

Aspects of land consolidation after the Bulgarian land reform

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1. Introduction

Accumulated land tenure issues throughout nearly five decades of communist rule were addressed by the radical 1991 land reform. Its underpinning philosophy was predominantly farmland restitution, defined as the reinstatement of the land ownership situation of the pre-collectivization era.

The paradox of land reform through restitution is that it has resulted in an inevitable fragmentation. This was a necessary process in terms of human rights. The current problem is how to consolidate land into viable units.

Fragmentation during land reform was partly limited by the adjudication of ownership to the original pre-collectivization owners rather than to the present heirs. Upon recognition of these ownership claims, two technical approaches to satisfy rightful claimants were applied: restitution within existing or restorable real physical boundaries, or under newly designed parcel boundaries within land reallocation plans. The reallocation design, being the prevailing restitution approach, was bound by law to apply some land consolidation principles (lands equal in quality and extent; grouping of lands within distinct localities; transport access; a shape fit for cultivation; smaller plots closer to settlements; preservation of existing public works, erosion control, land amelioration, and other environmental control measures; retention of special land uses: irrigation schemes, rice-fields, perennial plantations).

Implementation of these principles, particularly grouping, encountered serious resistance from the original owners or heirs. Neglecting the consolidation principles under pressure from the rightful claimants was not an uncommon practice. A further reduction in average holding size by a factor of 1.6 - 1.7 is observed within the first three years after

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restitution.³ It is due to ongoing subdivisions of restituted land among present heirs of the original titleholders. Subdivisions are currently the most frequent transactions concerning farmlands. Extrapolation indicates that the average plot size may decrease to 0.3 ha, which is the actual legal minimum for plots used as arable fields. (This minimum is 0.2 ha for orchards and 0.1 ha for vineyards, but restitution, especially within existing physical boundaries produced even smaller plots.)

Presently, land tenure in the country is still under radical transition. From a pattern based on large scale agro-industrial complexes and collective farms, agricultural structures are being transformed into private individual farms, farmers' associations, farming companies and privately operated co-operatives. Today practically all farmland is privately farmed, a situation that is almost the opposite of the one in 1990. The newly set up farming enterprises, however, are still not well established. There are only individual cases where farming enterprises have a history longer than three years. For a number of reasons, many of the co-operative farms face acute financial and management difficulties, so that their future is both uncertain and questionable. Small private farms also encounter enormous difficulties in surviving within the new environment.

2. Land consolidation element and aspects

2.1. Causes of Fragmentation: Inheritance Law, Soil Diversity, Established Land Use Pattern

Liberal inheritance laws and tradition, providing for equal shares of all heirs in the estate, account for the major driving forces behind land fragmentation. Bearing in mind the considerable soil diversity (on average, 3-4 very different soil categories) within territories belonging to one settlement (TBS), subdivision of an estate tends to physically divide each individual plot into a number of plots corresponding to the number of heirs, rather than the distribution of plots without physical subdivision. In this way each heir is getting an equal share by both size and soil quality. Another factor which encourages the fragmentation of farmland is the established land use pattern within the TBS: e.g. irrigated land, orchards, vineyards, fields. Usually heirs will seek to get an equal share of all the available land uses within the farm land estate.

2.2 Fragmentation Aspects: Fragmentation of Legal Ownership, Non-contiguous Plots within Single Ownership, Fragmentation within Farming Units, Fragmentation within Established Land Use Patterns

³ Source: Ownership and Land Market in the Dobrich Region, *Batanov, USLMB Symposium, Sofia, Nov. '98*

Farmland fragmentation is a phenomenon with many contributory factors. Fragmentation of legal ownership refers to the number of holders of a single title, sharing genuinely equal rights (multiplicity of undivided shares). This type of fragmentation hampers efficient and flexible property management because of the frequent complications it causes in decision making and where the consensus of the owners is required before necessary actions can be taken. As a rule, this type of fragmentation is one of the results of land reform in evidence throughout the country. Landowners presently deal with it either by subdivision, or by making informal intra-family tenancy arrangements.

Fragmentation (defined as a multiplicity of non-contiguous plots within single ownership) corresponds to the popular interpretation of the term. Fragmentation within farming units is the multiplicity of non-contiguous plots (regardless of whether owned or leased) within a single farm enterprise. The latter two types of fragmentation most directly affect farm efficiency and are rather common in Bulgaria. Social and demographic processes throughout rural Bulgaria in the past five decades, and land reform during the last decade generated a vast group of absentee owners who bear hardly any other connection to farming or the rural economy. The result is that most farms have to assemble the land they manage from a number of owners. Thus, there is a considerable difference between the land ownership pattern and the farm holding pattern, and between land fragmentation in these two instances. The latter is much less fragmented than the former. Achieving this relative “farm holding” consolidation, however, often involves several superimposed layers of underpinning tenancy (e.g. ownership, leasehold, parcel and land use block exchange agreements between farm enterprises). The general belief that these types of fragmentation bring only ineconomies should be partially adjusted to accommodate some relative advantages in certain forms of farm fragmentation. These aspects are commonly addressed by land consolidation schemes.

There is frequently a conflict between restituted land ownership and new farm holding patterns on the one hand, and established land use patterns on the other. Fragmentation of this type usually occurs on irrigated lands, or where specialised rural infrastructure exists, or in perennial land uses (e.g. rice fields, hop fields, vineyards, orchards) within the former collective farm blocks. Some of the farm enterprises change the land use, thus breaking down the established land use patterns. This fragmentation sometimes adversely affects soil fertility and quality, productivity, or erosion control because of the inappropriate, inconsistent or inadequate agri-techniques applied by adjacent farms. Issues of this type should be addressed by spatial planning, rural and land development schemes, land use zoning regulations, and land consolidation, etc.

2.3 Land Consolidation

Most generally, land consolidation is described as a pooling together of fragmented rural land resources within a certain territory and its reallocation in an aggregated pattern for improved land utilization. Technically, there are some practical skills and knowledge available in Bulgaria, which were gained during the land reallocation campaign.

Historical background

The problem of land consolidation is not new for Bulgaria and Bulgarian agriculture. It first appeared two decades after the Liberation from the Turkish Yoke (1878), after the completion of accommodation and land acquisition processes by Bulgarian rural citizens with Turkish lands. After the First World War (1915-1918), it was seriously considered for the following reasons:

1. Expressed tendency to raise the profit from a unit of land;
2. Expressed tendency to lower the cost per unit of production;
3. Ensuring agricultural independence;
4. The large influx of refugees from the seceded Bulgarian territories;
5. The newcomers-fugitives, who had come to Bulgaria after the signing of various conventions and agreements with neighboring countries;
6. Natural population growth;
7. Loss of fertile land after the wars.

During this period large-scale agricultural farms were rare (Table 3). It is evident from the table that agricultural farms owning land of up to 1 ha account for 13.5% of the total number and they cultivated 1.3% of the arable land; the ones from 1 to 5 ha were 63.1% of the total number and owned 30% of all the arable land: and the farms of sizes over 40 ha were 0.2% of the total number and cultivated 2.1% of the arable land.

The average size of a farm around the year 1934 was 4.9 hectares, of which 4.4 hectares was cultivated land, and 0.5 was not cultivated.

Table 1.

Groups of agricultural farms in terms of size of their land towards the year 1934.

Groups of farms	Total farms					
	Number of farms	%	With accumulation (in %)	Total land (in hectares)	%	With accumulation (in %)
Up to 1 ha and incl. it.	119 626	13,5	13,5	58 297,20	1,3	1,3
1 - 2 hectares	119 834	13,5	27,0	175 040,22	4,0	5,3
2 - 3 hectares	116 992	13,2	40,2	287 800,88	6,6	11,9
3 - 4 hectares	107 825	12,2	52,4	372 317,79	8,5	20,4
4 - 5 hectares	94 918	10,7	63,1	420 854,13	9,6	30,0
5 - 6 hectares	72 901	8,2	71,3	396 426,94	9,1	39,1
6 - 7 hectares	56 729	6,4	77,7	365 326,72	8,3	47,4
7 - 8 hectares	43 308	4,9	82,6	322 470,37	7,4	54,8
8 - 9 hectares	33 616	3,8	86,4	283 773,59	6,5	61,3
9 - 10 hectares	25 357	2,9	89,3	239 644,95	5,5	66,8
10 - 15 hectares	62 492	7,1	96,4	746 315,39	17,1	83,9
15 - 20 hectares	18 743	2,1	98,5	318 543,19	7,3	91,2
20 - 30 hectares	9 623	1,1	99,6	226 130,32	5,2	96,4
30 - 40 hectares	1 928	0,2	99,8	64 811,90	1,5	97,9
40 - 50 hectares	535	0,1	99,9	23 527,73	0,5	98,4
Over 50 hectares	558	0,1	100,0	71 085,74	1,6	100,0
Total:	884 985	100,0		4 372 367,06	100,0	

Source: National Statistical Yearbook of Bulgaria, 1939

The land was divided into 11 861 312 plots. Of them 3,0% were owned by the farms of up to 1 hectare; 7,4% were owned by those farms cultivating 1 to 2 hectares; 10,4% belonged to farms sized from 2 to 3 hectares. Farms with less than 6 hectares of land owned 53,9% of the plots. While the agricultural farms of over 20 hectares owned 3,2% of the plots, and those farms of over 40 hectares owned 0,4% of the total number of plots.

