



Land Reform and Land Fragmentation

Land reform and land fragmentation and consequences for rural development in the CEE/CIS countries

**By Christian Graefen
Planning Officer – Land Management
Deutsche Gesellschaft für Technische
Zusammenarbeit (GTZ)**

for
International Symposium by FAO, GTZ, FIG, ARGE
Landentwicklung and TUM
Munich 25-28 February 2002



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

1



Land reform and rural development

- **Decreasing rural population, aging and out-migration**
- **Development of poverty regions**
- **Disconnection of service providers and decreasing employment opportunities**
- **Unused and under-utilized arable lands**
- **Collectivisation left farming community sceptical of joint action and joint organisations**



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

2



CEE countries – land privatisation

- Privatisation of arable land on average 50-80%
- Approx. 50% titles registered
- Land leasing on average 10% (Poland 17%) of all arable land
- Land markets insufficient, in their infancy
- Marketing and quality problems, machinery and credit supplies, immobile labour markets



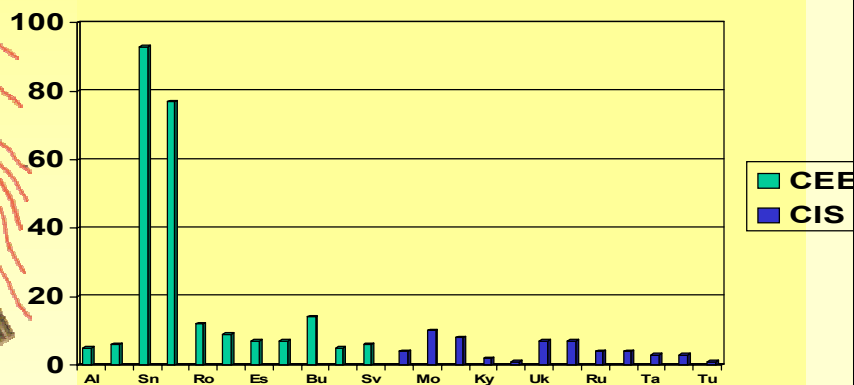
Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

3



Share of agric. Land in individual use: 1990 (Lerman, 2001)

Percent of agric. land

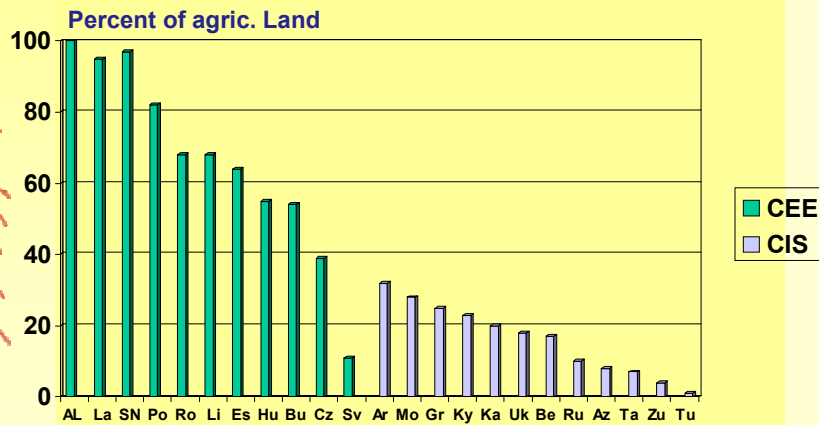


Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

4



Share of Agric. Land in individual use: 1997 (Lerman 2001)



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

5



Land Fragmentation in CEE

Example Hungary (more than 8 Mio parcels)

The structure of individual farms in Hungary 1994 (average parcel size 0,15 -0.2 hectares)

Farm Size (hectares)	Individual farms	Average farm size, ha	Parcels (total) approx.
1 or less	978,101	0.2	1,600,000
1.1- 5.0	173,182	2.2	2,400,000
5.1-10.0	28,723	6.9	1,100,000
10.1- 50.0	18,922	19.0	1,900,000
50+	2,087	103	1,100,000
Total	1,201,015	1.2	8,100,000



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

6



Efficiency of Individual and Corporate farms

Mean Technical Efficiency Scores:
Individual and Corporate Farms in selected countries

