

# **LAND CONSOLIDATION IN HUNGARY, DREAM OR REALITY?**

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# Historical background

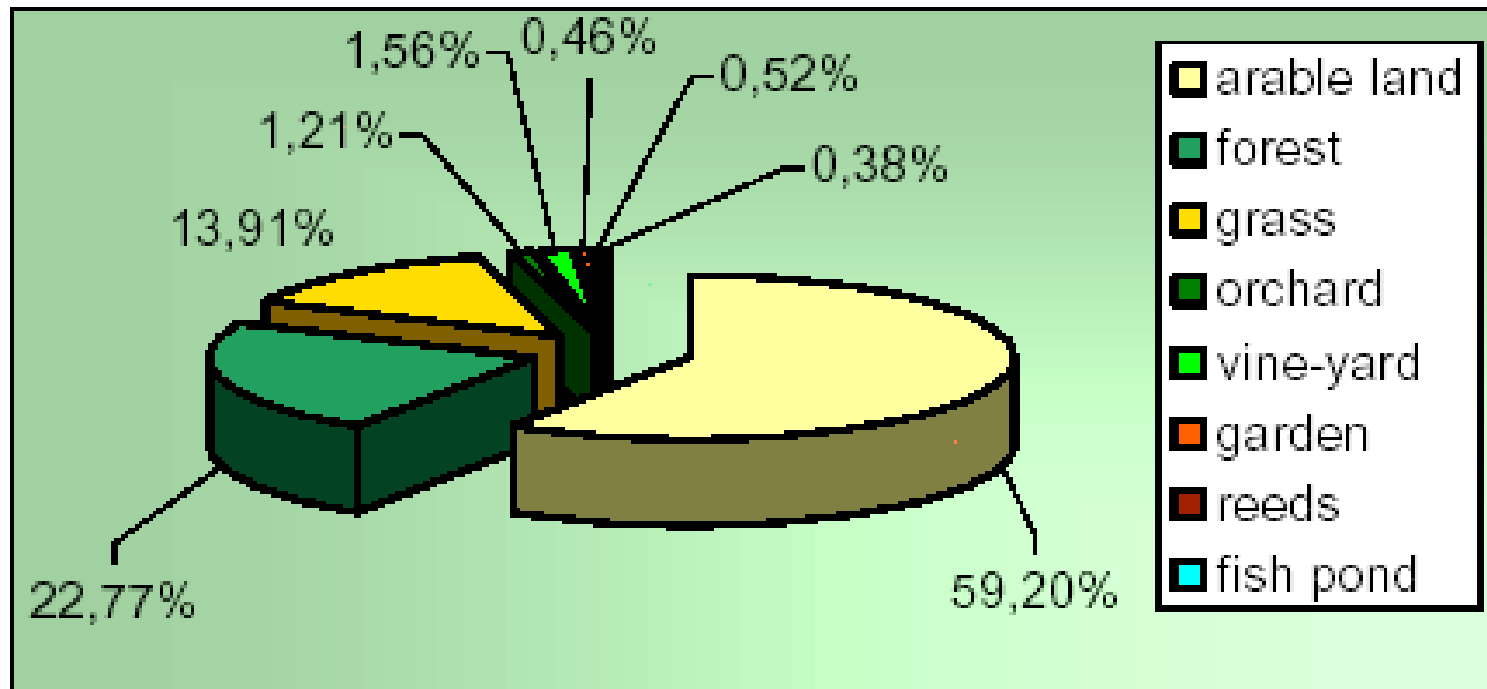
- At the beginning of 90s there were political and economical changes in Hungary
- One of the first important tasks was the implementation of privatisation in all field of the economy
- In the agriculture, the compensation has been used as a tool for privatisation
- The compensation was quick, efficient process however resulted some disadvantages as well

# HUNGARY

A satellite-style map of Europe with Hungary highlighted in yellow. The map shows the continent of Europe with various geographical features like mountains and rivers. The word 'HUNGARY' is written in large, bold, yellow letters at the top center of the map.