A huge number of land plots could not be reached by roads and during the best part of the year were inaccessible.

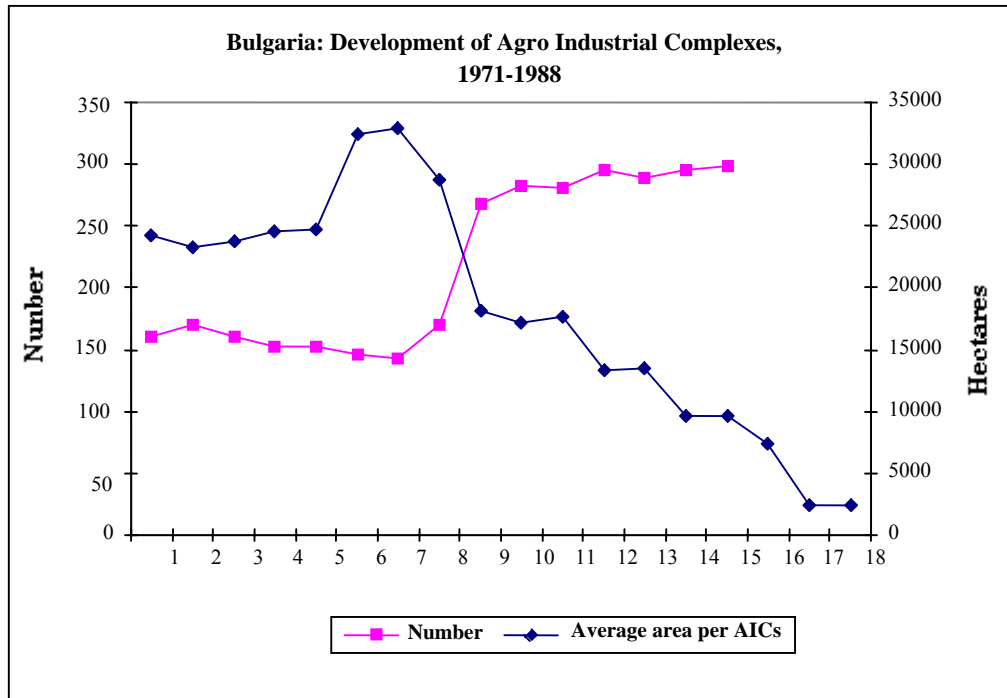
The average size of a plot of agricultural land in 1897 was 0.47 hectares; in 1908 - 0.44 hectares (a reduction which led to an increase in the total number of plots by 23,7%); in 1926r. – 0,37 hectares; in 1929r. – 0,33 hectares; in 1934r – 0,36 hectares. In 1908r. there were 11 plots of land per one agricultural farm; in 1926r. – 15 plots of land; while in 1934 – 13 plots.

The very process of the fragmentation of land ownership leads to the need for land consolidation in Bulgaria. In 1908, a member of the National Assembly, Petar Berov, presented draft laws before the National Assembly, while the draft law for cadastres was examined, a draft law concerning land consolidation was not examined. This was the first legal move undertaken by our country regarding this issue.

Thus the beginning of 1991 found the country with the unclear rights of ownership for agricultural lands which necessitated the ensuing continuous land reform.

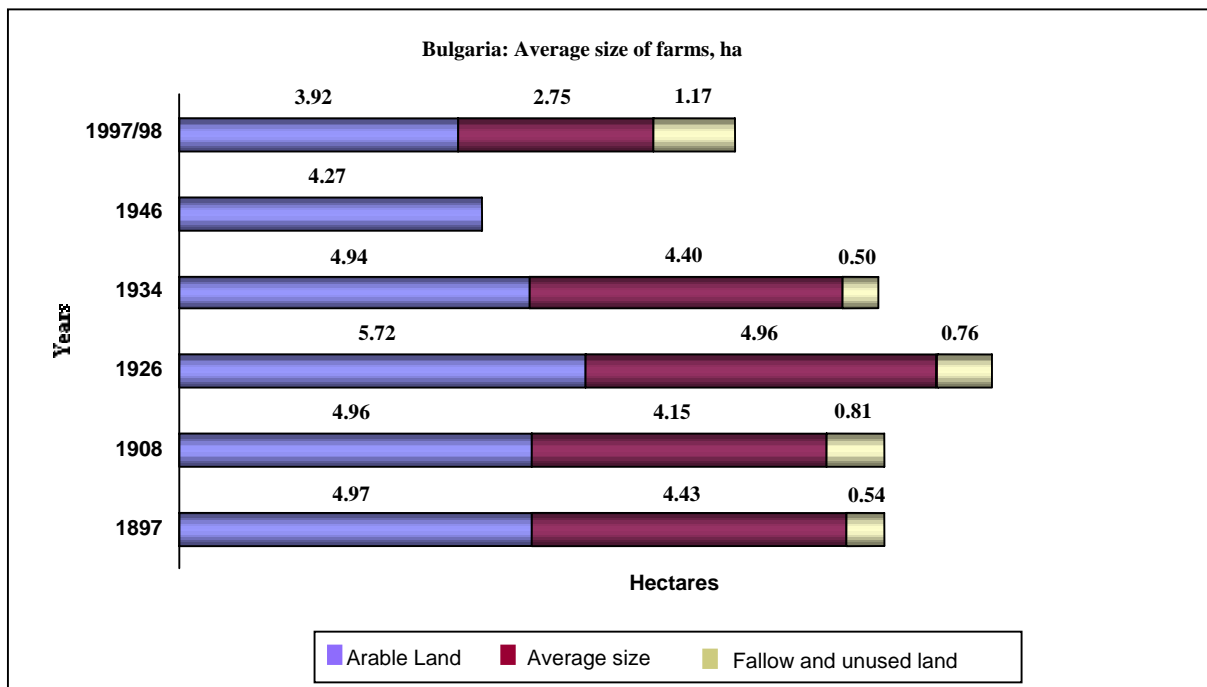
The ongoing land and structural reform brought Bulgarian agriculture into a situation similar that which existed before communist rule, especially in the sense of land fragmentation. Land fragmentation, which had been resolved by the beginning of the 60-ties re-emerged not after the start of the new land reform, but many years ago. Figure 4.8 demonstrates the start of a new stage in the land fragmentation process in Bulgaria which have been exacerbated by the new land reform conducted over the last ten years. The average size of a farm in 1998 was 3.92 ha. This is the smallest average size for a period of 100 years and the percentage of this which is fallow or unused land is very high – 29.85%. One of the reason for this is land fragmentation. Comparing the data from Figure 1 we can conclude that the situation in agriculture in terms of the average size of a farm is worse now than it was in the past. This factor is a result of the land reform and suggests a negative effect.

Figure 1.



Source: NSI and own calculations

Figure 2.

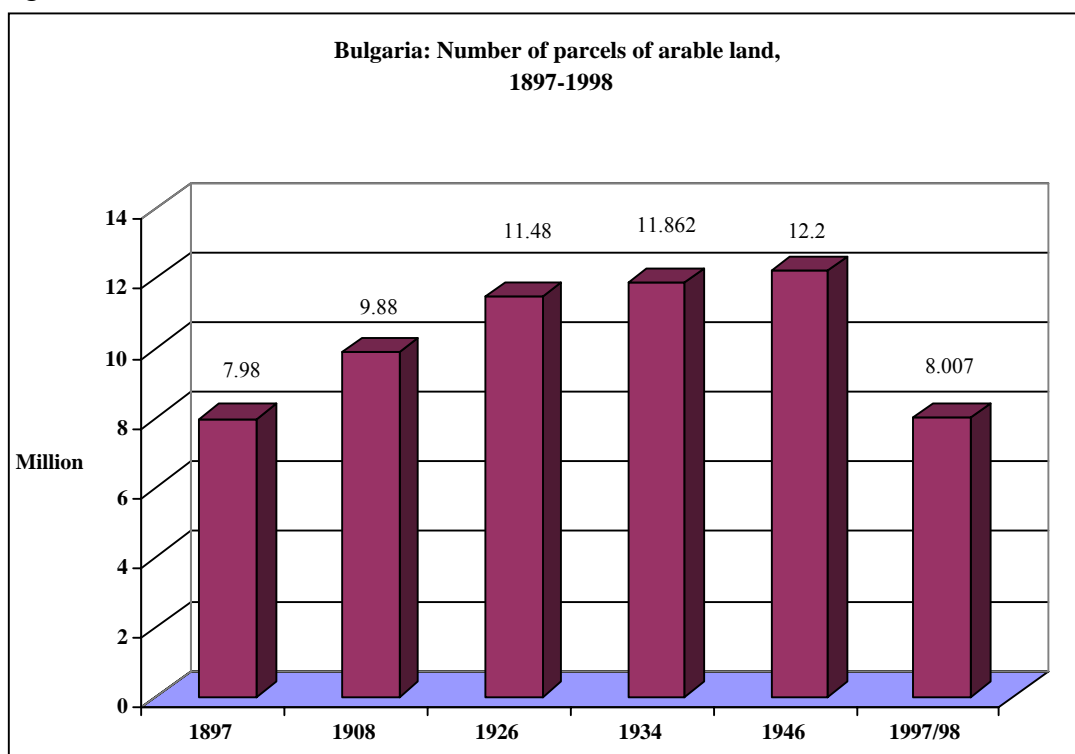


Note: For 1946 there is no data for the share of the arable land and the share of fallow and unused land.

