marked as 2*); or (iv) measures that benefit from the release of scarce resources, such as land or labour through successful land consolidation activities (marked as 1*).

FIGURE 7
Measures relevant to land consolidation for use by candidate countries



Appendix C

EU support measures relevant to land consolidation for use by potential candidate countries

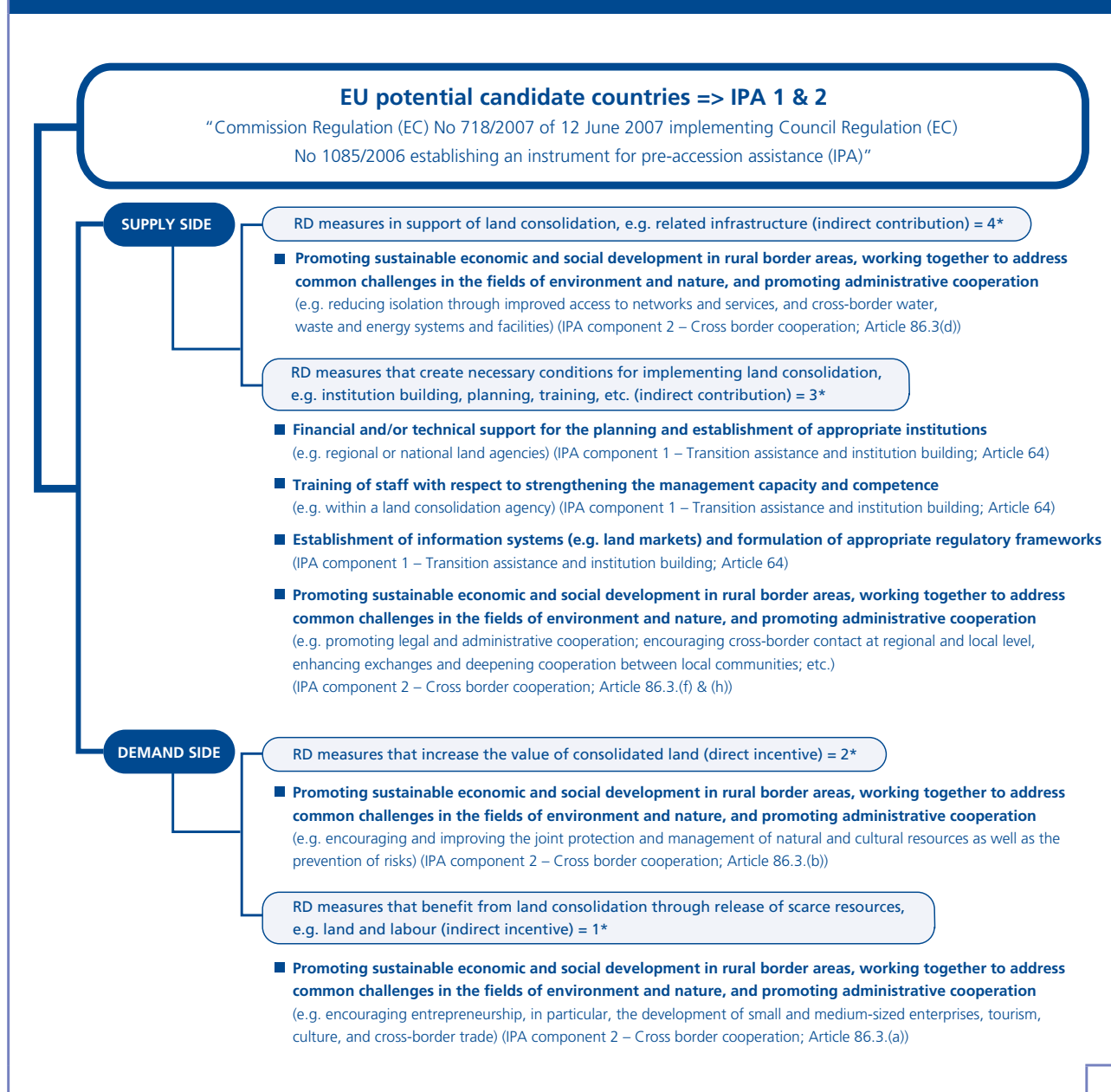
The measures of “Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)” that are relevant for potential candidate countries in support of implementing land consolidation activities are illustrated in Figure 8. The measures are divided into two categories depending on their impact; on the supply side (i.e. measures that support land consolidation) or on the demand side (i.e. measures that benefit from land consolidation).

