

GOVERNMENT OF THE KYRGHYZ REPUBLIC

DECREE of January 9, 1998 # 14

ON MEASURES TO INTRODUCE THE MARKET OF LAND USE RIGHTS

To fulfil the President's Decree of the Kyrgyz Republic of November 25, 1996 "On Measures to Introduce the Market of Land Use Rights and Create the Crediting System in Agriculture" and with a view to promote land and legal relationship in connection with the introduction of the market of land use rights, the Government of the Kyrgyz Republic states as follows:

1. To establish the Republic Executive Commission for Sale of Rights to Use Land Plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic in composition as the Attachment provides.
2. To approve the following documents attached hereto:
 - Provisions on the Republic and Rayon Executive Commissions for Sale of Rights to Use Land Plots of the Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic;
 - Interim Provisions on Auction Sale of Rights to Use Land Plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic;
3. The Ministry of Justice of the Kyrgyz Republic, the Ministry of Agriculture and Water Resources of the Kyrgyz Republic, the State Agency for Land Management and Land Resources at the Government of the Kyrgyz Republic shall in a month submit proposals on changes and additions to the regulatory and legal acts following the President's Decree of the Kyrgyz Republic of November 25, 1996 "On Measures to Introduce the Market Crediting System in Agriculture" and present Decree.
4. Republic Executive Commission for Sale of Rights to Use Land Plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic shall approve/practically the mechanism of auctioning in Chatkal rayon of Jalal-Abad oblast, Ton and Tjup rayons of Issyk-Kul oblast, all rayons of Naryn oblast, Alay, Kara-Kuldja and Chon-Alay rayons of Osh oblast, Bakai-Ata and Talas rayons in Talas oblast and Panfilov rayon of Chui oblast by way of experiment to improve it and avoid mistakes and faults.
5. To charge Mr. Akencev, the Minister of Agriculture and Water Resources of the Kyrgyz Republic, with control over the fulfillment of this Decree.

Prime-Minister

Jumagulov A.

COMPOSITION
of
the Republic Executive Commission for Sale of Rights to Use Land Plots of
the Land Reallocation Fund at the Ministry of Agriculture and Water Resources
of the Kyrgyz Republic

Akeneev J.A. - Minister of Agriculture and Water Resources of the Kyrgyz Republic, the Chairman

Kasmaliev A. K. - Director of the State Agency for Land Management and Land Resources, the Deputy Chairman

Members of Commission:

Satybaldiev A.S. - Deputy Head of Osh oblast state administration

Osmonov Sh.O. - Deputy Head of Jalal-Abad oblast state administration

Kydyrgachev A.K. - First Deputy Head of Issyk-Kul oblast state administration

Kojogulov N.D. - Deputy Head of Naryn oblast state administration

Kurmanbekov K. - First Deputy Head of Talas oblast state administration

Kyshtobaev K.K. - Head of Chui oblast Agricultural Department

Kadyrkulov K.D. - Director General of the Republic Center for Land and Agrarian Reform at the Ministry of Agriculture and Water Resources, coordinator in Talas oblast

Berikbaev A.K. - Deputy Director of the State Agency for Land Management and Land Resources, coordinator in Chui oblast

Kasymov Ch.K. - Director of the Design Institute *Kyrgyzgiprozem* of the State Agency for Land Management and Land Resources at the Government of the Kyrgyz Republic, coordinator in Issyk-Kul oblast

Pavlov B.D. - Head of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic, coordinator in Osh oblast

Mombekov A. A. - Head of Technical Department of the State Agency for Land Management and Land Resources at the Government of the Kyrgyz Republic, coordinator in Jalal-Abad oblast

Jeengaziev A. - Leading Specialist of the Department of Water and Land Relations in Agrarian sector of the Ministry of Agriculture and Water Resources, coordinator in Naryn oblast

Under the Provisions on the Republic Executive Commission for Sale of Rights to Use Land Plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic, the composition includes the representatives and deputies of oblast kenesh, directors of oblast centers for land and agrarian reform and oblast state agencies for land management and land resources.

