



Ministry of Agriculture  
and Food Industry

# Implementation of Land Re-Parceling Pilots in Six Villages (Moldova Land Re-Parceling Pilot Project)

**MID-TERM REPORT / GROUP I REPORT**

May 2008  
(November 2007 - April 2008)

Rural Investment and Services Project II (RISPII)



## FOAIE DE TITLU

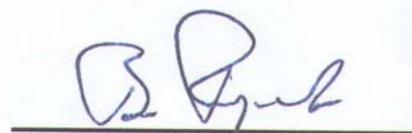
**Denumirea proiectului:** Implementarea Proiectelor Pilot de Reparcelare a Terenurilor Agricole în șase localități (Proiectul Pilot de Reparcelare a Terenurilor Agricole)

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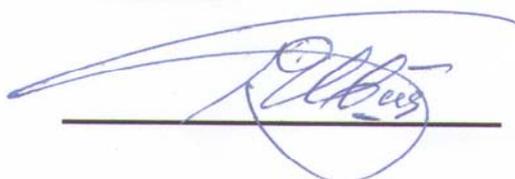
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## ACRONYMS AND ABBREVIATIONS

|        |   |
|--------|---|
| ACSA   | Agency for Consultancy and Training in Agriculture      |
| CAPMU  | Consolidated Agricultural Projects management Unit      |
| CIS    | Commonwealth of Independent States                      |
| EIA    | Environmental Impact assessment                         |
| FAO    | Food and Agriculture Organization of the United Nations |
| GIS    | Geographical Information System                         |
| GOM    | Government of Moldova                                   |
| LFA    | Logical Framework Approach                              |
| LPSP   | Land Privatization Support Project (funded by USAID)    |
| MAFI   | Ministry of Agriculture and Food Industry               |
| NAGCC  | Agency for Land Relations and Cadastre                  |
| NGO    | Non Governmental Organization                           |
| PM     | Project Manager   |
| RISPII | Rural Investment and Services Project II                |
| SIDA   | Swedish Development Agency                              |
| TCO    | Territorial Cadastral Office                            |
| TL     | Team Leader   |
| USAID  | US Agency for International Development                 |
| WB     | World Bank  |

## 1 INTRODUCTION

The present Mid-term Report (Group I Report) is covering the period from 1 November 2007 to 15 April 2008. The Inception Report of the project (covering the period 1 August – 1 November 2007) was approved on 19 November 2007 and lays down the details for the implementation of the project *Implementation of Land Re-Parceling Pilots in Six Villages*, funded by the World Bank and SIDA. A Progress Report, covering the period 1. November 2007 – 31 January, 2008, was submitted by the contractor in February 2008. The project is being implemented according to the Inception Report and the Project Implementation Plan which has been up-dated in May 2008 (annex 1).

This mid-term report (Group I Report) is presenting the project activities and results in the reporting period (1 November 2007 to 15 April 2008).

The project implementation is now approximately half way. The project preparation has been carried out and preliminary investigations have been conducted in all six pilot locations. The detailed re-parceling planning was launched in April 2008 and will continue throughout the second half of the project period building on the preparatory activities in the first half of the project.

The report consists of this main report with annexes 1-5 and in addition a *Baseline Report* for each of the six pilot communities (annexes 6-11).

## 2 MISSIONS OF INTERNATIONAL EXPERTS

During the reporting period, five missions of the international experts were carried out:

- 18–23 November 2007 (PM, TL, Land Management expert and EIA expert),
- 9–14 December 2007 (Land Management expert),
- 21–25 January 2008 (TL),
- 2-8 March 2008 (PM, TL and EIA expert),
- 6-11 April 2008 (TL, land management expert, land valuation expert).

## 3 PROJECT ACTIVITIES IMPLEMENTED DURING REPORTING PERIOD

### 3.1 Introduction

In total, the project consists of 17 project activities (see annex 1 and project inception report, p. 5). Activities no. 1, 2, 3, and 4 were fully implemented during the inception period of the project (1 August – 1 November 2007) and the results were reported in the project inception report (November 2007). Activities no. 6, 7, 8, 9 and 10 were started during the inception period.

The main activity during the reporting period has been *project activity 10: Conduct preliminary investigations and prepare and disseminate area development plans for each site*. This major project activity consists of two main components:

- Interviews with individual landowners and stakeholders
- Elaboration of community area development plans

All other project activities in the reporting period (1 November, 2007 – 15 April, 2008) have been carried out to support project activity 10.

In the reporting period, project activities no. 5, 6, 9 and 10 have been fully implemented, activity no. 7 has continued and activities no. 11, 12, 14 and 16 have been launched.

The results of project activities in the reporting period are reported in the following.

### **3.2 Project activity 5: Establish framework principles to ensure that there are no adverse environmental impact from project activities**

It is crucial for a sustainable implementation of the project that procedures are set up to avoid decline in valuable types of nature and loss of biodiversity when preparing and subsequently implementing community area development plans. Framework principles were established during November – December 2007 to ensure that there is no adverse environmental impact from project activities. The international EIA expert provided a screening checklist for environmental impact assessment (EIA) and introduced the concept of EIA screenings of plans and projects in relation to the project for all members of local project teams, MAFI staff and other counterparts during the second project training seminar, which was held on 21. November 2007 (see section 3.3).

Based on the EIA screening checklist and guidance on screening plans and projects, provided by the International Expert, the national expert in community development planning has facilitated the elaboration of community area development plans in the six pilot villages (see section 3.7.2). The national expert has further conducted the EIA screening for the six community area development plans that have been elaborated.

The second mission of the international EIA expert was performed in the period 3 – 7 March 2008, where she supervised the community development expert in the process of carrying out the EIA screening and the participatory approach used to facilitate the elaboration of the draft community development plans.

During the period March-May 2008, the national development expert then finalised the community development plans and subsequently filled in the EIA screening checklist for each plan. The EIA screenings have in turn been reviewed and further elaborated by the expatriate expert. The EIA screenings are attached as part of the village baseline reports (annex 6-11). The main conclusions of the EIA screenings of the six community area development plans can be summarised as follows.

The main goal of the development plans is to improve the social, economic and ecological situation of the community. The six pilot areas are situated in an area susceptible to earthquakes, landslides, erosion, flooding, which could cause environmental problems. Some actions for reducing these negative impacts are included in the community area development plans and will thus have a positive effect on reducing these risks.

The proper implementation of the community area development plans are not regarded as posing a risk of causing significant environmental problems, but aim instead towards improving the conditions by planned implementation of the plans in a sustainable way to the benefit of the people living in the village and the surrounding environment.

However, if the communities will be able to find financial resources for only the economic development activities and thus only partly implement the development plans, there might be risks related to the soil, surface waters, groundwater, biodiversity and health of population

could be negatively impacted over the long term. The community area development plans have foreseen these risks and incorporated appropriate protection measures for the planned activities to eliminate these risks, e.g. by establishing measures that at the same time will utilise the natural resources in a sustainable way or with the minimum impact on the environment. So if the development plan is implemented fully, the activities of improving waste water treatment and waste management as well as increasing the welfare and the opportunities for the people living in the villages, the development plan will result in improved conditions with a significant positive effect on the environment on the long term.

For the main objective of the project, i.e. the re-parceling pilots, the re-parceling of the agricultural land will not pose any negative effect on the environment different from the current situation. First of all, the areas utilized for agriculture will to a large extent remain the same. The land use may change from one type of agricultural production to another (e.g. from crop production to orchard or vineyard or the opposite) or from agricultural land to forest. However, areas with high nature value (pastures, meadows, natural forests and water bodies) will remain the same and will not be converted into intensive agricultural production as a result of the project.



*Participants at the third training seminar (April 2008)*

### **3.3 Project activity 6: Develop and carry out training program**

The project training program was prepared during the inception period (see inception report, section 2.3.6). The main element in the training program is a series of training seminars of which the first was held in the project inception.

The second project training seminars for directly involved stakeholders and counterparts was held on 21 November 2007. The third training seminar was held on 10 April 2008. Both seminars had approximately 50 participants.

