

Options pour la gestion des terres domaniales dans les zones rurales de l'ex-République yougoslave de Macédoine

L'objectif primordial de l'ex-République yougoslave de Macédoine est d'adhérer à l'Union européenne. Les questions relatives aux marchés fonciers et à l'agriculture sont liées à cet objectif. La superficie totale des terres agricoles du pays est d'environ 700 000 ha, dont 200 000 ha appartiennent à l'État. En 2007, le gouvernement a sollicité l'aide de la FAO pour améliorer la gestion des terres agricoles domaniales. Une analyse préliminaire a été faite et différentes options ont été identifiées. Il n'existe pas toutefois d'option simple. Près de la moitié des terres sont déjà louées à des agriculteurs privés au titre de baux qui compliquent leur gestion par le gouvernement et n'encouragent pas l'investissement. Même si l'on peut améliorer les systèmes de gestion, les revenus fonciers ne seront jamais considérables à l'échelle nationale. Cet article présente trois options, mais il examine en particulier une nouvelle démarche consistant à vendre les terres aux locataires actuels contre le versement d'une prime de reprise.

Opciones para la gestión de las tierras estatales en las regiones rurales de la ex República Yugoslava de Macedonia

El objetivo principal de la ex República Yugoslava de Macedonia es la adhesión a la Unión Europea. Para conseguirlo, la agricultura y los mercados de la tierra son factores importantes. La superficie total de tierras agrícolas del país es de unas 700 000 ha, de las cuales 200 000 ha son propiedad del Estado. En 2007 el Gobierno solicitó ayuda a la FAO con el objetivo de mejorar la gestión de la tierra agrícola propiedad del Estado. Se ha realizado un análisis inicial y se han determinado las diferentes opciones. Sin embargo, no existen opciones sencillas. Aproximadamente la mitad de las tierras se han cedido a agricultores particulares con contratos de arrendamiento que suponen una carga de gestión para el Gobierno y no estimulan la inversión. Aunque los sistemas de gestión pueden mejorarse, los ingresos que generan las tierras nunca serán significativos a nivel nacional. En este artículo se describen tres opciones, pero en concreto se examina una actuación alternativa que consiste en vender las tierras a los arrendatarios en posesión por una única prima.

Options for the management of state land in rural areas of The former Yugoslav Republic of Macedonia

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The overarching goal of The former Yugoslav Republic of Macedonia is to join the European Union. Matters relating to land markets and agriculture are relevant to this goal. The total area of agricultural land in the country is about 700 000 ha, of which 200 000 ha are owned by the state. In 2007, the government sought help from FAO with a view to improving the management of the state-owned agricultural land. The initial analysis has been made and the options identified. However, there are no simple options. About half of the land has already been let to private farmers under lease terms that create a management burden for the government and do not encourage investment. Although the management systems can be improved, the revenue from the land will never be nationally significant. This article identifies three options, but in particular it examines an alternative course of action of selling the lands to the sitting tenants for single premiums.

INTRODUCTION

With a gross national income per capita of about US\$2 830 per year in 2005, The former Yugoslav Republic of Macedonia is a lower-middle-income country. It is located in the southwest of the Balkan Peninsula. It is landlocked with borders with Albania, Bulgaria, Greece and Serbia. Its total land area is 25 713 km², which is equivalent to 6 percent of the land area of the European Union (EU-25), and about the size of Belgium. Although landlocked, The former Yugoslav Republic of Macedonia is at the crossroads of two major pan-European transport corridors linking link Central Europe to the Adriatic, Aegean and Black Seas.

The country has come a long way in its transition from a centrally planned to a market economy. Progress in this area in recent years has certainly paid off, with the economy picking up and unemployment and poverty showing signs of declining. However, much remains to be done to

create an environment that will create well-paid and stable jobs through private-sector-led growth.

The overarching goal of The former Yugoslav Republic of Macedonia is to join the European Union (EU). It was the first country to sign the Stabilization and Association Agreement with the EU in April 2001 and the most recent country to receive EU-candidate-country status (November 2005). Negotiations on membership started in 2007.

With the signing of the Stabilization and Association Agreement, The former Yugoslav Republic of Macedonia took the responsibility to harmonize its legislation with the EU Acquis Communautaire and since 2001 it has been implementing such a national programme.

