

Land Consolidation in the Republic of Serbia: A Needs and Obstacles Assessment*

- Land Consolidation as an Unused Development Potential -

Dušan Vasiljević

Summary

Year 2006 marks a beginning of a new era for land consolidation in Serbia, after a period of around 15 years without new projects being launched. The 2006-onwards land consolidation projects make a promising research topic that allows us to focus on how proponents of the land consolidation projects fared in the context of transitional reality compared to results achieved at the pike of implementation of this process during socialist period (between the late 1970s and beginning of 1990s). Evidences of much slower pace of implementation of post-2005 projects are detected. Importantly, this slower pace cannot be attributed (only) to the financial constraints. Protagonists of contemporary land consolidations face almost total lack of medium- to long-term planning that had so prominent role in the period of central planning. Somewhat ironically, other critical elements of the transition to the democratic society and market economy also proved to be challenging for the actors of modern-day land consolidation.

Zusammenfassung

Das Jahr 2006 markiert den Beginn einer neuen Ära für die Flurbereinigung in Serbien, nachdem über eine Periode von etwa 15 Jahren keinerlei Flurbereinigungstätigkeit erfolgte. Die Flurbereinigungsprojekte für die Jahre nach 2006 stellen einen vielversprechenden Forschungsgegenstand dar; sie erlauben den Blick darauf, wie die Befürworter der Flurbereinigung die Ergebnisse einschätzen, die im Kontext der post-sozialistischen Zeit erzielt wurden, gegenüber den Ergebnissen aus der Hochphase während der sozialistischen Periode zwischen den späten 1970er und frühen 1990er Jahren. Dabei ist bedeutsam, dass die langsamere Durchführung der Flurbereinigung nicht (alleine) auf die finanziellen Zwänge zurückzuführen ist. Die Protagonisten einer zeitgemäßen Flurbereinigung begegnen einem nahezu vollständigen Fehlen von mittel- und langfristiger Planung, welche doch eine so wichtige Rolle in der Periode der Planwirtschaft spielte. Paradoxiertweise erweisen sich andere kritische Elemente des Übergangs in die Zivilgesellschaft und Marktwirtschaft als ziemliche Herausforderung für die Akteure in der modernen Flurbereinigung.

Keywords: land consolidation, land management, Serbia, transition

1 Introduction

This article is an extract of a research that was made for the benefit of the Serbian Government, and financially supported by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit); the research is embedded in the renewal process of land consolidation legislation and practice, that was based on a broad development project (Strengthening municipal land management in Serbia), committed by Serbian and German Government, and discharged into comprehensive proposals as well legislative and administrative drafts to guide modernizing the Serbian land consolidation legislation and practice (Thomas 2017). Before starting the legislative adjustments, envisaged for 2019, the Serbian Government wanted to assess the plausibility of land consolidation activities for future, in particular regarding agriculture, market economy, society and general development. To that purpose NALED (National Alliance for Local Economic Development) was contracted; NALED is an independent, non-profit and non-partisan association of businesses, local governments and civil society organizations that work together on creating better conditions for living and working in Serbia. Since its establishment in 2006, NALED has grown into the largest public-private association in the country, and positioned itself as the key partner to the Government and Parliament in defining the regulatory priorities and legislative solutions significant for businesses (www.naled.rs).

2 Background

Land consolidation is a measure implemented by the public authorities to group parcels of individual agricultural land owners, thus achieving numerous positive effects: ensuring access to roads for all parcels; ensuring land for public purposes that would otherwise require expropriation (construction of roads, canals, irrigation systems, etc.); grouping land for non-agricultural purposes like formation of industrial zones, construction of children

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playgrounds, construction of landfills or extension of village graveyards; reducing distance to be travelled by farmers from farmsteads to their estates; more optimal shaping of parcels and their orientation so as to improve productivity of such land; regulating property and legal relations over such land. Over the past period, by encompassing construction areas in the land consolidation areas, land consolidation also contributes to addressing the issue of rural development (Mihajlović 2010), including through the legalisation of informal buildings.