Source: NSI, PHARE ACE project P96-6090-R

The number of land parcels in Bulgaria, according to our estimates is 8.007 million in 1997/98. So the number is similar to that in 1897 – 7.98 million. After 1999, the subdivision of land between heirs accompanied the restitution process and now the number of parcels is higher. If the agricultural policy continues to be indifferent to this problem, the number of parcels will increase significantly and will certainly advance beyond the border of 12.2 million reached in 1946.

Figure 3.



Source: NSI and own calculations

The average number of parcels possessed by a farm in 1997/98 according to the data presented in the PHARE ACE project P96-6090-R was 2 for the small farms, 3.08 for the medium farms and 2.62 for the large farms. The data describes the situation in the country before the subdivision of the restituted land between the heirs, which is still ongoing. The average number of parcels possessed by a farm is expected to increase.

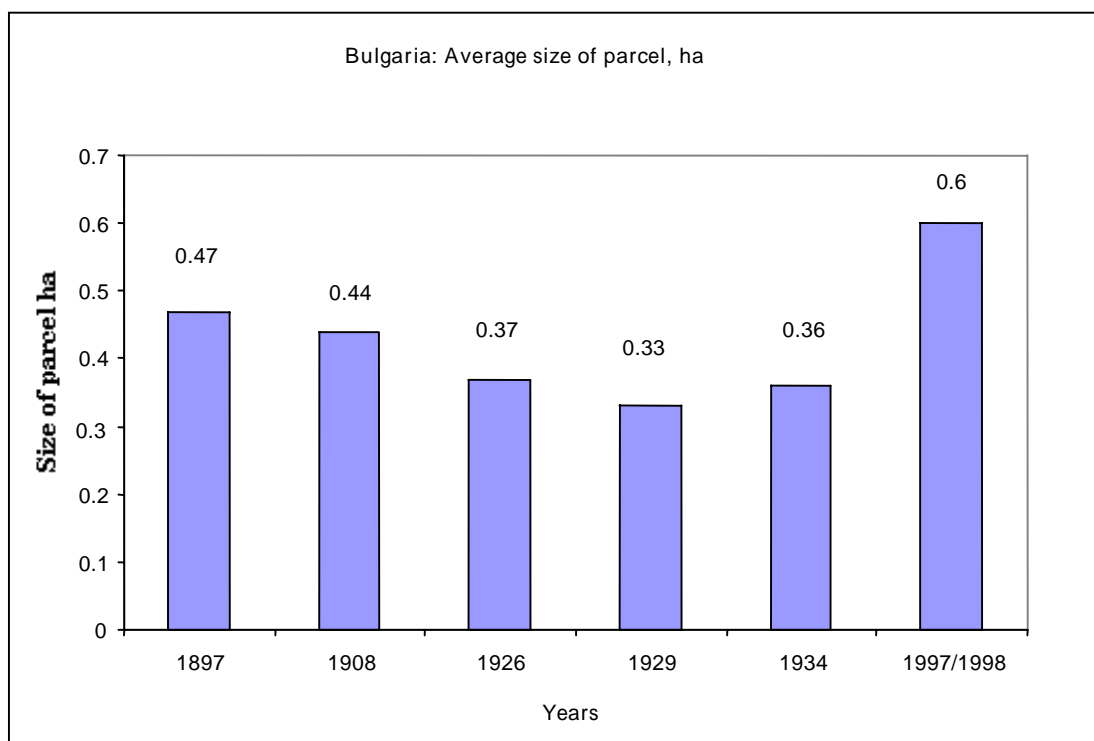
Table 2. Average number of parcels possessed by farm

Year	Small farms (up to 1 ha)	Medium farms (1-5 ha)	Large farms (over 5 ha)	Average for the country
1897	1.92	8.84	19.59	9.98
1908	1.88	8.51	21.63	10.58
1926	2.77	11.61	22.60	15.29
1934	3.00	11.03	20.43	13.41
1997/1998	2.00	3.08	3.68	2.62

Source; NSI and PHARE ACE project P96-6090-R

The size of a land parcel has increased and in 1998 was 0.6 ha (Figure 4). The expected tendency is for a decrease in this size, because of the ongoing process of land subdivision a decrease which could be halted if a land consolidation program were to be implemented.

Figure 4.



Source: NSI and PHARE ACE Project P97-6090-R

Determination of the existing informal transactions

As a result of the ongoing reform in the agricultural sector, the fragmentation of agricultural lands in Bulgaria, typical for the period between 1878 and 1947 found its counterpart in the years after 1991.

The huge blocks of arable land, created during communist times, were broken into small plots after the passing of LOUFL in 1991 and the Regulation of the Implementation of the LOUFL. The restitution of land ownership, which took a considerable time, was completed in the beginning of the year 2000, with the final submission of the ownership documents and the accompanying drafts. Yet it has presented agricultural production with huge difficulties not only technically and technologically, but also economically. This unpleasant situation is becoming worse even now, due to the additional fragmenting of land ownership (subject to the requirements of LOUFL and the Inheritance Law) caused by the division of land between the heirs of deceased owners of agricultural lands under whose name the land was reinstated after 1991.

The process of restitution in Dobrich region ended in 1994. Individual cases went on to be solved in 1999 as well, but they do not affect the overall picture of the region.

This offered an opportunity as early as 1993, for a process of land leasing to be implemented, which after 1994 gained considerable momentum and marked the beginning of large private farming in the area. Despite the above, the main problem which the local producers encountered was the fragmentation of the land property and the impossibility or great difficulty in the formation of huge plots of arable land, necessary for efficient cultivation and the achievement of economic profit.

This forced producers to start looking for ways to consolidate the land, despite the lack of normative regulation regarding this issue. The search for ways to promote economic and juridical land consolidation met with strong resistance from the processes going in the opposite direction – the division of farm lands between heirs of dead owners from the static register; the purchase/sale of plots or parts of them; and the impending land auctions for land from the State Land Fund (SLF) with compensatory bonds.

At first we are going to look at the processes altering or inhibiting land consolidation, then we shall focus on the methods applied to land consolidation.

2.4 Processes which inhibit land consolidation

Division of agricultural lands

The division of agricultural property occurs where the person who is the owner of the property has died or gives up his inheritance in favor of third parties (most often his relatives or children). It can be voluntary or obligatory (non-voluntary).

In such cases a contract divides the farmlands to be inherited between those parties having a right to an allotment. According to article 10 of the Regulations for the Implementation of LOUFL, the property owned, is not allowed to be less than 0.3 hectares for field; orchard or a vineyard - 0.1 hectares; pastures - 0.1 hectares. The division contract includes the people who have become new owners of the inherited land. Under their names the real estate properties, which are already theirs, are enumerated, the type of property is specified (for example a field, an abandoned field, vineyard, pasture, etc.), its size (with words and numbers), the land category, the area where it is situated, the number of the plot, (writing the names of the neighbors to the property is also compulsory) - the number and type of any neighboring real estate property, and the name of its owner. For each property the covenants are mentioned and the reasons for them (for example electric cable 20kV). The property from which the new land comes is also written down.

The new owners, also called co-dividers, receive one original contract signed each. One original contract is submitted to the Land Commission of the area where the property is situated, one remains with the notary who has performed the deal and one original contract is made for the entry office.

The necessary documentation for performing a voluntary division are: the decisions of the Land Commission under article 18g 1 or article 27 of the Regulations for the Implementation of LOUFL; a record of initiation; a notary deed; a certificate of inheritance; a declaration of having renounced the claim to the inheritance (in case any of the rightful heirs does decide to do this); plans and sketches detailing the division of the specified properties.

Land division is the main requirement when purchasing a property. In Dobrich region land is not purchased in a co-ownership, unless it is impossible to divide it. There are documented cases parcels being sold with sizes ranging from 0.3 hectares up to 2 hectares and with more than 20 co-owners. These cases are extremely hard to solve and implement

due to the difficulties in gathering all the co-owners at one place, and obtaining their consent for the sale of their land and its price.

The land division process occurs throughout the country. In our estimation, it will continue for another 1-1.5 years. Only after its completion can it be claimed that one of the prerequisites for the development of the land market is present and has been fulfilled. The average transaction costs in a voluntary division are about 30 BGL/hectare (excluding the transport costs incurred while traveling several times to the Land Commission where the property is situated - if there are any such, and the transport costs of the absentee land owners to the place where the contract is signed).

