



# Notes

## 3<sup>rd</sup> International Workshop on Land Markets and Land Consolidation



Budapest  
13 – 16 February 2012



## Introduction

On behalf of DLG - The Netherlands, the FAO Regional Office for Europe and Central Asia in Budapest, and the FARLAND Network, an International Workshop on Land Markets and Land Consolidation, was organised in Budapest, from 13-16 February 2012.

Most countries in Central and Eastern Europe (CEE) face severe problems in their rural land structure. Fragmentation of ownership and small scale of holdings are prominent. Weak institutional frameworks cause bad functioning land markets that prevent investments and creation of viable, competitive rural areas. A weak land structure has different dimensions. The FARLAND network has concluded in 2007 that Europe faces many challenges in making its rural land structure sustainable. This involves anticipating on changing market conditions (like liberalisation, open competition) but also anticipating on environmental developments (increasing occurrence of floods, forest fires). Climate change increases the risks for environmental hazards and puts important parts of ecological systems under threat. The land use and the land structure are important foundations, determining the resilience of territories to cope with changes from outside. The challenges mentioned, are not limited to CEE countries but are valid as well for many other countries in the broader European region.

Since 2007 the FAO led network of CEE countries (LANDNET) and FARLAND are connected, creating excellent conditions for exchange of knowledge and upgrading of approaches related to land tenure issues. Based on the evaluation of the previous workshop in June 2011, the workshop had three main subjects:

### **1. Instruments for Rural Land Market Development**

The wrap up session of June 2011 delivered the following questions: What are instruments that can increase the mobility of land, what is the role of land banks, land funds? How can Public Private Partnerships support land mobility, what is the role of the State in the land market?

The technical session about Land Market Development provided an overview of different issues related to the land market. First of all, the specific characteristics of land markets were analysed and compared with other markets. Common bottlenecks in land markets were presented as well as tools and instruments to mobilise land markets. After discussing a common conceptual basis about land markets, various instruments were presented. The role of different instruments were linked to land markets and different examples were provided, covering a range of countries. Different organisational forms of dealing with land markets were presented as well as other governance issues.

The discussions were fed by two draft papers which were distributed beforehand. The first paper deals with land banking while the second paper deals with pre-emption rights. Both papers include discussions and findings of the two previous workshops.

In interactive sessions the contents of the papers was tested and complemented. Besides this, the participants were requested to contribute to the questions: what are main common issues and how could strategies to deal with these be promoted among policy makers in different countries and the European institutions? What are issues for further analysis?

### **2. New roles for Land Consolidation**

The wrap up session of June 2011 delivered the following questions: What are the new roles of land consolidation, apart from making the farm more efficient? For example: infrastructure works, nature protection, creating economic development zones, improving water management, providing space for renewable energy, etc. This topic should also touch on



new approaches and practices for land consolidation, e.g. should it be voluntary or compulsory, depending on the conditions, what models work in the specific social, cultural and historic conditions, bottom-up approaches?

During this technical session a cross section analysis of the status of Land Development and Land Consolidation in Europe was provided. Developments in different countries were presented ranging from countries with a longer tradition on land consolidation and countries that are about to broaden land consolidation to other issues than agricultural development. It included various examples on broadened land consolidation (e.g. in relation to big infrastructure, nature development, economic development, climate change). Apart from the objectives, developments in the legal framework, instruments and tools were highlighted. The interactive sessions had a thematic nature aimed at deepening of the understanding and partly they addressed the institutional preconditions to start new ways of land consolidation.

### **3. Sustaining the LANDNET**

Part of the programme was dealing with further institutionalizing of the LANDNET. This particularly counted for making the LANDNET more independent in financial terms. Till now activities can only take place by occasional activity funding by external parties. Proposals for the role of the network and financing models were developed and discussed.

A number of keynote presentations and country presentations supported the discussions.

#### **General issues**

The workshop is part of an initiative called '**Support to network on Land Market issues in Central and Eastern Europe**', funded partially under the Government to Government Programme by the Dutch government (EVD / NL Agency) and partially by the FAO Regional Office for Central and Eastern Europe. As part of this initiative two workshops have been organised in November 2010 and June 2011.