Head of Prime-Minister's Office of the Kyrgyz Republic

A. Abdykalykov

Approved
by the Government Decree
of the Kyrgyz Republic
of January 9, 1998 # 14

**Provisions on
the Republic and Rayon Executive Commissions for Sale of Rights to Use Land
Plots from the Land Reallocation Fund at the Ministry of Agriculture and Water
Resources of the Kyrgyz Republic**

These Provisions have been developed to fulfil the President's Decree of the Kyrgyz Republic of November 25, 1996 "On Measures to Introduce the Market of Land Use Rights and Creation of Market Crediting System in Agriculture".

1. The Republic Executive Commission for Sale of Rights to Use Land Plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic (hereinafter referred to as "the Agricultural Land Fund") shall be charged with the coordination of works on sale of rights to use land plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources.
2. The Republic Executive Commission for Sale Rights to Use Land Plots of the Land Reallocation Fund (hereinafter referred to as "the Republic Executive Commission") shall perform the functions as follows:
 - determination of the size of land plots of the Agricultural Land Fund to be auctioned in every rayon;
 - adoption of estimated costs and determination of commission payments forwarded to rayon executive commission;
 - adoption of submitted materials of rayon executive commissions by results of auctions;
 - settlement of disputable issues aroused at auctions conducted by rayon executive commissions on site.
3. To organise and conduct auction under the decision of the Republic Executive Commission in each rayon, an Executive Commission for Rights to Use Land Plots Use of the Agricultural Land Fund (hereinafter referred to as "the Rayon Executive Commission") shall be established. Oblast centers for land and agrarian reform shall be a coordinating and linking working agency of the Republic Executive Commission at oblast level.

The Commission in its activity shall be governed by the laws, President's decrees of the Kyrgyz Republic, Decrees of the Government of the Kyrgyz Republic, interim Provisions on Auction Sale of Rights to Use Land Plots of the Agricultural Land Fund at the Ministry of Agriculture and Water Resources, these provisions and other regulatory and legal acts.

4. The Rayon Executive Commission shall comprise: the head or deputy heads of rayon state administration in agriculture and water resources (the Chairman), representatives of rayon centers for land and agrarian reform, rayon directorates of land management and land resources, rayon financial agencies, aiyl okmotu and local kenesh (Members of Commission).

The Composition of Commission shall not exceed 7 people.

The Rayon Executive Commission shall carry out the functions as follows:

- organisation of information by way of publications in papers and announcements and sign-boards for public viewing about terms and time of auctioning of the rights to use land plots;
 - accept applications/bids for auctioning;
 - register participants (bidders) in auctions to buy the right to use land plots;
 - decision-making on granting the right to an applicant/bidder to participate in an auction;
 - collection of commission from a winner (highest bidder) of auction to the amount of 6,5 percent of final cost of the acquired right to use land plots;
 - conduct auctioning and determine its winners (highest bidders);
 - determination and distribution of expenditures on sale of the rights to use land at the auction as provided for by the Interim Provisions on Auction Sale of Rights to Use Land Plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Ministry of Agriculture and Water Resources;
 - organisation of sale of entrance tickets for onlookers;
 - determination of non-used expenditures contributed by previous user of land plots of the Agricultural Land Fund.
5. The Rayon Executive Commissions shall submit the results of auctioning to the Republic Executive Commission for approval.
 6. Information on results of auctioning shall be published in mass media in the course of 15 days as of the day of auctioning.

**Interim Provisions on
Auction Sale of Rights to Use Land Plots of the Land Reallocation Fund at the
Ministry of Agriculture and Water Resources of the Kyrgyz Republic**

The present Interim Provisions have been developed in accordance with the President's Decree of the Kyrgyz Republic of November 25, 1996 "On Measures to Introduce the Market of Land Use Rights and Creation of Market Crediting System in Agriculture".

1. Auction sale of the rights to use land plots of the Land Reallocation Fund at the Ministry of Agriculture and Water Resources of the Kyrgyz Republic (hereinafter referred to as "the Agricultural Land Fund") consisting of irrigated and dry arable lands, lands with perennial plantations, hay lands and lands requiring reclamation and development shall be conducted with a view to promote the market and land relations and increase the efficiency of land use. Land plots of the Agricultural Land Fund and land plots of citizens, on the basis of issued certificates of the right to use land plots and on their owners' initiative shall be liable for auction sale.