	Individual farms	Corporate farms
Hungary	0.58	0.44 (coops) 0.50 (new co.)
Czech Republic	0.62	0.57
Bulgaria	0.44	0.44
Belarus	0.54	0.58
Ukraine	0.55	0.59
Moldova	0.54	0.56
Turkmenistan	0.72	0.72
FAO Workshop 2001, Lerman		



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

7



Reasons not to become a farmer (selected CIS)

FAO Workshop, 2001, Budapest

in percentage of answers, multiple answers possible	Russia (1994)	Ukraine (1996)	Moldova (1998)
Insufficient capital	75	71	52
Difficulties with inputs	59	84	48
Afraid of risk	56	72	33
No wish to change life style	42	58	16
No legal guarantees	40	65	20
Lerman, 2001			



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

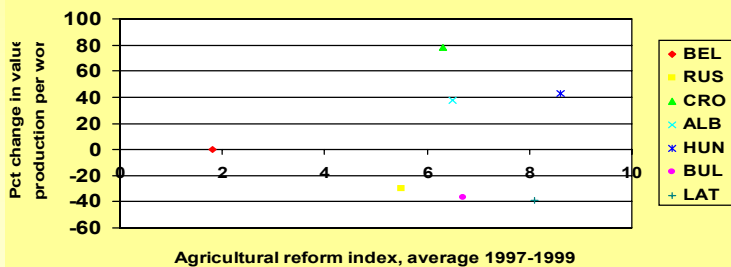
8



Reform Index and Performance

Source: Sedik, 2001

World Bank Agric. Reform Index and Percent change of Value of Agric. Production per Worker, 1992-1998



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

9



Self-Help Initiatives in Estonia

- Estonian Farmers Central Union
- Estonian Chamber of Agriculture and Commerce
 - Fair/exhibition services
 - Electronic sales of commodities
 - Food quality management
 - Information services
- Product based associations (milk, grain, meat etc.)
- Extension system (25% financed by farmers)



Closing the gap
between service providers and clients



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

10





Challenges I

- Efficient land administration – precondition for land consolidation and any rural development
- Joint efforts of Western countries remain scarce and fragmented
- Colonisation by Western countries: notary – legal – cadastre systems
- Farming ideologies by Worldbank and USAID – „individual, private family farm“ instead of evolutionary, diversified farm management systems (different types of privatised corporate farms **and** individual farms **and** homestead farming)



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

11



Challenges II

- Multi-purpose, digital cadastres instead of simple, digital ones with extension options
- Lack of comprehensive rural development strategies
- Lack of regional economic development strategies - PR and marketing of regions and their regionally specific advantages
- EU Cohesion Fund and instruments (PHARE, TACIS, SAPARD) under-utilized
- Capacity of institutions and expert personnel – holistic land management training facilities non-existent in the region



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

12





Conclusions I

- Share System of CIS countries and postponed privatisation and parcelling renders chances: improved second wave of corporate farming and private farm promotion
- Intelligent rural service solutions and rural development (regional economic) strategies basis for EU Cohesion fund instruments (CEE)
- Inter-line ministry task forces and land commissions (to harmonize legalisation, requests for EU instruments, donor approaches)



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

13



Conclusions II

- **Europe of the regions – marketing of regions**
- **Self-confidence of countries and regions is necessary – selection of donors and enforcement of harmonized systems and approaches**
- **Donors are part of the problem**



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

14





Vision – a first trial - CEE

Ownership of Vision ?

Land consolidation with Western methods and technologies? – expansive, time consuming, difficult

Simplified and just alternatives?

Improvement of enabling conditions for rental markets? Sufficient for better allocation?

Improvement of enabling conditions for land markets? Speeding up of functional Land Funds (land banking)?

Personal credits for young commercial farmers? (no linkage to land, no mortgage)



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

15



Vision - first trial - CIS

Investment security for any private investor (legal frame and enforcement) precondition?

Opening markets for corporate farm products by EU?

Opening share markets for private investors?

Trickle east from CEE to CIS? – technology - manager attitude - investment ?

Short-cut to more efficient agriculture or through CEE exercise?



Sector Project
„Regional Networks of Competence on Land Policy and Land Tenure“

16

