

## Getting land consolidation pilot projects going

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### Introduction

Land consolidation plays in many Western European countries the role as one of the important instruments in the *land management tool-box*. During the last years, several countries in Central and Eastern Europe and CIS have had the first experiences with land consolidation projects. FAO has initiated a series of workshops about land consolidation and improved land management and has recently published guidelines for implementation of land consolidation pilot projects<sup>1</sup>.

This workshop paper is intended as a background for further discussion of *getting land consolidation pilot projects going*. The focus is on the practical implementation of the first pilot projects. Mainly four specific topics will be addressed:

- Selecting pilot project communities
- Getting local support
- Valuation
- Land Banks and Land Funds

The character of land consolidation differs from normal land registration activities in a number ways that can be pictured by the following statements. These features of land consolidation become apparent once the first pilot projects are going to be started.

#### Land consolidation depends on owners decisions

The shift from first to second stage land reform means a shift to a situation where a publicly promoted transition-process depends on preferences and decisions by individuals. This is different from the normal cadastral procedures that assume compliance to regulations by individuals and approval by officials. For the professional it means a shift to a more service oriented approach.

#### Land consolidation offers something

Land consolidation must offer something that motivates owners to join. In general information and when opening a dialogue with a community the land consolidation lead agency must be clarified as to exactly what can be offered. Whether such commitment is modest or extensive may not be decisive for the local interest. A critical aspect is that the input and the conditions on which it is available are clearly defined.

#### Land consolidation handles uncertainty

One characteristic feature of a land consolidation project is that the solution is not known at the outset and there is not just one solution. There are many parameters and addressing them in a different order will give different outcomes. Performing land

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<sup>1</sup> See reference no. 1 and 2.

consolidation design is a skill of its own. It differs from normal land registration disciplines by requiring more improvisation and flexibility. It is necessary to begin in the midst of many unknowns.

## Selecting pilot project communities

Selection of the best possible pilot site is a precondition for a good result of the pilot project and it is easy to get lost in the process and spend too much time on this early stage of the project. Normally it will be possible to carry out the selection within a timeframe of 1-2 months. Two aspects of importance for the selection will be discussed in the following, recommended *selection criteria* and *selection process*.

### *Selection criteria*

It is relevant to consider a wide range of different aspects before selecting one or more communities for land consolidation pilot activities. Criteria of importance for the selection are in a non-priority order:

- Existence of family farms with potential for commercial farming and a wish to enlarge the farm.
- Fragmentation of land plots.
- An existing land market (presence of both potential sellers and buyers).
- Availability of free state owned land for inclusion in the project (sell and exchange).
- A relatively small number of absentee owners.
- A high level of completion of land reform and registration of land ownership.
- A high level of satisfaction among local landowners and stakeholders with the land reform process and outcome.
- Few land disputes and no problematic ones.
- Soil with good potential for agricultural production.
- Location within a designated growth area of the country (land consolidation can be linked to other development activities).
- Existence of (digital) cadastral maps and other thematic maps.
- Plans / measures for local rural development, infrastructure improvement, nature- and environmental protection.
- Initiative and commitment from local government.
- Local capacity for land consolidation design and land use planning.
- Proximity to capital city or other base for land consolidation lead agency.

Other criteria of country specific or local importance may have to be added. However, the difficulty is not so much the evaluation of potential pilot communities from each of the criteria, but more how to compare the evaluation of different candidate sites. The perfect area from an objective evaluation of all criteria does often not exist. If possible from a managerial and financial point of view it is recommended to implement land consolidation pilot activities simultaneously in 2-4 communities. This will minimize the risk of failure and give more faceted experiences.

### *Selection process*

The process of selecting the pilot community is equally important for the final result. Normally the responsible lead agency at the central level will not have the detailed knowledge to find and assess local candidate communities. The local government will have to take the lead in this part of the selection. A first step is for the lead agency at

the central level to prepare brief information material about land consolidation pilot project. The information material will focus on issues like (a) overall purpose / project background (why), (b) project content and flow (how), (c) expected role of local government and other local actors (who) and finally (d) selection criteria and (e) process.

