

# EVALUATION OF THE EVOLUTION OF THE PROCESS OF AGRICULTURAL LAND REFORM IN UKRAINE

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*Agricultural land reform in Ukraine was a complex process, characterized by changes to the whole system of doing agriculture, based on private ownership over collectivization, and private farms and agricultural enterprises over kolkhozes and sovkhozes.*

*This paper aimed to clarify the process of agricultural land reform in Ukraine by classifying the three-stage evolution of the reform, and discussing creation mode of farms. Extensive review of Laws, Decrees, Land Codes, and past studies on land reform in Ukraine were used as a background to evaluate realities of land reform process in Ukraine.*

*In the following space, we divide the whole process into three stages: the implementation period (1991–1993), the transformation period (1994–1999), and the establishment period (2000–2011). Considering the fact that the draft of the law on land market and cadaster in Ukraine was issued for approval, it may be predicted that Ukraine will enter into a new stage of land reform after 2014. This stage may be termed “Restructuring.”*

***Agricultural land reform, transformation, three-stage evolution, new stage of the reform.***

In 1991, the Soviet Union (USSR) collapsed and Ukraine became an independent country. Drastic changes took place hereafter. This study aims to clarify the actual process of transfer of ownership of land from state to citizens, and examine the evolution of land tenure and farming systems after the establishment of private land ownership in the country. For that purpose, this paper attempts to present a synthesized description of agricultural land reform process by sorting out sometimes confusing and vague information seen in the forms of Laws, Presidential Decrees, and Land Codes during the period from 1990 to 2011. For the sake of discussion, we will divide the post-independence evolution into three stages. In fact, due to the lifting of the Moratorium on the sale of land in January 2014, it is considered that the country is now entering into the fourth stage, but this paper is limited to the evolution until the end of 2011.

The general objective of this paper is to clarify the characteristics of the land reform process in Ukraine by classifying into a three-stage evolution. We therefore conducted an intensive review of available documents such as Laws, Decrees, and Land Codes, and past studies on land reform in Ukraine.

The structure of this paper is as follows. In the second section, we will first describe common characteristics of Ukrainian agricultural system under the control-command system of the USSR, to which the need for urgent reform arose at

the time of independence. Then, in the third section, the transfer process of state land ownership will be discussed in detail by organizing the entire post-independence process into three stages. Conclusions of this study are presented in the fourth section.

## **UKRAINIAN AGRICULTURAL SYSTEM DURING THE SOVIET PERIOD**

According to the State Land Committee of Ukraine, in the days when Ukraine was a part of the former Soviet Union (USSR), the country was contributing 18 % (52 million) of the population and 16% of gross domestic product (GDP). With a share of territory in the Soviet Union of only 2,7%, these numbers were impressive.

With more than 11,000 state (sovkhozes) and collective enterprises (kolkhozes), more than 35 million hectares of land were cultivated. Ukrainian agriculture was characterized by the predominance of collective farms (76 % of all agricultural producers in Ukraine) and land holdings of between one and five thousand hectares. Of the approximately 4,8 million workers who made up the labor force in agriculture, 84 % were directly engaged in agricultural production, 14 % were seasonal workers and only 2 % were in management. Average number of employees was about 380 workers per farm.

During the era of the Soviet Union and its central-command system, most products or raw materials were transferred to different parts of the USSR to meet their needs or for further processing into different products. It was an enforced policy that any member of the USSR would not produce finished products (ready to sell) but be a donor of raw materials for a final production process. Only when it was unreasonable to move it somewhere else, was a member country able to produce finished products. All financial benefits were gathered at the center and later Moscow decided how to use it. In that situation, not all members of the Soviet Union could develop equally and therefore, at the time of USSR collapse in 1991, none of the member countries of the Soviet Union had their own political and legislative systems, causing severe difficulties in implementing reforms and innovations.