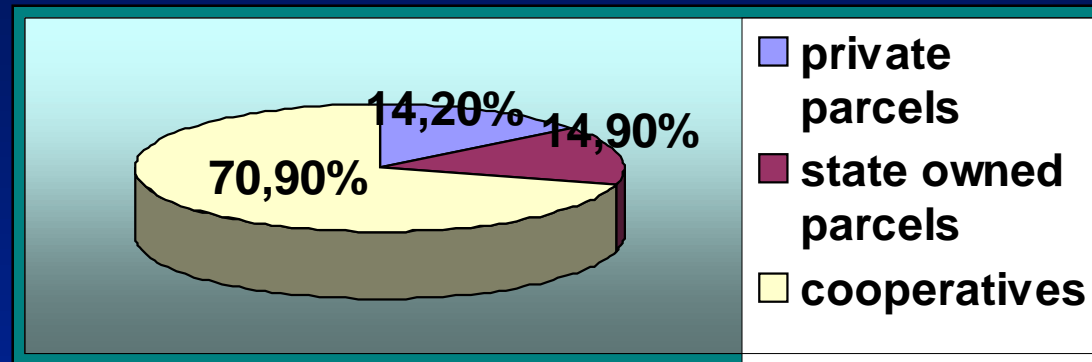
- 93 000 sqkm
- over 10 million inhabitants
- 7 regions, 19 counties
- 200 voluntarily formed Micro Regions
- more then 3200 settlements with local governments

# 7.900.000 hectares agricultural area

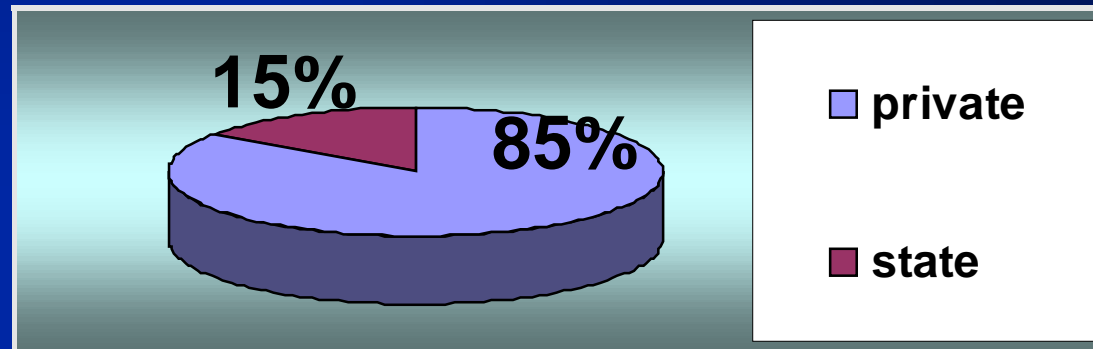


# Ownership of agricultural land

## Before 1990



## After privatisation at the end of 90s



# **RESULT of the COMPENSATION Procedure**

**5.1 million. ha.**

**of arable and forest have been  
privatised**

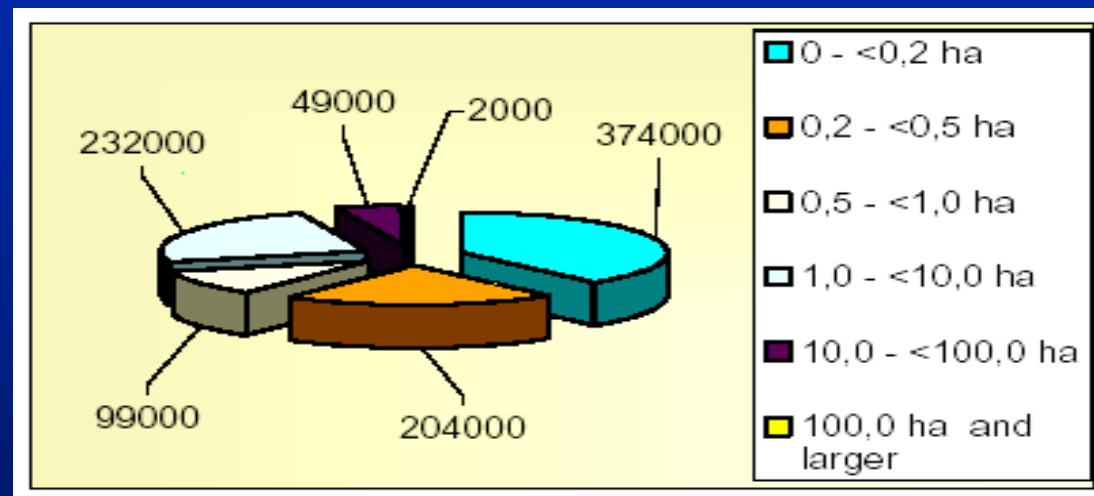
**2.6 million new parcels have been  
created**