The average costs per division contract in Dobrich region are 25-35 BGL.

Purchase of agricultural land from the State Land Fund using nominal compensatory bonds (NCB)

Purchasing agricultural land using compensatory bonds from the State Land Fund (SLF) is a process that can be looked at in two ways - as an impediment to land consolidation or as its ally.

This is a process, which started several months ago with the distribution of certificates for the possession of nominal compensatory bonds (CPNCB) by the Land Commissions. These certificates are given to people whose requests for the restitution of their farmlands have not yet been met.

Upon receiving the bonds, the person can take part in:

- agricultural land auctions organized by the SLF;
- obtaining the right of ownership on lands subject to article 27, paragraph 6 of the LOUFL;
- transfer of the NCB
- the privatization process in the country.

When purchasing lands from the SLF through an auction, the person submits an application sample 1NCB to the Land Commission where the land for which they hope to bid is registered, along with a copy of the application (its front and back), within the terms provided by the auction announcement. Foreign citizens, and owners of NCBs cannot take part in these auctions.

On notification his bid has been successful, the person appears before the Land Commission where the property is located, for information on the redeemed NCB to be recorded. Using the NWA as basis, the Land Commission records the redeemed NCB. When acquiring the right to ownership of lands subject to article 27, paragraph 6 of LOUAL, the person submits an application sample 2NCB to the “Land Reform” Regional Office where the building or equipment they have bought are subject to section 12 of RILOUAL , copy of the CPNCB (front and back) and all the documentation required. The “Land reform” Regional Office records the redeemed NCB.

Only an individual owner of an NCB can perform the transaction.

When a transfer of an NCB takes place, the person submits an application sample 3NCB and a valid relationship ties certificate, issued by the “Civil Status” office to the Land Commission which has issued the NCB certificate.

The owner has the right of a one-time transfer of an NCB to a spouse or relatives of the direct ascending or descending line.

The transfer of an NCB is performed in the Land Commission where the certificate was issued, based on the submission of application sample 3NCB. The Land Commission records in the CPNCB the redeemed NCB, as follows:

1. When the owner of the NCB transfers his whole bond amount to one person, the recipient’s name and information are recorded in both the original and the copy of the owner’s certificate. The certificate with the transfer documentation attached is kept in the Land Commission and along with the copy are annulled with the signature of the official, seal and, after being perforated, are deposited in the archive. The annulment of the certificate stems from the requirement that the official body who performs the last transaction with the certificate, must keep the certificate, and after authentication submit it to the Land Commission, which issued it in the first place within 7 days, even though the bond amount is exhausted.
2. When the owner of the NCB transfers his whole bond amount to more than one party, the spent NCB and the reasons for this is recorded on the back of the NCB owner’s certificate. The certificate along with the documentation of transfer attached is kept in the Land Commission and together with the copy is annulled with a signature from the official, sealed and deposited in the archive after being perforated.
3. When the owner of the NCB transfers only a part of his bond amount, the transfer and the reason for it are recorded on the back of the certificate of NCB.

Only an individual owner of an NCB can perform the transaction.

Regarding the transactions related to the transfer of an NCB and the acquisition of the ownership of the lands subject to article 27, paragraph 6 of LOUFL, when the CPNCB has been issued to the heirs of a deceased owner, division between the heirs is compulsory. The Land Commission which has issued the certificate, after submitting a notary certified contract for voluntary division or a court decision and a valid Certificate for Inheritance, issues an individual CPNCB.

If the lines where the NCB transactions are recorded are all filled out, and there are still unused bonds remaining, upon the request of the NCB owner, the Land Commission will issue a new certificate.

When dealing with an NCB under section 4a of the Law for Transformation and Privatization of State and Municipal Enterprises (LTPSME) the owner of the certificate must:

- be legally registered following the procedures of LTPSME in the post office branch appropriate for his address and must have a registration card.
- include with the registered investment bonds the whole amount or the remainder of an NCB, by filling out order form sample No. 51 at the same post office branch.

The official at the post office branch requests the registration card, order form sample No. 51 and the CPNCB. No authentication is made on the certificate, but the privatization bodies, which officially inform the Land Commission, keep the last copy.

Using the NCB as investment bonds for privatization deals leads to an annulment of the certificate.

The agricultural land auctions organized by the State Land Fund will be performed on three levels:

- municipality level
- regional level
- national level

The auctions will be organized consecutively. The first will be the auctions at municipality level. If any land remains unsold, the regional level auction takes place. If after the auction at regional level there is land still remaining unsold, the nationwide level auction follows, at which the rest of the lands not sold are distributed.

The auctions are expected to take place between October and December, 2000. About 30-50% of the agricultural lands in the State Land Fund will be offered, for Dobrich region the number is about 50%.

Currently there is a process whereby interested parties are buying up NCBs, the prices offered by buyers started at 0.25 BGL per 1 BGL of a compensatory bond. In the month of May, the price fell to 0.12 BGL per 1 BGL of a compensatory bond.

These auctions will create opportunities not only for those parties uncompensated by the restitution process to get ownership rights, but also for those individuals who already have some land plots in the areas where state-owned lands will be auctioned. If the state land is won by a person who already farms in the TBS where the state land is located and has their own and/or leased land (especially if some of these plots neighbor the auction ones) we could say that a land consolidation process is occurring or that the conditions for land consolidation are being created by the auction process.

Unfortunately the effect of seceding agricultural lands from the State Land Fund to new owners through the auctions may also lead to some very negative results:

1. Land which is currently consolidated will become fragmented. Land ownership will be considerably fragmented, and the number of new owners is hard to predict. This alone will reflect negatively on the agricultural land market - the already overly large number of owners will increase, which will increase the availability of agricultural lands for sale and will push market prices down. On the other hand, the emergence on to the market of plots of sizes over 2 hectares will inevitably affect the prices of the smaller plots and will make them harder to sell.
2. The reduction in the lands in the SLF (the reduction is expected to be between 30 to 50%) will impede the legal process of consolidation in the future –as a result the creation of a Land bank as an institution to support and implement the consolidation of land will be more limited in the resources it can operate, which will hinder fast integration and implementation on both national and regional levels.
3. This reduction will prevent or at least limit the ongoing process of juridical land consolidation - the exchange of dispersed private parcels of land for consolidated state ones.
4. There will be a negative effect on the development of rural areas as well. The renunciation of ownership by the state could be perceived as a withdrawal from rural areas and a narrowing of its social policy. It may be asked: is the state selling its land because it can't manage it effectively, and has no strategy for rural development? This

is a reasonable question, when one considers that a large proportion of the first compensatory bond owners and expected owners have already sold them and won't actually be taking part in the auctions. The reduction of land in the SLF will lead to the reduction of the extent of the lands which could be offered to peasants with little or no land, as well as to the ethnic and gypsy populations, and in this way the inducements to stay and live in the villages, and the means for earning a living are restricted.

The purchase/sale of agricultural lands or parts thereof.

This is the third process inhibiting land consolidation. But it could also be viewed from the opposite perspective . It can further fragment the land property – as it leads to the inclusion of new owners on the land territory; which results in the fragmentation of already consolidated land with all the associated negative consequences. The owner/producer cannot:

- organize correctly and expediently manage his farm
- adjust his farm/product mix to market demands
- implement the necessary and most appropriate crop-rotation
- effectively use the production factors
- cut down on production costs
- be economically independent
- increase the income per unit of land
- make improvements to his land

A fiscally responsible demand for small land plots is still not evident and is not expected in the future unless these plots are adjacent to the buyer's land or the buyer has a long-lasting interest in the respective land territory and owns a certain percentage of the land.

2.5 Methods and ways of land consolidation applied in Bulgaria

Types of land consolidation

According to the number of differentiated parcels in which every different owner groups his land property, there are three types of land consolidation:

1. Full (radical) land consolidation.

In this type of land consolidation the land of the individual owner is grouped in one place – he becomes the owner of one parcel of land.

2. Moderate land consolidation.

The participants are given two or more parcels of land. This type of land consolidation should be used in regions where the soil and the land use is more varied.

3. Conservative land consolidation.

This would be a partial consolidation of the owned properties in specific parts of the territory belonging to a settlement, and where special roads are made to these new parcels of land.

Differentiating by the method used to establish land consolidation we identify two options:

1. Voluntary land consolidation

The participation of the owners is totally voluntary. Whether or not land consolidation is carried out in the territory belonging to the settlement is decided at a meeting of the owners of land. If over a specific percentage agree, the process can start. Usually in these meetings not only the owners, but also the users of the land can have a vote. It may or may not be legally regulated.

2. Involuntary land consolidation.

This is done on the basis of a specific normative act.

Land consolidation can be conducted on two levels:

1. On a national level.

It is implemented in the entire country. It is of the involuntary type of land consolidation. The nationalisation of land is one of the extreme points of this type of land consolidation.

2. On a regional level.

It is done in different regions, in different territories belonging to the settlement – where the owners have an interest in its completion.