A second step is to invite local government in suitable regions of the country for a meeting. Regions remote from the capital / base of the central lead agency, mountain areas and forest areas may be excluded from the selection process. During the meeting the project ideas and the elaborated information materials are presented and discussed. The representatives from local government in the different region are encouraged to search for candidate communities in their region and to propose such areas within a certain deadline. For example, during the second Lithuanian – Danish land consolidation pilot project (2002-2004), the land management administrations in all 10 counties were requested to propose areas. Eight candidate areas in 5 counties were proposed and 3 were finally selected.

In order to compare the candidate areas, a proposal can include a written description of the features that match the selection criteria. Other information to be included in the proposal data may be:

- Size of community (in hectares) and number of landowners.
- Average plot sizes and extent of land fragmentation (average number of plots per landowner).
- Size and number of free state / community owned plots (number of plots and size).
- Brief description of agricultural structure (main production, percentage of uncultivated land, owner-lease ratio).

During the decision process the lead agency should arrange meetings with each proposed candidate community. The purpose of such meetings is both to explain and discuss the project but also to assess the suitability of the community according to the criteria. If many candidate communities have been proposed, a short list can be prepared using a simple SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). If there are still more suitable candidate communities than needed, further discussion with the communities are needed. Finally the decision must be taken by the lead agency and project steering committee. At the end of the day the final selection of the project site(s) cannot be based on quantitative methods, but will have to be based on the “best feeling” among the decision makers.

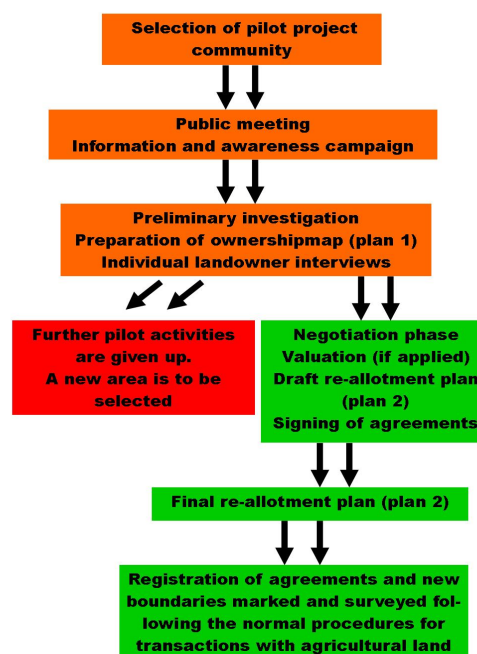
### **Getting local support**

Land consolidation must offer something that creates the incentive of the landowners and community to join and support. The first condition is that a minimum of resources are available. But getting local support is as much a matter of approach of genuine attention to the situation of owners and their community. A participatory design approach is the best guarantee for local support.

The figure below gives a simple overview of the suggested main project activities. The first three boxes illustrate what essentially concern preparation. The last three boxes are implementation. The dark red box symbolises the case where – despite

careful selection – a project area is found unfeasible; perhaps premature. The challenge of getting local support applies to all project stages.

Prior to approaching a community the lead agency needs to clarify the scope of input that the pilot project can provide. The first projects will most likely have a modest volume of resources at disposal. As a minimum the first pilot project should make a land consolidation designer available and the processing of land consolidation agreements should be free of charge. A more integrated approach with improvements of infrastructure and village development assumes the allocation of finance at such larger scale. Whatever the scale of resources, a critical pre-condition for local support is that the input can be specified.



**Figure: Suggested flow of land consolidation pilot project**

At the information / awareness stage it is important that key persons in local government and other prominent persons in the community support the project as mentioned under “Selecting pilot project communities”. Participation in public meetings is one aspect. Besides, such local persons meet people informally and it is important that they are well informed about the concept of land consolidation. The lead agency may therefore establish a mutual understanding with the local government, agricultural extension officers, local land offices and possibly others.