The characteristic feature of the Ukrainian agricultural system during the Soviet period was collectivization. In general, the common and universal characteristics in Ukrainian agricultural system were as follows:

- 1) a system of large state and collective farms (kolkhozes and sovkhozes);
- 2) production operations that were centrally planned;
- 3) planned use of inputs and controlled prices of inputs;
- 4) use of collective forms of labor organization based on labor brigades;
- 5) planned wage funds and centrally defined production bonuses;
- 6) centrally controlled prices for farm products;
- 7) state monopoly of food storage, processing, distribution and sale;
- 8) restrictions on private food production;
- 9) state control of all land use;

10) state control of finances, credit and banking.

Due to the low economic efficiency of agricultural production, unresolved food problems and Ukraine's loss of its position as an exporter of certain commodities, the urgent need for various reforms arose in the country as soon as it became independent. Agricultural land reform as a component of the economic reform, which aimed to stimulate the Ukrainian transition to a market economy, was legally implemented six months before Ukraine declared independence from the Soviet Union in 1991.

Before discussing the process of land reform in Ukraine, let us briefly examine the case of the Baltic States, which were also parts of the Soviet Union and have gone through land reform. Actually, in Baltic States, Poland, and other East European countries, land markets emerged more quickly than Ukraine, because the following conditions were achieved (Shulga and Kulinich, 1995):

1. Large numbers of objects such as land parcels, buildings, or premises were established with the civil legal status of "real property."

2. These objects were transferred to or recognized in the ownership of individuals and juridical persons who had the legal capacity to acquire and dispose of them in direct person-to-person transactions.

3. Reasonably convenient and cost-effective methods became available to bring together sellers and buyers, and lessors and lessees.

4. The civil law was revived to recognize these transactions as binding and the courts were empowered to uphold the rights and obligations created by these transactions.

5. A convenient and cost-effective method was provided to obtain proof of legal rights, whenever needed, through the land book or registry.

6. Soviet-style administrative land management, which made the state a mandatory third party in all transactions, was abolished.

7. Economic activity reached a level sufficient to create demand for land and property objects, and individuals and juridical persons began to make a supply of units available for sale/lease.

These nations achieved market activity relatively quickly because, at the start of transition, they had stated a clear goal of reviving the civil law. These countries had European-style civil codes in the period before Communist rule (USSR), and the civil principles and practice were legitimate and familiar for most citizens. In this context, each element of land and property reform (legislation, institutional change, legal and transaction documentation, and procedures) could be adopted from and tested against the complete, modern systems of property and land laws in Europe generally (Nosik and Valetta, 2002, pp.11–29).

In contrast, civil law tradition was weak in Ukraine, and there was no broad agreement to the goal of achieving European-style principles and practice. Concepts of social protection and noncompetitive economic activity remained attractive to many groups, and the principle of "land as the patrimony of all the people" was kept in the Constitution and the Land Code. On the basis of this principle, Ukraine retained the Communist-era concept of the Land Fund, which had described the state system of control over the allocation and

use of the land. Ukraine's land reform has been deliberately gradual and has sought to introduce selected elements of civil law alongside the Land Fund (Nosik and Valetta, 2002).

### **THREE STAGES OF LAND REFORM IN UKRAINE**

The goal of Agricultural Land Reform in Ukraine that started in 1991 was the formation of true owners and masters of land, who would contribute to social and economic progress of the countryside, resolution of the food problem and raising the agricultural economy to the world level. This reform started from the transfer of land from the State Fund into the ownership of non-state agricultural enterprises. Historically, for the first time private farms were created as independent legal entities outside the collectivist framework. In practice, people who had been working in agriculture most of their lives received the rights to own that land plot and to make decisions about the way of farming. They could even decide not to cultivate the land themselves. It was considered that private farming had to inspire former members of kolkhozes as well as any citizen of Ukraine with agricultural education and a wish to be involved in agricultural activities.

However, the reality was that even with the right to receive a land plot from the State free of charge, the number of private farms did not increase at all from 1991 up to 1994, and only from the end of 1994 was there some progress in the creation of private farms. In fact, agricultural land reform in Ukraine was a complex process, characterized by changes of the whole system of doing agriculture, based on private ownership over collectivization, and private farms and agricultural enterprises over kolkhozes and sovkhozes.