After being granted the status of a candidate country, the obligations and responsibilities of the Government of The former Yugoslav Republic of Macedonia for adjusting the agrofood sector to the

Common Agriculture Policy (CAP) of the EU have become ever more important.

In light of this, the Ministry of Agriculture, Forestry and Water Economy (MAFWE) has initiated a process of reform for harmonization of the agricultural and rural sector with the CAP. Improvement in the management of the agricultural land, land legislation and registration systems will be a significant part of this process. At present, the weak land market keeps feeding the process of fragmentation of production into small lots and does not allow greater modernization of the agriculture sector. The result is reduced competitiveness of the producers.

This article has been written as a consequence of the first stage in an FAO technical cooperation project requested by the government to support improvements in the management of state agricultural land. The facts were gathered during a mission in autumn 2007 by the authors, using a study done by Professor Vanco Georgiev (FAGRICOM).

THE NUMBERS

The total area of “agricultural” land in The former Yugoslav Republic of Macedonia is 687 000 ha,¹ but this figure excludes about 600 000 ha of mainly upland grazing land and which is not the subject of this article. Most of the agricultural land in The former Yugoslav Republic of Macedonia is, and always has been, in private ownership. The structure and pattern of private ownership is of concern because the average size of landholding is 2.5–2.8 ha in scattered parcels of 0.3–0.5 ha, so not suitable for modern agriculture

According to the MAFWE, 197 764 ha of agricultural land remain in public ownership. Generally, this is agricultural land without any buildings on it (as the agricultural buildings have been dealt with separately). About half of this area has now been leased and it is estimated that there may be about 1000 separate leases.

¹ The correct figure may now be 545 514 ha. However, this does not affect the conclusions in this report.

EXISTING SITUATION

Policy

We are not aware of any formal statement of policy relating to the management of state-owned agricultural land, nor are we aware of any informed debate on its management. The public ownership of the 200 000 ha of land would appear simply to be an inheritance from the previous socialist regime rather than the result of any clear policy. The actions taken over the last five years appear to be motivated mainly by the sensible desire to keep as much agricultural land as possible in production. The drive for the large-scale leasing programme of the last five years seems to come from local demand from farmers seeking to increase the size of their farms. Clearly, at a higher level the Government of The former Yugoslav Republic of Macedonia is in the process of making the agricultural industry and the land markets ready for EU accession.

Practice

In the last decade, 100 000 ha of land have been let and hundreds of leases have been created. The administrative burden of carrying out this work should not be underestimated. It was mostly carried out with the equivalent of one person at the headquarters of the MAFWE, support from the 33 extension offices and much work from local statutory empowered “commissions” appointed by the Minister of Agriculture. Whatever may be the shortcomings of the leasehold tenure created (see below) or the irregularities that may have occurred during the processes, it is nevertheless a considerable administrative achievement. The work is now to be controlled by a newly established section in the MAFWE. The relative responsibilities of the extension offices and those of the commissions were not made clear to us and we suspect that these need to be defined.

The mechanism for demanding and collecting the rents and enforcing payment has not been properly developed. It appears to depend mainly on the local knowledge

of the extension offices.² Payments are made to the Ministry of Finance through a bank and the mechanisms for this are well designed and work well. In autumn 2007, the MAFWE had no figures to show the amount of the annual rent that should be collected, how much had been collected and the location and quantity of the arrears.

The law

The main statute governing the management of state-owned agricultural land is the Law on Agricultural Land (MAFWE, 2007). There is concern that this newly created law does not provide a sound basis for the better management of state-owned agricultural land. It is not so much the detail of the law that causes concern but the entire philosophy that appears to underpin it. It appears to be predicated on the assumption that farming will remain unchanged in method and tenure. Some of the concerns are identified by these comments:

- Article 5 confines the use of agricultural land to exactly that in the record of cadastre.
- Article 17 bars the sale of state-owned agricultural land.
- Article 18 defines the classification of users of the land. The length of the term of the lease depends on the user and, consequently, the duration of the term is unnecessarily restrictive.
- Article 39 assumes an extension of the lease at the end of the term but under the same terms as the basic agreement, which is restrictive and unnecessary.

There are administrative articles in this law that are unsatisfactory or contradictory. Consequent on the unsatisfactory statutory framework, the resulting lease documents have the following defects:

- The bar on sale or assignment prevents the lessee from raising money against the security of the leasehold title.
- The bar on sale or assignment excludes all the let land from the property market, thus inhibiting its operation.