### Second training seminar (21 November, 2007)

The main purpose of both second and third training seminar was to build up capacity for the next main project activities. Topics covered on the second seminar were:

- Prepare ownership map – Plan 1 (see section 3.6).
- Conduct landowner- and stakeholder interviews (see section 3.7.1).
- Prepare community area development plans (see section 3.7.2).
- EIA screening (see section 3.2).

FAO training units 3 (public awareness campaigns) and 4 (Inventory of cadastral and registration records (Plan 1)) were briefly repeated from the first training seminar in October 2007 and FAO training units 5 (situation analysis and needs assessment) and 6 (community area development planning) were presented together with additional unit 5 (environmental impact assessment). See Inception Report, section 2.3.6.

### Third training seminar (10 April, 2008)

Topics covered on the third seminar were:

- Starting negotiations with landowners and other stakeholders
- Land valuation
- The draft re-allotment plan (Plan 2)
- Western European land re-parceling / land consolidation practise

FAO training units 7 (starting negotiations), 8 (land valuation) and 9 (draft re-allotment plan) were presented as well as the additional unit 4 (Western European land consolidation practise).

During both training seminars, each of the six local teams gave a short status of project progress so far in the pilot communities.

In addition to the presentations / classroom training, a one-day training for the six local teams and the national experts (training of trainers) was organized on 9 April, 2008, in Calmatui village. The TL, the land valuation expert and the land management expert demonstrated practical re-parceling planning and land valuation with the participation of local landowners and farmers.

### Remaining training seminars in Autumn 2008

According to the project Inception Report (section 2.3.6) two additional training seminars for the project staff and directly involved institutions were planned for Autumn 2008:

- 4. *Training seminar: August 2008*
- 5. *Training seminar: October 2009*

It is the proposal of the contractor to merge these two seminars and organize a fourth and last project training seminar in September 2008. During the final seminar, FAO training units 10-12 will be presented. It is the assessment of the contractor that the originally two planned seminars would be too close. Another reason for the adjustment of the schedule of training seminars is that the re-parceling planning in the villages will not be fully completed by September 2008 and that implementation and registration of land transactions will begin already in Spring 2008 (see sections 3.8, 3.9 and 4.3).

Furthermore, it is the proposal of the contractor to add an additional training unit to be presented at the final training seminar in September 2008:

- *Additional training unit # 6: Introduction to EU Rural Development program*

The additional unit will be presented by the TL. It is the assessment of the contractor that introduction to the EU Rural Development program will be of high value for the participants, specially the participants from MAFI that deal with agricultural and rural development policy and its implementation. After a short presentation of the EC Council Regulation for Rural Development (Council reg. No. 1698/2005), the options in relation to re-parceling will be presented.

#### On-going supervision of directly involved stakeholders and counterparts

An important element in the training and capacity building component is the on-going supervision of the six field teams. During each mission, the international experts have spend as much time as possible in the pilot villages. On the daily basis the six field teams are supervised by the national experts.

#### Training of staff from institutions not directly involved in implementation of the six pilots

In the inception report, it was foreseen that two special training seminars for staff of local and central Government not directly involved in the implementation of the six pilot projects should be organized in February 2008 and in November 2008. The first of these special training seminars has been postponed till August or September 2008 in order to be able to present the results of the preliminary investigations in the six pilot villages. MAFI has proposed to organize a conference about land re-parceling / land consolidation in Autumn 2008. Such conference may replace the above mentioned training seminar.

It is the assessment of the contractor that the project training program (training seminars and supervision) has been very important for the results of the project implementation so far and has started be build up capacity for re-parceling activities among the central stakeholders in Moldova.

### **3.4 Project activity 7: Develop a public awareness campaign**

A number of project activities in relation to the public awareness campaign have been conducted in the reporting period:

- Continued awareness raising about project activities in the six pilot communities.
- Preparation of project brochure.
- Project website.

The activity was launched during the inception period (see inception report, section 2.3.7).

#### Continued awareness raising in the pilot communities

The daily project activities in the pilot villages are raising awareness among the landowners and other local stakeholders about the project activities. Most villagers / almost all landowners have been informed in details about the project while they were interviewed about their interest in and wishes for the project (see section 3.7.1). The individual interviews have been started with a short introduction to the individual landowner about the project. During the interview, the land re-parceling planner has been discussing with the person being interviewed how she or he can benefit from the project. This direct information will continue throughout the detailed landowner negotiations that that have been launched in April 2008 (to prepare the draft re-allotment plan).

The other main project activity in the reporting period has been the preparation of community area development plans (see section 3.7.2). A number of meetings have been organized with many different groups of stakeholders to facilitate the preparation of the development plans. These meetings have also been used to spread information about the project and project activities.

The second of four planned project workshops in each pilot community was organized in the first week of March 2008 with participation of international experts (TL, EIA expert and community development expert). The main purpose of the workshops have been to present and discuss the elaborated draft community development plans (see section 3.7.2). These workshops are however, also providing detailed information about the project and allow the villagers to be in direct dialogue with not only the local project team but also national and international experts.

A third project village workshop was foreseen in all six pilot communities at the beginning of April 2008 with the purpose of reaching consensus about the content of the community development plans. However, it was decided by the project management not to organize a third village workshop so close to the March workshops. The last workshop in each pilot location will be in October 2008 where the draft re-allotment plan will be presented and discussed.



*Participants in the second project village workshop in Bolduresti village (March 2008)*

#### Project brochure

A project brochure / flyer has been prepared by the contractor in cooperation with MAFI during January 2008. The main target groups for the flyer are the landowners, farmers and other stakeholders in the pilot communities. The flyer has been printed in 3.000 copies in Romanian and in 200 English copies. The flyer has been distributed in the pilot communities from early February 2008. It will be available in the project offices in the pilot villages and in the project office in the MAFI building in Chisinau throughout the project period. The project brochure is included as annex 2 to this report.

#### Project website

A project website has been under construction during the reporting period. The website has been launched during May 2008 and is available at [www.re-parceling.md](http://www.re-parceling.md). The website will be regularly up-dated with all relevant project documents and information.

### **3.5 Project activity 8: Assist the pilot communities to establish a local stakeholder committee in each of the project sites, and ensure that they are integrated in the process.**

The project implementation is based on a participatory and bottom up approach. Establishment of a local stakeholder committee in each pilot site has been an important part of this approach. Local stakeholder committees were elected in all six pilot communities at the first village workshops during October 2007 (see inception report, section 2.3.8).

The overall task of the committee is to represent the general interest of the different types of landowners and villagers in the re-parceling design process. The committee is, as mentioned, an important part of the participatory and democratic approach and of the voluntary concept. The committee is thus serving as a safeguard, monitoring the negotiation and design process in each pilot site, to ensure that no-one is forced or put under pressure to participate against their interest or wish.

The committees have taken an active part in project implementation so far. There has been organized regular (normally once a month) meetings between the local planning team and the committee. The committees have also participated in some of the landowner interviews and discussions about the elaboration of the community development plans.

### **3.6 Project activity 9: Review and if necessary revise ownership maps for the baseline situation in each village (prepare Plan 1)**

Cadastral data (maps and register data) for the six pilot communities were purchased through a contract with the Agency for Land Relations and Cadastre (NAGCC) in October 2007. The six local teams started straight after receiving these data to prepare draft owner maps – Plan 1. Each local team have prepared the draft Plan 1 maps by giving unique identification numbers to the owner of each land parcel (each owner has a unique number to relatively easy identify his / her parcels in the interview process and during the subsequent continued re-parceling negotiations). The draft maps were finalized at the end of November 2007. The final versions of these maps showing the owner structure before and after the re-parceling project will be prepared in the final stages of the project. The draft maps (Plan 1) have been used during the landowner interviews and will subsequently be used during the detailed re-parceling negotiations and preparation of the re-parceling design (Plan 2).

In addition, the contractor has in the middle of April 2008 purchased newly produced ortophotos for all six pilot locations from the Agency for Land Relations and Cadastre (NAGCC). The ortophotos are used as background for the land mobility maps (see section 3.7.1) and the community development maps (see section 3.7.2). The ortophotos will also be very valuable for the re-parceling planning.