For a brief impression of these workshops refer to:

<http://www.fao.org/europe/meetings-and-events-2010/lb1c2010/en/>

<http://www.fao.org/europe/meetings-and-events/lcb2011/en/>

The current workshop attracted 58 participants from 27 countries. The evaluation delivered a high rate of satisfaction about the overall set up and contents. The overall score was 4,5 out of 5.

The next section contains the programme of the workshop and notes regarding some main lines in the presentations and the interactive sessions. A full overview of the presentations, workshop photos and list of participants can be assessed via the following link:

<http://www.fao.org/europe/meetings-and-events-2012/3rdlandnet/en/>

**Richard Eberlin – FAO Regional Office**

**Frank van Holst – DLG/ The Netherlands / FARLAND Network**

**Thanking Willy Dekker for taking notes.**





## Agenda / Notes

Monday, 13 February 2012

### Opening Session

#### 9:00 Opening of the workshop

- Ms Fernanda Guerrieri, Assistant Director-General and Regional Representative for Europe and Central Asia, FAO
- H.E. Mr Robert Milders, Ambassador, Embassy of the Netherlands in Hungary

#### 9:15 Introduction to the workshop

- Mr Richard Eberlin (FAO)

#### 9:30 Sustaining the LANDNET (introduction and preparing the discussion planned for the third part of the workshop)

- Mr Frank van Holst (DLG)

Mr **Frank van Holst** of the Dutch Government Service for Land and Water Management (DLG) asked participants of the workshop to start thinking about how to sustain the LANDNET network in the future.

### Technical Session 1: Instruments for Land Market Development

#### 10:00 Land markets: an overview of characteristics, common bottlenecks and main instruments

- Mr Frank van Holst and Mr Francisco Onega

Mr **Frank van Holst** and Mr **Francisco Onega** started with a brief overview of characteristics, common bottle necks and main instruments for **land market development**.

*'Things change, land remains'...*

Land has to adapt to new conditions and the land market is a mechanism to adapt. Land markets can be unregulated ('free') markets, regulated or controlled. Some countries have no land market at all. Land markets are rarely perfect (not fully interchangeable, often segmented). Often land use is fragmented and a good information base is rare. A well functioning land market is a condition for rural development. Land markets need help, not by extra restrictions but by facilitation.

Lessons learned are:

- problems related to rural land structure and land market are often not well analysed;
- legislation is often introduced without proper attention to bureaucratic load and manageability;
- tendency to over regulate may lead to less land mobility;
- measures are often developed without proper awareness raising among target

- groups;
- policy makers do not make enough use of rich international experience.

**10:30 Coffee**

**11:00 Thematic introductions: Land market development**

- Introduction of the Draft Paper; Land Banks and Funds – Instruments for Rural Development; Mr Richard Eberlin, Mr Frank van Holst and Mr Francisco Onega

Mr **Frank van Holst** and Mr **Francisco Onega** have worked on a paper about **land banks and land funds as instruments for rural development**. Mr Onega gave a brief overview of the content of the draft paper. In general, the countries studied meet similar challenges with similar solutions. However, all countries have tailor made measures for their specific situation.

An important lesson learnt is that a solid analysis of problems, causes and institutional setting is very important. After this, objectives can be set and measures can be selected. Too often, a strategy is designed without a good analysis of the problems to be solved.

Participants are asked to bring in **best practices** for the case boxes in the paper.

**11:45 Interactive session about the Draft paper on Land Banking**

- Checking the contents, identification of overlaps and gaps

In the **interactive session** about the draft paper, participants gave the following suggestions for topics to be addressed in the paper:

- Fear of land banks, what concerns people may have;
- Factors for success or failure;
- EC-restrictions that may apply, such as state-aid and competition;
- Focus of the land-bank; is it just agricultural production of rural development in general?
- Different institutional options;
- The role of environmental organisations;
- Can a land bank support only public interest, or also private interest?
- Do not only focus on national level, but look at regional land banks as well;
- Pre-conditions for the implementation of a land bank (for countries that do not have a land bank yet);
- land bank as an institute or as a 'way of doing';
- land valuation when there is no land market;
- stakeholders: who has positive and negative influence.

A general remark is that even though the content of the paper is very interesting, a short version for decision makers is needed as well. This short version should pay extra attention to the arguments for decision makers. It is expected that the paper will be ready mid 2012.

