

How to Develop a Vision of Land Consolidation

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Introduction

During the last five years many Central and Eastern European (CEE) countries have engaged actively in land consolidation projects, programmes and policies. Donors and development agencies have contributed to this process both normatively and through field projects. Despite the progress made so far more detailed knowledge on how to create the appropriate enabling environment, both institutional and managerial, is necessary. There is a need to fill gaps in expertise on meeting the necessary pre-conditions, utilizing the full range of available tools, focusing on the costs and benefits, mainstreaming land consolidation into other sectors of the rural economy and addressing the required complementary measures.

This paper is about developing a vision of land consolidation. It is my purpose to discuss a number of questions relating to the subject of vision development and develop some general guidelines. My starting point will be the land fragmentation problem. I will argue that the vision development process has to be understood as a project for which a project plan should be drawn up. The vision itself should be based on a model of increasing ambition in time. Such a growth model provides an adequate hold for the allocation of resources, etc.

As a preceeding remark I want to stress that there is no such thing as *the* vision of land consolidation that applies to the situation in all of the CEE countries, nor is there a kind of greatest common divisor that embraces all possible aspects relating to a vision. Each of the CEE countries differs from the other countries in land reform activities and the size of land fragmentation that has simultaneously emerged, in land consolidation initiatives and experiences, in legal and institutional framework development, etc. Therefore, each of the countries has its own starting point and context that challenges them to find its own path in vision development.

Background

The detrimental effects of land fragmentation are well known, even with regard to its potential positive effects. Land consolidation is considered to be an important instrument to reduce land fragmentation and stimulate farm structure improvements. In general, land consolidation is described as a concerted effort towards rural development at the local level, which revolves around the amalgamation of formerly fragmented land parcels. The Munich Statement of 2002 includes among others the following guiding principles for land consolidation:

- Each country in transition must identify its own solution for land consolidation, taking advantage of lessons learned in Western and other CEE countries;

- Land consolidation should be applied in the framework of an overall agricultural and rural development policy, to achieve sustainable rural development;
- Legislative and implementing procedures must ensure the effective and equitable participation of all stakeholders and beneficiaries;
- Land consolidation requires a comprehensive, multi-disciplinary, cross-sector approach, integrating elements of rural-regional development and rural-urban links.

These principles found their way into a FAO publication on the design of land consolidation projects in the CEE countries (published in 2003). Writing about the need for a land consolidation strategy, FAO states that such a strategy (pp. 14-17):

- Should recognise that rural society is diverse;
- Should accept that not all fragmentation is a problem;
- Should ensure that land consolidation protects and enhances the environment;
- Must recognise the need for diverse local solutions, but will, at the same time, have to accommodate national and sub-national priorities;
- Should address institutional, financial and legal issues, capacity building and international cooperation;
- Should look at a phased approach to land consolidation.

At the same time it is widely recognized that land consolidation, in order to be effective, must be preceded or at least combined with land banking. The Tonder workshop on land banking (held in 2004) stated that land banking:

- Should be practically always integrated or linked with land consolidation;
- Should be centrally directed, but can be operational on a regional level;
- May be linked with credit and mortgage provisions;
- May reverse the trend of land abandonment and increase the competitiveness of agriculture and the rural economy.

Finally, the experience in many Western European countries shows that land consolidation:

- Is a concept far beyond and more comprehensive than agrarian parcel re-arrangement with the aim of increasing plot sizes;
- Incorporates additional instruments for rural infrastructure (re)construction, and market and institutional development;
- Aims ultimately at the sustainable improvement of the living and working conditions in the rural areas.

These notions and recommendations provide a valuable background for answering the questions with regard to vision development on land consolidation. The first question is: What do we mean with vision development?

Vision development

A vision can be described as *an idea that has the power to become reality*. It is a coherent image of the future that can be realized. Hence, developing a vision is no more or less than a way of thinking about the day of tomorrow. This process starts with the recognition that there is a need for a change because of the problems one has

to deal with. Then a clear insight into the nature of these problems is necessary. There also must be a sense of urgency to solve these problems. Necessity is a driving force to develop a vision. Another driving force is ambition; someone has a desire that he or she wishes to realize.

The terms ‘vision’ and ‘strategy’ are often used synonymously, as if they are interchangeable concepts. I will do so too, although one could also argue that it is possible to make a distinction between vision and strategy. Then, vision is about *why*- and *what*-questions, whereas strategy is about *how*-questions. Questions such as: What are the goals we want to achieve? and Why do we have these goals? are typically questions that belong to the domain of vision development. Strategy development on the other hand refers primarily to questions such as: How can we achieve these goals? In relation to this, strategy is about doing things, i.e. the choice of instruments (in view of their possible effects).

