



Government Service for Land and Water Management
Ministry of Economic Affairs, Agriculture and Innovation



3rd International Workshop Budapest

13-16 February 2012

Land Banking in Europe: Instruments for rural development

Richard Eberlin, Frank van Holst and Francisco Onega



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Contents

1. Why a paper on land banking?
2. Objectives
3. Approaches
4. Governance – institutional and legal framework
5. Basic steps to establish a land bank
6. Conclusions and challenges for Europe's policy makers

3 **Farland**
 Farmland
 Land Consolidation

Government Service for Land and Water Management
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History

- Tonder 2004 - Land Banking / Land Funds as an Instrument for Improved Land Management in CEEC and CIS
- Prague 2008 - Land Banks and Impact Assessment
- Santiago de Compostela 2009 - Land Development Instruments and Information Tools to Assist Land Structure Reforms: the Galician Experience
- Prague 2010 - Land Banking and Public Land Management
- Budapest 2010 - International Workshop on Land Consolidation and Land Banking
- Budapest 2012 - International Workshop on Land Markets and Land consolidation

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FAO's Programme in Land Tenure Policy Papers – Technical Publications – Training Manuals – Guidelines



Opportunities to mainstream land consolidation in rural development programmes of the European Union

FAO LAND TENURE STUDIES
 6
 The design of land consolidation pilot projects in Central and Eastern Europe




FAO LAND TENURE GUIDELINES
 1
 Operations manual for land consolidation pilot projects in Central and Eastern Europe

FAO Land Tenure Training Materials
 on Land Consolidation Pilot Projects

Land Tenure Training Materials
 on Land Consolidation Pilot Projects
 Unit 1:
 General concepts of land consolidation pilot projects



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Why a technical paper?

- Land banking is a current policy issue in many countries
- Little / no guidelines on land banking exist




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Purpose of this session

- Present the state of the art
- Identify gaps in contents, what is the most relevant?
- Check country case boxes and identify additional examples
- Check the structure: is it user friendly?



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Inputs for the paper

- Earlier workshops
- Budapest workshop 2010
- Bilateral projects
- Survey Lithuanian land bank 2009
- Questionnaire (data not processed)

Land Banking Questionnaire

Purpose
 This questionnaire is meant to get to know the state of the art of Rural Land banks in Europe and Central Asia. Information will be used for a Review on Land banking as part of the FAO Land Tenure Service. The Review is written under responsibility of the FAO Regional Office for Europe and Central Asia (contact person is Richard Dierick). You are kindly requested to answer the questions [before 10 January 2011](mailto:Richard.Dierick@fao.org).


Please send it back to: [Frank van Hulle](mailto:Frank.van.Hulle@fao.org) by email: Frank.van.Hulle@fao.org




The paper is currently being developed. Your information might be used in the general text or possibly as case or example. A full draft will be available in the end of January 2011. It will be distributed to persons who have returned the questionnaire. In a future issue and in publications of the LANDNET newsletter, held in Budapest from 12-16 February. For information about this workshop please refer to: www.fao.org/landnet

Please do not hesitate to contact Frank van Hulle in case of questions on the email address above or telephone nr. +31 6 5240 3464

Thank you very much for your participation!

