



**Ministry of Agriculture,
Forestry and Water Economy**



ABANDONED AGRICULTURAL LAND

- THE MACEDONIAN EXPERIENCES, SITUATION AND POLICIES

LANDNET Conference November, 2019 / Santiago De Compostela

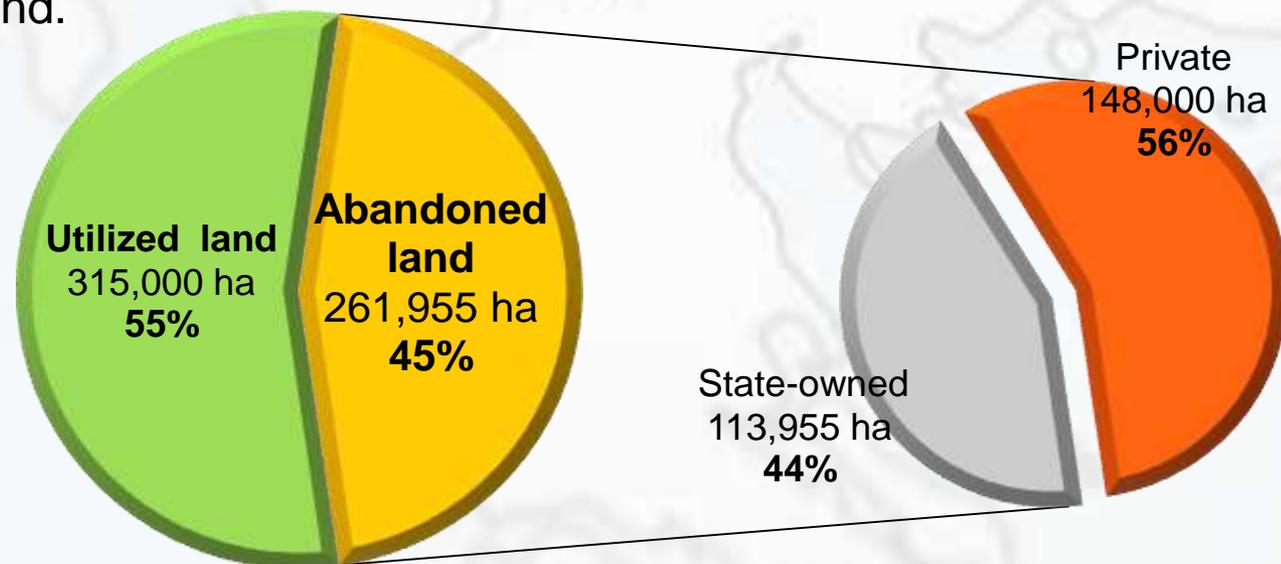
Perica Ivanoski, MSc State Counselor

Content of the presentation

1. The situation with the abandoned land in the country
2. Current strategic, legal and policy framework in regards to the abandoned land
3. Another abandoned land related policies – the Land Consolidation
4. Next steps

Situation with the abandoned land in the country

- The farm structure is dual, but it is **dominated by small family farms**
- Average farm size is **1,8 ha usually divided into 5-7 land parcels**
- The **expenditure of ownership of agriculture land is zero** (no effective taxation) and **land mobility is low** - 0.45% of total private land was traded and 0.23% leased in 2018
- **Land market is concentrated in limited locations** in the country, while in the rest, especially the **hilly-mountainous regions (now mainly depopulated)**, the land remains uncultivated, abandoned and majority in **the process of conversion** to pastures and forest land. There is generally no demand for such land.
- Intensified depopulation trends are having profound impact on the land market and land abandonment



The current strategic, legal and policy framework – the National LC Strategy

- “National Strategy on Consolidation of Agricultural Land in the Republic of Macedonia for the period 2012-2020 with Operational plan” is adopted by the Government in 2012

- The **strategic objective** to:

„alleviate to gradual overcome the unfavorable structure of agricultural land as a basic resource for economic activities in rural areas with an aim to increase competitiveness of Macedonian agriculture production, as well as to improve living conditions in rural areas and to secure sustainable usage of natural resources“

- The strategic objective shall be reached through implementation of following **specific goals**:

1.Reduction of fragmentation of land parcels with grouping and improvement of their location in regards to farm buildings,

2.Improvement of irregular shape of the parcels in order to apply contemporary technologies and techniques to production,

3.Increasing of average size of the farms (by putting of all available resources possible),

4.Provision of access to parcels to new or rehabilitated irrigation road infrastructure,

5.Reduction of areas of uncultivated or abandoned agricultural land

6.Minimization of negative effects on optimal land structure caused by implementation of facilities of public interest (road, social, other infrastructure)

7.Enhanced ecological protection and sustainable management of natural resources

The current strategic, legal and policy framework

– the General legal and policy framework

- The **general concept for land abandonment instrument was developed** at the time of adoption of the Law on LC in 2013, but **was not fully formalized in the final version of the law**
- The **land banking is not practiced** (although, within the LC projects, the state-owned land might be managed quite flexibly by leasing, common use, and hopefully soon by selling)
- Certain elements in land abandonment-related policy are present in the **legal regulation, but mainly without proper enforcement** as organized and targeted policy combating land abandonment (basically due to prioritizing the actions, i.e. focusing to LC in case of limited capacities).
- The main instruments in place are:
 - **registration of the abandoned land** as regulated in the Law on Agricultural Land, and
 - **the taxation of unutilized agricultural land** under the Law on Property Taxation
 - **another land mobility related policies – the Land Consolidation**