Law on Arrondissement and Consolidation of Agricultural and Forest Land, regulating implementation of land consolidation in Serbia, was passed in 1974, paving the way for a period of intensive implementation of land consolidation projects (Republički geodetski zavod 2003). The first five-year land consolidation programme was passed in 1981 and it envisaged consolidation of 254,000 hectares of agriculture land. The record year on the territory of the Province of Vojvodina was 1979 with almost 100,000 hectares of consolidated land, whereas in Central Serbia record year was 1980, with over 40,000 hectares of land where land consolidation was implemented. The results achieved in the period from the mid-1950s to the beginning of the 1990s are rather impressive: land consolidation was implemented on 1,445,720 hectares, averaging 41,306 hectares annually. It covered 60 % of agricultural land in Vojvodina and around 9 % in Central Serbia (Republički geodetski zavod 2003).

After this period of relatively intensive period during the late 1970s and 1980s, beginning of 1990s marked a stalemate for the land consolidation projects (Republički geodetski zavod 2007). For about 15 years, from the beginning of turbulent 1990s up until 2006, there were no new land consolidation projects initiated and completion of already initiated ones was facing serious challenges.

In 2006, the Law on Agricultural Land was passed regulating the implementation of land consolidation (LAL 2006). Between 2008 and 2018, 39 land consolidation procedures have been initiated – of which 27 in the territory of the Province of Vojvodina and 12 in Central Serbia. The area covered by these projects amounts to approx. 125,000 hectares. If we were to assume that all these projects were completed in the ten-years' time period, we come to the data of around 12,500 hectares of land designated for consolidation annually.

In the light of the described land consolidation activities in the past, a need for a continuing seems to be questionable; but the opposite is the case.

3 Current state of implementation of land consolidation projects in Serbia

3.1 Scope of land consolidation activities in the past

According to the 2012 Agriculture Census, total area of agricultural land in Vojvodina amounted to 1.7 million

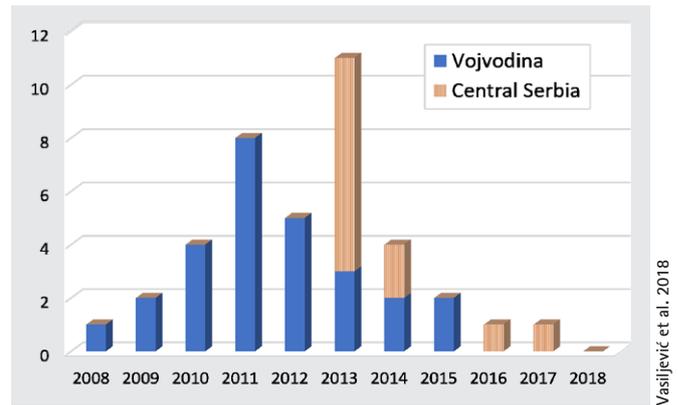


Fig. 1: Number of adopted land consolidation projects, annually

hectares. An estimate of the Republic Geodetic Authority from 2007 indicates that only in Vojvodina there is a need for consolidation of the 800,000 hectares of agriculture land. And this is only the Province of Vojvodina. The 2012 Agriculture Census shows that total area of agriculture land in the Central Serbia is around 2.2 million – most of which is untouched by land consolidation.

At the end of 2018, there were 16 land projects with Land Consolidation Programmes approved by the Ministry of Agriculture that were not yet initiated. We have identified projects whose Land Consolidation Programme was adopted even back in 2003, without the land consolidation ever being launched (Fig. 1).

We will remind here of the more impressive results achieved during the 35-year period between 1955 and 1990, when 1.4 million hectares of agricultural land underwent consolidation, averaging 41,306 hectares annually – more than three times the average annual area of land where the consolidation was initiated after 2006.