For the purpose of this paper, I will take vision and strategy (the why, what and how questions) under the umbrella of ‘vision development’. For a vision is, as stated above, a coherent image of the future that can be realized. Without this focus on realization (and implementation) of the embedded desires and ambitions, vision development runs the risk of daydreaming.

It is highly recommendable to envisage vision development as a project in itself for which a project plan must be written beforehand. This project plan must give insight into the problem that has to be solved, into its background and causes, into the concrete results that will be delivered at the end of the project, into the composition of the project team, and into time and money constraints. The project plan, when adopted, is the assignment to the project team leader. The person who gives the assignment can also be seen as the responsible problem owner. He or she must be a high level official.

In what follows I will discuss the following topics with respect to developing a vision of land consolidation:

- Rationale and objectives;
- Commitment and cooperation;
- Alternative solutions to solve the problem;
- Institutional set-up;
- Funding mechanisms;

I will conclude with a table of contents of the vision report, that may serve as a general guideline.

Rationale and objectives

The land reform process in the 1990s in the CEE countries resulted in a severe land fragmentation. Nowadays, land ownership and land distribution are far from what may be required for a well balanced, healthy and competitive agricultural production sector. The negative impact on production efficiency is often less prominent to read in statistics, since a considerable number of larger farms, either in individual or enterprise form, lease a number of parcels from private owners in single- or multi-annual lease contracts. There is a difference in land fragmentation and dispersion both

in regard to ownership and land use. Furthermore, land fragmentation can be different in different parts of the country.

In connection to land fragmentation there is the problem of abandoned lands, which has taken a sizeable extent in many of the CEE countries. Land abandonment leads to loss of agricultural production, to the degradation of agricultural landscapes, and to economic losses due to the reduction of possibilities for the development of a recreation industry. The recovery of these lands will take enormous costs.

Hence, it is important to have a good insight into the nature and size of the problem of land fragmentation (knowledge of facts and figures). A lot of research has already been done in this field. In this phase of vision development relevant questions are: What are the results of these studies?, Does this information provide a clear and complete picture?, What is the missing information, and how or where can that missing information be obtained?, etc. Of course, information on the physics of land fragmentation is not enough. Insight is also needed in the policy framework, the legal framework, the existing land market, and the institutional framework and services.

Subsequently, it is necessary to think about the problem formulation, and, closely related to this, to think about the question: Why is it a problem and for whom? It makes quite a difference whether the problem is formulated in social, economic or physical terms. It also makes a difference whether it is a national or regional/local problem. For example: Does land fragmentation lead to a less efficient agricultural sector on the national level, causing relatively high food prices and an unsufficient competitive power in the European Union, or does it lead to social isolation on the local or (sub)regional level? It goes without saying that usually a number of aspects of this kind can be sorted out.

What is the rationale for a vision on land consolidation (the why-question)? This rationale may be found in:

- Land fragmentation as a clear obstacle for sound agricultural development;
- Unbalanced distribution of farm sizes;
- Required competitiveness of the farming sector in view of European Union;
- Required spatial policy and interministerial cooperation for alternative land use destinations.

A vision that has the power to become reality needs to have clear objectives. Such objectives present an image of the future. The objectives can be distinguished in one or two *overall* objectives and a number of *specific* objectives. An example of an overall objective, derived from the above mentioned rationale, is:

- To address the issue of sustainable resource management in order to contribute to a better livelihood of rural areas;

Specific objectives might be:

- To clarify unresolved land reform issues (abandoned land, undivided land);
- To improve agricultural (farm) structure;
- To improve land management and to push back land abandonment;
- To contribute to spatial planning implementation.

It is clear that, due to the political character of the land reform process, the problem of land fragmentation is a political one. Therefore, a vision of how to solve this problem must be grounded on national political commitment and willingness to act. Values and political convictions play an important role and must not be underestimated. Land policy touches upon the fundamental rules of society. Therefore, solving the land fragmentation problem cannot be considered as merely a technical operation.

Commitment and cooperation

A pre-condition for the development of a shared vision on land consolidation is a common understanding of the land fragmentation problem. Because it is often difficult to reach a shared problem definition, an analysis of involved actors around the land fragmentation problem might help out. Relevant questions are:

- Who are those actors and what are their problem perceptions and interests? (*actor analysis*);
- How relevant are they? (*relevancy analysis*);
- What are their mutual relations? (*relation analysis*).