² The local knowledge of those working in the extension offices is a valuable asset.

- The bar on subletting is probably unenforceable in practice.³
- There is an underlying assumption that the tenant will continue to use the land for the specific classified purpose (or purposes) (e.g. arable, vineyard, orchard or meadow). Farming methods, markets and priorities will change in the 30-year term and farmers should have the freedom to farm as they choose.
- There is no provision for compensation to an outgoing tenant at the end of the lease for improvements made to or on the land. Such a provision would encourage lessees to invest. There should also be a mirror-image provision for the tenant to pay for any damage caused to the holding. There appears to be no legal reason why such provisions should not be included in the leases.
- The rental provisions are unusual. They are determined as a proportion of the average wheat yields over the last five years (which commonly equates to 0.3 tonnes/ha) at the wheat price of the previous year. While this provision is ingenious and has the merit of indexing rents in line with one measure of inflation, there are disadvantages. Wheat is not a main staple crop in The former Yugoslav Republic of Macedonia. Denominating the rent of a vineyard, for example, in the terms of wheat prices makes little sense. The fluctuating price of wheat on the world market in the three years 2006, 2007 and 2008 clearly demonstrates the disadvantages of the system.⁴

The overall result is that some 1 000 tenants are holding more than 100 000 ha of agricultural land under terms that provide an unsatisfactory basis for flexible agriculture and exclude that land from the land markets. (It should be noted

³ There are always legal methods of avoiding the bar on subletting.

⁴ The world price of wheat doubled between 2006 and 2007. Thus, in 2007, a vineyard tenant or a livestock farmer might have had to pay double the rent paid in the previous year.

again that this study does not apply to the significant area of “pastureland”.⁵⁾

FACTORS RELEVANT TO MANAGEMENT

Agricultural land management is easier and cheaper where the separate holdings are relatively large and the whole is within one ringfence or location. This is not the case in respect of state-owned agricultural land in The former Yugoslav Republic of Macedonia. This land comprises many holdings, some relatively small, in many scattered locations. Therefore, such a pattern of ownership will always be expensive and difficult to manage. Furthermore, a study of a sample area showed that many occupations of the land did not conform to the area specified in the lease documents. This is a consequence of the scattered pattern of ownership, which makes the surveying of boundaries more difficult, and a result of the lack of available land management skills when the leases were created. It is also a general consequence of public ownership. The owners of private lands know and maintain their boundaries. The public sector does not do so in the same way.

On the other hand, in The former Yugoslav Republic of Macedonia, there are generally good cadastral records and the capacity to maintain them (even if imperfect in respect of state ownership in rural areas).

⁵ We did not examine the management of “pastureland”, a task that is carried out by the public enterprise Pasista. On the basis of knowledge in the public domain and using the experience of those with some knowledge of the situation, we make these general comments. Pastureland amounts to about 600 000 ha. Most of it is upland used for seasonal grazing. A small proportion of it may be lowland that is managed by Pasista simply because it is or was classified as pastureland in the cadastre. Although three times larger in area than state agricultural land, its value and economic importance are significantly lower. However, its environmental importance for The former Yugoslav Republic of Macedonia is no doubt considerable. On the basis of our limited knowledge, we express these opinions:

- We see no advantage in the management of the pasture being separate from that of the state agricultural land and we see many disadvantages. The same methods of land management apply. It makes organizational sense to combine the management of both.
- If we had had the opportunity of examining the management of pastureland, we think it unlikely that we would have recommended the sale of upland pastureland.

There is also a large amount of information on agricultural matters. Moreover, there is the advantage that these lands contain very few buildings under state ownership. Buildings add another dimension to the problems of land management.

Other adverse short-term factors that inhibit good management of state-owned agricultural land include the lack of clear policies, management priorities, experience, resources and training in many aspects of land management. All these factors can be corrected.

INTERNATIONAL EXPERIENCE

Most governments, whether in the developed economies or countries in transition or in the developing world, prove to be inefficient, ineffective and wasteful landowners. Although great improvements were made in the management of public-sector estates from about 1980 onwards (particularly in some of the English-speaking countries), it is difficult to find many examples of good practice in the management of agricultural estates in the public sector. The causes for this widespread failure are known and understood. Any scheme for improving the management of the public-sector estate should therefore have to regard to international experience.

