

## **LITHUANIA**

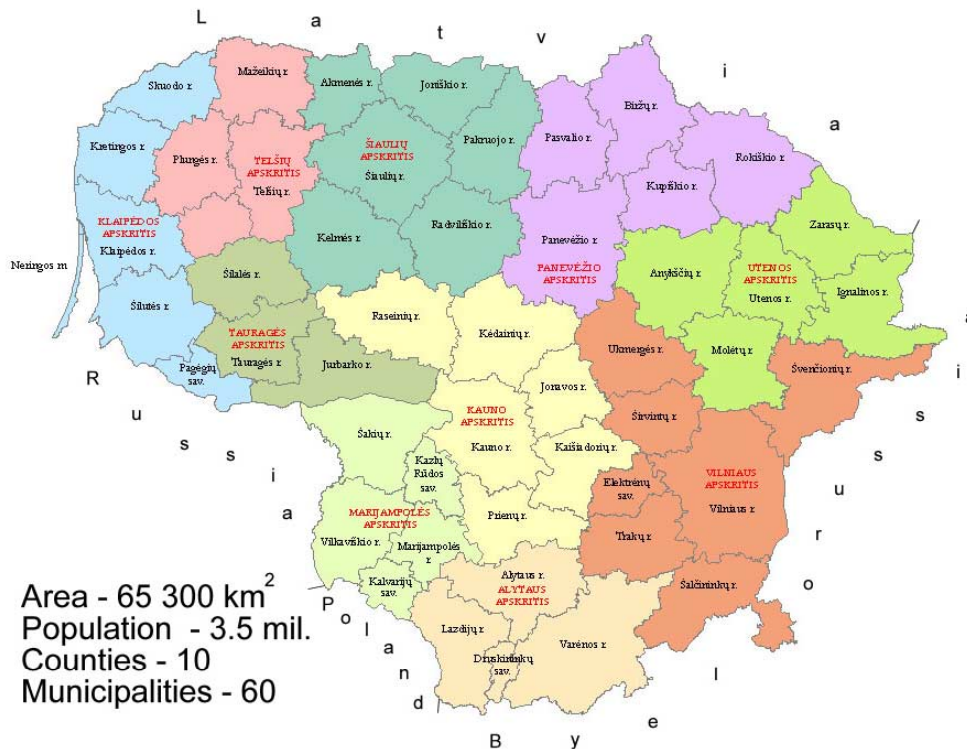


**Report based on Exchange Programme documents provided by  
Vilma Daugaliene**

**Budapest, 2004**



# 1 General Information



## 1.1 Location and area

The Republic of Lithuania is located on the western end of the East European Plain near the Baltic Sea. It borders with Latvia in the north (588 km), Belarus in the southeast (660 km), Poland (103 km) and part of Russia – Kaliningrad enclave (273 km) in the southwest. The Baltic Sea (90 km) borders the western coast of Lithuania.

Lithuania extends 373 km from East to West and 276 km from North to South. The total area of the country is 65 300 sq km and it is the biggest among the three Baltic States.

In 1989, scientists of the French National Geographical Institute have determined that the Center of Europe (54°54' north and 25°19' east) lies in Lithuania, 26 km north from the capital city Vilnius.

Lithuania is 2 hours forward of Greenwich Meridian time (GMT+2 hours).

## 1.2 Relief

Lithuania is characterized by predominant lowlands – plains include around 55% of Lithuania’s territory, mainly used for agricultural activities that are separated by hilly uplands formed from ancient glacial deposits. Forests and forestland cover around 30,2% of the territory and the country has more than 10 km of rivers and streams. The longest river is Nemunas. Also there are more than 2800 lakes (mostly in the eastern part of Lithuania) where 25 of them are larger than 10 sq km. The average height above sea level is 99 meters.

The lowest point is 0 meter above the sea level, the highest point is Juozapine Hill - 293,6 meters in the southeastern part of Lithuania.

### 1.3 Climate

It is transitional between maritime and continental. The average annual temperature is about 6°C (from -4,8°C in January to +17,2°C in July).

The annual precipitation varies from 540 mm to 930 mm. The vegetation season has sufficient number of bright days and it varies from 169 days to 202 days.

