Synthesis of the January 1998 Central Asia Regional Planning Workshop

Workshop organized by the
Tashkent Institute of Irrigation
and Agricultural Mechanization
Engineers for BASIS Central Asia

BASIS

Broadening Access and Strengthening Input Market Systems

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Synthesis of the January 1998 Central Asia Regional Planning Workshop

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SYNTHESIS OF THE JANUARY 1998 CENTRAL ASIA REGIONAL PLANNING WORKSHOP

I. THE CENTRAL ASIA REGIONAL WORKSHOP

This report summarizes the findings of the BASIS Central Asia Planning Workshop held in Tashkent, Uzbekistan on January 26-29, 1998 [1] The workshop was co-organized by the Tashkent Institute of Irrigation and Agricultural Mechanization Engineers (TIIAME) and the BASIS program, local arrangements, invitations and some of the background papers were handled by TIIAME, and US invitations and other background papers were the responsibility of BASIS TIIAME invited participants from the governments of Uzbekistan, Kyrgyzstan and Turkmenistan, NGOs from Kyrgyzstan and Uzbekistan, donors, and researchers from TIIAME, the Andijan Agricultural Institute (Andijan, Uzbekistan), the Institute for Market Reforms of the Uzbek Scientific-Production Center for Agriculture, and the Agrarian Academy of Bishkek, Kyrgyzstan Annex 1 gives the list of participants Two background papers prepared by BASIS researchers, a summary of the BASIS project's objectives and a selective analysis of Uzbekistan legislation relevant to BASIS, are appended as Annexes 2 and 3

The purpose of the workshop was to develop a plan for a field research program in a well-defined site, and to consider the possibilities of extending the work to other regions in the future

Workshop objectives were to identify

- a research program that includes an initial emphasis on the Fergana Valley, in both Kyrgyzstan and Uzbekistan,
- a set of integrated research themes and issues consistent with the BASIS focus on the interactions of markets for factors of production in rural areas,
- the foundations for Memoranda of Understanding and agreements with key research organizations and government institutions,
- a management structure to organize regional research activities,
- a schedule for implementing research activities

The workshop had three specific goals

1 Develop research themes and prioritize them for the short and medium terms

2 Establish roles and responsibilities for institutions involved

3 Initiate linkages among the countries and institutions involved

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[1] Prior to the workshop, two reconnaissance trips were made to Uzbekistan, Kyrgyzstan and Kazakstan, BASIS reports on these trips are also available from the BASIS Management Entity

Unlike the situation in other BASIS regions, the researcher participants have little experience with grant-funded research In the past, they had little control over their research agenda, being assigned work by central planners or by senior professors Very few of them have had prior contacts with Western researchers, or have done research on issues related to the market transition It was therefore uncertain how they would respond to a workshop whose organization assumed the opposite In fact, participants were very active in expressing their views and in commenting on the proposals of others, there was genuine interaction rather than a series of set speeches On the other hand, it was also clear that there would have to be a transition period, during which the broad research agenda would be defined democratically but the specific work to be done in the first year would be targeted by a smaller group of researchers including the RPL and the local coordinators in Uzbekistan (Dr Alim Pulatov of TIIAME) and Kyrgyzstan (Dr Klara Ismailova of the Agrarian Academy)

The workshop concluded by adopting a very ambitious agenda for the next three years of research Instead of formulating integrated themes such as those presented in the two Central Asia Reconnaissance Reports, participants felt the need to address the issues of each factor market separately in early stages of the work In addition to the four factor markets (land, labor, water and finance), it was felt necessary to add two more mechanization, because nearly all agricultural production is highly mechanized in both countries, and farm restructuring, because the interactions among factor markets play a large role in constraining or broadening the options available to farmers when they create new private farm enterprises out of the former state and collective farms There were therefore six topics, these were discussed in three small groups on Day 3 of the workshop The list of research questions agreed upon is given in Annex 4, and is synthesized below in a more integrated manner It is clear that several of the questions are outside of the BASIS agenda, but are included in the list because participants insisted on their importance

The workshop participants also agreed to a short-term effort, during February and March 1998, to assemble an information base that would enable researchers to design their future programs under better conditions At present the statistical systems of both countries are part-way in their transition from a command system of minute detail on physical quantities of inputs and outputs to a system that is more responsive to the emerging market economy, so that a statistical compendium would be very helpful In addition, there is no convenient means for researchers, or even policymakers, to gain access to the corpus of legislation concerned with factor markets and reforms affecting them The participants therefore agreed to assemble the relevant legislation and to analyze what it says about a set of fundamental factor-market issues The information requested is given in Annexes 5 (statistical) and 6 (legal) Six working groups, based on the six research areas defined in the preceding paragraphs, were formed, with nearly all participants volunteering to be in one or more of them

The RPL will return to Central Asia in late March 1998 to meet with the working groups, assist them in finalizing their short-term work, working with them to formulate a funding proposal for the research to be done from May 1998 to April 1999, and determining which researchers will initiate the work during that period It is expected that preliminary versions of the statistical and legislative compendia will be available by the May 1998 TC meeting

A. Research themes

The topics identified by the workshop by and large concur with the research themes outlined in the Second Reconnaissance Report, which were presented and discussed during the workshop

1 Choice of factor proportions, especially the capital-labor ratio, in the context of farm restructuring

2 Implications of agricultural import substitution strategies for rural employment and the demand for rural finance

3 Interaction between land access and water access, impact on productivity of different types of farms and on incentives for farm restructuring

4 Household resource strategies under risk and uncertainty attitudes of state and collective farm employees about the prospects for success in private farming

5 Transactions costs of government policies relevant to factor markets, especially financial markets

6 Crosscutting theme sequencing of reforms and rural factor markets

It was decided, however, to merge themes 1 and 2 to enable a comprehensive analysis of the determinants of choice of techniques in the transition This brings the number of themes to five

1 Choice of factor proportions in the context of farm restructuring

The Fergana Valley is characterized by very high population density, with a multi-millennial tradition of sedentary agriculture Collectivization replaced an earlier feudal system based on the Khanate of Khokand, which fell to the Russian empire in 1865 As was true in much of Central Asian irrigated agriculture, the Fergana Valley was devoted to a cotton monoculture under the Soviets Since Independence, the Uzbekistan government has followed an import-substitution policy involving wheat, potatoes, and other food crops This has changed labor requirements significantly, although counterbalanced by the deterioration of the machinery formerly used to grow cotton In the past two years, the government has entered into agreements with Western farm machinery companies both for imports and for joint ventures for production of farm machinery in Uzbekistan Its decisions about the type and size of machinery it procures will have narrowed the range of farm restructuring options that will be economically and administratively feasible, at least for the medium term Research on the appropriate factor prices and consequent optimal factor proportions would assist policymakers in determining what types of restructuring strategies would best use the human, land, water, and financial resources available

Key issues for research, training and action include the following

- cost-effectiveness of small machinery vs large machinery
- labor requirements of alternative farm types
- factor market implications of alternative cropping patterns
- international comparisons of current factor prices and factor price ratios
- productivity and profitability of alternative farm types

2 Interaction between land access and water access, impact on productivity of different types of farms and on incentives for farm restructuring

Most agricultural land in Uzbekistan and Kyrgyzstan is irrigated and would be unproductive without irrigation Under the Soviet water management system, which survives in most areas, the complementarity between land and water was administratively determined As the reform process creates a new agrarian structure, new types of water allocation mechanisms will have to be designed to ensure that new types of producers are not disadvantaged by the persistence of the old system Private plots exist, as do leased and auctioned land, in addition to the remaining state and collective farms BASIS research could determine, for example, if the new forms of land tenure that have been introduced during the transition period carry with them implicit or explicit complementary types of water tenure that encourage the productive use of land resources

Key issues include

- new water management strategies
- upstream-downstream linkages
- alternative water pricing mechanisms
- relationship between water prices and efficiency of water use

3 Household resource strategies under risk and uncertainty attitudes of state and collective farm employees about the prospects for success in private farming

Most farm employees in the former Soviet Union have no experience in farm management, other than the operation of small household plots The institutional environment is not favorable to private farming, because the input and output marketing systems have broken down There is little or no access to credit for private farms The social safety net is closely tied to the operations of the state and collective farms, with few private alternatives All of these factors create a great degree of uncertainty about the future, which is added to the normal risks of farming in marginal climates such as the deserts of Uzbekistan and the narrow valleys of Kyrgyzstan Farmers may be reluctant, therefore, to establish individual farm operations On the other hand, these hypotheses are speculative because there has been little research on farm employee attitudes and perceptions

Key issues include

- farmers' knowledge of market conditions prices and demand
- farmers' awareness of reform possibilities
- on-the-ground constraints to the operation of rural factor markets
- livelihood strategies in the context of risk and uncertainty
- rural-urban linkages, including permanent or seasonal migration

4 Transactions costs of government policies relevant to financial markets

Rural financial markets in Uzbekistan are comprised of repressive and inefficient formal financial institutions, underdeveloped semi-formal agents, and rudimentary informal arrangements Furthermore, inflation, late payments, inter-enterprise arrears, and a farm liquidity

crisis have undermined farm purchasing power and, in some cases, have pushed farmers towards a barter economy and hence has reduced their creditworthiness and debt servicing capacity Innovation in lending is required, but it is not known which technology, which contract enforcement mechanisms, and which means of evaluating projects will increase the efficiency, equity, and sustainability of financial markets Research documenting current problems will assist policymakers in making better decisions about reforms in rural finance

Key issues include

- access to current sources of rural finance
- contracting and leasing as alternatives to farmer purchase of machinery
- effect of taxation and land rental payments on farmer cash flow
- extent and efficiency of barter acquisition of inputs

5 Crosscutting theme sequencing of reforms and rural factor markets

Unlike some of its neighbors, Uzbekistan has been very cautious about economic reforms in agriculture, using a philosophy of step-by-step policy change, the pace of which until recently has been glacial Also, its reforms of factor markets appear to be consciously coordinated with macroeconomic reform and reforms of input and product markets The contrast between Uzbekistan's and Kyrgyzstan's approaches affords BASIS the opportunity to conduct a comparative assessment of the sequencing of reforms Formal land markets have been slow to develop in Kyrgyzstan in spite of the substantial amount of land that has been transferred to individual family farms and small group farms Uzbekistan's slower, more integrated reform efforts are making the transition easier (if longer) for its farmers (as compared to farmers in Kyrgyzstan) to adjust to independent, market-oriented farm management The sequencing of reforms—macroeconomics and land first, product and input markets second—may be responsible for this BASIS research could do a great deal to assist the slower reformers in determining how to proceed

Key issues include

- inter-country comparisons of agricultural transition policy
- balance among equity (including gender equity), efficiency and sustainability
- sociopolitical constraints to optimal timing and sequencing

B Priorities for 1998-1999

Among the five themes, workshop participants clearly felt that no 1, factor proportions, no 3, resource strategies, and no 4, policy constraints to financial markets, were those of highest priority and biggest potential payoff, assuming that water issues were merged into them as appropriate No 5, sequencing, will require at least one year of fieldwork and policy analysis before respectable assessments of the impact of different policy mixes can be made Decisions as to which specific issues will be researched within these general themes will be made during the RPL's March-April visit to the two countries

II. IMPLEMENTATION

The program will by necessity start with a program of targeted and commissioned research in order to establish a baseline of quality work that will be disseminated and thereby serve as examples of what the program expects once it becomes possible to begin a program of competitive grants The workshop identified a large number of important and readily researchable topics with which to begin, and a large number of researchers wishing to participate as well

A. Management

The workshop agreed that, at least for the preparation of the workplan and funding proposal for the first full year of research, program management should be vested in one researcher from each country Dr Pulatov in Tashkent and Dr Ismailova in Bishkek, with the RPL serving as overall coordinator These three are to be in frequent communication via email during the initial data-gathering stage, proposal-writing, commissioning of studies, and then during the first full year of research They will communicate with the BASIS Director of Research Programs and the other relevant individuals and committees within the project, frequently enough that progress and problems will be transparent During the first year of research, the three will also organize a somewhat larger committee to plan for a possible competitive grants program in the following year (1999-2000)