3.2 Outcomes of contemporary land consolidation projects in Serbia

The effects of implementing land consolidation in Serbia after 2006 are significant primarily with regards to the grouping of the land. The coefficient of land enlargement in Vojvodina is 2.97, which means that the average parcel size in the land consolidation area has been increased from 0.75 hectares prior to land consolidation to 2.23 hectares after the land consolidation; in Central Serbia the enlargement coefficient is somewhat lower and equals 2.54, meaning that the average parcel size was increased from 0.28 to 0.73 hectares – which is the level similar to the average parcel size in Vojvodina in areas where land consolidation was not implemented.

More than just an instrument for optimization of the location of agricultural land parcels, land consolidation in Serbia has, especially lately, proven to be an instrument for infrastructure development. This is mostly result of the land consolidation's potential for resolution of ownership and legal relations in the procedure of con-

structing facilities of public importance, industrial zones, etc. The advantages of resolving property relations via land consolidation compared to expropriation are visible both in duration and cost of the procedure. Resolving disputed legal rights over land by means of land consolidation helps avoid long-lasting administrative procedures, and even more importantly, court proceedings which are quite common when the land for public projects is being secured by expropriation.

Additional important effects of land consolidations in Serbia pertain to the reduced share of parcels without access to public roads. In three land consolidation areas in Vojvodina, prior to land consolidation, average number of parcels not having access to public road was above 14 %, while in Central Serbia it amounted to 61 %. After land consolidation had been implemented, the access to designed or constructed road is still lacking for only 6 % of parcels in Vojvodina and 12 % of parcels in Central Serbia. (Following the land consolidation, almost all parcels are provided with the road access, apart from those exempted from the reallocation due to the existence of some facilities or permanent crops). In one of the land consolidation areas in Central Serbia prior to land consolidation only 2.5 % of all parcels had road access; after the land consolidation, majority of parcels was provided with an access to roads from two sides (Fig. 2).

New field roads network is designed, and often constructed, in scope of land consolidation. In Vojvodina, where more data compared to Central Serbia is available, the increase of 9.5 % in the length of designed roads within the land consolidation areas was identified compared to the situation preceding land consolidation. In addition to the road access, width of the roads is also vital for the more intensive agricultural production, having in mind that modern agricultural machinery requires roads width of six and more meters. The documented effects of land consolidation on the road area reflect the impacts on the

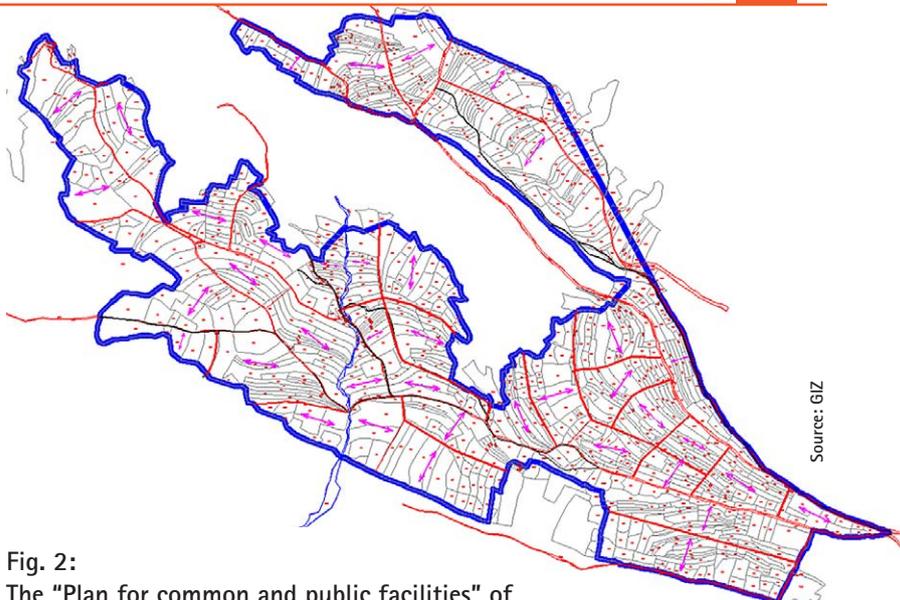


Fig. 2: The "Plan for common and public facilities" of land consolidation Vlaško Polje with the designed new road infrastructure

road network in terms of both the length and width of the roads. The total area of the designed field roads in five land consolidation projects for which the data is available has been increased by minimum 15 %; median increase amounts to 20 %, while the average increase is more than double and it amounts to 119 %.

