

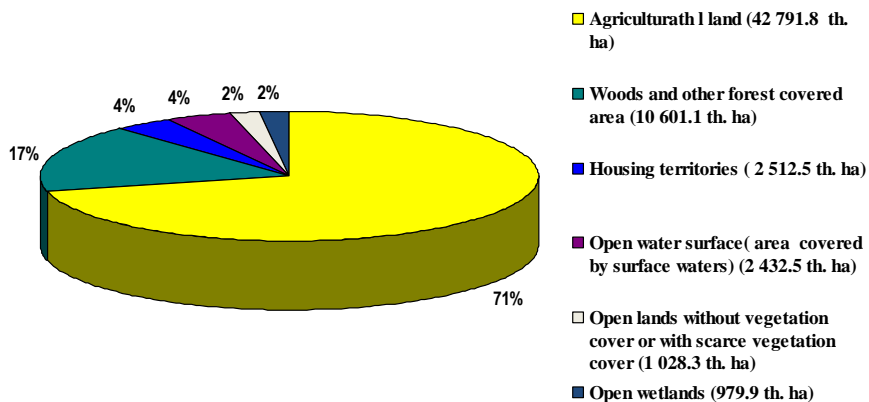


# Opening land market in Ukraine: current policy developments and issues for discussion

Mr. Mykola Kaliuzhnyi  
Deputy Chairman of the State Agency of Land Resources



## LAND FUND OF UKRAINE ( as of 01.01.2011 equals to 60,3 mln ha)





## Conditions for lifting moratorium

According to the Land Code of Ukraine, the conditions for **cancellation the moratorium** on buy and sell agricultural lands are implementation of laws of Ukraine on **State Land Cadastre and land market**.

- *Law of Ukraine "State Land Cadastre"*  
adopted on 7 July 2011

- *Draft Law of Ukraine "Land market"*,  
adopted in the first reading on 9 December 2011



## Land market subjects

- **Acquirers of ownership of agricultural land parcels** for conducting of agricultural commodity production:
  - Citizens of Ukraine, **that submitted a declaration of absence of foreign nationality**;
  - Territorial communities in person of local self-government bodies;
  - State in person of relevant executive authorities, the Council of Ministers of AR Crimea;
  - state land bank.
- **Acquirers of the right of lease of agricultural land** for agricultural commodity production: natural and legal persons, defined by the Land Code of Ukraine.
- **Acquirers of non agricultural land parcels** and rights to them:
  - Citizens of Ukraine;
  - Legal persons, created according to the Ukrainian legislation
  - Territorial communities in person of local self-government bodies;
  - State in person of relevant executive authorities, the Council of Ministers of AR Crimea public bodies of privatization and state enforcement officer;
  - Foreign states, international governmental and nongovernmental organizations;
  - Foreign citizens, persons without citizenship, foreign legal entities.



## Limitations of areas in ownership and lease

- In **private property** of citizens of Ukraine - **up to 100 hectares**.
- In **lease of one person** - **up to 10 percent of the area of agricultural lands on the district territory and 100 thousand hectares** of area of agricultural lands **in Ukraine**
- The right of lease of more than **2100 hectares** of land shall be given to citizens of Ukraine, that:
  - Have agricultural land plots in ownership or use;
  - During the last five years keep a farm or a personal peasant household;
  - Are young professionals who have agricultural education and plan to create a personal peasant household or a farm



## Consideration of public interests

### **State target program of performance of a social function of land (once per three years) :**

- *Consulting assistance* to rural population, its community organizations and local self-governments;
- Creating facilities for operation and development of *family agricultural households*;
- *Stimulation* of owners and heirs of land parcels and people with agricultural education *to return* to villages;
- *Granting special benefits* to citizens who acquire into ownership or use of lands for organization of family agricultural households in *remote and decayed* rural settlements and in areas with unfavourable environmental conditions for living;
- *Comprehensive stimulation to acquisition and use* of agricultural land for the purpose of agricultural commodity production.



## Other key provisions of the Law of Ukraine “ On Land Market”

- To avoid speculation on the land market one shall **pay** for alienation of agricultural land during **three years** from the day of conclusion of an agreement, based on which a land parcel was acquired into ownership of an alienator, *except for swapping of land parcels that are in consolidation process*, a **state tax of 100 percent** of normative pecuniary valuation of a land parcel;
- Participation of foreign capital shall be limited;
- **Pre-emptive right for acquisition** of a land parcel shall be given **only to** part-owners of land parcels, that are in common property;
- Land bidding for free land parcels and and lease rights for them shall be unblocked.
- Non-agricultural land market shall be introduced right after adoption of the law, and that of agricultural land – **from the 1<sup>st</sup> of January 2013**.
- Sustainable land-use by determining the procedure of **consolidation of agricultural lands** shall be ensured.



## Land consolidation

**Consolidation of agricultural lands** is a set of agreed measures that lies in an economic substantiated **voluntary** uniting of land parcels, located in a landmass and/or change of their boundaries, tracts with the purpose of forming agricultural land parcels, location, size, configuration and composition of tracts of which ensure sustainable land use.



## Key aspects of land consolidation

**Initiators** of developing a project of land consolidation may be subjects of consolidation, that altogether have a right of ownership of land parcels of **not less than 90 percent** of an agricultural landmass.

**The decision** about giving authorization for developing a land consolidation project shall be adopted by a relevant **executive authority or a local self-government** during one month since receipt of the documents.

**Land consolidation project** is subject to **approval by the owners, tenants and mortgagee of land parcels**, changing boundaries, exchange, uniting of which shall be foreseen by the project, or by their authorized representatives.



## State Land Bank

**Objective of creation:** acceleration of the processes of development of mortgage lending against security of land, as one of the most effective mechanisms of attraction of financial resources for agriculture.

**Speciality of work:** crediting agricultural producers, who are one hundred percent owned by residents of Ukraine against security of land.

**Main customers:** agricultural companies of any form of ownership, farmers and residents of rural areas.

**Rights:**

- Credit operations, mortgage subject of which are agricultural land parcels for keeping agricultural commodity production;
- Purchase and sale of agricultural land parcels for keeping agricultural commodity production



## Lines for international cooperation

- Holding of special seminars on formation and regulation of the land market;
- Methodological assistance for valuation of land, inventory of state-owned lands and land protection.
- Creation and operation of the state land bank;
- Establishment of procedures to ensure transparency on the land market;
- Improvement of land-use for the purpose of rural development;
- Consulting land owners and land users on operation of the land market.

**In the framework of Ukrainian-Dutch project measures are carried out to develop a draft law on integrated consolidation of land, water and forest resources.**



State Agency of Land Resources of Ukraine

Thank You for your attention!

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