The data on land ownership received from NAGCC has been checked during the interviews and compared with the title documents that most landowners have brought to the interviews. This procedure has detected a number of registration problems in all pilot villages that needs to be solved before land transactions implemented through the project can be registered.

The main types of registration problems identified are:

- Heritage cases,
- Not registered land reform / privatization,
- "Simple" mistakes and errors in land registration and title documents.

The reason for problems related to heritage is that the owner in the land register is deceased without a new owner (often heir of the former owner) is registered. Often, the families want to save the costs for registration. The extent of the problem varies between the pilot sites but all six villages have these cases. The missing registration can be handled by either a private or public notary. The fee is regulated by law. Registration of heritage ownership will be an integrated part of the simplified registration procedures that have been developed during the reporting period (see section 3.10)

Another series of problems have been identified in relation to not finalized land privatization.

In *Baimaclia pilot community*, 188 landowners representing 370 ha of arable land do not have their property rights registered in the Land Registry at NAGCC. However, the parcels are displayed on the cadastral maps and the owners have received property titles as part of the privatization process. The reason, that the information is not in the Land Registry, seems to be contractual disputes between NAGCC and the private company who implemented the land privatization in the community. In relation to the re-parceling project, the parcels can participate in the project after they are registered in the Land Registry. This will cost around 50 Lei pr. person. These 188 owners in Baimaclia have been interviewed for participation in the project (see section 3.7.1).

In *Calmatui pilot community*, about 150 ha owned by 136 persons are not registered in the Land Registry and the parcels are not displayed on the cadastral map. The reason to the problem is a contractual dispute similar to the situation in Baimaclia. The parcels can participate in the project only after they are surveyed. This process will be costly and time consuming. Thus, these parcels will not be able to participate in the project. The 136 owners with the registration problems are among the owners in Calmatui that have been interviewed.

In *Opaci pilot community*, another problem has occurred. Around 600 ha of private owned land parcels are not displayed on the cadastral map for the community, that the contractor has purchased from NAGCC. The reason is, that the administrative boundaries of the community were changed a few years ago. This adjustment of administrative boundaries was not updated in NAGCC. Subsequently, the contractor has requested the additional cadastral map from NAGCC.

Finally, a number of "simple" mistakes or errors in the land registration, cadastral maps and in title documents have been identified during the interviews (e.g. different spelling of owners name in register and on title documents or wrong cadastral number). Thus, the local re-parceling teams have already important information and can begin to have the errors and mistakes corrected as an integrated part of the procedures for registration of land re-parceling transactions. In Bolduresti pilot community, 319 landowners with such "simple" mistakes or errors (out of 1.786 landowners in total) have been identified.



*Part of Calmatui pilot community (April 2008)*

### **3.7 Project activity 10: Conduct preliminary investigations and prepare and disseminate area development plans for each site**

As mentioned in the introduction, project activity 10 has been the main project activity in the reporting period and all other activities have been conducted mainly to support this activity. The activity consists of two components:

- Landowner interviews
- Preparation of community area development plans.

Both components have been fully implemented in the reporting period.

#### **3.7.1 Interviews with individual landowners and stakeholders**

Landowner interviews were started in all six pilot communities late November 2007 after the finalization of project activity 9 – preparation of draft Plan 1. According to the approved inception report (see inception report, section 2.3.10.1), the local project team in each of the six pilot sites was supposed to interview the landowners and other stakeholders. The purpose of the interviews has been to collect data about the local agricultural structure (production data and user data) and to identify the individual landowners initial interest in the land re-parceling project (willing to participate or not, sell land, buy land, exchange land, lease land in or out). Since the project concept is completely voluntary, it is most important to discuss and explain the project concept directly with the individual landowners and observe their interest in participation. A standardized interview form was elaborated in November 2007 and has been used for all interviews in the six pilot communities (annex 3).

Detailed information about the six pilot locations is available as a separate *Baseline Report* for each of the six villages. These are annex 6-11 to this report.

#### Interview process

The interviews were supposed to be conducted by the local planning teams (ACSA planner, MAFI planner and local cadastral engineer) with the two former working fulltime in the pilot community and the cadastral engineer supporting the activities and participating in between his other tasks. The interviewing process has been monitored closely by the TL and the national experts. In January 2008, it was the assessment of the contractor that the interview process was substantially behind schedule. At that time, half way through the period allocated for interviews, only in Sadova pilot community, the progress was satisfactory.

There are a number of reasons for this situation. It is the assessment of the contractor that the main explanation was that the appointed MAFI counterparts (who were expected to take part in the field work on a daily basis) are not active in the practical project work. Only in Sadova, where progress is satisfactory, is the appointed MAFI counterpart participating in the daily work together with the planner employed by the project, the ACSA village consultant and the staff of the Primaria. This issue was discussed at the meeting in the Technical Working Group on 25 January 2008 and was reported in the Project Progress Report I (section 3.6.1) in February 2008. The problem was solved by the contractor by allocating more human resources to conduct the interviews. ACSA consultants from the regional service centers assisted together with the national consultants of the project in conducting the interviews. The interview process was finalized in March on schedule. The appointed MAFI planners are still not active in the field work of the project with exception of Sadova pilot community.

The local planning teams supported by the ACSA network and the national experts have managed to interview a large majority of the identified landowners (see figure 1). In fact, more than 6.000 landowners have been interviewed in four months. The percentage of landowners interviewed (out of the total number of landowners) vary between 75% (Calmatui) and 94% (Sadova). There are several reasons why not all identified landowners have been interviewed. A small number of owners have refused to be interviewed because of lack of trust in the project, the local elected council and/or public authorities in general. Some landowners have been absent from the village in the period of the interviews, typically because they have temporary work assignments away from the village.

It is the assessment of the contractor, that a satisfactory percentage of the landowners have been interviewed. It has been a huge task and one of the more critical elements in the project concept in each village to interview up to 1.400 landowners in only four months.

#### Analysis of interviews

In the second half of March and first half of April 2008, the large quantity of data that has been collected through the interviews, have been analysed. As mentioned, a *Baseline Report* has been prepared for each pilot community. Part of the content of this "report" is the analysis of the interview forms. The main results are summarized in figure 1.

#### Land parcel structure

The total number of agricultural land parcels in the six villages vary between 1.757 in Calmatui, the smallest village, and 6.006 in Bolduresti, the largest both in relation to number of parcels and number of owners.

The typical situation is that each owner was allocated 3 or 4 land parcels during the privatization process in the 90ties. Often the villages had three categories of agricultural land, arable land, orchards and vineyard. Landowners received 1 or 2 parcels of arable land, 1 parcel

of orchard and 1 parcel of vineyard. Parcels of orchard and vineyard are often much smaller than the parcels of arable land.

The average number of agricultural land parcels pr. owner vary between 3,19 in Opaci and 5,08 in Baimaclia. Even though the majority of landowners still have the same 3-4 parcel that they were allocated during the privatization, all the pilot villages have a varying number of landowners / farmers that have bought up land parcels in the last 10 – 12 years (see example in figure 2 below).

The average parcel size is smallest in Sadova village where it is only 0,21ha. The largest average is 0,73 ha in Baimaclia. No clear connection between the average parcels size and the distribution between arable land, orchard and vineyard can be identified.

#### Agricultural structures

The agricultural structures in all six pilot (except Calmatui) are dominated by small-scale family farmers that farm their own land and use the products only in their own households or are semi-commercial. Only few bigger farms (family farms or corporate farms) exist in each village. These are however the main agricultural producers in the villages and run their farm on a fully commercial basis. In the pilots, only between 0% and 1,4% of the landowners lease land from other owners. These are the bigger commercial farmers. When it comes to the percentage of owners who lease *out* their land, there is a huge variation between the pilots (see figure 1). In Calmatui, 90% of all owners lease out their land. In Sadova, on the other end, there are no registered lease agreements, only a few in-formal agreements between owners.

#### Interest of the landowners to participate in the re-parceling project

The main purpose of conducting the landowner interviews has been to investigate the interest of the landowners in participating in the re-parceling project (if and how they want to participate). The interest of the landowners is displayed in figure 1.

