

NATIONAL LAND CONSOLIDATION STRATEGY

(DRAFT)

I. GENERAL PROVISIONS

1. Land consolidation is a constituent part of land management when a complex reparcelling is executed, the boundaries of land parcels are changed pursuant to the land consolidation project developed for a specific area seeking to enlarge land parcels, to form rational land tenures of farms and improve their infrastructure, to create necessary rural infrastructure and implement other aims and tasks of agricultural, rural development and environmental policy.

2. Object of the national land consolidation strategy (strategy) – the rural residential areas of Lithuania excluding small towns. Assessing the structure of the Land Stock of the Republic of Lithuania, land area used for agricultural production, size of farms, areas of protected, recreational and suburb territories, it will be necessary to carry out the land consolidation gradually in the area of about 900.000 ha.

3. In the course of land consolidation, priorities are to be given to the improvement of farm structures, rational use of natural resources, public needs and development of rural infrastructure.

4. The strategy provides the analysis of land consolidation situation, the strengths, weaknesses, opportunities and threats (SWOT) of this process, the land consolidation aims and objectives, measures for strategy implementation and evaluation criteria.

5. Period for strategy implementation – 2007–2027. Interim evaluation of the strategy will be carried out after 7-year period, in year 2014, following the established evaluation criteria, the measures for strategy implementation and financing sources will be revised.

6. In 2007 – 2013, priority will be given to the land consolidation projects focused on complex reparcelling of the territory, such as rural development infrastructure, afforestation and implementation of other aims and tasks of the agricultural, rural development and environmental policy.

7. The Programme of the Fourteenth Government of the Republic of Lithuania for 2006 – 2008, approved by the Resolution of the Seimas of the Republic of Lithuania No X-767 of 18 July 2006 (official Gazette, No 80-3142, 2006), names land consolidation as one of the instruments for creation of competitive farm land tenures.

8. Main legal act regulating the land consolidation in Lithuania is the Law on Land of the Republic of Lithuania (Official Gazette, 1994, No 34-620; 2004, No 28-868). Land consolidation procedures are specified in detail in the *Rules for Preparation and Implementation of Land Consolidation Plans* approved by the Resolution of the Government of the Republic of Lithuania No 697 of 27 June 2005 and other secondary legal acts.

II. ANALYSIS OF LAND CONSOLIDATION SITUATION

Land Consolidation in the Context of Rural Development Policy

9. The European Union policy for rural development considers land consolidation as a tool to solve the issues pertinent to the increase of farm competitiveness, fostering of environment protection, countryside and cultural heritage, sustainable use of nature resources and improvement of life quality in rural areas in a integrated way.

10. The Council Regulation (EC) No 1698/2005 of 20 September 2005 on Support for Rural Development by the European Agricultural Fund for Rural Development (EAFRD) (with last amendments made by the Council Regulation (EC) 2012/2006 of 19 December 2006) sets main principles for support to rural development. Implementing article 9(1) of this regulation, on 20 February 2006 the Council of Europe adopted Council Decision No 2006/144/EC and approved the Strategic Guidelines for Rural Development for Programming Period 2007 - 2013. Every EU state, on the basis of these strategic guidelines, has to develop a plan for the national rural development strategy for 2007-2013 and the rural development programme for the implementation of this plan.

11. The Plan of the National Rural Development Strategy for 2007 – 2013 and the Rural Development Programme formulates main objective of the Lithuanian rural development for 2007 – 2013 – to ensure the growth and development by increasing the competitiveness of agricultural production, its processing industry sector and forestry, to create the opportunities for diversification of farm activities and improvement the quality of life in rural areas, to foster human, environmental and other rural valuables, to diminish disparities between urban and rural and specific regions. Irrational structure of agricultural and forestry holdings in these documents is named as one of the main problems hindering to increase the competitiveness of agricultural and forestry sector.

12. Article 30 (Axis I) of the Council Regulation (EC) No 1698/2005 states that land consolidation is one of the possible measures subject to financing seeking to increase the competitiveness of agricultural and forestry sector. The implementation of land consolidation

solutions may be financed under other axis of this regulation too. Under the priority *Improving and developing infrastructure related to the development and adaptation of agriculture and forestry* of Axis I of the Rural Development Programme for 2007 – 2013 it is expected to allocate support for the measure *Agricultural and forestry development and adaptation infrastructure*. Land Consolidation is one of the supported areas under this measure. Support will be provided for preparation, organisation and implementation of land consolidation projects.

Economic – Social Factors

13. Lithuanian gross domestic product (GDP) makes about 52% of the EU member states average GDP. Contribution of agriculture to the GDP in Lithuania makes about 6% and people working in agriculture make about 16% of all employees (EU average rate is 4%.)

14. The national territory by main objective purpose of land use consists of:

- agricultural land – 3.95 million ha where farming land covers 85%;
- forestry land – 1.97 million ha where forests cover 91%;
- water land – 177 thousand ha;
- conservation land – 42 thousand ha where forests, swamps and waters cover 90%;
- land for other purpose of use – 376 thousand ha where roads and built up areas cover 55%;

15. Due to the restoration of ownership rights to residents to the existing real property the fields of cultivated land are small, farms were formed without designing layout of their land tenures. Fragmentation of land parcels encumbers the organisation of agricultural activities and increases the costs of production.

16. Ownership rights in rural areas are restored to more than 95% of the area indicated in the applications of citizens what means 3.8 million ha (1 January 2007). Ownership rights are still to be restored to the area of 188,000 ha.

17. During land reform, the privatisation of individual farmland (under 3 ha) is in progress. In total, the area of individual farmland in the country makes 685,000 ha, where 501,000 ha is privatised.

18. There are about 34,000 applications submitted to buy 608 thousand ha of state-owned agricultural land (except the land of individual farms). The State may sell about 0.4 million ha of state-owned agricultural land.

19. After the restoration of ownership rights to land the State will only hold the land parcels that have low value and are not marketable (unproductive land, small area, bad shaped parcels and etc), therefore their management and selling may be problematic in the future.