There are valid reasons why governments the world over decide that the state or local government or government-owned bodies should be the owner of land and buildings that are leased or issued to others on a terminable basis. In theory, there are many benefits:

- financial advantages;
- control of the environment for the benefit of the community;
- strategic economic benefit for the community;
- poverty reduction.

All the above are legitimate, indeed admirable, concerns of government and it would be a great benefit to the community if the theoretical advantages could be delivered in practice. The problem is that they generally cannot be. Political

TABLE 1

Capital value of state agricultural land, assuming 90 percent let

Value during 30-year lease term		
Rental income per year	€5 550 000	
Years purchase 7 percent for 30 years	11.4	€63 270 000
Value of the reversion in 30 years	€555 000 000	
Deferred 30 years @ 7 percent	0.13	€72 150 000
Total		€135 420 000

Note: The calculation makes several crude assumptions, some of which we know to be incorrect. For example, not all the lease terms are for 30 years. The term of the lease and the number of years to the reversion obviously affect the value of each leasehold interest. If the information had been available, it would have been possible to give a much more accurate indication of value. However, we did not have an up-to-date rent roll available with which to carry out such an exercise.

constraints prevent the public sector from receiving the full financial benefit from the rents during the currency of the leases or realizing the vacant possession value at reversion.

The fundamental methods of good land management are known and understood. The techniques and methods that need to be applied to land management in the public sector are identical to those applied in the private sector. Although a shortage of some land management skills in the public sector is a problem in The former Yugoslav Republic of Macedonia, there are no technical issues that cannot, in theory, be solved.

The root of the problem is that the factors required for successful land management are at variance with those required for politics. Good land and estate management requires clear, simple and unambiguous aims and objectives. On the other hand, politics is frequently a matter of compromise, with the politician having to satisfy many people with conflicting interests. This is the politician's job. In summary it is difficult, and sometimes impossible, to reconcile politics with good land management.

We found no reasons that would suggest that the circumstances in The former Yugoslav Republic of Macedonia would be in any way different from those described above.

TOWARDS BETTER LAND MANAGEMENT IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The thesis of this article is that it is impossible to make progress without understanding the practicalities of land management, identifying the realistic options for the future and calculating the financial consequences of the different courses of action. The options are constrained by the practicalities.

Therefore, we have made some approximate calculations of revenues, costs and the approximate values of state agricultural land under different circumstances. The important underlying figures are these:

1. The potential gross annual rental revenue (taking into account the present leases) is less than €5.5 million.
2. The capital value of the state's interest in state-owned agricultural land as let on the basis of the terms of the present concessions is probably less than €150 million (Table 1). This indication of value is the sum of the value of the revenues to be received by the government during the period of the leases and the deferred value of the reversion at the end of the leases.
3. The theoretical open market capital value of the state-owned agricultural land may be about €500 million.⁶

⁶ We optimistically assume that the full value of the reversion at the end of the lease would be realizable. In reality, this is unlikely to be possible.

This last theoretical indication of value is not in reality entirely obtainable because half of the land is already let. The creation of the leases has reduced the value of the landowner's interest – in this case the state's interest. However, even if it were not let, the full value could not be realized without flooding the market.

Nevertheless, this figure indicates the underlying potential of the land that can still be released, at least in part. It should be noted that the difference between the figures in points 2 and 3 above is at least €350 million. This hidden value has in part been transferred to tenants due to the favourable terms of the concessions. However, in larger part it represents capital that is unusable at present. The state as owner is not receiving the proper return on its capital. The lessees/concessionaires are prevented from exploiting the full agricultural potential of their land because of the restrictions in the leases. The €350 million therefore represents the “dead capital”.⁷

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THE OPTIONS FOR IMPROVEMENT

Assuming that to retain the status quo is not an advisable course of action, what are the options? We identify three options, of which only two are really viable, and examine the consequences.

⁷ We are using the term “dead capital” as in *The Mystery of Capital* by Hernando de Soto.

⁸ In reality it may be much greater than this figure.

Option 1: Retain all land and manage it actively

The first option is the retention of all state agricultural land and the introduction of efficient management systems. This is no simple matter. The land management functions are expensive and time-consuming. It is not merely a matter of collecting the rents (which is by no means simple) nor is this primarily a mapping exercise. Many of the functions require individual contact with individual lessees or potential lessees, and this is inevitably time-consuming.