Land plots for which the highest number of offers was made shall be put at auction in order of priority

2. To organise and conduct auctions, commissions shall be established under the Provisions on the Republic and Rayon Execution Commissions for Sale of Rights to Use Land Plots of the Agricultural Land Fund.

I. Preparation for Auction

3. All land plots mentioned in point 1 of these Interim Provisions, the rights for which are liable for auctioning shall be divided into lots.

Lot - is a term meaning concrete land plots, the rights for which are put at an auction as a separate unit.

Each lot shall not exceed:

- from 0.5 to 50 ha - in intensive farming zone;
- from 1 to 50 ha - in mid-intensive farming zone;
- from 1 to 50 ha - in mountainous and livestock-breeding zone.

4. Lots shall be allocated separately for irrigated, dry arable lands, hay lands and land with perennial plantations, lands requiring reclamation and development. An initial cost of land plot of every lot shall be determined not less than a tenfold amount of single agricultural tax. The initial cost of land plot shall additionally include the cost

of buildings and premises located on the land plot at their residual value, that of unfinished production: orchards, fall-plowed fields, perennial crops and of annual crops (all production expenditures).

5. Every land plot, the right for which is put at an auction shall be described by the commission in details. The description shall include:
 - number of lot;
 - location of land plot (name of land mark/area, rotation field, location sketch(map), number of field, quality (cadastre) evaluation of land plot, brief characteristics of infrastructure and water resources availability;
 - area in hectares;
 - initial cost of the right to use land plot.
6. The Rayon Executive Commission for sale of rights to use land plots and conduction of auctions shall, not later than 30 days before the auction, publish an announcement in papers and weigh out the information for public viewing as follows:
 - list of lots of land plots with the names of rayon, oblast, location of land plot (name of land mark/area, rotation field, location sketch(map), number of field, quality (cadastre) evaluation of land plot, brief characteristics of infrastructure and water resources availability;
 - date and place of an auction;
 - method of payment (what bank and what settlement account a pledge is to be deposited in).
7. Only the citizens of the Kyrgyz Republic with experience and skills in agricultural production as direct producers shall be the entities (bidders) participating in auctioning. Preference shall be given to local rural inhabitants. The entities (bidders) shall submit an application for bidding in written and free form. The Rayon Execution Commission shall receive the applications, collect commission for bidding, register and fill in bidder's record card (Attachment 1) and issue to the applicant/bidder a notification (Attachment 2).
8. To be registered, a bidder shall submit to the head of the commission the documents as follows:
 - application for bidding with identification of land plots, the right to use a bidder intends to buy;
 - documents on bidder's legal capacity;
 - bank or cash document proving payment of commission at 0,5 percent of initial cost of the offered right to use land.
9. 5 days prior to auction (by commission's decision) applications for bidding shall not be accepted.
10. Once the period of admission of applications for auctioning is over, the Rayon Executive Commission shall hold a meeting and draw up a protocol about offers for

bidding and make a preliminary selection of bidders according to [REDACTED] techniques to grant the right to use land plots (Attachment 3).

11. All bidders having submitted their applications shall be notified about [REDACTED] decision of the rayon executive commission on the results of consideration of bids.

The right to bid at an auction shall be granted only by the protocol decision of the rayon commission. Bidders shall be given their numbers.

The protocol of the rayon executive commission shall be signed by its members (Attachment 4)

Disputes between the members of the rayon executive commission shall be settled by open voting. Every member of the commission shall have a vote. The chairman shall have casting vote if votes are equally divided.

II. Conducting of Auction

12. Auction is a public/advertised bidding for the rights to use land plots. Auction shall be conducted in a public and easy accessible place (local club, meeting halls, etc.,).
13. Bidders shall pay commission at 0,5 percent of initial cost of the offered plot.

Auction shall be conducted by two rounds.

The first round - lots are announced with only one bid. Such plots are considered unsold and shall be rented out on temporary commission and competition basis.

The second round - lots are announced with more than two bids. Thus, the lot is purchased by a bidder with the highest bid.