In the following space, we divide the whole process into three stages: the implementation period (1991–1993), the transformation period (1994–1999), and the establishment period (2000–2011). Features and problems of each stage are now discussed.

#### ***First Stage: Implementation (1991–1993)***

The 15th March 1991 marked the beginning of agricultural land reform in Ukraine in that all land in the country (both agricultural and non-agricultural) became subject to reform in accordance with the resolution of the Supreme Soviet passed in December 1990. This first resolution, "On Land Reform," was followed by a long list of laws, presidential decrees, and governmental resolutions that have gradually created a comprehensive legal framework for agricultural land reform in Ukraine. In general framework, reformation of land relations presumed the implementation of a set of institutional, functional, economic, social, legal, ecological, and other measures, aimed at the formation of new social relations connected with land use (Law on Amendments and Additions to some Laws of Ukraine, 1993).

The importance of this stage is that the State monopoly for ownership of land was eliminated and for the first time in Ukrainian history people obtained the right to own some specific plots of land. It was the first step of private land ownership in independent Ukraine. At the same time it should be mentioned that despite the implementation of new the system of land ownership in

Ukraine, the traditional Soviet form of land tenure (inheritable lifetime possession for lands) had remained. Special feature of such form of land tenure was that land could be used, leased, bequeathed, passed in inheritance, but not sold (During the USSR time, land could not be sold, because the State owned it and there was no private ownership for land. In independent Ukraine, land could not be sold, because there was the Moratorium on selling agricultural lands from 1992 and up to 1.01.2014).

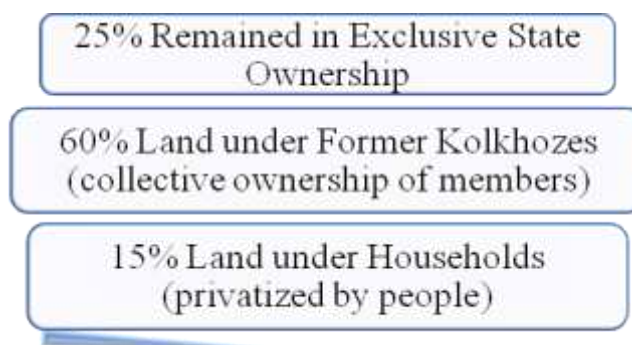
The aim of the first stage was to change the state ownership of land and assets, *free of charge*, to the possession and use of Ukrainian citizens and members of former kolkhozes.

The January 1992 Law on Forms of Land Ownership eliminated the monopoly of the state on ownership of land, which had been a feature of the Soviet system since 1917 and caused transformation of lands out of the State Fund into the ownership of non-state agricultural enterprises (structural reorganization of kolkhozes/sovkhozes, when kolkhozes were transformed into collective agricultural enterprises and sovkhozes were privatized) (Figure 1).

**USSR time -----** >State monopoly for lands 100%

**After 1991 .....** >No more State Monopoly

All agricultural lands were divided:



**Fig. 1. Transformation of lands out of the State Fund**

Source: State Land Committee of Ukraine, 2011

Exclusive state ownership was retained for a fairly restricted list of land categories, as follows:

- 1) land in common use in villages and towns;
- 2) land used by the mining industry, transportation, communication, and defense;
- 3) nature reserves, recreational lands, health resorts, historical and cultural monuments;
- 4) forests and water bodies (except small areas up to 5ha included in the holdings of private farms);
- 5) land of agricultural research and teaching institutions with their experimental stations;
- 6) land of state farms specializing in seed selection, elite-seed produc-

tion, livestock selection and pedigree livestock breeding;

7) land of state farms specializing in hops, essential oil plants, medicinal plants;

8) land of state farms specializing in fruits and grapes.

Some of these categories of land retained for state ownership were quite understandable by universal standards, while some categories were obviously dictated by a mixture of political and economic considerations (Law on Forms of Land Ownership, 1992); for instance, grapes for the wine industry and large-scale fruit orchards were regarded as a national strategic asset. All other lands could be transferred to collective and private ownership.

