



Lithuanian Land Fund

Evaluation criteria for positioning a land fund

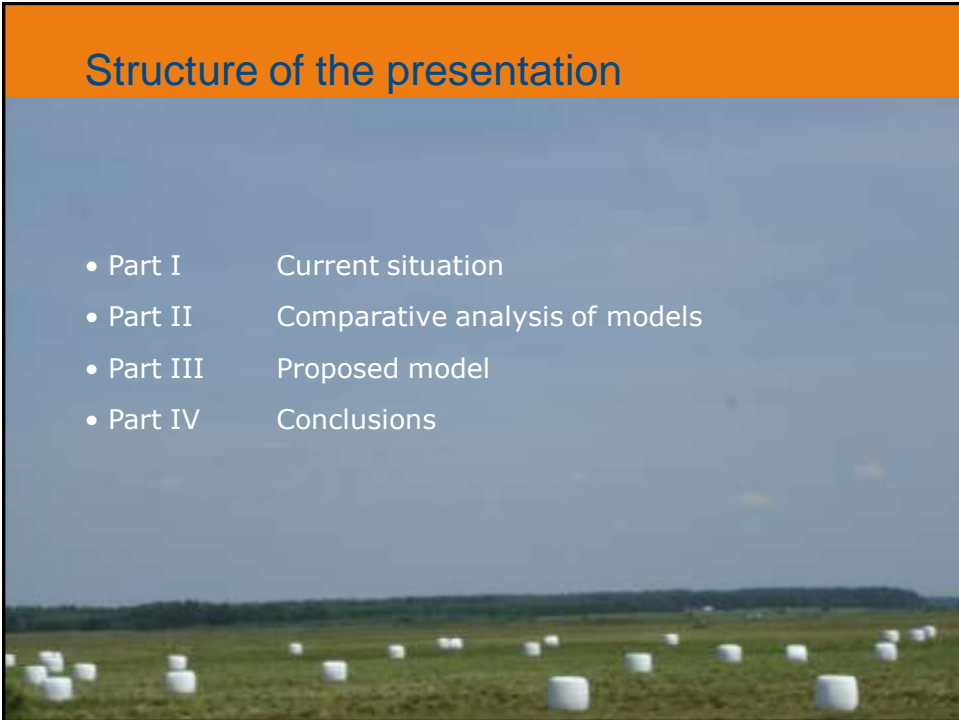


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Structure of the presentation

- Part I Current situation
- Part II Comparative analysis of models
- Part III Proposed model
- Part IV Conclusions



PART I Current Situation

- Objectives of the study
- Directions of the new Government programme
- Current institutional background
- Other European Land Funds



Objectives of the study

- **Analyse and Describe:**

- Objectives and functions of the Land Fund
- Its projected structure
- Future steps related to the establishment
- Impact on Land Consolidation activity under the RDP 2007-2013



Directions of Government Programme

- The new **Government Programme (linked to Land Fund);**

- 409: establish State Land Fund incl. transfer of functions of counties
- 434: re-assessment of land restitution
- 435: terminate land restitution
- 441: revitalise land management
- 436: reconsider legal acts on land management
- 443: programme for abandoned land
- 445: change institutional basis to abolish common proprietorship of the same land lot
- 515: prepare legal basis for implementation of public infrastructure related to land consolidation et al



Institutional background

- Substantial state land reserve
- Sense of urgency related to Land Fund
- Legal framework (partially) established
- Experience and active learning approach
- Land market hampered by other factors as well (unclear ownership, ongoing land restitution, unclear spatial planning, lack of credit facilities)
- Overall reorganisation of administrative set up
- Discussion about level of decentralisation (subdivision of functions between municipalities and state institutions)
- Current instruments not harmonised



Examples: European Land Funds

Different **types of land funds** in Europe (purposes, context):

- The Netherlands: BBL; exchange land use, provide area for land development and improve agricultural activity conditions
- Slovenia: National Farmland and Forest Fund; promote land market and land consolidation
- Galicia (Spain): BanTeGal; promote rational use of agricultural areas to fight against land abandonment
- Portugal: DGADR; enlarge farms and support land consolidation projects.
- France: SAFER; contribute to balanced and sustainable rural land development
- Poland: APA; restructure, privatise and administrate State Treasury property designated for agricultural purposes, create and improve family farms' structure and create favourable conditions for rational exploitation of agricultural land



Other European Land Funds

- **Different types and functions** of land funds in Europe according to different contexts
- **Types of Organizations** - significant variety;
 - Corporate bodies or State institutions mainly under jurisdiction of the Ministry of Agriculture (or jointly with other Ministry, like Finance)
 - State enterprises under the Ministry of Rural Affairs / Rural Development
 - Shareholding companies under government supervision.
- **Functions** - large spectrum;
 - Broad support to sustainable land development
 - Provide area for change in land use
 - General improvement of agricultural activity conditions
 - Promote land market and land consolidation projects
 - Create and improve family farms' structure
 - Restructure, privatise and administrate the State properties.



