



## **The State of Land Funds and Land Fragmentation in Latvia**

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The territory of Latvia covers 64 589 km<sup>2</sup> in total. The major part is covered by forests – 44.5%, as well as agricultural lands – 38.3%, both forming the rural landscape of Latvia at large.

As on January 1, 2004 there were 2.377 million inhabitants in Latvia, of which 69% lived in urban areas and 31% in rural territory.

In accordance with the current structure of Latvia there are 2 types of municipalities local and district .

Administratively, the whole territory of Latvia is subdivided into 26 districts and seven major or republic cities. Districts are subdivided into smaller administrative units – pagasts or parish.

### **Land reform**

Land reform in Latvia commenced in 1990, when the state farms and collective farms accounted for about 92% of agricultural land. The reform was designed to return land nationalised during the Soviet times to private hands – former owners and their heirs, current users of the land, and persons who were not employed in agriculture, but wished to receive the land.

After Latvia recovered its independence, proper arrangements in the sphere of ownership rights was one of the basic tasks for unhindered functioning of a free market economy.

Goal of the land reform was to set up an agricultural land management structure based on private property. It envisaged restoration of land ownership rights of the former owners or their heirs as well as allotment of land free of charge to those residents of Latvia who wished to undertake agricultural activities.

The aim of land reform in Latvia is step-by-step, during the process of denationalisation, conversion, privatisation and illegally expropriated land property turning in, to reorganise legal, social and economic relationships of land property and land use to facilitate the development of infrastructure, land protection and rational land use according to interests of society. It is difficult to say that the process of land reform has been done according to above mentioned definition, therefore it is mentioning worth, that the speed of land reform is extremely high in the first stage. In addition large quantity of work has been done up till now.

Notwithstanding rules determined by the land reform laws and regulations on a strict observation of requirements in respect of a rational territory organization, not infrequently decisions on drawing up land use planning projects were made, not following legislation currently in force.

Implementing the land reform, sometimes an agriculture holding was formed in several, up to 10 intervening plots with inconvenient boundaries. According to inquiries made among municipality land users planners (cadastre inspectors), no more than 1/3 of all individuals farms complies with the requirements of rational organization.

As of beginning of 2004, 53,5 % of national land fund were with a registered ownership, but 45,5% were allocated for permanent use to private individuals, legal entities, as well as local governments and public institutions. In land ownership

structure private individuals take up the main share, owning altogether above 3,31 million ha, which is about 95% of lands with registered ownership (Table 1).

Meanwhile, public institutions are the leaders among land tenants.

**Table 1. Land ownership and use breakdown as of 01.01.2004**

<b>Division of land property (as at 2004.01.01.)</b>			
	ha	% of total area of land property	% of total area of Latvia
Physical entities	3 074 283.3	88,9	47,6
Legal persons	214 380.8	6,2	3,3
Municipalities	107 811.2	3,1	1,7
State institutions	57 662.4	1,7	0,9
Common properties (mixed legal form)	3 266.9	0,1	X
<b>Land properties in total:</b>	<b>3457404.6</b>	<b>100.0</b>	<b>53.5</b>
<b>Division of land use (as at 2004.01.01.)</b>			
	ha	% of total area of land use	% of total area of Latvia
Physical entities	753 358.9	25,6	11,7
Legal persons	46 346.8	1,6	0,7
Municipalities	249 704.1	8,5	3,9
State institutions	1 890 380.4	64,3	29,2
<b>Land use in total:</b>	<b>2 939 790.2</b>	<b>100,0</b>	<b>45,5</b>
<b>Free state land</b>	61 670.4	-	<b>1,0</b>
<b>In total in the Republic of Latvia:</b>	<b>6458 65.2</b>	<b>X</b>	<b>100.0</b>

Land registration into Land Book register is delayed due to slow handling of applications, absence of standardised procedures and high registration fees. These delays seriously impede the land market and possibilities for taking bank loans, for which land mortgage could be used. This has negative impact on development of rural economy.

The number of unregistered physical entities as on January 1<sup>st</sup>, 2004 was 12 7515, with 753 358.9 ha land.

### **Legislation in respect of Rural Areas and Land Administration**

After regaining of Latvia's independence, one of the most important problems was use and protection of the land as a national resource. The Supreme Council adopted decision "On Agrarian Reform in the Republic of Latvia" on June 13, 1990, which provided for granting of the rural land to natural and legal persons and

following restitution of the land ownership rights or delivering it in the property to natural or legal persons. The Supreme Council adopted the law "On Land Reform in Rural Areas of the Republic of Latvia" on November 21, 1990. Technical details for land reform execution were incorporated into Regulations "On the first stage of land reform carried out in rural areas of Latvia" February 21st 1991. To co-ordinate activities and to ensure legal basis, the law "On the Land Commissions" July 10th, 1990 laid down provisions for setting up three level Land Commissions:

- the Central Land Commission
- the district land commissions
- the pagasts (parish) land commissions.

Functioning of the parish land commissions was stopped by the law of October 30th, 1997 "On Conclusion of the Land Reform in Rural Areas". This law also lies down that after the municipal land commissions finished their activities; their functions were partly taken over by a respective district department of the State Land Service.

The law of the Republic of Latvia "On Land Use Planning and Land Utilization" July 21<sup>st</sup> 1991 is a framework law laying down:

- regulation of land utilization relationship;
- competence of all level local authorities in respect of regulation of land utilization relationships;
- the scope of land users;
- transfer of the permanent land use rights to other persons;
- obligations and responsibilities of land users;
- secession of land users rights;
- control within land use, utilization and protection;
- concept of the State Land Cadastre and its integral parts;
- land management concept and its content;
- concept of the land use planning and its content
- settlement of land contentions.