The new Land Code introduced mechanisms for transferring land to private ownership in March 1992. As is shown in Table 1, a total of five categories of land use were set out and the size of land plot defined for each category under this new form of ownership. For instance, for a dacha, summer cottage owned by city residents, private land ownership was restricted to no more than 0.1 ha per household. Plot size for house construction was also determined for villages, settlements and cities respectively.

It is important to note that a citizen with agricultural education or a will to be involved in agricultural activities was entitled to a maximum of 2,0 ha of land and given a right to receive such land from the state. Historically, this was the first step in the creation of private farms in Ukraine at least on paper in that the 1992 Land Code gave a right to create a private farm on obtained land plot. However, because the procedure for creating such private farms was not specified in the Land Code, no land was actually transferred to private farmers before 1994.

### **1. Purpose and size of land that could be transferred to private ownership for households**

<b>Land use purpose</b>	<b>Land size (ha)</b>
Private orchards	not more than 0,12 ha
Summer cottages (dacha)	not more than 0,1 ha
Individual garages	not more than 0,01 ha
Subsidiary households	not more than 2 ha
Private house construction:	
in villages	max 0,25 ha
in settlements	max 0,15 ha
in cities	max 0,1 ha

Note: These non-agricultural lands and extra land area could be purchased at a certain price.

Source: Land Code of Ukraine, 1992

In addition, the 1992 Land Code severely circumscribed the rights of private landowners. Owners may not sell private land. During the moratorium, privately owned land may be alienated only to the local authorities from whom it was originally received. The moratorium applied both to land received from the State Fund and to lands obtained from the local authorities. In the latter case, the individual was to be reimbursed when land was alienated. In practice, land classified as privately owned could only be passed through inheritance

during the moratorium, and the rights associated with this form of property were not different from the traditional Soviet form of land tenure called “inheritable lifetime possession”.

Restrictions on private ownership of land according to the 1992 Land Code included the following:

- moratorium on selling of privately owned land;
- land must be used for farming;
- land must be farmed continuously with no break of more than one year in active farming;
- sound ecological and soil protection practices must be observed;
- land may be leased out for a term not exceeding 50 years.

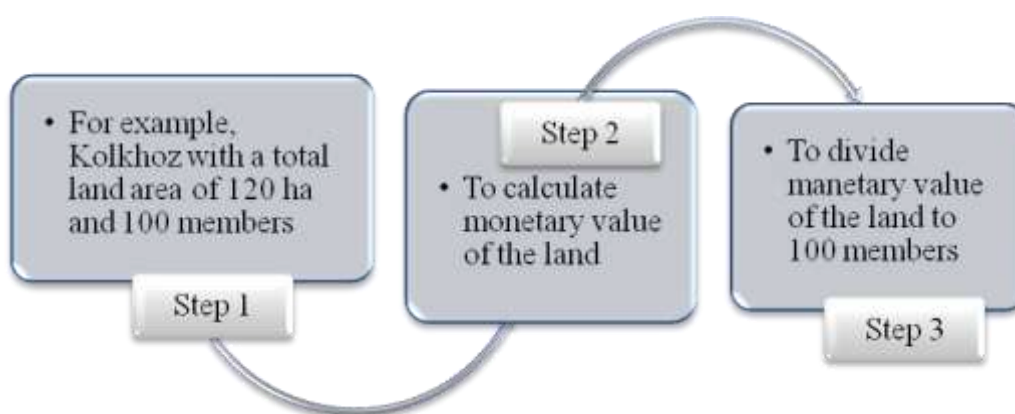
If these conditions were not met, that private land would be taken away from its owner by administrative auction of local authorities.

However, mechanisms for transferring land to collective ownership were clearly introduced in the 1992 Land Code, which defined the categories of producers entitled to hold land under new forms of ownership.

Collective ownership was intended primarily for legal bodies, and the recipients of collective ownership were as followed:

- collective agricultural enterprises;
- agricultural cooperatives;
- agricultural joint-stock societies;
- agricultural partnership;
- gardening societies.