A land consolidation project wins local support by demonstrating the ability to direct its input to address concrete local needs. The classical aspect is to alleviate the inconvenience of fragmentation. In practice the issue of access may often be an equally important issue. For example, some parcels may not have a formal right of way over adjacent parcels from a main road. In other cases an access road is unnecessarily long. Attempts to make short cuts and the issue on maintenance is a recurrent source of local disputes. A land consolidation may often be able to remedy such inconveniences. There may also be a contribution in land planning. For example, reserves of land can be created for other purposes. Land not desired or suitable for agriculture can be reserved for afforestation perhaps with recreative value as well. Reserves for new or improved local access roads can be laid out making subsequent financing and construction easier.

The service aspect of land consolidation includes more than the financial aspect of exemption from payment of certain costs. What typically strengthens the motivation to join and support a land consolidation is when people realise that what is normally cumbersome, time consuming and perhaps impossible - is easy. For example, that they are relieved of dealing with authorities. Owners living far away need not travel to

local land offices and wait to process their case. This is performed by the land consolidation designer. People in the village need not negotiate directly with their neighbours in the community to sort of the solution of the land exchanges. The land consolidation designer does that. What they shall do is to make up their own minds about what they want to do with their land. How this can best be negotiated with wishes of other landowners is up to the land consolidation designer.

Perhaps the secret in getting local support is an approach of genuine attention to the situation of each owner or user. Individual aspects cannot be considered at public meetings. The land consolidation designer must meet with each person, see the lands, check the maps, and have time for conversation and elaboration of what was presented in the public meeting. It is only when the owner has confidence in the land consolidation designer and fully understands the procedure that he or she can take a decision to sell, buy or exchange land. It is in this dialogue that owners may begin to consider things that they never thought of before; and in the same process the land consolidation designer detects what the immediate needs are. The land consolidation designer must therefore be a character that can win the confidence of people and she or he must have a talent for negotiation / mediation.

A voluntary approach is essential in the first pilot projects. The clarification of an owner may be that, for the time being, he is not prepared to make any changes concerning land. It is important that in such case he is free to stay out of the pilot project. Especially, when land consolidation has been discredited by previous compulsion it may strengthen the reputation of land consolidation to demonstrate that owners do in fact decide themselves to join. A particular aspect is that people who set unreasonable requirements for their participation are also free to stay out. They do not have a legal right to participate in a voluntary project if they do not accept the terms. A few examples of this type can also strengthen local support.

A powerful message is transmitted by the fact that the first land consolidation is in progress. Local interest becomes progressively more serious when the project advances into the next stage. Moving from information and awareness meetings into preliminary investigation with field work, individual meetings, correction of maps, etc. is evidence that the project is “for real”. Even more so when the first rearrangements are agreed. The land consolidation project becomes an issue when people meet in shops and at social events.

A first project even of a limited scale will serve as proof of the lead agency’s general information. When people have seen the first land exchanges actually happen there is a much better basis for launching a second and probably larger project. A collection of good examples of concrete improvements are important outcomes of the first land consolidation activities.

## **Valuation**

Valuation of the land in the project area is a core question in the implementation of land consolidation projects. The overall purpose of valuation is to find the market price on each of the plots in the project area. When discussing different Western European approaches to valuation in connection with land consolidation projects it is normal to distinguish between two main methods of valuation, one where the value is

based on *market price* and another based on a *relative value*. The question of valuation methods is particularly difficult in connection with the first pilot activities.