**12:30 Lunch**

**14:00 Thematic introductions: Land market development - continued**



- Land market development through land consolidation; Mr Morten Hartvigsen (Orbicon, Denmark)

Mr **Morten Hartvigsen** gave a presentation about **how land markets can be developed through land consolidation**. A pre-condition for agricultural and rural development is a land market economy. Hindering factors for a land market are: a poor land registration system, few interested sellers and buyers, unclear ownership, fragmented parcels and complicated transaction procedures. Land consolidation can remove these obstacles and thus stimulate the land market.

Mr Hartvigsen calls for input for his PhD study land consolidation as a key instrument for land reform and rural development.

During the discussion it was brought in that compulsory land consolidation procedures also involves strong mediation and negotiation. The presentation also raised the question up to what parcel size we want to consolidate. This depends very much on the local situation, the policy of the government and the wishes of the farmer himself. According to the FAO, the aim should be to create economical viable and competitive farms.

- Pre-emption rights related to rural land – Outcome of the comparative quick scan study; Mr Frank van Holst (DLG, The Netherlands)

Mr **Frank van Holst** did a quick scan amongst 22 countries on **pre-emption rights** related to rural land and gave a short presentation about his findings. Pre-emption rights are first rights for buying. Mr Van Holst found that pre-emption rights are generally applied, for different objectives (such as solving co-ownership and the change of the function of the land). Pre-emption rights are a sensitive issue, since they touch the basic rights of ownership. However, pre-emption rights seem not well monitored and legal enforcement is difficult. Many questions in the questionnaires were answered as 'don't know'. There seems to be a gap between intentions and real effects.

Conclusions of the quick scan are:

- a reserved attitude towards pre-emption rights is advisable: 'think before act!'
- if applied, then formulate the objectives clearly and use simple procedures;
- always combine with other positive, stimulating schemes;
- more applied research and exchange of experience with pre-emption rights is needed.

The subject of pre-emption rights raised the question whether agricultural land should be saved from huge (foreign?) land owners. Pre-emption rights could be a tool to do so, but there is no shared opinion among participants whether huge land owners should be stopped. It depends very much on the policy objectives regarding the rural area. Large farms may push aside small farmers, but they could also bring the economic development that we wish, if the added value stays in the area. Large farms can also create opportunities for small farmers, like new cooperatives, new ways to processing and markets. A viable rural area is diverse: family farms that sustain social life in the villages, large farms for high production.

A land bank could support the family farms to grow to a viable level. Participants agree that the government needs to have clear objectives about what type of farms they want to promote and then support this with the right tools.





- Taxation measures for guiding the land market; Mr Simon Keith (FAO, UK)

Mr **Simon Keith** explained how taxation measures can influence the land market. A betterment tax could prevent speculation. Annual property taxes will disturb the land market if only registered properties are taxed. The remedy is that property is taxed if registered and if it could be registered. If stamp duty and transfer taxes are higher than 10 % buyers and sellers are avoiding registration and will misreport sale prices. In general, using transfers to collect back taxes is not a good idea, it discourages registration.

#### **15:15 Coffee**

#### **15:45 Interactive session(s) to determine key success factors of different instruments for land market development and key issues for further analysis and development**

Participants worked in groups in an **interactive session** to determine key factors of different **instruments for land market development** and key issues for further analysis and development.

Participants identified main **obstacles** for **improving land mobility**. Most mentioned are:

- (ongoing) fragmentation of land;
- unclear ownership, poor cadastral registration;
- lack of financial resources;
- strong attachment to land due to socialist history (fear that land can be taken away again);
- high prices.

**Key activities** to improve land mobility are:

- make an amount of land available for improving agricultural structure, for instance through a land bank;
- increase accessibility to loans or grants;
- change of inheritance laws;
- renew cadastral registration and make information available;
- simplify legislation and minimise registration costs after land transfers.

Subjects for further **research** are:

- data collection, inventories of land resources
- monitoring the effects of certain measures on mobility and prices;
- the development of an information system for land markets, including a price monitoring system.

