



Policy response to the problem of land abandonment in Armenia

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‘Land management – challenges and opportunities’

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Background

- FAO TCP *“Support to the preparation and implementation of land consolidation and improved land management schemes”* implemented in Nor-Erzenka during **2004 - 2006**;
 - GCP/ARM/006/EC (ENPARD) *“Technical Assistance to the Ministry of Agriculture of the Republic of Armenia”*, **2014-2018**;
 - FAO TCP Project *“Establishment of land management instruments and institutional framework to address land abandonment”* **2019-2021**
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The Problem of Abandonment

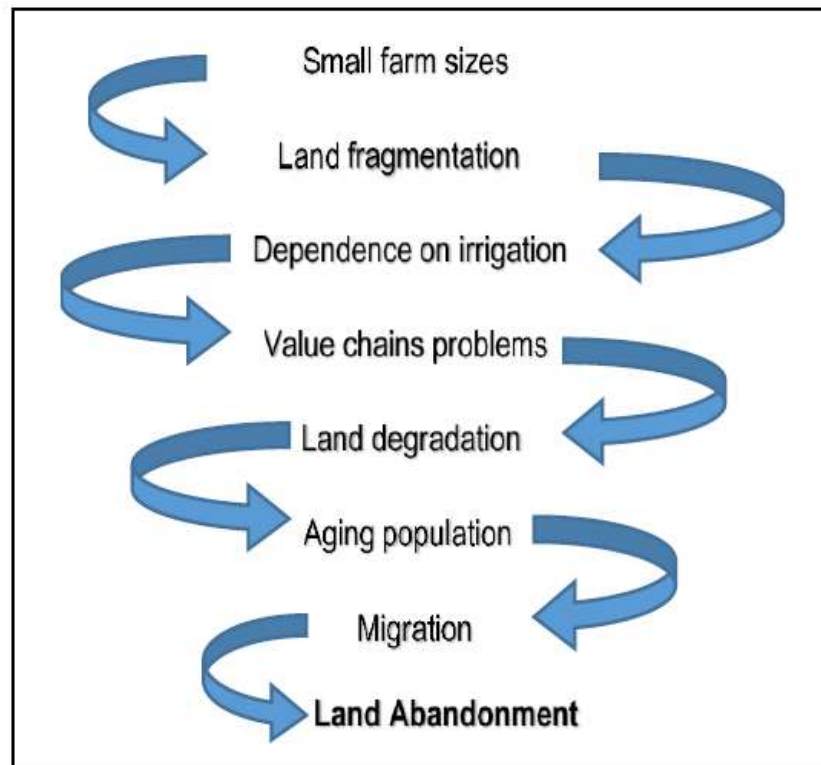
- According to census results from 2014, in average **33 %** of arable land in holdings without legal status and **38 %** of holdings with the legal status are abandoned.

Reasons for Land Abandonment

- Economic factors (e.g. low farm productivity, low competitiveness and high costs of agricultural inputs, difficult marketing and price volatility, inability to irrigate, lack of machinery and infrastructure)
- Social factors (aging population, migration, lack of non-ag employment, low farmer knowledge)
- Environmental and natural factors (e.g. poor soil quality and degradation, stoniness, remoteness and altitude, **fragmentation and small farm sizes**)

Multiple causality and self-reinforcing trends

Several negative trends such as the farm structure dominated by the small farms ... all become **self-reinforcing**.