20. At the end of 2003, the average market price of private agricultural land for sale amounted to 600 - 900 Lt/ha in the district with less favoured economic value and from 1000 Lt/ha to 3000 Lt/ha in more fertile land districts. Before the middle of 2006 these prices averagely increased 2-3 times and are apt to further increase. In 2007 the average market price of private agricultural land for sale amounted to 1000 - 1300 Lt/ha in the district with less favoured economic value and from 3000 Lt/ha to 5000 Lt/ha in more fertile land districts.

21. Considering the market prices of land and trends for their changes this is to state that the total value of unoccupied state-owned agricultural land foreseen for privatisation (with an exception of individual farms land) amounts to 1.3 billion.

22. At the end of the land reform there may be about 0.4 million ha of state-owned agricultural land including some land not subject to privatisation, such as protected areas, areas needed for public needs, suburb areas and similar. After consolidation, however, the land privatisation would create added value and opportunities to sell state-owned land under the more beneficial conditions. After land consolidation the land value may increase up to 2-3 times depending on the size of formed land parcels and created infrastructure.

23. About 2.81 million ha of farming land is used for producing agricultural production. Average size of a farm in Lithuania amounts to about 12.3 ha (11.1 ha of farming land), while in England it makes 70 ha, in Germany 30 ha, Denmark 43 ha, and the EU average is about 20 ha. General census of farms conducted in 2003 shows that 171,500 farms used less than 5 ha of farming land (18.9%), 89,000 farms used the area of 5.1 – 20 ha of farming land (32.4%) and 20,100 farms used more than 20 ha of farming land (48.7%). Farms exceeding 100 ha use the area of about 0.84 million ha (30%).

24. About 60% of Lithuanian farmers are older than 55, 14% are 40 or younger and 26% from 40 to 54. During 2001-2005, 10542 young farmers established their farms. Statistical data says that in 2004 the farms managed by young farmers (younger than 40) generated 14% higher profit (calculating for 1 ha) than those managed by farmers who are 55 or older.

25. In 2004, nearly half population working in countryside (48%) were engaged in the agricultural, forestry, gaming and fishery sectors. A fair number of population working in agriculture is determined by low productivity of work, part-time employment and fragmentation of farms.

26. The infrastructure of rural areas, if compared to that in urban areas, is much poorer. Disparities between rural and urban areas are more visible comparing the water and electricity supply, road network, centralised heating systems, sewage pipelines and telecommunication networks.

27. Network of local significance roads in rural areas is irrational and in most cases the inner drives are not installed as constructions. Fragmentation of land parcels decides upon high maintenance costs, irrational use of agricultural land and requires additional investments to the construction of roads (while enlarging land parcels, the land of field roads maybe used for agriculture). The experience gained during the development of first land consolidation projects shows that one of the most central need of residents taking part in land consolidation is the designing and construction of new local significance roads.

28. About 80% of the total agricultural holdings area is drained with a help of drainage. About 54% of drainage systems are in bad operation and the situation in about 15% of drained land is bad or insufficient. Nearly half of the drainage systems (46%) belong to the State and 54% to private individuals. These systems were installed before 1990 following the model of large-scale drainage systems and do not coincide with land parcels boundaries, therefore the issue of their use, reconstruction or construction is solved in the presence of land parcel owners. Insufficient funding for the maintenance, renovation and construction of land reclamation systems worsens the state of these systems and the irrational their reconstruction or expansion may have a negative impact on water situation.

29. The improvement of life quality in countryside is tightly related to the promotion of local initiative and partnership through Local Activity Groups (LAG), rural communities and their activities. In 2005, there were about 1200 rural communities in Lithuania and 33 LAG in operation. The operation of LAGs covers more than 90% of the national territory.

30. Currently, 27 LAGs, from all operating now in Lithuania, have drafted their trial local development strategies. The implementation of 10 strategies is supported by LEADER measure for 2004 – 2006 under the Lithuanian Single Programming Document for 2004-2006, approved by the Resolution No 935 of 2 August 2004 of the Government of the Republic of Lithuania (Official Gazette, No 123-4486, 2004). In 2007 – 2013, support will be provided to the activities conducted by the existing LAGs, preparation and implementation of local development strategies as well as the strengthening of co-operation and partnership among LAGs.

31. While implementing the local development strategies, which provide for investments to the state- or municipal owned land, it is necessary to select the territories, to prepare territorial planning documents and carry out preparatory works. That can be realised by developing a land consolidation project.

32. The number of small and medium businesses (SMB) in rural areas is increasing, however, mostly in urbanised areas more attractive for business. In 2005, there were 6.6 SMB enterprises per 1000 rural population (EU-25 average is 24 and the EU-15 was 49). Slow development of SMB in rural areas is determined by low purchasing power, lack of skills,

knowledge and competence, limited financial resources, unfavourable rural infrastructure and business environment.

33. The unfavourable structure of land tenures for competitive farming, the trend towards ageing of rural population and farmers, migration from countryside and dependency of rural population income on agriculture, poor infrastructure are the main problems of the Lithuanian countryside hindering the growth of farm competitiveness and reducing social exclusion in rural areas.

34. The growth of gross domestic product (including in agriculture), fragmentation of agricultural land, need for rational use of natural resources, need for state-owned land management and privatisation, demographic situation of rural population, need to improve rural infrastructure, necessity for implementation of environmental measures and coordination of state, public and land owners' interests decide upon the increasing need for land consolidation.

35. Currently no consolidation of forestry land is carried out in Lithuania.

36. Private forests make about 35.4% (755,500 ha), forests of state significance about 51.5% (1099,45 thousand ha) of the Lithuanian forestry area. State forests dedicated for restoration of ownership rights to residents to the existing real property make 13.1 % (280,780 ha).

37. Private forestry holdings may be grouped by their sizes as follows: 37 % smaller than 1 ha and 46% of forest owners have holdings from 1 to 5 ha. On the other hand, large forest owners possessing more than 10 ha make only 6%. Majority of forest owners possess only one forestry parcel. Average forestry holding (in most cases a parcel) is only 3.4 ha, that does not meet the size of a holding necessary for sustainable use of forest. Considering the existing situation the consolidation of forestry land is especially important.

