

NATIONAL LAND FUND Hungary

International Workshop on Land Consolidation and
Land Banking

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NATIONAL LAND FUND (NLF)

- National Land Fund (review)
- National Land Fund Management Organization (NLFMO) from September 1, 2010
- Legal background
- Purpose of NLF, Principles of Land Policy
- Toolbox
- Summary

NATIONAL LAND FUND (NLF)

- **NLF was established by Act CXVI. on National Land Fund on January 1, 2002**
- Treasury assets of the Hungarian State consisting of
 - agricultural land
 - forest land
 - land taken out from cultivation (but serving the use and cultivation of agricultural and forest land)
- **Owner's rights belong to the minister responsible for agriculture and rural development, through assets manager organization**

NATIONAL LAND FUND (NLF)

- **Hungarian National Land Fund Plc.**
 - January 1, 2002 – July 31, 2002
 - Take-over of land-assets from former assets-managers (ÁPV Zrt., KVI)
 - Development of land assets-register
- **National Land Fund Management Organization (NLFMO)**
 - August 1, 2002 – December 31, 2007.
 - Not a legal successor (budgetary organization)
 - Principles of Land Policy (Parliament, no legal-force)
 - Land management: 1) leasing, 2) temporary use of land, 3) land-swaps, 4) sale, 5) contract of assets-management
 - Purchase of land for life-annuity (fragmented part of assets) International relationship (FAO, DLG, TALC, FARLAND, ELO)

NATIONAL LAND FUND (NLF)

- **Hungarian State Holding Company (MNV Zrt.)**
 - January 1, 2008 – August 31, 2010
 - Legal successor, state-holding company (NLFMO, ÁPV Zrt., KVI)
 - Different type of state owned assets-groups (NLF, company-portfolio, other treasury assets) managed by one state holding company
 - Land management: 1) sale, 2) land swap, 3) temporary use of land, 4) leasing, 5) contract of assets-management
 - Purchase of land for life-annuity (fragmented part of assets)
 - International relationships were broken

NATIONAL LAND FUND MANAGEMENT ORGANIZATION (NLFMO)

- **Act LXXXVII. of 2010**
 - NEW NLFMO from September 1, 2010
 - Budgetary organization, not a legal successor
 - Legal-successor of MNV Zrt. for the rights and liabilities associated with NLF
 - Principles of Land Policy with legal-force
 - Land Policy Council (>100 ha/100 million HUF; non-compensated assets-management contracts and sale of land, deals made without public tenders or auction [vs. confiscation])
 - Land management: 1) leasing, 2) contract of assets-management, 3) land swap, 4) sale
 - Involvement in land-consolidation and land banking activities

LEGAL BACKGROUND

- **Act LXXXVII. of 2010** on National Land Fund
- **Government decrees** on land assets register and land-management of NLF, land-program for social purposes (under preparation)
- **Act LV. of 1994. on Fertile Land**
- **16/2002. (II. 18.) Government decree** on using pre-emption right (sale or leasing of fertile land)
- **Civil Code** (contracting, liability)
- **NFLMO is not an authority**, representing the Hungarian State in NLF associated relationships subject to Civil Code

NATIONAL LAND FUND (NLF)

(August 28, 2010)

180 907 parcels

TYPE OF CULTIVATION	AREA	VALUE	REGISTERED VALUE
	ha	Golden Crown	Billion HUF
Arable	179 466	4 335 596	55,217
Garden	378	9 176	0,390
Orchard	1 783	62 223	0,921
Wineyard	1 007	44 794	0,848
Grassland (meadows, pastures)	96 027	670 567	16,211
Forest	527 646	2 235 866	201,511
Reed	8 851	114 159	2,691
Fishpond	5 518	0	2,452
Mixed type of cultivation	981 118	7 565 191	315,682
Fertile land:	1 801 794 (23 %)	15 037 572	595,923
Land taken out from cultivation	21 111	0	7,011
Land together:	1 822 905 (20 %)	15 037 572	602,934
- Haszonbérlet, ideiglenes földhasználat (92 165 hrsz.):	457 231	25 %	
- Contract of assets.management/ forest (32 728 hrsz.):	813 526	45 %	
- Contract of assets.management / other (56 014 hrsz.):	552 148	30 %	(MNV Zrt.)

Land assets

- 1,8 million ha, 23 % of total agricultural and forest land
- 49 % agricultural land, 50 % forest, 1 % taken out from cultivation
- Contracts of land management:
 - ~ 15 000 contracts, incl ~ 8 000 land leasing contracts
- Taking over land assets and associated contracts MNV Zrt.
- Tasks: scouting land assets, land assets register, revision and amendment of land leasing and assets management contracts
- Limited sale and leasing marketability of land assets (75 % assets management contracts)

PURPOSE OF NATIONAL LAND FUND, PRINCIPLES OF LAND POLICY

- Providing land for **family farms, animal husbandry**
- Improving **land ownership and land leasing** system
- Influence on **land price and land leasing fees**,
- **Activating the land market** (both sale and leasing),
- Acting against **land speculation** (derogation of land market)
- Managing **agricultural land less suitable for cultivation** (e.g. industrial disaster, erosion)
- Keeping **high-value plantations** in cultivation
- Cultivation of **special purpose** (research, gene-reserves)
- **Land consolidation**
- **Principles of Land Policy** involved in Act LXXXVII. (legal force)

TOOLBOX

- **Measures set in different laws** can be taken
- Decreasing **common-shared ownership**
- **Land swap** (voluntary) for land consolidation purposes
- **Public tender of land leasing** incl. agricultural land less suitable for cultivation
- **Pre-emption right of the Hungarian State for purchasing land**
- **Land consolidation** (institutional long-term procedures: land swap, sale/purchase, land leasing, land-merge etc.)
- **Land banking** (land consolidation and land market purposes)
- **Financing products** adequately developed for agriculture (settlement of bad liabilities, working-capital, investment/development incl. land)

SUMMARY

- **Considerable changes in land policy (sensitive issue)**
- **New organization has been recently established for managing National Land Fund**
- **Land consolidation and land banking are among the strategic purposes of National Land Fund**
- **NLFMO has different measures set by different laws for achieving the goals**
- **Land consolidation law is a need**

NATIONAL LAND FUND (NLF)



Thank you for your attention

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