Abandoned field

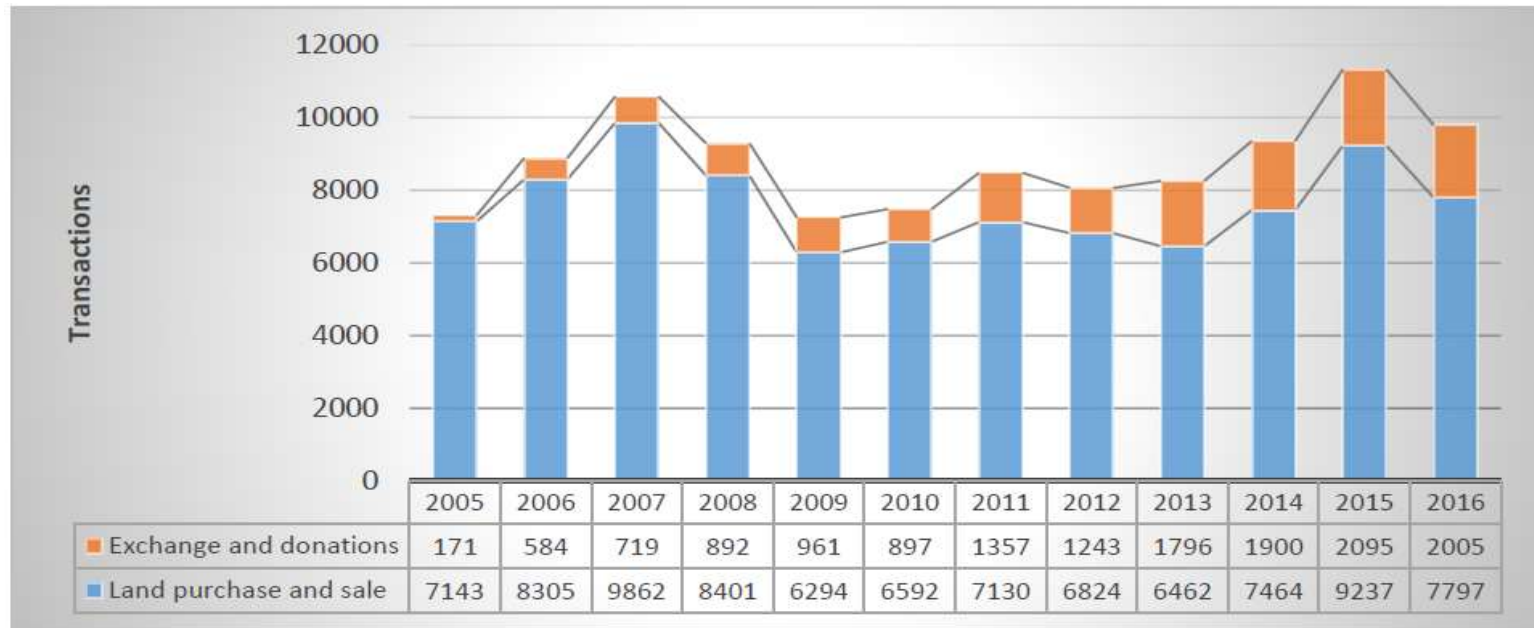




Land markets – why are they important?