It is a precondition for the application of all valuation methods that there is an existing land market in the project area, meaning that there are various potential buyers (at least more than one) for each plot offered for sale. If this is not the case, the selected area will not be suitable for the pilot activities and another area must be selected. When beginning the first land consolidation pilot activities it is often the situation that the land market in general is weak. In this situation it is very difficult to apply the traditional land consolidation valuation methods, *market price* or *relative value*. It is a condition for the use of such methods that the involved landowners at least to some degree accept that land plots of the same objective value (same soil quality, size, shape, drainage condition and position) can be sold and bought at the same price per hectare. If actual prices from the last 1-2 years of comparable land plots in and around the project area vary considerably, it may be necessary to refrain from systematic valuation. This can also be the situation if the landowners (both potential sellers and buyers) have very different expectations to prices. In such cases the valuation / price aspect must be handled by negotiating the price directly between the potential seller and potential buyer.

This approach was used during the Lithuanian – Danish land consolidation pilot projects 2000-2004 because of weak land markets, typically only one buyer for each plot offered for sale. In this *non-valuation* situation it is a good idea to begin the negotiating process by defining the interest areas of the potential buyers and build the “plan” from there. Unfortunately the *non-valuation* situation will tend to have a limiting influence of the dynamic of the planning process. The reason for this is a tendency to “lock” the new structure too early and without being able to take all possible solutions into consideration. In cases where the traditional valuation methods are applied and where there is a common agreement of the price level among the landowners, the land consolidation designer can sign agreements with sellers without knowing exactly who will receive the land plots.

The valuation methods, *market price* and *relative value* are related in practical use and can with success be combined. The landowners in the pilot area will normally have very different motives for their interest in the project such as to (a) reduce fragmentation, (b) enlarge the farm size, or (c) sell the land.

For all landowners who through the project will increase or reduce the value of their total land holding there is a need for an agreed market price value. For the landowners who end up with the same value of the land holding, but reducing the number of land plots, only relative values are needed. Any valuation approach will have to deal with these differentities. One way of doing this is to use relative values from 100 and down in steps of 5. The best plot in the project area is given the relative value 100, the second best 95 and so on. After this exercise the valuation team consisting of the land consolidation designer, the representatives of the landowners and the appointed valuation experts and/or agronomist agree on the market price of the value 100 land. Afterwards the market price of all plots with relative value can, in cases there it is needed, be found by simple multiplication.



The market price is tightly connected with the potential land use. Land use maps, soil maps and valuation maps (for land tax purposes) if they exist, can support the valuation, but such maps can never replace a separate valuation of the plots in the field where the valuation team visit the plots and discuss the value of each compared to the other. This is an iterative process where it often is necessary to “go back” and change the relative value of some plots as the valuation progresses. Afterwards the valuation is a guideline for the designer and the representatives of the landowners in the individual landowner negotiations.

It is an experience from the above mentioned pilot projects in Lithuania that uncertainty about future land use complicated the land consolidation process. The most obvious example is where the land use may change from agricultural use to urban development. In that situation the landowners tend to hold on to even small and badly shaped land plots because the potential increase in value is considerable.

### **Land Banks and Land Funds**

The many aspects of land banks / land funds were the topic for the Tonder workshop in Denmark in March 2004<sup>2</sup> and the main points appear from the workshop report and statement. Only the following brief points are stated:

The land fund function gives a land consolidation flexibility both with respect to buying and selling and land the fund contribution may be what is needed to get the first land consolidations going. This can be accomplished in various ways.

State owned land plays a crucial role in the first projects intended to demonstrate the potential in land consolidation. It can for example be flexible in the sense that the responsible agency agrees that the state land can be shifted on to a new location and if possible gathered in better shaped parcels. An option with great potential is to sell state land through a land consolidation. This would allow participating land owners to increase their holdings. Even relatively small amounts of free state owned land can make a considerable contribution to a land consolidation project when used to catalyse the process.

The agency that administers public land can also promote a land consolidation by being the potential buyer of land that may not be sold during the land consolidation. This would give the land consolidation designer the mandate to purchase land that owners want to sell without necessarily having a buyer to that land. Such net purchase of land in the early stages of a land consolidation can significantly widen the scope for design.