Bidding starts with the announcement of an initial price of the object put up at the auction. After the announcement of the next price the auctioneer names the number of the bidder who, to his view, was the first to lift the number what signifies about the increase of the price. Then the auctioneer announces the advanced price adjusted to the auction pace.

Bidding for the object is finished when after the threefold announcement of the advanced price none of the bidders lifted their number. A winner of the bidding is a bidder whose number was named by the auctioneer last. Upon completion of bidding, the auctioneer announces that the object put up at auction was sold out and announces the price and the auction number of the winner as well.

14. The winners at auction who have been granted with the right to use land plots, in 5 days shall pay the Commission the rest 6,5 percent of the cost of the acquired right to use land as a duty (total is 7 percent including 0,5 percent paid for the right to bid earlier) and the rayon executive commission shall issue relevant documents.

The earlier allocated commission at 0,5 percent of the initial price shall be returned back to the bidders who purchased none of the lots.

15. Upon the completion of the auction and formalization of the requirements, the winners of the auction shall pay the cost of the purchased lots. Payment can be made both in cash and by written order. The term of payment shall be fixed by the auction commission and shall not be longer than 3 years as of the date of the auction finished with payment of the cost of the purchased lot - 30 percent in the first year, 30 percent - in the second and 40 percent - in the third year adjusted to inflation. Once the winner of the auction is defined, the offeree and buyer shall reach an agreement (Attachment 5) standing good for a period of full buy out of the right to use land plot. Upon the approval by the Republic Executive Commission of the results (materials) of the auction and full payment of cost of the purchased right to use land plot, the winners shall be issued with a legal document registered in accordance with the Decree of the Government of the Kyrgyz Republic of April 2, 1997 # 172 "On Introduction of State Registration of the Land Use Rights.
16. When the payment term expires, in case the winner failed to pay the cost of the purchased lot, he shall lose the right to use land plot and the decision of the auction commission shall be annulled and the land plot transferred to the Agricultural Land Fund and can be put up at the next auction.

III. Allocation of Cash Resources Received at Auction

17. Cash resources received at an auction from sale of entrance tickets, 0,5 % duties paid by bidders before the auction and 6,5% duties of the cost of sold lots shall be allocated to the account of the executive commission and used by the decision of the Republic Executive Commission for sale of rights to use land plots of the Agricultural Land Fund for creation of the land market and conducting auctions.
18. 93 percent of resources received from the sale of rights to use land of the Agricultural Land Fund shall be allocated to the national budget. In case there are buildings, premises, unfinished production or investments of resources on the land plots or land bears indebtedness, the funds received from their sale, first of all, shall be forwarded to meet the debt liabilities and recover the invested resources. The rest funds shall be allocated to the budget.
19. When fulfilling the right to use unclaimed land shares as well as land plots in case of death of a heirless land user all money received at an auction shall be liable only for allocation to the national budget.

RECORD CARD № _____
of an applicant-bidder for participation in competition and auction
for the right to use land plots
of the Land Reallocation Fund

- A. Registration № of application _____ and date of registration _____
- B. Family Name / First Name of an applicant-bidder _____
 Place of birth _____
- C. Bidder for lot № _____ amount of land _____ ha, including irrigated land _____ ha, dry land _____ ha
 Hay land _____ ha, Perennial plantations _____ ha.
1. Address of bidder: rayon _____ village, street _____, house. Since what time
 applicant has been registered by this address _____ month _____ year. Passport: № _____ and Series

2. Main Specialty and Profession _____ type of business for the last 5 years _____
3. Experience Length by specialty _____ employment place for the
 last 5 years _____
4. Age _____
5. Availability of private production means (tractor, premises of more than 200 m² or other means of
 production) _____
6. Indebtedness status (taxes, commercial debts, etc.) _____ in minimal salaries or in Soms as on
 the date of application.
7. Status of Farm or Kind of Farm (ownership) _____
8. Social status of a bidder in farm (unemployed, ordinary member or
 head) _____
9. Has bidder cultivated land himself or managed farm for the last 3 years (Y/N) _____
 Amount of land allocated _____ ha, including land from the Land Reallocation
 Fund _____ ha.
 Amount of land ploughed during the last year _____ ha.
10. Income per ha of irrigated land cultivated personally _____ in minimal salaries or in
 Soms
11. How many crops has bidder cultivated on the allocated land and their specific gravity
 (%) _____
12. Main activity of a bidder under Charter _____

