

Compulsory Purchase and Compensation in Land Acquisition and Takings, September 6th to 8th 2007, Helsinki, Finland

This seminar has been organised by FIG Commission 9, 'Valuation and Management of Real Estate', in conjunction to the Baltic Valuation Conference and with the FIG Commissions 7, 'Cadastre and Land Management' and 8 'Spatial Planning and Development'.

The major goal of the meeting was to intensify the discussion between valuers, surveyors, real estate experts, financiers, urban planners, researchers, teachers and decision makers and develop common ideas for shaping the future.

The seminar was very active with about 120 participants from 35 countries.

Objectives

Compulsory purchase (expropriation) is an important tool in most of countries for land acquisition for public purposes although in many countries land acquisition can often be arranged through other means, e.g. by voluntary agreements. In recent years the discussion of the use of compulsory purchase has been rather limited. It is not known what kind of new legislation, practices and methods for valuation of compensations has been adopted and how well they function. Also the old methods and procedures might have been ineffective or unpopular. To find out the present situation and potential for new good practices the seminar concentrated to the following objectives:

- to identify the legal structures and practices in compulsory purchase and compensation in different countries,
- to study if the compensation statutes, valuation methods and manners will lead to full and just compensation and identify possible shortcomings, and
- to find possible and effective solutions to solve the problems especially for developing countries. What are the best practices and what principles should be taken into consideration or should be avoided.

The seminar

FIG's President Prof Stig Enemark and the Finnish Minister of Housing Jan Vapaavuori gave welcome addresses. Prof Rachelle Alterman gave the keynote presentation about the legitimate purposes to expropriation. During the seminar the focus was on expropriation systems and the need for alternatives, compensation, quality management of expropriation processes, the protection of property rights, uncertainty of valuation, pro poor approaches to compensation and expropriation in developing countries, human rights perspective, history and development of expropriation. A lot of attention has been given to the Background and Context for the FAO/World Bank Initiative on Compulsory Purchase and Compensation. Finally there was attention to some special themes and cases from

specific regions, such as: can I bore a tunnel under your house? Or: does land expropriation support innovative procurement in road projects?

The presentations can be found from the seminar website.

Workshop

Many opinions were presented during the workshop. Concerning the procedure of expropriation it can be observed that, from the perspective of the acquiring authorities there is a need for a speedy timeframe, low costs process for compensation, avoidance of external costs of expropriation, and: there should be sufficient resources for expropriation. On the other side, from the perspective of affected occupants, users, owners there is a need for: transparency and information, avoidance of expropriation (generally - it has to be absolutely necessary), a proper planning and negotiation process and a fair compensation. Those issues are also relevant for foreign investors. Further the interests of women/men, landlords/tenants, formal/informal and indigenous and customary have to be recognised; resettlement can be an option in certain situations, if possible to be combined with rights to return. Technical expertise is required and decent salaries are important to avoid undesirable situations when professionals are concerned.

All this can be supported by: provision of technical expertise, development of guidelines on particular issues, expropriation-related land tools: e.g. better planning processes, compensation, enumeration, conflict resolution. And, more specific, by providing resources for acquisition, availability of sufficient professionals, advocacy support, legal support and international (& national) complaint mechanisms. Training remains a key issue.

When assessments and compensations come into the process there is a need for uniformity based on (international) standards. Transparency, equity and free public access to property sales information are a basis for success. It should be considered to *increase* the amount for compensation well above any form of market value to achieve a quick acquisition process and to avoid wasting time and money on lengthy negotiations, the state should even have a limited time to agree on compensation - if the state cannot agree compensation in that time frame the state should lose the right to acquire the land. When standardisation comes in it is most relevant to provide a single definition for the term of value - which countries can amend for their purposes as appropriate. Where the co-operation FIG/FAO is concerned 'best practices' should be analysed to understand the valuation and compensation processes. It was suggested to establish an international committee of experts to advise countries with specific problems. Guidelines should be on the necessary skills and support organisations to develop skills and capacity as well as relevant standards for compensation, assessment definition and procedures. The need for an authorising or licensing system for specialist valuers and other experts was discussed as well as the creation of independent and liable professional bodies to inform all parties. Mediation works well in practise, appeals could be skipped. Land owners should have a choice between resettlement or financial compensation, nominal values should be used.

Conclusion

The contents of the presentations and the opinions presented during the workshop form a solid basis for future developments – in co-operation with the FAO and Worldbank.

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Websites

www.fig.net

<http://www.tkk.fi/Yksikot/Kiinteisto/FIG/index.htm>