B Future directions and plan of action

The next steps are as follows

- This document will be circulated to prospective donors in both Kyrgyzstan and Uzbekistan, including the World Bank, the Asian Development Bank, and USAID representative offices
- BASIS researchers will make contact with donors in both countries about the prospects for funding
- The RPL and a subset of the Uzbek and Kyrgyz researchers will draft a proposal for the first year's research on the basis of workshop recommendations and donor interests
- The RPL and the research teams in each country will finalize the information base by mid-April 1998
- Memoranda of Understanding will be drawn up with TIIAME and the Kyrgyz Agrarian Academy
- Government concurrences will be sought

ANNEX A: LIST OF PARTICIPANTS

UZBEKISTAN

Ministry of Agriculture and Water Management

A A Jalalov, First Deputy Minister

N M Machmudkodjaev, Deputy Minister and Director, Uzbek Scientific-Production Center for Agriculture (USPCA)

K K Khamidov, Head of Department of Cadre and Higher Educational Institutions

F A Aknazarov, Associate Deputy Minister

E I Gaziantz, Head of Department of Economics, Management, and Reform of the Agroindustrial Complex, USPCA

G A Talipov, Director, Department of Land Use and Management

Cabinet of Ministers

I S Saidkhodjaiev, Head Specialist on Privatization and Entrepreneurship Development

Ministry of Labor

R I Isroilov, Deputy Head of Department of Employment Assistance Fund

Central Bank

M A Yusupov, Chief, Macroeconomic Analysis and Forecasting Division

J A Fattakhova, Chief, Economic Forecasting Department

Research and Design Institute "Uzdaverloyiha" (Land Management)

M D Khakimov, General Director

Institute of Market Reforms

K A Choriev, Head of Department of Farm Enterprise Restructuring

Tashkent Institute of Irrigation and Agricultural Mechanization Engineers

A R Radjabov, Rector

O N Yusupbekov, First Deputy Rector

S S Mirzaev, Deputy Rector for Research

A S Pulatov, Director, Center for International Development and Training

U P Umurzakov, Dean of Faculty of Agricultural Mechanization

U K Nigmadjanov, Dean of Faculty of Economics and Organization of Water Systems

A R Babajanov, Head of Department of Land Cadastre

A A Nazirov, Head of Department of Accounting and Finance

A S Chertovitsky, Professor of Land Cadastre

K R Rakhmonov, Research Scientist in Land Cadastre Department

I M Musaev, Associate Professor of Geodesy

A M Alaviev, Research Scientist in Center of Research and Education

Andijan Agricultural Institute

T S Kudoyberdiev, Rector

S I Pulatov, Deputy Rector

A Khudoyarov, graduate student in mechanization

Kyrgyz Republic

K C Ismailova, Head of Department of Land Management, Agrarian Academy

K D Kadyrkulov, General Director, Republican Center of Land And Agrarian Reform

A K Kasmaliev, Director, Agency for Land Management and Land Resources

A Abdusalamov, Director, Osh Region Center for Land and Agrarian Reform

Y J Saitev, Deputy Director General, Osh Region Department of Agriculture

Turkmenistan

A Aknıyazov, Chief of Department, State Land Committee

CARMA

Peter Bloch, Land Tenure Center, University of Wisconsin (LTC)

Michael Roth, LTC

Jeanne Koopman, Consultant, WIDTECH Project/ICRW

Renee Giovarelli, Rural Development Institute

Lucy Ito, World Council of Credit Unions

Non-Governmental Organizations and Research Centers

Kathryn Rasmussen, Field Director, Citizens Network for Foreign Affairs, Bishkek

Inobat Avezmuratova, Winrock International Farmer-to-Farmer Program, Tashkent

Thomas Nordblom, International Center for Agricultural Research on Dry Areas

Mekhlis Suleimenov, Central Asia Liaison Officer, ICARDA

Donors

Robert Sorenson, First Secretary, Regional Environmental Affairs, U S Embassy, Tashkent

Alexander Kalashnikov, Agriculture and Environment Officer, USAID/Tashkent

ANNEX B: THE BASIS PROJECT: RESEARCH ON REFORMS DURING THE TRANSITION

International research on markets for factors of production in rural areas has been developed over the last half of this century as a multidisciplinary effort Even though "market" implies that economic analysis is central, experience has taught that economics alone cannot explain what occurs on the ground, especially in developing and transitional countries Economics is not good, for example, at explaining market failure, i e , the reasons why markets do not operate as expected even though the conditions appear appropriate There are relevant and useful approaches and methods in sociology, anthropology, law, political science, geography, and even soil science, agronomy and civil engineering BASIS, therefore, has adopted a very broad scope within which to conduct analysis of the operation of rural factor markets

The previous experience of the members of the consortium that is implementing the BASIS project from the US side can be brought to bear on the research agenda to be identified at this workshop This paper will also discuss a recent Land Tenure Center research project in Kyrgyzstan to give examples of the methods that might be useful in the context of BASIS research in Uzbekistan and Kyrgyzstan

A Summary of BASIS

BASIS is a research project funded by USAID's Global Bureau in Washington, whose purpose is to strengthen the research capacity of US and host-country institutions through collaborative and jointly-developed programs of research and training on land, water, labor and financial markets in rural areas and their interactions It is being implemented by the Consortium for Applied Research on Market Access (CARMA), an alliance of 16 US institutions,[2] in collaboration with a number of institutions in five regions of the world Central America, Eastern Africa, Southern Africa, Central Asia, and Southeast Asia

The implementation of the BASIS project involves

- Analysis of the performance, interactions and synergies of land, water, labor, and financial markets and translate research results into policy recommendations
- Translation of the lessons learned in the research sites to other regions and countries at similar stages of development

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[2] Land Tenure Center, University of Wisconsin (Management Entity), Institute of Development Anthropology, Rural Finance Program, the Ohio State university, Winrock International Tuskegee university, Michigan State University, Rural Development Institute, International Resource Group, Lincoln Institute of Land Policy, World Council of Credit Unions, International Center for Research on Women, Harvard Institute for International Development, Land Tenure Service, FAO, Workshop in Political Theory and Policy Analysis, Indiana University, Institutional Reform and the Informal Sector, University of Maryland, Department of Agricultural and Applied Economics, University of Wisconsin-Madison

- Determination of which elements of non-market institutions—such as government policy and legislation—have an important impact on the efficiency and equity of the allocation of factors of production
- Identification of solutions to inappropriate resource use and recommend policies that improve factor market efficiency and sustainability
- Training and capacity-building where needed to ensure that both researchers and policymakers in the research countries are able to benefit from the research and to continue with similar work upon completion of the project
- Wide dissemination of research results both within the research countries and internationally

Overall, the BASIS research themes are broad, and applicable to all the regions They respond to the following economic development problems identified by CARMA as being relevant to growth, food security, and environmental sustainability

- Liberalization without growth
- Exclusionary growth accompanied by concentration of wealth and perpetuation of income and asset inequality between households Gender-biased growth leading to poverty that affects nutrition and well-being
- Ethnically biased and socially unstable growth
- Environmentally destructive growth
- Growth constrained by poor management
- Growth constrained by unsustainable policy and slow institutional innovation

There are four research themes

1 Targeting and sequencing market liberalization and development

2 Market organization and support under privatization and agrarian reform

3 Natural resource management, environmental protection, and common property

4 Water rights and social conflict

And there are three crosscutting themes

1 Market integration

2 Gender

3 Household strategies under risk

Each region is well suited to the study of at least three of the four research themes Linkages, or synergies, among the regions can allow for lessons learned in one region to be useful in another For example, research on the appropriate mechanisms for managing and pricing water in South Africa, where large commercial farms are being subdivided into small farms for African

households, might assist Uzbekistan and its neighbors on how to do the same The interaction already occurs within CARMA at periodic meetings of the project's technical committee, but as results from the regional research programs come in the project's communications group will assure rapid dissemination throughout the consortium and to its collaborating institutions

B. Illustration of research methods

There are a variety of research methods that have been used successfully to gather useful information on rural factor markets These can be employed singly or in combination, depending on the particular sets of hypotheses that are under investigation Their objective, an understanding of reality that will enable better policy decisions to be made, must be kept in mind at all stages of the research process, from conception to implementation and analysis

1 Methods to gather information about legislation and institutions

1 Analysis of legal texts

2 Interviews with legal experts

3 Observation of implementation of legislation

4 Interviews with officials of institutions

5 Observation of operation of institutions

2 Methods to gather information about individuals, groups, and enterprises

Quantitative

- a census
- b sample survey
- c secondary data

Qualitative

- a rapid rural appraisal
- b ethnography
- c participant observation
- d key informant interviews
- e attitude survey

These will be illustrated by reference to work done in 1995 by the Land Tenure Center of the University of Wisconsin-Madison and the Republican Center for Land and Agrarian Reform of Ministry of Agriculture and Food of the Kyrgyz Republic on the progress and constraints to land and agrarian reform in the Kyrgyz Republic Detailed research results are presented in *Land and Agrarian Reform in the Kyrgyz Republic*, which is available in Russian and English

The four substantive chapters of that report were done by very different methods The first, "Legal Underpinnings of Land Reform and Farm Restructuring," is an analysis of past and existing legislation whose purpose is identify gaps, contradictions, unintended consequences and unnecessary duplication in the body of laws, decrees and regulations, and to make recommendations based on worldwide practice and optimization of the desired results A legal expert and an economist worked as a team to study the body of legislation from the two different points of view, and made article-by-article commentary They also consulted government officials, some of whom had participated in drafting the legislation and some of whom were in charge of implementing it, in order to verify their understanding of its letter and its spirit Both researchers made recommendations, both specific ones about important details and general ones about the purpose and limitations of legislation as a major reform tool

The second chapter, "Agrarian Structure," written by two geographers, used secondary data collected by several sources, most notably the State Statistics Committee (Goskomstat) and the State Inspectorate on Land Resources and Engineering (Kyrgiprozem), to trace the history of land use and the typologies of agricultural enterprises from before Independence to 1995 The dangers of the reliance on secondary data were very evident in this research, because of numerous inconsistencies among sources as well as significant gaps in information Rather than simply believing the numbers because they came from official sources, the researchers assessed the quality of the information on the basis of their experience in other countries, as well as on the confidence with which the agencies generating the data defended their quality

The third chapter, "Land Administration and Immovable Property Registration," written by an economist, a surveyor and a real estate registration expert, relied on interviews with government officials and the analysis of regulations to identify the roles and responsibilities of the plethora of government agencies with land administration responsibilities, not only for the reforms but for the ongoing requirements for land use planning, taxation, dispute resolution, and administration of publicly-owned land It traced the linkages (or lack thereof) among these agencies, both de jure and de facto, noting the frequent cases where the two did not coincide The overlapping responsibilities of agencies was seen to be a major constraint to efficient land reform, farm restructuring and land administration

The fourth chapter, "Dimensions of Farm Restructuring Assessment of Farm-Level Processes and Constraints," was written by an economist and two geographers, with input from the entire research team The research for this chapter was the most complex part of the project It involved several steps First, informal visits were made to a number of farms, approximately fifteen, to understand the process of agrarian reform and farm restructuring as it was occurring in the real world, as opposed to the legislative, statistical and administrative view from Bishkek about what was happening The methods employed to gain these impressions were key informant interviews with raion officials, farm managers and farm workers, plus rapid rural appraisal techniques which combine direct observation of farm operations with unstructured interviews and attitude questions The result was that the team gained enough knowledge about the situation to be able to design a survey questionnaire that would test reasonable hypotheses and yield statistically reliable results Then a stratified random sample of farms was taken, representing about 10% of the former sovkhozes and kolkhozes Parts of the questionnaire were administered to the officials in charge of implementing the reforms on the farm (the former farm manager or deputy in 85% of the cases), parts to the heads of new farm enterprises, and parts to ordinary farm households In addition, key informant interviews were conducted with raion akims Thus facts and attitudes

were acquired from all the strata of local actors in the process of land reform and farm restructuring