**1.8 million . new land owners**

**The privatisation of agricultural land  
aimed to compensate passed injustice**

# Changing the structure of the agricultural sector

In 2000 there are



- 960 000 private holdings
- 8200 enterprises



## **2, IMPACT of the LAND related compensation and other privatisation processes**

- **POSITIVE**
  - Quick, successful privatisation of agricultural land
  - Domination of private ownership
- **NEGATIVE**
  - new land parcels have inadequate size and shape
  - New land owners who owns more land parcels- many of them- are not situated within the same local government

- **Negative impacts don't support the viable family farming and sometime don't fulfil the overall EU requirements**
- **Since May 2004, the date of EU membership, Hungary has to follow EU requirements**
- **Estimated about only 50 000 farmers in Hungary have big enough acreage for crop farming**

- **The very bad structure of agricultural land results many negative effects on the**
  - Economy
  - Infrastructure
  - Regional development
  - Environment
- **This structure doesn't encourage establishment of new agricultural firms and new financial investments**
- **The number of people employed in agriculture is continuously decreasing**
- **Problems with different planning activities**

- **Hungary became a member of EU in May 2004, increases the importance of the implementation of land consolidation, rural development to fulfil the EU requirements**
- **Hungarian agricultural system**
  - Should be productive and effective  
Should demonstrate a high level 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

# **For the implementation of rural development the following preconditions are needed**

- Clear structural agricultural planning
- Clearly planned regional development
- Village development program
- Well operational agricultural land market with less restriction
- Acceptable land valuation process of agricultural and forest land

# THE CURRENT SITUATION

- The development of a modern agricultural structure is not fully supported yet by law
- The necessity of country wide land consolidation program is clear, it's recognised by the politics, but still in delay due to the lack of land consolidation law and financial sources
- Other parties- farmers, land owners, rural population-are not fully recognised yet the importance of land consolidation
- People must be convinced, without comprehensive land consolidation the quality of rural life can't be improved

# ALTERNATIVES of LAND CONSOLIDATION

Two types of land consolidation are defined: simple and complex

- COMMON :
  - Both of them focus on the spatial restructuring of ownership and for user rights on the base of legal procedure
- DIFFERENCE :
  - The simple land consolidation includes principally the exchange and reallocation of land parcels in order to optimise conditions in agricultural sector
  - The complex land consolidation is an integrated method, besides agricultural purpose, includes rural development, land use planning and management in order to improve the quality of rural life

# RECENT DEVELOPMENTS in Land Consolidation in Hungary

## The TAMA project

computer aided land consolidation project,  
TAMA, started In 1993 and finished in 2000.