The methods of land consolidation used and applied in the area could be divided into two types: economic land consolidation and juridical land consolidation. They are:

1. Leasing land from the SLF for a period of 10 years
2. Purchase of agricultural land from the SLF using compensatory bonds
3. The exchange of scattered plots of private agricultural land for consolidated state land from the SLF
4. Division of the land territory in the TBS among those producers working on it
5. Exchange of private land plots between the individual producers, and the owners of the land
6. Agricultural land leasing
7. Leasing of agricultural land, and the property of “large” families

8. Renting from different owners in certain land territories, regardless of the size of the plots owned by them
9. Purchase/Sale of agricultural land

Leasing agricultural land from SLF for a period of 10 years.

This was one of the first methods used, although not to a great extent. Instead this indirect method could be described as an economic land consolidation process. More often than not it is combined with land renting.

Procedure for obtaining a 10 year land lease from the SLF:

1. The Ministry of Agriculture and Forestry (MAF) announces an auction for a 10 year agricultural land lease, specifying:
 - the size and category of land to be leased;
 - the lease period;
 - the territory where the land is situated;
 - the deadline for submitting the participation forms and other requirements to the participants;
 - the date of the auction
2. Within the deadline announced by the MAF, those who wish to participate submit their documents
3. The auction is conducted after the deadline has passed and the offers have been collected.
4. The signing of a contract between the MAF and the winner of the auction.

The State Land Fund in the Dobrich region amounted to 22 000-22 500 hectares, before the auction process took place.

The minimum size of the plots leased for 10 years in Dobrich region is 20 hectares, the maximum - 50 hectares.

So far about 5500-7000 hectares have been rented, which is 24,44%-31,82% of the SLF land in the region.

Land leased out in this way has the following features:

1. This land won't take part in the oncoming auctions for state land using compensatory bonds;
2. After the term of the lease expires, the lessee has the right to buy the land.

The producers in the area expect this method to be limited or curtailed after the compensatory bond state land auctions have taken place due to the lower availability of state land.

It was generally believed that the long-term leasing of land from the SLF encouraged corruption.

The instability of this method is evident in the lease contracts signed between the MAF and the lessee. There are no serious punishment clauses and the lease can easily be annulled by the MAF, if the land is used irresponsibly or is badly cultivated (it should be noted that there isn't a clear and exact definition or procedure for such a situation, so that the personal opinion of the governing party suffices, which could stimulate corruption).

Exchange of the scattered plots of private land for consolidated land from the SLF

This is a widely practiced juridical land consolidation method in the area. It is also the reason for the increased activity in the agricultural land market since 1994. It has become increasingly popular in the last two years. The procedure involves the exchange of scattered plots of private land varying in size and quality (category), and owned by one person, for consolidated land from the SLF. The blocks of land from the SLF are large enough in size to ensure efficient agricultural production.

The exchange itself is performed on the basis of evaluations conducted in accordance with the Regulations for the Determination of Base Prices for Agricultural Lands.

Out of a total of 22000-22500 hectares of land in the SLF for Dobrich area, about 6500 hectares are included in these types of exchanges.

Procedure for the exchange:

1. Retrieval of the relevant plans and sketches from the Land Commission and verification of the private land.
2. Preparing an evaluation of the land. The base price of the private land and of the state land is determined. This way the lands in the different regions are compared.
3. Authentication of the evaluation of the land at the Land Commission;
4. Summarizing the information in the "Land Ownership" Regional Office;
5. Submitting the documentation to the MAF;
6. Verification of the documentation at the MAF;

7. Issuance of permission from the Minister of Agriculture and Forestry for the exchange to be performed;
8. Signing of a contract between the Minister of Forestry and Agriculture on the one side, and the private individual on the other. The contract is in notary deed form. It is recorded in the Office of Records at the Municipal Court.
9. The private individual registers with the Land Commission, where the former state land is already registered;
10. The Land Commission issues a sketch, which completes the package of documentation.

This is a very cumbersome process lasting months. It is complicated by the three document checks carried out: first at the Land Commission, then in the “Land Ownership” Regional Office, and finally, at the MAF.

The basic evaluations of the land and the sketches provided by the Land Commission at the beginning of the process are valid for 6 months. After that period, if the exchange has still to be performed (which is often the case), it is necessary to repeat the evaluation of the land and the authentication of the drafts, which further lengthens the process and makes it more expensive.

In terms of quantity, the exchange is always in favour of the state, since the private land exchanged is either the same size or larger than the state land. This is due to the leveling off of the value of the different lands with the help of base prices. Thus we achieve a fair exchange in terms of quality, but not quantity.

This form of exchange is used by both the lessees in the Dobrich region and the people who have relocated from the city of Silistra to the villages of Trigortzi and Gurkovo. They have exchanged their lands in the area of Silistra for state land near their new homes. These exchanges are expected to cease within the next year, as a result of the auctioning of state lands to the owners of nominal compensatory bonds (NCB).

This type of exchange would be of great benefit if the SLF were to take on the role of a land bank. Why so? After the exchange, the state becomes the owner of numerous plots of different sizes (minimum 0.3 hectares for fields) in different land territories, this means that the state property is breaking up and it is no longer strictly limited geographically. Therefore the state is able to operate in more regions, can sell/rent land to a larger number of interested owners (especially if they are neighbors of the new state lands) and can help the small and medium sized landowners with land consolidation.

Division of the land territory in the TBS among the producers working in it

This is the most prevalent informal process of consolidation in the area. All producers no matter what their organisational form can implement this method-whether small, medium sized, or large lessees, co-operative farms, or individual producers. The agricultural farmers are completely unanimous about the need for land consolidation and cultivating large blocks of agricultural land with the purpose of utilizing equipment efficiently and using the technical procedures appropriately. The division takes place at the beginning of the crop year and lasts one year. All interested parties have a meeting where it is determined who will cultivate which part of the land territory, observing the rule that: the quantity of consolidated land received from a producer after the division should be equal to the land (owned or rented) claimed by him before the division. Chart 5a and Chart 5b.

Such division stems from the renting and cultivation of numerous plots by each producer, scattered around the land territory. This fragmentation does not allow crop rotation, or the cultures to be properly treated with fertilisers and preparations, or the highly efficient technology to be used effectively.

Signing a contract between the sides is enough to certify the division of the land territory. The notary does not certify this contract.

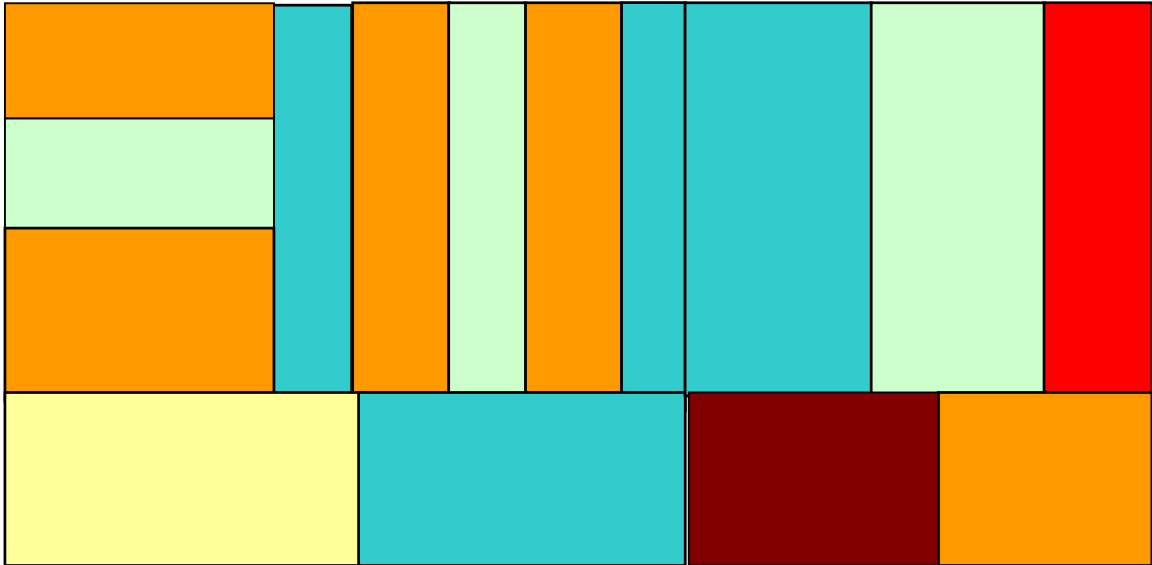
The division is performed with or without the knowledge of, or consent of the individual landowners. In reality it turns out that a producer cultivates land upon which they have no rights, that is, the land was leased to another producer (for example).

There is no normative document regulating this process, which makes it very risky. The risk also arises from the fact that a given owner might ask for their land back and destroy the signed lease or rental contract, to distraint the harvest from the land which he owns if his land is not being cultivated by the producer with whom he signed a contract.