The current strategic, legal and policy framework – the Concept for identification, registration & treatment

MAFWE to identify and register the
abandoned land countywide

THREE OPTIONS AVAILABLE TO THE OWNER

Put the land into
usage by him/her
self, lease or sell

OR

Agree the land to
be leased by the
MAFWE

OR

Keep the land
unused, but
become taxed by
the local authorities
based on the
MAFWE
information



The current strategic, legal and policy framework

– Registration of the abandoned land (1)

- Regulated by **the Law on Agricultural Land**, Article 8-a
- At the request of the owner or ex officio, **the private agricultural land that has not been cultivated for more than 12 consecutive months shall be recorded** by the Ministry of Agriculture
- **The land that is set aside for purpose of improving its productive capacity is excluded - not considered abandoned land**, but up to 18 consecutive months
- The **Ministry ex-officio register the land** on the basis of:
 - on-the-spot inspection and checks of Real Estate Cadastre data, and
 - received statement from the landowner declaring that the uncultivated agricultural land identified by the Ministry is not in function of improving land production opportunities

The current strategic, legal and policy framework

– Registration of the abandoned land – procedure (2)

the Administration **identifies the non-utilized land in the field**

the Ministry **sends request for statement** to the landowner on the reasons for non-utilization of the land

the owner fills out the statement and sends it back to the Ministry within 15 days from the day of receipt of the Ministry's request

if the owner fails to submit a statement within the deadline of 15 days, the land is considered as abandoned

the data on identified abandoned agricultural land **are registered and published on the Ministry's website**

The by-law have not been prepared, and the **activities for identification and registration of abandoned land were not processed so far:**

- **Lack of dedicated staff and uncompleted process legally**

The current strategic, legal and policy framework

– Registration of the abandoned land (3)

- Back to the 2013 concept, besides identification and registration, the MAFWE also proposed to the Government **the Ministry to take responsibility over leasing the uncultivated private land** upon the consent of the landowner
- The procedures would be as same as the state-owned land with the following differences:
 - the **duration of leasing contract shall be on short-term** only, and
 - **the lease fee is transferred from the tenant to the land-owner account** with minor share withhold by the Ministry as transaction administrative cost.
- The provisions for possibility of management the private abandoned land by MAFWE **were not accepted by the Government**

The current strategic, legal and policy framework

– Taxation of unutilized agricultural land (1)

- Regulated by the **Law on property taxes** ("O.G.of the R.of Macedonia" No. 61/04, 92/07, 102/08, 35/11 and 53/11)
- The **agricultural land used for agricultural production purposes is exempted** from the property taxes (Art.8, paragraph 10)
- **Tax rates are 0,10% - 0,20%** (usually kept at the lower margin), and the **tax base is the market value of the real estate**
- **For agricultural land not used for agricultural production the rates may be increased from 3 – 5 times** the prescribed rates
- The **tax payer is the owner** of the property (a legal and natural person), and in cases **when the owner is unknown or unavailable, the property user as well**

The current strategic, legal and policy framework

– Taxation of unutilized agricultural land (2)

- The **determination and collection of property taxes is the responsibility of the municipal administration** where the property is located (Art.26) including:
 - municipal council **decide about the rate for taxation**
 - commission established by the municipal council **determines the market value** according to Methodology prescribed by the Government
 - **keeping register of real estates subject to taxation** that should be regularly harmonized with the register maintained by the AREC
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- Compared to approximately 2 million private agricultural land parcels, only **insignificant number of cases of taxation of agricultural land are proceeded just in a few municipalities** due to:
 - **no proper rules for implementation prescribed**
 - **limited capacity** of the rural municipalities for enforcement the phases of the taxation process, and
 - is considered as **politically sensitive issue.**

This **policy remains uncertain for the future if relied purely on LSG**

Another land mobility policies

– the Land Consolidation

- The **Law on land consolidation** does not directly deals with land abandonment
- But in fact, **due to the flexibility of parcels in the re-allotment, the LC is the most effective instrument** towards combating land abandonment
- Still limited within the LC area, it:
 - directly contributes to **eradication of the uncultivated and/or low-utilized parcels** by transforming multiple small and scattered land parcels into optimal land blocks with access to infrastructure
 - allows **transfer of ownership of private land**, enabling the landowners who do not utilize the land (even live abroad) to release it to landowners who are actively engaged in agricultural activity
 - offers the **vacant state-owned land to leasing** in accordance with the special rules - Article 19 (with perspective selling to be afforded as well)

Possible next steps

- Implementation of the provisions for **identification and registration of the abandoned land** – subject to increased human capacity (Agency?)
- The above will provide conditions for:
 - ✓ **Imposing the taxation** to the abandoned land by the LSG
 - ✓ Land bank operations for **leasing private abandoned land** by the MAFWE with prior legal completion of the instrument
- **Continuation of the LC practices related to abandoned parcels** (re-allotment, private transactions of property), and further strengthened by new instrument of selling small parcels of state owned land



**THANK YOU FOR YOUR
ATTENTION**
