

Armenia case study

Present land consolidation activities in Armenia and next steps

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Current situation

Armenia is geographically located in the South Caucasus. About 76.5 percent of the country's territory is between 1 000-2 500 m above sea level. Armenia is the only country within the former Soviet Union where rural land property has been almost entirely transferred to smallholder farmers. Land reform was started in 1991 and completed in 1993. By that time 63 percent of all arable land, 80 percent of all orchards, 91 percent of all vineyards and 95 percent of cattle and sheep herds were in private hands.

As a result of the privatization program 324 000 family farms have emerged, along with just 265 collective farms, which mainly belong to a group of people of the same kin. The latest statistics issued by the State Cadastre Committee give the total number of farms in the country as 328 893 and the total area of privatized agricultural land as 399 75 ha. In reality the total number of farmers may be considerably higher due to subdivisions resulting from inheritance (on the basis of gavelkind tenure). Most of these subdivisions have not been registered. The number of farming households in the country could be as high as 380 000. Using the official statistics as a basis, average holding size in the country currently stands at 1.21 ha. The largest farm sizes are in Syunig Marz (2.87 ha/farm), while the smallest are found in the fertile but overpopulated Ararat Valley (0.48 ha/farm). Collective farms are considerably larger, averaging 20 ha/farm, but none are as big as the former collective farms in the time of the Soviet Union.

According to the statistics of the State Cadastre Committee there are 1.3 million land parcels in the country, which means that every farm household has an average of three or four parcels of land. If the subdivisions by inheritance – which in most cases are not registered at the Local Cadastre offices – were taken into account, the real number of parcels and the degree of land fragmentation would be even higher. (It is worth noting here that Article 95 of the new Land Code explicitly bans subdivisions due to inheritance, but the legal stipulation would not necessarily cease informal practices).

However, the reality is even more complex. Not all farmers cultivate only their own land. During the privatization exercise not all the land in the rural areas was privatized. In every community, 25 percent was kept as state property, which according to the new Land Code will be conveyed to the ownership of municipalities. In addition, pastures (a total of 695 00 ha) were excluded from distribution. About 15 percent of the farmers lease land from village councils, usually for a period of between one and three years, and use this primarily as pasture. So in fact the average farm size of these farmers is 3.2 ha including the leased parcels. Thus it is obvious that land fragmentation has detrimental implications for sustainable economic growth

and social development in rural areas as it constrains both private and public investment.

Land fragmentation affects mostly the agriculture sector. As a result of the distribution of cooperative and state-farm land according to equity principles without considering farm management aspects, the parcels which farmers have received are either too small and/or badly shaped, for instance in their length to width ratio. With an average farm size of about one-two has divided in several plots it is difficult if not impossible to implement new production patterns, utilize machinery and appropriate technologies. Under the outlined conditions and the lack of assistance in terms of how to improve the current situation using better existing endogenous resources and opportunities small farmers have either given up to become commercial farmers produce mainly for subsistence purposes or have simply abandoned the land.

Five years ago State Committee of the Real Property Cadastre of the Government of the Republic of Armenia (SCC) recognized the need for land consolidation measures. It therefore decided to promote the land consolidation process by drafting appropriate programs based on the principles of voluntary land consolidation and encouragement. From these, the SCC selected two measures. First, legal regulations were implemented to prevent further fragmentation of agricultural land and, second, international experts were invited to advise the SCC about methods already existing in Europe.

With the adoption of the new Land Code in 2001, legal regulations were introduced to stop land fragmentation, implement consolidation measures, conserve rural areas and support land use planning. After adoption of the new Land Code, the SCC started the land consolidation process in Armenia with a pilot project in eight communities. The project was based on a proposal by SwedeSurvey submitted in 2000, supported by SIDA. It concentrates on promoting the merging of land parcels on a voluntary basis. But, considering the lack of experience and the specialists in this field, as well as the lack of financial resources the project was not succeeded.

As the implementation of enforced land consolidation in the short term might not be acceptable to the landowners, the government decided to start with voluntary land consolidation. Moreover, the land market was not active due to certain problems in rural areas, i.e., lack of off-farm employment, disadvantageous market situations etc. However, some landowners have sold or leased their land parcels without registration. In addition landowners who live or work abroad have left their plots to neighbours or members of the family for cultivation. Farmers own several small land parcels, but due to the principle of distribution, they have parcels of each category of land quality. It has to be said that these conditions are in fact unfavorable to enforced land consolidation.

The second way of the land consolidation measures was to analyze the situation with the help of the international experts. As a result of investigation the feasibility study was produced, where the overall objective of the study was to contribute to the development of an appropriate strategy for improved land consolidation/land management in Armenia, incorporating elements of rural regional development.

Land consolidation is an important element to increase productivity and hence efficiency in the agriculture sector. Economic gains vary from case to case but are considerable. Parcels are merged, enlarged, better-shaped and reduced in number resulting in better farming conditions e.g. opportunities for specialization and mechanization. The distance between farm location and parcel(s) will decrease resulting in less labor inputs and savings in energy and operating costs.

Field research in Western Europe has shown that through land consolidation it is possible to reduce operational costs by up to 20 percent, and in some cases, costs decreased by 40 percent and more. Technical publications on the topic highlight that by merging parcels by a factor of 3.5 to one, work time could be reduced by up to 40 percent; productivity of full-time farmers increased up to 44 percent, of part-time farmers by as much as 49 percent.