Around half of all the landowners (49,3%) in the six villages (3.578 out of 7.257 landowners in total) have stated that they are interested in participating in the re-parceling. The variation is between 33% in Calmatui and 67% in Bolduresti. It is important to stress that these are preliminary data and that it can be expected that there will be substantial variation when it is clear who actually have participated. Based on experiences from similar pilot projects in other Central and Eastern European countries, it can be expected that a relative high degree of landowners will change their mind during the process. Some will want to participate when they see that neighbours and relatives have good results. Others may have unrealistic expectations towards what will be possible. At the end of the day, the final results in each village will be highly effected by the first good results. Hopefully it will spread like "rings in the water".

It is the assessment of the contractor that the percentage of landowners that have indicated that they will participate in the project (49% in total for all villages) is highly satisfactory with a completely voluntary approach and it demonstrated that the project is on the right track.

It is furthermore the assessment of the contractor that between 25% and 50% of all landowners will end up taking part in the project (sell, buy or exchange land parcels).

A *Land Mobility Map* has been prepared for each pilot community (see annexes 6-11 and example in figure 2). The maps give an overview of the re-parceling possibilities in the different sub-areas of the pilot communities (see section 3.8 and 3.9). Parcels for sale are displayed with red, parcels for exchange with yellow. These maps will be a valuable tool in the continued re-parceling planning throughout the remaining part of the project. In Opaci pilot village, the land mobility map shows that there is substantial interest for taking place in land

transactions in all parts of the village. In Calmatui, on the contrary, the interest for the project is focused in 3 – 4 parts of the village.

|  | <b>Busauca<br/>pilot<br/>site</b> | <b>Sadova<br/>pilot<br/>site</b> | <b>Bolduresti<br/>pilot<br/>site</b> | <b>Calmatui<br/>pilot<br/>site</b> | <b>Opaci<br/>pilot<br/>site</b> | <b>Baimaclia<br/>pilot<br/>site</b> |
|--|-----------------------------------|----------------------------------|--------------------------------------|------------------------------------|---------------------------------|-------------------------------------|
| Total no. of registered agricultural land parcels                                | 3.088                             | 5.922                            | 6.006                                | 1.757                              | 5.626                           | 4.204                               |
| Identified no. of landowners   | 708                               | 1.319                            | 1.786                                | 634                                | 1.762                           | 1.048                               |
| No. of interviewed landowners  | 640                               | 1.300                            | 1.400                                | 476                                | 1.409                           | 828                                 |
| Interviewed in % of all  | 90%                               | 94%                              | 78%                                  | 75%                                | 80%                             | 79%                                 |
| Average parcel size  | 0,50ha                            | 0,21ha                           | 0,29ha                               | 0,40ha                             | 0,60ha                          | 0,73ha                              |
| Average number of parcels pr. owner  | 4,72                              | 4,49                             | 3,36                                 | 3,69                               | 3,19                            | 5,08                                |
| No. of landowners who are willing to participate in re-parceling                 | 426                               | 535                              | 1.202                                | 286                                | 589                             | 540                                 |
| % of landowners who are willing to participate in re-parceling                   | 60%                               | 41%                              | 67%                                  | 45%                                | 33%                             | 52%                                 |
| No. of land parcels for sale   | 792                               | 808                              | 1.692                                | 227                                | 829                             | 830                                 |
| No. of land parcels for exchange   | 50                                | 432                              | 189                                  | 194                                | 69                              | 77                                  |
| % of landowners who lease out land   | 9%                                | 0%                               | 46%                                  | 90%                                | 26%                             | 25%                                 |
| % of landowners who Lease in land  | 0,4%                              | 0%                               | 0,2%                                 | 0,3%                               | 1,4%                            | 0,7%                                |
| % of landowners who Lives permanent in village                                   | 86%                               | 85%                              | 89%                                  | 95%                                | 87%                             | 90%                                 |
| Public owned agricultural Land that will be available for the project (hectares) | 15ha                              | 45ha                             | 46ha                                 | 1,4ha                              | 19ha                            | 7ha                                 |

Figure 1: Summary of interviews in the six pilot communities

It is characteristic that most of the landowners, that want to take part in the project, want to sell parcels, some want to exchange parcels and few want to buy parcels and enlarge the production. In four of six villages, the ratio between parcels for exchange and parcels for sale is less than 1:10 (large majority of sellers). In Sadova this ratio is around 1:2 and in Calmatui it is 85:100. Again, the situation in Calmatui is a little different from the other villages. Since 90% of landowners lease out land parcels, it could be expected that many of them would sell. But this is clearly not the case.

The identified potential buyers (who want to enlarge the size of owned land through the project) are a diverse group of landowners. Very few of the potential buyers in each pilot already are big dominating commercial farmers. However, all pilots have a number of smaller family farmers that are interested in purchasing additional 2-20 ha of agricultural land.

In Bolduresti pilot village, one farmer wants to buy around 100 hectares in one bloc of parcels and plant a new orchard in an area of the village where the average parcel size is as small as 0,09 hectares. Another farmer wants to purchase around 50 hectares in one bloc of parcels

and plant a new vineyard. Furthermore, around 20 farmers want to enlarge their farm size by buying each 10-20 hectares of additional land.

#### Availability of public land reserve

In similar pilot projects in other Central and Eastern European countries such as Armenia and Lithuania, it has been the experience that the presence of a public owned land reserve in the pilot community has been extremely important for a final good result of the projects. In Moldova, the public reserves of agricultural land (arable land, orchard and vineyard) is very limited since almost all the lands have been privatized. In the six pilot, the public owned land reserve that can be made available for the project vary between 1,4 ha in Calmatui to 46 ha in Bolduresti. The public land reserve in the villages is so small that it will most likely not have any dominant influence on the final result of the project. Fortunately, this is being compensated by relatively many land parcels offered for sale (for the market price).

### **3.7.2 Elaboration of community area development plans**

The second main project activity in the reporting period has been the elaboration of a community area development plan for each of the pilot communities. The community development plans are included in the village *Baseline Reports* (annex 6-11).

A national expert in community development, Dr. Valentin Ciubotaru, was employed in the period 12 December 2007 – 23 April 2008 to facilitate the process of preparing community area development plans and also to conduct the EIA screening (see section 3.2). The task of the community development expert has been in cooperation with the other national experts, the local teams and MAFI to facilitate a participatory planning process.

#### Participatory process

This project activity was launched in November 2007 and has been finalized at the end of the reporting period (mid April 2008). At the beginning of period most activities in relation to the elaboration of community development plans were concentrated on initial discussions about the process and content of development plans in the villages with the Primaria (and staff), the local councils and main stakeholder groups. All existing relevant materials and plans (development plans and spatial plans) were collected. All existing development plans have been taken into consideration when preparing the new community development plans.

The development plans have been prepared through a participatory process facilitated by the national community development expert, the other national and international experts (mainly the international environmental expert and the TL). Main elements in the process have been:

- Organization of two village workshops in each pilot community (October 2007 and March 2008) (see section 3.4),
- Discussions with Primaria and local council,
- Focus group discussions,
- Input from individual landowners and farmers through the interviews (see section 3.7.1).

The activity was introduced in the pilot communities at the first village workshops in October 2007. At the second village workshop in March with participation of the international experts (environmental expert, community development expert and TL), the draft community development plans were presented and discussed with the villagers. The number of participants in these workshops varied between the villages from around 30 in Baimaclia to more than 250 in Bolduresti. Community development plans have been finalized for all six pilot communities during April 2008.



*Landowner interview in Opaci pilot community (January 2008)*

#### Content of community development plans

The content of the community development plans vary considerable between the villages based on local preconditions, problems and possibilities (see annex 6 – 11).

However, in all six pilot communities the large degree of fragmentation of land parcels and the small average farm size has been identified as an obstacle for local agricultural development. This element in the development plans will be addressed by the continued re-parceling activities in the villages (see section 3.9).