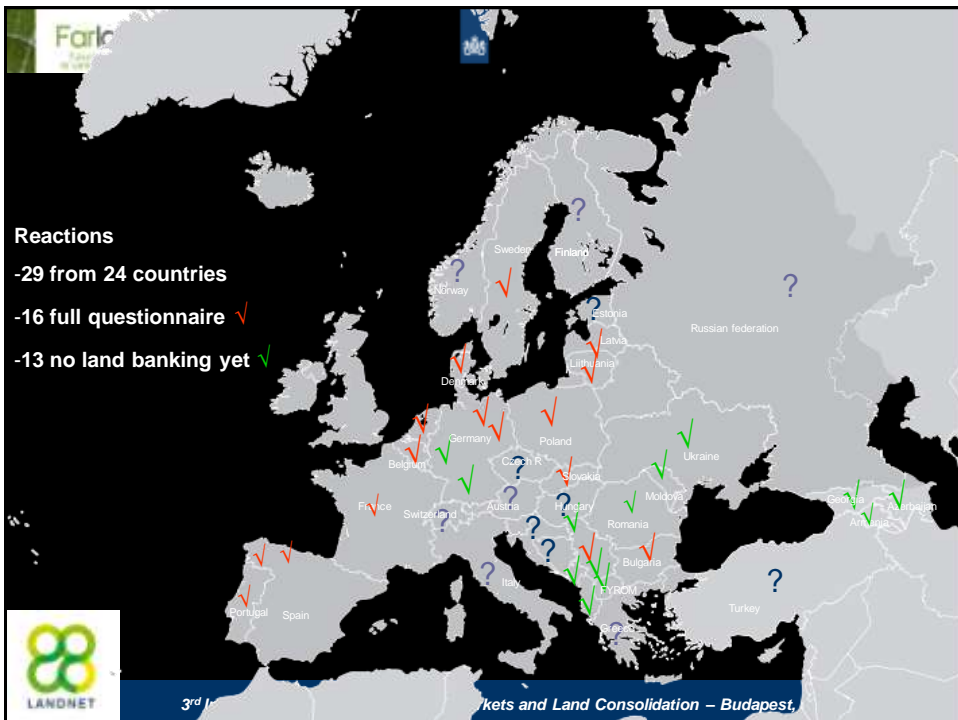
Definition of land banking (used for the paper)
 The intermediate process of buying, selling or leasing (not) land to a public or public-private institution in order to increase land stability, to facilitate the rural land market, to support and to meet public policy targets related to sustainable rural land use in particular.



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Reactions

- 29 from 24 countries
- 16 full questionnaire ✓
- 13 no land banking yet ✓




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Definition of land banking

The intermediate process of buying, selling or leasing (out) land by a public or public-private institution in order to increase land mobility, to facilitate the rural land market in general and to meet public policy targets related to sustainable rural land use in particular.

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Rationale

Why to intervene in the land market?

- Land markets are neither free nor perfect markets
- Land structures evolve in both (formal and informal) institutional contexts
- Structural problems in Central and Eastern Europe need urgent emphasis
- Policy interventions like land banking, require a careful design








Objectives of land banking 1

Stimulating the land market to adjust to a liberalizing global market

- Secure demand, when little players are available on the market
- Provide information about land market (prices) and help private actors to gain experience on the land market
- Simplify and reduce costs of land transaction procedures
- Assist specific target groups that are not able to farm actively any longer, to sell or lease out their land
- Assist land owners to clarify their land property rights










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Objectives of land banking 2




Guiding the land market for sustainable (regional and rural) development

- Support (supra-)national projects for sustainable development
- Facilitate integrated regional development projects
- Create a viable land structure for agriculture and forestry
- Stimulate diversification on- and off-farm





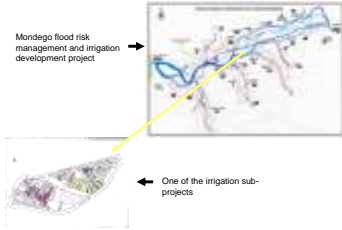
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Mondego flood risk management and irrigation development project →
 ← One of the irrigation sub-projects



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Objectives of land banking 3

Complementing the land market by organising other land use options

- Secure proper land use or by mediating between owners and users
- Buffer lack of financial liquidity of farmers to invest and to scale up by providing leasing arrangements or by mediating to get 'soft' loans