To ensure that this will not happen, the lessees pay the rent promptly, which is expensive compared to the other regions in the country. Every lessor receives his rent payment from the lessee he had contracted with.

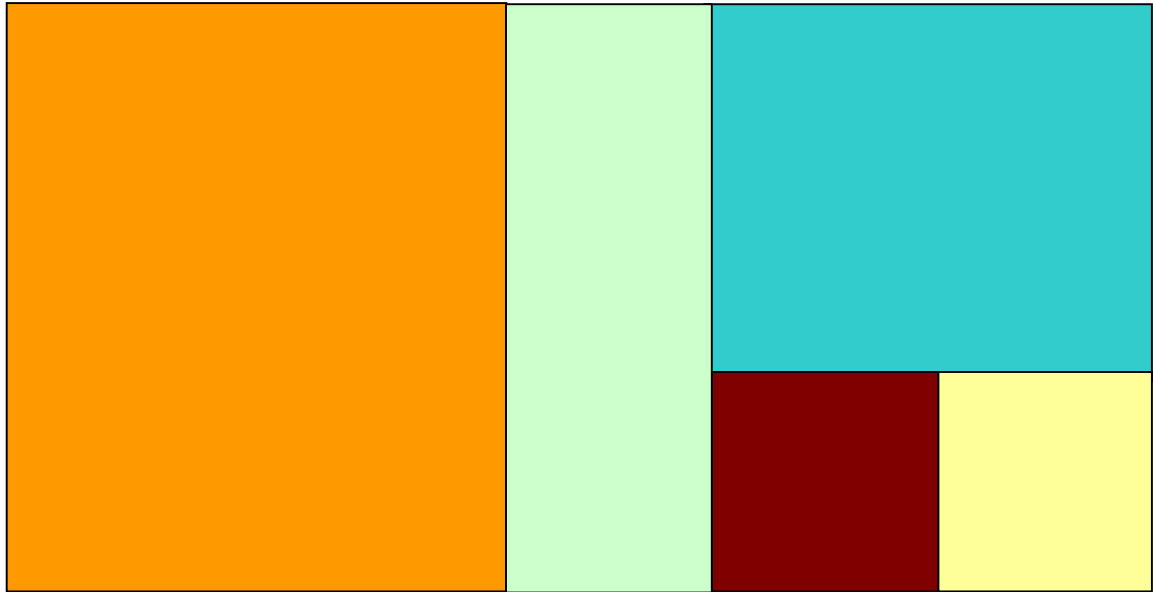
However, it is still a somewhat illegitimate practice.


Chart 5a. State of TBS before the division





- Parcel of land, property and/or leased from producer 1
- Parcel of land, property and/or leased from producer 2
- Parcel of land, property and/or leased from producer 3
- Parcel of land, property and/or leased from producer 4
- Parcel of land, property and/or leased from producer 5


Chart 2b. State of TBS after the division




 Agricultural land that will be cultivated from producer 1 during the crop-year; $\sum 1a=16$

 Agricultural land that will be cultivated from producer 2 during the crop-year; $\sum 2a=26$

 Agricultural land that will be cultivated from producer 3 during the crop-year; $\sum 3a=36$

 Agricultural land that will be cultivated from producer 4 during the crop-year; $\sum 4a=46$

 Agricultural land that will be cultivated from producer 5 during the crop-year; $\sum 5a=56$

Therefore a normative act could be discussed and approved taking care of this issue and giving it a legal form.

The producers, in order to obtain the right to make such a division, must include in their rental/lease contracts clauses allowing them to perform such activities.

This practice will be kept in the future, and it is quite possible that other regions of the country might take it up as well, with new producers entering the market.

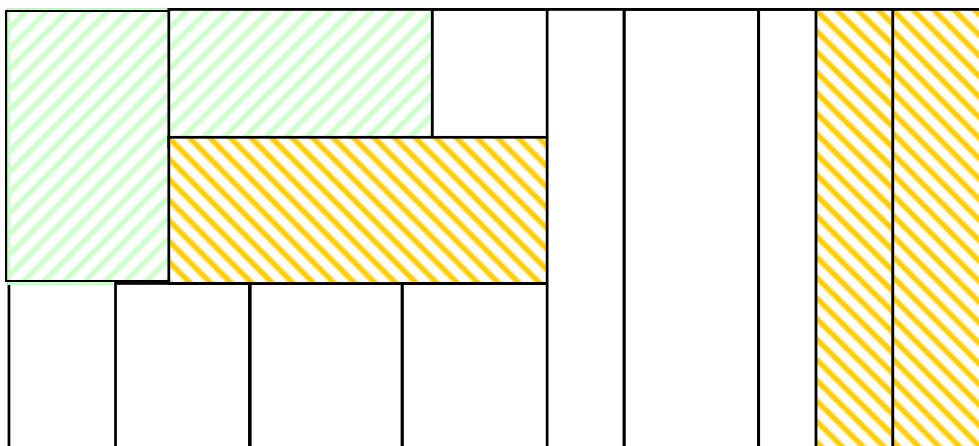
The exchange of parcels of agricultural land between the separate individual producers /owners/

This exchange is usually done by the individual farmers of small and medium type farms who are the owners of the exchanged parcels. It takes the form of a mutual exchange of certain parcels of land between two producers.

The exchange is usually for a period of one crop-year. A word agreement is made or a contract is signed. Usually a payment for the usage of the exchanged plots is not required and unnecessary.

From charts 6a and 6b we can see the result of such an exchange.

Chart 3a. State of territory belonging to the settlement before the exchange

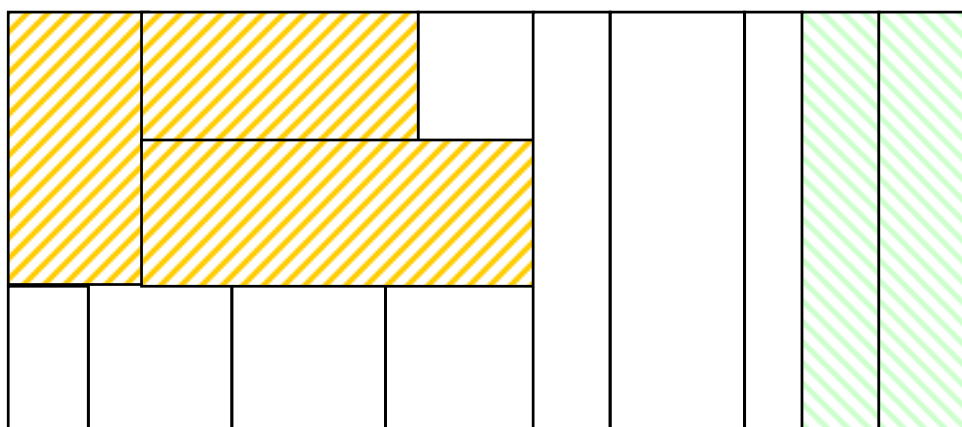




Parcels of land ownership of an individual producer 1



Parcels of land ownership of an individual producer 2

Chart 3b. **State of territory belonging to settlement after the exchange**



-  Parcels of land that will be cultivated from producer 1 during the crop-year
-  Parcels of land that will be cultivated from producer 2 during the crop-year

Only land which is owned, is exchanged. This way the fragmentation of land ownership is overcome (from economic point of view), and the prerequisites for more effective production are created, but this process does not stimulate investment in the land (i.e. composts or fertilizers) because it is not known who will work the exchanged land next year.

After the exchange the ownership, both judicially and according to the documents still stays fragmented. Only the way the land is used is changed.

In this way the arable land of a given producer after the exchange can be bigger, equal or smaller than what he owned before the exchange. There is no normative order for this kind of exchange but there are no judicial problems or holdbacks because the land being exchanged is the property of the persons participating in the exchange. And according to the existing laws they can do with it whatever they think is best for them.

In the region of Dobrich this form is hardly used because most of the time the previously mentioned form is preferred.

Leasing of agricultural land

The leasing of agricultural lands is an established method of land consolidation depending on the way it is used. This is also the most common way for land consolidation in Bulgaria and in particular for Dobrudja.

Until this year, the tenant farmers (lessees) signed contracts for leasing or rent for a period of one year but from this year the contracts will be signed for a minimum of 4 years and must be legalized by a notary.

What we can see in the region of Dobrich is that tenant farmers (lessees) tend to hire land in specific territories within a certain radius of the farmyard, which the tenant finds most optimal. This optimal radius can be divided into two groups:

- a) 8-10 km;
- b) up to 20-25 km.

The number of people hiring land at a distance of more than 20 km from the farmyard is very small.

The biggest problem confronting the tenant farmers is the requirement for legalization of the rental contract by a notary, and this process has a number of failings:

- it is very time-consuming
- the high impossibility or extreme difficulty in signing contracts with absentee land owners
- the impossibility and inefficiency of the process of driving the elderly owners to the place where they must sign the contracts

Because of these difficulties the requirement for legalization by a public notary is often ignored and this does not reflect badly on the relationships between tenant/lessee/ - owner.

A small portion of the contracts for leasing are on a verbal basis, especially when there are absentee land owners who don't have representatives in the region where their property is situated.