Predominant wind is from the southwestern direction.

### 1.4 Population and language

As of beginning of 2003, the total number of population made 3.46 million of inhabitants. 67% live in urban areas and 33 % in rural areas. The population density is 53 inhabitants per 1 sq km. Population growth rate is -0,33 %.

Most of the population lives in the biggest cities of Lithuania:

- Vilnius (the capital of Lithuania) – 542 000;
- Kaunas – 378 000;
- Klaipeda (the sea port on the western part of Lithuania) - 193 000.

In 2003 there were 83,5 % of Lithuanians, 6,7 % of Polish, 6,3 % of Russians and 3,5 % of other national minorities – Belarusians, Ukrainians, Latvians and others.

The national language is Lithuanian (Baltic group of Indo-European languages) – one of the oldest in Europe, coming from Sanskrit.

Predominant religion is Roman Catholic (about 80% of believers).

### 1.5 Historical background

The first record when Lithuania was mentioned is 1009 AD in the Quedlinburg Annals. The Lithuanian State was founded by Duke Mindaugas who was crowned as a King in 1253.

In the 15th century Lithuania has become one of the largest countries in Europe – its territory extended from the Baltic Sea to the Black Sea, though from the 17th century, Lithuania faced many attacks from Russia and Sweden and later on it was subdivided. On 16 February 1918, Lithuania declared its independence and was as such until 1940. In the period from 1940 to 1990, Lithuania was a part of the USSR and on the 11th of March 1990 Lithuania was declared independent.

In 1995 Lithuania applied for membership of the European Union and as from the 1st of May 2004 is an EU Member State. In the same year Lithuania joined the NATO.

### 1.6 Political and economical situation

Republic of Lithuania is a parliamentary democracy. Under the Constitution that was adopted on the 25th October 1992, State power is executed by the Parliament (*Seimas*), the President of the Republic, the Government, and the Courts.

The one-chamber Parliament is elected for a period of 4 years (recent elections were in October 2004). The President, the head of the state, is elected for a period of 5 years (recently elected in June, 2004).

The highest authority of executive power is the Government, appointed or dismissed by the President with the approval of the Parliament.

The country is divided into 10 administrative regions – counties that are governed by the County Governors (they are appointed by the Prime Minister of the Government). As self-governance institutions there are 60 municipalities in Lithuania.

Since regaining its independence, Lithuania has chosen a way of market economy.

Lithuania was trading with Russia until 1998, while after the Russian financial crisis have shifted its trade to Western markets and became one of the fastest growing economies in Central and Eastern Europe.

In 2003, the unemployment rate was 10,3%. The stable monetary framework contributed to the achievements of internal and external economic balance (national currency is Litas (LTL): 1 Litas=100 cents. Since 2002 it is attached to EUR: 1 EUR=3.4528 LTL).

Privatization of large, state-owned utilities is nearly completed. Overall more than 80% of enterprises have been privatized. Foreign investments have helped in the transition from the old command economy into the market economy.

In 2003 GDP made 55,74 billion Litas and the GDP growth rate reached 9 % (while in 2002 was only 6,7 %).

The GDP per capita in agricultural sector in 2003 made about 6 %, while the biggest part are created in industry (25% in energy, 17% in construction, 14% in manufacturing, 13% in mining).

