

# Is Land Consolidation Just a Dream in Hungary?

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**Key words:** Compensation policy, fragmentation of parcels, Hungarian-German land consolidation project.

## SUMMARY

After the change of the political system in 1989 Hungary introduced a wide-ranging compensation policy and the re-privatising of the co-operatives. As a result of these activities over 5.1 million ha. of agricultural land and forest have been split up into about 2.6 million new parcels and divided between an estimated 1.8 million new owners. In order to ensure viable family farming and in the interest of sustainable rural development a methodology for a computer (GIS) -aided land consolidation has been elaborated during the past years. The project delivered methodology for the organisational and institutional procedures, helped to set up the aspects for the necessary legislation and also achieved results providing know-how in education and training. However, the project had a negative result. After analysing the experiences it was found that carrying out land consolidation needs a very intensive preparatory period, a very close co-operation between the authority and the civil society for an interactive planning which is necessary in the land consolidation process.

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## 1. HISTORICAL BACKGROUND

After 50 years of socialist regime, in 1989 Hungary managed to change its political system. A democratically elected government started its activity. One of the most important tasks of the government was the establishment of a market-oriented economy. Changes of the political system have brought important changes also on ownership. After 50 years of collectivisation a re-privatisation process started in all territories of the economy. Regarding the agriculture a re-privatising process of the former socialist co-operatives started in the early 90's and a wide-ranging compensation policy was introduced based on the principle of the compensation before restitution. This method seemed to be more effective than a slow, conflict-full restitution process, however it had its disadvantages, too: The result of this process was an extensive sub-division, fragmentation of parcels. Due to this process Hungary has managed to completely redraw the map of the ownership and division of land within a few years.

Hungary has a population of just over 10 million people in an area of 93,000 km<sup>2</sup>. The agricultural area of Hungary is 7.900 000 ha, its division by the main cultivation type is represented on Fig. 1. There are 7 regions, 19 counties, over 200 voluntarily formed Micro-Regions (small regions) and more than 3200 municipalities.

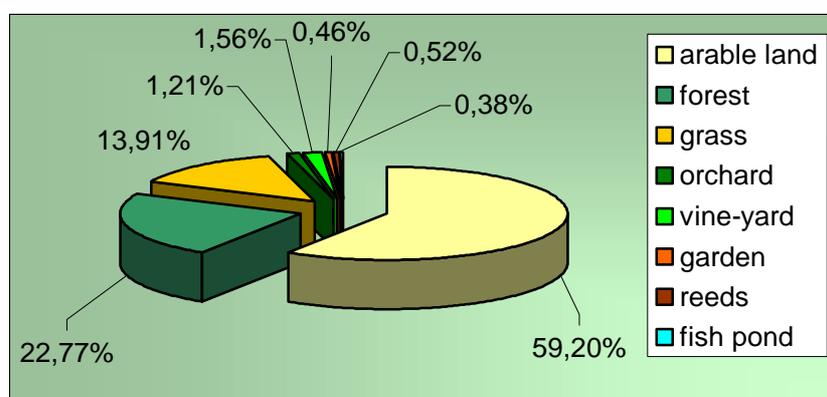
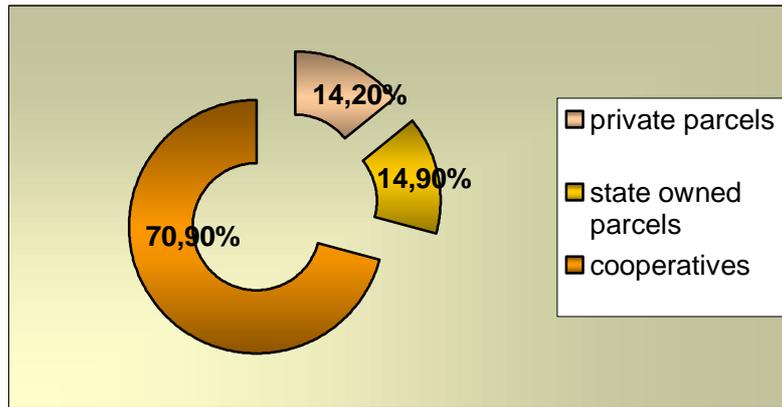