- Under Hungarian-German co-operation between the Federal Ministry for Agriculture, Bonn (BML) and the Ministry of Agriculture and Rural Development, Hungary (MoARD)
- The aim of the project to develop a method for computer-aided land consolidation





# Project implementation

At the beginning simple land consolidation

**The German partner organised courses introducing more elements of the projects**

- village development
- new method of land division
- village melioration projects
- complex village renewal

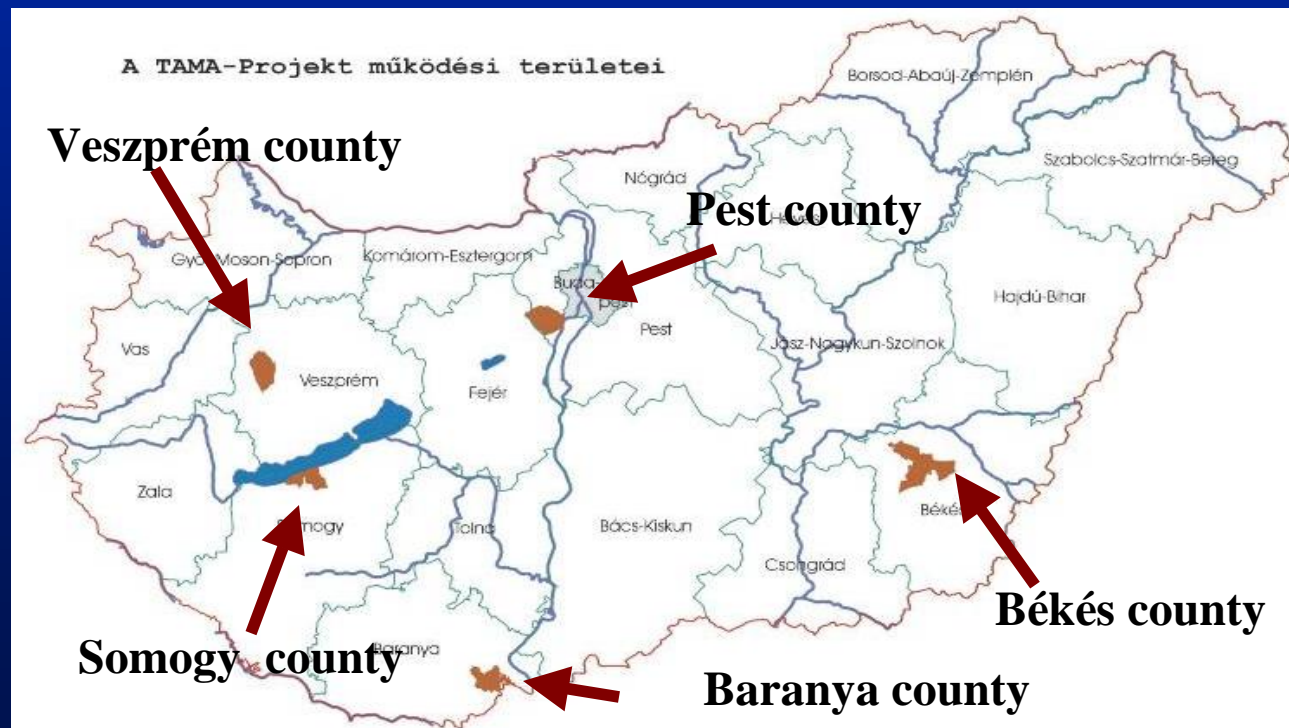
The final goal of the project to improve the living conditions in rural areas

# The project involved 16 settlements

4 counties – 4-4 settlements in each counties

- different location
- different natural endowments
- differences in interest

## Selected counties



# Preparation of the PROJECT

- discussion and information for potential partners
- village meetings, describing the aim, expecting results, benefits of the project
- information about the project schedule
- participants had also opportunity to express their opinions about the scheduled project
- The analysis of the experience of village meetings was an important step in the project preparation

- Many of the potential participants agreed with the aim of the project but they also found problems in many details
  - difficulties in exchanging of land on voluntary base without existing law
  - method of land valuation
- Working teams have been established in each project village to keep contact between professionals and other parties
- Land Offices ( land registry institutions) have been participated in the implementation of pilot projects

In the pilot area they prepared digital maps for valuation of lands

### **Content of maps**

- Cultivation of land
- Soil types
- Slope categories
- Subsoil water

Draft consolidation plan was prepared in each village which was the most complicated phase in the whole process due to the lack of special land consolidation law