PART II Analysis of models

- Mission and objectives of the Land Fund
- New instruments
- Criteria for evaluating Land Fund models
- Model 1: integration in National Land Service
- Model 2: Integration in State Land Survey Institute
- Model 3: Integration in Municipalities
- Overview of evaluation results

Mission and objectives of Land Fund

Proposed Mission:

'The Lithuanian Land Fund stimulates a viable land use structure in rural areas.'

Main **overall objectives** are to:

- Create a more competitive farm structure by reducing fragmentation and scaling up of mainly small and medium size commercial farms (5-50 hectares)
- Address abandonment of agricultural land by revitalising of farming or re-assigning of function depending on soil quality and location of the land
- Tune the land use structure in an integrated way to future and present infrastructure needs at local, regional and national levels



New instruments

- Create/maintain **revolving state land fund** for different objectives by;
 - Receiving trust rights of part of the state land
 - Buying / leasing from private persons
 - Exchanging land with private persons
 - Taking over remaining land after expropriation
- Develop **programmatic approach** to address land abandonment;
 - Inventory of location of abandoned areas and their ownership
 - Develop Land Management Scheme for zoning of abandoned areas
 - Review provisions to penalise owners of abandoned land
 - Subsidy scheme for clearing bushes and trees
 - Activities to improve quality of abandoned land for future function
- Improved **coordination** between different instruments



Evaluation Criteria Land Fund models

Impact on Land management and Administration System

- 1. Coherence:** Functions are grouped properly to create optimal synergy
Combining different instruments Land Reform, Land Development
Land Banking
Programmatic approach
- 2. Conflicts of Interests:** Conflicts of interests are avoided by proper positioning of responsibilities
Possible conflict between defining land functions <> land fund, and
organisation of land development <> implementation
Policy > Management > Implementation
- 3. Budgeting:** Conditions for revolving fund management are present
Flexibility and independency to operate on the land market
Gains in one year can be used for acquisitions in the next year
'Self financing by re-distributing of income for the Land Fund activities
- 4. Decision-mak.:** Clear mandate for operating on the land market
Conditions for quick action on the land market
Mandate (to certain amount) to close agreements directly
Decision making at some distance of day-to-day politics



Evaluation Criteria Land Fund models

- 5. Transparency:** Effective arrangements for supervision and monitoring
Functional separation of possible conflicting interests
Proper external control mechanism available
Not limited to one sector, public and private
- 6. Efficiency:** Critical 'organisational' mass for optimal functioning and developing
Separation of functions (checks and balances)
'Sufficient' 'scale' of organisation
Existing knowledge, ability to develop

Impact on Socio-Economic Environment

- 7. Continuity:** Optimal use of and care for the existing capacity at county level
Status of existing staff for possible transfer
Making use of existing civil staff and built up experience
Preventing compensation payments



Evaluation Criteria Land Fund models

- 8. Social Justice:** Serve interests of socio-economically weak groups in society
Diverse target group, including weaker groups in society
Communication and participation approach <> status of the organisation (non-profit <> profit oriented)
- 9. Overall impact:** Overall national-economic efficiency of the Land Fund
What are the main costs-benefits of the Land Fund for Lithuanian tax payers?



Models

Pre-condition: Integrate Land Fund in existing organisation

Three models have been selected for further analysis:

- 1 Integration of the Land Fund in an existing state institution (National Land Service)
- 2 Integration of the Land Fund in an existing state enterprise (State Land Survey Institute)
- 3 Integration of Land Fund tasks in local government organisations (municipalities)



Model 1: integration in NLS

Impact on Land management and Administration System

- 1. Coherence:** ++ Optimal synergy between different instruments
- 2. Conflicts of Interests:** + No major issues except separating policy <> implementation
- 3. Budgeting:** - NLS is budgetary institution: 'special programme / money fund'
- 4. Decision-mak.:** ++ Mandate for LF functions is possible
- 5. Transparency:** + Centralised set up facilitates monitoring. Distance MoA <> NLS
- 6. Efficiency:** ++ Proper level, size and experience of organisation

Impact on Socio-Economic Environment

- 7. Continuity:** + Status of civil servant counties <> transfer to NLS
- 8. Social Justice:** + Target orientation <> non - profit
- 9. Overall impact:** +/- Substantial re-organisation

Model 2: Integration in S.L.Survey Inst.

