

Land banking in The Netherlands in the context of land consolidation

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Introduction

As a result of the Munich seminar on “land consolidation, a gateway to sustainable rural development” of February 2002, a statement was published, which basically advocates the use of land consolidation in the framework of rural development to mitigate the severe land fragmentation in Central and Eastern Europe and former Soviet republics. A recently published thesis “Dealing with Central European land fragmentation” (Van Dijk 2003), however, claims that land consolidation is not the solution for the two countries studied, Hungary and Bulgaria. In stead, land banking is introduced as a more practical and efficient tool to address the land fragmentation problems in Central Europe. In this study land banking is described as the use of a land buffer by an impartial agency, which is not primarily interested in accumulating land, but in redistributing it. The land buffer is referred to as land fund, which manifests itself in two forms, diffuse and concentrated. Looking at the rural areas in the Netherlands throughout the larger part of the 20th century, their spatial development is characterized by a continuous process of re-arrangement and restructuring, of which the major part takes place in the context of land consolidation/development projects. Normally these projects can only be successfully completed by using the land banking instrument as lubricant for the land re-allocation process. Derived from the practice of land banking in the Netherlands the following definition emerges:

“Land banking is the structural acquisition and temporary management of land in rural areas by an impartial State agency, with the purpose to redistribute and/or lease out this land with a view to improve the agricultural structure and/or to re-locate the land for other purposes with a general public interest”

In the course of the last 70 years three major developments determined the scope of land banking in the Netherlands:

1. From 1930 – 1970 five large areas were reclaimed from the shallow seas in central and northern Netherlands (approximately 175,000 ha)
2. During the fifties and sixties large tracts of agricultural land were “claimed” from nature areas (heath land)

3. From 1960 onwards the Dutch Government facilitated a farm restructuring process by subsidizing the exit of inefficient agricultural holdings for the benefit of farm enlargement of potentially sound enterprises (from 250,000 farms in 1945 to 90,000 at present).

Institutional set up

Traditionally there is one State institution in the Netherlands, charged with the acquisition and management of Government property, both movable and real estate. This is the State Domains Service (Domeinen), established in 1841, which functions under the Ministry of Finance. As regards land, the tasks of this Service are:

- Development of government policy in land matters
- Management of State owned land
- Facilitation of the use of State land
- Sale of State land

The State Domains Service operates in a decentralized way, with regional offices throughout the country.

When the decision was taken in the first half of the previous century to transfer the inland Zuidersea into a sweet water lake, and turn over parts of it into (agricultural) land, a special service was founded to manage this “new” land and facilitate its use. Thus the Directorate “Wieringermeer” and later the “Service of IJsselake Polders (RIJP) were established. Both agencies functioned under the responsibility of two Ministries, Finance and Transport and Waters.

The large scale reorganization of the Dutch agricultural sector after World War II, required a specialized institution under the responsibility of the Ministry of Agriculture and Fisheries. As such an institution was already established (1946) to deal with the restitution of land, which was expropriated by the occupation force, the tasks of this institution were in the course of the second half of the last century extended to deal with all diffuse State land matters. The legal form of this institution was a State Foundation, called “Foundation for Land Management”(SBL), and much later renamed in “Bureau for Land Management (BBL). Its main tasks developed to be:

- Acquisition of land in rural areas for the purpose of improved land use and management (approximately 7,000 ha annually)
- Management of revolving land fund (40,000 ha)
- Facilitate the temporary use of land
- Sale and distribution of land for multiple purposes

With regards to the numerous land consolidation/development projects, BBL had and has still an active and dynamic role. As a consequence the Bureau merged with the executive service for land consolidation projects, the Service for Land and Water Management (DLG) in 1995.

Although the first activities of the SBL/BBL were backed up by a special emergency Act, its main operations later are determined by the Land Consolidation Act of 1954 and the rural area development Act of 1985, and in the near future by the new Act on spatial structuring of the rural areas, probably to be adopted in 2005.

Land banking and land consolidation

Throughout the 20th century, land consolidation either on a voluntary or a legal basis, has been going on in The Netherlands. History also shows that consolidation was rarely an isolated activity, but was from the beginning connected with land reclamation and water management activities.

Only after the Second World War, land consolidation grew considerably in importance in The Netherlands and became particularly in the 60ties and early 70ties an instrument for farm restructuring and enlargement. Illustrative are the figures for the total area under implementation, which was only 36,000 ha at the end of 1945, while from 1960-1969 annually over 50,000 ha were taken on, which then decreased again in the 70ties to an average of 41,000 ha per year. Although after the war, land consolidation was also applied in a few larger disaster areas (e.g. flood disaster 1953), the consolidation instrument usually concerns areas between 2,000 and 10,000 ha.

