

Economic and Financial Issues (moderator: Michael Kirk)

Financial systems for LC	Identification of priorities	Priorities - Supply (EU) - Demand driven ?	Concentration on -rural /agricultural -urban	
EU – Funding	Based on economic rate of return	Gap between demand and available funds		
LC in a narrow sense? LC → village renewal, etc.	LC as a public task Demand driven	Once for all solutions →incentives on inheritance rules		
Basic preconditions for LC	-Important role of private sector → Profitable business			
	-real demand for LC -capital for investment			
Identify inputs / contributions of beneficiaries	-financial -labour -etc.	LC for free as a precondition for rural investment?	Who pays for the general costs?	Severe budget constraints of CEEC States
Use of land funds to facilitate start-up for farmers	Voluntary land swapping → create confidence	Later more complex and more expensive approaches	LC facilitates use of EU funds + multifunctionality of agriculture	LC as an element of land use planning
Stepwise approach	Awareness creation / information/ transparency	Awareness creation pro LC or better pro lease markets		
Create a climate conducive to LC				
Develop innovative models to spread the individual costs for LC over a long period	Pilot projects to prove efficiency / performance	→paves the way for funds (prior to EU access, WB)		
Land markets and LC?	Has consolidated land a higher value?		But: if there is no working agricultural land market→ no advantage for credit	LC gives incentives to those who want to leave agriculture
	Lack of data on correlation LC Land management	LC influences land market prices in a positive way		

Conclusions:

- LC is cost – effective.
- Step-wise / incremental / approaches should be tried out.
- LC enhances land markets (sale, lease).
- Some government incentive should be in place to trigger off LC.
- Beneficiaries should be aware that LC is not for free.
- Costs should be spread out somehow over a long period.
- EU-funding will be a stimulus for LC but no solution for pre-accession time.
- International bank funding can be supplementary to EU-funds.