38. Average area of forests administered by Forestry Offices that hold state-owned forests amount to about 24,000 ha.

39. During the restoration of ownership rights to land some state-owned forestry areas remained surrounded by private forestry holdings and vice versa, i.e. they are inconvenient for farming.

40. When assessing the stands by average diameter of trees, separate prices are calculated for firs, aspens and white alders, and other species of trees are grouped as follows: pine and larch, oak and ash, birch and black alder. Some species of trees are not included into the price calculation table at all and are equated to birch or black alder. During valuation no consideration is made to the cutting age and forest group what may distort the actual value of stands.

41. Mature stands in private holdings make 163,400 ha with average volume of 227 m³/ha. The size of a holding is a fairly important factor in the income forecast, meaning that owners of large holdings have an opportunity to generate income for longer period.

42. Higher concentration of forestry land in one man's hands and general decrease of number of forestry owners is an important economic task in the process of land consolidation.

43. Seeking to ensure more rational and effective management of forestry, the owners of forests may voluntarily join cooperative structures, establish target funds or pool funds in any other way for the development of forestry activities. The state supports the activity of forest owners association.

Environmental aspects

44. Protected areas cover about 15% of total area of the country. In Lithuania, as in other EU state, the *Natura 2000* network is created following the Council Directive No 79/409/EEC on the conservation of wild birds (with last amendments made by Council Directive No 94/24/EC of 8 June 1994) and Council Directive No 92/43/EEC of 21 May 1992. Currently the *Natura 2000* network covers 11% of the total area of Lithuania.

45. Most of the areas belonging to *Natura 2000* system are located in rural residential areas. Their conservation considerably depends on the sustainable farming that maintains the existence of natural habitats (hayfields, semi-natural pastures used inactively, flooded meadows and pastures and etc). In comparison to the conventional farming methods, the farming sustaining biological diversity is not always profitable to a farmer. The Rural Development Plan for 2004 – 2006 as well as for the period 2007 – 2013, supports environment sustainable farming. Experience of other countries shows that some farmers will not be eager to take part in such support schemes because the traditional farming in the areas valuable from the point of nature will generate more profit than the subsidies paid.

46. The on-going land reform and adaptation of agricultural sector to market conditions resulted in a situation where some part of cultivated land was abandoned. The structure of grass changes in the abandoned utilised meadows and natural pastures, they are quickly covered by bushes what makes a negative impact on nature – biological diversity is disappearing.

47. The increase of afforestation is an important factor for environment protection. Preparation of land management schemes for the layout of forests is an important measure implementing a systemised and sustainable policy for increasing afforestation in Lithuania. Before the end of 2007 it is envisaged to prepare the land management schemes for layout of

forests of municipalities. This will ensure the afforestation of the areas there it is most actual from economic, ecological and social point of view.

48. The protection of countryside and bio-diversity are very closely interdependent factors. The majority of natural and semi-natural meadows and pastures, all swamps, surface water bodies are considered as great natural value areas in Lithuania. Most of those areas fall within the *Natura 2000* system network, therefore the conservation of those natural habitats also ensures the protection of typical agrarian countryside.

49. Acidity and erosion are the main problems of soil. Statistics of 2000 says that erosion affected about 14 % of the total farming land. About 19 % of the total national soil area is sensitive to deflation therefore it is extremely important to apply suitable farming approaches in such soil with preventive functions (to install meadows and pastures, plant perennial plants, support ecological farming, etc.).

50. Water protection is another important environmental priority related to agricultural and rural development. Agriculture is considered to be one of the main sources causing water pollution. From 790 water bodies in Lithuania, which will not achieve “satisfactory state” before 2015, as understood in Directive 2000/60/EC as of 23 October 2000 of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy (with last amendments made by Decision No 2455/2001/EC of the European Parliament and of the Council of 20 November 2001) even 22 % were assigned to risky ones with regard to agricultural activity.

Legal and Organisational Aspects

51. Institutional structure for implementation of land consolidation projects in Lithuania is a two-level – regional and national.

52. On regional level, County Governor organises the preparation of land consolidation projects (following the Programme of the Government of the Republic of Lithuania for 2006 – 2008 and the Concept for Decentralisation and Deconcentration of Some Functions of Central Management Institutions approved by the Resolution No 824 of 25 June 2003 of the Government of the Republic of Lithuania (Official Gazette, No 61-2804, 2003) these functions are planned to be delegated to municipalities).

53. Activities of the institution on the national level are related to the supervision of implementation of land consolidation projects (The National Land Service under the Ministry of Agriculture) and financing of the land consolidation projects (the Ministry of Agriculture and the

National Paying Agency under the Ministry of Agriculture). Such a two-level model is typical in other European Union states too.

54. The absence of a land fund is a missing link in the Lithuanian institutional structure that could carry out the reparcelling of state-owned land in the land consolidation projects and may purchase private land for state needs as well as dispose state-owned agricultural land.

55. State-owned forestry land under the currently valid legal acts is not subject to lease. Private land in the state sanctuaries and state parks may not be subdivided, except the changing of boundaries of adjacent parcels.

56. In principle, the legal regulation of land consolidation in Lithuania complies with the basic voluntary principles for the implementation of land consolidation that are standing in other European states (publicity of the land consolidation projects, protection of land parcel owners' interests, etc). The current regulation, however, is insufficiently flexible.

57. Land consolidation in Lithuania is carried out following the principle of voluntary participation of landowners. Landowners take part in land consolidation plans on the basis of agreements (preliminary land consolidation agreements (further – preliminary agreement) and land consolidation (complex exchange) agreement. The latter should have a notary form.

58. Seeking to ensure the efficiency of preliminary agreement the Law on Land of the Republic of Lithuania provides for a sanction to persons who groundlessly avoid or refuse to conclude final land consolidation (complex exchange) agreement. Such persons must compensate respective losses incurred. Such a system does not ensure full smooth implementation of land consolidation projects.

59. After the conclusion of preliminary agreement among the landowners who have shown interest to take part in the land consolidation project, new persons who would like to join later the land consolidation project that has already started are not able to do that. Such a situation limits the opportunities of farmers farming within this area and other interested entities as well as narrows the content of consolidation project itself.

