

LAW OF GEORGIA

ON DETERMINATION OF THE DESIGNATED PURPOSE OF LAND AND ON SUSTAINABLE MANAGEMENT OF AGRICULTURAL LAND

Chapter I – General Provisions

Article 1 – Scope of the Law

This Law regulates issues related to the designated purpose of land, determines the categories of agricultural land and the procedure for changing such categories, as well as the principles of sustainable management of agricultural land, and the status and the legal grounds for the activities of the Legal Entity under Public Law called the National Agency for Sustainable Land Management and Land Use Monitoring operating under the Ministry of Environment Protection and Agriculture of Georgia.

Article 2 – Purpose of the Law

The purpose of this Law is to ensure the rational use and protection of land, to facilitate the development of the land market, and to create legal grounds for drawing up a balance sheet for land and for registration, intended use and state monitoring of agricultural land resources.

Article 3 – Definition of terms

For the purposes of this Law, the terms used herein have the following meanings:

- a) agricultural land – land area of either a pasture, a hayfield, arable land (including land under perennial crops) or a homestead land category, which is used or may be used for agricultural purposes, with or without buildings and structures thereon;
- b) pasture – a plot of agricultural land covered with herbaceous plants and/or shrubby plants (natural or cultivated) that is used for pasturing (feeding) animals, with or without agricultural buildings and/or ancillary buildings thereon, or a plot of land which may be used for that purpose having regard to its edaphic and climatic conditions and natural geographical location;
- c) hayfield – a plot of agricultural land covered with herbaceous plants and/or shrubby plants (natural or cultivated) that is used for the preparation of hay, haylage, silage, grass meal or other additional feed for animals, with or without agricultural buildings and/or ancillary buildings thereon, or a plot of land which may be used for that purpose having regard to its edaphic and climatic conditions and natural geographical location;
- d) arable land (including land under perennial crops) – a plot of agricultural land that is used for cultivation of agricultural plants, with or without agricultural buildings and/or ancillary buildings thereon, or a plot of land which may be used for that purpose having regard to its edaphic and climatic conditions and natural geographical location;
- e) homestead – a plot of agricultural land that is used for providing a homestead and/or a household, with or without individual residential houses (constructed, under construction or demolished), agricultural buildings and/or ancillary buildings thereon;
- f) household – a unit of a plot of agricultural land and residential houses, agricultural buildings, processing facilities and/or equipment that enables the production of agricultural products;
- g) non-agricultural land – land that is not agricultural land;
- h) plot of land – a territory that has geometric integrity and that is located within a single border outline and single legal space;



i) amount of compensation for changing the designated purpose of a plot of agricultural land – the amount of compensation payable to the state budget of Georgia, determined by an ordinance of the Government of Georgia, that is calculated taking into consideration the location, total area and category of a plot of agricultural land;

j) service fee – the fee determined by an ordinance of the Government of Georgia that is payable for the services provided by the Legal Entity under Public Law called the National Agency for Sustainable Land Management and Land Use Monitoring operating under the Ministry of Environment Protection and Agriculture of Georgia.

Chapter II – Legal Entity under Public Law Called the National Agency for Sustainable Land Management and Land Use Monitoring Operating under the Ministry of Environment Protection and Agriculture of Georgia

Article 4 – Legal Entity under Public Law called the National Agency for Sustainable Land Management and Land Use Monitoring operating under the Ministry of Environment Protection and Agriculture of Georgia

1. The Legal Entity under Public Law called the National Agency for Sustainable Land Management and Land Use Monitoring ('the Agency') shall be established under the Ministry of Environment Protection and Agriculture of Georgia.
2. The structure, functions and powers of the Agency shall be determined by this Law and the statute of the Agency. The Minister of Environment Protection and Agriculture of Georgia shall approve the statute of the Agency.
3. The Agency shall be headed by the chairperson of the Agency. The chairperson of the Agency shall be appointed and may be dismissed by the Minister of Environment Protection and Agriculture of Georgia.
4. The agency shall have its own balance sheet, property, relevant bank accounts and other requisites of a legal entity under public law.
5. The sources of financing of the Agency shall be: funds allocated from the state budget of Georgia, grants, income earned from the provision of services and other income permitted by the legislation of Georgia.