Commission has been paid _____ Soms

Family Name/Name of the officer of the Rayon Center for Land and Agrarian Reform responsible for
 acceptance and registration of bidder's application _____

Date _____

NOTIFICATION

1. of "_____"
date month year

from a citizen of the Kyrgyz Republic _____

Family Name First Name Patronymic

application has been received for participation in competition to get the right to use land plot through auction or lease of _____ land (ha) including irrigated land _____ ha
dry land _____ ha, haylands _____ ha, perennial plantations _____ ha

indicated in lot No _____ and located _____
describe the location

2. Bidder has paid commission _____ Som which is not subject to call back regardless of the results of auction.

3. Selection bidding will take place on _____ 199

room No. _____, building _____
address _____

4. Auction will be conducted on _____ 199_____
building _____
address _____

Officer in charge

Rayon center for land and agrarian reform _____
Family Name First Name

Signature

Date _____

PROCEDURE

for competitive selection to get the right to use land plots of the Land Reallocation Fund

1. Competitive selection to get the right to use land plots of the Agricultural Land Fund for lease and participation in an auction for the right to use land plots shall be conducted on the 100-score scale with the allowance for negative numbers/scores.
2. Competitive selection shall be conducted by the commission.
3. If an applicant/bidder applies to participate in an auction as a legal person or he managed or (has managed) a farm as a head/manager of farm, then he shall be evaluated by the status of land utilization and farm condition he is in charge of.

No	Criteria	Positive scores	Ratio	Sum of scores
1	<u>Place of Bidder's Residents:</u>			
1.1	Lives in this village	5	2	10
1.2	Lives in another village but in this ayl okmotu	2	1	2
1.3	Other	1	1	1
2	<u>Main Specialty, Profession, Type of Business</u>	5	2	10
2.1	Former ordinary workers of state or collective farms, agronomists, machine operators	2	1	2
2.2	Other			
3	<u>Length of service:</u> as a producers or manager of private farm:			
3.1	up to 2 years	2	1	2
3.2	from 3 to 5 years	5	1	5
3.3	above 6 years	5	2	5
3.4	as a mid-level manager (brigade-leader, manager of collective farm)- above 2 years	3	1	3
3.5	Other	0	0	0
4	<u>Age of Bidder:</u>			
4.1	from 18 to 30	3	2	3
4.2	from 31 to 45	5	2	5
4.3	from 46 to 55	5	1	5
4.4	from 56 to 65	3	1	3
5	<u>Availability of private (non-collective) means of production:</u>			
5.1	Tractors	5	2	10
5.2	Sheep pens and other production premises with area above 200 m ²	4	2	8
5.3	Sowers, plows, harrows, cultivators, mowers	3	2	6
6.	Indebtedness (taxes, power, commercial credits):			

6.1	No	5	3	10
6.2	Yes, to the amount of 12 minimal salaries	3	1	5
6.3	Other farming entities	2	1	2
8.	<u>Bidders' Status in Farm:</u>			
8.1	Managers, members of individual households, private and peasant farms	5	2	10
8.2	Heads of collective farms	5	1	5
8.3	Other	2	1	2
9	<u>Relation to land cultivation:</u>			
9.1	Bidders have cultivated land and will cultivate land personally	5	2	10
9.2	Bidders will hire workers or use other people	1	1	1
10.	<u>Bidder has got gross income per hectare of irrigated arable land:</u>			
10.1	above 55 minimal salaries	5	2	10
10.2	from 25 to 55 minimal salaries	3	2	6
10.3	less than 25 minimal salaries	2	1	2
10.4	Bidder has not got any income and has not cultivated land	0	0	0

Negative scores are given for and to:

4. Undercultivation of land of the earlier allocated lands (in % to total area for the last three years):
 - less 10% -10 scores
 - from 11% to 20% - 15 scores
 - from 21% to 30% - 25 scores
 - above 31% - 30 scores
5. Stale debts per hectare of cultivated irrigated land:
 - up to 7 minimal salaries - 5 scores
 - from 7 to 14 minimal salaries - 15 scores
 - from 14 to 67 minimal salaries - 20 scores
 - above 67 minimal salaries - 25 scores
6. Individuals whose main activity does not relate to agriculture - 20 numbers.
7. Facts of deterioration of fertility and condition of soils because of non-observance of crop rotation principles and damage of environment one way or another:
 - intensive - 15 scores
 - medium - 10 scores
 - weak - 5 scores
8. A bidder who has got above 30 penalty scores at competitive selection shall not be allowed to participate in an auction.

Protocol № _____

of commission for auction sale of the right to use land _____ ha

Composition of Commission:

Bidders for lot № _____ ha

1. _____
2. _____
3. _____
4. _____
5. _____

Commission has fixed an initial price of lot № _____ thousand Som total,
and _____ Som per ha.

As a result of auction in village _____,
of rayon _____, the right to use the land plot _____ ha
identified in lot № _____ has
been purchased by _____

_____ *(name of the entity or Family Name of the winner)*
at _____ Som.

To charge _____
Name of the person in charge

in _____ day to allocate the land plot and legalize the documents.

Chairman of Commission
Members of Commission

Sales Agreement on the Right to Use Land Plots

This Agreement shall be reached on the basis of decision of the Commission for Auction Sale of the Right to Use Land of the Land Reallocation Fund between the Ministry of Agriculture and Water Resources in the person of the Minister, hereinafter referred to as "the Seller" and buyer of the right to use land for 99-years in the person of _____

Family Name, No and Series of Passport or Certificate
 hereinafter referred to as "the Buyer".

I. SUBJECT OF AGREEMENT

1.1 The subject of the Agreement is the lot No _____ consisting of _____ ha, including irrigated arable land _____ ha, dry arable land _____ ha, perennial plantations _____ ha, haylands _____ ha located in the territory of _____ aiyl okmotu _____.

The land plots identified in lot No _____ located in _____ aiyl okmotu of _____ rayon have been sold to _____

Names of persons and Family Name of Manager

1.2 The Seller has sold at an auction _____ ha of land to the Buyer for 99 year period at _____ Soms, or _____ Soms/ha.

The Seller shall be obliged to legalize all temporary documents on land plots at his own expense and pay the buy out cost in the course of _____ years.

1.3 The proprietary right of land plots of the Agricultural Land Fund under this Agreement No _____, of _____ shall come into force after the full payment of land plots' cost.

2. OBLIGATIONS OF PARTIES

2.1 The Seller shall be obliged to transfer the property right on _____

only after full payment of sale price in the time stipulated by clause 2.2.1

2.2 The Buyer shall be obliged:

2.2.1 After the agreement is signed, to make lumpsum payment to the tune of _____ Soms.

2.2.2 To pay the full cost excluding the lumpsum payment of the purchased _____ at a sale price before _____ 199_____.

2.2.3 To transfer the money of the sale price of the lot to the settlement account _____

_____ of the Seller for payment of the purchased _____ under this Agreement.

3. LIABILITIES OF PARTIES

3.1 Should the Buyer fail to remit the full amount when due, the Seller shall unilaterally cancel the Agreement and annul the results of the auction. The pledge of the Buyer contributed earlier shall not be returned back.

3.2 Disputes and differences arising from execution of this Agreement shall be settled in accordance with the applicable legislation of the Kyrgyz Republic.

4. MISCELLANEOUS

4.1 This Agreement shall come into effect as of the date of its signing and contributing the single fee and approving the results of the auction by the auction commission.

4.2 Changes and Additions to this Agreement shall be introduced by the decision of the signing parties.

4.3 This Agreement has been executed in three copies with equal legal effect, the first shall be left with the Seller, the second - with the Buyer, the third - with the rayon Center for land and agrarian reform.

This Agreement has been executed on the basis of decision of the auction commission in the village _____ rayon _____ oblast.

_____ 199_____.

The Buyer

The Seller
RCLAR MAWR

Place for Stamp

Place for Stamp