60. The right to initiate land consolidation plan lies with the landowners, state-owned land trustees and county governors. Limited number of persons having the right of initiation limits groundlessly the opportunities for other with no such right but interested in land consolidation project (LAG, forestry office, directorate of protected areas and similar) and taking part in the land consolidation process.

61. Land consolidation project designer, who is selected by a County Governor following the procedure laid down by the Law on Public Procurement of the Republic of Lithuania (Official Gazette, 1996, No 84-2000; 2006, No. 4-102), drafts the land consolidation project and land consolidation agreement. Land consolidation project designer is selected after the local land

management division has completed a number of preparatory works (organization of meetings with land owners, setting of preliminary territory of land consolidation project, identification of preliminary results of land consolidation project and et.), preparing documents related to the financing of a land consolidation project. The selection of a land consolidation project designer is too late and the number of documents prepared by the Land Management Division is too great.

62. At present the system of legal acts regulating the land consolidation is not finally harmonised. Legal acts regulating the real property register and cadastre do not define a special legal regime to register land parcels, rights and legal facts associated with land consolidation agreement. Legal acts regulating the land consolidation do not provide for a relationship between the institutes of land consolidation and taking land for public needs.

63. Legal acts do not prohibit owners to encumber the ownership rights pertinent to land parcels in consolidation with the interests of third parties and do not prohibit to carry out the actions, which would diminish or increase the value of parcels in consolidation. The absence of such restrictions may burden the implementation of land consolidation projects. Restrictions of such nature are applied in other European countries. An opportunity to apply relevant statutory encumbrances in Lithuania should be discussed too.

64. Legal acts regulating land consolidation only provide for a judicial way to solve disputes. The experience of other countries shows that pre-trial solution of disputes is especially effective measure to ensure a smooth implementation of land consolidation projects, by reducing the number of claims related to the aforementioned projects in courts and does not violate the rights of persons taking part in the land consolidation projects.

65. Also the rules for valuation of land parcels within the land consolidation areas should be simplified.

Evolution of Land Consolidation in Lithuania

66. In the run-up to land consolidation in Lithuania pilot land consolidation projects have been implemented. The first pilot land consolidation project in Lithuania was implemented in 2000-2001 by the Land Consolidation Division of the Danish Food, Agriculture and Fishery Ministry and the National land Service under the Ministry of Agriculture. This project was mainly focused on the formulation of main principles of the legislation necessary for reparcelling.

67. The second pilot land consolidation project “Land Consolidation – an Instrument for Sustainable Rural Development” was implemented in 2002 – 2004, which in addition to traditional

territorial reparcelling aimed at integrating the land consolidation process and other rural development measures.

68. The implementation of these pilot land consolidation projects proved that the land consolidation may be an instrument for sustainable rural development when through the territorial planning process the agricultural structure and infrastructure is improved, the public interests are discussed and satisfied, and contribution is made to the environment and countryside, cultural heritage and other valuables located in the specific area and conservation thereof.

69. Following the Single Programming Document of Lithuania for 2004 – 2006 priority *Rural Development and Fishery Priority* measure *Promotion of Adaptation and Development of Rural Areas* activity *Reparcelling*, the support from the EU structural funds is provided for the organisation, preparation and implementation of land consolidation projects.

70. In 2006, the National Paying Agency under the Ministry of Agriculture signed contracts regarding the funding of 14 land consolidation projects. The first projects are implemented in four counties, such as Telšiai, Tauragė, Panevėžys and Marijampolė. They are considered as public non-profit seeking projects therefore all eligible implementation costs are subject funding.

71. Up to present private funds have not been used for the implementation of land consolidation project solutions.

72. The preparation of applications for funding land consolidation projects has highlighted the following drawbacks:

72.1. Before submission of the application for land consolidation project funding the local land management division must carry out a comprehensive situation analysis, evaluate the needs of land consolidation project participants, to foresee preliminary land consolidation solutions. In future a land consolidation project designer must prepare that;

72.2. Land parcel owners have no opportunity to join the land consolidation project the preparation of which has started if they have not signed a preliminary agreement at the beginning of the land consolidation project;

72.3. In the course of preparation of the land consolidation project additional needs of local population, that have not been anticipated in the land consolidation project funding application, emerge. Their integration into the land consolidation project would increase the scope of land consolidation project and its content, however, it is not envisaged in the contract for land consolidation project funding.

Public Awareness and Human Resources

73. Public awareness about land consolidation is still in the initial stage. The interest of mass media in land consolidation is a minimal one, publications are usually of general informative nature that do not make any impact on the process of land consolidation and on the creation of an image.

74. The Ministry of Agriculture and the National Land Service under the Ministry of Agriculture and the Administrations of County Governors have achieved certain progress in informing society. Thanks to their efforts publications are published in press, leaflets are published about specific aspects of land consolidation and about the experience gained during the pilot land consolidation projects.

75. Consistent and targeted raising of public awareness on land consolidation is the training, agricultural exhibitions and other public events, seminars on land consolidation arranged by the project organisers and designers of the National Land Service under the Ministry of Agriculture, employees of municipal institutions. These measures, however, satisfy only the information needs of some land consolidation interest groups and for such activity no wider public opinion formation tasks may be applied.

76. It is necessary to improve the capacities of the specialists responsible for land consolidation project organisation, preparation, implementation and supervision because there is a lack of experience in carrying out and implementing land consolidation projects.

Experience of Other Countries in Implementing Land Consolidation

77. The practice of the European states shows that there is no commonly adopted universal land consolidation model. In some countries land consolidation is based on voluntary participation of owners (e.g. Denmark) while in others there are more compulsory elements to land consolidation (e.g., Germany, the Netherlands).

78. Even if the compulsory participation (in certain cases) in land consolidation project with the time being proved to be more effective way for the implementation of land consolidation, very often it is envisaged an opportunity for voluntary as well as compulsory participation in land consolidation and corresponding legal regimes apply.

79. Land consolidation in most EU countries is executed by state institutions. On the national level this function is usually trusted to a ministry responsible for agriculture and forestry or its authorised institution.