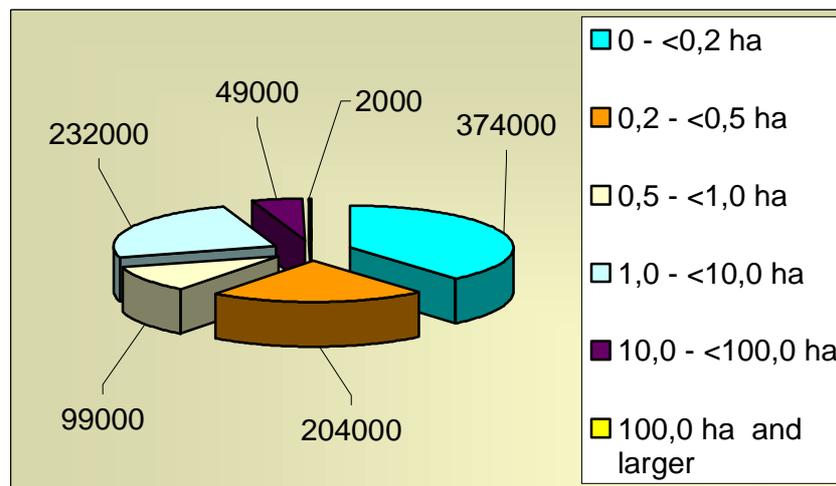
Fig. 1: Division of the agricultural area

In the last year of the former political system, in 1989 altogether about 14,2 % of the agricultural land belonged to private owners, 14,9 % of it was owned by the state, and 70,9 % (ca. 5.7 mill. ha.) was owned by co-operatives (See Fig.2).



**Fig.2:** Division of agricultural land by sectors in 1989

After the political changes in the 90's over 5.1 mill. ha. of arable land and forest has been split up into about 2.6 mill. new parcels and divided between an estimated 1.8 million new owners. There are about 2.5 mill. private land owners, 80 % of them own one or more parcels of land, which are less than 1 ha. in territory or less than 1 m in wide. There are only about 50,000 farmers in Hungary with enough acreage for crop farming.



**Fig. 3:** Average size of parcels in 2000

Also the structure of the agricultural sector has been changed in the past years. In 2000 the agricultural sector included nearly 960 000 private holdings and more than 8200 enterprises engaged in agricultural activities. Many landowners do not farm their land because they live in cities, leaving their land abandoned or renting it out to land user(s).

## **2. IMPACT OF THE LAND-RELATED COMPENSATION AND OTHER LAND PRIVATISATION PROCESSES**

The land-related compensation and other land privatisation process - besides its advantages - had a lot of disadvantages, resulted many negative impacts. A great deal of parcels has inadequate size and shape. These small parcels are often badly shaped, for instance in their length to width ratio, which makes them difficult to farm. The parcels are often badly situated, too, which means that many of the new land-owners who owns more parcels, do not own parcels of land which are adjacent to each other, many are not even situated in the same area - within their own municipality -, or in the neighbouring municipalities or even in the same county. These negative impacts don't support the viable family farming and the competitiveness and don't fulfil the requirements of the agricultural system of the EU member countries. The Hungarian Ministry of Agriculture estimates that there are only about 50,000 farmers in Hungary as a whole who have big enough acreage for crop farming.

The very bad structure of agricultural plots has a lot of negative effect on the economy, infrastructure, regional development and the environment, too. This structure will not encourage the establishment of new economic units such as public limited companies, or share companies. The number of people employed in agriculture is decreasing steadily, investments are limited, and there is not enough structural agricultural planning or individual advice available. The municipalities often only have very small areas of land at their disposal and find it very difficult to plan and structure even the basic areas of housing and infrastructure. Ecological planning (protection of the environment, maintenance of forests and other agricultural areas, etc.) are frequently neglected, even if they are required by regional development law.