In conclusion, the 1995 research program in Kyrgyzstan tried to look at the process of land reform and farm restructuring from all possible perspectives The recommendations for modification and continuation of the reforms were therefore based on information gathered from many sources and by many methods, this made them more persuasive than they would have been had they been made by narrow specialists or international experts with little local experience On the basis of the research, a Consolidation Plan was developed, it identified the steps that needed to be taken to complete the process of land and agrarian reform, and converted these steps into a set of project modules As can be seen from the following list, the notions of necessary and sufficient conditions for successful land reform and farm restructuring go well beyond the limits of land management and farm management And the reasonably rapid donor response to the need for these projects is a sign that the research and recommendations were well received both by the donors and by the government

1 Policy and legislative assistance for land and immovable property markets This is essentially a program of technical assistance and training by economists and lawyers to reinforce the ability of the ministry of agriculture and other government agencies to develop and monitor policies that support the development of real estate markets A project is being developed by the Asian Development Bank to support this program

2. Consolidation and improvement of the local level administration of farm restructuring assistance to oblast and rayon centers for land and agrarian reform (CLAR) This module is intended to provide support to the on-the-ground implementation of farm restructuring, based on the identification of weak capacities of the local CLARs as a principal reason for delays and errors in the restructuring process The World Bank is preparing a project to support this program

3 Access to credit for recently created small- and medium-scale farms One of the major barriers to success of private farms is the lack of credit channels that enable them to borrow for the purchase of inputs and investment goods Both the World Bank and the Asian Development Bank have projects under way to provide better access to credit

4. Access to irrigation water Irrigation networks designed for large farms and large fields may not work well if they are subdivided, both from the technical point of view and in terms of management The World Bank is finalizing a project to rehabilitate deteriorated irrigation systems that will include a management component that will attempt to ensure efficient and equitable distribution of water

5 Managing access to pasture through pasture user groups Pasture has not yet been an integral part of the reform process in Kyrgyzstan, but it is important to address common-property issues if range deterioration is to be avoided There is little donor interest thus far in pasture management issues, although the World Bank is implementing a sheep productivity project The European Union's TACIS program has done some work in this area, and there is a research program beginning, similar to BASIS but dealing with livestock issues

6 Design and initiation of an immovable property registration system and market action plan One of the most important determinants of the effectiveness of real estate markets is that the rights that are transferred in the market are securely held and well understood A transparent

registration system, together with a set of real estate market legislation and institutions, are required to ensure that land, as a major factor of agricultural production, is efficiently used USAID funded a pilot registration project in 1996-97, and the World Bank is considering a project that would extend the system nationwide

7 **Adapting state land administration to the demands of the market economy** As mentioned above, the state's responsibility for land administration does not end when the farmland has been allocated to new farm enterprises There are still roles of administering what remains publicly-owned and unallocated to others, land-use planning, land taxation, and dispute resolution roles to be played The donor community has not responded to this module per se, but has begun to support efforts in several of these areas under a variety of projects

ANNEX C: AGRARIAN REFORM DURING THE TRANSITION TO THE MARKET ECONOMY A SUMMARY OF EXPERIENCE

by

Andrey Kutuzov and Peter Bloch, The Land Tenure Center, University of Wisconsin-Madison

A Introduction

This paper summarizes agrarian reform in Eastern and Central Europe (ECE) and the Commonwealth of Independent States (CIS) since the end of the centrally planned economy It presents statistical indicators of macroeconomic and sectoral aspects of the transition to a market economy and describes the wide range of agrarian reform policies that have been adopted The paper served as background material for discussions about the BASIS Central Asian research agenda that were formulated by the collaborating institutions at a workshop in Tashkent in January, 1998

1 The Macroeconomic Context

The countries of the ECE and CIS are undergoing a very complex transition from the centrally planned economy to the market economy They must overcome disruption of very close economic ties to each other (Council for Mutual Economic Assistance) and the breakup of several countries into newly independent states Most of the countries of the region are industrialized with a diversified economy, but for some of them the agricultural sector is the crucial component of the economy and the basis for future economic development This situation is shown in Table 1

Table 1

Percentage of active population employed in agriculture	Countries
> 40	Tajikistan, Uzbekistan, Turkmenistan, Kyrgyzstan, Albania, Moldova
30-40	Azerbaijan, Armenia, Mongolia
20-30	Georgia, Kazakstan, Lithuania, Macedonia, Poland, Romania, Ukraine
10-20	Czech Rep , Estonia, Latvia, Russia, Slovenia, Belarus, Croatia, Bulgaria
<10	Bosnia-Herzegovina, Hungary, Slovakia, Yugoslavia

Source *Encyclopedia Britannica Book of the Year 1997*

The countries of Central Asia, with the exception of Kazakstan, have especially high levels of the population in agriculture They have also the highest indicators of non-urban population in

the region On the other hand, some of the countries of the ECE and CIS are structurally much closer to the industrially developed Western countries

All countries of the region faced heavy crises in introducing a market economy and dismantling the command-administrative system, as is demonstrated by a series of statistical indicators that compare the macroeconomic and sectoral shifts that have occurred since the fall of communism

Table 2 Changes in real GDP/NMP and industrial production from 1989 to 1996 (1989=100)

Country	GDP	Industrial production
Eastern Europe	88 1	73 9
Albania (1995)	78 6	23 9
Bulgaria	68 9	54 9
Czechoslovakia	88 1 (Czech Republic)	75 8
	89 8 (Slovakia)	70 1
Hungary	86 0	82 3
Poland	104 5	98 6
Romania	88 2	62 1
former Yugoslavia	n a	n a
Baltic States	49 7	37 5
Estonia	67 0	43 3
Latvia	51 7	38 9
Lithuania	40 1	33 9
CIS	63 8	49 9
Belarus	63 4	62 3
Moldova	35 0	42 6
Russia	56 6	47 0
Ukraine	41 6	49 7
Armenia	53 6	43 2
Azerbaijan	37 3	41 6
Georgia	19 5	62 3
Kazakstan	49 2	47 8
Kyrgyzstan	56 3	35 7
Tajikistan	33 2	38 7
Turkmenistan	99 8	79 5
Uzbekistan	82 1	107 6
Mongolia	n a	n a

Source United Nations, *Economic Survey of Europe in 1996-1997* New York and Geneva, 1997, p 225, 227

In 1996 the GDP of the ECE fell to 88 1% of its 1989 level, and real gross industrial output fell to 73 9% In the Baltic States the corresponding levels were 49 7% and 37 9%, and in the CIS they were 63 8% and 49 9% In all regions, the decrease of industrial production was larger than that of GDP Only Poland showed an increase in GDP, and only Uzbekistan had an increase in industrial output In five countries (Uzbekistan, Ukraine, Tajikistan, Moldova, and Azerbaijan) the decrease in industrial production was smaller than that of GDP In Albania, the most extreme case in the whole region, the drop in industrial production was 54 7 percentage points greater than that of GDP Countries with relatively high discrepancies (>20) include Romania and Slovenia in ECE, Estonia in the Baltic States and Kyrgyzstan, Turkmenistan and Uzbekistan in CIS For most of them that means that the other sectors of the economy could avoid such dramatic contraction of production Some countries showed relatively similar development of both indicators (<10 difference in percentage points) Hungary, Poland, Macedonia, and Yugoslavia in the ECE, Lithuania in the Baltic States, and Azerbaijan, Belarus, Georgia, Kazakstan, Moldova, Russia, Tajikistan, and Ukraine in the CIS, where the crisis in industry highly determined the development of GDP (with the exception of Ukraine, Tajikistan, Moldova and Azerbaijan, where the dynamics of industrial output was better then the GDP) Taking into account the price nature of indicators, it is difficult to make far-reaching conclusions but comparisons can provide certain information about differences in the development of major sectors of the economies of the region

The comparison of changes in industrial and agricultural output in the CIS (Table 3) shows that the industrial sector has fared much worse than the agricultural sector

Practically all countries have severe inflation (Table 4) In the 1991-1996 period, the peak of inflation was in 1991-1993 for Eastern Europe,1992-1994 in the CIS, and 1992 in the Baltic States The latest to reach its peak were Belarus, the Caucasian states, Kazakstan and Uzbekistan, in 1994 The peak rate of inflation was much lower in the ECE than in the CIS and Baltic States In Eastern Europe (with the exception of the republics of former Yugoslavia) the inflation 1995 the peaks fluctuated between 585 8% in Poland (1990) and 20 8% in the Czech Republic (1993), in the CIS the fluctuation was between 15,606 5% in Georgia (1994) and 854 6% in Kyrgyzstan (1992)

In 1995 the inflation rates in the whole region where within the limits of 1005 0% in Turkmenistan and 1 6% in Croatia, and in 1996 between 992 0% in Turkmenistan and -0 7% in Macedonia In all countries of the CIS, the Baltic States and in the majority of countries of Eastern Europe the inflation rates in 1996 where much lower in comparison to 1995 This indicator grew in Bulgaria (from 62 5% to 123 0%), and was slightly higher in Albania, Croatia and Romania

Table 3 Changes in industrial and agricultural production in the CIS countries from 1991 to 1996 (1991=100)

Country	Industrial production	Agricultural production
CIS	50	68
Belarus	62	79
Moldova	46	64
Russia	51	65
Ukraine	52	69
Armenia	51	125
Azerbaijan	42	55
Georgia	23	111
Kazakstan	49	60
Kyrgyzstan	36	68
Tajikistan	40	42
Turkmenistan	73	71
Uzbekistan	104	84

Source *Sodrushestvo nezavisimyh gosudarstv v 1996 godu* Statisticheskii Spravochnik Meshgosudarstvennyi Statisticheskii Komitet SNG M 1997 p 40, 42

Table 4 Peaks of inflation in transitional economies in 1991-1996 (annual percent change) and inflation rates in 1995-1996

Country	Maximum inflation rate (%)	Year of maximum inflation	Inflation rate in 1995 (%)	Inflation rate in 1996 (%)
CIS				
Belarus	2220 0	1994	709 0	53 0
Moldova	1276 0	1992	30 2	23 8
Russia	1353 0	1992	190 1	47 8
Ukraine	4734 9	1993	376 0	80 2
Armenia	5273 4	1994	176 7	18 6
Azerbaijan	1664 4	1994	411 7	19 8
Georgia	15606 5	1994	162 6	40 2
Kazakstan	1879 9	1994	176 3	39 1
Kyrgyzstan	854 6	1992	52 5	30 4
Tajikistan	2194 9	1993	610 0	443 0
Turkmenistan	3102 4	1993	1005 0	992 0
Uzbekistan	1568 0	1994	304 6	54 0
Mongolia	268 4	1993	56 8	49 3
Baltic States				
Estonia	1069 0	1992	28 9	23 1
Latvia	951 3	1992	25 1	18 8
Lithuania	1020 5	1992	39 5	24 7
Eastern Europe				
Albania	225 2	1992	7 8	12 7
Bulgaria	333 5	1991	62 1	123 0
Czech Republic	20 8	1993	9 1	8 8
Hungary	34 2	1991	28 2	23 6
Poland	585 8	1990	27 9	19 9
Romania	256 1	1993	32 3	38 8
Slovakia	23 0	1993	9 9	5 8
Croatia	1516 0	1993	62 1	123 0
Macedonia	334 5	1993	16 1	-0 7
Slovenia	32 3	1993	12 6	9 7