80. Organisational structure of land consolidation in most countries differs, however, in principal it is possible to single out two most typical land consolidation organisation models: when the organisation of land consolidation is conducted by a state institution in a centralised way or the implementation of land consolidation is performed by a municipal institution in co-operation with state management authorities.

81. Many EU member states form a state-owned land fund for the execution of land consolidation. Land fund disposes state-owned land parcels, buys, sells, exchanges the land seeking to ensure its effective use in land consolidation projects. The organiser of land consolidation project or a special state institution usually administers such fund.

82. In addition to state institutions very often a structure representing the interests of interested persons in the project is formed during the land consolidation process (of land parcel owners, rural community and similar). Such a group of representatives is empowered the rights established by law. For example, the laws of France, Germany and the Netherlands delegate great powers to this group representing land owners and it may take part in the land valuation, land consolidation project planning and implementation phases.

83. Valuation of land parcels in the course of land consolidation projects may be conducted by a committee implementing land consolidation (in the Netherlands), or experts in agriculture (in Germany), or surveying engineer and two trustees (as in Finland and Sweden).

84. Land consolidation project area in different countries is defined differently. For example, in France the area is defined depending on administrative division; in Finland and Germany the area is defined on the basis of rationality criteria, in Sweden – depending on the wishes of persons who have submitted application. The institution organising the land consolidation usually approves land consolidation project.

85. Important principle of land consolidation is sufficient guarantee of publicity. It ensures the maximum number of owners taking part in the land consolidation project and protects the interests of owners involved in the land consolidation project, and forms a positive public attitude towards the land consolidation.

86. Another important principle seeking to protect the interests of persons involved in the land consolidation project is the right to appeal against the decisions taken in the course of the project. Those who are not satisfied with the land consolidation project, first as a rule, must file an appeal to the institution organising the land consolidation. Only afterwards it is permitted to address the state institutions carrying out the state supervision of land consolidation or the court. Such a system exists in France, Germany, the Netherlands, Spain and some other countries.

87. The state very often covers the costs (50-100%) associated with land consolidation procedures in most cases using the EU structural funds.

88. Valuation of forestry holdings is especially important in carrying out forest consolidation. In most EU countries in assessing the value of consolidated forestry parcels consideration is taken to the value of forestry land and stands.

89. Voluntary land exchanges in Germany is the most simple and quick (as well as cheapest) way of land consolidation. At least the parcels of two or more owners are subject to exchange and merging. This involves the merging of adjacent parcels or their parts, the transfer or expansion of management rights as well as the setting of new boundaries. This process is substantial only if road network is developed and parcels under exchange have been originally properly formed.

Main Legal Acts Related to Land Consolidation

90. The national land consolidation strategy is harmonised with the provisions of the Regulation (EC) No 1698/2005, the European Community Strategic Guidelines for Rural Development, the plan for National Rural Development Strategy for 2007-2013 and the Rural Development Programme for 2007 – 2013 and is in full compliance with the provisions of other listed below national and European legal acts, programmes and initiatives.

91. On 28 July 1995, the Parliamentary Assembly of the Council of Europe adopted the *European Rural Areas Charter*, which states the principles for reasonable and rational use of natural resources, such as the land, water and air. The regional (rural development) and land cultivation policy must be harmonised with the integrated social and economic policy. The states should promote as more rational size of farms as possible whose operation is economically beneficial. It is also necessary to guarantee a rational and even use of natural resources, to preserve the living environment, its biological diversity, to protect the whole valuable landscape, support forests and carry out afforestation in the lands that are not used and not suitable for agriculture.

92. On 20 May 1983, the European Conference of Ministers responsible for regional planning adopted the *European Regional/Spatial Planning Charter* - Torremolinos Charter that defines the territorial planning principles influencing the improvement of life quality and human activity organisation in Europe. Planning must be democratic, functional and long-term. Main objectives of the territorial planning are: sustainable social and economic development, improvement of life quality, reliable management of natural resources, protection of nature and rational land use. The Charter states that the policy on territorial planning must be definitely harmonised with the land use policy.

93. The Seimas of the Republic of Lithuania adopted a resolution No IX-1187 of 12 November 2002 (Official Gazette, 2002, No 113-5029) and approved the *National Long-Term Development Strategy* reflecting the vision of the State development by 2015. Following the vision for the Lithuanian state development deployed in this Strategy in the rural and agriculture sector the state policy must ensure even development of economic, ecologic and social aspects. This will allow developing a favourable legal and economic environment for farmers' farms, agricultural and other rural commercial enterprises to act independently on the competitive market. The restoration of ownership right for citizens to land, forest and water bodies must be completed, the legal and economic assumptions for consolidation of land tenures and rational use of natural resources must be created as well as the stability of rural and agricultural development policy must be guaranteed.

94. While planning the long-term state development priorities and their implementation trends a great attention is paid to the environment protection. It is necessary to preserve the diversity and quality of countryside and its elements (natural and cultural heritage sites and etc.) and to form proper structures for land use; to preserve the historically developed perspective land use forms, to improve the structure of farming lands, to prevent the decline of landscape natural elements and preserve its typical diversity; to develop and implement the territorial planning and management programmes for the protection of landscape and its elements, to limit technogenic impact to carstic processes and phenomena, to create the policy on the protection, management and development of urban and rural countryside territories.

95. On 12 June 2002 the Government of the Republic of Lithuania adopted the Resolution No 853 (Official Gazette, 2002, No 60-2424) and approved the *Lithuanian Long-Term Strategy for Economy Development by 2015* that makes a constituent part of the National Long-Term Development Strategy.

96. Resolution No IX-1154 of 29 October 2002 of the Seimas of the Republic of Lithuania (Official Gazette, 2002, No 110-4852) approved the Master Plan of the Republic of Lithuania that is a main planning document regulating long-term strategy for the use and management of the national territory (for the period by 2020). Strategies for the development of economic branches as well as other strategic plans and programmes prepared by other state institutions must be based on this document. One of the general strategic territorial development tasks is to ensure long-term priorities of land use and rational land use.

