

## **Development of Land Consolidation in Georgia**

**David Egiashvili**

Professional Consulting Group

### **1. Background**

Due to the nonexistence of the state land consolidation strategy and the existence of subsistence farming, land fragmentation is still a problem in Georgia. As a result of reforms in 1992-98 the average area of agricultural land is 0.22 ha. Nevertheless, the problem can be solved by implementing pilot projects with the support from donors. Accomplishment of these projects would significantly facilitate establishment of conceptual strategy.

The process of land consolidation in Georgia is spontaneous and inexpedient. The state authorities do not demonstrate political will to support the process, while investors purchase and merge private land plots abundantly.

### **2. Pilot projects**

Despite the fact that the numerous projects on land consolidation implemented in Georgia have achieved specific goals they can not be considered as pilot projects; for instance:

The Land Cadastre and Registration Project co-financed by KfW initiated the project on land consolidation and resulted in the development of soil quality assessment database (Soil atlases), accumulation of agricultural land information, digitalization of information, and printing of digital valuation maps. However, the overall purpose of the project - to support the Georgian government in forming pre-conditions for land consolidation, was not achieved.

The IRDC pilot project assisted farmers with expansion of their farms and focused mainly on enhanced benefits of farmers' cooperation, parcel exchange for larger plot farming, leasing, viable farming and access to credit. However, the initial goal of the project - to stimulate consolidation process through community mobilization, improved infrastructure, assistance to farmers in development business plans was not fully achieved.

BP has implemented several projects aiming establishment of improved livelihood along the oil pipeline on the territory of Georgia through rural development programs. These projects included a land consolidation component, improvement of infrastructure and living conditions, implementation of environmental protection measures. However, the process of establishment of land consolidation strategy in the country was not supported.

In spite of the fact that all these projects were successful in achieving specific goals they could not ensure instruments of resolving land fragmenting problem in the country. These projects were unable to establish a clear strategy for institutional as well as legislative framework.

### **3. Spontaneous consolidation**

The high rate of business development in Georgia has resulted in a spontaneous process of land consolidation. Investors have spontaneously purchased vineyards and areas for

viticulture mainly in east Georgia. The number of land parcels purchased by the single investor makes up approximately 300 with the area from 0.2 to 0.5 ha. Such unplanned processes damage the interests of small business and land becomes the subject of speculation. In addition, investors with commercial interests do not care about development of infrastructure in rural areas, settlement of the problem of alternative employment, etc.

#### 4. Legislative modification

Still, Georgian legislation slightly addresses land fragmenting problem. Certain decrees are adopted in this regards. For instance:

According to the **law on agricultural land ownership** the owner can not sell a land parcel if the area of land remained after selling is less than 5 ha.

When selling agricultural land parcels, a priority is given to the owner of the adjacent land plot or leaser.

When selling shares in agricultural land ownership, a priority is given to the co-owner who owns or runs the household and the land parcel to be purchased is adjacent to the territory of his or her household.

The **law on privatization of agricultural land owned by the State** foresees the selection and division of land parcels into parcels of optimal size, i.e. the area of each parcel should not be less than 3 ha. This restriction does not extend over the land parcel if the initial area is less than 3 ha.

According to the **Civil Code** agricultural land and related household can be divided among the heirs if such division ensures viable household on each land parcels owned by the heirs.

The Civil Code permits the division of a land parcel among the heirs only in case if they intend to run a household, otherwise the heirs should agree to sell land parcel and related household and receive appropriate compensation instead.

When it is impossible to divide a land parcel, priority is given to the heir who lives there and runs a household together with the owner. When none of the heirs live on the land parcel, it should be owned by the heir who is capable to run a household.

It should be mentioned that restrictions mentioned above are not effective in practice.

#### 5. Conclusions

The projects implemented in Georgia over the past years prove that the projects with specific goals are not oriented at working out of the state policy. They do not provide with the effective instruments for solving the problem nationwide.

Therefore it is vital to involve international organizations with experience in land consolidation, such as FAO, in the process of implementation of land consolidation projects in Georgia. These projects will ensure not only territorial development and achievement of specific goals, but also establishment of the strategy on land consolidation policy. This

strategy should become a guideline for the Georgian government in overcoming extreme land fragmenting in Georgia.

In addition, the measures of institutional arrangement, package of legislative changes and other instruments of vital importance for land consolidation in the country should be worked out within the framework of such project.

The strategy of consolidation should be admitted and implemented by the Government while establishing legislative base and institutional framework.