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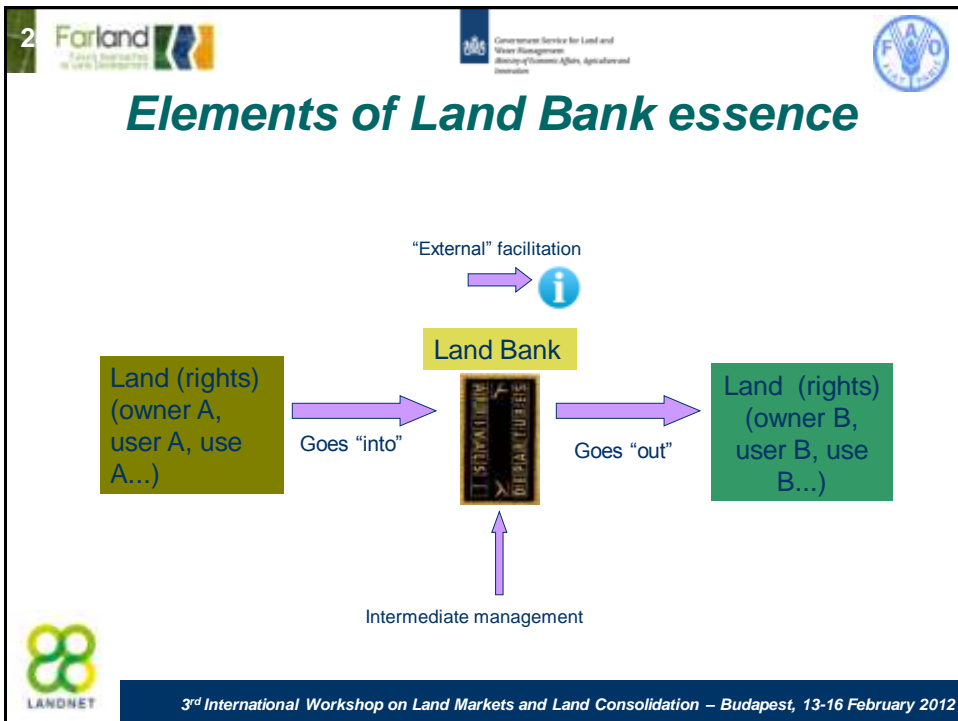
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Elements of Land Bank essence

- Assistance in land transaction procedures



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
 - Target areas and groups



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
 - Target areas and groups
 - Type of land rights



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
 - Target areas and groups
 - Type of land rights
 - Tools for acquiring land



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
 - Target areas and groups
 - Type of land rights
 - Tools for acquiring land
 - Conditions



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
 - Restoring the land condition



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
 - Restoring the land condition
 - Maintaining land



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
 - Restoring the land condition
 - Maintaining land
 - Preparing for other functions



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
- **Transfer of land rights**



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
- **Transfer of land rights**
 - **Target group selection**



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
- Transfer of land rights
 - Target group selection
 - Type of land rights



Elements of Land Bank essence

- Assistance in land transaction procedures
- Incorporation of land
- Intermediate management
- Transfer of land rights
 - Target group selection
 - Type of land rights
 - Tools for outsourcing





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Institutional / legal framework

Organisational set up

- Corporate body or government agency



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Institutional / legal framework

Organisational set up

- Corporate body or government agency
- Government owned corporations or government enterprises





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Institutional / legal framework

Organisational set up

- Corporate body or government agency
- Government owned corporations or government enterprises
- Public / private solutions





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Institutional / legal framework

Organisational set up

- Corporate body or government agency
- Government owned corporations or government enterprises
- Public / private solutions
- Private funds





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Institutional / legal framework

Organisational set up


Finance

- **Funding sources**
 - regular government budget
 - specific programme or project budgets
 - combination of government and private funding
 - by revenues from sale and lease or direct exploitation (revolving fund management)
 - by commissions over land transactions
 - by cross financing by other activities of the land banking organisation
 - by European subsidies
 - by penalties



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Institutional / legal framework

Organisational set up

Finance

- Funding sources
- Revenues
 - revenues are part of a typical government budgetary system which means that these revenues are periodically or at least at the end of the year transferred to the national treasury
 - revenues can be redistributed and reinvested in a more (government) business accounting approach



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Institutional / legal framework

Organisational set up

Finance

- Funding sources
- Revenues
- Management issues
 - Cross annual funding
 - Redistribution of revenues
 - Bookkeeping <> valuation of assets
 - Market conformity
 - State support rules




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Institutional / legal framework

Organisational set up
Finance
Legal framework

- **Preconditions**
 - National constitution
 - Civil code
 - Land code/land laws
 - Laws on state land management
 - Environmental protection laws
 - Laws on leasing
 - Laws on registration and cadastre
 - Laws on land consolidation
 - Laws on privatization of land
 - Laws on municipal ownership of land
 - Dispute resolution legislation
 - Regulations on establishing market prices