97. The Government of the Republic of Lithuania on 11 September 2003 adopted its Resolution No 1160 (Official Gazette, 2003, No 89-4029) on the approval of the *National Strategy for Sustainable Development* and specified the measures for its implementation. It is envisaged that before 2020 Lithuania, according to the basic economic and social indicators, will

achieve the current average of the EU state and according to the environment quality indicators will perform all the EU regulations and observe the international conventions limiting the pollution of environment. The self-sustaining re-naturalisation, increase of afforested areas, rational development of protected areas and etc. are listed as probable measures to achieve these objectives.

98. Seeking to ensure rational use of natural resources, preservation of appropriate conditions for human living, countryside and biological diversity the Seimas of the Republic of Lithuania approved the *National Environmental Strategy* by Resolution No I-1550 of 25 September 1996 (Official Gazette, 1996, No 103-2347). While implementing the priorities specified in this strategy, one of the main objectives is to develop an optimal territorial planning system that ensures rational land tenure, preservation of environment and landscape and its elements in forming the land use structure.

99. The Lithuanian forestry policy and the strategy for its implementation, approved by the Order No 484 of 17 September 2002 of the Minister of Environment (Official Gazette, 2002, No 93-4029), presents the main forestry development guidelines. Forest is defined as one of basic Lithuanian nature assets serving for the welfare of the State and citizens, protecting the stability of landscape and quality of environment. Irrespective of the ownership form the forest firstly is a national asset that must be preserved for future generations and satisfy the ecological, economic and social public needs. The strategy provides for the establishment of legal and economic assumptions promoting forest owners to join associations and cooperatives, the correction of small state-owned forests intervened in the holdings of private forests and vice versa as well as adjustment of irrational boundaries between state and private sectors by applying equivalent exchanges of forestry holdings.

100. By its Resolution No 481 of 18 April 2003 (Official Gazette, 2003, No 38-1740) the Government of the Republic of Lithuania approved the *Measures Implementing the Programme for Preservation of Estates Heritage*. Main purpose of this programme is to ensure the conditions for versatile integration of estates heritage into the general national economic, social, cultural development, to preserve the cultural heritage valuables, to strengthen the provision specifying that preserved heritage of estates helps to strengthen the national identity and let the world know about the Lithuanian history of culture.

III. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

101. Detail analysis of current situation in Lithuania related to the organisation and implementation of land consolidation process have pointed out the following strengths, weaknesses, threats and opportunities on the basis of which the aims, objectives and their implementing measures have been formulated:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Basic legislation necessary for land consolidation is created • Pilot land consolidation projects are finished and the first land consolidation projects are being implemented • Implementation practice of land consolidation projects is being formed • Strengthening communal movement in countryside is based from strategic point of view on the complex reorganisation of rural areas • The restoration of ownership rights to the existing real property is coming to an end • The number of young land owners oriented towards farming and social perspective and information about land consolidation advantages is increasing • There are opportunities to reparcel and privatise state-owned agricultural land in the course of land consolidation • Great biological diversity and expressive countryside exists • Favourable environmental conditions to agricultural and forestry activity development (soil, climate, traditions, etc) • Inventory is made of all forests in Lithuania, their resources, data is periodically updated 	<ul style="list-style-type: none"> • Irrational structure of farms decides upon low competitiveness of farms • Small private forest holdings and their unfavourable structure hinders the competitive and sustainable development of forestry sector • Intensifying agricultural activity in one areas and removal from another areas causes a threat to the formed natural valuables • Soil sensitivity to wind and water erosion, bad state of drinking water in deep drilled wells • Insufficient relation of land consolidation with the infrastructure development, water sector management, environment protection, etc. • Poor rural infrastructure (roads, water supply, waste treatment, etc.) • Poor regulation of the use of state-owned land for land consolidation • There is no unified system for public awareness about land consolidation • Poor and non-harmonised legislation regulating the land consolidation process • Some procedure for preparation and implementation of land consolidation projects are complicated • Legal acts regulating land consolidation are not enough harmonised with legal acts regulating the funding of land consolidation projects • There is no system for public awareness on land consolidation. Society is insufficiently informed about land consolidation, public interest for land consolidation is not formed and information needs of land consolidation participants are not satisfied • Insufficient complex planning • Insufficient funding for the implementation of land consolidation projects solutions
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • European Union creates conditions for 	<ul style="list-style-type: none"> • Sceptic attitude of land and forest owners

<p>the implementation of systemised rural and regional development policy</p> <ul style="list-style-type: none"> • European Union financial support to the implementation of land consolidation projects • Opportunity to use the experience gained by other European countries in the area of land consolidation • Private ownership of forests creates the conditions for formation of the forestry land market and competition in the national forestry sector 	<p>and rural communities</p> <ul style="list-style-type: none"> • Movement of labour force from rural areas • Methodology for setting the market prices for forest land and stands does not comply with the current assessment of forest and forest land existing on the market • Insufficient analysis of natural valuables and improper harmonisation of agricultural economic and environmental interests in preparing and implementing consolidation projects may cause degradation of biodiversity and countryside
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IV. GOALS AND TASKS OF THE STRATEGY

102. Taking into account the land consolidation situation and SWOT analysis the vision of this strategy is a competitive agricultural and forestry sector based on rational formed and used land tenures enabling to foster landscape and environment, rational development of rural infrastructure.

103. Overall objective of the strategy is to create the assumptions and foresee the measures for successful land consolidation so as to ensure the rational use and infrastructure development of land in rural residential areas, except small towns, conditions to increase the farm competitiveness, to protect environment, foster culture, heritage and landscape, to develop alternative agricultural activities. That will allow satisfying the needs of the state, public and individuals.

