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INFORMATION SUPPORT FOR THE NIZHNY NOVGOROD OBLAST LAND REFORM PROGRAMME

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1. In 1990, in order to tackle the problems facing agriculture in Russia and raise its productivity and efficiency, amendments were made to the Russian Constitution concerning ownership, peasant farms and the Land Code, in which the possibility was raised for the first time of modifying property relations in the agricultural sector. However, the new legislation did not lead to any substantial changes.
2. For that reason, between 1991 and 1993 Presidential decrees and Government decisions were adopted to define the procedure for the reform of collective and State farms.
3. The entire regulatory framework was drawn up in conformity with the Russian Constitution, which lays down the right to private ownership of land and the freedom to occupy, use and dispose of land and other natural resources.
4. Despite the fact that, in accordance with the legislation, most farms were re-registered and transferred their land into the ownership of their workers, the creation of new agricultural units remained a formality in the absence of practical means of moving to private forms of ownership.
5. Of major significance in this context was the “Zerno” programme for land privatization and reorganization of agricultural enterprises drawn up on the initiative of B.E. Nemtsov, the Governor of Nizhny Novgorod oblast, by a group of specialists from the Agrarian Institute of the Russian Federation Academy of Agricultural Sciences together with consultants from the International Finance Corporation.
6. The purpose of the programme is to create a model of the transfer of land and property from State and collective ownership into private ownership, and also to prepare a guide on this topic for practical use by agricultural enterprises in the oblast and in Russia in the future.
7. The aim of the reform is to ensure the creation of a competitive, efficient agricultural sector, as well as to address social problems arising in rural areas. It is designed to restructure not only agriculture itself, but also the system of management and interactions with it. Farmers displaying initiative and entrepreneurial ability receive special support, as they hold the key to the future. The reform programme creates favourable economic conditions in the shape of an acceptable policy on credit, taxes and prices, and a system of targeted investment along the lines followed in all the world’s developed countries is applied.
8. The programme for the reorganization of agricultural enterprises comprises a number of stages. During the preparatory stage a decision is taken to reorganize the agricultural enterprise. Then an inventory of the land and property is drawn up. The land is valued on the basis of the points system in force in Russia, which reflects differences in land quality, while property is valued on a depreciated cost basis. Facilities with a social role are transferred to local government authorities.
9. After a list has been drawn up of persons entitled to receive shares of land and property, the shares due to each claimant are calculated.
10. It is important to point out that the main principle governing the reform of agricultural enterprises is voluntary participation in the process, so that each member of the farm receives as private property his or her share of the land and property, and may, in accordance with the agreement drawn up, sell, rent or pool it in newly formed joint projects.

11. Next an auction is held within the company to distribute the land and property, the sole means of payment being the points and entitlements to property accumulated by the members as the farm's assets were divided up. The final stage is the issue of documents confirming the new owners' title to the land and property, and allocation of jobs to the staff of the reorganized enterprises.
12. All the stages of the reform enjoy appropriate information support.
13. The "Zerno" programme was first implemented by the administration of Nizhny Novgorod oblast in November-December 1993 in the "Pravdinskaya" joint-stock peasant farm in Balakhna district and the "Niva" limited partnership in Buturlino district.
14. The process of reorganizing five farms participating in the programme was completed by the end of spring 1994. After visiting an auction at the "60th Anniversary of October" collective farm in Gorodets district, Prime Minister V.S. Chernomyrdin signed decisions giving Government approval to the reorganization programme and extending the application of the Nizhny Novgorod model to other regions.
15. In summer 1994 three more oblasts - Rostov, Orlov and Ryazan - expressed a wish to carry out a reorganization exercise in their farms. During the year reorganization was carried out in one farm in Rostov oblast, six in Orlov oblast and three in Ryazan oblast.
16. In our oblast 131 farms have been reorganized to date in 36 districts, giving rise to 63 limited partnerships, 143 companies and 8 agricultural cooperatives which not only produce agricultural products but also provide services (repairs to agricultural machinery, goods transport, etc.), as well as 458 peasant farms.
17. A total of 73 agricultural enterprises are ready for reorganization. In 36 of them preparatory work is already under way.
18. In addition to the "Zerno" programme, a number of other all-round programmes in various economic sectors also exist in Nizhny Novgorod oblast. However, in the absence of an appropriate methodology it is impossible to monitor the implementation of these programmes.
19. Consequently, the need to evaluate the work of reorganized farms and conduct a comparative analysis involving units in other types of ownership has become acute. In the first half of 1997, bearing in mind the pressing need for monitoring the activities of new organizations, the Agriculture and Food Department of the Nizhny Novgorod Oblast State Statistical Committee was the first in Russia to devise a methodology for monitoring the process of reorganization of farms under the "Zerno" programme.
20. In June 1997 this methodology was used to conduct a comprehensive investigation of the achievements of agricultural commodity producers in the production and financial spheres before and after the reform.
21. A special system of indicators was devised to analyse the activities of the enterprises before and after the reform.
22. The indicators in the agricultural enterprises before the reform were recorded for 1990, 1993 and the year preceding the reorganization; 1996 was taken as the base year for newly formed enterprises.

23. Two types of questionnaire were completed during the investigation, which were also devised in the oblast State Statistical Committee's Agriculture and Food Department:

1. Information on the achievements of each agricultural enterprise in the production and financial sphere.

2. Questionnaire for the survey of peasant farms and small enterprises.

24. After the questionnaires had been completed and checked, they were forwarded for processing and analysis in the Nizhny Novgorod Agrofond, the agency which deals with reform issues in the region.

25. This operation made it possible to provide answers to a number of practical questions: Has agricultural output become stabilized as a result of the reform? If, because of the very difficult economic situation in the sector as a whole, there has been a fall in output in the reorganized farms and a reduction in the intensity of use of land and fixed assets, how much smaller or greater has this fall been than the average in the oblast and in unreorganized farms? The results of the analysis enabled corrections to be made to the process of reform.