#### **17:00 Daily closing**



**Tuesday, 14 February 2012**

### **Technical session 1: Land Market Development - Continued**

#### **09:00 Country experiences with land market development**

- **Germany:** 'Conditions and instruments for emerging land markets, experiences of BVVG in former East Germany'; Ms Katja Dells (BVVG)

Mrs **Katja Dells** started the day with a presentation about the German experiences for **emerging land markets of east and western Germany**. After the reunion, a process was started to redistribute the state owned land to private people. In the first phase (1992-1996) only short term lease contracts were given out. This period was used for finding the necessary information and for giving the agricultural sector time to reorganize, to be able to invest. In the second phase (1996-2010) land was sold under market prices to certain groups, to compensate for earlier expropriations and to give eastern German people the chance to start a farm. At this time, conditions had to be adjusted due to EU objections against state-aid and unfair competition. In the third phase (after 2010) sales are done in a developed land market at free market price levels. The redistributing of the land had a substantial influence on the land market (mobility and prices). Prices are still lower in the east, but show a tendency to rise. It is expected that in the nearby future price levels in west and east will be equal.

In her presentation Ms Dells showed maps that are given out by the valuation board. They show free market prices per m<sup>2</sup> for certain land qualities classes. They give farmers an impression of recent price levels in their area, but they are not meant to regulate. The maps and presentation raised the question how much mobility is 'good'. To give an impression: in Germany, Sweden and the Netherlands a mobility of under 1 % is considered as 'low', 1.5 % / 2.0 % as 'normal' and over 3 % as 'high'.

- **France:** 'SAFER's role in guiding the rural land market: instruments, organisation and experiences'; Mr Dimitri Liorit (SAFER)

Mr **Dimitri Liorit** presented the role of the French SAFER in **guiding the land market**. In France the agricultural land market is strongly regulated. Each transaction goes through SAFER and SAFER can make use of its pre-emption right if the price level seems too high, or the transaction is not in favour of the rural development that is wished. In France price levels for agricultural land are low, compared to surrounding countries. More reasons than just the regulation of SAFER lay underneath: a relatively low population pressure and a lower added value per hectare.

Similar to Germany, SAFER publishes information about the land market; all prices paid are directly available. On the basis of this information, municipalities can ask SAFER to interfere if they suspect speculation takes place.

SAFER is a non profit, private company, under strict government inspection. SAFER is only partly funded by the state. The majority of the funds comes from transaction fees.



In the discussion afterwards, many people were interested in the use of pre-emption rights. If prices are too high, SAFER can step in. SAFER will do a new proposition which a seller can accept or refuse. Pre-emption rights can also be used for nature protection measures.

- **Ukraine:** 'Opening the Land Market: current policy developments and issues for discussion'; Mr Kaliuzhnyi (Deputy-Chairman of the State Agency of Land Resources)

Mr. **Kaliuzhnyi** gave a presentation about the **opening of the land market in Ukraine**. The land market in Ukraine is under development. The process of land returning started 15 years ago. Since then, 400.000 ha has already been transferred again, due to inheritance. This is mostly not registered, no taxes are paid. The land is highly fragmented. Land consolidation is needed, and has started in some areas, on a voluntary basis only. After privatisation, 3 mln ha of state land remains. This land is leased out, under strong restrictions (no foreigners, limited to 100 ha).

The situation at the moment is quite awkward because there is no law yet that allows selling and buying of land. Yet, individuals want to use land for other purposes than agriculture as well, especially in urban areas. Currently there is a moratorium for 10 years on the transfer of land, which blocks all new developments.

Ukraine wants to implement a land bank that can facilitate farmers with land and loans. Hopefully the new law on land transfer is accepted soon.

- **Albania:** 'Setting up a strategy for land consolidation: scope, objectives and legal framework'; Prof. as. dr. Irfan Tarelli (Department of Land, Water and Services Ministry of Agriculture, Food and Consumer Protection) and Prof. Fatbardh Sallaku

Mr **Irfan Tarelli** presented the **Albanian experiences with setting up a strategy** for land consolidation. In Albania, privatisation is finished but land is very fragmented. 20 % is still state land because farmers did not want it, for several reasons. Albania does not have a lot of agricultural land so prices are quite high (up to € 4,4 per m<sup>2</sup>).

Albania has an 'capital gains tax': 10 % of the difference in price between the price bought and sold later is tax. This limits speculation and stimulates registration.