Source International Monetary Fund, *World Economic Outlook October 1997 p 165*

Table 5 Inflation rates in 1996

Inflation rates (%)	Countries
< 20	Albania, Croatia, Czech Republic, Latvia, Macedonia, Poland, Slovakia, Slovenia, Armenia, Azerbaijan,
20-50	Estonia, Hungary, Lithuania, Moldova, Romania, Russia, Georgia, Kazakstan, Kyrgyzstan, Mongolia
50-100	Belarus, Uzbekistan, Ukraine
> 100	Turkmenistan, Tajikistan, Bulgaria

Source same as Table 4

For agrarian reform, inflation creates economic distortions that give improper signals to market participants, and also it increases uncertainty about the future, hence discouraging the medium- or long-term thinking that is required of entrepreneurs

Analysis of annual percentage changes of real GDP in 1991-1996 shows a wide range of economic development experiences of the countries of the region The worst of the crisis in ECE happened in 1991, for the Baltic States and in some CIS countries in 1992 (Russia, Armenia, Georgia, Tajikistan, Uzbekistan), in Azerbaijan in 1993, and in the other six in 1994 The speed of economic decline from peak levels varied significantly among countries the fastest were Albania and Yugoslavia in ECE, Lithuania and Latvia in Baltic States, and Armenia and Georgia in CIS The countries with relatively low maximum annual decrease (<15%) include Bulgaria, Hungary, Poland, Romania, Belarus, Russia , and Uzbekistan

Table 6 Maximum decreases in and subsequent growth of real GDP, 1991-1996

Country	Maximum % decrease	Year of maximum decrease	Years of positive growth since trough
Eastern Europe			
Albania	28 0	1991	4
Bulgaria	11 7	1991	2
Czechoslovakia	15 9	1991	Slovenia 3, Czech 4
Hungary	11 9	1991	3
Poland	11 6	1990	5
Romania	12 9	1991	4
Former Yugoslavia	34 0	1992	Croatia 3, Macedonia 1, Slovenia 4
Baltic States			
Estonia	21 6	1992	2
Latvia	35 2	1992	3
Lithuania	51 9	1992	3
CIS			
Belarus	12 6	1994	1
Moldova	31 0	1994	0
Russia	14 5	1992	0
Ukraine	23 0	1994	0
Armenia	52 6	1992	3
Azerbaijan	23 1	1993	1
Georgia	44 8	1992	2
Kazakstan	17 8	1994	1
Kyrgyzstan	20 1	1994	2
Tajikistan	28 9	1992	0
Turkmenistan	18 8	1994	0
Uzbekistan	11 1	1992	1
Mongolia	9 5	1992	3

International Monetary Fund, *World Economic Outlook October 1997 p 165*

The Agricultural Sector

For the countries of Eastern Europe the worst year for agriculture was 1992, and for most of the CIS it was 1994, but for Central Asia the worst did not occur until 1994 or 1995 During 1991-1996 some countries did not show any agricultural growth at all, including Estonia, Latvia, Russia, Tajikistan, or only a relatively small increase in one year Czech Republic, Lithuania, Azerbaijan, Kyrgyzstan, Turkmenistan, Ukraine, and Uzbekistan On the other hand some

countries achieved stable agricultural growth in 1993-1996, including Hungary, Romania, Slovakia, Armenia, and Georgia

Table 7 Maximum annual percentage decrease in gross agricultural production 1991-96

Country	maximum % decrease	Year of maximum decrease
Eastern Europe		
Albania	n a	
Bulgaria	18 3	1993
Czechoslovakia	13 0 Czech	1992
	13 9 Slovakia	1992
Hungary	25 7	1992
Poland	12 7	1992
Romania	13 3	1992
former Yugoslavia	18 0	1992
Baltic States		
Estonia	21 8	1991
Latvia	16 9	1994
Lithuania	23 8	1992
CIS		
Belarus	14 0	1994
Moldova	25 0	1994
Russia	12 0	1994
Ukraine	16 0	1994
Armenia	13 0	1992
Azerbaijan	25 0	1992
Georgia	36 0	1991
Kazakstan	23 8	1995
Kyrgyzstan	18 0	1994
Tajikistan	28 0	1995
Turkmenistan	18 0	1995
Uzbekistan	8 0	1994

Source United Nations 1997 *Economic Survey of Europe in 1996-1997* New York and Geneva, p 81

The transformation of the agricultural sector has taken a wide variety of forms, and the countries are currently at different stages of the reform process This is partly due to policy choices, but also to the very different geographical conditions and land use patterns in different parts of the region, it is evident that there is not a single reform model that will work in every country Several indicators of the geographical diversity are shown in Table 8

Table 8 Agriculture and land use (% of total area)

Country	1 forest	2 meadows and pastures	3 arable and under permanent cultivation	4 other	Agri land (2+3)	Ratio of 2 to 3	% of arable land irrigated
Eastern Europe							
Albania	38 2	15 5	25 6	20 7	41 1	0 61	59
Bulgaria	35 0	18 7	38 2	8 1	56 9	0 49	30
Czech Republic	33 3	11 3	43 0	12 4	54 3	0 26	1
Hungary	19 1	12 4	53 9	14 6	66 3	0 23	4
Poland	28 8	13 3	47 0	10 9	60 3	0 28	1
Romania	29 0	21 2	43 1	6 7	64 3	0 49	33
Yugoslavia	26 5	20 8	40 0	12 7	60 8	0 52	2
Bosnia-Herzeg	39 2	23 5	15 7		39 2	1 50	
Croatia	37 0	19 3	21 6	22 0	40 9	0 89	0
Macedonia	38 9	24 7	25 7	10 7	50 4	0 96	14
Slovenia	54 0	24 8	11 6	9 6	36 4	2 14	1
Slovakia	40 6	17 0	32 9	9 5	49 9	0 52	5
Baltic States							
Estonia	47 8	7 4	27 1	17 7	34 5	0 27	
Latvia	44 0	12 4	27 0	16 2	39 4	0 46	
Lithuania	30 9	7 3	47 0	14 8	54 3	0 16	
CIS							
Belarus	33 7	14 1	30 5	21 7	44 6	0 46	2
Moldova	12 5	12 9	64 7	9 9	77 6	0 20	18
Russia	44 9	5 2	7 7	42 2	15 9	0 67	3
Ukraine	17 1	12 4	57 0	13 5	69 4	0 22	8
Armenia	14 1	23 1	19 2	43 6	42 3	1 20	59
Azerbaijan	11 0	25 4	48 5	15 1	73 8	0 52	62
Georgia	33 3	29 0	16 2	21 5	45 2	1 81	
Kazakstan	3 5	68 8	12 9	14 8	81 7	5 33	6
Kyrgyzstan	3 5	42 9	7 2	46 4	50 1	5 96	64
Tajikistan	3 8	24 8	6 0	65 4	30 8	4 13	79
Turkmenistan	8 2	61 6	3 0	27 2	64 6	20 53	93
Uzbekistan	2 9	46 5	10 1	40 5	56 6	4 60	98
Mongolia	8 8	74 8	0 8	15 6	75 6	93 50	6

Source *Encyclopedia Britannica Book of the Year 1997 pp* 545-750,803-805

The Central Asian States and Mongolia have the smallest percentage of arable land, with less than 10% The same countries are also the least forested (less than 10%) On the other hand, for all of them pastures and meadows are an important use of land The share of pastures is more than 40% for Kazakstan (68 8%), Kyrgyzstan (42 9%),Turkmenistan (61 6%), and Mongolia (74 8%) Only Tajikistan has a smaller share of pastures, comparable to such countries as Georgia, Azerbaijan, Armenia, Yugoslavia, Macedonia, Bosnia and Herzegovina, Slovenia and Croatia Practically all of these countries share another common structural feature the very high ratio of pastures in relation to arable land In Mongolia pastures cover more than 90 times as much area as arable land, in Turkmenistan, 20 5 times, in Kyrgyzstan 5 96 times, Kazakstan, 5 33 times, and Uzbekistan, 4 60 times In contrast, all ECE countries (with the exception of the republics of the former Yugoslavia) and European countries of the former Soviet Union (with the exception of Georgia and Armenia) have high shares of arable land and much less pasture

More southern countries of the CIS and ECE face another challenge—the need for irrigation (last column of the table) The highest share of irrigated land are in the republics of Central Asia (with the exception of Kazakstan), the Caucasian states, and Albania, Bulgaria and Romania in Eastern Europe

Another set of factors that differentiate the countries of the region is the demographic situation in rural areas and the level of the involvement of the population in agricultural activities The demographic pressure on the land varies greatly among countries For some countries the demographic pressure on the agricultural lands, especially arable lands, is extremely high, taking into consideration high percentages of rural population, high shares of the population engaged in agricultural activities, high rates of natural increase and limited opportunities to increase the amount of arable land Arable land per capita, and especially per of rural person, is quite low in the Central Asian region and some European countries of the former Soviet Union These indicators look much better for most countries of Eastern Europe

Table 9 Demographic characteristics of transition countries (latest data)

	Population ('000) 1996	Rural pop ('000)	Rural population as % of total	Persons employed in ag ('000)	Employment in ag as % of economically active pop	Rate of natural increase per 1000	Arable land per capita of rural pop (ha)
CIS							
Belarus	10442	3262	31 3	917	19 1	-1 9	0 60
Moldova	4372	2326	53 2	767	45 1	2 5	0 95
Russia	148070	39979	27 0	10350	14 6	-5 7	3 31
Ukraine	51273	16459	32 1	4821	21 6	-5 8	2 09
Armenia	3765	1220	32 4	538	33 3	6 8	0 44
Azerbaijan	7570	3558	47 0	1011	37 8	14 0	0 53
Georgia	5361	2375	44 3	562	29 3	2 1	0 43
Kazakstan	16677	7338	44 0	1759	25 3	8 6	4 84
Kyrgyzstan	4512	2910	64 5	702	44 1	16 3	0 45
Tajikistan	5945	4263	71 7	1005	50 7	21 2	0 23
Turkmenistan	4574	2511	54 9	695	40 2	24 2	0 58
Uzbekistan	23206	14225	61 3	3754	45 6	22 8	0 34
Mongolia	2334	887	38 0	300	35 5	19 9	0 16
Baltic States							
Estonia	1475	443	30 0	100	11 7	-5 0	2 36
Latvia	2490	769	30 9	232	17 8	-6 9	2 22
Lithuania	3707	1175	31 7	390	20 1	-1 1	2 61
Eastern Europe							
Albania	3249	2037	62 7	2369	60 1	15 1	0 34
Bulgaria	8366	2694	32 2	751	19 8	-5 0	1 61
Czech Republic	10316			628	11 6	-2 1	
Hungary	10201	3815	37 4	431	8 6	-3 2	1 30
Poland	38731	14795	38 2	3988	23 0	1 2	0 99
Romania	22670	10065	44 4	2419	23 1	-1 6	0 99
Slovakia	5372	2321	43 2	226	9 0	1 7	
Yugoslavia	10473	5027	48 0	116	3 7	3 0	
Bosn /Herz	3524	2248	63 8	39	3 8	-9 0	0 42
Croatia	4775	2187	45 8	341	16 7	-0 2	0 53
Macedonia	1968	813	41 3	215	22 9	9 2	0 74
Slovenia	1959	970	49 5	121	12 8	0 0	0 31

Source Encyclopedia Britannica, 1997, pp 762-767, 796-811 and United Nations *Compendium of Human Settlement Statistics* New York, 1995, pp 307-12

B Approaches to Agrarian Reform

One indicator of the intensity of the reform process is the degree of privatization of the economy that has occurred Table 10 shows that there is a wide range of progress on this front, with most ECE countries and the Baltic states more fully privatized than most CIS countries With the exception of Kyrgyzstan, the Central Asian countries are less than 50 per cent privatized While this table shows the situation for the economy as a whole, a table concerning agricultural privatization would look fairly similar

