

***Land reform in the countries in ex-Yugoslavia and the present situation with farm structures and land fragmentation***



**Regional Land Consolidation Workshop**

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**Land Reform in Central and Eastern European countries (CEE):**

- **Most CEE countries began after 1989 a transition from centrally planned command economy towards market economy.**
- **In most of the countries, almost all of the agricultural land was utilized by large-scale collective and state farms.**
- **In most of the countries land reforms have been among the cornerstones of the reform process.**
- **Different land reform approaches have been applied. Often different approaches have been applied simultaneously or one after the other.**



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**Land Reform approaches applied in CEE countries:**

- **Restitution** of land rights to former owners (e.g. in the Baltic countries, Romania, Bulgaria).
- **Withdrawal** from collective farms (e.g. in Czech Rep., Slovakia and Eastern Germany).
- **Compensation** in privatization vouchers, state bonds or money (e.g. in Hungary, Romania, Bulgaria).
- **Distribution in land shares** (e.g. in Russia, Ukraine, Moldova).
- **Distribution in physical parcels** (e.g. in Albania, Moldova, Armenia).
- **Privatization through sale** (e.g. in Eastern Germany, Poland, Hungary).
- **No land reform** (e.g. in Belarus).

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**Different starting point for land reform in the countries in ex-Yugoslavia:**

- The farm structures in Yugoslavia were before WWII dominated by small-scale family farms.
- The collectivization process began after WWII (as in the other CEE countries).
- During 1945-53, 1.5 million ha was nationalized of which 800 000 ha were distributed to settlers.
- In 1953, the large-scale collectivization was abandoned in Yugoslavia but continued at lower intensity through expropriation and state purchase.
- In 1985, as much as 82 % of the agricultural land was owned and used by small-scale private family farms (up to 10 ha).
- A dualistic farm structure existed from the mid-1950s with many small and fragmented family farms and relatively few large-scale SOE's.

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**Preconditions for land reform in the countries in ex-Yugoslavia after 1991:**

- Land reform started later than in most CEE countries (except in Slovenia) and was hampered by war.
- Land reform was complicated by the ways land was nationalized after WWII (land acquired in different ways during collectivization).
- Land reform has been complicated by the wars in the 1990s.
- Land reform was less urgent and had less political interest than in most other CEE countries because the majority of agricultural land remained in private ownership and use throughout the socialist era.



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**Land reform approaches in the countries in ex-Yugoslavia after 1991 (1/2):**

- Five of seven countries have **restituted** state agricultural land to the former owners (who lost the property rights during collectivization) and their heirs:
  - Slovenia (almost finalized)
  - Croatia (on-going)
  - Serbia (on-going)
  - Macedonia (almost finalized)
  - Montenegro (on-going)
  - Bosnia-Herzegovina (not started)



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**Land reform approaches in the countries in ex-Yugoslavia after 1991 (2/2):**

- Four of seven countries have engaged into **large-scale privatization** programs (sale at auctions / tenders):
  - Serbia (on-going)
  - Croatia (on-going)
  - Kosovo (being finalized)
  - Montenegro (being finalized)



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**Farm structures in the countries today:**

- Land reform since 1991 has only had little impact on the farm structures.
- Farm structures are still dualistic and remain dominated by a large number of small family farms and a limited number of large-scale corporate farms (often successors of the SOE's).
- Land abandonment is widespread in most countries.
- The level of land fragmentation is high due to the pre-WWII farm structures and not because of land reform in the 1990s.



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**Land fragmentation:**

- Land fragmentation is high in all seven countries, both ownership fragmentation and land use fragmentation.
- Data to describe land fragmentation is not complete and often not comparable (land ownership vs. land use).
- In Slovenia, the average agricultural holding size (owned land) is around 6.3 ha distributed in 22 physical parcels.
- In Macedonia, the average agricultural holding size (owned land) is around 2.7 ha distributed in 7 physical parcels.
- In Kosovo, the average agricultural holding size (owned land) is around 2.5 ha distributed in 8 physical parcels.
- In all seven countries the average size of an agricultural parcel is around 0.3 ha.



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**Additional problems in relation to agricultural and rural development:**

- Weak land markets.
- Complicated and expensive costs for land transactions.
- Severe land registration problems with not updated and unharmonized land registers and cadastral maps.
- Co-ownership to agricultural land (both formal and informal) complicates decision making and hampers development.
- Difficult access to market for agricultural products.
- Difficult access to credit (to allow investments in agriculture).
- Low land mobility (few sellers and few buyers).



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**Conclusions:**

- Land consolidation can be an instrument to address the structural problems in agriculture characterized by small holding / farm sizes and fragmentation of agricultural land.
- However, re-parceling alone doesn't solve all the problems and land consolidation must be seen in a broader integrated local rural development context.
- The problem with low land mobility (few potential sellers and buyers in the land market) can be addressed through the introduction of a land bank.
- A land bank can purchase land from private owners willing to sell voluntary at market prices, hold it temporary and sell again to private farmers in land consolidation projects.
- The use of state land (for exchange or sale) in land consolidation projects can also increase the land mobility and improve results of land consolidation projects.