The unresolved legal and ownership relations among the land consolidation participants are a common phenomenon as even 11 % of parcels enter the land consolidation procedure with unsettled legal and ownership relations (and much more so taking into account the parcels where the only element lacking registration with the real estate cadastre). This can lead to land being left unfarmed, or even more often, not invested in, given that the current tenants do not know whether the land will remain in their possession (Fig. 3). All ownership and legal disputes over the real estates in the land consolidation area are resolved in the land consolidation process. Particularly important for the land owners is the fact that regulation of ownership relations, up to the point of registering land title in the cadastre, is being performed without any costs incurred, typically including the costs of a lawyer, notary public, payment of administrative fees, and property transfer tax.



Fig. 3: Form of appearance of abandoned land, and its distribution (municipality Svrlijig, Central Serbia)

Thomas 2016

With median land consolidation implementation costs amounting to RSD 35,000* per hectare, annual savings stemming from the reduced fuel, seeds and machinery costs amount to approx. RSD 4,100 per hectare of consolidated land in Vojvodina, or around RSD 3,313 in Central Serbia. In situations when significant “overgrowth clearing” (Thomas 2017b, p. 75) is done in the scope of the land consolidation implementation, the costs of the land consolidation reach the level of RSD 180,000 per hectare; direct benefit generated for the owner of the cleared land amounts to approx. RSD 11,300 per hectare annually, whereas the increased revenues collected by the public sector equal to RSD 17,500 annually. In total, the benefit for the public sector and land owner amounts to around RSD 28,800 per hectare of cleared land annually, not taking into account the opportunity for increased revenues enabled by the land clearing to owners willing to farm that land themselves.

3.3 Causes for low supply of land consolidation projects

The findings of our research presented so far indicate cost effectiveness of the land consolidation process. In conjunction with the presented findings on relatively slow pace of implementation of the land consolidation, there are grounds for a conclusion that the agriculture sector in Serbia is underserved when it comes to land consolidation and that current land consolidation trends, although positive compared to the complete stalemate from 1990s, are quite insufficient.

The Key deficiencies in legal and institutional frameworks for the implementation of land consolidation that contribute to the undersupply of land consolidation projects are as follows:

- a) Sub-norming (insufficient level of detail) of legal provisions regulating land consolidation and obsolescence of bylaws regulating particular segments of land consolidation.
- b) Insufficient resources on the side of land consolidation participants, resulting in the non-systematic implementation of the land consolidation procedure, long period of decision-making upon appeals, insufficient training of municipal land consolidation commission members and limited capacities of geodetic organisations.
- c) Untimeliness of approving funds by the higher-level governments in the budget year context, leading to inability to contract works in line with the land consolidation programme.
- d) Excessive steps in the real estate cadastre registration phase which is why this procedure takes much longer than necessary.

As mentioned earlier, it is precisely the introduction of the key principles of democracy and market economy that makes realization of land consolidation processes more difficult than its protagonists from the socialist times remember. Most obviously, spreading of the private ownership on the agriculture land has complicated the reconciliation processes between multitudes of private owners of land compared to the times when vast tracts of the land had a single owner – be it in the form of State, social or collective ownership. This was a particular challenge for the authorities that were not used to manage participation of citizens whose stakes in the process increased dramatically as they attained ownership on the land and whose power increased through the political process as they could use municipal and State elections to act on their (dis)satisfaction with how authorities treated them in the land consolidation procedures. Hence, the insistence on principles of the transparency and participation in the administrative standards for a contemporary land consolidation is indispensable, including that

- the actions of the public administration must be transparent and comprehensible for the citizens,
- plans and environmental impact assessments are easily understandable to interested public, decision-making processes transparent,
- public administration decisions become accessible to citizens who should be actively involved in the preparation of land consolidation,
- stakeholders are involved in decision-making and constituency building processes etc. (Thomas 2017; Fig. 4).