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Institutional / legal framework

Organisational set up
Finance
Legal framework

- **Preconditions**
- **Land banking legislation – form,**
 - Country specific
 - Type or organisation <> level of legislation
 - Existing / new legislation



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Institutional / legal framework

Organisational set up
Finance
Legal framework

- Preconditions
- Land banking legislation – form
- Land banking legislation – contents
 - Objectives and functions
 - Institutional structure
 - Composition
 - Powers of institutions
 - Duties of institutions
 - Finance
 - Safeguards
 - Recourse



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Institutional / legal framework

Governance issues while positioning a land bank

- Create a coherent set up
- Avoid conflicts of interest
- Match the organisational form with the required budgeting system
- Ensure balancing of decision-making and accountability
- Create openness and ensure participation
- Efficiency: Critical ‘organisational’ mass for optimal functioning



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a Land Bank

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Basic steps to establish a land bank

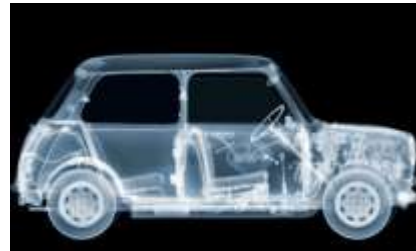


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Basic steps to establish a land bank

- **Analysis: problems, causes and institutional setting**
 - Structural situation
 - Institutional environment
 - Technological context



Basic steps to establish a land bank

- **Analysis: problems, causes and institutional setting**
- **Design: setting objectives and selecting instruments and tools**



Basic steps to establish a land bank

- Analysis: problems, causes and institutional setting
- Design: setting objectives and selecting instruments and tools
- Establishment: creating the institutional pre-conditions



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Basic steps to establish a land bank

- Analysis: problems, causes and institutional setting
- Design: setting objectives and selecting instruments and tools
- Establishment: creating the institutional pre-conditions
 - Organizational form



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Basic steps to establish a land bank

- **Analysis: problems, causes and institutional setting**
- **Design: setting objectives and selecting instruments and tools**
- **Establishment: creating the institutional pre-conditions**
 - Organizational form
 - **Legal framework**



Basic steps to establish a land bank

- **Analysis: problems, causes and institutional setting**
- **Design: setting objectives and selecting instruments and tools**
- **Establishment: creating the institutional pre-conditions**
 - Organizational form
 - Legal framework
 - **Budgeting**



Basic steps to establish a land bank

- **Analysis: problems, causes and institutional setting**
- **Design: setting objectives and selecting instruments and tools**
- **Establishment: creating the institutional pre-conditions**
 - Organizational form
 - Legal framework
 - Budgeting
 - **Monitoring and supervising**



Basic steps to establish a land bank

- **Analysis: problems, causes and institutional setting**
- **Design: setting objectives and selecting instruments and tools**
- **Establishment: creating the institutional pre-conditions**
- **Operation: Mobilizing capacity and taking off**





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Key issues for policy makers

- Reason and promote land banking to create a liberal investment climate, balanced well
- Integrate land banking well in the overall (EU supported) rural development programme
- Build up a well reasoned land banking strategy and tune this strategy with other public policies
- Ensure a focus on realising public objectives and serving target groups instead of maximising the value of public assets



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Key issues for policy makers

- Decide whether the land bank should stimulate, guide and / or complement the land market.
- Create a firm legal basis determining well the objectives, functions of the Land Bank and its institutional set up,
- Strike the right balance between ‘hard’ legal means to create impact and ‘soft’ non legal public support
- Match the organisational set up to main objectives of land banking and legal provisions in national legislation



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Key issues for policy makers

- Develop a financially sustainable model
- Build up an efficient system with low bureaucratic load
- Secure market conformity and a transparent and broadly supervised approach
- Establish a dynamic ‘eager to learn and adapt’ environment, by - among others - participating actively in (inter-)national exchange networks



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Thank you for your attention!