Table 10 Share of GDP produced by the private sector

Private share of GDP (%)	Countries
<25	Azerbaijan, Belarus, Tajikistan, Turkmenistan
35-45	Bulgaria, Kazakstan, Moldova, Ukraine, Uzbekistan, Slovenia
46-55	Armenia, Croatia, Georgia, Kyrgyzstan, Macedonia,
56-65	Latvia, Lithuania, Poland, Romania, Russia,
66-75	Albania, Czech Republic, Estonia, Hungary, Slovakia

Source The World Bank, *Transition The Newsletter about Reforming Economies*, Vol 8, Number 5, June 1997, p 5

The organizational form of agricultural production was very similar in all socialist countries By the end of the 1980s, between 80 and 100% of agricultural land in most socialist countries in Eastern Europe and the Soviet Union was controlled by state and collective farms Only Poland and Yugoslavia retained a substantial private sector Individual family farm production existed in all socialist countries—in some only in the form of small household plots, and in some as independent or semi-independent farms These household plots constituted 10% of agricultural land in Bulgaria, Czechoslovakia and East Germany, nearly 20% in Hungary and about 2% in the USSR, and produced for about 25-30% of total agricultural product, and more for such items as dairy products and vegetables

By 1991, every country in the ECE and CIS found itself obligated to rethink its landownership and management policies, with many new options for reform In practice, these options are often not as numerous as would be possible theoretically, due to the requirement of market oriented economies that the rights to hold and use the means of production be privately held This creation of private rights to land and investments tied to the land has several implications

- It shifts to individuals or companies the decisions about how to manage farming enterprises, including the decision to transfer the enterprises to other holders ("market transactions")
- The process of privatization frequently results in the fragmentation of previously integrated enterprises into several smaller enterprises
- The public obligations of private landowners (such as environmental protection, obeying of zoning regulations, payment of taxes, observance of rights of way) remain undefined and frequently ignored

- Access to land becomes limited to market transactions in which groups which are "disadvantaged" either socially or economically are marginalized

Each country has adopted its own approach to the privatization of control over agricultural land, the restructuring of farms and the encouragement of markets in immovable property There is a continuum of outcomes ranging from a complete individualization of farm holdings and abolition of the state and collective farms (e g , Albania and Armenia) to slow, tentative efforts at restructuring the existing farms and retaining collective control of land (e g , Ukraine and Uzbekistan)

Nearly every country accepted the principle that members of the former state and collective farms should have rights to the farms' land, but the mechanism of redistribution differs, taking one of the following forms

- Restitution of land to the families that owned it before collectivization
- Distribution of physical parcels of land to families on a per-capita basis without regard to former ownership
- Distribution of land shares on a per-capita basis, with no demarcation of parcels or identification of specific parcels corresponding to the shares [3]

The essential difference between the latter two options is a fundamental difference in the spatial and organizational conception of what the agricultural sector should become Under socialism, the organization of rural sector was based on the state and collective farms, from the educational system to rural finance Official detail maps of rural areas were centered on farms rather than on geographical coordinates Where this concept is widely held, the share distribution privatization approach is used Where there is strong pressure for the deconstruction of previous enterprises, actual land parcels are distributed For example, in the Kyrgyz Republic the government's reform implementation passes through newly-created Village Governments, one for each farm The Village Government is supposed to preside over the restructuring of the farm, and then disappear itself Given that its leadership is almost always composed of the former managers of the state or collective farm, the Village Governments often have a vested interest in keeping as much as possible of the former farm intact These committees are also unlikely to consider ecological and economic restructuring options that affect any land other than that under their control (Bloch et al 1995)

Another example of the top-down, former farm-centered approach is the most widely-known farm restructuring effort conducted with international support, the International Finance Corporation project in Nizhny Novgorod, Russian Federation The pilot phase involved technical assistance to five farms in deciding for themselves how they were to be restructured Even though all members of the farm labor force were given individual land and property [machinery and buildings] shares and were permitted to decide individually how to use them, most either preferred or were guided to pool their shares into large farm units The result was a remarkably timid restructuring the five farms, averaging about 3,000 hectares, that completed the

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3 Some countries also allocate some land to previously landless people, and some have envisioned coupon auctions for land similar to those used in industrial mass privatization programs

restructuring process broke up into 21 corporate entities averaging over 500 hectares, plus 16 private family farms averaging less than 50 hectares

The contrast between countries such as the Kyrgyz Republic and Russia on the one hand and Albania on the other is extreme Within 18 months of the initiation of democratic government in Albania in 1991, nearly all agricultural land formerly organized into state farms and cooperatives had been distributed to individual families, on a per capita basis determined by each village (Bloch 1998) The ex-cooperative farms themselves were abolished by the stroke of a pen, and their former managers given no special privileges in gaining access to land, although the restructuring of ex-state farms has been slower and more favorable to former managers Similarly complete destruction of state and collective farms was undertaken in Armenia and Romania

The second most common problem of the agricultural transformation is the reorganization and restructuring of the state and collective farms There are different strategies for this process (Lerman, p 63 ff)

- The simplest and most conservative strategy of "do nothing" and "stay as is " In the absence of an appropriate incentive structure, no true sense of ownership is created, and the shareholders continue working as salaried employees basically under the direction of their previous collective manager These "new-old" structures retain all the weaknesses and inefficiencies of collectives, although they are often expected to be more efficient because of their modern-sounding names and new charters
- "Complete dismantling " At the opposite extreme are those farms that completely dismantle the old structures and physically distribute all land and assets to individuals
- "Intermediate Structures " A number of farm structures are intermediate between the old collective and new family farms In a "bottom-up" approach private farms created through dismantling of a collective form an association of agricultural producers

In a "top-down" approach, a similar associative structure evolves in an opposite direction, when the old collective, instead of totally dismantling into many private farms, reorganizes internally into a system of relatively autonomous profit units In these intermediate farm structures, shareholders and members have a stronger sense of property rights than in the cosmetically restructured but fundamentally unchanged collectives

There are several restructuring modes for collective and state farms

- reconstitution of a collective structure based on individual ownership of land and assets,
- transformation of the collective structure into a joint-stock company based on individual shares,
- division of the collective structure into autonomous profit-oriented entities based on individual investment on land and asset shares and operating within an association or a service cooperative,
- separation of independent family farms, partnerships, or production cooperatives from the collective structure

Different countries in the region pursue different farm restructuring strategies At one end of the spectrum, Albania, Romania and Armenia In these three countries, all collective and state

farms were rapidly disbanded and divided into very small private farms during 1991 In other countries, dismantling is a very rare phenomenon At the more conservative end of the spectrum , Russia and Ukraine required state and collective farms to "reorganize," a measure which allowed them to continue to exist These farms essentially remained intact and in reality often changed little in their operations In Baltic countries, state-owned farms were also fundamentally changed Non of the pre-reform state and collective farms continue to exist in their previous form In the Baltic states, all the non-land assets were identified and workers, former workers, and farm pensioners got shares or vouchers to use in the restructuring process The weaker farms liquidated and divided property among the shareholders Some farms were divided into smaller and more specialized farms The majority were restructured into smaller but still "group-owned" farms As in other post-Soviet countries, large farms become jointly owned by shareholders in joint-stock companies, shareholding companies, or cooperatives

In the majority of countries in transition private ownership of land has been legalized (with the notable exception of countries in Central Asia) Despite basic recognition of private landownership, the current laws in all former socialist countries circumscribe owners' rights in the important areas of land transfer, land use, and size of holdings Typical restrictions on landownership are (adapted from Lerman, p 59)

- maximum and minimum sizes of holdings,
- land must be used for agricultural production,
- moratorium on buy and sell transactions,
- land may be leased out only to other residents of the village,
- land may be sold only back to the state,
- no mortgage of land allowed,
- foreigners are not allowed to own agricultural land,
- obligations to obey conservation standards,
- land can be confiscated by the state if there is "improper use "

Regarding the land market, the Baltic states, Hungary, and Bulgaria have the fewest restrictions In the Baltic states, the only legal limitation is that many landowners do not yet have land titles because of the large number of plots that have to be registered or surveyed Only individuals and the state can own the land, not "legal entities"(organizations and enterprises) Russia has legalized a land market, but has faced conservative opposition to the development of an unregulated land market In Russia, to the extent that rural land can be sold, it must be used for agricultural purposes A large group of countries (including Central Asia, Ukraine, and Albania) have substantial limitations on the land market In these nations, either land cannot be bought or sold, permitting only land leasing, or else the only sales are of household and dacha plots In all countries, however, the market for leased land is much more active Some countries of the region have minimal restriction on the land market (Baltic states, Bulgaria, Hungary), some moderate (Russia), and some substantial (Central Asia, Ukraine, Albania)

A new common trend in agriculture in the former socialist countries is the development of private farming The creation of these individual private farms was enabled by special legislature adopted by different countries in 1990-1991 Most of former Soviet Republics have a Law on Peasant Farms, modeled after the Soviet law of 1990, which establishes the right of members and employees of collective and state farms to exit with their share of land and assets in order to start a private farm An alternative route for creation of new private farms in the former Soviet Union is to request land from state and municipal reserves (especially in the countries with sufficient underutilized land) The number of individual private farms is increasing, as Table 12 shows The average size of peasant farms is about 42ha in Russia, 23ha in Ukraine and Estonia, and much less in the countries of Eastern Europe (for example less than 1 5ha in Albania, about 10ha in Hungary and Poland, and up to 4ha in Bulgaria and Romania)

Despite the impressive growth in numbers, private farms still account for a small percentage of agricultural land and production in most countries The only exceptions are Albania, Armenia, and Romania, where the collective farms were completely dismantled In tiny Armenia, 317,000 private farms hold 86% of arable land (excluding pastures, which remain common property) , and in Romania 5 3 million families own 80% of arable land

Table 11 Private farming in the CIS in 1991-1995

	1991			1995		
Country	number of private farms (000)	agricultural land (000 hectares)	Average size (hectares)	number of private farms (000)	agricultural land (000 hectares)	Average size (hectares)
Armenia	165 2	214 9	1 3	316 4	429 2	1 4
Azerbaijan	0 1	4 4	44 0	3 2	60 4	18 8
Belarus	0 7	15 3	21 8	3 0	61 9	20 6
Kazakstan	3 3	800	242 4	30 8	12700	412 3
Kyrgyzstan	4 1	100	24 4	23 2	2000	86 2
Moldova*	0 0	0 0		14 0	34 6	2 5
Russia	49 0	2100	42 9	280 1	12000	42 8
Tajikistan*	0 0	0 0		0 2	19 8	99 0
Turkmenistan	0 1	1 1	11	1 0	5 9	5 9
Uzbekistan	1 9	13 7	7 2	18 1	264 6	14 6
Ukraine	2 1	39 7	18 9	34 8	786 4	22 6

* 1994 instead of 1995

Source *Sodrushestvo nezavisimyh gosudarstv v 1996 godu* Statisticheskii Spravochnik Meshgosudarstvennyi Statisticheskii Komitet SNG M 1997 (calculated)

In all CIS countries in 1991-1995 the number of private farms grew significantly, although there is evidence in Russia, at least, that the growth has stopped But only in Armenia have private farms become the dominant contributor to agricultural production In all of the other countries the private farms are one of a variety of forms of agricultural enterprises There are significant differences in the average size of private farms among the countries On one end of the spectrum Armenia, Moldova and Turkmenistan (1 4-5 9ha), and on the other end, Kazakstan and Tajikistan (412 3 and 99 0ha) In most countries there is a trend to increase the size of the farm

The restructuring process is complicated There are some lessons from the experience of Eastern Europe

