

# OPERATIONAL PROCEDURES National Land Fund

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and Land Consolidation**

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## DISTRIBUTION OF HUNGARIAN LAND AREA

- 9,3 million ha total area
  - 7,8 million ha fertile land (84,3 %)
    - 5,9 million ha agriculture land (63,6 %)
      - 4,5 million ha arable land (48,5 %)
    - 1,9 million ha forestland (20,7 %)
  - Land-ownership/ land compensation
    - 5,8 million ha private fertile land/ 2,6 million landowner
    - 1,9 million ha fertile land owned by the State

## 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 MANAGEMENT ORGANIZATION (NLFMO)

- **Act LXXXVII. of 2010**
  - NEW NLFMO from September 1, 2010
  - Budgetary organization, not a legal successor
  - Legal-successor of the rights and liabilities associated with NLF
  - Principles of Land Policy Guidelines 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
- **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

## LAND ASSETES OF NLF

- 1,9 million ha 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
- 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) are essential needs

## OPERATIONAL PROCEDURES

### ● Public tender of land leasing (I.)

- Main terms and conditions are set by law, and decisions made on government's level
- Tender documents are published on internet and in the office of local authorities for 45 days (incl. 30 days for registration (reg. fee))
- Tender applications are opened in front of notary public
- Valuation and ranking of offers; proposal for the President or the Council within 5 days

## OPERATIONAL PROCEDURES

### ● Public tender of land leasing (II.)

- Decision of the President or Council is to be made within next 30 days
- Decisions are made public
- Land-leasing contract (main elements are made public, if contracted value is > 5 million HUF)
- Land leasing period: 20 years (excl. plantations)
- Liabilities taken by winning offer are included in the contract: fee, business plan, covenants
- Main priorities: family farms, animal husbandry, young farmers, value-added activities

## OPERATIONAL PROCEDURES

- **Land swaps:** land consolidation, area limits, value diff. < 20 %
- **Sales of land:** public tender, or auction (< 10 ha), direct-sale under 0,5 ha (decision of the Council)
- **Purchase of land:** offers given by owners, offers by NLFMO, pre-emption rights of the Hungarian State (NLFMO)

## STRUCTURE OF ORGANIZATION

- **Land Policy Council**
- **President**
- **Vice presidents:** land-management, institution
- **Directorates:** land-leasing and land use, owner's approvals, sale/purchase and swaps, functionals (land assets register and IT, legal issues, financial etc.)
- **Local branches**

# **NATIONAL LAND FUND (NLF)**



**Thank you for your attention**

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