In its simplest form land consolidation consists in the amalgamation and re-allotment of plots and parcels using voluntary land exchange to merge scattered and/or uneconomically shaped parcels of two or more owners. If there is a need to consolidate many scattered and/or uneconomically shaped parcels in a community, the land consolidation procedure concentrates on the merging and reshaping of adjoining parcels. Through this “accelerated land consolidation” land is regrouped or rearranged in units of economic size and rational shape. Since this type represents a profound intervention in the territorial organization of an entire community, the land consolidation procedure has to be initiated by a local authority and has to be closely monitored, supervised and approved by a normative authority or agency.

Through comprehensive (or “complex”) land consolidation, the ‘land’ is re-arranged not only to improve the agriculture structure and farming conditions but also to improve overall current land use and land management practices, facilitate better access to assets and services and thus increase the attractiveness of a specific area. The selected area or territory will be reorganized: scattered or uneconomically shaped parcels consolidated to meet modern managerial requirements and re-shaped to obtain units of more favorable location, shape and size. Roads, water bodies and other common facilities are inserted and/or adapted to the new conditions: soil conservation, soil improvement, landscaping, natural resource management, environmental protection and other measures such as village renewal might be implemented in order to improve the livelihoods not only for farmers but the rural population as a whole.

Land consolidation also triggers land market development. Leasing contracts between co-owners, absentee owners or elderly people who intend to give up agricultural production are often stimulated by land consolidation. In addition, consolidated farms and parcels have higher market values. It is worth mentioning that land consolidation processes also initiate or contribute to increase awareness among farmers to rely more on their endogenous resources and can lead to better cooperation and collaboration. During the design and implementation of land consolidation procedure farmers can actively partake in decision-making processes and learn to trust and control their (elected) representatives. This is particularly important in former socialist countries given their recent history and widespread distrust in state institutions and government activities. Land consolidation has to be participatory, transparent, democratically

legitimated and community-driven to overcome the fear of landowners to lose their property again.

Public awareness and information campaigns are crucial in this process. Including villages and towns in consolidation processes is important. Hence establishing the rural-urban nexus allows the improvement of communal and other public facilities such as roads, motorways and bypasses, pathways, footpaths, public areas, water supply, sewage systems, land fill sites, energy supply, sports facilities and so on. In general land consolidation measures should be an integrated part of area/communal development and/or local land use planning efforts.

Pilot project

Based on the recommendations and proposals from the feasibility study the SCC with assistance of Food and Agriculture Organization in 2004 signed an agreement for implementation of land consolidation pilot project. The project will be implemented on a voluntary basis.

Objectives of the assistance: The overall objective of the proposed project is to contribute to a viable and sustainable agriculture structure and strengthen rural-regional development in Armenia. Specific objectives include:

- Addressing the necessary preconditions for land consolidation /improved land management and elaborate appropriate mechanisms, tools and instruments for its implementation; and
- Designing and developing the necessary legal, organizational, institutional, technical and managerial framework for land consolidation /improved land management schemes.

The project will secure active participation of a wide range of stakeholders, especially on the local/regional level by:

- Conducting information and awareness campaigns;
- Strengthening the existing institutional and organizational framework and the role of local/regional actors and stakeholders including the private sector and CSOs;
- Implementing a small pilot project; and
- Preparing guidelines regarding appropriate methods, mechanisms, tools and instruments for improved land management diversified use and sustainable management of natural resources.

Project outputs:

Output 1: A strategy for land consolidation and improved land management. The document will be based on a thorough assessment of the current political, legal, institutional, socio-economical and environmental situation. Beside technical components it will contain a proposal for institutional development and organisational management.

Output 2: An area development pilot project. The pilot project will demonstrate economically viable, socially acceptable and ecologically sound new methods and technologies for local development planning accompanied by a small land

consolidation component. In this pilot project detailed land use and land management schemes will be elaborated.

Output 3: Training and capacity building. A set of training guidelines and recommendations, including monitoring indicators, for policy makers on land consolidation and improved land management will be prepared. Activities include:

- Preparation of appropriate information, awareness and training materials;
- Workshops and seminars in the project area;
- Training of land owners, farmers and rural entrepreneurs;
- Training of representatives from different institutions, agencies and organizations in land management issues;
- A national conference to disseminate the results of the project.

The duration of the project is 24 months.

The project proposal is in line with the national strategy on poverty reduction in Armenia, including the development of the agriculture sector and rural development. The main objectives of the project correspond to the principles of “The real property market development concept paper” approved by the Government of Armenia. Additionally the project is in harmony with on-going internationally-funded projects (WB, USAID, EU-FSP, UNDP, SIDA) in the fields of rural development, land management, cadastre and registration.

The project is in coherence with FAO mandate and priorities for CEE and CIS countries concerning food security, rural development, and sustainable resource management. It provides opportunities for effective cross-sector and multidisciplinary approaches, and allows collection and dissemination of best practices and lessons learned to other countries and regions. The project ranks among the highest priorities for the Government of Armenia, SCC which requested FAO, considering the Organization’s expertise and experience in the subject matter, in implementing this project.

Further development of land consolidation in Armenia

After the achieving of expected results of the pilot project, the next step of the Armenian Government is to initiate a land consolidation programme for the whole country. In general, the main principle of the land consolidation activities in Armenia should be voluntary. The pilot project implementation will give a possibility to develop a national strategy, and upon the strategy the appropriate legislation for land consolidation activities.

It is essential to carry out the land consolidation process step by step, in short-run and long run perspectives. The next step will be the implementation of comprehensive land consolidation. Having the experience from the previous steps, including the arisen problems and difficulties it will be possible to create special legislation for the land consolidation.