Purchase/sale of agricultural land

This is another established means of land consolidation used in the region of Dobrich.

But this is a two-edged process – it can lead to an increase in the size of the land parcel but it can also lead to a fragmentation of the property (a case which we have already examined).

At the moment the purchase and sale of agricultural land is partially contributing to land consolidation. In the cases when a neighboring parcel is bought there is a juridical land consolidation.

The buying of a parcel(s) by a person already owning land in the territory belonging to the settlement but not bordering the property which is the object of the deal, reflects indirectly on land consolidation in as much as it creates a mood and a desire for land consolidation and increases the opportunity for it.

The main participants in this process are the large and medium scale.

The purchase and sale procedure for agricultural land:

1. The division of the property in cases where there is more than one owner or the owners cannot reach an agreement, or the buyer does not agree to buy a property with more than one owner.
2. Legalization of the plan of the property, the recording of the agreement with the appropriate Land Commission.
3. A tax evaluation of the property.
4. Collecting the plans, documents and tax evaluation from the appropriate Land Commission.
5. Legalizing the deal in the notary office.
6. Registering at the court in the Entry Office.
7. Issuing the new property documents.
8. Registering as new owners with the appropriate Land Commission.
9. The Land Commission where the property is located, issues a sketch (plans and drawings).

The real estate agencies play a large role in the sale and purchase process.

Buyers tend to avoid buying land with more than one owner.

3. Conclusive summary

The following is an attempt to summarise the various aspects of possible land consolidation schemes in the proposed area. In order to gauge comprehensively the specific Bulgarian conditions, several key factors have been addressed.

Legitimacy. It is indisputable that the strategic objective of establishing an effective and competitive rural economy in Bulgaria requires the consolidation of the land use and/or ownership rights in rural territories into viable farm units. Clearly, within the present legislative framework there is a gap in this field. Politically and conceptually, there is no consensus or clear government strategy for achieving a consolidation of this kind – should it be left solely to market mechanisms, or should there be government intervention and special legislative limitation of individual land use / ownership rights. Against this backdrop, land consolidation schemes – defined as the systematic spatial grouping and rearrangement of land use / ownership rights within certain territories – are a sensitive issue, bearing in mind that a major, costly land reallocation programme (with opportunities for consolidation) has just been completed. Survey results indicate that any proposed government intervention in individual farmland interests may face opposition from a considerable proportion of the population. Aside from this, without a sound regulatory framework, any land consolidation scheme may simply fail to raise the necessary funds for its implementation. The conclusion is that extensive policy making, and legislative work is a prerequisite for any land consolidation initiative.

Organisational Model. A possible land consolidation scheme could be accommodated within the regional / rural development framework. Thus, it would certainly have to involve central, regional and local authorities. The responsibilities in such a joint effort have been only outlined in the relevant legislation, but there is a shortage of detailed rules and procedures, as well as positive experience with efforts in this planning field. Only the consultative / approval functions of the authorities are clearly defined. The executive body that should take the lead in organising the scheme has yet to be determined – presumably at the local level, in co-ordination with the regional level. The co-ordination mechanism via the regional development council has had hardly any preparation. Existing land administration institutions are charged with different challenging tasks, and so have little capacity to take over land consolidation, as well. They are unstable due to the radical transition they are undergoing in connection with cadastre / land registration. Furthermore, the owners / tenants seem to distrust all the existing administrative institutions – so a new type of public-private partnership body should be set up. In order

to start project preparations, the core, at least of a land consolidation body should be identified. The present lack of a designated budget for such an organisation's work is a real obstacle to any progress in setting up the requisite organisation. Bearing in mind the present financial status of the Bulgarian municipalities, the provision of municipal funding for a new executive body is highly unlikely. The landowners and tenants as stakeholders can not afford such funding. It seems that at present only MAF could afford to support such an organisation, but it has no explicit policy to do so. The conclusion is that extensive preliminary budgeting and organisational work would need to be carried out before the implementation of any land consolidation initiative.

Technical Aspects. Technical issues seem to be least problematic. Provided that the organisational model exists, the requisite LIS / GIS can easily gather the necessary information from the geo-referenced database at the relevant central, regional or local sources. Digitalisation of existing map sources and a revision of the soil maps, especially, will presumably require more preliminary work, but the professional land surveyors in Bulgaria already have such experience, and have easy access to modern IT and commercial LIS/CIS software systems. The present stage of land restitution and cadastre / land registration reform – in Dobrudja particularly – favours the availability of up-to-date large-scale mapping and land records. With the minimum effort spent on the verification and updating of land records (this is to be funded under the cadastre / land registration programme), a possible land consolidation initiative may rely on relatively good quality data. Actual land use pattern may need some field checks and surveys, but these need not be extensive. The human resources are quite experienced in land reallocation design, and will require less orientation and training. More training should be focused on land valuation.

3.1. Approaches to Land Consolidation

Land consolidation is inseparable from the structure of farming enterprises. Achievement of balanced farm sizes, which is a central issue for Bulgarian rural development, requires some stability of the structure of farming enterprises, which is not the case with the majority of them (both by number, and by farmed area). As mentioned before, the co-operatives who are farming most of the land, undergo a transformation / registration process which is likely to cause the disintegration of a significant section of them. It is anticipated that new farm operators will come forward to replace them. On the other hand, small subsistence farms are also very unstable. The time available for planning the development of these categories of farms is very short – it is a matter of economic survival. An indirect indicator of this is the relatively short term of farmland leases that

are concluded on the lease market with private lessors – usually not longer than 4 years. The only stable structures presently are the lessee-farmers, but they are a minority. With this background, it is clear that classical land consolidation schemes – with a democratic decision making procedure – are not a viable option, and in the short run are virtually impossible. Also, the public attitude to the idea of rearrangement of ownership rights seems to be very negative. Under these circumstances, it would be practical to apply two approaches to achieving viable farm units through consolidation – the short term and the long term.

Short Term Consolidation Practices

The observed consolidation of land use rights through a voluntary exchange of leases is a practical short-term solution born at the grass-roots level. To a great extent this is the land tenure foundation underlying the presently stable and apparently successful commercial farms in Dobrudja, as well as in other parts of the country. The exchange is fixed by agreement between the farm operators of one TBS. The format is either written or oral, and it is usually on an annual basis. The exchange accounts for the area and category of land. In principle, the landowners that are lessors take no part in the process, and can not influence the exchange. This is a problem, because such exchanges (effectively these can be treated as sub-leases, or sub-lettings) are not permitted by the civil law without an explicit clause about it in the original lease agreement.

The paradox is that such a significant land transaction of undeniable economic usefulness is neither protected by law, nor registered in any way. Thus, it is a source of insecurity for the tenants. From the viewpoint of transaction costs, large lessee-farmers spend roughly 10 BGL/ha or 30 BGL per contract and a couple of man-months for the conclusion of original leases with several thousand landowners. Some 30% of the leases are not written, because they are negotiated on the phone – the absent owners live too far from the area. Frequently, patches of land amidst massifs can not be leased from their absent owners. Then another couple of weeks is spent in order to reach exchange agreements with the rest of the owners. Further, lessee-farmers have to maintain a database for their system of leases and exchange agreements. From a land use planning viewpoint, the data on who farms what, is not completely clear, and is barely accessible. This is a hindrance to monitoring the performance of agreements as well.

There are several possible ways in which land consolidation initiatives may support this practice in the short term, without cumbersome legislative amendments. These

suggestions should be seen as ‘short-cut’ opportunities for speeding up the market-driven consolidation process:

- Within such an initiative, a standard lease agreement may be drafted. This could contribute to the legitimacy of the leasehold consolidation process. It could comprise clauses establishing and granting to the lessee-farmer the right to exchange the leasehold with another farm operator – for the purpose of consolidation. Some lessee-farmers have explicitly identified the need for a standard lease agreement. The agreement may attempt to improve the security of tenancy situation as well – offering optional clauses for one, or even two, years of notice before termination of the contract by any of the parties. Such a standard lease agreement and its advantages for both parties may be promoted among the local community in the proposed area by a campaign in the mass media and in local community meetings.
- In addition, such an initiative may set up a cheap and simple (say, paper-based) registration system for the exchange of leases in each village, that will certainly improve the security of tenure. The village mayor / secretary may get involved with running the system, thus granting some legitimacy to it. It could use a copy of the cadastral map for geo-referencing and simple land use inventory purposes, and keep transcripts of the «consolidation» exchange agreements – thus publicizing them among the village community. The system will not need updating more than once a year. That will also generate an original annual land use data series.
- As a third potential component of such an initiative, an impartial agent (e.g. the contractor) may facilitate the process of signing leases and the consolidation of fields. The agent could investigate who the prospective lessors in the TBS would be – by survey and/or organising a «post box» for interested landowners. Various people could be the principals of an agency of this kind: local public / private partnerships, local economic development agencies, foreign aid agencies, non-profit institutions, etc . The agent could then assemble consolidated fields from the available plots – by provisional negotiations with the owners – and offer the assembled fields to potential lessees, along with packages of draft lease agreements and easy contacts with the owners.