Article 5 – Powers of the Agency

1. The Agency shall carry out its activities in accordance with the Constitution of Georgia, the international treaties of Georgia, this Law, other legislative and subordinate normative acts of Georgia and the Statute of the Agency.
2. The main powers of the Agency shall be:
 - a) to draw up a balance sheet for land, to register agricultural land resources and to create an integrated database;
 - b) to participate in the preparation and implementation of state policy and relevant state targeted programmes for the intended use and protection of agricultural land resources;
 - c) to participate in the preparation and implementation of state policy on the sustainable management of agricultural land;
 - d) to participate in the planning of activities in the fight against desertification and land degradation, and in the restoration of soil fertility;
 - e) to participate in the planning and carrying out of activities related to the management of windbreak belts (shelter belts);
 - f) to receive and review applications regarding investment plans related to privately owned plots of agricultural land, to prepare relevant documentation to be submitted to the Minister of Environment Protection and Agriculture of Georgia, and to supervise the implementation of the investment plans;
 - g) to prepare thematic maps related to land use;



h) to participate in the establishment of administrative-territorial borders;

i) to exercise other powers determined by the legislation of Georgia.

Chapter III – Designated Purpose of Land. Agricultural Land Management

Article 6 – Land fund of Georgia

1. The land fund of Georgia includes the agricultural lands and non-agricultural lands in the territory of Georgia, including lands covered with forests and bodies of water.
2. A plot of agricultural land may be used for the following purposes: the production of agricultural products; the cultivation of non-agricultural plants (ryegrass, flowers, plants used for the production of essential oils, medicinal plants and other plants); the facilitation of agricultural activities (with the function of a windbreak belt (shelter belt), a driftway and a rest area, an agricultural road and other functions); scientific and research activities in the field of agriculture and/or educational activities; the arrangement of a homestead and/or a household. An individual residential house, an agricultural building and/or an ancillary building may be located on the plot of land.
3. A plot of agricultural land shall not be used for non-agricultural purposes without changing its designated purpose.
4. The damage caused by degrading the quality of land as a result of the misuse of agricultural land shall be subject to compensation, which is calculated in accordance with the methodology approved by the Government of Georgia, taking into consideration the amount of compensation determined for the municipalities and territories of special regulation of Georgia.

Article 7 – Change of the designated purpose of a plot of land

1. The designated purpose of a plot of agricultural land or a plot of non-agricultural land or part thereof may be changed. The change shall be registered with the Public Registry.
2. The designated purpose of a plot of agricultural land or part thereof may be changed if there is a reasonable necessity.
3. The designated purpose of a plot of non-agricultural land may be changed if it is proved that the plot of land is not used for that purpose and it may be used for agricultural purposes.
4. A reasoned decision on changing the designated purpose of a plot of land shall be made by the Legal Entity under Public Law called the National Agency of Public Registry operating under the Ministry of Justice of Georgia, based on documentation submitted to it and information (data) stored with it. When making such decisions, additional information may be required from the Agency or a relevant municipality taking into consideration the spatial planning conditions. The change of the designated purpose of a plot of land shall be registered with the Public Registry.
5. Compensation for changing the designated purpose of a plot of land shall be paid only if an agricultural status of a plot of land is changed into a non-agricultural status.
6. The amount of compensation for changing the designated purpose of a plot of agricultural land shall be determined by an ordinance of the Government of Georgia according to the municipalities and territories of special regulation of Georgia, and shall be paid to the state budget of Georgia.
7. The amount of compensation paid for changing the designated purpose of a plot of land may be used for financing the activities of development of new land and improvement of the quality of land.

Article 8 – Categories of a plot of agricultural land and the change of such categories

1. The categories of a plot of agricultural land are the following:



- a) a pasture;
- b) a hayfield;
- c) arable land (including land under perennial crops);
- d) a homestead.