On the supply side are two groups of measures: (i) measures that can support

land consolidation by funding necessary changes in infrastructure (marked as 4*); and (ii) measures that create favourable conditions, e.g. institution building, planning and training (marked as 3*).

On the demand side are a further two groups of measures: (iii) measures that increase the potential value or economic return of the consolidated parcels (marked as 2*); or (iv) measures that benefit from the release of scarce resources, such as land or labour through successful land consolidation activities (marked as 1*).

FIGURE 8
Measures relevant to land consolidation for use by potential candidate countries



Appendix D

References

LEGISLATION

(in chronological order starting with the most recent legislative document)

Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument.

Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Regulation (EC) No 1638/2006 of the European Parliament and of the Council of October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument.

Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

Council Decision of 20 February 2006 on Community strategic guidelines for rural development (programming period 2007–13).

Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Commission Regulation (EC) No 817/2004 of 29 April 2004 laying down detailed rules for

the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).

Council Regulation (EC) No 1783/2003 of 29 September 2003 amending Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).

Commission Regulation (EC) No 963/2003 of 4 June 2003 amending Regulation (EC) No 445/2002 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).

Commission Regulation (EC) No 568/2003 of 28 March 2003 correcting the Dutch and English versions of Regulation (EC) No 2603/1999 laying down rules for the transition to the rural development support provided for by Council Regulation (EC) No 1257/1999.

Commission Regulation (EC) No 567/2003 of 28 March 2003 correcting the Danish, English, Finnish, German, Greek, Italian, Portuguese and Spanish versions of Regulation (EC) No 445/2002 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).


Commission Regulation (EC) No 445/2002 of 26 February 2002 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).

Commission Regulation (EC) No 2252/2001 of 20 November 2001 amending Regulation (EC)

- No 2222/2000 laying down financial rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Regulation (EC) No 2251/2001 of 20 November 2001 amending Regulation (EC) No 2759/1999 laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Council Regulation (EC) No 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia, repealing Regulation (EC) No 1628/96 and amending Regulations (EEC) No 3906/89 and (EEC) No 1360/90 and Decisions 97/256/EC and 1999/311/EC..
- Commission Regulation (EC) No 2356/2000 of 24 October 2000 amending Regulation (EC) No 2759/1999 laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Directive 2000/60/EC of 23 October 2000 of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy.
- Commission Regulation (EC) No 2222/2000 of 7 June 2000 laying down financial rules for the application of Council Regulation (EC) No. 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Notice to the Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development (LEADER+).
- Commission Regulation (EC) No 2759/1999 of 22 December 1999 laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Regulation (EC) No 2603/1999 of 9 December 1999 laying down rules for the transition to the rural development support provided for by Council Regulation (EC) No 1257/1999.
- Commission Decision of 20 July 1999 on the indicative allocation of the annual Community financial contribution to pre-accession measures for agriculture and rural development (notified under document number C (1999) 2431).
- Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Council Regulation (EC) No 1266/1999 of 21 June 1999 on Community support on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89.
- Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds.
- Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations.
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Land consolidation can be an important tool for increasing agricultural competitiveness and improving rural conditions. Farmers can become more competitive when they decrease fragmentation and increase the size of their farms, and rural communities can benefit when consolidation projects include components to improve local infrastructure and the environment. At the national level, land consolidation can help to develop the agricultural and other sectors that comprise the rural economy, and to improve rural conditions by balancing the interests of agriculture, transportation, the environment, recreation, cultural heritage and tourism. Land consolidation can be applied differently in different situations, but regardless of the context, it can be used to introduce participatory and integrated cross-sector approaches into rural development.

The European Union (EU) has included land consolidation as a measure of the European Agricultural Fund for Rural Development (EAFRD). This new instrument was introduced to finance rural development policy in Member States for the period of 2007–13, and is intended to improve the competitiveness of agriculture and forestry, the environment and the countryside, and the quality of life and diversification of the rural economy. New instruments were also introduced to provide assistance to countries that are not EU Members. The Instrument for Pre-Accession (IPA) provides targeted assistance to candidate and potential candidate countries, while the European Neighbourhood and Partnership Instrument (ENPI) provides financial support to other neighbouring countries. These instruments offer opportunities for some support to land consolidation.

This publication addresses the policy implications of using the new instruments to support land consolidation. It describes the available funding options and makes recommendations for including land consolidation within a rural development programme.