104. Specific objectives of the land consolidation strategy are:

104.1. To ensure the interoperability of land consolidation with the rural and regional development;

104.2. To optimise the land consolidation process.

105. So as to ensure the relation of land consolidation with the rural and regional development the following would be implemented in the course of land consolidation:

105.1. To solve the rural problems in a complex way;

105.2. To improve the preparation of land consolidation projects and funding of the implementation of their solutions.

106. To optimise the land consolidation process the following tasks would be solved:

106.1. To create an optimal institutional structure;

106.2. To improve the land consolidation procedures;

106.3. To ensure rational use of state-owned land;

106.4. To develop a system for public awareness about land consolidation;

106.5. To improve the qualification of land consolidation specialists.

V. STRATEGY IMPLEMENTING MEASURES

Assurance of Relationship of Land Consolidation with Rural and Regional Development

107. To make sure that land consolidation will solve rural problems in a complex way it is advisable to plan the rural areas in a complex way by addressing the following needs during the land consolidation project:

- 107.1. Rational use of natural resources;
- 107.2. To form rational land tenures of farms and sustain farming lands;
- 107.3. To create the conditions to use land for public needs;
- 107.4. To ensure the planning and implementation of environment sustainability measures;
- 107.5. To plan infrastructure development in a rational way;
- 107.6. To improve the transport conditions and traffic safety;
- 107.7. To create the condition for preservation and profusion of bio-diversity, to foster cultural heritage and typical countryside;
- 107.8. To develop alternative agricultural activities;
- 107.9. To ensure effective management of state-owned land.

108. Seeking to improve the preparation of land consolidation projects and implementation of their solutions it is advisable:

108.1. To simplify the procedure for allocation of the EU support for preparation of land consolidation projects seeking to create a flexible financing system enabling, in the process of designing, a land consolidation project designer and land consolidation project participants to assess the economic, environmental and social needs of all interested persons and interest groups existing in the land consolidation project area and to take the decisions considering these interests. The EU support administration rules and guides must provide for an opportunity to change the financing of land consolidation project in some areas depending on the content and scope of the land consolidation project;

108.2. To concert land consolidation projects with the solutions of comprehensive plans and other territorial planning documents;

108.3. To implement the solutions of land consolidation projects (roads, land reclamation installations, electricity power lines, areas for public needs, protected and other highly valuable

natural sites and similar) to combine the funds from the European Agricultural Fund for Rural Development, European Regional Development Fund, other EU programme (e.g. LIFE, etc.) also the state, municipal funds and to document and promote the use of private funds;

108.4. After the decision to prepare a land consolidation project is made to provide a land consolidation project organiser with an opportunity to initiate the setting up of a committee for preparation of land consolidation project. The committee may consist from representatives from municipality, county, local governance and community movement, land owners who expressed their wish to take part in the land consolidation project, as well as the representatives of the institutions related to environment protection and forestry located within the land consolidation project area, non-governmental and other interested institutions. The function of that committee would be to ensure that in the preparatory phase of land consolidation project (before the submission of application to receive support for designing) as well as having started its preparation to ensure a maximum evaluation of all land consolidation project area needs, their correspondence to the needs of that territory, municipality (county) comprehensive plans and other territorial planning documents solutions, development goals and priorities. One of the main goals of that committee should be the identification of possible funding sources. Land consolidation project designer in the process of designing solutions should cooperate with that committee in order to avoid the solutions for the implementation of which no financing resources will be foreseen even in the future;

108.5. While preparing the land consolidation project, the land consolidation project designer, land consolidation project organiser and land consolidation project participants together with land consolidation project organiser and representative of municipalities must make a realistic assessment of the opportunities to implement the land consolidation project solutions. Land consolidation project organiser must be responsible for the organisation of land consolidation project solutions implementation;

108.6. When allocating the EU support for 2007 – 2013 under the Rural Development Programme and measures of other programmes give the priority to applicants that will also implement the land consolidation project solutions.

Optimisation of Land Consolidation Process

109. Seeking to create an optimal institutional structure necessary for successful implementation of land consolidation it is advised:

109.1. To decentralise the functions for organisation of land consolidation projects. To ensure a smooth transfer of functions for land consolidation project organisation to municipal institutions by establishing units necessary for the fulfilment of these functions;

109.2. To establish a land fund in the county governor's administrations – a legal entity to manage, use and dispose the state-owned land and forest, entrusted to it by the right of trust, public and state interests. Land fund should have the right to buy private land necessary for the state and public needs. Participation of the land fund in land consolidation would ensure the efficiency of that process;

109.3. To delegate the state supervision of land consolidation projects, issue of licences, methodical guidance, pre-trial investigation of disputes and land fund control functions to the National Land Service under the Ministry of Agriculture;

109.4. To ensure an opportunity to exchange, sell, lease, reparcel and carry out other necessary actions with the land parcels held by the state and municipalities within the land consolidation projects territories;

110. Seeking to improve land consolidation procedures it is advisable to harmonise the system of legal acts regulating the land consolidation, to simplify some land consolidation procedures, to provide for legal instruments increasing the efficiency of such procedures:

110.1. To identify the relationship of legal institutes of taking the land for public needs and land consolidation. The state or municipal institution or office that has filed an application to take the land for public needs to the county governor should be granted the right to file an application regarding the initiation of the preparation of land consolidation project. The mentioned entities should only be granted the right of initiation however the land parcel owners should be free to decide regarding the participation in the land consolidation project. It is necessary to envisage that in the course of implementing the land consolidation project the procedures for taking the land for public needs are also implemented in the manner laid down in the Law on Land. Land consolidation project should be a sufficient territorial planning document to execute the procedures for taking land for public needs;

110.2. To provide for an opportunity to all interested persons enabling them to freely join the developing project before the end of the designing works. Instead of preliminary land consolidation agreement to document an agreement for taking part in the land consolidation project to be concluded between a specific person and organiser of land consolidation project;

110.3. During the preparation of land consolidation project to ensure the consideration of the needs of those who have already expressed their wish to take part in the land consolidation project as well as those interested persons who have not decided yet (farmers, communities, LA and etc.) seeking to implement the economic, environmental and social interests of the state,

public and citizens. This will ensure an opportunity to reflect complex needs for specific area in the content of land consolidation project and land consolidation would become one of the balanced rural and regional development measures. Legal acts must provide for a duty of a land consolidation project organiser and land consolidation project developer during the land consolidation project preparation to identify the needs of the state, public and interested persons and assess the possibilities for their implementation;

110.4. To grant the right of land consolidation project initiation not only to land owners and trustees of state-owned land but also to the institutions and offices that have filed county manager with an request to take the land for public needs, local communities, LAG and other public or state needs representing institutions;