2. The category of a plot of agricultural land may be changed in the following manner:

- a) by granting the category of a hayfield, arable land (including land under perennial crops) or a homestead to a plot of agricultural land in the pasture category;
- b) by granting the category of arable land (including land under perennial crops) or a homestead to a plot of agricultural land in the hayfield category;
- c) by granting the category of a homestead to a plot of agricultural land in the arable land category.

3. A plot of agricultural land shall not be systematically used for a purpose determined by a category of higher intensity without changing its category.

4. A decision on changing the category of a plot of agricultural land shall be made by the Legal Entity under Public Law called the National Agency of Public Registry operating under the Ministry of Justice of Georgia, based on the documentation submitted to it and the information (data) stored with it. The change shall be registered with the Public Registry.

5. The procedure for making a decision on changing the category of a plot of agricultural land shall be determined by an ordinance of the Government of Georgia.

Article 9 – Pre-emptive right of the State to the acquisition of a plot of agricultural land

1. If there is a reasoned necessity, based on state policy on the sustainable management of agricultural land and state policy on the protection and rational use of land resources, the State shall have a pre-emptive right to the acquisition of a plot of agricultural land and the buildings and structures firmly attached thereto in the case of the alienation of the plot of land by its owner. The above-mentioned right may be exercised on the basis of a plan preliminarily approved by the Government of Georgia. The exercise of such right shall serve the rational use of land resources, the protection of national security, the development of the countryside and agriculture, and the consolidation of plots of land.

2. The pre-emptive right of the State to the acquisition of a plot of agricultural land means the right of the State to purchase a plot of land from the owner at the same price and on the same conditions as are offered by the owner for the sale of the property to a third party, provided the price does not exceed the market value of the property.

3. The procedure established by Article 50 of the Code of Georgia on Spatial Planning and Architectural and Construction Activities shall apply to the pre-emptive right of the State to the acquisition of a plot of agricultural land. The pre-emptive right of the State to the acquisition of a plot of agricultural land shall be registered with the Public Registry.

Article 10 – Pre-emptive right of a co-owner/lessee to the acquisition of a plot of agricultural land

1. In the case of the alienation of agricultural land, a co-owner shall enjoy a pre-emptive right to the acquisition of shares in the land. A lessee of a privately owned plot of agricultural land shall also enjoy a pre-emptive right to the acquisition of a plot of land if at least 2 years have elapsed since the registration of the leasehold. The entities provided for in Article 4(2) and (3) of the Organic Law of Georgia on Agricultural Land Ownership shall not enjoy such right.

2. A pre-emptive right to acquisition means an obligation of a person to offer an agricultural plot of land to a person having such pre-emptive right to acquisition at the same price and on the same conditions as the person would offer the plot of land for sale to a third person.



3. A person who intends to sell an agricultural plot of land shall be obliged to send a notice to a person having a pre-emptive right to the acquisition by registered mail, to the registration address in Georgia, and if the parties have agreed on a different procedure of delivery of the notice, the notice shall be delivered in accordance with the procedure determined by such an agreement. A notice shall include the subject of sale, the sale price, the terms of payment, information on the obligation provided for in paragraph 8 of this article, and the time frame for exercising a pre-emptive right to the acquisition, which shall not be less than 15 calendar days. The time frame shall commence from the moment of delivery of the notice to a person having a pre-emptive right to the acquisition.

4. A person who intends to alienate agricultural land shall have the right to require information from the Legal Entity under Public Law called the Public Service Development Agency operating under the Ministry of Justice of Georgia on the registration address in Georgia of a person with a pre-emptive right to the acquisition. The above-mentioned Agency shall be obliged to provide such information.

5. If a notice has not been delivered to the registration address in Georgia of a person with a pre-emptive right to the acquisition, the registration address of the person in Georgia cannot be established or it cannot be precisely identified based on the data stored with the Public Registry, an obligee shall publish a notice on the official website of the Legal Entity under Public Law called the National Agency of Public Registry operating under the Ministry of Justice of Georgia. A notice shall include the subject of sale, information on the obligation provided for in paragraph 8 of this article, and the time frame for exercising a pre-emptive right to the acquisition, which shall not be less than 15 calendar days. The notice shall be considered delivered from the moment of its publication.