Albania has an active land consolidation policy. Pilots are going on, village workshops are organised, land mobility maps are made, staff is trained etc. Still, Albania faces the same challenges as many other countries: registration problems, fragmentation through inheritance etc.

**10:45 Coffee**

**11:15 Interactive session(s) to determine key success factors for institutional development related to land market development**

- Introduction
- Group work and reporting

**12:45 Lunch**

**14:00 Networking event to exchange experiences about operational procedures**

- Interactive session to match demand and supply of experiences / knowledge

**15:30 Coffee**



## 16:00 Country experiences with land market development

- **Hungary:** 'Operational procedures of the Hungarian National Land Management Organisation'; Dr. Robert Sebestyén (President of NFA)

Mr **Robert Sebestyén** presented some data of Hungarian land use and gave a brief overview of the background of the Hungarian National Land Fund. The National Land Fund has 1,9 mln ha of land involving 8.000 leasing contracts. The purpose of the NLF is to effectuate land policies which included among others to provide land for family farms, to improve the land ownership and leasing system to activate the land market but avoid speculation. A set of implementation tools is available like for example land consolidation, land banking, land swapping, pre-emption rights. Mr Sebestyén focused on operational procedures for tendering land leasing, land swapping and sale as well as the operational structure which was set up to perform the tasks.

## 17:00 Daily closing

**Wednesday, 15 February 2012**

### Technical Session 2: New roles for land consolidation

#### 9:00 The status of Land Development and Land Consolidation in Europe – a cross section analysis

Prof. Joachim Thomas (North Rhine Westphalia, Germany)

Mr **Joachim Thomas** analysed **land consolidation approaches** all through Europe and presented a cross section. He addressed the increased relevance of integrated approaches for multi-fold goals, such as resolving land use conflicts, realisation of big infrastructural projects, the implementation of EU water framework etc. His study also leads to the insight that the results of voluntary land consolidation in general are limited and do not play a relevant role within the national economy concerned. Mr. Thomas emphasized the relevance of obligatory land consolidation procedures, legally established institutions with competent staff and the importance of confidence among landowners.

In the discussion afterwards, it was reflected that in the eastern European countries the former approach of land consolidation, meant losing private land to the State. The base of the resistance against compulsory consolidation lays in bad memories about this time, both for politicians and landowners. For this reason, decision making is rather a political issue, than one based on economical costs-benefits.

#### 9:30 Thematic and country introductions: New Roles for Land Consolidation

- Land consolidation in relation to climate change adaptation – an overview of findings so far of the F:ACTS! project; Margarida Ambar (DGADR, Portugal)



Mrs **Margarida Ambar** informed the workshop about land consolidation strategies in relation to **climate adaptation**. The F:ACTS! IINTERREG IVC project searched for new approaches. Several pilots started. Resilience, sustainability, economic viability and finding the balance between agricultural activity and natural values are key issues in this projects. Stakeholder involvement was important in developing a shared vision, for instance for the pilot project in Vouga, Portugal. Main conclusion of the project is the need of a smart combination of policies and a rich toolbox, amongst which a 'soft' land consolidation approach and agri-environment programmes.

The presentation raised the question how so many different interests can be secured in such a fragile area. At this stage, legal security lies in spatial planning at a regional level. It is hoped and expected that in time the benefits of a sustainable and viable area will be so strong that it will support and secure itself.

- **Belgium (Flanders)**; 'Flexible use of various instruments related to land consolidation'; Ilse van Dienderen (Flemish Land Agency)

Mrs **Ilse van Dienderen** gives an overview of the role of the Flemish Land Agency (VLM) in land consolidation and the **flexible use of different instruments**.

In Flanders, the existing instruments need to be upgraded in order to facilitate a more integrated approach. The aim is an increased number of instruments but more simple procedures. A new decree is ready, but not agreed as yet. The new procedure consists of two tracks: land development and open space projects in which all stakeholders are involved. The toolbox contains a variety of voluntary and compulsory instruments: agri-environment, voluntary consolidation, farm reallocation, re-conversion or closure. Compulsory tools that are available are pre-emption rights and compulsory consolidation. New is a call for tenders: people in the area are invited to come up with a concrete plan ('quick wins'). A provincial land commission has a role in creating integrated land development plans, based on these two tracks. After the plan the instruments that are needed are selected. By these means, land consolidation is the making of a plan and custom made realisation with the use of a mix of instruments.