The content of the development plans is much wider than the re-parceling activities. Among the planned activities in Bolduresti pilot community are to:

- repair the main road in the village,
- rebuild the village hospital and a social-dedical rehabilitation center,
- reparation of kindergarden,
- build water supply system in the old part of the village,
- build pipelines for distribution of natural gas to the households,
- plant new orchards and vineyards in specific area of the village,
- create a local market for agricultural products,
- repair irrigation system to allow irrigation of parcels near rivers and waterbodies,
- plant forest belts to prevent from soil erosion.

### Financing for the implementation of community development plans

The land re-parceling project only has the funding for the activities in the village directly related to re-parceling (re-parceling planning and costs of land transactions). For implementation of the other elements of the community development plans additional funding will be needed. The national experts have investigated and facilitated the possibilities. The contractor has prepared a matrix of the possible additional funding for such local rural development activities. The matrix is annex 5 to the report.

It is the intention of the contractor to re-employ the national community development expert on an ad hoc basis to assist the pilot communities in writing applications for the concrete actions and projects. The other national experts will be involved in these fund raising activities as well. It is the general assessment of the contractor that there will be good opportunities for finding additional sources for funding such additional activities. This side activity for the project will contribute to place the re-parceling activities as a central element in integrated local development.

### **3.8 Project activity 11: Develop and put in place an approach for valuation of land in the project areas**

Valuation of the land in the pilot project areas is a core question in the implementation of land re-parceling projects. The overall purpose of valuation is to find the market price for each of the land parcels in the project area. The existence of a land market is a precondition for application of any valuation methods. If the land market is weak (only one or very few potential buyers for each parcel offered for sale) the price can be negotiated for each land plot directly between the seller and the buyer. It is the assessment based on the preliminary investigations in the pilot communities that all six villages have a land market that is so strong that the land valuation methods can be applied as foreseen.

It is important to emphasize that the land valuation procedures in relation to the land re-parceling project are valid only for the project purpose. The valuation data that will be provided through the project will not be used for other purposes (e.g. land taxation or other).

The value of a single land parcel is determined by 1) the general market price level in the area / community and 2) characteristics of the single parcel. Issue of importance for the market value of a single parcel are:

- Parcel size,
- Parcel shape,
- Soil quality,
- Access to road,
- Cultivation condition,
- Irrigation condition (if irrigation),
- Draining condition (if draining),
- Position (distance from the residential areas of the village and for potential buyer).

Land valuation in relation to the re-parceling project was introduced to the project staff and institutions involved in the project implementation at the third project training seminar on 10 April, 2008, by international land valuation and land consolidation expert, Mr. Jan Thaysen, Orbicon. A valuation procedure has been established. The valuation will be conducted by the

local planning teams and the elected local committee of stakeholders with support of the national experts. The main elements in the valuation process are to:

- investigate recent land transactions in the community (last two years) to establish average market price and variation for different types of agricultural land parcels (e.g. arable land, orchard and Vineyard),
- break down the pilot communities in sub-areas defined mainly by natural boundaries (see section 3.9),
- give through an iterative process a relative average value to the parcels in each sub-area (100 to the land of highest value, 95, 90 etc.),
- prepare a valuation map on the basis of already prepared land mobility maps (see baseline reports for the pilot villages – annex 6-11).
- decide about the market price for the best land parcel (price per hectare) in the pilot community.

The market price for each parcel can in principle be found through a simple multiplication of relative value of the parcel with the value of the best land (relative value = 100).

However, it is important to notice that the valuation maps that will be prepared have a purpose of supporting the re-parceling negotiations with and between the landowners, farmers and other stakeholders in the villages. Therefore, deviations will occur when land prices in the agreements that will be signed by the landowners are compared with the valuation maps. Each individual participant in the project will agree on the negotiated price level by voluntary signing the land re-parceling agreements (see section 3.9).

### **3.9 Project activity 12: Prepare and publish draft draft re-parceling design in each pilot village**

Preparation of a draft re-parceling design in each of the six pilot communities is a direct continuation of interviewing all landowners and farmers in the villages about their interest in and wish for the re-parceling project (see section 3.7.1). The project activity was launched at the third project training seminar on 10 April, 2008 (see section 3.3).

#### Next steps

In principle, we know after conducting the landowner interviews, analyzing the interviews and preparing the land mobility maps, what each landowner and farmer would like to do (sell, buy and/ or exchange or nothing) with each land parcel in the pilot communities. In practise, it is the experience from other similar pilot projects that we can expect that relative many landowners will change their mind during the detailed re-parceling planning. This means that the information collected through the interviews and presented on the land mobility maps should be seen as a "snapshot" of the interest of the stakeholders. The local planning teams have been trained to be flexible and all the time try to open up the possibilities of the re-parceling design in order to allow as many participant to participate and benefit from the project as possible.

The next main steps in the re-parceling planning process will be in each pilot community to:

- devide the pilot communities into smaller sub-areas (normally with natural boundaries such as roads, channels etc.),

- define design goals together with the elected committee of stakeholders for each of the sub-areas,
- conduct the land valuation (see section 3.8),
- build up the best possible land re-parceling design for each sub-area in coordination with the planning in the other sub-areas in the village.

The use of sub-areas in the valuation and planning process is further explained in the project inception report (p.25-26).

#### Land re-parceling agreement form

The agreements about land transactions that will be reached with the landowners and other stakeholders in the pilot communities will be implemented and registered following the developed simplified transaction procedures (see section 3.10). This means in practise that the normal legal documents for land transactions will be used. However, it is the assessment of the contractor that it will be important to ask the landowners and farmers to sign a special *land re-parceling agreement form*. Such form has been prepared based on experiences from similar land re-parceling / consolidation projects in Lithuania and Armenia. The form is annex 4 to this report.



*The first land re-parceling agreement signed by landowner in Calmatui (April 2008).*

The agreement form gives an overview of the participation in the project for both the local team and for the landowner. At the end of the process the draft re-parceling plan (Plan 2) is the sum of the land transactions in the signed agreement forms. Legally, the agreement forms can be seen as a letter of intent where each landowner offers to buy, sell and/or exchange

land parcels as displayed in the form. The first landowners signed the agreement form in Calmatui pilot village during the practical training for all six local teams on 9 April, 2008.

### **3.10 Project activity 14: Develop and apply simplified procedures for registration and implementation of agreements**

Implementation of this project activity is planned to be carried out in two stages (see annex 1). The simplified procedures for registration and implementation of agreed land transactions have been developed in the reporting period (March – April 2008). At the time of the project inception report, it was foreseen that the actual registration and implementation of land transactions would start from the beginning of September 2008. Based on the experiences from the preliminary investigations in the six pilots, it is the assessment of the contractor that it will be better to begin land transactions earlier and continue until almost the end of the project period. Thus, the land transactions will take place in the period June – December 2008. MAFI has supported an early beginning of transactions. There are several good reasons for an early beginning of the transactions:

- it will be possible to test the developed simplified procedures before the majority of transactions that will take place towards the end of the project (test cases in June – September 2008),
- early transactions will demonstrate to the villagers how they can benefit from the project and hopefully the interest will “spread like rings in the water”,
- it will create trust in the process among the villagers that they experience that the project is paying transaction costs (as promised),
- it will give more time to handle the problematic cases such as heritage, missing registration of land privatization and also correction of errors and mistakes (see section 3.6)

The only danger related to early transactions is that the project implements agreements that should have been different because the possibilities were not fully investigated. This could lead to the implementation of not optimal solutions and it could be necessary to adjust some of the transactions at the end of the project. A result would also be additional registration costs. However, it is the assessment of the contractor, based on the investigated situation in the pilot villages, that it will be possible to select some of the sub-areas in all six pilots where the design goals are clear already now (May 2008). In Calmatui pilot village, the biggest private family farmer already owns many parcels concentrated in 2-3 areas of the village. In one of the sub-areas, he already owns 80-90 % of all parcels (former orchard that has been cut and is now used for crop production). It is obvious that the best re-parceling design in this sub-area will be that the owner buys as many of the remaining parcels as possible (see figure 2). At the same time he can sell / exchange his parcels in some of the sub-areas of the village where he is not dominating.