Hungary stands before access to EU. This process enlarges the importance of land consolidation, land development and village renewal. Member countries of the EU have to fulfil the requirements of the EU agricultural systems, according to this the Hungarian agricultural system:

- should be both productive and effective,
- should demonstrate a high level of flexibility and quality management,
- should be profitable,
- should be able to organise production requirements
- should be able to maintain the necessary balance between the ecological and farming demands.

In order to the implementation of development, the following preconditions are needed in Hungary:

- clear structural agricultural planning,
- clearly planned regional development,
- a focused village development programme,
- an acceptable legal system for dividing land,
- an open market for buying and selling land,
- an acceptable land evaluation process for both agricultural areas and forests.

Summarised: The development of a modern agriculture is more hindered than helped by the present circumstances of land ownership. If we look at these problems it is clear that, at the moment, Hungary has a wide range of problems in this field. The necessity of a country-wide land consolidation program is fact, it is recognised by the political leaders but is it recognised by the farmers, too?

### **3. ALTERNATIVES OF LAND CONSOLIDATION**

Usually, two types of land consolidation are defined: simple and complex (integrated). Their common feature is that both of them focus on the spatial restructuring of ownership and/or user rights on the base of legal procedures regarding to land administration (registration and cadaster).

The simple land consolidation includes principally the exchange and reallocation of parcels in order to optimize conditions in the agricultural sector. This is a quicker, simpler and easier way, the result of this method helps farmers in a better cultivation.

The complex land consolidation is an integrated method which enlarges the possibilities: adds elements of rural development, land use planning and management in order to improve the sustainability of livelihoods.

### **4. THE TAMA PROJECT**

In 1993 a computer-aided land consolidation project called "TAMA" started which was finished in 2000 with a final workshop. This project was carried out in a Hungarian-German co-operation between the Federal Ministry for Agriculture, Bonn (BML) and the Ministry of Agriculture and Regional Development, Hungary (MoARD).

The project's aim was to develop a method for computer-aided land consolidation. At the beginning the object of the project seemed to be the exchange, concentration of parcels to ensure more economical agricultural production (simple type of land consolidation).

In the course of the project the German partner introduced more elements in the project, e.g. village development, a new system of land division and ecological planning, village melioration projects etc., which included a "framework" for a complex village renewal and provided methodical conditions for rural development. The final, overriding goal of the project was to improve the living conditions in the rural areas (complex type of land consolidation).

The project focused on 16 settlements. In four counties from the 19 Hungarian counties four-four settlements have been selected as pilot areas. The main aspects of the selection were the differences in interest, localisation, natural endowments, agricultural cultivation and structure of parcels. In 1998 a small region with six villages from Veszprém county joined the project. In this region the schedule of works was different from the other villages.

During the general preparations of the project the TAMA specialists informed the mayors about the possibilities, tried to win them over to support the project and become partners. In each settlement village-meetings were called where the citizens got information about the possibilities, the expecting results, benefits and the schedule of the works and they could express their opinions.

A very important step was the analysis of the experiences which was given at the village meetings. Most of the owners agreed with the aim of the project but they found also problems, difficulties in it. One of the main problems was for instance the principle of the project itself, which was the parcel exchange on voluntary base. The citizens have seen difficulties to make arrangement with each other without an existing law. Another problem was the base of the exchange (it was the so called Gold Crone which is a value for determining the quality of the parcels), but the citizens wished to take into account other values, for instance the distance of the parcel from the settlement, from roads, the state of melioration etc.

Working teams were established in the villages. They had to guarantee the co-operation between the specialists and the citizens. They organised village-meetings and sent Questionnaires for surveying the demands of the citizens.

A series of meetings, open days were held on every level, where the TAMA team collected the applications, demands of the farmers.

All of the participating Land Offices have been equipped with GIS workstations and with GIS software. The institution framework was established by education and training of the co-operating employees of Land Offices.

Some starting digital maps were prepared and used for determining the value of the plots. They were: the map of land cultivation, soil types, slop categories, subsoil water, "Plan about the appropriated steps" (of those territories which needed protection, care, cultivation, restore), and as a result of the analyses of these maps together with a direct view of the land the "protection plans" were prepared.

