



7th international LANDNET Conference 5 - 7 October 2015, Ankara, Turkey

Land banks and land funds – an overview and presentation of FAO publication

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Content

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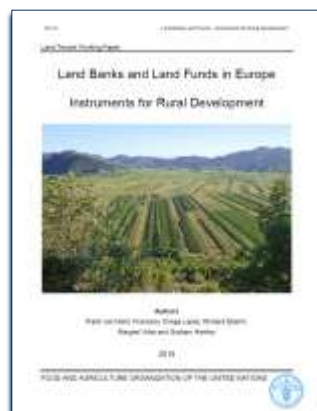
- **Tonder 2004 - Land Banking / Land Funds as an Instrument for Improved Land Management in CEEC and CIS**
- **Prague 2008 - Land Banks and Impact Assessment**
- **Santiago de Compostela 2009 - Land Development Instruments and Information Tools to Assist Land Structure Reforms: the Galician Experience**
- **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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- **Land banking is a current policy issue in many countries**
- **Little / no guidelines on land banking exist**

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Inputs for the paper

- Earlier workshops
- Budapest workshop 2010 & 2012
- Bilateral projects
- Survey Lithuanian land bank 2009
- Questionnaire



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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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Objectives of land banking



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



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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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Objectives of land banking 3

Complementing the land market by organising other land use options

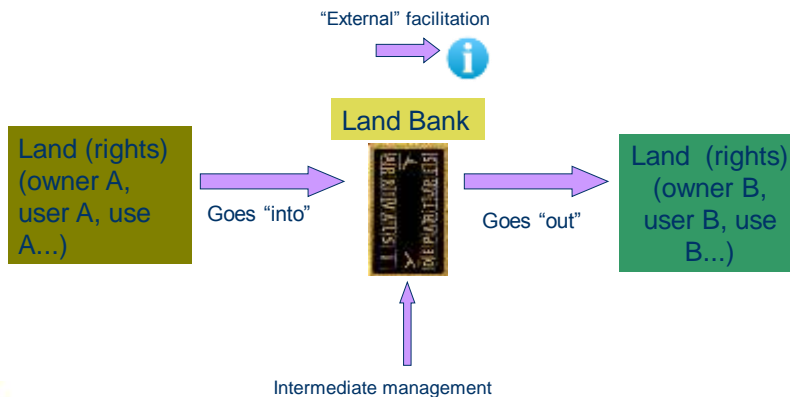
- Secure proper land use or by mediating between owners and users
- Buffer lack of financial liquidity of farmers to invest and to scale up by providing leasing arrangements or by mediating to get 'soft' loans



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Approaches – main elements



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Elements of a Land Bank

- Assistance in land transaction procedures
- Incorporation of land
 - Target areas and groups
 - Type of land rights
 - Tools for acquiring land
 - Conditions
- Intermediate management
 - Restoring the land condition
 - Maintaining land
 - Preparing for other functions
- Transfer of land rights
 - Target group selection
 - Type of land rights
 - Tools for outsourcing



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Institutional / legal framework

Organisational set up

- **Project based organisation**
 - Portugal (DGADR), The Netherlands, North-Rhine Westphalia
- **Corporate body or government agency**
 - Denmark, The Netherlands (BBL), Poland (APA), Portugal, Slovenia
- **Government owned corporations or government enterprises**
 - former Eastern Germany (BVVG), Lithuania, Spain
- **Public / private solutions**
 - France (SAFER), Germany (Landgesellschaft)



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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 - 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 - 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 - 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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Basic steps to establish a land bank



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



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