

**LAND MARKET DEVELOPMENT AND
SMALL FARMS' ACCESS TO LAND IN
THE PRE-ACCESSION COUNTRIES
(LMSF-AC)**

Interim country report

The Republic of Srpska

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1. GENERAL INFORMATION

How many hectares of agricultural land does the Republic of Srpska have?

- Although this seems simple, there is a problem of determining how much the Republic of Srpska (RS) has agricultural land and what is its use and ownership structure?!

Basis of protection, use and land development of the Republic of Serbian as a component of the planning process of land use (page 60)

Ред. Бр.	Структура површина (NEAP, 2002)			Начин коришћења земљишта (ЗП/НК 2007)			Ред. бр.
	Структура површина	Површина ha	%	%	Површина ha	Начин коришћења	
1.	Обрадиве површине	671599	26,8	14,3	353614	Обрађено	1.
				4,7	115364	Запуштено	
				0,1	3035	Рибњаци	
2.	Ливаде	236922	9,5	10,2	251099	Ливаде	2.
3.	Пашњаци	358734	14,3	9,8	242748	Пашњаци	3.
				3,3	82039	Запуштени пашњаци	
4.	Непољопривредно земљиште	1238045	49,4	57,5	1418847	Непољопривредно земљиште	4.
Укупно:		2505300	100,0	100,0	2466746 ⁵	Укупно	

How much of it is agricultural land?

	NEAP 2002		ZP/NK 2007	Difference
Areable land (ha)	671,599	Cultivated	353,614	
		Non cultivated	115,364	
		Fishponds	3,035	
			472,013	-199,586
Medows	236,922	Medows	251,099	+14,177
Pastures	358,734	Pastures	242,748	
		Abandonnd pastures	82,039	
			324,787	-33,947
Agricultural land	1,030,333	Agricultural land	1,047,899	-219,356
Non-agricultural land	1,238,045	Non-agricultural land	1,418,847	+180,802
Total	2,505,300	Total	2,466,746	-38,554

How much agricultural land is of the state and how much private in the RS?

	%	ha
Owned by the state	n/a	n/a
Used by agricultural companies	5.48%	20,000
Used by family farms	94.52%	984,000
Owned by small family farms (up to 2 ha of agricultural land)	n/a	n/a
Other	n/a	n/a
Total	100	1,004,000

- Statistics monitors agricultural land by use.

How much agricultural land is state-owned and how much is private?

- No data?!
- The area of state land that is given under concession (13,821 ha) or lease (4,178 ha) < total area of state agricultural land.

More, but for how much (17.799 + ...)?

How much agricultural land is state-owned and how much is private?

	Individuals	Business entities	Total
Arable land	526,973	60,617	587,590
(ha, %)	89.7%	10.3%	100.0%
Agricultural land	937,988	252,915	1,190,903
(ha, %)	78.8%	21.2%	100.0%

Uncultivated land

	Areable	Cultivated	Uncultivated	
2010	583,311	311,765	271,546	46.6%
2011	580,786	318,462	262,324	45.2%
2012	581,857	317,004	264,853	45.5%
2013	581,482	310,268	271,214	46.6%
2014	580,047	301,208	278,839	48.1%
2015	576,961	306,431	270,530	46.9%
2016	575,420	313,331	262,089	45.5%

But if

- the area of arable land is only 468,978 ha and cultivated areas is 313,331 ha (as it is) uncultivated area is 156,647 ha (or 33.2%)!

2. RENTAL MARKET

Types of renting agricultural land

- Rent of agricultural land
 - a) public (state) land to private tenants through
 - concession or
 - lease,
 - b) private land to private tenants;
- Rented area
- Rental price

Rent of public agricultural land

	No. of transactions in last available year	Transacted area in last available year (ha)
Entity-owned agricultural land - concession	53	13.821
Entity-owned agricultural land - leasing	426	4.178
Privately owned agricultural land	n/a	n/a
Total	479	17.999

Data of the Ministry of Agriculture, Forestry and Weather Management of the Republic of Srpska (status on January, 17, 2018).

Rental price of public agricultural land

Class of agricultural land	I group of municipalities up to 200 masl KM/EUR/ha	II group of municipalities 200-500 masl KM/EUR/ha	III group of municipalities 500/800 masl KM/EUR/ha	IV group of municipalities above 800 masl KM/EUR/ha
I	120/60	110/55	100/50	90/45
II	110/55	100/50	90/45	80/40
III	100/50	90/45	80/40	70/35
IV	90/45	80/40	70/35	60/30
V	80/40	70/35	60/30	50/25
VI	60/30	50/25	40/20	30/15

- Limit of lease public land for phisical persons - 100 ha;
- Limit of lease for legal entiteis - 200 ha;

Concession on agricultural land

- The concession fee depends on the subject of the concession and is determined in relation to the annual income realized from the concession activity or per unit of measures (article 29 of the Law on concessions).
- The maximum duration of the concession is 50 years (article 28 of the Law on concessions), i.e. up to 30 years according to the Law on Agricultural Land (article 71).

How many private agricultural land is leased between farmers?