In 1958 the land consolidation instrument was economically evaluated, which resulted in a multi-annual plan for land consolidation and related work, in which a regional priority ranking was presented, whereby the investment impact ratio was one of the determining factors. State investments per ha for the decade to come were budgeted on Euro 900 – 1,100.

In terms of development of the agricultural sector in the corresponding period it is noted that from 1950 – 1974 the number of agricultural holdings (1 ha and more) decreased from 241,000 to 147,000, and the agricultural labor force diminished with over 60% (Greve, 1981).

In spite of the successes of land consolidation, already at the end of the sixties, doubts were expressed about the single sector emphasis of the instrument. Particularly the negative consequences for the traditional rural landscape types were a source of concern, although the attachment of a landscape plan to the land consolidation plan was already mandatory according to the land consolidation Act of 1954.

Therefore in the 70ties a period of reflection started, whereby new directions were discussed and explored for the land consolidation projects. As a consequence the main focus was redirected on a sensible balance between the interests of agriculture, landscape, nature conservation and recreation facilities in the planning and implementation of land consolidation/rural area development projects. These new developments led to two important national policy documents, one describing the relations between the relevant sectors in the rural areas (Relation memorandum) of 1975, and the “Structure Schedule for rural area development” (Ministry of Agriculture and Fisheries) of 1981.

Together with similar schedules for “Outdoor Recreation” and “Nature and Landscape Preservation”, the latter schedule forms the backbone for the rural area policy until 1990. Besides, this joint policy was an important inspiration for the presently still valid Act of 1985. This Act provided more room for a flexible implementation of land consolidation in solving spatial constraints, particularly also in urbanizing areas. Gradually the emphasis of land consolidation thus shifted from being a project objective to restructure agriculture into being an instrument to achieve more efficient multiple uses of the rural areas.

Land banking has always been a key factor for the success of land consolidation projects. Particularly in the 60ties and 70ties, the sound economic development of the primary agricultural sector was severely in jeopardy by too many small agricultural holdings in

the traditional areas. In that sense the large-scale land reclamation projects, which were carried out in that period, formed a safety valve for the sector under pressure. It was arranged that of the total area of about 170,000 ha, thus reclaimed, half would be allocated to farmers who were prepared to leave congested areas of the “old” land, and re-invest in farms on the “new” land. These re-allocations were mostly realized in the frame of land consolidation projects, thus making room for farm enlargement and increasingly for alternative land use purposes with a general public interest (nature reserves, recreation areas and afforestation). Evidently the two main state land management institutions, State Domains/RIJP and the SBL/BBL had to cooperate closely, in order to use both the concentrated land resources of the former and the dynamic diffuse revolving land fund of the latter, for the purpose of territorial reorganization.

Nevertheless also without concentrated land resources outside project areas, land consolidation projects were and are successfully carried out. However, in those cases dynamic land banking is the mandatory key for the realization of multi-purpose land re-allocation. As a rule of thumb DLG/BBL considers that a minimum of 5% of the total project area should be channeled through the local land fund, in order to achieve the normal project objectives. Depending on additional goals of certain projects, e.g. to turn over larger agricultural areas to other destinations; more land should be procured by BBL. In the LC act of 1954 the area to be acquired by BBL and re-allocated to non-agricultural use was still limited to 5%. In the more recent Act of 1985 this limitation has been abandoned, and since then much higher percentages of project areas are allocated to alternative land use.

Looking at the situation nowadays, considerable differences in land banking are manifest, if compared to several decades ago.

First of all no concentrated tracts of land are likely to become available in the near future, and secondly the main thrust of State land acquisition by DLG/BBL is targeted on the creation of nature areas, in order to contribute to the Ecological Main Structure in the Netherlands, which consists basically of nature corridors to connect the rather thinly spread out nature areas in the country. Meanwhile land prices have gone up to such an unrealistic level (average of Euro 35,000 per ha) that the relation with the yield from agricultural production seems broken and land mobility is hampered.

Recreation of “new nature”, which is one of the spearheads of the “green” policy in the Netherlands although gradually becoming an expensive matter, will nevertheless still continue

Some conclusions from the Dutch land banking experience

- Two State institutions from different Ministries are involved in agricultural land banking; one as a more passive actor, the other operating as an active government agency, acting on assignments from public bodies
- Both concentrated and diffuse land banking forms were and are operational in The Netherlands, and were in fact complementary used in the practice of land consolidation
- A successful implementation of land consolidation projects without a form of land banking seems hardly feasible

- Land banking by State agencies should not disturb the free market operations of the land market
- Land banking serves multi-purpose spatial planning in rural areas
- There is a tendency of the Dutch Government to capitalize their remaining land fund, among others to transfer lease into ownership

18 March 2004, Jack Damen

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