- Although the privatization of agriculture should lead to improved incentives and improvements in the internal organization of farms, it is not sufficient to lead to a sustained increase in agricultural productivity The creation of efficient, broadly accessible input markets—including those for water, land, labor and capital, is also required in order to achieve agricultural growth
- It has proved difficult to divide large-scale or high-technology equipment and large buildings among agrarian reform beneficiaries and also to create a new service sector Decollectivization is easier where farming is not highly input-intensive or mechanized, where agricultural workers are not highly specialized, where the rural work force is relatively young, where collectivization has not lasted a long time, where collective (as opposed to state) farms predominate, and where the government is strong enough to overcome political resistance There are problems in creating reliable and accessible source of inputs, providing for the profitable sale of products and establishing outlets for credit and consumer goods The costs of decollectivization are high, especially in the short run It is difficult where the system has been in existence for several decades and where the level of agricultural technology has become relatively high
- The radical restructuring of agriculture now under way in some countries will not succeed unless governments are committed to a thorough transition The private sector will not thrive without robust new institutions, including service cooperatives, credit institutions, new marketing structures, and extension services Land markets are constrained by delays in granting titles, lack of credit, and lack of an information system There is surplus labor in the agricultural sector, but restrictions on migration prevent its reallocation In addition, the new private farmers lack the information and management expertise to make appropriate decisions

The Central Asian countries have some specific features in the development of agriculture

- They have the highest indicators of rural population and the share of agriculture in the economic active population in the whole region
- They have the highest rates of population growth, including that of the rural population
- They have among the smallest shares of arable land among the countries in transition and among the lowest amounts of arable land per rural inhabitant
- The use of agriculture lands is characterized by the dominant position of pastures in comparison to arable land

- They achieved the highest level of irrigation of arable lands in the ECE-CIS region
- The high level of specialization of Central Asia (especially Uzbekistan, Turkmenistan and Tajikistan) in cotton
- There are limits to the further expansion of arable land, especially because of inadequate sources of irrigation water
- Given the importance of the livestock subsector, there is a particular need to develop sustainable pasture management practices

From the point of view of macroeconomic development and the agricultural reform process it is useful to point out several common features for the region

- Like some other countries of Eastern Europe and the former Soviet Union, the countries of Central Asia are using both slow and more radical approaches to economic reforms In most countries of Central Asia the transition is seen as 'slow' or 'gradual,' in particular in Tajikistan, Turkmenistan and Uzbekistan, while Kyrgyzstan and Kazakstan are considered to have progressed more rapidly
- All countries suffered from severe economic contraction in the past years, but to different degrees Uzbekistan and Turkmenistan declined to a lesser extent, they even showed some growth in the industrial sector But both counties are now facing the problem of high inflation All Central Asian counties have experienced negative indicators of agricultural production, although Kyrgyzstan appears to have reversed the trend in the last two years
- In agricultural policy the priority is to achieve the self-sufficiency in food products and to diversify the structure of farming (especially in Uzbekistan and Turkmenistan)
- None of the Central Asian countries used the restitution or dismantling approaches in the privatization process
- Reorganization of state and collective farms is generally seen as crucial in restructuring the farm sector To different degrees, the agrarian structure has become a mosaic from the point of view of the forms of production and ownership relations All countries are trying to develop private farming in different ways, to use the potential of household plots, and to transform the state farms into collective farms and other forms including joint-stock companies, cooperatives, limited liability partnerships and others, especially Kyrgyzstan and Kazakstan
- The relatively slow process of real privatization in Central Asia has a number of specific reasons a) there are insufficient incentives to break away from the remaining collectives (slow development of input markets, the problem of social infrastructure and public health, b) the politics of rural "nomenklatura," c) the dependence on existing large-scale irrigation systems, and d) inter-ethnic problems
- Control over water is an important issue for all countries of Central Asia A structural water reform, improving water management, adapting it to the new agrarian structure, and emphasizing the scarcity of the resource, needs to be put high on the reform agenda

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ANNEX D SUMMARY OF UZBEKISTAN LAWS[4]

This summary is based on a review of these laws in translation The English translations are not always clear In particular, the law "On Land" is a very poor English translation and therefore the summary may not be entirely accurate

A. List of laws reviewed

- Constitution of the Republic of Uzbekistan (December 8, 1992)
- Civil Code of the Republic of Uzbekistan, Part 1 (December 21, 1995)
- Law of the Republic of Uzbekistan "On Land" (June 20, 1990) (with changes and additions entered by the Laws of the Republic of Uzbekistan of 20 4 91, 7 05 93, 6 06 94, 23 09 94, 6 05 95 and 31 08 95)
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No 87 "On the Improvement of the Reforms in Livestock Raising and Farms and Protecting the Interests of Privatized Farms" (February 23, 1994)
- Resolution of the Cabinet of Ministers No 22 (12?) "On Additional Measures Aimed at Implementing the Reform Program in the Agricultural Sector" (February 23, 1994)
- Presidential Decree "On Improving the Utilization of Land in Uzbekistan" (November 24, 1994)

B Constitution

1 General

Everyone has the right to legally defend their rights and to appeal unlawful decisions of the government (Article 44)

Women and men shall have equal rights (Article 46)

Presidential powers The president has the power to appoint and dismiss khokims (heads of administrations of regions) with subsequent approval of the Soviet of People's Deputies (Article 93(12)) The president can dismiss khokims for cause without approval The president can suspend and repeal any acts passed by the khokims (Article 93(13))

The president has the right to issue decrees that are binding on the entire territory (Article 94)

The president shall be a lifetime member of the Constitutional Court at the end of his term of office (Article 97)

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[4] Based on a 10 March 1998 memorandum from Renee Giovarelli, Rural Development Institute, to Peter Bloch, RPL Central Asia

Khokims' powers Khokims are head of both the legislative and executive bodies (Article 102) Khokims of regions are appointed by the president and confirmed by the Soviet of People's Deputies (Article 102) Khokims of districts, towns, and cities are appointed by the khokim of the region and confirmed by the local Soviet of People's Deputies (Article 102) All khokims are personally responsible for decisions made in their territory (Article 103) The khokim shall make decisions, which are binding, on all enterprises and citizens within the territory (Article 104)

Villages and town neighborhoods shall make decisions at general meetings (Article 105)

2 Land

Land tenure Everyone has the right to own property (Article 36) The term "property" is not defined as movable or immovable, so it is unclear whether Article 36 includes land

Article 53 provides for equality and legal protection of all forms of ownership Private property shall be inviolable and protected by the state An owner may be deprived of property only as prescribed by law

Use of property may not be harmful to the environment, infringe on the rights of other citizens, legal entities, or the state (Article 54)

Article 55 deals specifically with land "The land, its minerals, fauna and flora, as well as other natural resources shall constitute the national wealth, and shall be rationally used and protected by the state " This provision does not explicitly assert that land can only be owned by the state, although it appears from discussions we had in Uzbekistan and from other reports on the Uzbek land situation that it has been interpreted that way

Land transactions Article 36 guarantees the right of inheritance There are no specifics as to what can be inherited

3 Labor

Right to work Everyone has the right to work and is entitled to protection against unemployment as prescribed by law (Article 37)

Number of working hours Citizens who are working are entitled to paid rest The number of working hours and the duration of paid leave are to be specified by law (Article 38)

Pensions and minimum wages Everyone has the right to social security in old age, if the breadwinner is disabled, and in other cases Pensions, allowances and other kinds of welfare may not be lower than the officially fixed minimum subsistence wage (Article 39)

4 Finance

Article 36 guarantees the privacy of bank deposits

C Civil Code, Part I

1 Land

Land tenure Land may be held in ownership (Article 169) Both private and state ownership are allowed (Article 167) The right of ownership in plots of land "shall arise in instances, in the procedure and upon the conditions provided for by legislation" (Article 188) Other forms of land tenure include the right of economic jurisdiction, the right of inheritable possession for life, the right of permanent possession and use of a land plot, and servitude (Article 165)

A landowner, and one who holds land in permanent possession and inheritable possession for life have the right to demand a servitude from a neighboring plot of land when necessary (Article 173)

A "unitary enterprise" can own property in economic jurisdiction Immovable property that is held by right of economic jurisdiction cannot be sold, leased out, pledged, contributed to charter capital, or otherwise alienated (Article 177)

Property can be held in common share or common joint ownership The Civil Code provides general rules for common ownership and the division of property (Articles 216-227) Specific rules may be provided by separate legislation for division of joint property (Article 226)

If registration or notarization is required when property is alienated, the right of ownership arises at the moment of registration or notarization If both are required, the right of ownership arises at the moment of registration (Article 185)

The right of ownership, transfer, limitation, and termination of rights to immovable property shall be subject to State registration (Article 84) A registration agency for immovable property is not identified in the Civil Code

Nationalization with compensation is allowed in accordance with law (Article 202) Requisition with payment is allowed by the Civil Code in case of natural disaster, epidemic, or other extraordinary circumstances (Article 203) The right of ownership can be terminated by compulsory acquisition through a decision of the court, or by an act of legislation (Article 197) If an act of legislation terminates the right of ownership, the losses caused to the owner, including the value of the property, shall be compensated by the State Disputes concerning compensation will be settled by the court (Article 233) Property can be confiscated for the commission of a crime or other violation of law by a decision of the court (Article 204)

When property is withdrawn and the party is entitled to compensation, the compensation is determined based on the prices of similar property This assessment may be contested in court (Article 205) If rights to ownership are terminated by a decision of a State agency and that decision is not directed toward the owner of the property, the owner must be provided with property of equal value and be compensated for all losses If the owner disputes the termination, the property cannot be withdrawn until the dispute is resolved in court (Article 206)

"The particulars of the acquisition and termination of rights to immovable property shall be established by legislative acts" (Article 83)

2 Finance

Mortgage and pledge are allowed (Article 265) Articles 264-289 govern pledge and mortgage The creditor has the right to receive preferential satisfaction of his obligation if it is secured by a pledge (Article 264) The right of pledge arises at the moment of conclusion of the contract or at the moment of registration, if registration is required (Article 270) A mortgage must be notarized and registered (Article 271) Overlying mortgages are allowed (Article 273) Execution may be levied against immovable and movable property (Article 280) A public sale will be the procedure by which property is realized (Article 281) The court has the right to defer sale for up to one year (Article 281) Transfer of property under pledge is allowed, but the pledge remains in force (Article 284)

D Law "On Land"

1 Land

Land tenure Agricultural enterprises shall be allocated land into permanent ownership Citizens and non-agricultural enterprises shall be allocated land in permanent or temporary use Temporary use can be short term (up to three years) or long term (three to ten years) Dekhan farms shall be allocated land for lifetime inheritable possession Permanent ownership and permanent use shall be certified by a State Akt (Article 10)

Citizens have a right to receive a land plot in lifetime inheritable possession for establishing a private subsidiary plot or a dekhan farm, for construction, purchasing, or inheriting a house, or for producing traditional handicrafts Legislation can stipulate the allocation of land plots for ownership or for other purposes (Article 20)

A dacha and the land it is built on can be transferred into the ownership of private citizens (Article 20)

Agricultural land may be leased to citizens, local government bodies, or enterprises for not less than ten years Agricultural enterprises may lease land to workers or groups of workers on the enterprise The lease shall be determined by agreement of the parties and fixed in a contract The lease payment shall be established by separate legislation (Article 11)

The Cabinet of Ministers and local self-government bodies shall allocate land plots into ownership (Article 12)

Foreign legal entities and citizens may own the land on which their house stands (Article 12-1)

Local governments at the village and town level are responsible for approving the maximum size of personal subsidiary land plots They are also responsible for (1) protection of the land, (2) allocation of land for ownership, use and lease (except within an agricultural or forestry enterprise), (3) withdrawal of land within the village and cessation of the right to land, and (4) registration of ownership and lease of land plots (Articles 4,5)

Regional governments are responsible for (1) control over use and protection of land, (2) allocation of land for ownership, use and lease to citizens, enterprises, or dekhan farms, (3) withdrawal of agricultural land (except irrigated land, hayfields, and pastures owned by the forest fund or occupied by industry, transport, communication, or defense), (4) management

of the water fund (10 hectares per land user), (5) allocation of land from the land fund for ownership, use or lease, (6) cessation of the rights of ownership to land, except land within the competence of the village and town governments, (7) registration of ownership and lease of land, (8) resolution regarding ownership of land on a collective farms in case of reorganization or liquidation, (9) organization of land cadastre, (10) organization of land development, (11) collection of rent for land allotted to citizens for collective gardening and vineyards (Article 6)