The actor analysis is an inventory of both the problem perceptions and the interests that are at stake and of the actors (and groups of actors) involved in solving the land fragmentation problem. The relevancy analysis focuses on the possible contribution of each of the actors or groups of actors to solving the problem of land fragmentation. This is an important step to determine the chances of realization of the vision. Each actor has some power and resources at its disposal with which it can use its influence with the process of vision development positively or negatively. Finally, the relation analysis provides insight in the (formal and informal) relations between the actors. Do they already cooperate and to what extent?, and What are the incentives that can stimulate or thwart the cooperation?

It is important to carry out the network analysis not only on the national level. It is equally important to pay attention to regional and local actors, public as well as private institutions and organizations. In this phase of vision development, field research might be necessary.

Solving the land fragmentation problem is of national importance, and therefore it is not only a problem of, as it usually seems to be, the Ministry of Agriculture and related institutions and organizations. Because of the interdependence of the network actors, they will have to cooperate (i.e. have fruitful relations). It is of great importance to take a broad view and include other policy sectors than agriculture.

The booming land consolidation effort in the Netherlands in the 1950s and 1960s, for example, was based on a clear view of the possible contribution of agriculture to national income, for which it needed to modernize. Lowering of costs and regaining a powerful export position were the common goals of a strong coalition of government and farmers organizations, called the Green Front. But lowering of costs was only possible by diminishing the agricultural workforce. This was made possible because at the same time industrial development was stimulated, and many former small farmers and agricultural labourers found a job in industry where they could earn higher wages. Infrastructure development was also stimulated, partly in combination with land consolidation. Finally, improving the land-man ratio was made possible by

a strong policy of land banking. Today, land consolidation is closely related to nature restoration and to the development of green spaces for recreation in urban peripheries.

Hence, as stated above, the land fragmentation problem is not an isolated agricultural problem but a problem of infrastructure development, nature restoration, etc. as well. Cooperation between all the actors involved (they have to!), will result in the design of appropriate (integrated) solutions to this complex problem. A combination with rural development is obvious, but so is a combination with the policy sectors of economic affairs, spatial planning and infrastructure. The actors in these fields need to be involved in the network analysis, not only for reasons of public support but also for exploring the possibilities of cofinancing.

It follows, that apart from the Ministry of Agriculture (often combined with rural development) various other ministries will be committed in developing a vision for solving the land fragmentation problem. Early involvement of these other ministries is thus of utmost importance. Setting-up an inter-ministerial Steering Group, which monitors the content and progress of the vision development process, is a way to obtain government commitment. Other means to obtain commitment are regular communications about progress, and the organization of workshops in the course of the process. It is to be considered to invite private interest organizations (i.e. farmer unions) to participate in those workshops.

Finally, in developing the vision a lot of attention needs to be paid to communication with relevant stakeholders. It is therefore recommendable to write a communication plan at the very start of the vision development process. This communication plan should contain at least the following elements:

- Who are the relevant stakeholders?
- When and how will they be invited to participate in the vision development process?
- What communication means will be used (workshops, conferences, website, etc.)?

Scenarios and alternative solutions

When a government faces land fragmentation and decides to solve this, two strategies are at hand. One way is to act by stimulating forces of spontaneous improvement. The second strategy is to act by applying specific policy instruments: land banking, land consolidation and voluntary parcel exchange.

Scenario-thinking can be a helpful tool to weigh out alternative solutions and instruments. A model of the desired future situation and a time frame in which this situation is likely to be achieved, are part of this. Scenarios can differ from each other in terms of instruments and the results that can be possibly achieved by using these instruments (what, where and when?).

Each of the scenarios has to be elaborated on the strategic as well as the operational level. This means that choices have to be made about what is needed to implement the scenarios. Again, it is clear that vision development for land consolidation must be done from a broad view to the nature and size of the problem of land fragmentation and with an open mind to alternative solutions than land consolidation. The network

analysis may provide valuable points of contact. Land fund institutions have been set up in many CEE countries, both on a national and on a regional/local level, and it is important to take a close look at the strategies of those institutions. It is also important to involve these institutions in the process of vision development.

Possible land consolidation scenarios are:

- *Close-to-zero*: many small, agricultural, autonomous voluntary parcel exchange projects;
- *Visible*: integrated plan-based land consolidation with a package of objectives and subsidized measures, active land banking, and organized, stimulated voluntary parcel exchange;
- *Complete*: integrated plan-based land consolidation, based on a (future) land consolidation law, with a package of objectives and subsidized measures, with active land banking, and voluntary and/or legal (majority-rule) parcel exchange.

When elaborating these scenarios it is important to take past and present experiences with land consolidation and/or voluntary parcel exchange into consideration. These can also be experiences in other CEE countries as well as experiences in Western European countries. The same goes for experiences with land banking.