These collective lands actually belonged to the individual members of the collective, and each member, including both active and retired, was entitled to an equal share of land. Therefore, a procedure was also established for calculating the size of land share among the members of a collective, which essentially involved dividing all available land by the adult rural population (Figure 2).



**Fig. 2. Procedure for calculating the size of an average land share for members of kolkhoz**

Source: State Land Committee of Ukraine, 2011

However, the 1992 Land Code did not elaborate the rights of these shareowners beyond their right to receive a physical plot of land corresponding to the share at the time of exiting from the collective. This meant that physical division of the collective lands could not be made.

Table 2 presents the area of land transferred from the State Fund to different types of farm from 1990 to 2004. It is clearly seen that for the first stage of land reform (1991–1993), no land was given to private farms and large areas were transferred to collective agricultural enterprises.

## 2. Land area in Ukraine by farm type (1,000 ha)

Year	Total land	Agricultural enterprises	Household plots	Private farms
1990	42.030	39.357	2.669	-
1991	41.973	38.061	3.864	-
1992	41.930	36.747	4.833	-
1993	41.890	36.260	5.011	-
1994	41.862	35.764	5.357	741
1995	41.853	35.442	5.589	822
1996	41.840	35.240	5.694	906
1997	41.854	35.029	5.789	1.037
1998	41.827	34.806	5.919	1.102
1999	41.829	34.408	6.243	1.178
2000	41.827	30.941	8.543	2.342
2001	41.817	29.327	9.736	2.754
2002	41.800	27.940	10.939	2.921
2003	41.789	25.826	12.799	3.164
2004	41.764	24.524	13.819	3.421

Source: State Land Committee of Ukraine (various years).

In addition, it should be mentioned that the average size of land plot transferred was larger in the Southern and Eastern regions than in the Western and Central Ukraine. The size differed according to the area/oblast and to the relief of the territory. In forest-steppe and forest areas in the West and North of the country, land plots were smaller in size than those in steppes in the South of Ukraine.

Let's summarize the results in the first stage of agricultural land reform:

1) For the State: No more monopoly for lands, and the State Reserve was created corresponding to only 10% of lands for specified use;

2) For people: Received the right for life possession of the land under their households with the right to inheritance. Potential right to become a private farmer (only on paper);

3) For collective enterprises and their members:

No more control-command system and all members of former kolkhozes became collective owners of all lands and assets (at least on paper).

## Second Stage: Transformation (1994–1999)

Although the privatization of land ownership was promoted in the first stage of land reform, the transformation of collective ownership and the crea-

tion of private farms could not be carried out in practice. Therefore, these issues were mainly taken up in the following stage by two presidential decrees: "On Immediate Measures for Acceleration of Land Reform in the Sphere of Agricultural Production" (№666: Nov. 10, 1994) and "Regulations for Division into Shares of Land Transferred to Collective Ownership of Agricultural Enterprises and Organizations" (№720: Aug. 8, 1995).

The 1994 decree instructed the local authorities to transfer the land used by farm enterprises from state to collective ownership, and then to expedite the division of collectively owned land into individual and private shares (Table 3).

### **3. Person's right for the land by type of ownership**

<b>Type of ownership</b>	<b>Person's rights for the land</b>	<b>Supported by document</b>
Collective	Person has a right to receive a land plot for free from the state as a member of the kolkhoz	No any official papers for land
Collective-shared	When person received the land from the kolkhoz, that land is without demarcated land borders. Person has a right to use, lease and bequeath the land	Paper Certificate
Private	Person exchange Paper Certificate to State Act or receive directly a State Act if he was not a former member of kolkhoz. This land plot has demarcated borders. Person can use, lease, bequeath and sell his land plot.	State Act

Source: State Land Committee of Ukraine, 2011

This was actually a two-stage procedure: transfer of state owned land to collective ownership, followed by transformation of undivided collective ownership into collective-shared ownership through distribution of land shares in the form of individual certificates of entitlement. Table 4 shows the change in average size of farms of different types. Agricultural enterprises, which were created on the base of former kolkhozes, started to decrease in size from 1990. This could be explained that members of such enterprises used their legal rights to obtain the land shares (certificates of entitlement) and to exit the enterprise. The size of created private farms had increased through cooperation of such people, who came together to do private farming using their lands, time (labor), and assets, and/or through receiving the land share free of charge from the state according to the law.