Oblast governments have joint control with village and regional governments over control and protection of land They also share responsibility for allocation of land to enterprises for agricultural and other state and public needs and for withdrawal of land (except land withdrawn according to legislation) The oblast governments are responsible for the land cadastre and for organization of land (zoning) (Article 7)

The Republican Cabinet of Ministers shares responsibilities with local governments for "disposal" of land and implementation of programs on rational use of land, improvement of soil fertility, and protection of land They are responsible for maintaining the state land cadastre (Article 9)

The right of ownership and use of land can be withdrawn by local government bodies for the following reasons (1) voluntary refusal of the plot, (2) expiration of the term of use of the plot, (3) cessation of the activity of the enterprise or dekhan farm, (4) violation of the lease contract, (5) unlawful use of land, (6) cessation of labor relations, (7) irrational use of land resulting in a less than normative yield for agricultural land, (8) use that leads to a reduction in soil fertility or environmental harm, (9) systematic non-payment of land tax or land lease, (10) non-use of land for one year for agricultural land or two years for non-agricultural land, (11) non-use of land purchased at auction for lifetime inheritable use or non-use of pledged land Landowners will be compensated if their land is withdrawn for non-use Land users may appeal to a court if their land was withdrawn under numbers 5, 7, and 8 above (Article 13) Land users have the right to receive payment for the improvements made to their land if their land use is terminated (Article 18(4))

Landowners and land users, including lessees, shall receive compensation for their land, including lost profit, when the land is withdrawn temporarily, restricted, or the soil quality is worsened due to public necessity such as building water channels, etc (Article 50) Disputes shall be settled by the economic court (Article 50)

Land can be withdrawn for state or public needs by local government bodies with the "consent" of the landowner or land user If the landowner or land user does not agree to the withdrawal, he may appeal to the court (Article 14)

Productive, irrigated agricultural land can be withdrawn for non-agricultural purposes but only with permission by the Cabinet of Ministers (Article 14)

Land tax (Article 16) The land tax is determined based on the quality, location, and water availability of a land plot Local governments that lease out land may come to an agreement with the lessee on what to charge for the land However, the local government cannot charge less than the land tax

Enterprises, collective, and citizens who receive land for agricultural use that was previously unused will not be obligated to pay land tax for five years

A dekhan farm is not obligated to pay the land tax for two years from the date of registration of the farm

Enterprises involved in water management are not responsible for payment of the land tax

Land transactions Landowners have the right to transfer their land plot for temporary use to another member of the farm (Article 17(7)) Land users have the right to transfer their land plot for temporary use upon a decision of the local government (Article 18(6))

Landowners have the right to obtain credits for private subsidiary farms and to build a private house Land users who hold their land in lifetime inheritable possession may pledge their land plot if they purchased it at an auction (Article 17(9))

Dacha plots can be sold (Article 20)

Legal entities and citizens (including foreign) have the right to purchase a housing land plot or a land plot under an object of trade or service in cases stipulated by legislation (Article 20-1)

Buying, selling, mortgage, and exchange of land plots by land users without permission shall be invalid (Article 64) Mortgage is allowed in the cases described in Article 17(9)

Household plots The administrations of agricultural enterprises shall allocate to members, workers, and social service workers land for household plots in lifetime inheritable possession The administration can allocate up to 0 2 hectares of irrigated land and 50 hectares of non-irrigated land The criteria for size of the household plot include availability of land, participation of the recipient in the work of the collective farm, the limits set by the enterprises charter, and the opinion of the administrator (Article 21)

Those who have worked for more than 5 years can receive additional land on the territory of the farm where they have worked Those members and workers who own cattle can receive pasture land if it is available The allocations must be approved by the local village government Up to 0 06 hectares can be sold at auction for lifetime inheritable possession (Article 21)

Citizens living in towns and not members of an enterprise can receive up to 0 06 hectares of land in lifetime inheritable possession to build a house Up to 0 04 hectares can be sold at auction (Article 22)

2 Restructuring of agricultural enterprises

Regional governments shall allocate land for establishing dekhan farms The land shall be allocated in lifetime inheritable possession or lease for a term of not less than 10 years The regional government will determine the size of the land plot and will take into account the number of workers on the farm (Article 23)

Regional officials are responsible for allocating land to agricultural cooperatives that are established by dividing collective or state farms (Article 30)

Land from agricultural enterprises can be allocated in lifetime inheritable possession to citizens of rural areas who do not have private plots or gardens for the creation of a garden Land can be allocated in temporary use for tractor farming Gardens can be up to 06 hectares and tractor farms can be up to 08 hectares This land will be allocated by the administrations of agricultural enterprises (Article 31)

Unused or inefficiently used land can be allocated in permanent ownership for part-time farming to nonagricultural enterprises for the employees of those enterprises (Article 32)

3 Water

Landowners and users have the right to receive water for irrigation of agricultural crops (Article 17(8) and Article 18(7))

Water management bodies shall be obligated to provide landowners and land users with water in accordance with the established limits stipulated by the water legislation (Article 25)

E On the improvement of the reforms in livestock raising and privatized farms

1 Farm reorganization

Specific regions and Republics are required to allocate either 0 3 or 0 45 hectares of irrigated land per head of cattle or 2 hectares of dry land

A set of privileged conditions are listed for those farms that have 30 or more head of cattle These conditions include unlimited credits for a minimum term of ten years for privatized and dekhan farms to procure equipment and cattle In addition, State procurement agencies are required to purchase products at free market prices from private or dekhan farms with 30 or more head of cattle Current taxes and payments for private and dekhan farms are to be reduced by 50 percent (The land taxes are to be collected by the collective or cooperative farm)

F Additional measures aimed at implementing the agricultural reform program

1 Farm reorganization

This resolution calls for further reform and the transformation of state agricultural enterprises into other forms of ownership Oblast Khokimats are required to allocate additional land areas to private farming (Point 6) The resolution requires that the Republican Ministry of Justice and Ministry of Agriculture develop a plan for allocation of land "taking into account the fact that in accordance with the Law of the Republic of Uzbekistan 'On Land,' all the land in the country belongs to collective farms Thus the land should be allocated through the collective farms on a competitive basis and for a fee" (Point 6)

The state order system is abolished except for cotton, grain, cattle, poultry, and milk (Point 12)

2 Mechanization

Two to three specialized shops that will sell machinery, equipment, and spare parts are to be established in each raion (Point 7) Service centers were to be created in each raion by April 1,

1994 (Point 7) It is unclear who is responsible for establishing these service centers and shops, but it does not appear that they will be privately owned or operated

3 Finance

The "Usupov" shall provide credit on a priority basis to dekhan farms, small businesses, cooperatives, and private land plots to purchase inputs, machinery, equipment, and other technical resources (Point 11)

G On improving the utilization of land in Uzbekistan

1 Land

District and city municipalities shall be allowed to sell plots of land to citizens through auctions into lifetime inheritable ownership The districts and cities may sell up to 0 04 hectares for private housing construction, and up to 0 06 for subsidiary plots (Point 1)

If the land plot is not used for one year from the moment of purchase, the land tax will be tripled If the land plot is not used for two years, it will be withdrawn and the landuser will be compensated for the amount they originally paid for the land (Point 4)

The Republic of Karakalpakstan will experiment with auctioning off unused land or unprofitable land belonging to agricultural enterprises No more than 5 hectares of irrigated land and 15 hectares of non-irrigated land can be sold into lifetime inheritable possession

ANNEX E: LIST OF RESEARCH TOPICS PROPOSED FOR THE BASIS CENTRAL ASIA PROGRAM, 28 JANUARY 1998

A Land

1 Research on land legislation (law)

2 State guarantee of the security of land use (according to the law or historically developed)

3 Land distribution among land users (categories and agricultural lands)

4 Research on administrative structures dealing with decision-making on land redistribution and expropriation (according to the law and in practice)

5 Research on land quality in the period of the collective-state farm system and after reorganization

6 Comparison of productivity and yields of arable lands

7 Tax and lease rates for land use

8 Valuation and use of lands in urban and peri-urban areas

9 Land erosion and reclamation problems

10 Formulation of methodological recommendations for the improvement of economic and legislative foundations of the rational use of land resources

B Labor

1 Strategy and provision of employment and growth of incomes of the population

2 Research on labor laws

3 Analyses of demographic structure and density of population

4 Research on family income and its structure

5 Research on the employment of the population

6 Research on the decline of certain kinds of labor activities and the appearance of new activities

7 Problems of migration of the population

8 Formulation of methodological recommendations on the provision of employment and growth of income of the population

9 Formulation of complex (comprehensive) methodological recommendations on the intensification the use of land and labor resources

C Water

1 Survey of the situation in water use, determination of water resources and their volumes

2 Causes of the increase of the ground water table and soil salinity

3 The efficiency of use of irrigation water and the ways to increase it

4 Technical conditions of irrigation systems

5 Research on the possibilities for transition to the price-based water use in Uzbekistan and the improvement of the payment mechanism in Kyrgyzstan

6 Water quality

D Mechanization of agriculture

1 Conditions of the machine-tractor fleet and other types of farm machinery (age, conditions, capacity)

2 The level of mechanization of labor-intensive processes (cotton picking, planting and others)

3 Availability and conditions of agrotechnical services and users access to them

4 Efficiency of the use of the machine-tractor fleet for agricultural enterprises of different form of ownership

5 Role of small machinery on farms and private plots

6 Conditions and role of the supply of fuel and lubricants

7 Impact of changes in the structure of sown areas on the structure of the machine-tractor fleet

8 Research on the possibilities of meeting the demand of agricultural producers for agricultural machinery (credit, leasing companies)

9 Impact of mechanization on employment of the population

E Financial resources of agriculture

1 Sources of financial resources and the structure of their use

2 Efficiency of the operation of the existing financing systems

3 Analysis of targeted vs generalized commercial credit

4 Analysis of access of the agricultural producers to credit resources

5 Financial savings of agricultural enterprises

6 Demand of agricultural producers for credit resources and the structure of demand

7 Research on the potential for mobilization of savings of rural population and the use of savings

8 Possibilities of the inflow of financial resources from urban areas into countryside

9 The structure of informal financing and the possibilities of its transformation into formal financing

10 Conditions of insurance of agricultural producers

11 Analyses of price parity (terms of trade) of agricultural and industrial products

12 Research on the viability and the potential of financial institutions

13 Conditions and development of leasing services

F Restructuring of agricultural enterprises

1 Research on the existing legislation for the formation of agricultural enterprises of different forms of economic activity

2 Analyses of the efficiency of operation of agricultural enterprises of various kinds of ownership and economic activities

3 Research on the mechanism of allocation of labor product and the stimulation of producers of goods of various forms of ownership

4 Analyses of the qualitative structure of labor resources and the determination of demand in the restructuring period

5 Existence and appropriateness of extension and input supply services during restructuring

6 Impact of restructuring on

- population and employment
- demand for machinery
- priority rankings for water distribution
- demand and priority of allocation of financial resources
- transportation, storage and processing of agricultural products

7 Analyses of the conditions of marketing of agricultural products during restructuring

8 Current structure of cropping lands and various forms of ownership

9 Analyses of specialization and diversification possibilities during restructuring

ANNEX F: TABLES FOR STAGE 1 RESEARCH

All data should be presented for 1991 and 1996 (1997 if possible) for Uzbekistan total and Andijan region, and for Kyrgyzstan total and Osh region

A Land

1 Total land area, and principal uses agricultural (total, arable, irrigated, pastures), industrial/commercial, residential, forest, other, by raion for Andijan and Osh

2 Agricultural land by quality (bonitet and, separately, salinity)

3 Agricultural land by different types of tenure state, corporation, lease, rent, dekhkan, private freehold in Uzbekistan, analogous ones in Kyrgyzstan (reference to existing legislation not draft land codes)