# Results of the project in the 16 pilot settlements

A TAMA-Projekt működési területei

## SOMOGY COUNTY

The number of participants in the land consolidation was the highest but the disapproval of the project was the strongest. Partial land consolidation has been implemented in one village (24 owners, 56 ha) but all of the 4 villages were interested in preparation of landscape development

## PEST COUNTY

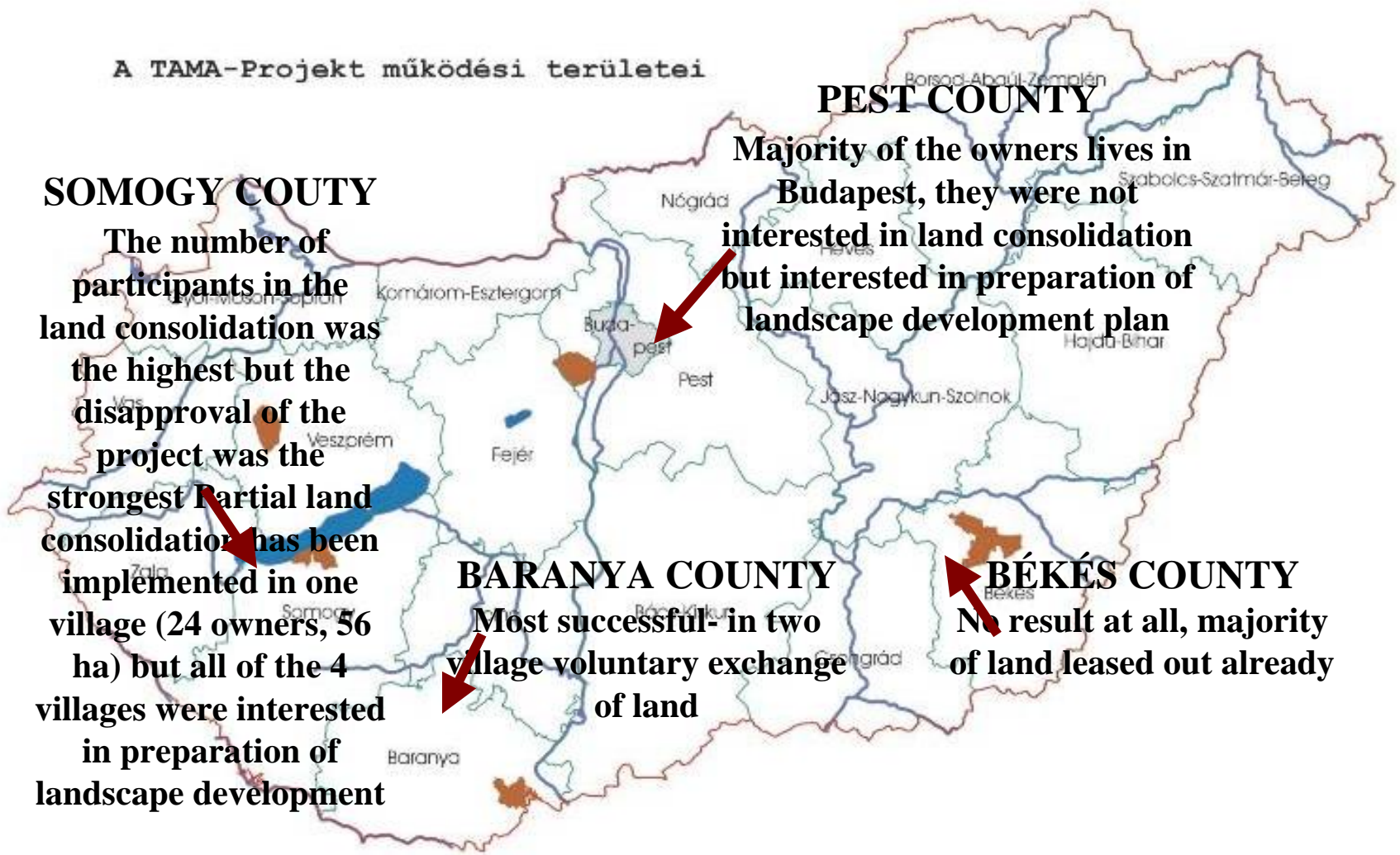
Majority of the owners lives in Budapest, they were not interested in land consolidation but interested in preparation of landscape development plan