6. A person who intends to sell an agricultural plot of land shall not be obliged to fulfil the requirements established by this article if there exists the duly certified consent of a person with a pre-emptive right to the acquisition not to exercise such right.

7. In the case of death of a person with a pre-emptive right to the acquisition, his/her heir shall enjoy the pre-emptive right to the acquisition after the commencement of probate and the registration of the legal successor. A person who intends to sell an agricultural plot of land shall not be obliged to send a notice, and other obligations provided for in this article shall not apply, until the registration of the legal successor.

8. If a person with a pre-emptive right to acquisition intends to exercise that right, he/she shall be obliged to notify the Legal Entity under Public Law called the National Agency of Public Registry operating under the Ministry of Justice of Georgia of such intention and submit to it the documents concerning the notice.

9. An obligee shall have the right to alienate a plot of agricultural land or part thereof to a third party, if a person with a pre-emptive right to acquisition refuses to exercise that right or fails to apply to the Legal Entity under Public Law called the National Agency of Public Registry operating under the Ministry of Justice of Georgia within the time frame established by law.

10. If an obligee fails to alienate a plot of agricultural land or part thereof within 1 year after sending the notice, after the expiration of such time frame the obligee shall be obliged to send the notice again.

11. If a co-owner, a lessee and/or the State simultaneously have a pre-emptive right to the acquisition of a plot of agricultural land, the co-owner shall have priority to enjoy such right, and if he/she does not exercise it, then the right may be exercised by the lessee, and after that by the State.

Article 11 – Making decisions based on an investment plan

1. In the case determined by Article 4(2)(b) of the Organic Law of Georgia on Agricultural Land Ownership, decisions regarding an investment plan shall be made by the Government of Georgia.

2. In order for a decision to be made by the Government of Georgia, an interested person shall:

a) submit to the Agency an investment plan in relation to a privately-owned plot of agricultural land;

b) submit to the relevant body authorised to carry out privatisation an investment plan in relation to a plot of agricultural land owned by the State of Georgia, an autonomous republic of Georgia, or a municipality of Georgia.

3. After the prior request for information from the relevant municipality, the Agency shall submit an investment plan together with the enclosed materials to the Minister of Environment Protection and Agriculture of Georgia for discussion at a session of the Government of Georgia. An investment plan, based on its content, may be sent for agreement to the relevant institution of the



executive authority of Georgia that implements state policy in the relevant field.

4. An investment plan in relation to the privatisation of a plot of agricultural land owned by the State of Georgia, an autonomous republic of Georgia or a municipality of Georgia, shall be proposed for discussion at a session of the Government of Georgia by the relevant body enjoying the right of initiative at the session of the Government of Georgia.

5. In the case of discussion of an investment plan in relation to a plot of agricultural land located in the border zone of Georgia or zone determined by a decision of the Government of Georgia, a decision shall be made with due consideration of the National Security Policy.

6. The conditions determined by the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the One Part, and Georgia, of the Other Part, shall be taken into consideration in the process of discussing and making decisions on an investment plan.

7. An investment plan in relation to making an investment in an area of agriculture shall include the development of the value chain in the area of agriculture and an obligation that not less than 4/5 of the employed personnel shall be the citizens of Georgia.

8. A positive decision made by the Government of Georgia, together with an investment plan, shall be presented at the moment of the registration of the right of ownership.

Article 12 – Failure to fulfil the obligations provided for by an investment plan

1. In the case of failure to implement an investment plan approved by the Government of Georgia regarding a privately-owned plot of agricultural land, the Agency shall submit the relevant information to the Minister of Environment Protection and Agriculture of Georgia for it to make a decision, unless a person confirms non-compliance with the obligation. Within one week after making a decision on the failure of a person to fulfil the obligation or after confirming the failure to fulfil the obligation by a person, the Agency shall apply to the Legal Entity under Public Law called the National Agency of Public Registry operating under the Ministry of Justice of Georgia for the purpose of entering the information on the obligation to alienate a plot of land in the Registry of Immovable Property Rights.