Some transactions where the “green owner” is buying or exchanging for parcels in the sub-area shown in figure 2, can be implemented already now without the risk that better solutions could be found later in the process. There are similar sub-areas in all villages where the re-parceling design goals are clear.

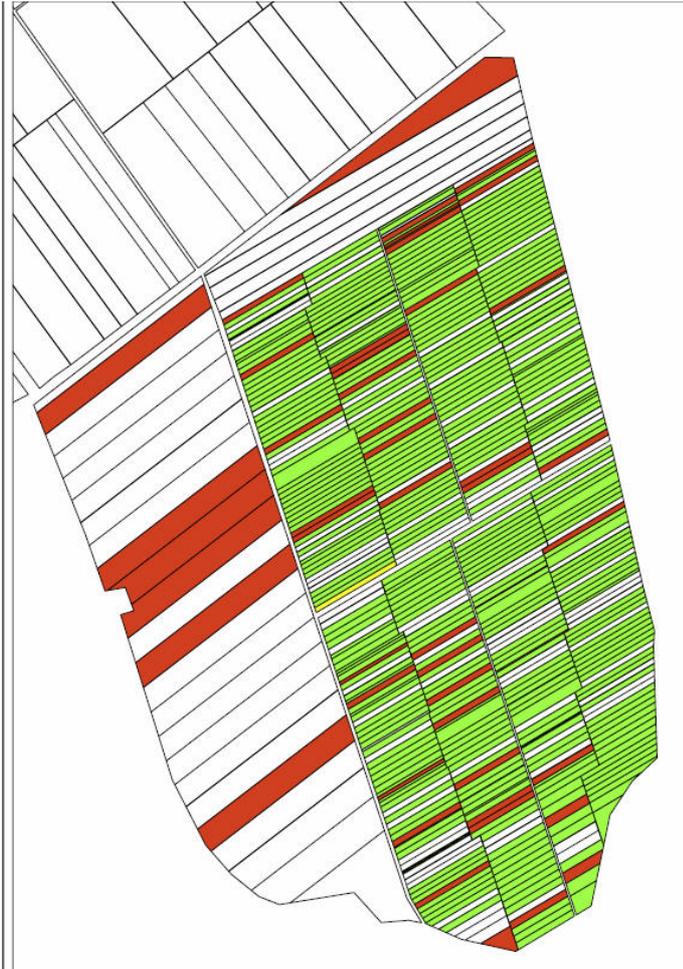


Figure 2: Section of land mobility map for Calmatui pilot community (parcels owned by biggest family farmer with green, parcels for sale with red and parcels for exchange with green).

#### Types of land transactions that will be implemented through and funded by the project

The main objective of the project is through the re-parceling to contribute to the improvement of the agricultural structures in the six pilot villages. This will take place through reduction of fragmentation (amalgamation of parcels) and enlargement of farm sizes. Land transactions will only be able to participate in the project if they will contribute to this and thus improve the parcel structure. Land transactions funded by the project will be part of the re-parceling plan (Plan 2). Decisions of which transactions can participate (and which cannot) are first taken by the local planning team in the pilot village and then approved by the deputy team leader chief national expert).

It is impossible in all details to describe in advance all the types of land transactions that will be accepted since it will depend on the re-parceling plan and how the single transactions will contribute to other solutions. An exchange of two parcels that in itself is not improving the parcel structure can open up for improvements in other areas of the pilot community. However, the project will not finance the transaction costs for purchase of scattered parcels. Farmers who want to purchase several parcels can do so if other landowners voluntary agree to sell or exchange these parcels but only in the sub-areas that have been defined as the interest area of the buyer (normally where this farmer already has a big interest and is already the owner of land parcels).

Proposed procedures for financing of transaction costs

It is necessary to have transparent procedures for the financing of the transaction costs. It is also necessary to ensure that especially farmers who want to purchase several parcels can be "controlled" in the process. The project should not finance the purchase of land parcels before it is ensured that such large scale farmers are contributing to the project and the preservation of the land mobility. This means in practice that the project should not pay any transaction cost for the landowners before their participation with all parcels is agreed and approved. The only way to ensure this is that all landowners have to pay all transaction costs themselves. When their participation in the project is finalized, their transaction costs will be reimbursed by the contractor.

Using the LPSP experiences

Some simplified land transaction procedures were already developed and used under the consolidation component of the Land Privatization Support Project (LPSP) in the period 2004-06. The project was funded by USAID. The present project will build on the LPSP experiences where the deputy team leader participated as legal consultant. The main concept of the LPSP procedures was to let the secretary of the Primaria / Local Council do the authorization of the contracts that normally is done by notaries and in addition implement ten transactions in one contract.

In cases where the landowner interviews have revealed problems with documentation of ownership this will have to be solved before the land parcel can participate in the re-parceling project (see section 3.6).

Heritage cases

All six pilot cases have a large number of heritage cases where the owner listed in the Land Register is deceased without a new owner (often heir of the former owner) is registered. Often, the families want to save the costs for registration. The extent of the problem varies between the pilot sites but all six villages have these cases. The degree of parcels with unregistered heritage was not foreseen in the Terms of Reference for the project or in the project inception report. The estimated number of owners and parcels with heritage problems in each pilot community that are willing to participate in the project are:

|                    |                                    |
|--------------------|------------------------------------|
| <i>Sadova:</i>     | <i>169 owners with 507 parcels</i> |
| <i>Busauca:</i>    | <i>57 owners with 256 parcels</i>  |
| <i>Opaci:</i>      | <i>160 owners with 300 parcels</i> |
| <i>Calmatui:</i>   | <i>140 owners with 480 parcels</i> |
| <i>Bolduresti:</i> | <i>188 owners with 458 parcels</i> |
| <i>Baimaclia:</i>  | <i>205 owners with 434 parcels</i> |

Thus, in total it can be expected that the project will have to deal with 919 persons and 2.435 parcels that have the registration problems because of heritage. The number of participating landowners with non registered heritage is around 1/4 of the total number of landowners willing to participate in the re-parceling project.

| <b>Costs of heritage registration in Bolduresti Pilot community</b>  |   |                |                |                    |
|--|---|----------------|----------------|--------------------|
| <b>Number of deceased persons / landowners</b>   |   | <b>188</b>     |                |                    |
| <b>Number of parcels</b>   |   | <b>458</b>     |                |                    |
|  |   | <b>Lei</b>     | <b>Persons</b> | <b>Total (lei)</b> |
| 1  | To open heritage file   | 31             | 188            | 5828               |
| 2  | Refusal of the heritage*  | 31             | 376            | 11656              |
| 3  | Heritage certificate issue **   | 0              | 188            | 0                  |
| 4  | Authentication of any copy  | 5              | 188            | 940                |
| 5  | Registration of the new property rights (cadastral office)                    | 40             | 229            | 9160               |
| 6  | Issue of certificate concerning the value of the first parcel                 | 40             | 94             | 3760               |
| 7  | Issue of certificate concerning the value of the second and following parcels | 20             | 135            | 2700               |
| <b>Total</b>   |   |                |                | <b>34044</b>       |
|  |   |                |                | <b>3338 \$</b>     |
| * - in the case when 2 family members refuse heritage and one accepts  |   |                |                |                    |
| ** - Issue of heritage certificate for persons part of consolidation project is 0 lei, In other case it is 0,7% from the value of the parcel for lineal consanguinity or 1,5% for rest of cases. |   |                |                |                    |
| <b>Per person</b>  |   | <b>181 lei</b> |                |                    |

Figure 3: Estimated costs for heritage registration in Bolduresti village.