It is recommendable to start from an organic growth model. Define specific goals in a short-term, mid-term and long-term perspective, and look for the appropriate tools and instruments to achieve these goals. There is no use in being very ambitious when at the same time it is clear that the necessary pre-conditions are not and will not be fulfilled. On the other hand, a lack of ambition will not create the positive, creative tension that is necessary to set things in motion and bring about change. A choice for voluntary parcel exchange and nothing more is a choice for not solving the complex land fragmentation problem in this generation nor in the next one or two.

A good working method could therefore be to define ambition levels that develop during the implementation phase of the vision. Doing that, it will be easier to reach conclusions about the necessary pre-conditions that must be realized in each phase and about efforts that all the stakeholders involved (network actors) must deliver. This working method also contains several opportunities for monitoring and evaluation, for learning from best practices, and for exchanging experiences and lessons learned. This can further lead to additional choices on the development and use of tools, to institutional adjustments, to an increase of the parties involved, and to an enlargement of financial resources.

When developing scenarios the following remarks with regard to the instruments might be useful. The possibilities of applying land funds for policy purposes (land banking) depend on the degree of concentration. When land funds are massive units, farmers will have to move there in order to be able to expand their farms. When land funds consist of many small units throughout the country, it will be easier to improve existing structures. Land consolidation involves many opportunities, but there are also several drawbacks. Perhaps the most important one is the unfavourable economic situation in large parts of the CEE countries that impedes the outflow of labour from agriculture. Equally complicating is the widespread absentee-ownership of agricultural land. In addition, land ownership is emotionally charged. And

infrastructure may have to be adapted in order to facilitate farming in smaller units and unfinished privatisation matters may locally block any change in the legal situation.

Land consolidation projects typically involve several hundreds of participants, which leads to adopting a majority-rule that can force a stalling minority to cooperate for the sake of the project as a whole. Many people have negative sentiments about a majority-rule, because they view it as a return to the former times of a centrally planned economy. Voluntary parcel exchange could be an alternative. However, a limitation to the application of this instrument is the low level of complexity of problems that can be dealt with. Whereas legally based land consolidation with a majority-rule may be difficult to implement, voluntary parcel exchange is not effective in solving the enormous problem of land fragmentation. A long-term strategy with climbing ambition levels for the use of instruments is necessary.

It is generally accepted that land banking is a promising instrument for effectively dealing with CEE land fragmentation. When land banking is effective, land consolidation is likely to meet a growing demand. The application of land consolidation must be confined to regions in which private land ownership prevails in combination with large internally fragmented farms; regions that will grow in size and number when land banking is effective. These considerations must be taken into account in the process of vision development.

Institutional set-up

After scenario development it is necessary to think about the institutional set-up that is needed to implement the vision. Institutional aspects are diverse. In a strict sense, one can think of institutions as the governmental organizations that are responsible for the implementation of the vision. In a wider sense, institutions encompass the whole organizational framework, not only public organizations but private organizations as well. Moreover, legislation also belongs to the institutional set-up, as are the formal and informal 'rules of the game'.

There is no recipe for institutional development that is applicable to all of the CEE countries. It depends of where one starts from. Traditions, chances, political courage, willingness, etc. play an important role, too. Nevertheless, some general remarks can be made. I will for the greater part restrict myself to the organizational framework.

The first remark is that it is recommendable to create a national commission for the implementation of the vision. This commission can proceed from the inter-ministerial Steering Group that was established in the process of vision development. Apart from representatives of the relevant ministries, this commission can be composed of representatives of regional and/or local authorities, including water boards, and of private organizations such as farmers unions. The task of this commission should be to coordinate and steer the implementation of the vision, to report on the progress of the implementation, to advice on adjustments in tools, legislation, etc., and to promote public attention for solving the land fragmentation problem by land consolidation.

The second remark is that the land consolidation activities, in so far as they are legally based, should be carried out by a commission of local/regional public and private

representatives. This commission should have the responsibility for preparation and implementation of the land consolidation plan. This model is widely and successfully applied in Western European countries.

The third remark is that it is desirable that there is an organization (preferably but not necessarily on the national level) that supports both the national commission and the local/regional land consolidation committees. Such an organization must be equipped with the relevant know-how on technical, financial and managerial aspects. For the enlargement of the available know-how (scientific knowledge, experience, etc.) it is important to enter into relations with education and research institutions, and to set up a system of knowledge management (i.e. communities of practice).

It will not be possible to have all these institutions established from the very start of the vision implementation process. In this case too, it will work best to choose a growth model. It is more important to make a start than to put enormous and probably fruitless efforts in chasing paradise.