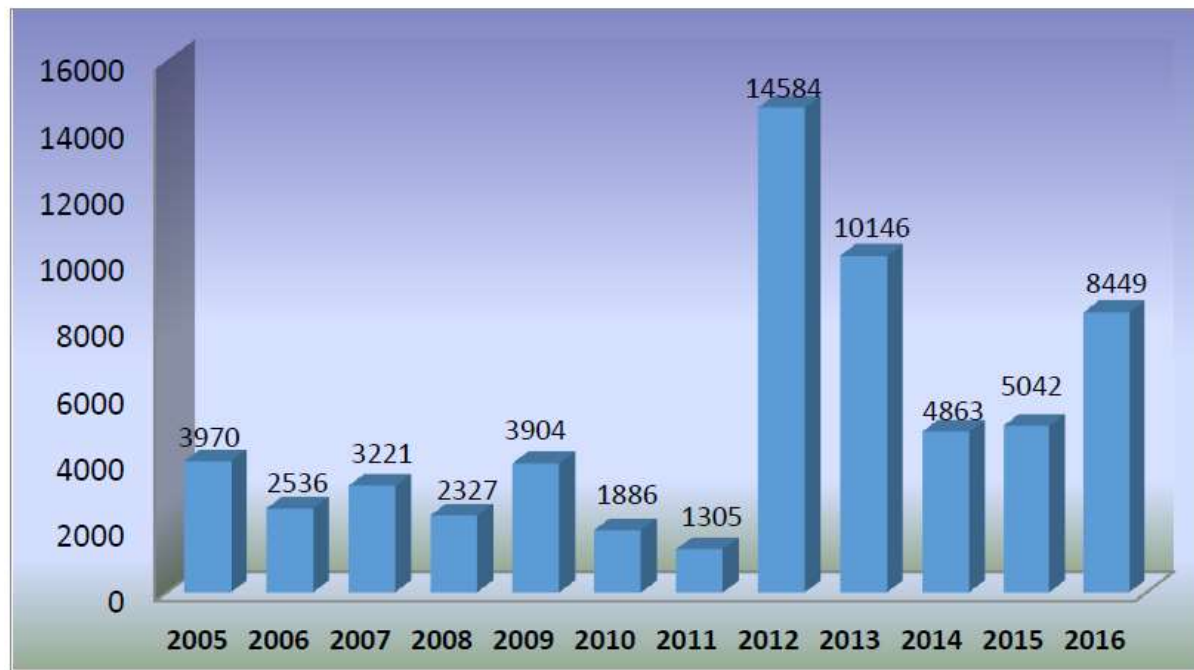
- Well-functioning agricultural land markets are among the basic preconditions for agricultural and rural development:
 - *facilitate the transfer (redistribution) of land ownership rights and land use rights between right holders*
 - *provide access to land for the farmers who are the most productive but own less land than they require.*
 - *allow the exchange of land as the off-farm economy develops.*
 - *facilitate the use of land as collateral to access credit markets.*
 - Many different types of constraints hamper the agricultural land markets (primary registration, high transactions costs, high taxes on transfer of land, informality and corruption)
 - Besides the land market, there are very few other mechanisms to enlarge the farm sizes.
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Land ownership market dynamics, 2015-2016



An agricultural land turnover of 1% shows that **land market** in Armenia is **functioning with a land administration system in place and offering efficient, transparent, and cost-effective services.**

The dynamics of land lease market, 2005 - 2016



- Lease contracts are usually short term, informal and thus unregistered
- Most of the land on the chart is the leased out public land
- The information on the number of land leasing transactions and the average duration of lease is not available.



What is proposed?

- It is recommended to address the root causes of land abandonment **by a package of instruments**, some which will have immediate impact and other that will have a longer time horizon but then deeper impact (short term long term perspective)
- The central element in the proposed concept is **establishment of a Land Agency** with a set of functions operating on self-funding principles, guided by the strong integrity and transparency standards and with proper safeguards in place
- Land management instrument with short term impact is mediation of lease; long term impact - land consolidation and land banking
- However, the legal framework should establish the institutional framework and enable all functions at the same time



What is proposed at the policy level?

- The multiple causality of land abandonment requires a coordinated policy response between land policy and other related policies like agriculture and economics
 - View and place the issue of land abandonment in a broader context of farm structure policy: streamline the rural land policy and the farm structure policy
 - Facilitate landownership and land use markets
 - Support development of small subsistence and semi-subsistence farms into commercial family farms as a priority
 - The policy can envisage 3 strategic pathways for smallholders:
agricultural path; diversification path; exit path
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Three strategic objectives

- **Facilitation of the land market of both use and ownership rights in order to reduce the amount of abandoned agricultural land and improve land utilization and competitiveness of farms**
 - The Land Agency maintains a countrywide electronic portal of abandoned lands
 - The Land Agency acts as an intermediary between the landowner and the tenant and provides lease related guarantees.

- **Direct and targeted interventions into the landownership market to bring the abandoned land back into agricultural production**
 - The Land Agency is suggested to be empowered to buy, sell and manage agricultural land on the market in order to pursue public policy objectives
 - The Land Agency is empowered to implement land consolidation
 - The Land Agency could support broader policy objectives (e.g. irrigation rehabilitation, nature restoration)



Three strategic objectives, ctd.