The costs to solve the problem and finally register a new owner (before the parcel can be sold or exchanged in the project) will depend of a number of factors. Figure 3 shows the estimated costs for Bolduresti pilot community.

|   | Pilot site   | Deceased persons | No. of parcels | Fee for one heritage case (Lei) | Average per person (Lei) |
|---|--------------|------------------|----------------|---------------------------------|--------------------------|
| 1 | Bolduresti   | 188              | 458            | 34044                           | 181                      |
| 2 | Busauca      | 57               | 256            | 13836                           | 243                      |
| 3 | Baimaclia    | 205              | 434            | 35160                           | 172                      |
| 4 | Sadova       | 169              | 507            | 33462                           | 198                      |
| 5 | Calmatui     | 140              | 483            | 29610                           | 212                      |
| 6 | Opaci        | 160              | 300            | 26280                           | 164                      |
|   | <b>Total</b> | <b>919</b>       | <b>2438</b>    | <b>172392</b>                   | <b>195</b>               |

Figure 4: Estimated total costs related to heritage registration.

The estimated costs for heritage registration in all six villages have been calculated and is displayed in figure 4. The estimated total costs are around 264.000 Lei / 25.600 US\$. However, it is the assessment of the contractor that not all of these parcels will participate in the project. The landowner will likely participate, but not with all his parcels. It can be

expected that a little more than half of the parcels in average will participate. Therefore, the total additional and unforeseen costs related to heritage will be around 155.000 Lei / 15.000 US\$.

| <b><u>Bolduresti Pilot Community</u></b>  |  |                                       |                           |               |
|---|--|---------------------------------------|---------------------------|---------------|
|   |  | <b>Costs pr.<br/>parcel<br/>(Lei)</b> | <b>No. of<br/>parcels</b> |               |
| <b>Sale of parcels</b>  |  |                                       | <b>1692</b>               | <b>Total</b>  |
| 1   | Extract from the land registry               | 51                                    | 1692                      | 86292         |
| 2   | Contract authorisation *                     | 120                                   | 169                       | 20304         |
| 3   | State tax                                    | 5                                     | 169                       | 846           |
| 4   | Property rights registration<br>(per parcel) | 40                                    | 1692                      | 67680         |
|   | <b>Total</b>                                 |                                       |                           | <b>175122</b> |
| <b>Exchange</b>   |  |                                       | <b>189</b>                |               |
| 1   | Extract from the land registry**             | 51                                    | 378                       | 19278         |
| 2   | Contract authorisation                       | 0                                     | 19                        | 0             |
| 3   | State tax                                    | 0                                     | 19                        | 0             |
| 4   | Property rights registration (per parcel)*** | 40                                    | 378                       | 15120         |
|   | <b>Total</b>                                 |                                       |                           | <b>34398</b>  |
| *- one contract per 10 persons<br>** - 2 extracts needed<br>*** - fee is doubled because 2 registrations are needed |  |                                       |                           |               |
| <b>Total</b>  |  | <b>209520 lei</b>                     |                           |               |
|   |  | 20952 \$                              |                           |               |
| Extracts from the land registry   |  | 105570                                | 50%                       |               |
| Contracts authorisation   |  | 21150                                 | 10%                       |               |
| Property rights registration  |  | 82800                                 | 40%                       |               |
| <b>Total</b>  |  | <b>209520</b>                         | <b>100%</b>               |               |

Figure 5: Estimated costs for regular registration in Bolduresti village.

#### Simplified land transaction procedure

The land transactions in the re-parceling project will be implemented through the following main steps:

- The local community council will adopt a resolution about the project. The resolution will contain an annex with names of all participating landowners, information about the parcels (cadastral numbers). The resolution will allow reduction of transaction costs such as authorisation of exchange contracts for free and no state transaction tax for exchange agreements. As well, as mentioned, the heritage certificate is free of charge.
- The Territorial Cadastral Office (TCO) will issue an extract from the land register for each participating parcel.

- The contract (containing 10 transactions) is authorized by the secretary of the Primaria / Local Council.

The new property rights are registered by the TCO.

#### Regular transaction costs

In the project budget, 6.000 US\$ are earmarked to cover all transaction costs in each of the six pilot communities (36.000 US\$ in total). Based on the identified interest for participating in the pilot villages, it is possible to estimate the transaction costs. The transaction costs are regulated by the Government Order no. 770 of 2 July, 2007. The budget for transactions in the project is based on the old tariff for transaction costs. Unfortunately, transaction costs have increased with around 70% under the new tariff. Figure 5 show the estimated costs for Bulduresti pilot community. The total estimated costs are displayed in figure 6.

Government Order no. 770 of 2 July, 2007, will together with the high interest of the landowners in participating in the project result in a substantial increase in the transaction costs. It is the estimate that the transaction costs in the six pilot communities will be as high as around **72.000 US\$** where as mentioned only 36.000 US\$ was foreseen in the budget.

|                          | <b>Pilot site</b>          | <b>Participating parcels, total</b> | <b>Buy-sell (Lei)</b> | <b>Exchange (Lei)</b> | <b>Total (Lei)</b> |
|--------------------------|----------------------------|-------------------------------------|-----------------------|-----------------------|--------------------|
| 1                        | Bolduresti                 | 1881                                | 175122                | 34398                 | 209520             |
| 2                        | Busauca                    | 842                                 | 81972                 | 9100                  | 91072              |
| 3                        | Baimaclia                  | 907                                 | 85905                 | 14014                 | 99919              |
| 4                        | Sadova                     | 1240                                | 83628                 | 78624                 | 162252             |
| 5                        | Calmatui                   | 421                                 | 23495                 | 35308                 | 58803              |
| 6                        | Opaci                      | 898                                 | 85802                 | 12558                 | 98360              |
|                          | <b>Total</b>               | <b>6189</b>                         | <b>535923</b>         | <b>184002</b>         | <b>719925</b>      |
|                          |                            |                                     |                       |                       | <b>71.993US\$</b>  |
| Costs (Lei): % of total: |                            |                                     |                       |                       |                    |
|                          | Extract from Land Registry |                                     | 367200                | 51%                   |                    |
|                          | Authorisation by secretary |                                     | 64725                 | 9%                    |                    |
|                          | Registration               |                                     | 288000                | 40%                   |                    |
|                          | <b>Total</b>               |                                     | <b>719925</b>         | <b>100%</b>           |                    |

Figure 6: Estimated total regular transaction costs.

According to the above mentioned Government Order no. 770 of 2 July, 2007, annex 1, note 5 (provision 1.4), it is stated that registration of new property rights (according to Land Code article 70<sup>1</sup>) implemented as part of consolidation projects initiated by the Primaria (local government) will be funded by the State budget or local public budgets. That would reduce the cost with 40 Lei to the Cadastre Agency for registration of new property rights. According to a similar provision in annex 4, note 7 (provision 9.2) of the same Governmental Order, the State or other public budget can also fund the costs for the necessary extracts from the land register. That would reduce the costs with 51 Lei per parcel. In total, Government contribution would be able to reduce the transaction costs with around 655.000 Lei / 64.000 US\$ (or around 90 % of all costs) to a total of 65.000 Lei / 6.300 US\$.

The actual costs may be slightly lower (perhaps 10-20%). The reason for this is that some of the landowners willing to participate may end up not doing so because of 1) problems with documentation of ownership (that cannot be solved in the project period), 2) the transaction will not improve the agricultural structure, 3) the heritage cases will not be finalized during the project period or 4) different other reasons.

Finally, it is the assessment of the contractor, that it will be necessary find additional funding to meet the identified interest of the landowners in the six pilot villages. The additional funding can come from either World Bank / SIDA or the Government or as a combination of the two sources. It is urgent that this problem is solved as soon as possible. The contractor has in May 2008 proposed to MAFI to organize the first meeting in the project Steering Committee (see section 4.1). The additional estimated costs are:

- 15.000 US\$ for registration of heritage rights,
- 25-30.000 US\$ for increased regular transaction costs.

### **3.11 Project activity 16: Organize study tours to one western and one eastern European country with successful experiences in land re-parceling / land consolidation**

The contractor has in close collaboration with MAFI and the National Land Service under the Lithuanian Ministry of Agriculture, organized a study tour to Lithuania in the period 1 – 5 July, 2008. The main reason for going to Lithuania is that Lithuania has been through a similar process for introducing land re-parceling / land consolidation as part of the national land management and rural development policy. In the Lithuanian case the main steps have been:

- 2000-04: Implementation of two land consolidation pilot projects with Danish technical assistance,
- 2004: Adoption of land consolidation legislation,
- 2006-07: Preparation of a national strategy for land consolidation and training and capacity building under a FAO project,
- 2006 – on-going: Implementation of land consolidation project as part of a national program co-funded by the EU Rural Development Programmes.