The skills required relate as much to valuation, law and accounting as they do to agriculture and land surveying.⁹ Not surprisingly, in other countries the fees charged by private-sector land managers to private owners are seldom less than 10 percent of the total annual rents.¹⁰

Noting that the most recent estimate (2006) of the rents received is €1.2 million, we estimate that the gross rent roll for state agricultural land is unlikely to exceed €5.5 million per year (on the basis of present prices) and could be significantly less than this.¹¹

On the basis of experience elsewhere and with knowledge of the circumstances in The former Yugoslav Republic of Macedonia, we consider that the costs of good land management would amount to not less than 20 percent of the rent totals, which amounts to an annual cost of more than €1 million.¹²

On the most optimistic assumptions, the annual net revenue accruing to the state would be unlikely to exceed €5 million.

⁹ These latter skills are already available.

¹⁰ The published accounts of The Crown Estate Commissioners, United Kingdom, show operating costs as being about 12 percent of turnover. There is no reason to suppose that The former Yugoslav Republic of Macedonia can achieve better than this kind of efficiency.

¹¹ In our calculations of the rental revenue, we assume that the unlet land is of the same quality as that already let. This may not be the case. There may be large areas that are unlettable. The estimate of revenue is likely to be optimistic.

¹² The reasons for supposing that the costs of management would be higher in these circumstances are: (i) the estate consists of many scattered holdings; and (ii) the rents are well below the full rental value.

The main advantage of this option is that it would be better than the status quo. There would be certain, if restricted, revenue streams. The improved management systems would better safeguard the state's interest. However, it is hard to see any real advantages to the state in owning this agricultural land and there are these definite disadvantages:

- The rental revenue will always be small and not significant to the national budget.¹³
- The public ownership of land provides opportunities for political patronage and outright corruption.
- Farmers are more restricted in their freedom to farm under the terms of the present leasehold interest than they would be if they owned the land. The current leasehold tenure strongly inhibits investment and does not facilitate optimal agricultural production.
- There must also be concern that the restrictions on sale and subletting, which could potentially affect up to two-sevenths of the national agricultural land, do not accord with the EU requirements for a functioning land market as specified in Chapter 4 of the *Acquis Communautaire*.

All these structural defects affect the ability of The former Yugoslav Republic of Macedonia to realize the full potential from its agricultural land. However, the real risks and disadvantages inherent in this option are that the state will simply fail to deliver a system of good land management. If governments throughout the world have so often proved to be inefficient landowners, it might be considered unwise for the government to suppose that any other outcome is likely in The former Yugoslav Republic of Macedonia. However, even if improvements in management were achieved, it would be difficult to manage the state's agricultural estate efficiently because of its fragmented nature.

Therefore, we believe that this option involves a high risk for no potential advantage.

¹³ For 2006, the country's gross domestic product was €4 billion and the total tax revenue €971 million.

Option 2: Dispose of all non-operational land

We considered and rejected this option, which would result in the government acting in a completely commercial manner. If the entire estate were owned by a commercial company, it might well decide that it was unmanageable and seek to realize as high a price as possible by selling as soon as possible to the highest bidders. The lands would be offered in lots. The highest price would often be obtainable from lessees who would not wish to have the land sold from under them. The threat of this happening would often induce bids well above the investment value. There is a substantial difference between the investment value and the vacant possession value. When concessionaires/lessees purchase, they then have an asset that is worth the vacant possession value. Therefore, there is every incentive to purchase.

It would be politically impossible for the state to act with commercial ruthlessness in this way, and we have not considered the option in detail.

Option 3: Retain strategic land and dispose of remainder

If the above options have weaknesses and involve risks, is there another option? We believe there is. The government could consider selling state agricultural land on a selective basis. We might suggest outright sales, but it may be that the sale of 99-year leasehold interests for a single premium would be more politically acceptable. The reasons for examining this option are not ideological but purely practical.

In outline, the proposals are:

- All "designated" state agricultural land under lease or concession at a specified date should be offered for sale to the concessionaires/lessees at the investment value.¹⁴ The option for the lessee to purchase would be kept open for three years.

¹⁴ We would favour a simple formula of a multiple of the rent due in the current year. For example, if the premium were fixed at 20 times the rent, the purchaser would be buying the asset at a very advantageous price, acquiring an asset worth at least double the purchase price.