### **4. Change in average size of farms (ha) of different types 1990–2004**

<b>Year</b>	<b>Agricultural enterprises</b>	<b>Private farms</b>	<b>Household plots</b>
1990	2,900	0	0.5
1994	2,200	24	1.3
2000	1,450	57	2.1
2004	940	80	2.6

Source: Calculated from AgroUkraine 2006

The size of household plots was also increasing, as people used the right to privatize this land and in case of need could apply for some extra land from the State Reserve for purposes mentioned in Table 1.

It must be emphasized that the procedure for transfer of the land used by farm enterprise from the collective to collective-shared ownership had some special features, as follows:

1. The division of collectively owned land into shares was based on the principle of equal distribution to all beneficiaries, adjusted for land quality.
2. The land share represented the right of an individual to private ownership of an underlying plot of land, without physical demarcation of that plot in the field or even on a map.
3. The right to a land share could be sold and bought, leased, given in gift to another person, exchanged, bequeathed, or even mortgaged.
4. Land shares were thus more tradable than actual land plots, at least on paper.

Share-based privatization did not actually allocate land use rights to individuals. Rural residents received paper certificates of landownership ("land shares"), without physically getting a plot of land, and certificate holders were allowed to convert the land share into a private plot when leaving the former collective farm (Revised version in 1997, Presidential Decree № 720, 1995).

Rural residents had received paper certificates confirming their entitlement to a plot of land of a specified size but in an unspecified location. The non-land assets (farm machinery, buildings, and livestock) had been divided into value-based paper shares. The collective farm (now transformed into a corporate farm) was no longer a closed entity, as it had been during the Soviet era, and individuals were entitled to leave the collective taking their shares of land and assets with them. Yet very few corporate farms distributed land and assets in kind to the shareowners, and very few farm employees actually left corporate farms for independent farming. The land and asset shares typically remained locked in collective ownership and use.

Privatization through share holdings did not encourage large corporate farms to change their mode of operation, in that this mode of privatization often resulted in only "changing the sign on the door." Nor did it change the government policies toward the large farms (Revised version in 1997, Presidential Decree № 720, 1995).

Thus, it is clear that the 1994 presidential decree reaffirmed the fundamental right of individuals exiting with land, which was first established in the 1992 Land Code. The decree stated that every individual was free to leave the collective enterprise with a physical plot of land, and that the individual's right of private ownership would be certified by an official title. On the other hand, the decree also set up a mechanism for internal reorganization of collective enterprises by stating that owners of land shares may voluntarily pool their shares to create various associations, partnerships, cooperatives, or other farming organizations. Their land shares could be invested in the equity capital of the enterprise, or alternatively leased to the enterprise for a definite term. Most importantly, perhaps, according to Shulga and Kulinich (1995, p. 19), it did not remove the barriers for individual members to

exit from large corporate farms. Neither farm directors nor shareowners generally rendered their support and allowed other members to leave the corporate farm. Relatively unfavorable conditions for private farmers in matters of access to capital, inputs, and markets, compared to agricultural enterprises, dissuaded most members from exiting the corporate farms. In fact, many details of the exit procedure such as allocation of land and asset shares, the method of identification of concrete plots of land and division of large farm assets, were worked out only years after the initial decrees authorizing farm exit (Shulga and Kulinich, 1995, pp.19–27).

The outcomes of the second stage of land reform may be summarized as follows:

1. For people: private ownership of land was created for households, and private farms were established.
2. For collective enterprises and their members: certificates were issued for the members of corporate farms to prove that they have a land plot in the former kolkhoz, but without delineation of the actual land plot in the field or even on a map; non-land assets (farm machinery, buildings and livestock) were divided into value-based paper shares.