With regard to legislation, it is necessary that the legislative framework, including regulations and guidelines, will be drafted and implemented. Again, a growth model could be applied. Depending on the choices made on the basis of the scenarios, more or less sophisticated legislation will be required. For the voluntary exchange of land, temporary regulations for the streamlining of procedures (e.g. leasing) and exemption from registration fees for participants may be the appropriate tools. For legally based land consolidation with a majority-rule, more complex legislation needs to be in place. It usually takes quite some time to draft and implement such a land consolidation law. Existing legislation and legislative gaps should be examined. It could also be useful to study (experiences with) earlier legislation, i.e. legislation from the (pre)socialist era.

The rules of the game must develop over time. It is highly necessary to set up training programmes for people who are involved in land consolidation in government (national and regional/local) and in the private sector, because these people must do the job. The training programmes should focus on knowledge about legislation, procedures, financial aspects, technical know-how, etc., but also on the exchange of experiences (learning from each other).

Funding mechanisms

One could argue that an attractive and promising vision sells itself. Of course, this will only seldom be the case. Usually it takes a lot of effort to tap sufficient financial resources for the implementation of a land consolidation programme. Longstanding practice in most Western European countries is based on public-private partnership, that is, land owners and land users are chargeable to the costs of land consolidation and that the national (and sometimes the regional) government subsidizes these costs to a certain percentage. Municipalities and water boards are chargeable to the costs of infrastructural improvements (roads, water courses); these costs are also subsidized.

This general model can also be applied to the CEE countries. It is important that long-term national funds are made available. A strategy without such an expression of national commitment is doomed to failure. The availability of long-term national

funds will be a signal to the rural people that agricultural improvements and rural development are taken seriously. This will create a sphere of trust and cooperation.

Starting from a growth model for a land consolidation programme, the amount of money that is needed will increase gradually. In the meantime, additional financial resources can be explored. It is recommendable to pay special attention to at least two of such additional resources. The first of these are so-called win-win situations, i.e. the combination in a land consolidation project of agricultural improvements and policy implementation measures for other governmental sectors (infrastructure, outdoor recreation, nature restoration, housing, etc.). Such combinations create additional financial currents and provide opportunities for cost-efficient working methods.

The second resource are the European Union funds. There are several of them, each with its own goals and conditions. Practice in recent years shows that compared to national funding EU funding is becoming more and more important. It is important to pay special attention to the possibilities to receive EU funding for land consolidation and related activities. The above-mentioned national (or regional) organization could play a pivotal role in this.

The European Rural Development Programme 2007-2013, which is now being drafted, will be based upon three so-called axes:

- Axis 1 – *strengthening agricultural competitiveness*, i.e. financial support for young farmers, early retirement premiums, farm advisory services (human capital), processing and marketing of agricultural products, reallocation and infrastructural improvements (rural roads and water courses);
- Axis 2 – *protection of sensitive areas (land management/environment)*, i.e. areas with physical or natural handicaps, Natura 2000 areas, agri-environment measures;
- Axis 3 – *extended rural development*, i.e. local development strategies for the enhancement of the quality of life and for economic diversification (tourism), renovation of villages and heritage management.

The LEADER programme, that can be seen as a fourth axis, will probably be integrated into the above-mentioned three axes.

Investment support under axis 1 with regard to farms and agricultural enterprises will have to comply with the relevant standards under cross-compliance. For processing and marketing and non-farm enterprises maximum public aid rates for investments will be determined by the general state aid rules. For axis 2 a baseline for agri-land management payments will be set as well as maximum payment levels. For axis 3 the general state aid rules have to be applied. It must be stressed that this is the present state of affairs; the negotiations on the European Rural Development Programme are not finished yet.

Finally, a cost-benefit analysis could be a helpful instrument in the planning process of land consolidation projects, and for decision-makers as well. This instrument provides opportunities for the designing and ranking of cost-effective and cost-efficient plan alternatives. On these grounds it is possible to choose the best (i.e. the politically preferred) alternative and to justify the claim to public funds.

Table of contents of the vision report

Summarizing, the process of developing a vision for land consolidation vision will result in a written document. The following table of contents of this document can be seen as a general outline:

- Historical review and assessment of the land fragmentation problem;
- Objectives and expected results;
- Structural development of the agricultural sector;
- Outlook of farming in the European Union context;
- Relations with other policy sectors;
- Network analysis;
- Scenarios and alternative solutions;
- Institutional set-up (including stakeholder participation);
- Funding mechanisms;
- Communication and monitoring.

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