Interesting aspects of the new Flanders decree are the compensation for the loss of land and the obligation for the state to buy land when a farmer is seriously injured by the loss of land.

- **Latvia**: 'Current policy developments in land management and land banking'; Ms Daiga Paršova (Ministry of Environmental Protection and Regional Development) and Ms Dace Platonova (Latvia, University of Agriculture)

Mrs **Dace Platanova** presented **policy development in Latvia** on land management and land banking. In Latvia, the average farm size is just over 20 ha. However, this is highly influenced by a small number of big farms. The majority of the farms is still very small. Latvia wants to realise viable agricultural structure. Defragmentation of land plots is needed. New regulation on land consolidation is being developed; the Land Management Law. This includes land funding and land consolidation. Mrs **Daiga Parsova** sketched the dilemma's that are faced, both institutional, financial and legal. There are pro's and con's for land banking under the existing Land Fund or under the responsibility of municipalities. Regarding the legal framework the dilemma is between the plan as part of a spatial municipality plan or



as a land survey project. Latvia is on the way to a land bank and hopes for experiences and support of other countries. Experiences of Lithuania may be very useful (see the report at the website of FAO).

**10:45 Coffee**

**11:15 Interactive session(s) to determine key success factors for institutional development related to the establishment of broader integrated approaches**

**Interactive session** to determine **key success factors** for institutional development related to the establishment of broader **integrated approaches**. Groups discussed whether an integrated approach is an option in their countries.

In general there is a development from simple, single goal land consolidation towards integrated, multiple goal land consolidation. In many east European countries first priority is establishing legal security and defragmentation of land. Later in the process, the perspective broadens from agriculture to broader rural development and more goals come in. Step by step more experience is gained with more complicated forms of integrated land consolidation. Flexible, tailor-made approaches are important.

Parallel to this development from single goal to multiple goals, it is recognized that obligatory land consolidation has a better cost-benefit rate than voluntary land consolidation. However, for historical reasons in many countries obligatory / compulsory consolidation is at the moment not a subject open for discussion.

**12:30 Lunch**

**14:00 Country introductions: New Roles of Land Consolidation**

- **Germany (North Rhine Westphalia)**; Land Consolidation as Alternative to Compulsory Land acquisition for Big Public Infrastructure Projects; Joachim Thomas

Mr **Joachim Thomas** explained how land consolidation can be used as an alternative to compulsory land acquisition for big **public infrastructure** projects. He states that compulsory acquisition always creates losers; farmers are affected in their productivity, while useless residual parcels remain. Effects are repaired but not functionally adapted. He proposes land consolidation as an alternative for expropriation.

The procedure starts with buying land in the surroundings of the new infrastructure. These need to be parcels that are exchangeable to parcels under the new infrastructure. Then the exchange process can start, through land consolidation.

Mr Thomas states that the right instrument should be chosen out of the following range; Voluntary (with no guarantee for the results), compulsory exchange of parcels, a comprehensive land consolidation with obligatory participation of all land owners or land consolidation in case of permissible compulsory land acquisition. The last can be applied when one is not able to purchase the needed amount of land on the free market. All land owners contribute to a maximum of 5 % (of the value).

- **Macedonia**; 'Setting up a strategy for land consolidation: scope, objectives and issues at stake'; Mr Perica Ivanoski (State counselor for agricultural policies, Ministry of Agriculture, Forestry and Water Economy)



Mr **Perica Ivanoski** presented how in Macedonia a **strategy for land consolidation** is set up. In Macedonia, unfavourable land structure is a limiting factor to sustainable agricultural production. There is an urgent need for a better rural infrastructure: roads, rehabilitation of irrigation systems, access to markets etc.

Macedonia has developed a national strategy for agriculture and a (draft) land consolidation strategy with support through Dutch bilateral cooperation. The strategic goal is to overcome the unfavourable structure of agricultural land with a aim to increase agricultural production, as well as the sustainable management of natural resources. Possible measures are the exchange between state-owned and private parcels in order to create larger parcels, pre-emption rights, 100% coverage of transaction costs for voluntary exchange and subsidized loans.