The participants in the study tour will be:

- Ion Botnarenco, Head of Department, MAFI,
- Oleg Horjan, Re-Parceling Project Coordinator, MAFI,
- Sergiu Nohailic, Chief Specialist, MAFI,
- Eugen Tihonov, land re-parceling planner, Agricultural Department of Calarasi Region,
- Dumitru Sevcenco, Deputy Team Leader, Re-Parceling project,
- Maxim Gorgan, Project Assistant, Re-Parceling project,
- Morten Hartvigsen, Team Leader, Re-Parceling project

During the study tour, the participants will receive thorough information about Lithuanian land re-parceling / land consolidation experiences. Project areas will be visited and the delegation will meet and discuss with local Lithuanian stakeholders, local and central Government.

In the project inception report and the work plan it is foreseen, that a second study tour is organized in Autumn 2008 to a Western European country with a successful tradition for implementation of land consolidation projects under a national program. It was proposed to go to Denmark.

However, it is the proposal of the contractor to postpone the final decision about the second study tour until August / September 2008. The reason for this is budget constraints. It may be necessary to make some cuts in the project budget in order to compensate for un-foreseen costs.



*Orchard in Calmatui pilot community.*

## **4 PROJECT MANAGEMENT, COOPERATION AND REPORTING**

### **4.1 Project management and cooperation**

In general the organizational set-up for the project and cooperation between the main stakeholders (MAFI, CAPMU, NAGCC and the contractor) is working out as planned in the inception report.

#### Cooperation with MAFI

The on-going cooperation between MAFI and the local team of the contractor is going well. Regular meetings are organized, often on a weekly basis. During these meetings project progress and constraints for project implementation is discussed.

#### Meetings of Technical Working Group and high level Steering Committee

Meetings in the Technical Working Group have been organized during the missions of the international experts. The working group has proved to be a very good platform for the overall project management and coordination. The high level Steering Committee has not yet met. The contractor has in May 2008 proposed to MAFI to organize a first meeting in the committee to discuss the estimated increased transaction costs and the need for cooperation with the

Ministry of Justice about bringing State notaries to the pilot communities to assist in solving the heritage registrations (see section 3.10).

#### **4.2 Project Staff**

The contractor has in the reporting period implemented the project with the staff of local (village), national and international experts as planned and approved in the project Inception Report (see section 3.1 of Inception Report).

The contractor intends to reduce the input of the international land management expert and the international land valuation expert in order to allocate more time to the TL and also to include an international GIS expert to train and supervise the national consultants in the finalization of project maps (e.g. Plan 1 and 2) using Mapinfo GIS software. Chartered surveyor, Ms. Anne Damgaard, Orbicon, will serve as GIS expert with at least one mission tentatively scheduled for September 2008.

#### **4.3 Reporting**

Four regular project reports and two smaller bi-monthly (progress) reports were, in accordance with the terms of reference, planned to be delivered during the 18 month project period (see Inception Report, section 3.2):

- *Inception Report*
- *First bi-monthly (Progress Report I)*
- *Group I Report (Mid-term Report)*
- *Second bi-monthly report (Progress Report II)*
- *Group II Report*
- *Group III Report / Final Report*

The contractor has during the April mission of the TL (6-11 April) agreed with MAFI not to deliver the planned Group II Report. This report was planned to be delivered by the contractor in September 2008. The reason for this change in the planned project reporting is mainly adjustments in the Project Implementation Plan (see annex 1).

The original argument for submitting the Group II Report in September 2008 was that the re-parceling design was supposed to be finished around that time and that implementation of the land transactions was supposed to begin from October 2008. However, the contractor agreed with MAFI in March 2008 to begin implementation and registration of land transactions already in May – June 2008 (see section 3.10). Moreover, most likely the re-parceling design will not be completely finalized in all areas of the villages until November 2008. In practice, the re-parceling planning will be completed sub-area by sub-area and the registration and implementation of land transactions will begin sequential. Thus, it will not be possible to report the final results of the re-parceling planning in September 2008 as it was originally foreseen.

The remaining two project reports will be delivered according to the adjusted Project Implementation Plan (annex 1):

- Progress Report II: September 2008
- Final Report: January 2009

## **5 CONCLUSION**

The present Mid-term Report (Group I Report) is covering the period from 1 November 2007 to 15 April 2008. The project implementation is now approximately half way. The project preparation has been carried out and preliminary investigations have been conducted in all six

pilot locations. The detailed re-parceling planning was launched in April 2008 and will continue throughout the second half of the project period building on the preparatory activities in the first half of the project.

The main activity during the reporting period has been *project activity 10: Conduct preliminary investigations and prepare and disseminate area development plans for each site*. This major project activity consists of two main components:

- Interviews with individual landowners and stakeholders
- Elaboration of community area development plans

All other project activities in the reporting period (1 November, 2007 – 15 April, 2008) have been carried out to support project activity 10.

In the reporting period, project activities no. 5, 6, 9 and 10 have been fully implemented, activity no. 7 has continued and activities no. 11, 12, 14 and 16 have been launched.

The local planning teams interviewed a large majority of the identified landowners (more than 6.000 landowners in total). The percentage of landowners interviewed (out of the total number of landowners) vary between 75 and 94%. It is the assessment of the contractor, that this percentage is satisfactory. It has been a huge task and one of the more critical elements in the project concept in each village to interview up to 1.400 landowners in only four months.

It is also the assessment of the contractor that the percentage of landowners that have indicated that they will participate in the project (49% in total for all villages) is highly satisfactory in a completely voluntary approach and more than what could have been expected. It demonstrated that the project is on the right track. It is furthermore the assessment of the contractor that between 25% and 50% of all landowners will end up taking part in the project.

Community development plans have been elaborated through a participatory process in all six villages. The plans vary considerably between the villages based on local preconditions, problems and opportunities. The proposed actions / projects are not only related to the re-parceling activities but are much wider. The project team (both local in the villages and the national experts) will assist the villages in writing concrete applications for support for the implementation of the prioritized actions.

Framework principles have been established to ensure that there is no adverse environmental impact from project activities. The elaborated community development plans have been screened for such impact. It is the assessment of the contractor that implementation of the project will not have any negative impact on nature and environment in the pilot communities.

The elected stakeholder committees in all six pilot communities have taken an active part in the project implementation so far. There has been organized regular (normally once a month) meetings between the local planning team and the committee. The committees have also participated in some of the landowner interviews and discussions about the elaboration of the community development plans.

Based on the identified interest for participation in the project in the pilot locations, the expected transaction costs have been calculated. In the project budget, 36.000 US\$ are "earmarked" for this purpose. Unfortunately, it is the assessment of the contractor, that it will be necessary to find additional funding to meet the identified interest of the landowners. The additional funding can come from either World Bank / SIDA or the Government or as a

combination of the two sources. It is urgent that this problem is solved as soon as possible. The contractor has in May 2008 proposed to MAFI to organize the first meeting in the project Steering Committee (see section 4.1). The additional estimated costs are:

- 15.000 US\$ for registration of heritage rights,
- 25-30.000 US\$ for increased regular transaction costs.

Finally, it is the assessment of the contractor that the overall progress of the project implementation is satisfactory and following the project implementation plan agreed between MAFI and the contractor as part of the approved project inception report.

## LIST OF ANNEXES

- Annex 1:** Project Implementation Plan
- Annex 2:** Project brochure
- Annex 3:** Landowner interview form
- Annex 4:** Land re-parceling agreement form
- Annex 5:** Matrix: Possible sources for financing of community development plans
- Annex 6:** Report for Busauca pilot community
- Annex 7:** Report for Sadova pilot community
- Annex 8:** Report for Bolduresti pilot community
- Annex 9:** Report for Calmatui pilot community
- Annex 10:** Report for Opaci pilot community
- Annex 11:** Report for Baimaclia pilot community

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31. May, 2008