A draft land consolidation plan was prepared for each village. Besides the survey of the demands this phase was the thorniest in the whole process. The reason for this was the lack of the land consolidation law. The Act LV.(1994) on Agricultural Lands suggested the fulfilment of land consolidation on a voluntary base and by the regulations of a Land consolidation law. Unfortunately this law has not been yet discussed by the parliament. This meant that nothing else except the voluntary principle and compromise, agreement between the citizens was an aspect for fulfilment the land consolidation plan. In case the citizens could not agree it led to a complete failure of the whole process. As the method made it possible to give solution in part, in some villages the fulfilment of a partial land consolidation was the result.

## **5. RESULTS OF THE PROJECT IN THE 16 PILOT COMMUNITIES**

- Baranya County: The program was the most successful in this county. The work of the project team in two villages was wholly successful, the citizens accepted the plans for land consolidation, they fulfilled the voluntary parcel exchanges. In the two other villages the land owners did not accept the plans because it did not fulfil their interest, but they continued the reconciliation and after a long personal negotiation finally most of the farmers accepted the plans.
- Békés County: In this county the program for land consolidation was totally unsuccessful, the owners were not interested because they mostly give their parcels into lease. Also the unorganised land-return of the formerly co-operative raised difficulties.
- Pest County: This county is situated around the capital, the land owners are the most homogenous in composition and interest. The nearness of the capital is a determining fact. On the one hand a lot of citizens of the capital got land property, they mostly have the properties like a kind of investment or they use it for hobby garden. On the other hand the main occupation, main activity of the local population does not connect to land, they mostly work in the capital. Interest for land consolidation was very small, and finally only in a little part of a village (15 owners, 26 ha) was fulfilled parcel exchange. However, all of the villages were interested in preparation of landscape development plan.
- Somogy County: The nearness of the lake Balaton, the "Hungarian sea" and the fact that there are a lot of very good vineyards in this county particularly influenced the intention of the farmers. On the one hand the approval of land consolidation was the highest, on the other hand also the disapproval was the strongest in this county. Partial land consolidation was fulfilled only in one village (24 owners, 56 ha), but all of the villages were interested in preparation of landscape development plan.

## **6. PLANNING OF RURAL DEVELOPMENT, VILLAGE RENEWAL AND LAND CONSOLIDATION IN THE "THREE BROOK SMALL REGION"**

In 1998 a small region with six villages from Veszprém county, called "Three brook small region" joined the project. The villages of the small region are small, the number of inhabitants is between 100 and 500 and they are employed in agriculture. In this region with a bottom up initiative opened possibility for the fulfilment of a complex land consolidation.

The TAMA project in this region can serve as a model for rural development programs initiated by small regions. The aim of the project was the same as in the 16 pilot villages but there was a difference. In this region - with a bottom up initiative - the primary objective was to start the economical, social, cultural development of the small region, to enhance the quality of life via the implementation of a land consolidation taking into account the harmonised requirements of the sustainable agricultural development, landscape and environmental protection. The project in this region proved that in frame of land consolidation is not enough the exchange of parcels, it needs to solve the complex task of

landscape development, village renewal, rural development, which is the interest of the citizens.

## **7. ANALYSING THE EXPERIENCES OF THE TAMA PROJECT**

The TAMA project contributed largely to the awareness of the possibilities of land consolidation. The need of land consolidation was recognised but its outcome was not the expected. What was the reason for it? And why was the land consolidation process positive in the “Three brook small region?” Some of the most important experiences are:

- Although the size and shape of the parcels was not suitable for viable and marketable farming, the schedule of land consolidation was untimely. After 50 years of collectivisation the new land owners did not show interest for the project, were not able to carry out the exchange of their own parcels. Fulfilment of a land consolidation process needs the interest of the owners.
- One of the main problems was the lack of the land consolidation law. The citizens have seen difficulties to make arrangement with each other without an existing law. The parcel exchange on voluntary base is unsuitable for regulation of comprehensive, concentrated for more owners and/or more parcels land consolidation. The progress in this field could be accelerated by the Law on Land Consolidation and the Law on the National Land Fund.
- The determination of the exchange-value is very important. Neither the market price nor the Gold Crone values are suitable for exchange-value. The farmers wanted to enlarge this value by taking into account other values, for instance the distance of the parcel from the settlement, from roads, the state of melioration etc.
- The method is expensive, the citizens could not pay the costs and the state has to take upon itself all or a part of the costs.
- To help a successful land consolidation the establishment of a land fund in each municipality is required.
- The method proved that in frame of land consolidation the exchange of parcels is not enough, it needs to solve the complex task of landscape development, village renewal, and rural development.
- Technical tools, infrastructure, technology, knowledge for fulfilment of the land consolidation process is ready.
- The process is lengthy; it needs continuous and efficient reconciliation for preparing and agreeing the planned land consolidation.
- The bottom up initiative can lead to a simpler and quicker implementation. The close co-operation between the land consolidation authority and the civil inhabitants is very important. Interactive planning of land consolidation is a precondition for a good solution.

## **8. THE CONTINUATION**

Summarising the experiences it could be seen that a relevant framework for successful land consolidation mostly exists in Hungary. It includes the political will as an elementary precondition, and also the political, legal, institutional, social, economic, financial and

ecological aspects. These are relevant for the reconstruction of the rural space and the agrarian structure in general and for land consolidation in particular.

In Hungary land consolidation is accepted at all level of society. The departments of the Ministry of Agriculture and Regional Development and their institutions are the main stakeholders. The Ministry started a new pilot in 2002 in Dutch-Hungarian co-operation with the title: Practice of Integrated Development in Hungary. In this project the aim to implement a land consolidation process is as it is determined in the Munich statement: “the application of land consolidation should be seen in the framework of an overall agricultural and rural development policy, and as an essential tool within a range of instruments to achieve sustainable rural development”.

In this project land consolidation should be a project-wise tool for improvement of the lay out, agricultural structure, infrastructure and landscape of rural areas by exchange and concentration of scattered lands, by constructing, improving roads, biking paths and watercourses, by enlarging nature areas, designing and planning more beautiful landscape.

This project suggests at least three way of possible realisation of land consolidation. The main stakeholders should decide which one to apply. They are:

- Small scale, voluntary land exchange with a dominant agricultural objective,
- Exchange/concentrations of lands on and within the properties of the National Land Fund, by purchasing scattered lands and by selling larger, concentrated plots, based on the existing Land Fund Act
- Large scale, integrated, legal land consolidation project, based on the future Land Consolidation Act (can be used after the Act comes into force in a couple of years).

Before starting the program of land consolidation a lot of measures are planned to be taken. Some of them are:

The politicians should agree which organisation(s) on national, county and local level will be primary responsible for managing the project.

Before starting the project a training program should be developed and the main stakeholders should decide which organisation(s) will be trained in land consolidation management.

Co-financing the land consolidation project will have a major importance. On one hand it could be co-financed by the budget of the Ministry of Agriculture and Rural Development and county and local budgets. On the other hand there are European funds available to co-finance the Hungarian land consolidation project if Hungary applies for it.

It seemed in the TAMA project, the land consolidation was not very popular among the farmers. Land consolidation process carried out by the authority will not bring result. The authority has to win the inhabitants of rural areas, has to change the mind of the farmers in a very intensive campaign, has to show them the advantages, to prove the necessity, has to involve them in the preparatory activities, has to co-operate with them in an interactive

planning process, has to help them to see a challenge in the land consolidation. Land consolidation needs the interest of the farmers!

## 9. CONCLUSION

Land consolidation is not a task for itself, but a starting point for solving the problems of rural development, agriculture, environmental protection, social, cultural arrangements. Is land consolidation just a dream in Hungary? The answer for this question is a defined not. Hungary will continue the begun steps to develop a suitable structure of agricultural land in harmonisation with the requirements of the European Union and in the interest of the sustainable development.

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## BIOGRAPHICAL NOTES

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