Long Term Land Consolidation Outlook

From a longer term perspective, any systematic land consolidation, particularly of land ownership rights, will be unthinkable without pertinent legislation. Specific issues to be addressed by the politicians / legislators, are:

- Special Land Consolidation Legislation

The significance of the interests affected by any systematic consolidation requires legislation. It should regulate the limitations imposed on individual property rights, and the necessary procedures for consolidating land. Bearing in mind that at present public opinion is opposed to any interference in individual ownership, it seems that classical consolidation schemes would have no support in Bulgaria. So this legislation could only regulate procedures for facilitating voluntary land exchanges, for reduction of the subdivision instances upon inheritance, or compulsory land consolidation in areas with environmental problems.

- Land Fund Policy and Arrangements. Currently the state and the municipalities hold the land fund farmlands, but their land management practices are not subject to any explicit land consolidation or rural development policy. These lands have already served land consolidation purposes, but the government has not established a sustainable mechanism or institution to manage the process – such as a land bank, for example. Thus, legal arrangements may be introduced for the establishment of executive agencies or inter-governmental companies managing the public land fund in line with straightforward land policies. Such a body may buy out fragmented lands, or foreclosed farm holdings from default mortgagors, and – upon consolidation – sell or exchange them with prospective farmers. By consolidating the lands, and then selling, this body will generate an increased profit as a result of consolidation. Such a land fund could well be used in cases of compensation, where it could exchange fund lands for lands compulsorily alienated as a result of other infrastructural schemes. In general, such an institution could be a flexible government tool in land use planning and regional development.

All of these above mentioned forms of land consolidation are practiced in the Dobrich region and this confirms our thesis that although there is fragmentation of the land property, from an economic point of view and from the point of view of the usage of the land, in certain areas, this fragmentation has been overcome. The forms described, only confirm our statement that measures and official documents must be accepted in order to support and encourage the process of land consolidation and to legalise the voluntary forms used in the region.

If we look carefully at the current picture, we can see that the situation that existed in the period between the two world wars is being duplicated today:

- ⇒ Large number of land owners;
- ⇒ The average size of the tract is roughly the same as those in the past;
- ⇒ The process of fragmentation is increasing;

- ⇒ Economic and legal land consolidation is done in a way identical to that in the past – exchanges amongst private owners, exchanges between private owners and the state; purchase and sale;
 - ⇒ The free land market;
 - ⇒ The existence of legal barriers limiting further land fragmentation, although the current barriers are weaker than those of the past;
 - ⇒ The administrative division of the country is similar to that of the past;
 - ⇒ The prevalence of grain production in the country's product mix.
- There are prerequisites at the present moment, which further complicate the situation:
- ⇒ Lack of strategy for land consolidation;
 - ⇒ Lack of a strategy for rural development;
 - ⇒ Deserted rural areas
 - ⇒ Alienation of the people from the land
 - ⇒ The bad macro-economic and micro-economic situation in the country
 - ⇒ An insolvent and aging population
 - ⇒ The lack of incentives for new agricultural producers.

The legal and economic methods of land consolidation in the agricultural lands in Bulgaria in addition to the positive attitudes and expectations of the agricultural producers and the different institutions connected with agriculture (land commissions, municipal administrations, and real-estate agencies) clearly demonstrate the need for the initiation of a land consolidation process in the country.

The actual process of land consolidation, in cases where the process is done under the guidance of the state and without a land bank are carried out in the following way:

1. A vote in the territory belonging to the settlement for the start of the process of land consolidation.
2. The construction of a new cadastre plan.
3. The designing and marking out of a new road map.
4. The exhibition of the cadastre plans before the participants.
5. Constituting and constructing the land consolidation plan.
6. The distribution of the new parcels of land amongst the owners and the participants in the project and demarcation of their property.

The effects that can be achieved by the consolidation of land and land ownership are as follows:

1. The exchange of scattered parcels of land, for the property of one person in one or two parcels of land with correct and suitable forms for agricultural work, specific borders and guaranteed free passage to the nearby road.
2. The provision of opportunities for the use of highly productive technology and equipment.
3. A guarantee of entrepreneurial freedom from the owner when introducing new initiatives.
4. Freedom for emergency decision-making (for example, the need to take timely measures against diseases and pests).
5. An easy and complete protection of the land and crops from thieves.
6. Easy processes of fertilisation, in respect to the existing permanent roads.
7. A short distance from the farm to the allotments and as a result of grouping allotments in one single tract, a decrease in the expense of non-productive labour usually incurred when overcoming the distance between the separate allotments.
8. An increase in the arable land from land consolidation of former boundary strips, inter-land spaces, and boundaries of the numerous separate allotments, as well as tracks.
9. Land development – directing rivers, bridge construction, drainage, wells, springs, pump stations, and reservoirs, strengthening riverbank facilities, improvement of the land consolidation of the roads, land reclamation, and others.
10. Increase in the crops per unit of land and a corresponding increase in revenues for the agricultural farm.
11. Increased opportunities for the use of agricultural lands as procurements and collateral, as well as opportunities for their mortgaging (upon the provision of changes in the existing legislation).
12. Lands for common use, parks and gardens, playgrounds, holiday centres, markets, and others.
13. Increased opportunities for credit for different landowners and agricultural producers as a result of increased crops and revenues and the documented land ownership.
14. Conditions and opportunities for irrigation.
15. Increased market value of the new land consolidated property.
16. Indirect profits from the destruction of low-level vegetation (bushes, weeds, low trees and others) along the boundaries of the properties.
17. Indirect profit from the destruction of diseased and pest-infested areas.
18. Decreased cost of labour in agricultural production.
19. Low production cost value.
20. Increased quality of the production.
21. Development of the agricultural land market.

22. Incentives for keeping the people in the villages.
23. Job-creation.

Possible obstacles to the consolidation of land and land ownership can be grouped as follows:

1. Lack of means for initiating and implementing the process;
2. Lack of calculations of the value of the land consolidation per unit of land;
3. Possible lack of enthusiasm and the existing skepticism of the land owners;
4. The difficulty of land consolidation due to the rough mountainous relief and soil variety;
5. Lack of political will, especially within pre-election periods;
6. The presence of expected discrepancies between the different ministries, services and sub-contractors regarding the administration of the processes and conditions for the selection of sub-contractors.
7. Usage of the following statement: “Why do we have to start a land consolidation process after spending so much money on restituting land ownership in real boundaries?”

To summarize, the restitution of land is just the beginning of the agrarian reform. The restructuring of the agricultural sector and an improvement in land relations should accompany it. The state can successfully implement the agrarian reform using the following mechanisms: consistent legal regulation in compliance with the requirements of *acquis communautaire*, applied through suitable institutional structures with adequate financial, personnel and technical resources.

Land consolidation is just an element of a wider land policy. Steps to assess the possibility of implementing a land consolidation policy are also needed. The development of a free land market would be a serious incentive to consolidation. The adoption of the Cadastre and Registration Act is just a legal basis, which will undoubtedly facilitate consolidation; however, it is necessary to prepare and adopt its by-laws. The cadastre can support land policies by providing a legal framework for administering land rights. A land rights framework supports structural change, environmental protection and sustainable management and control of the natural resources and environment. It supports land markets, provides information for planning and the monitoring of land use and also provides tools for the implementation of land policies, for instance land consolidation, resolving land disputes or the compulsory acquisition of land.

Accession of Bulgaria to the EU calls for a harmonisation of Bulgarian legislation with that of the EU. The agricultural legislation is now in the process of harmonisation. It could be said that the main agricultural laws have already been adopted and we are now facing the longer process of their implementation.

From the legal point of view there exist two approaches to land consolidation:

- through the adoption of a law that will completely settle the issue;
- through amendments to existing legislation related to agricultural lands aimed at paving the way to a greater private initiative with respect to land consolidation.

Adoption of a comprehensive Land Consolidation Act would introduce an administrative method of consolidation with the state playing a leading role. Having in mind the socio-cultural and historical past of Bulgaria, it is recommended that natural market mechanisms and consolidation methods be used. An administrative land consolidation would be a serious infringement on the rights of the owners. On the other hand, all other consolidation methods could be applied especially those based on owner initiatives. In such cases the role of the state would be to establish clear and just procedures for the settlement of specific land transactions (disputes), including just and reliable land valuation methods. A successful land consolidation would be impossible without people specially trained to implement these methods.

Bulgaria's current stage of agricultural and forestry transition is not yet favourable enough for systematic land consolidation despite the sheer problems posed by fragmentation. Public attitude, land policies, the legislative framework, land administration reform, lack of planning practice and an unstable structure of farming enterprises are not supportive to classical consolidation schemes, involving the redistribution of ownership rights. On the other hand, some practical solutions for the fragmentation issues have emerged that may well function within the present framework, relying more on the lease market and driven by purely economic motives. These need special attention and timely support, in order to achieve better results and sustain the structural reform of farming enterprises.