Seen from the perspective of a land consolidation and especially the first pilot projects, it does not matter so much whether the land bank is state or community based. The crucial point is whether free state or community land can be made available for redistribution through the pilot project. The catalytic effect on land consolidation does not require a specific land fund agency. Land consolidation can do with a pragmatic co-operation with the agency that administers state or community land, which in some countries will be the same institution as the land consolidation

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<sup>2</sup> See reference no. 3

lead agency. In practice, land consolidation treats a land fund – public or private – as any other landowner. It is just an advantage to have an owner who at the outset is willing to sell and relocate land and at the end to buy what is left. This greatly enhances the mobility of land.

A longer term perspective may be to establish a land bank / land fund institution. A Pilot project in land consolidation may then be seen also as a pilot experience in co-operation between land owning agencies and the land consolidation lead agency. These first experiences could then inspire approach and institutional framework at a national scale.

One possibility with a large potential is to use land consolidation as a method of privatisation. That is, to sell state land through land consolidation instead of selling to one person by way of auction. In this way the state would realise not only the value of the land but also a contribution to the development of the local agricultural structure and rural development in the pilot community.

Although not directly issues of land funding there are a number of aspects of public land administration and policy that impacts on land consolidation. Firstly, unclarified restitution claims are a hindrance for the flexible role of state land in land consolidation. One question that needs early attention is, therefore, whether state land in a project area can be cleared of further restitution claims. Alternatively such parcels will have to be left untouched. Secondly, long term lease agreements can frustrate the changes of ownership in a land consolidation. The interested buyer can not have the land before the lease expires and may therefore lose interest in that land. Alternatively the land consolidation designer will need to attempt to negotiate a cancellation of the lease contract which takes time and may involve compensation. It would make land consolidation easier if once a project area is defined there could be a “freeze” on the creation of new lease contracts at least for the state / community land in the area.

## **Getting pilot projects going**

In addition to the preceding four specific topics this section reflects further on issues of importance to getting the first project off the ground. These considerations are not systematic. They should be seen as input for further discussion and sharing of experience.

### ***Deciding key parameters***

The catalogue of things to consider when starting the first pilot project can appear overwhelming. One way of simplifying the preparations is to decide upon the main parameters in a sequence because once one aspect is fixed it clarifies and limits the scope of possible options in the others. Some of the early decisions and their sequence could be the following:

#### **Area**

Land consolidation projects are area-specific. Type of landscape, form of production, history of land reform and type of people varies even between neighbouring communities. Many aspects become much clearer once the project area is decided. It then appears what scope of change may be possible, what method may be applicable,



etc. It may therefore be a strategy to select project area as one of the first decisions and adapt other parameters to the particular circumstances.

### Team

The lead agency will have to clarify the composition of the core team upon which the expertise in land consolidation shall be build. It may not be possible for the lead agency to assign a person from among its own staff to work locally. Perhaps the land consolidation designer will be a person employed at the local government, a land surveyor from the local land office or a person from a private firm. In any case, the organisation of the team of centrally and locally based persons must be in place. Of critical importance is it that each person is relieved from present duties so as to have sufficient time for the land consolidation task.

### Preparation of a detailed project work plan

As mentioned above the project organisation will involve people from different government institutions (normally in different line ministries), both central and local, as well as different local stakeholders. The elaboration of a detailed project work plan at the beginning of the project is very important for the coordination and progress of the project. The work plan will define the single activities and their duration as well as the input from each person.

### Registration and implementation procedure

Once the pilot area is chosen, the lead agency will know their local counterpart agencies in land registration with which registration procedure need be clarified, agreed and implemented. The processing of property transactions must be clearly defined including agreement on the payment for cadastral surveys and registration fees. Firstly, this is necessary for the smooth implementation of agreements. Secondly, it is one of the issues that people ask about in the information meetings. The first pilot project does not require a special land consolidation act. Transactions with agricultural land follow normal procedures. The advantage is that people as well as professionals are familiar with those and the pilot can deliver experience that can later serve as basis for drafting a land consolidation law.

