



FIG Working Week 2024

19-24 May

Accra, Ghana

Your World, Our World:
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and Sustainable
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for All

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Is Land Consolidation necessary? - a Theoretical Perspective on Norwegian Land Consolidation

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The purpose of the paper

- discuss the necessity of land consolidation in Norway and emphasizes economic theories to justify the need for land consolidation.

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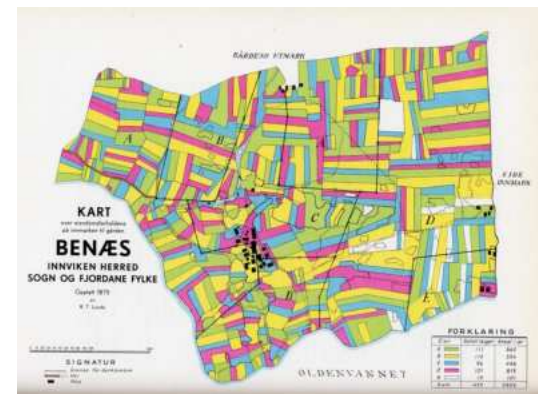
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In Norway we define land consolidation as measures that can change properties, physically or organizationally, to improve their utility to the owners.



1. Name of the road
2. Purpose and responsibility
3. List of owners of the road
4. Obligations
5. Annual meeting
6. Extraordinary annual meeting
7. The board and leader of the board
8. Connection fee for new users of the road
9. The use of the road
10. Liability for damage
11. Sharing of profit and loss
12. Investment and maintenance
13. Withdrawal
14. Changes to rules

Organizational change



Physical change

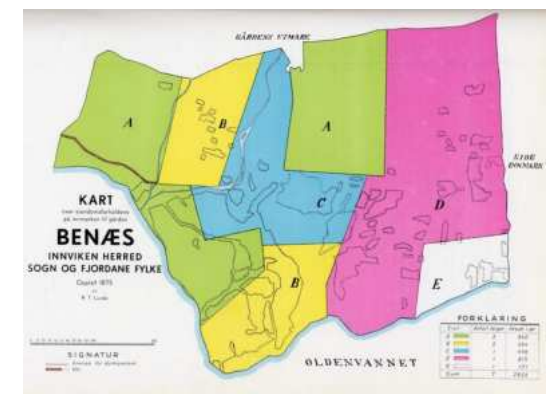




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The organization of land consolidation in Norway

- Specialized court
- Judges with a masters degree in land management subjects, law, economy, spatial planning and geomatics
- There are 19 land consolidation courts in Norway, located 34 places, employing 90 judges and about 250 in total





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Transactions and transaction costs

Transactions

- A transaction involves the transfer of a right from one party to another.
- Land consolidation involves carrying out transactions with property rights. Landowners and rights holders in the properties initiate cases and exchange land, arrange joint measures, manage usage, etc., by giving and receiving property rights in return.

Transaction costs

- Search costs – lack of information about the legal status and the other parties' costs/income.
- Negotiation costs – bringing the parties to the "negotiation table," negotiating agreement, and entering into a contract.
- Monitoring/enforcement costs – implementing the agreement and ensuring that the parties fulfill their obligations, etc.

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Land consolidation and the Coase Theorems

Significance of the Coase Theorems:

- The Coase theorems highlight the importance of transaction costs for understanding legal rules and studying their effects.

According to Coase's theory, it is possible to achieve efficient resource allocation through land consolidation.

By applying the Coase theorem, one can find a fruitful starting point for discussing and analyzing when, where, and how it is justified to intervene in property relations through land consolidation.

Combining theories of human behavior with theories of transaction costs helps explain why institutions exist and the role they play in enabling a society to function (North 1990).

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The conditions of the Coase theorem

- **Rights must be well-defined**
 - The legal rules for land consolidation are designed so that the court can ensure property rights are well-defined
- **Create institutional frameworks that reduce transaction costs.**
 - Land consolidation involves transactions with properties and rights without the introduction of many of the significant transaction costs that would otherwise come into play.
- **Create arena for negotiations**
 - The Land Consolidation Court serves as a meeting place for the actors and an arena for negotiations and mediation, with technical and legal assistance from judges.

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The necessity of land consolidation

In summary, land consolidation is necessary because:

1. Property rights are often not well-defined, making the decision-making authority of land consolidation courts crucial.
2. Transaction costs are never zero; they are often substantial. Land consolidation reduces transaction costs and can therefore be essential to facilitate solutions.

The Land Consolidation Court is a neutral third party.

The Land consolidation Court can significantly reduce transaction costs.

The Land Consolidation Court handles cases with a large number of parties (sometimes several hundred parties).

The Land Consolidation Court is an arena for negotiations and mediation

Land consolidation is a way to reduce transaction costs and force transactions. This was the basis for introducing land consolidation 200 years ago, and it still legitimizes it today. Today land consolidation has become a part of the framework for actors' behaviors.

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