2. In the case of failure to fulfil the obligation provided for by an investment plan (violation of privatisation conditions) with regard to the privatisation of a plot of agricultural land owned by the State of Georgia, an autonomous republic of Georgia or a municipality of Georgia, the procedures established by the relevant legislation of Georgia shall apply.

3. In the case provided for in paragraph 1 of this article, a person shall be obliged to alienate a plot of land within one year after the entry of the relevant information in the Public Registry. In the case of failure to fulfil that obligation, an authorised body of the Ministry of Economy and Sustainable Development of Georgia shall transfer the plot of land into state ownership according to the procedure approved by an ordinance of the Government of Georgia. A plot of land and the buildings and structures thereon (if any) shall be transferred into state ownership, provided that preliminary, full, and fair compensation is paid. The procedure for the determination and payment of the price of a plot of land shall be established by an Ordinance of the Government of Georgia.

4. If, in the case provided for in paragraph 3 of this article, an obligee does not agree on the conditions of transfer of a plot of land and the buildings and structures thereon (if any) into state ownership, such property shall be transferred into state ownership according to the procedure for the expropriation of property for pressing social needs.

5. If a public-law restriction is registered on a plot of agricultural land, which excludes its transfer into state ownership, the issue of transferring that plot of land into state ownership shall be resolved after the removal of the public-law restriction, taking into consideration the legal consequences affecting the plot of land, unless otherwise provided for by the legislation of Georgia.

Chapter IV – Transitional and Final Provisions

Article 13 – Transitional provisions

1. Before 1 January 2020, the Minister of Environment Protection and Agriculture of Georgia shall approve the Statute of the Agency and shall appoint the Chairperson of the Agency.



2. The Agency shall exercise the powers determined by Article 5(2)(a), (g) and (h) of this Law from 1 July 2020.

Article 14 – Subordinate normative acts to be adopted in connection with the entry into force of this Law

1. Not later than 30 April 2020 the Government of Georgia shall approve:

a) the procedure for the submission of investment plans and for making decisions in relation to investment plans, upon the recommendation of the Ministry of Environment Protection and Agriculture of Georgia, in agreement with the Ministry of Economy and Sustainable Development of Georgia;

b) the procedure for making decisions on transferring a plot of agricultural land into state ownership and on the determination and payment of the cost of land, upon the recommendation of the Ministry of Economy and Sustainable Development of Georgia.

2. Not later than 1 July 2020 the Government of Georgia shall approve:

a) the amounts of compensation for changing the designated purpose of a plot of agricultural land according to the municipalities and territories of special regulation of Georgia, and the procedure and conditions for payment and exemption from payment of compensation, upon the recommendation of the Ministry of Justice of Georgia, in agreement with the Ministry of Environment Protection and Agriculture of Georgia and the Ministry of Economy and Sustainable Development of Georgia;

b) the procedure for drawing up a balance sheet for land and for the registration of agricultural land resources, upon the recommendation of the Ministry of Environment Protection and Agriculture of Georgia.

3. The Government of Georgia shall ensure compliance of the subordinate normative acts with this Law not later than 1 July 2020.

Article 15 – Invalidated normative acts

The Law of Georgia of 2 October 1997 on Compensating for Substitute Land Development Value and Sustained Damage When Allocating Agricultural Land for Non-agricultural Purposes (Parliamentary Gazette, No 43, 30.10.1997, p.11) shall be repealed.

Article 16 – Entry into force of this Law

1. This Law, except for Articles 1-10, Article 11(2)(a), Article 12(1) and (3)-(5) and Article 15 of this Law, shall enter into force upon its promulgation.

2. Article 2, Article 3(a-h) and (j), Articles 4 and 5, Article 11(2)(a) and Article 12(1) and (3)-(5) of this Law shall enter into force on 1 January 2020.

3. Article 1, Article 3(i) and Articles 6-10 and 15 of this Law shall enter into force on 1 July 2020.

President of Georgia

Salome Zourabichvili

Tbilisi,

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