- **Regulation and supervision of the agricultural land market**
 - The Land Agency supervises and regulates the agricultural land utilization
 - The Land Agency develops and implements agricultural land policy priorities (e.g. small-scale farmers, retired and absentee can be a specific target group)
 - The Land Agency devises stimulatory measures (e.g. free transactions costs, legal intermediation, early retirement, etc.)

Additional objectives

- Guide and support farm development;
 - Improve land market information (including on abandoned lands), to facilitate rural land market transparency and tenure security;
 - Assist local communities to stimulate and facilitate local land markets (feasibility studies, monitoring, etc.);
 - Inventory / mapping abandoned lands, risk assessment and early warning;
 - Agro-ecological mapping;
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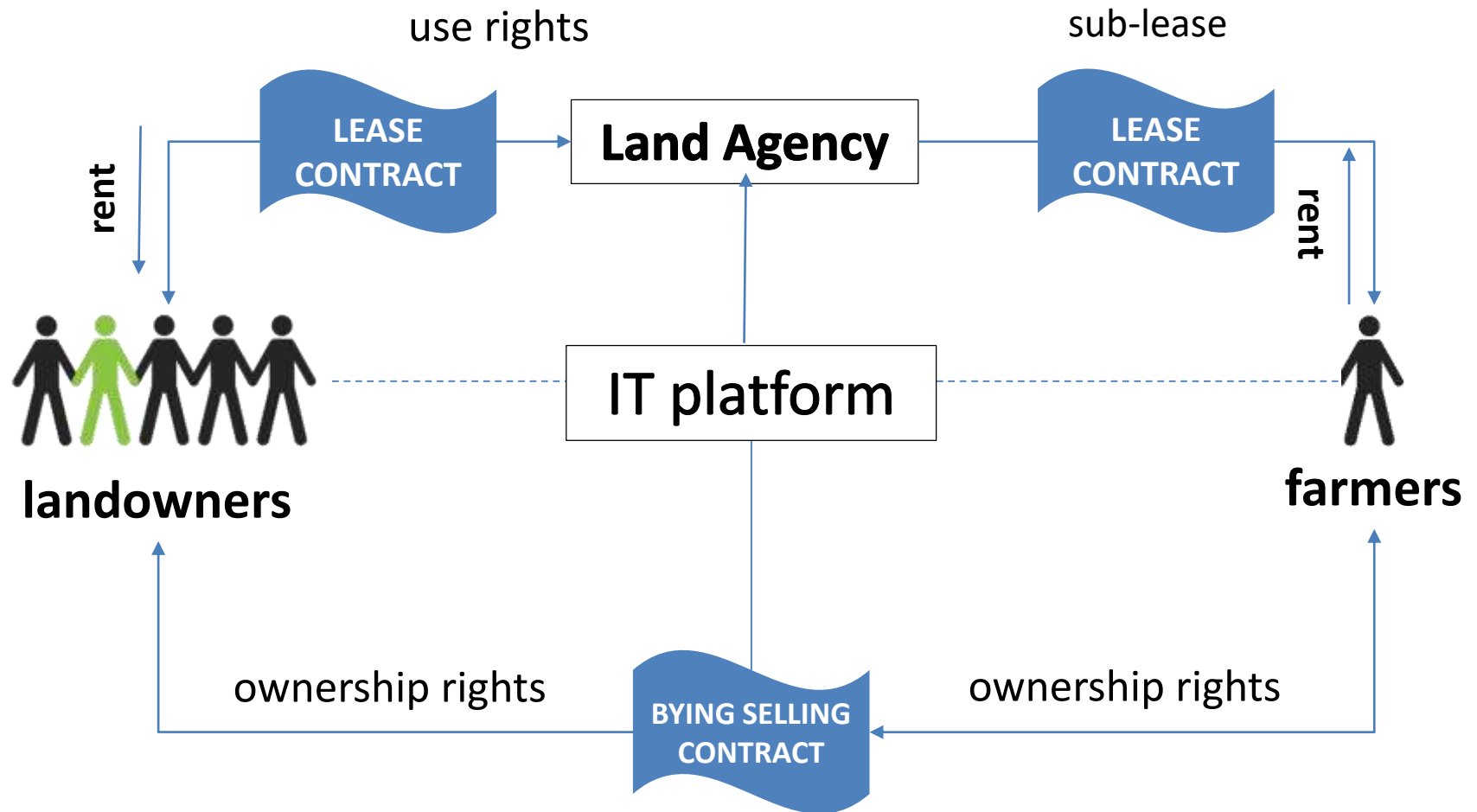