### **Third Stage: Establishment (2000–2011)**

The land reform processes have had different impacts on the agricultural sector during the third stage. First, they led to a large diversity in organizational and legal forms of agricultural enterprises and to a substantial growth in their number. According to the State Statistics Committee of Ukraine, 73,8 % of agricultural producers were individual farmers, 13,8 % partnerships, 7,5 % private enterprises and 1.7% cooperatives in 2010.

Second, the land ownership structure has changed significantly as well (Table 5). In 1990–2010, the area of agricultural lands owned by agricultural enterprises decreased by 46,8 %. As a result, the share of these enterprises in the total agricultural land area dropped from 92,1 % in 1990 to 49,5 % in 2010. In 1990, the portion of state agricultural enterprises in the area of agricultural lands was 23,6%, while in 2010 it went down to 2,4 %. During the same period, agricultural lands owned by individuals increased from 2,7 million hectares to 15,9 million hectares (5,9 times).

### **5. Structure of agricultural lands, by farm type (at the end of year)**

Land property	1990		1995		2000		2005		2010	
	mln. ha	%	mln. ha	%	mln. ha	%	mln. ha	%	mln. ha	%
Agricultural lands-total	42,0	100	41,9	100	41,9	100	41,8	100	41,6	100
Agricultural Enterprises in that:	38,7	92,1	35,2	84,0	29,9	71,4	22,1	52,9	20,6	49,5
<i>State</i>	9,9	23,6	7,1	16,9	1,8	4,3	2,9	1,0	1,0	2,4
<i>Non-State</i>	28,8	68,6	28,1	67,1	28,0	66,8	20,9	50,0	19,6	47,1
Individuals in that:	2,7	6,4	5,6	13,4	8,5	20,3	14,9	35,6	15,9	38,2
<i>household plots</i>	2,5	6,0	3,9	9,3	4,3	10,3	4,7	11,2	4,9	11,8

Source: State Land Committee of Ukraine, 2011

Third, a particular feature of the third stage of the reform was the *issue of a State Act* on land plot, which confirmed the right of individual for that specific land plot. After the land purchase agreement or other deed is notarized and registered by the notary in the State Register of Real Estate Transactions, the individual should do the following: apply for the State Agency of Land Resources for issuance of the State Act (Deed) on Title of Ownership to the Land Plot and registration of the title to ownership in the name of individual. For this purpose, the technical documentation for drafting the State Act (Deed) should be developed.

In general, the procedure for the development of technical documentation and obtaining of the State Act (Deed) takes three or four months. A lot depends on the designated use and location of the land plots (Nouel, 2008).

In practice the State Act is like a passport for the land, which strictly defines borders of a land plot and gives the right to a person to use, lease, bequeath and sell the land plot in the future (after the Moratorium on selling agricultural lands will be cancelled) (Figure 3). State Act is recognized as the final document confirming the title of ownership to the land plot.



**Fig. 3. State Act on Title of Ownership to the Land Plot in Ukraine**

Source: State Land Committee of Ukraine, 2013

Fourth, this is the period when kolkhozes and sovkhoses ceased to exist. In order to define and to classify agricultural producers who were representing the agricultural sector of Ukraine after kolkhozes and sovkhoses disappeared, the following three definitions are used (according to State Committee of Land Resources):

1. *Agricultural enterprises, also called large agricultural producers* – include state enterprises, joint-stock companies and partnerships of all types, private enterprises affiliated with industrial, transportation and other spheres, organizations and scientific research institutes;

2. *Private households, also called household plots or small agricultural producers* – include individual or family households with land estates, forms of agricultural production when an individual or a family produces commodities to satisfy the family needs in foods or with other purposes;

3. *Private farms, also generally considered to be small in size* - a form of enterprise, using owned or rented lands and other assets. A private farmer operates the business unit to produce, sometimes process, and market agricultural commodities and is registered by the government as a farm.