4 Number and area of household and subsidiary plots on large farm enterprises—sovkhoz/kolkhoz/corporation/cooperative/etc

5 Land rent payments per hectare on land of different quality and location

6 Land tax rates per hectare on land of different quality and location

7 Number of land titles (by type state acts, other certificates) issued for each year 1991-1997, for agricultural land and other land, and total number existing at the end of each year

8 Number of land titles registered in state registration organs for each year 1991-1997, for agricultural land and other land

9 Number of land share certificates issued for each year 1991-1997, and total number existing at the end of each year

10 Area of agricultural land surveyed and mapped by state agencies for each year 1991-1997, including "corrections"

11 Number of land plots (or titles) taken back by government or agricultural enterprises, by cause (non-use, misuse, voluntary, other)

B Labor and income

1 Population by age (under 16, 16-35, 36-55, 55-60, 60 and older) and sex

2 Population growth rates, including birth rate, death rate, and migration rate, for rural and urban population

3 Share of rural and urban population officially employed, using same age and sex categories

4 Rural population as percentage of total, by age and sex

5 Average family size by rural versus urban

6 Population density per square km

7 Population per hectare of arable and irrigated land

8 Employment by sector (agriculture, industry, construction,) age and sex

9 Employment by occupational category (e g unskilled manual, skilled manual, clerical, professional,) by sex and age

10 Legal minimum and average wages and salaries by sector, and by sex

11 Legal minimum and average wages and salaries by occupational category, and by sex

12 Average weekly hours of work by sector and sex

13 Average weekly hours of work by occupational category and by sex

14 Estimates of surplus labor by sector, sex and age

15 Distribution of household income by income class, i e by quintiles or deciles (if possible in dollars at official exchange rate for comparability between years and countries)

16 Sources of household income (monetary and non-monetary shares, wages, enterprise and self-employment, pensions and transfers, revenue from private plots) by occupational category (collective farm workers, entrepreneurs, industrial workers, managers, pensioners)

17 Sources of household income (same as above) by income class (top 20%, etc)

18 Migration from rural areas to urban centers (within raion, within oblast, within country, international) by age and sex

C Water

1 Water sources Number of cubic meters of water available for use by source (rivers, reservoirs, groundwater, etc , including amount requiring pumping and amount delivered by sprinklers and drip)

2 Water uses Number of cubic meters used for agriculture, industry, domestic, etc

3 Water use in agriculture number of cubic meters used per hectare by crop (cotton, grain, corn, alfalfa, vegetables, fruits, etc)

4 Costs of water delivery sums/soms per cubic meter spent by different levels of government and for different delivery types (as table 1), by type of expenditure

5 Charges for water paid by different types of users (as table 2)

6 Annual rainfall and distribution by month

7 Evapo-transpiration rates for different crops (as table 3)

8 Number and type of institutions managing water (state organs, agricultural enterprises, water users' associations, etc), and volumes (cu m) managed by each type

9 Length of irrigation canals by type (primary, secondary, tertiary and lined/unlined)

10 Costs per meter of annual maintenance of irrigation canals by type (primary, secondary, tertiary and lined/unlined)

D Mechanization

1 Available agricultural machines by type (tractor, combine/picker, etc) and size (horsepower or rows)

2 Average age of machines listed in table 1

3 Annual expenditures for acquisition of machines listed in table 1

4 Annual expenditures for maintenance of machines listed in table 1

5 Annual operating expenditures (fuel, lubricants,) of machines listed in table 1

6 Distribution of ownership of agricultural machines by state, Machine-Tractor Parks, agricultural enterprises (by legal type), service cooperatives, and individuals

E Finance

1 Consolidated financial statements of all banks

2 Rates of inflation GDP deflator and consumer and producer prices, monthly for all years

3 Exchange rate, sum/som per US Dollar, monthly or quarterly for all years

4 The terms of loans (i e interest rate, length of term) for all types of loans

5 Volume of loans (in sum/som) for all types of loans

6 Interest rates on savings deposits for all types of savings

7 Volume of savings deposits for all types of savings

8 Number of borrowers and savers, by type of account

9 Delinquency rates on loan repayments for all types of loans, 30, 90 and 365 days past due

10 Number of bank branches and employees

11 Volume of inter-enterprise debts, by types of creditor and debtor

12 Volume of the GKI Business Development Fund, by sector**

13 Volume of the Dekhkan Fund, by type of borrower

14 Volume of the CAAEF Fund, by sector of investment

15 Agricultural subsidies in the State and Oblast budgets, by type of subsidy

16 Claims paid by the bank loan insurance agency

** Items 12-16 will be different for Kyrgyzstan, depending on which agencies (such as the Rural Finance Corporation) have activities in agricultural lending

F Restructuring

1 Number of agricultural enterprises by legal type (for each year, 1991-1997)

2 Number of new agricultural enterprises created by legal type (for each year)

3 Number of agricultural enterprises dissolved/restructured by legal type (for each year)

4 Area of arable and irrigated land held by agricultural enterprises of types listed in table 1

5 Average number of workers or shareholders of agricultural enterprises of types listed in table 1 by age and sex

6 Average number of agricultural machines owned by agricultural enterprises of types listed in table 1

7 Debts of agricultural enterprises by legal type and type of creditor

8 Production of principal crops (cotton, grain, corn, alfalfa, etc) of agricultural enterprises by legal type

9 Annual labor requirements (person days) per hectare of crops listed in table 8

10 Purchase of fertilizers, agricultural chemicals, etc by agricultural enterprises by legal type

11 Gross revenue per hectare of production of different crops

12 Net revenue per hectare of production of different crops

13 Crop insurance payments paid to agricultural enterprises, by type of enterprise and reason

14 Status of the provision of social services (schools, kindergartens, canteens, health clinics, etc) by type of provider (state, raion, municipality, farm enterprise, private, other, none)

ANNEX G: LEGISLATION ABOUT BASIS RESEARCH THEMES

For all six theme areas, a list of all legislation (laws, decrees, regulations, etc) should be prepared, and if possible assembled for future consultation by BASIS researchers, both Central Asian and American

A Land

Issue	Provision in Uzbekistan/Kyrgyzstan Law	Reference(s) to article and title/number of legislation
Land Tenure		
Can land be privately owned?		Constitution Civil Code Land Code Other
If so, what types of land can be owned, and by whom (physical persons, legal persons, foreigners)?		
What other forms of land tenure exist in the country(e g lifetime inheritable use, permanent use, lease, etc)?		
What types of land can be held in these other forms of tenure, and by whom?		
What are the terms of the different forms of land tenure (length of term, payments, etc)?		
What are the provisions regarding security of the different forms of land tenure (state guarantees, ability to have access to tribunals or courts for assistance, etc)?		
For what reasons can land users lose their right to use land (non-use,		

wrong use—e g requirements to respect state marketing orders, etc)?		
Which agency has the authority to remove the right to use land?		
What are the conditions for appeal of that agency's decision?		
Are there other actions, less final than taking the land use right, that the agency can take to make users comply with restrictions on use?		
Can the State or local administration take land from users with compensation for loss of use? If so, what are the criteria?		
What documentation is required to support the different forms of land tenure?		
Which agency or agencies issue that documentation?		
In which agency or agencies is the documentation registered?		
Does registration of the documentation provide a state guarantee of security of tenure?		
Which agency or agencies deal with land use planning, zoning, and other forms of control of land use?		
What authority is given to that agency or agencies?		
Are there maximum and/or minimum sizes of agricultural plots?		
What are the rules concerning valuation of land? Is there a normative price for land?		
What are the rules concerning taxation of land?		
Land Transactions		
Can any land be purchased or sold? If so, what is the process for approval and registration of the transaction?		
Can agricultural land be purchased or sold? If so, what is the process for approval and registration of the transaction?		
Can land or land use rights be exchanged, leased out, inherited, or		

mortgaged? If so, what is the process for approval and registration of the transaction? Are there different rules for agricultural land?		
What are the terms of leases of agricultural land?		
How is land held in common share or common joint ownership divided? What are the rules about division of land in the case of divorce or death of a spouse?		
Household plot		
What is the current maximum size of a household plot?		
What are the criteria for distribution and size of household plots?		
What is the procedure for changing the size of a household plot?		
Can household plots be sold, leased, bequeathed, exchanged, or mortgaged?		
Pastures		
What institutions are responsible for allocation and management of pasture land?		
What are the rules that define the amount of pastureland that must be allocated per head of livestock?		
What rules define the rights to use pastures (length of term, stocking rates, etc)?		
What rules define the responsibilities of pasture users (payment, environmental protection, etc)?		

B Labor

Issue	Provision in Uzbekistan/Kyrgyzstan Law	Reference(s) to article and title/number of legislation
Is there a minimum wage? If so, does it differ for urban and rural areas?		
What types of employment are covered by the minimum wage?		
What body sets the minimum wage?		
Is there a legal right to employment?		
Are there legal rules restricting migration? Do they differ by age or gender?		
If a worker works off the farm, will he/she lose the land he/she has a right to use?		
What are the legal rules regarding numbers of hours worked? Are there different rules for agriculture?		
Are there safety or other work related rules which affect men and women differently?		
What are the rules regarding pensions (age of retirement, requirement to leave work at retirement age, amount of payment, etc)? Are there different rules for agriculture? For men and women?		
Are there any legal disincentives for women to engage in any types of agricultural work?		

C Water

Issue	Provision in Uzbekistan/Kyrgyzstan Law	Reference(s) to article and title/number of legislation
How and by which agency or agencies are water rights allocated?		
Are water rights allocated in relation to land rights? If so, how?		
Do agricultural enterprises pay for water use or delivery of water? To which agency or agencies do they pay? How much do they pay per cubic meter?		
Which agency or agencies manage the use of water?		
Are there different rules for access to water by different types of agricultural enterprises (including household plots)? If so, what are they?		
Who is responsible for maintenance of the irrigation system – primary, secondary and tertiary canals and drains?		
What are the penalties for misuse, overuse or pollution of water?		
What documentation exists for water rights and their recordation?		

D Mechanization

Issue	Provision in Uzbekistan/Kyrgyzstan Law	Reference(s) to article and title/number of legislation
What are the rules regarding Machine-Tractor Parks, leasing companies (and their Kyrgyz equivalents)?		
What are the rules allowing agricultural enterprises or other legal persons to establish service cooperatives?		
Do collective farm members have a right to a share of property (non-land assets) of the farm if they withdraw or lease land to start a private farm?		

E Finance

Issue	Provision in Uzbekistan/Kyrgyzstan Law	Reference(s) to article and title/number of legislation
What are the rules for establishing a financial institution? a credit union?		
What are the rules about agricultural loans (who can borrow, amounts borrowed, terms of loans, penalties for not repaying, guarantees)?		
What are the rules about savings by agricultural enterprises in financial institutions?		
What are the rules about pledge and mortgage?		
What are the rules about access to funds in settlement accounts? For what purposes can agricultural enterprises withdraw cash from their accounts?		

F Restructuring of agricultural enterprises

Issue	Provision in Uzbekistan/Kyrgyzstan Law	Reference(s) to article and title/number of legislation
What are the legal descriptions of all types of agricultural enterprises?		
What are the procedures for establishing the different types of agricultural enterprises?		
When an agricultural enterprise is restructured, how and to whom (workers, social sphere workers, pensioners, etc) are land and property distributed?		
Independent of restructuring, what are the legal procedures for individuals or families to obtain agricultural land for use?		
Which agencies are responsible for allocation of land?		
What happens to the debts of the former sovkhoz or kolkhoz when new		

enterprises are formed?		
What legislation exists about the system of state orders and what does it say?		
What is the legal framework for social services and infrastructure provided by the former state and collective farms? Is there legislation that allows for or requires such services to be shifted to local governments?		
How are social services and local infrastructure (roads, irrigation canals, etc) financed?		