High-quality infrastructure and land acquisition for infrastructure development through land trusts


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Land acquisition is one of the main difficulties in infrastructure investment. When the construction of a road is planned, city officials must first negotiate with many landowners – a huge investment of time and money during periods of infrastructure construction. Japan experienced a massive problem building commercial building and condominiums, and as a result, started using land trusts extensively. Land trusts allow landowners to keep their property rights while leasing the land to commercial and condominium developers and collecting an annual rent. In this paper, the quality of infrastructure investment can be measured by assessing how much each respective infrastructure helped develop the region. Two measures were used to evaluate the spillover effects of infrastructure investment: One is to examine the changes in GDP along railways and roads compared to other regions where no impact of infrastructure investment can be observed. Another is to look at changes in tax revenue along the infrastructure investment compared to the region where no impact was created by the infrastructure investment. High-quality infrastructure increases business activities and creates new employment in the region. It also provides opportunities to encourage more female participation in the workforce and to narrow income disparities. To increase spillover effects resulting from infrastructure investments, local government and railway companies must work together to further develop the regions found alongside these railways and roads. New depot stations must broaden opportunities for SMEs to start their business and by providing new residential districts, to also increase the revenue collected from property and corporate taxes. Previous findings (Yoshino and Abidhadjaev (2016)) show that secondary school education and university education together with infrastructure development increases the spillover effects of infrastructure investments. Secondary school education provides workers with basic skills and a university education further enhances high-quality workers.

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