Impact on Land management and Administration System

- 1. Coherence:** + Good synergy, less strategic planning potential
- 2. Conflict of Interest:** - Non match: public agency tasks <> present consultancy
- 3. Budgeting:** ++ Redistribution of revenues is possible
- 4. Decision-mak.:** +/- Enterprise status <> discretionary rights manage state land
- 5. Transparency:** ++ Supervision structure at nat. level and distance from MoA
- 6. Efficiency:** + Proper level, size but less experience of organisation

Impact on Socio-Economic Environment

- 7. Continuity:** +/- Status of civil servant counties <> less transfer to SLSI
- 8. Social Justice:** - Profit orientation <> weaker groups society
- 9. Overall impact:** + Finalise competition SLSI <> market parties

Model 3: Integration in Municipalities

Impact on Land management and Administration System

- 1. Coherence:** +/- Synergy possible, strategic planning potential and capacity
- 2. Conflict of Interest:** +/- Territorial planning, distance day-to-day politics
- 3. Budgeting:** - Geographic scope <> distribution of state land
- 4. Decision-mak.:** - Difficult to delegate right of disposal, longer lines decision making
- 5. Transparency:** -- Supervision structure at local level hard to organise
- 6. Efficiency:** - No critical mass for maintaining expertise

Impact on Socio-Economic Environment

- 7. Continuity:** + Status of civil servant counties <> transfer to local gov.
- 8. Social Justice:** ++ Close distance decision making <> weaker groups society
- 9. Overall impact:** +/- Decentralised structure for supervision / monitoring needed



Overview of evaluation results

	Model 1 - NLS	Model 2 - SLI	Model 3 - Municipalities
1. Coherence:	++	+	+/-
2. Conflict of Interest:	+	-	+/-
3. Budgeting:	-	++	-
4. Decision-making:	++	+/-	-
5. Transparency:	+	++	--
6. Efficiency:	++	+	-
7. Continuity:	+	+/-	+
8. Social Justice:	+	-	++
9. Overall impact:	+/-	+	+/-
Balance	9+	5+	2-



PART III Proposed model

- Model and considerations
- Required (new) legislation
- Required amendment of existing legal acts



Considerations for Land Fund in NLS

- Main **advantages**
 - Grouping of functions creates optimal synergy. NLS offers good basis for territorial development approach
 - Mandating state land management well possible in a State Institution
 - Existing experience, skilled staff, redistribution of revenues
 - Good opportunities to maintain qualified staff at county level
 - Non-profit oriented mission match with socio-economic objectives
 - Transparency by good monitoring (structure and software)
- Main **disadvantages**
 - Revolving Land Fund management requires budgetary structure not common for State Institutions
 - Conversion of NLS in programming / organising agency requires capacity build up in Ministry



Required (new) legislation

- **Law on Land Fund** (proposal):
 - "Land Fund" – State property placed under specific legal regime
 - Inclusion of property into „Land Fund“ – criteria / principles
 - Subjects involved in management of the „Land Fund“, their powers, rights and obligations
 - Financial mechanism of the „Land Fund“
- **Government Decree** on Management of the „Land Fund



Amendment of existing legal acts

- **Main legal acts to be amended:**
 - Law on Land; Forestry Law
 - Law on Management, Use and Disposal of State-owned and Municipal Property
 - Law on Land Reform
 - Provisional Law on the Acquisition of Agricultural Land
 - Law on Territorial Planning
 - Law on Public Procurement



PART IV Conclusions



Main conclusions

- **Strong international statement** for using Land Funds
- European Land Funds: **mainly national level** under state supervision
- Mission Lithuania: **'The Lithuanian Land Fund stimulates a viable land use structure in rural areas.'**
- New instruments and **better coordination** of instruments
- Three models assessed on basis of 9 criteria: two models qualify
- Preferred model: **Integration of Land Fund in National Land Service**
- Main advantages: good **synergy** of tasks, proper **mandate**, well **experienced**, good preconditions for **transparency, non profit** orientation
- Main point for attention: **revolving fund management**
- Several **amendments for the legal framework** necessary
- **Step by step** approach for establishment
- **Positive impact** on Rural Development Programme 2007 - 2013



More information

Full report on:

<http://www.nzt.lt/assets/files/ivairus/Lithuanian%20Land%20Fund%20Study%20Report%20Feb%202010%20ENG.pdf>



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