In the discussion it was stated that it is important to analyse the causes of the abandoning of land, so the right measures are taken. A Pension scheme for old landowners may be a good suggestion, similar to Hungary.

- **Serbia;** 'Ongoing policy developments in Serbia regarding land consolidation and land banking; Zoran Knezevic (Ministry of Agriculture, Trade, Forest and Water Management) and Stevan Marosan (University of Belgrade)

Mr **Zoran Knezevic** and mr **Stevan Marosan** informed the participants about the ongoing policy developments regarding land consolidation and land banking in Serbia. Land consolidation in Serbia has a long history. From 2007 onwards a new approach started. It involves the improvement of living conditions of people in rural areas, including the development of infrastructure, water management, economic investments and the protection of natural areas. It can be compulsory or voluntary. However, the benefits of finished LC projects in Serbia in terms of improving the agricultural structure are very limited. The amount of owners is equal, before and after LC. In the opinion of mr Marosan it seems more a cadastral consolidation; only parcel size has increased.

Main conclusion is that land consolidation needs to be part of rural development. It must be better planned and once the privatisation is finished, the remaining state owned land should be used for the enlargement of farms. The availability of an amount of free parcels is considered a condition for success in land consolidation.

The Serbian land bank has two roles: land market development and supporting rural development and land consolidation. It is not a land bank active in the land market, it is mainly to manage 290.000 ha of state land, which is leased to farmers.

In the discussion afterwards, it became clear that the fact that cadastral information is not up to date is drawing back the LC projects. It also becomes clear that LC has a positive spin-off which goes beyond the land structure itself, such as the development of the land market after LC and a higher rate of return of irrigation structures and other infrastructure.

**15:00 Coffee**

**15:30 Interactive session(s) to discuss the level of integration in relation to institutional and legal requirements: what is the right balance of creating trust / public support and the level of legal enforcement in order to create impact?**



**Interactive session** about **voluntary versus compulsory** land consolidation. Groups discussed whether there is a need for compulsory land consolidation, and if so, what are the bottlenecks?

The need for compulsory land consolidation projects is generally seen, but in former socialist countries discussing compulsory land consolidation is hardly an option. It is suggested to start with a voluntary approach. If there are sufficient initiatives and good examples, things may change in time.

Obligatory land consolidation may be considered:

- where there is a urgent need for defragmentation of parcels;
- where there is a lot of abandoned land;
- when clear public interest is involved such as realisation of new infrastructure (and possibly agricultural development, only if defined as an objective);
- for reasons of cost-benefits, when big public investments are done (such as irrigation systems).

Remarks:

- Especially in compulsory projects, the input of all stakeholders in the plan is important.
- In decision making in favour or against a compulsory project, a minimum percentage (51 % or perhaps 70 %) of acceptance of the farmers is considered essential.

Bottlenecks can be:

- the lack of awareness about costs and benefits amongst stakeholders;
- negative associations with compulsory land consolidation due to the history of former socialist countries (needs time, start voluntarily, create good examples);
- policy and decision makers change every few years, difficult to establish a long term strategy;
- legal restrictions (for instance in Azerbaijan an amendment would be needed to make compulsory land consolidation possible);
- little experience with dialogues with local stakeholders and participation of farmers.

**17:00 Reporting back from working group sessions**

**17:30 Daily Closing**

**Thursday, 16 February 2012**

**9:00 Sustaining the LANDNET**

Session on role, activities and financing of the network

As agreed, also the set up of the LANDNET as such was discussed. The main aim is to make the LANDNET less depending on incidental (short term) funding but to have a stronger set up with more legitimacy among European policy makers. This aim follows earlier steps



like professionalising the yearly / half yearly workshops, to intensify activities in between the workshops and to deepen the level of content discussions. Also a name was chosen (LANDNET) and a visual identity.

There is no doubt about the additional value of the LANDNET. Land structures in parts in Europe are scattered while farms are much too small in scale. In a globalising and liberalising world, this jeopardises the competitiveness of Europe in the world food market. Meanwhile, the land market functions very badly in big parts of Europe which hampers self correction but also the government interventions. Absence of the strong economic pulling factor of a healthy agricultural sector and proper instruments to facilitate the land market also hampers other developments like establishing NATURA 2000 networks and proper protection of vulnerable areas. If no interventions are planned than this will seriously impede opportunities for investors to scale up and develop high quality products. The LANDNET has an important role in this but this role can even be more important in future.

