

**International Workshop:
Land Banking/Land Funds as an Instrument
for Improved Land Management for CEEC and CIS**

**Tonder, Denmark
17th - 20th March, 2004**

Background

The Directorate for Food, Fisheries and Agri Business, Land Consolidation Division (DFFE) together with the Food and Agriculture Organization of the United Nations - FAO / UN, organised the workshop "Land Banking/Land Funds as an Instrument for Improved Land Management for CEEC and CIS". The workshop took place in Tonder, Denmark 17th – 20th March 2004 with 40 participants from 14 European countries.

To provide the background, Central and Eastern European Countries have made significant progress in the devolution of state hold real estate and property to private owners in both the urban and rural contexts.

These land reforms of restitution and de-collectivisation were essentially driven by considerations of political justice and resulted in agrarian structures that are in other respects unsuitable for today's Europe and the globalizing economy.

Notwithstanding the remarkable success of the land reform process, land fragmentation emerged as a side effect with detrimental implications for private and public investments, sustainable economic growth and social development. Less-favoured and least-developed regions, whose economies still depend on agriculture, have witnessed negative growth rates, soaring unemployment and mounting rural poverty. These have resulted in serious social and economic disintegration and widespread disappointment among local actors and stakeholders.

Land fragmentation affects mostly distribution of co-operative and state farm land was driven by equity principles without considering farm management aspects, the parcels which farmers have received are often too small and may be badly shaped, particularly in their length-to-width ratio. In some countries farm size average 1,5 to 2,5 hectares which makes it difficult to implement new production patterns, machinery and appropriate technologies.

Re-allotment and amalgamation of parcels is therefore an important element to increase productivity and hence efficiency in the agriculture sector. Without that, most private farmers are restricted to subsistence agriculture and cannot participate in commercial production.

This leads to migration and the abandonment of farmland, especially in areas far away from markets. Additionally, fragmented parcels and properties, scattered over different political, juridical and administrative boundaries obstruct spatial/ territorial planning especially in terms of land administration, land use planning and land management. Decision-makers from both the public and private sector are faced with limited possibilities and alternatives when allocating resources. This hampers the implementation of rural regional development policies, strategies, programs and projects aimed at improving rural livelihoods. There is now increasing recognition of the need for a "second wave" of land reform –aimed at rationalizing rural space through land management tools such as consolidation of fragmented parcels.

While land markets play an important role in the creation of more viable farming structures, they are not sufficient by themselves for the development of efficient agricultural economies and sustainable rural communities. For that wider purpose the implementation of proactive government policies, are needed. Amongst the more important policy instruments being considered for agricultural and rural development are improved land management schemes.

In Western European countries, land banking / land fund schemes have proven to be very successful instruments when applied to land consolidation projects and early retirement schemes. They allow for the efficient and cost-effective management of public lands intervention in the land market, the buying and selling of better-shaped plots and parcels to farmers.

Some countries in CEE have recognized the importance of this instrument especially in the wake of the EU accession and have either already established relevant schemes or are preparing to do so.