A way forward

To operationalize the proposed approach the following sequence of steps will be supported through a TCP project:

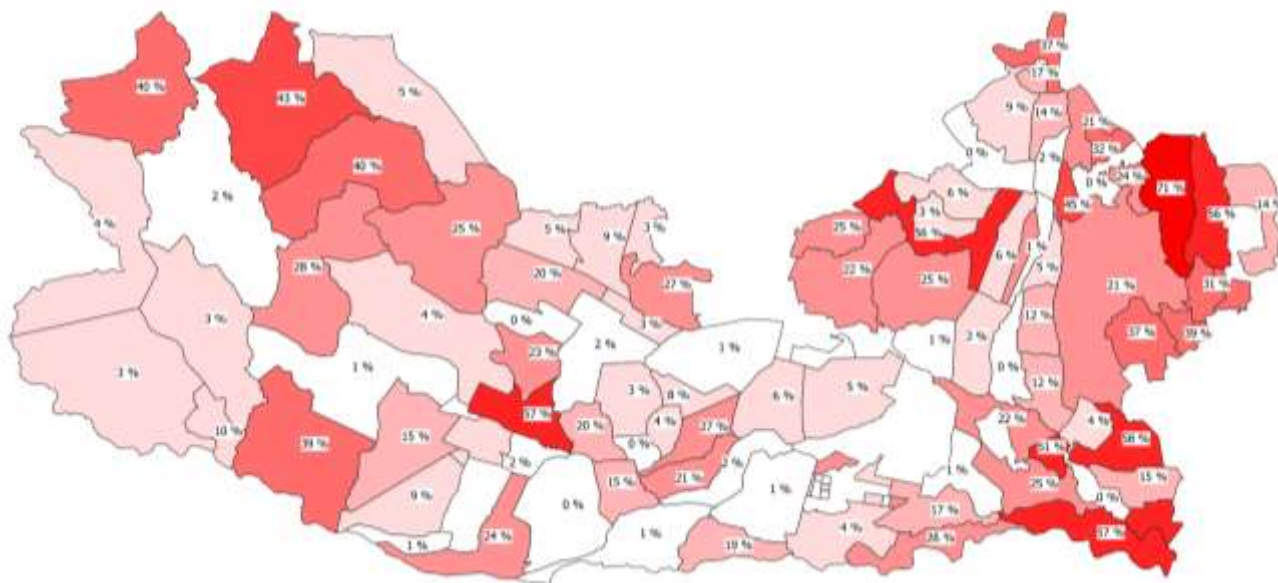
- Develop and adopt legal framework for Land Agency, land banking and land consolidation functions.
 - Develop and adopt a package of stimulatory measures to facilitate transfer of agricultural land (e.g. no transaction costs, exemption from income tax, legal intermediation and early retirement scheme).
 - Set up the Land Agency and development of mediation of lease toolbox including the operational procedures and routines, capacity building, etc.
 - Develop a fit-for-purpose IT platform and conduct inventory of abandoned agricultural lands, including determine priority areas for targeted interventions.
 - Test the proposed approach in the selected pilot territory.
 - Amend legal framework, procedures and upscale activities. Develop and launch the fully operational land consolidation programme.
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Mediation of lease