#### Organisational set up

During the workshops ideas were developed and discussed to develop an institutional set up.

Sustaining the LANDNET needs three preconditions, (1) financing, (2) time from its members and (3) a more institutionalised set up. An important conclusion is that mission, objectives and activities need to be elaborated since it is difficult to get support without a good plan. Initial ideas for this were collected and discussed and also the organisation required and the financing needed.

Initial ideas for the organisation are:

- FAO REU in Budapest is willing to be the Secretariat
- Each country (EU / Candidate EU and New Neighbours) appoint a national contact person
- A small board of high level representatives (from FAO and the members) determines the direction
- An pool of European experts is created to assist FAO in the content activities (I see a role for the FARLAND group here)

It is believed that a stronger organisation needs more commitment / legitimacy from all kinds of international and national organisation. To date the LANDNET is functioning too much on technical level. For this an important step has been set during the workshop: a LANDNET Declaration asking for recognition, participation and support has been discussed and agreed among the 27 countries. The declaration is attached.

The Declaration will be used by the various members to promote the LANDNET and to create more support and legitimacy. It will also be used to create interest among possible financing organisations.

An important principle in this is that the LANDNET is not too much focused on itself but that it serves the higher objectives of facilitating the land market, improving the land structure and by this, creating opportunities for investments.

**10:45 Coffee**

**11:15 Final wrap-up of technical sessions, lessons learnt, burning questions, related issues and emerging issues in land market development and land consolidation for future discussion – the next workshop**

**12:30 Closing of Workshop**



## ANNEX - Draft LANDNET Declaration

Participants from 27 countries of the LANDNET workshop, held from 13-16 February 2012 have discussed ongoing developments related to rural land structures in Europe and have reached the following conclusions.

### The present situation is that:

- Rural areas in Europe are challenged by globalization, increased competitive pressure on agriculture, rural-urban migration, leading to undesired structures in rural areas;
- Rural land structures in large parts of Europe are characterised by small scale, fragmented agricultural holdings;
- Rural land market functioning in many countries is strongly hampered by various reasons such as lack of information, unsolved legal disputes, high transaction costs, underdeveloped spatial planning frameworks, unsecured property rights etc;
- Existing legal frameworks and policy instruments are not well developed;
- Land tenure issues are not getting sufficient attention by both European and National policies;
- Competitiveness of Europe's rural areas is seriously affected by the slow pace of restructuring of rural land ownership and use;
- Realisation of other land use claims resulting from public policies such as for example Natura 2000, development of public infrastructure, water management etc. can only be realised when balanced properly with, and tuned to, a healthy agricultural sector in a well functioning land market;
- The combined output of these factors seriously hampers rural development.

### Considering that;

- An informal network has been functioning since 2002, organised by FAO and supported incidentally by Czech Republic, Denmark, Germany, The Netherlands, and Spain by organising a number of workshops;
- Based on the interactions in the informal network, a number of technical assistance projects dealing with land consolidation have been initiated, funded by different donors (G2G / Agency NL, FAO, SIDA, WB);
- Several countries and regions have made progress by setting up the policies and legal frameworks for particular instruments but that that most actions are still either in preparation or in pilot or introduction phases;
- Financial frameworks do not adequately back policy intentions;
- Policies in general need a better coherence between the various instruments and still need significant improvement;
- Institutional capacity to organise appropriate response to the situation is insufficient;

- The exchange of knowledge and experience, study of common issues, innovation of approaches benefits greatly from a strong international network;
- Existing networks are not dealing with improving of land structures and rural land market functioning;
- The network, although gaining intensity and profile, lacks the institutional set up to carry out a more intense and complete programme of awareness raising, exchange, study, development and coaching, leaving important common issues unaddressed; and
- Such a programmatic approach requires a more stable institutional set up, with proper legitimacy and organisation.

**LANDNET therefore calls for the recognition, participation and support by national and regional governments, as well as the FAO Regional Office for Europe and Central Asia, to reform the current LANDNET into a stable, well institutionalised network on rural land structure issues.**

**LANDNET**  
**Budapest, 16 February 2012**