- All state agricultural land would be “designated” as being for sale unless the MAFWE considered it would be required within ten years for a scheme of consolidation of scattered holdings, or for conversion or development for a use other than agriculture, or required for a strategic agricultural purpose, or were land requiring special environmental protection. No upland pastureland would be designated as being for sale.
- After the three-year period, the land that had not been sold would be offered for sale on the open market at its market value but subject to the existing lease/concession.¹⁵ The lands would be grouped or lotted in a way that would best facilitate the sale.
- The state would offer a clean and unchallengeable title to the lands sold and compensate any person who could subsequently show title or claim to it.
- The purchasers of 99-year leasehold terms would be free to sell, lease, mortgage or bequeath the land as they pleased. They would also be free to farm and crop the land without being restricted by the present agricultural classification.
- The state would reserve title to any part of the lands to which there could be privatization claims (possibly normally 15 percent of the area in a convenient location) in order to meet these claims. In the meantime, the purchasers could farm that land freely and it would revert to the purchasers, or their successors in title, if no claim arose within ten years.
- The state would retain the rights to all minerals.¹⁶
- The state would retain a 50 percent right to any development value arising from a sale or lease of land within ten years of purchase.

¹⁵ The lessees would still be able to purchase their land but now they would have to compete with others.

¹⁶ If minerals were found and worked, there would have to be proper compensation payable to the farmer for the loss of the agricultural interest.

The time scale for the execution of this option would be up to seven years. We consider that such a scheme would take one year to prepare, that about 50 percent the agricultural land would be sold in the first three-year option period, and that a further 25 percent would be sold within the next three years. Even after ten years, there would be a residue of unsold land, possibly 15 percent, that would have to be managed.

There would be a cost to the state at the outset because the administrative machinery needs to be set up. Returns from sales would start to accrue from year two but might not peak before year four. We consider that there could be a net return of €100 million over seven years. If necessary, it could make financial sense for the government to borrow money for the initial expense and to use the proceeds of the sales to re-pay over a period of seven years. However, the financial projections suggest that the exercise might never be in deficit and there would be no need to borrow.

The two main direct advantages for the government in adopting this option are:

- In the long run, it would reduce the MAFWE’s management burden;¹⁷
- The government would raise a significant amount of cash.

The indirect advantages are very much greater. This course of action would put the tenant farmers in direct control of their land with the freedom to farm as they pleased. Thus, they would be better able to compete in the EU. It would facilitate the land market in accordance with the EU entry requirements. A functioning land market would in turn lead to the more rational occupation of farm holdings.

ADMINISTRATION AND ORGANIZATION

The Government of The former Yugoslav Republic of Macedonia is well aware that improvements need to be made to their land management systems and this is exactly why they requested FAO’s help. In this article, we have not described the

¹⁷ This statement assumes that 99-year leases would be sold for a single one-off premium and that there would be no annual ground rent to be collected.

detailed systems required for the good management of real estate assets. However, in order to make our analysis, we have had to understand the present systems and consider the necessary enhancements. Whatever course of action is decided upon, the administrative machinery of estate management will have to be improved.

CONCLUSIONS

The area of land considered in this study is small, subject to a single use and relatively homogenous in character. However, we consider that there are general lessons to be learned that are widely applicable for the better management of the public-sector estate.¹⁸

Policy options are always constrained by what is possible in practice. Therefore, it is necessary to start by identifying the technical and practical problems of the management task that is being considered. The amount of work, the skills and the organizational systems required to manage land and property efficiently are commonly underestimated. The costs are unlikely to be less than 10 percent of the full rental values and frequently a significantly greater proportion of the revenue. An understanding of the practical difficulties is essential.

When considering the management of the public-sector estate in any country, it is sensible to ask two basic questions:

- Why is the land under public ownership and should it remain so?
- What benefits are there for government or for society from retaining the lands and properties under public ownership?

As seen above, in this case we were not able to identify the benefits in relation to state agricultural land in The former

Yugoslav Republic of Macedonia. However, our conclusion here should not be taken to suggest that private ownership is always better than public ownership. We advocate a neutral ideological stance with the decisions made on the basis of facts of each case.

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¹⁸ The public-sector estate in any country can be categorized in two ways. The first category is "operational land", which includes all lands and buildings held by government for its own use and occupation. Operational land includes many uses: parliament buildings, government offices, military establishments, civil airfields, hospitals and many more. The problems relating to the management and efficient use of operational land are not the same as those relating to other parts of the public-sector estate. In this article, we have not addressed the problems relating to the management of operational land.