Secondly, democratic principle of vertical separation of powers has led to significant decentralization which in turn led to local governments getting emancipated from the role of the transmission of the central government. With the newly gained functional autonomy, local governments found that securing support from the central government for the projects they initiate is everything but straight forward. Central and local governments now operating “at arm’s length” has made implementation of projects that require cooperation between different levels



Photo: Thomas

Fig. 4: Decision making process on the draft of Land Consolidation Programme in Krivi Vir (municipality Boljeva)

* RSD 1,000 = EUR 8.48

of government much more difficult compared to the times when local governments were acting as an extension of the central government.

Even as simple tasks as public procurement prove to be an impediment for implementation of the land development projects compared to the socialist times. Previously, one public entity (municipality) would have engaged another public entity (social enterprise or an institute) to deliver certain works, such as geodetic or construction works, and such an arrangement would have been made rather quickly. Nowadays, it is private entities that deliver those works and the complex public procurement rules need to be observed, often delaying realization of projects for months, if not longer.

Finally, the planning culture of the socialist times (primarily obsession with the five-years-plans) was of huge importance for the land consolidation, as these processes require years to be realized each and decades to complete for the territory of a province, or the whole country. This is in stark opposition to the Serbian transition reality where time horizon for planning and implementing public policies seldom exceeds the term of the next general or municipal elections.

There is a continuity exercised by the governments of the Republic of Serbia and the Province of Vojvodina in co-funding land consolidation projects, which is a factor contributing to a broader application of this measure. However, the calendar of approving these funds from the higher levels of government is not well-aligned with the budget calendar of the local government units and the land consolidation works execution schedule. This puts the local government units in a rather unfavourable position regarding the planning of works. Besides, given that the multi-annual funding of land consolidation by the higher levels of government does not exist, municipalities need to re-apply for support funds for implementation of land consolidation each year during the land consolidation process. This absence of predictability does not contribute to successful implementation of land consolidation.

4 Towards optimized framework for land consolidation in Serbia

There are two critical results of the deficiencies in the legal and institutional frameworks for the implementation of land consolidation: insufficient number of projects being launched, as we discussed above, and excessive time needed to complete initiated projects. Out of 43 initiated land consolidation processes in the period from 2006 onwards, only in five cases the process was completed with registration of ownership rights in the cadastre before the end of 2018 (and out of this number in one land consolidation area only the rural farming area was registered, without the construction area within the land consolidation area), whereas in 15 land consolidation areas owners

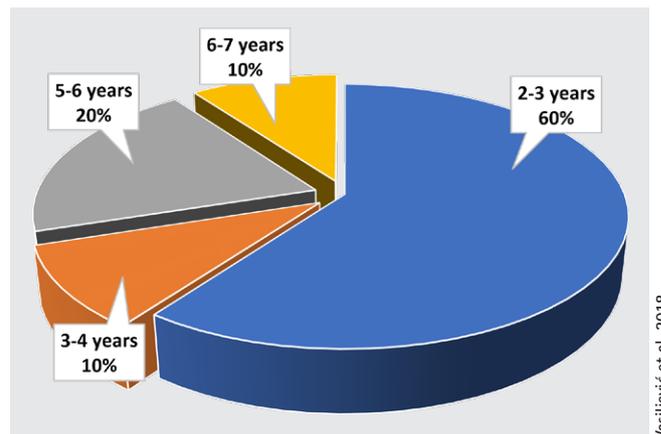


Fig. 5: Duration of land consolidation projects from adoption of the programme to vesting into property

have been vested into their estates, which is considered to be a key moment in the implementation of land consolidation.