In other words, the Agricultural Enterprise category includes the largest farm holdings, such as former state and collective farms, which are still struggling with, post Soviet realities and the modern and efficient corporate style holdings. Private Households are comprised of individual and family rural households that produce food primarily for personal consumption, but also market a certain percentage of commodities to supplement family income. Last, Private Farm is very similar to private households, but is registered as a business.

Therefore, it can be said that land reform in the third stage not only changed the organizational forms of "farm enterprises" but also caused a profound impact on the individual sector, accelerating the creation of independent private farms. This process was promoted by the issuance of State Acts. The third stage was also the last period of existence of Soviet kolkhozes and sovkhozes in independent Ukraine.

The outcomes of the third stage of land reform may be summarized as follows:

1. For the State: Ukraine evolved from exclusive state ownership of land in 1990 to a mix of state and collective ownership in 1993–1995, and finally to a mix of state and private land ownership in 2000–2011.

2. For people: they received wider rights for their land plots after the exchange of paper certificates into State Acts. The number of private farmers has increased. Moreover, the individual sector (consisting of the traditional household plots and independent private farms that began to emerge after 1994) today controls more than 40 % of agricultural lands, contributing 70 % of agricultural output.

3. According to State Land Committee, by 2011, nearly 90 % of the State Acts were issued for land plots in Ukraine, which guaranteed the right of the person to a specific land plot in specific area.

### **Conclusion**

This paper aimed to clarify the process of land reform in Ukraine by classifying into three-stage evolution, and to discuss creation mode of farms. Extensive review of Laws, Decrees, Land Codes, and past studies on land reform in Ukraine were used as a background to evaluate realities of the land reform process.

We divided the 20-year process of agricultural land reform in Ukraine into three stages, implementation, transformation, and establishment, with a view to the fact that it is a part of a larger complex process, characterizing transformation and development of the whole country.

With the implementation of agricultural land reform, Ukraine made an effort to change the agricultural system and to create more productive forms of farming, by switching from collective to individual forms of farming.

During the implementation of agricultural land reform, private farms have been expected to grow to a main sub-sector of agriculture in Ukraine after 1994, but it did not happen. According to our study, the increase in the number of private farms was rather slow because of various constraints, including bureaucracy, poor legislation, problems with finance, etc. It could be concluded that to reap the benefits of private land ownership and individual farming initiatives, it may be necessary for the government to provide a stable legislative environment with clearly defined and easily transferable property rights, speed up demonopolization of support services (infrastructure), and encourage the development of functioning markets in land, assets, and commodities. This is not an easy agenda, especially because these measures must be implemented in combination with adequate economic policies. But without the effective development of private farming, sustainability and competitiveness of market-oriented agriculture are hard to be seen.

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*Аграрна реформа в Україні є комплексним процесом, який характеризує зміни усієї системи ведення сільського господарства.*

*Дана стаття має намір дослідити аграрну реформу з точки зору стадій її еволюції. Таким чином, двадцятирічний період реформи був поділений на три стадії: впровадження, трансформація та організація.*

*Оригінальність даної роботи полягає у дослідженні змін у використанні землі та змін у власності на землю в процесі аграрної реформи, з метою зрозуміти хто ж саме та яким чином скористався можливістю отримати землю у володіння для ведення сільського господарства та як реалізував це право.*

***Незалежність, аграрна реформа, трансформація, стадії еволюції, приватна власність.***

*Аграрная реформа в Украине – комплексный процесс, который характеризует изменения системы ведения сельского хозяйства в целом.*

*Данная статья намерена рассмотреть аграрную реформу на основе стадий ее эволюции. Таким образом, двадцатилетний период реформы был поделен на три стадии: введение, трансформация и организация.*

*Оригинальность данной работы состоит в изучении изменений в использовании земли, а также собственности на землю в процессе аграрной реформы, с целью понять, кто именно и каким образом воспользовался возможностью получить землю в собственность для ведения сельского хозяйства и как было реализовано это право.*

***Независимость, аграрная реформа, трансформация, стадии эволюции, частная собственность.***