Summary: Session 2. Land Readjustment

Key Messages from Presentations

**Introductory remark:** Day 2 began with an introductory remark by Ms. Mansha Chen, Urban Specialist, World Bank Group. She introduced LR as a tool used by many countries to solve numerous urban challenges. It was learned that LR could be a viable tool compared to conventional approaches and that there is no single model of conducting LR. We also learned that LR can help achieve five policy goals:

1. It can assemble land for urban expansion and revitalization with minimal displacement
2. It can help recover a portion of the project cost
3. It can promote maximization and intensification of land use, thereby enhancing land value for landowners and expanding property tax bases for the city
4. It can distribute land redevelopment costs and benefits equitably among landowners and other stakeholders
5. It can encourage public participation in policy decision-making.

**The Korean experiences:** The resource persons from Korea, Ms. Yeonghee Jang and Chel-joo Jeong spoke about lessons learned from LR in Korea and Urban Development Project focused on repotting method. The participants, all of whom were from developing countries, were awestruck with the grandness, sophistication, and technological feat of Korea. It was learned that Korea had a very long experience of working with LR since 1934 (Nijin city) and 1936 (Seoul).

With a long history LR has actually become a NORM than an EXCEPTION in Korea. The time taken to implement LR project has also reduced with the passage of time. Projects that took 10 years in the past now take just about 5 years indicating that there are more consensuses with increased understanding and experience. Contribution ratio has also increased with the passage of time. Projects that required 40% in the past has now gone over 60% indicating that self financing of projects were given priority. We also learned that contribution ratio in Korea was initially area-based and not value-based. Now they use value based calculation to determine contribution ratio.

Korea also has a law (LR Law 1966, Urban Development Act 2000) that facilitated application of LR.

However, they also grapple with issues such as:

- Limited participation of residents
- Land use delay after land return (development delay tax? Mix both LR and land purchase to fasten the process)
- Failure in housing supply
- Equity regarding land return especially with regard to development benefits
- Feels that government financing in infrastructure is a must and that LR be used only to get the required public land
- High contribution ratio induced land price escalation
Participant Presentations

**Developing country experiences:** The participants from developing countries also shared their experiences and challenges of applying LR. LR is known by many names – Land Pooling, Land Consolidation and Town Planning Schemes.

The Bhutan’s case revealed that perseverance and contextualizing LR could actually help meet partial financing of LR projects apart from reaping unexpected and positive externalities. Numerous engagements and participation are always helpful. Having too many laws may actually hinder progress. LR processes need to be looked at as a social entrepreneurship and trust building process.

The Nepal’s experience in LR revealed that they have also had some success in LR projects. They had the relevant laws to support LR and they can also generate revenue by selling service plots which is not the case in Bhutan. However they are challenged by not being able to cope with rapid urbanization and skyrocketing land prices. Similar to Bhutan, Nepal is also not able to address the needs of lower income groups and the tenants who do not own land.

The application of LR (called Town Planning Schemes) in the 7 States of India (Mumbai, Chhattisgarh, Delhi, Gujarat, Maharashtra, Jharkhand and, AP) exposed us to various models of land contributions ranging from 35% to 75%. Yet it was learned that many States are not aware of or are not exposed to the vagaries of LR. The existence of numerous and conflicting laws and unpredictable political scenario were a big challenge in India.

In Indonesia LC is used with some success in Margaya and Banda Ache whereby the government was able to save some cost through 20% land donation by landowners. The transparent LC process helped restore public trust in the government. However they face difficulty with verifying land ownership due to multiple claims.

In Vietnam, LR is being piloted in a small city of TraVinh located 200 kms away from HCM city. The contribution ratios for agricultural land are higher than residential land. They are faced with challenges because it is the first LR project and there are no provisions in the law to support its application. The communities are also not very aware and think that the project would be no different from any conventional government undertakings. Moreover they are having to deal with highly fragmented and small plot sizes. However, the municipality is convinced about the benefits of LR and is committed to pursue the project. It is also committed to partially finance the infrastructure in order to reduce the contribution ratio and to get the buy-in of the community.

Of the two LR projects Angola has experimented, one was a success and the other taught useful lessons. The project that was done before the decentralization was a success because there was a buy-in from the community because of the prospect of getting a legal title. The project that was done after the decentralization taught lessons related to the need for fiscal power to sell land to generate revenue.

The Rwanda LR experience reveals that the district urban planners took initiative to attempt an alternative approach to land assembling. The landowners became a partner to developing and improving their area and had also financed the preparation of detailed physical plan and the construction of road. In turn the District facilitated the land owners in getting new land titles and providing them with prototype house designs. It is a classic case of partnership and a success story.
Site Visit

A site visit was also made to Suwan city to see how Korea implemented LR projects on the ground. The officials of Suwan city also explained about how they went about conducting LR projects in about 14 sites. It was observed that the recent LR projects done around the periphery of the city were filled with high-rise high density developments. However the areas towards the centre of the city are filled with low density development where the LR were conducted in the past due to heritage preservation.

Session Take-away

1. Korea’s experience indicates that LR has a huge potential. However, it requires a strong government, political stability, and a strong private sector. Nevertheless it would be important to know the soci-political history of LR in Korea. Thus we might need to ask ourselves whether there is a need to have a DEVELOPING COUNTRY MODEL?
2. Doing LR (LP or TPS or LC) entail a process which needs to be treaked slowly and cautiously, based on country contexts. While we appreciate the success of Korean model and would aspire to emulate in developing countries, we should be mindful about our own contexts. Therefore it is important for us to begin small and move slow because Korea also treaded the same path.
3. Developing countries may be tempted to make LR projects self financing. It may actually be more practical to prioritize other goals such as making land available for public infrastructure. It would also be more appropriate for the government to chip in some subsidy for LR project, especially when they first pilot this approach.
4. Following some fundamental basic principles which are universal in nature would be useful for the success of LR projects. These fundamental principles are related to fairness, equity, equality, transparency, responsibility, accountability, trust, etc. If we get these fundamental principles right, nothing will go wrong.
5. Building the capacities of local officials and decentralizing some fiscal power to the municipalities are also important ingredients for the success of LR projects.
6. Amidst all the challenges and constraints faced by the developing it is time to act and LR gives us an opportunity not only to combat the urban challenges but also to serve the humanity. And help meet some of the SDGs that all countries of the world has agreed to.
7. LR is not an end in itself. It is a means to an end. It does not help solve all the problems but helps address many challenges. Therefore, contextual based process needs to be given utmost importance.
8. “Communicate, engage and communicate” is the mantra that we should keep in mind throughout the process of LR.