110.5. To simplify the procedure for taking a decision regarding the preparation of land consolidation project. After the decision is taken a request for land consolidation project preparation funding shall be submitted and land consolidation project developer is selected;

110.6. To supplement the land valuation procedures in the course of land consolidation projects by providing an opportunity for land parcel owners to choose the approach for land valuation;

110.7. To prepare a new methodology for calculation of forestry land and stands value by assessing probable income from the forest use and at the same to regulate the legal and administrative procedures;

110.8. To provide for pre-trial procedure for solving of land consolidation disputes;

110.9. Seeking to protect the interests of owners, whose parcels make the major share of the land consolidation project area, to connect the adoption of decisions in the meetings only with the number of voted interested persons;

110.10. To form rational state-owned forestry holdings to involve the holders of state-owned forests into the land consolidation projects;

110.11. To coordinate the land consolidation projects, which involve the areas of state-owned forests, with the General Forestry Office under the Ministry of Environment while the land consolidation projects in protected areas with the State Service of Protected Areas under the Ministry of Environment.

111. Seeking to ensure rational use of state-owned land in the process of land consolidation it is advisable:

111.1. Provide for an opportunity to reparcel state-owned land;

111.2. To ensure that the sale of state-owned land will improve the farm structure, to solve public needs, environmental and infrastructure development problems. That will satisfy the public and state needs in using and privatising state-owned agricultural land;

111.3. To carry out the privatisation of state-owned land during the land consolidation with a special focus on privatisation of small, low value, irregular shaped land parcels the privatisation of which by any other ways is impossible.

112. To develop the public information system of land consolidation it is advised:

112.1. To identify the needs for information of interest groups during the land consolidation process and access to information, to set the nature of desirable impact and adequate means for information and public relations. To that end it is necessary to create a system for providing the information on land consolidation to mass media;

112.2. To make the implemented land consolidation project public by promoting the development of land consolidation process in the country;

112.3. Inform the public about the legal, procedural and financial aspects of initiation of land consolidation projects;

112.4. To actively inform the political and government institutions, mass media, public opinion leaders about the land consolidation process.

113. Seeking to ensure the raising of qualification of specialists in land consolidation it is advised:

113.1. To identify the needs for improvement of specialists' qualification;

113.2. To carry a continuous centralized training programs coordination and ensure their implementation.

VI. CRITERIA FOR EVALUATION OF THE LAND CONSOLIDATION STRATEGY IMPLEMENTATION

114. Evaluation criteria are set for monitoring the implementation of this strategy that are directly related to the aims and objectives specified therein and allowing regular assessment of the progress achieved:

114.1. Total area of the project where land consolidation projects are implemented and dynamics of its changes (ha);

114.2. The area of land disposed by the land fund and state-owned land privatised during the land consolidation (ha);

114.3. Percentage of land consolidation projects involving complex solutions with regard to the total number of land consolidation projects;

114.4. Ratio of solutions designed and implemented in the land consolidation project;

114.5. Initiator of land consolidation projects and their dynamics;

114.6. Structure of funding sources used for the preparation of land consolidation projects and implementation of solutions;

114.7. Number of publications, radio and TV programmes on the topic of land consolidation;

114.8. Dynamics of public awareness of land consolidation and changing of their opinion of it.

114.9. Average size of land holdings;

114.10. Average area of forestry holdings re parcelled during the land consolidation projects;

114.11. Number and dynamics of specialists in land consolidation who improved their qualification.

VII. IMPLEMENTATION OF THE STRATEGY AND ACCOUNTABILITY

115. The strategy shall be implemented following implementing action plan indicated in Chapter VIII.

116. The Ministry of Agriculture shall coordinate the implementation of strategy measures. The National land Service under the Ministry of Agriculture shall be responsible for implementation of strategy measures. Other state and municipal institution will also take part in the implementation of measures.

117. Institution responsible for the implementation of the strategy shall annually before the 15th of February provide the Ministry of Agriculture with the information about the implementation of strategy measures. The Ministry of Agriculture shall notify every year before the 10th March the Government of the Republic of Lithuania about the progress in implementing the strategy measures and results.

118. The strategy shall be implemented from general allocations, approved allocations managers in the state budget. Municipal funds and EU structural funds may be also used for the implementation of the strategy.

VIII. STRATEGY IMPLEMENTATION MEASURES PLAN

119. Seeking to implement the measures specified in this strategy it is necessary to amend the Law on Land of the Republic of Lithuania, the Law on Local Self-Government of the Republic of Lithuania (Official Gazette, 1994, No 55-1049; 2000, No 91-2832), Law on Governing of the County of the Republic of Lithuania (Official Gazette, 1994, No 101-2015),

Resolution of the Republic of Lithuania No 697 of 27 June 2005 On the Approval of the Rules for Preparation and Implementation of Land Consolidation Plans (Official Gazette, 2005, No 80-2901) and other legal acts related thereto. Assessing the continuous nature of land consolidation process other laws may be needed to amend too.

120. To prepare and implement the public awareness programme on land consolidation.

121. The preparation of land consolidation projects shall be funded from the European Agricultural Fund for Rural Development under the Rural Development Programme for 2007 – 2013. 54 million Litas is envisaged to allocate for that purpose for the period 2007 – 2013. If there is a need for more funds during that period and in case there is an opportunity to revise the distribution of funds among measures within this programme in addition funds for preparation of land consolidation projects.

122. Implementation of land consolidation projects solutions shall be financed from:

122.1. European Agricultural Fund for Rural Development;

122.2. European Regional Development Fund;

122.3. State budget;

122.4. Road Maintenance and Control Programme;

122.5. Municipal budgets;

122.6. Other programmes and funds (LIFE, etc.);

122.7. Private funds.

123. When financing the land consolidation projects from the aforementioned sources priority should be given to the land consolidation projects implementing the land consolidation projects solutions.

124. Reorganisation of institutions provided for in the strategy, redistribution of functions and establishment of land fund shall be funded from general allocations of the state budget allocated to the administrations of county governor.