Armavir marz

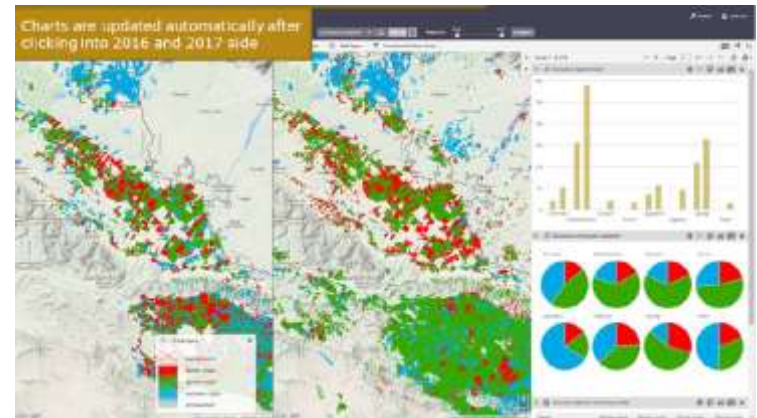
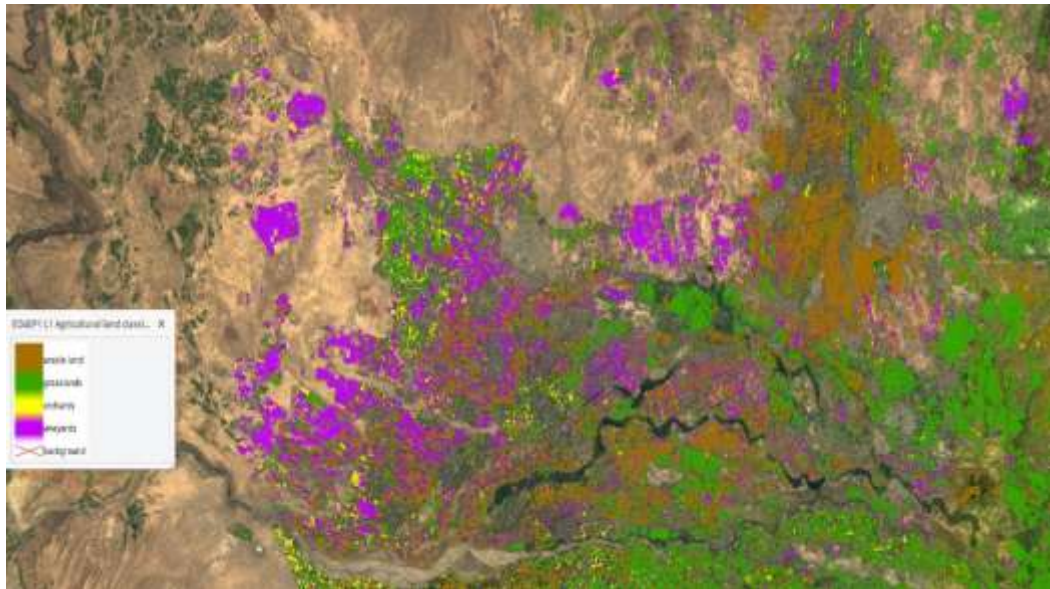
Total localities	Total agricultural area (in both public and private property)	Total agricultural area in private property (ha)	Total number of land parcels in private property (property titles)	Number of active farmers/households farming land
97	97,032 ha	69,584 ha	100,876	6,451



- In 9 localities there was no privatization process and the land was later acquired through auctions
- Total abandoned land ~ 11200 ha; or 16 % of the total private land
- Out of 97 villages, in 35 there are reported major cadastral errors where boundaries in the property titles don't correspond with the reality; errors in the names, etc.



EO4EP – Earth Observation for Eastern Partnership 2016-2018



<http://www.eo4sd-eastern.eu/>
<http://eo4ep.gisat.cz/>

Crop cultivation mapping and monitoring, assessment of water availability for crops, delineation of areas currently undergoing water stress, predicting yields, providing information on land use.



Food and Agriculture Organization
of the United Nations



Thank you!

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Griet Celen, Rural land market in Flanders, 2012. LANDNET.