### Property information and cadastral mapping

Provision of property information and maps must operate smoothly in a land consolidation. Lines of communication, terms of payment, and other practical aspects must be clarified. The first task is delivery of the existing situation in property information and cadastral map. On this basis the plan 1 (ownership map before the project) is prepared in a co-operation between the land consolidation designer and the mapping specialist. The technique of illustrating land belonging to different owners and perhaps different forms of ownership by colours and symbols must be devised. Throughout the project there will be revisions and need for new paper prints.

### Clarify input to be offered owners and community

Whether the input is modest or large it must be specified. The lead agency ensures the allocation of staff and finance. The range of resources available determines whether an integrated concept of village development is possible. The first project is likely mainly to concern re-arrangement of plots. Nonetheless, it is an important input to make a land consolidation designer available for the community. Once the project area is chosen it becomes more concrete what input is relevant at a first stage.

***Proposal: Plan 1 as carrier of activities***

The plan 1 is a central instrument in all stages of the land consolidation process. Besides its technical and legal purposes it serves as a medium of participation. This map can be used as a vehicle or “carrier” of the first practical activities. Preparing an updated version of the plan 1 can be the activity that in the investigation stage brings the land consolidation designer together with the owners and define a situation in which other aspects can be touched upon.

The first version of plan 1 is prepared on the basis of the land records / registers. There is always a need to check the data and the graphics and make corrections. The check of the plan 1 together with each owner is always a good task that allows the land consolidation designer and the owner to get to know each other. Existing land use is revealed and the land consolidation designer gets a more detailed impression of local needs and the possible scope for the project. The owner can ask questions about procedure, possibilities, indicate preferences and he can have a better explanation than at the public meeting.

For the technicians the plan 1 is a new mapping product. Conventional cadastral maps are line maps with parcel identification. Colours and symbols must be added to illustrate the geographical dimension of fragmentation in an easily perceived visual image. The first plan 1 and the verification thus provide a test on the mapping technique. A particular challenge is to device a useful presentation when the situation is so fragmented and parcels so small and dispersed that a normal map is impractical.

Preparing an updated plan 1 including field checks with owners provides a test on community and of the lead agency. The land consolidation designer gains an accurate impression of the area and of the commitment of people and local stakeholders. People get a better understanding of the project. The activity tests the lead agency ability to be operational and an important activity is performed early in the process. A technical activity serves a purpose of awareness and participation.

**Conclusion**

To the issues mentioned under each heading could be added many more points and experiences. In a brief conclusion a main point for each topic could be the following:

Above all, valuation must be acceptable to participants; even if technicians might prefer a more ideal method. The local support requires an economic incentive; besides that the decisive factor is people’s confidence in the process and in the professionals. The main issue in land banking is availability of land and for the pilot activities not so much whether a specific agency exists for that purpose. Selecting pilot project areas can apply a long list of criteria but in the end it is a matter of “best feeling”, an element of risk taking remains. So, each of these aspects will require improvisation and flexible adaptation through out the implementation.

The specific land consolidation approach in each country will need to be developed through practical experiences. It is apparent from the Western European countries that the set-up for land consolidation is country-specific reflecting differences in history, tradition in land administration and distribution of tasks between the involved

institutional actors. The Central and Eastern European countries and CIS will also each develop their specific model. As land consolidation projects progress in various countries it will emerge what feasible methods are devised in each country and there will be an increased basis for exchange of experience.

## References

- 1) FAO, 2003: *The design of land consolidation pilot projects in Central and Eastern Europe*, FAO Land Tenure Studies no. 6.
- 2) FAO, 2004: *Operations manual for land consolidation pilot projects in Central and Eastern Europe*, FAO Land Tenure Manuals no. 1.
- 3) DFFE / FAO, 2004: Workshop Report and Statement from International Workshop: *Land Banking / Land Funds as an Instrument for Improved Land Management in CEEC and CIS*, Tonder, Denmark, 17<sup>th</sup> – 20<sup>th</sup> March, 2004.