			%
1.	Number of households	39.276	
2.	Total registered land	174.738 ha	100%
3.	Owned agricultural land (1/1)	84.925 ha	48.6%
4.	Co-owned agricultural land (1/x)	14.607 ha	8.4%
5.	Not yet inherited agricultural land	8.875 ha	5.1%
6.	Used land free of charge	30.125 ha	17.2%
7.	Rented state agricultural land	7.325 ha	4.2%
8.	Other rented land	10.818 ha	6.2%
9.	Land under concession rights	15.426 ha	8.8%
10.	Other type of land use	2.637 ha	1.5%

Data obtained on request from the Ministry of Agriculture, Forestry and Water Management RS (status in January, 2018).

Rental price of agricultural land - private

- By crossing different sources of informations
100-500 (1,000?) KM/ha
(50-250 (500?) EUR/ha) per year;
- The location and the size of the land parcel have a greater impact on the price of the rent than the quality of the land;
- There are cases of giving land for use free of charge (but without written agreement);

3. SALE MARKET

Sale of agricultural land

	No. of transactions in 2017	Transacted area in 2017 (ha)
State owned agricultural land	0	0
Privately owned agricultural land	2,454	966
Total		

- Agricultural land sold in 2017 is only 0.01% of total agricultural land in the RS!

The sale price of agricultural land

		KM/m ²	EUR/m ²	KM/ha	EUR/ha
1	Areable land	3.01	1.5	30,093	15,386
2	Orchads	7.60	3.9	76,033	38,874
3	Pastures	5.51	2.8	55,082	28,163

- Not validated and not realistic data of land sale price!
- Sale prices varay betwen 2,000 EUR/ha and 10,000 EUR/ha;

4. LAND MARKET REGULATIONS

Land market regulations

1. Law on Agricultural Land;
2. Law on Real Rights;
3. Heritage Law;
4. Law on Property Tax;
5. Law on Concessions;
6. Law on Survey and Cadastre;

Institutions important for the agricultural land market

1. The Ministry of Agriculture, Forestry and Water Management of the RS;
2. Republic Administration for Geodetic, Property and Legal Affairs;
3. The Republic of Srpska Inspectorate and especilay Agricultural Inspection;

5. AGRI-POLICY MEASURES RELATED TO LAND MARKET

Land fragmentaion and consolidation

- The Law of Agricultural Land (its article 43) stipulates that the physical divisions of a parcels of arable agricultural land (not arranged by means of commasation) may be carried out on to a parcel of at least 0.5 ha, or in the karst region to 0.2 ha, except if it does not require general interest or inheritance regulations.
- Since heritage regulations (Heritage Law) prefer division of each property to the ideal parts according to the number of successors, this provision on limiting the division of plots below the prescribed size in the Law of Agricultural Land is practically not applied.

Land tax policy

Real estate tax,

- Taxes are paid on real estate property (real estate tax), but agricultural land is exempt from payment of that tax.

Income (cadastral) tax,

- There is no income tax in the Republic of Srpska.

Soil samples analysis

- Subsidizing the costs of chemical analysis of agricultural land for the purpose of determining its quality and the need to improve its fertility.

Soil samples analysis

- Subsidizing the costs of chemical analysis of agricultural land for the purpose of determining its quality and the need to improve its fertility.

Some indirect measures

- The investments in provision of irrigation on the significant areas of the most fertile land;
- Renting state-owned agricultural land → increase cultivation and use of agricultural land;
- Updating real estate records (merging cadastre and land register);
- Subsidies per unit area ...

6. AGRICULTURAL CREDIT MARKET

Credits

in general and for the purchase of land

- Generally, agriculture is not a favorite for lending (especially farmers from the side of commercial banks);
- Farmers are left to borrow from MCOs (with high interest rate);
- The government's efforts to establish some more favorable credit lines;
- There are no dedicated credit products for the purchase of agricultural land!

Financial market (2016 data)

	Number of loan operations	Lending volume (national currency and EUR)	Share in lending portfolio (%)
Commercial banks (8+7)	n/a	86,754,000	2.5%
Farmers' cooperative banks	not exist	-	-
Governmental credit institutions (1)	57	2,150,080 KM 1,099,447 EUR	-
Mortgage institutions	not exist	-	-
Others (MCOs) (9+8)	n/a	72,089,000 KM 36,862,855 EUR	37%

Loan duration and interest rate

		Commercial bank	Partner fund	IDB credit line	MCO loan
1.	Maximal amount of credit	up to 50,000 KM (25,000 EUR)	up to 100,000 KM (50,000 EUR)	up to 500,000 KM (250,000 EUR)	up to 50,000 KM (25,000 EUR)
2.	Repayment period	up to 7 years	up to 8 years	up to 10 years	up to 5 years
3.	Grace period	up to 12 months	up to 12 months	up to 36 months	up to 12 months
4.	Average EIR	7%	3.8%	4.7%	20.5%
5.	Purpose	general agriculture	specific types of agriculture	general agriculture	general agriculture
6.	Type of collateral	mortgage	mortgage, bill of exchange,	mortgage, bill of exchange, Guaranty fund	bill of exchange, personal guarantors