The above-mentioned law substituted the Land Codex, that existed in the Soviet times and was successfully functioning till the Civil Law of 1937 was renewed. The Law "On Land Use Planning and Land Utilization" was created for land users and several of its articles are contradictory to the renewed Civil Law of 1937 and its not applicable to landowners.

As experience of the first years of the Land Reform demonstrated, existing institutions and organisations had difficulties with the first tasks of the Reform in rural areas, but in the cities the work was not begun at all. The reason was the different dependence of the separate related organisations and institutions, the lack of co-ordination, not arranged accumulation and use of the land matter's information.

The Supreme Council of the Republic of Latvia adopted the law "On State Land Service" on December 15, 1992. The State Land Service was formed by consolidation of the Department of Land Use Planning of the Ministry of Agriculture, the Department of Geodesy and Cartography of the Ministry of Defence, number of enterprises linked with this branch and the Land use planning structure in Municipalities. The State Land Service is subordinated to the Cabinet of Ministers and works under supervision of the Ministry of Justice.

### Land holding fragmentation

To assess the size of land holdings in Latvia at the end of the 20th and beginning of the 21st century, it is useful to look back in the past and compare what size farms were prevailing in the 1920-1930 in Latvia as many of the present land holdings have been established on the basis of these former farms. More than 1/10 or 14,71% of all holdings represented those with 1 ha of land in their possession. The greatest proportion constituted small agricultural holdings with 2 to 20 ha (52,56%) and medium-size holdings (22,99%) with 20 to 50 ha in their possession in 1939.

An average size of agricultural holdings, household plots and leasehold plots in Latvia on 01.01.98 expressed as its total area is 14,3 ha, in terms of agricultural land areas – 8,4 ha and forest – 4,6 ha. By calculating average weighted areas of agricultural holdings in Latvia, it is ascertained that the average weighted total area of agricultural holdings is 34,9 ha, agricultural land – 18,5 ha and forests – 13,6 ha. Analysing the land structure of agricultural holdings, it is clear that by increasing of the total land area of agricultural holdings, the proportion of agricultural land reduces and the proportion of forests increases.

According to the results of the 2001 agricultural census, there are 180 thou. farms in Latvia, 99.8% of them are private farms. 33.2 ha of land (incl. 20.1 ha agricultural land) are managed by an agricultural holding on the average, and the area of 12.2 ha (7.4 ha agricultural land) per household plot. 42% of agricultural holdings formed as the result of the land reform consist of separate plots of land (2-15) located in greater distances each from the other and have inconvenient borderlines. It renders economic activity more complicated and expensive.

**Table 2. Average size of farms**  
( - hectares)

	Total area	Of which agricultural land
<b>Private farms</b>		
Of which:		
peasant farms	<b>33,2</b>	<b>20,1</b>
household plots	12,2	7,4
private subsidiary farms	8,8	5,4
statutory companies	230,9	197,6
other farms	37,9	16,2

Source: CSB, results of the 2001 agricultural census in Latvia, CSB, 2003

**Table 3. Grouping of farms by the total land area**

Total land area, ha	Number of farms	% of total	Total land area, thsd ha	% of the total land area

<b>Total</b>	<b>180263</b>	<b>100</b>	<b>3586,2</b>	<b>100</b>
<1	62	0,0	0,0	0,0
1,0-1,9	11060	6,1	16,1	0,4
2,0-4,9	35630	19,8	117,8	3,3
5,0-9,9	39967	22,2	285,8	8,0
10,0-14,9	25782	14,3	315,6	8,8
15,0-19,9	17995	10,0	310,9	8,7
20,0-29,9	20598	11,4	497,6	13,9
30,0-49,9	16096	8,9	615,6	17,2
50,0-99,9	9631	5,3	645,3	18,0
100,0-199,9	2520	1,4	337,1	9,4
200,0-499,9	689	0,4	203,0	5,7
≥500	230	0,1	241,5	6,7

Source: CSB, results of the 2001 agricultural census in Latvia, CSB, 2003

By enlarging agricultural holdings in size, their fragmentation also increases: if on the farms with 30 ha of land, number of land parcels exceeds the number of holdings by only 1,2 – 1,5 times then on holdings with 20,0-100,0 ha – 2,0-2,5 times but on the largest holdings with more than 100 ha – from 3,5 to 11,2 times. Nevertheless, average areas of separate land parcels of the largest agricultural holdings are also bigger.

## Conclusion

Readjustment of Latvian agricultural production to European Union level technologies, increase in internal and foreign competitiveness and land market development, after land privatisation is finalized, there will be a considerable increase in rational territory organization – the land use planning (land consolidation) significance and tasks.

Compact, rational size agricultural holdings may be developed:

- when forming new land holdings, to take account of all rational territory organization requirements;
- by carrying out consolidation of existing land holdings, which is the major part of real estate in rural areas.

By consolidation of real estate one must understand a planned elimination of intervening plots between land units, regulation of inconvenient boundaries, transaction with land and buildings on it and perennial plantings in order to set up a compact, rational size holding where the land with all buildings and construction on it belongs to one physical or legal person as a joint property.

As a major consolidation measures of agricultural holdings- the future land use planning tasks may be forecasted:

- strengthening of coherence of rights on land units and buildings on them;
- development of rational size agricultural holdings;
- regulation of inconvenient boundaries of land units;

- elimination of intervening land plots and exchange of inconvenient plots;
- a targeted execution of internal outlay of the holding(basic improvements in respect of building planning, land and territorial organization).

#### Sources

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- 3) Land fund,State Land Service,2004;
- 4) Prof.M.Locmers Land privatisation and consolidation in Latvia, 1996, Jelgava AUoL;
- 5) Prof. M.Locmers Land use planning- tasks, content and importance, 1999, Jelgava, AUoL.