## BARANYA COUNTY

Most successful - in two village voluntary exchange of land

## BÉKÉS COUNTY

No result at all, majority of land leased out already



# Planning of rural development, village renewal and land consolidation in the “Three Brooks” small region

- in 1998 “Three Brooks” small region- six villages from Veszprém county-joined the project
- the number of inhabitants between 100-500 in each villages, employed in agriculture
- Bottom up initiative- complex land consolidation
- The TAMA project could serve as a model for rural development programs, initiated by small regions
- Economical, social, cultural development to improve the quality of life through land consolidation
- Sustainable agricultural development, landscape and environmental protection
- The project proved that in the frame of land consolidation, there is a very strong need to solve the complex task of
  - Landscape development
  - Village renewal
  - Rural development

# **ANALYSING the experience of the TAMA project**

The need of land consolidation was recognised but its outcome was not successful as expected, except the project in the “Three Brooks” small region

## **Experience**

- the schedule of land consolidation was a little bit early, after 50 years of collectivisation and bad memory of the socialist land consolidation
- lack of special land consolidation law has hampered some of the elements of the scheduled land consolidation
- problems in exchange value
- land consolidation is an expensive procedure, state must be the major financier of land consolidation projects



- to support a successful land consolidation the establishment of state owned land fund is recommended in each municipality
- the project proved, that in the frame of land consolidation the exchange of land parcels is not enough, rural population rather requires complex solution with landscape development, village renewal, rural development
- the land consolidation program, projects are long term process, continuous and efficient reconciliation is needed for the preparation and implementation of projects
- the bottom up initiative can lead to a simpler and quicker implementation. The close co-operation between authorities and farmers, land owners is very important

# NEW DEVELOPMENTS

To start wide range program, the government has taken measures to improve conditions for land consolidation

## Dutch-Hungarian co-operation

- The Ministry of Agriculture and Rural Development, Hungary launched a new project
  - “Technical Assistance on land consolidation in Hungary”, TALC, in 2002 under the umbrella of Dutch-Hungarian co-operation
  - The aim of the project to implement a land consolidation process as it’s 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”

The project suggests at least three way of possible realisation of land consolidation

The main stakeholders should decide which one to apply

- small scale, voluntary land exchange with dominant agricultural objective
- exchange/concentration of lands on and within the properties of the National Land Fund, by purchasing scattered lands and by selling larger, concentrated parcels, based on the existing Land Fund Act
- large scale, integrated legal land consolidation project, based on the future Land Consolidation Law

- Before starting the land consolidation program a lot of measures are planned to be taken
  - decision makers should agree which organisation (s) on national, county and local level will be primary responsible for managing the project
  - co-financing the project
    - budget – Ministry of Agriculture
    - budget- county and local level
    - EU funds
- The former land consolidation pilot, TAMA project was not very popular among farmers
- Officials have to learn by passed experience, authorities have to convince the rural population to prove, this is one of the main tools for the rural development and improvement the quality of life

# National Land Fund

- Established at the end of 2001
- They administer, manage state owned agricultural land and acts as owner on behalf of the state
- State owned land can play a very important role in land consolidation
- The National Land Fund launched “Life annuity for land” program
- The National Land Fund can be a very important player in the land consolidation program

# CONCLUSION

- land consolidation is not only a task itself, but starting point for the implementation of sustainable rural development, the improvement the life quality of the rural population

## **Land consolidation dream or reality in Hungary?**

- the answer is a definite reality because many of the conditions are available
- further steps must be taken to start comprehensive land consolidation program

**Hungary will continue to develop a suitable structure of agricultural land in harmonisation with EU requirements and in the interest of the sustainable development**

**Thank you for your  
attention!**

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