The average duration of the procedure from the moment of the land consolidation programme adoption by the local government assembly to vesting owner into property in the land consolidation areas was around three years and four months. It has to be taken into account that this average is significantly improved by the results of pilot municipalities where GIZ's land management project was engaged in implementation of land consolidation, given that in these municipalities average duration of land consolidation from the moment that the programme was adopted to vesting into property lasted for less than 26 months; the average for the remaining land consolidation areas was 50 months, i.e. more than four years. (The average area of the GIZ's four pilot land consolidation areas in Central Serbia was almost four times less than the average land consolidation area in Vojvodina, therefore this has to be taken into account as a factor affecting shorter duration of the procedure, apart from the innovative methods applied in implementing land consolidation supported by donors). Additionally, there is a large number of land consolidation procedures initiated in the last ten years which have still not reached the phase of vesting new owners into property (Fig. 5).

Following section presents recommendations for increasing supply of the land consolidation projects and improving their effectiveness, primarily in terms of their duration and expected results.

4.1 Regulatory and institutional framework

a) Define a single central body to ensure systemic dealing with land consolidation, including development of multi-annual plans for the land consolidation implementation, provision of support to local land consolidation commissions and other stakeholders, coordination with state authorities, monitoring results and detailed reporting on the effects of individual land

consolidation processes, same as drafting of annual report on the land consolidation plans delivery, including the data on the pace, budget execution and effects of ongoing land consolidation processes, i.e. those that are underway;

- b) Strengthen legal framework for land consolidation implementation, including passing of a separate Law on Land Consolidation or significant elaboration of the existing provisions of the Law on Agricultural Land, so as to regulate this area in line with best international practices;
- c) Draft innovated bylaws to regulate with the sufficient level of detail and referral to adequate technological standards, actions in different segments of land consolidation implementation.

4.2 Process optimization

- a) The allocation of shares in land consolidation financing among different levels of government (Republic, autonomous province and local government) is to be determined mid-term at least, with multi-annual budget projections;
- b) Once the Land Consolidation Commission has started its operation, all competences regarding changes on the real estates are to be transferred to the Commission, until effective decisions on the reallocation of land consolidation mass had been passed, and after receipt of the land consolidation study and update of the real estate cadastre, the competence for the real estate cadastre maintenance is to be resumed by the local cadastre office;
- c) Establish ongoing consultation mechanisms between the land consolidation commission, geodetic and technical works contractors and Republic Geodetic Authority (as the responsible State entity of the Real Property Cadastre) so as to identify potential problems in the land consolidation implementation in due time and address them with the participation of all stakeholders.

4.3 Capacity building

- a) Capacity building of the competent authorities in segments where it has been identified that their decision-making represents a bottleneck in the land consolidation implementation. Thus, consider new models of professionalisation and reimbursement for the local Land Consolidation Commission members;
- b) Introduce software for land consolidation procedure management, and for monitoring their direct results, and effects achieved after a particular longer time period;
- c) Strengthen mechanisms for informing and inclusion of land consolidation participants in the decision/making

- process, using the Board of Participants concept and other examples of good practice as the starting point;
- d) Promote land consolidation as a measure with multiple positive impacts on the territory and the society.

5 Conclusion

Pace of initiation and implementation of the land consolidation projects in Serbia is below the level that the need for these improvements and benefits they bring suggest. Reasons for that are multiple, and range from deficiencies of the regulatory framework to lacking capacities of the implementing entities to the lack of sensitivity for the stakeholders concerns and inability to build public support for this traditionally controversial and emotionally charged projects.

Shifting the gears to unleash the potential of the land consolidations will require more than regulatory interventions and assigning additional financial resources – it will rather require as a first step an intergovernmental consensus on the medium to long term plan for implementation of land consolidations.

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Contact

Dušan Vasiljević
Senior Economic and Good Governance Adviser
c/o NALED, Makedonska 30, VII sprat, 11000 Beograd, Srbija
d.vasiljevic@naled.rs, www.naled.rs