## 2 Land Management and Land Administration System

### 2.1 Organizational structure

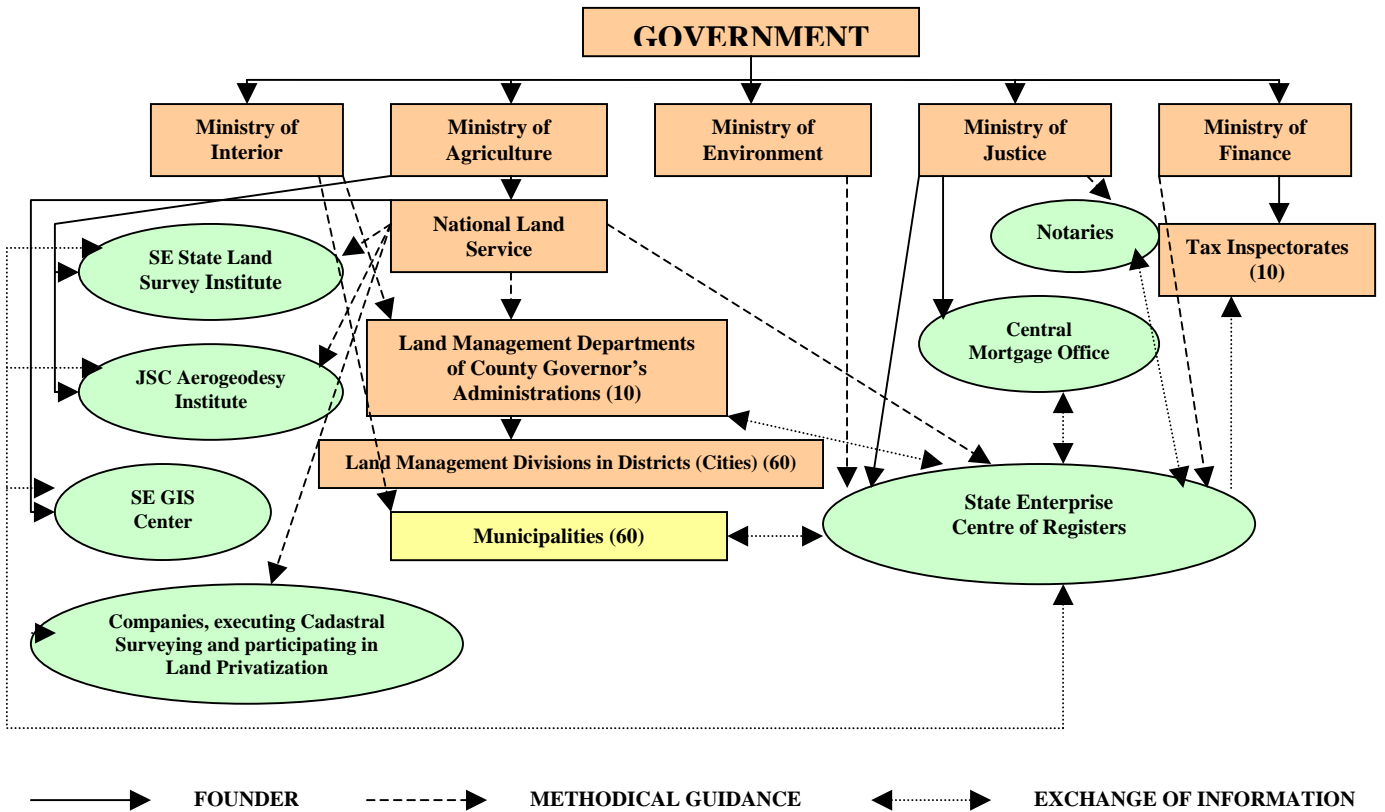


Table 2 Organizational Structure of Land Administration in Lithuania

### 2.2 Real Property Cadastre and Register

Real property cadastre and register system in Lithuania includes digital, descriptive (textual) and graphical data in one system. The system is administered by the State Enterprise Centre of Registers, having Central Unit in Vilnius and Branch Offices in the counties (10) and Mazeikiai, also Branch Office Divisions (39) in the regional centers and towns. Real property cadastre and register system cover the whole country and contains comprehensive data on real properties, including land, buildings, premises, apartments and infrastructure. The system provides data on legal possession of real properties, encumbrances, servitudes, legal facts and information about mortgages in this way securing citizens' title to real property. Real property cadastre and register data are collected in the central databank, which contains information about more than 5 million real properties and related rights. Information from the central databank is available to domestic customers and international users. Entire territory of Lithuania is divided into 1403 cadastral areas and 9929 blocks. The size of cadastral area in the rural territories is about 4300 ha. The territory of a city is assigned to one cadastral area. Boundaries of cadastral area may not cross the boundaries of municipalities.

### 2.3 Real property cadastre

Real property cadastre in Lithuania is governed by the Law on Real Property Cadastre. According to it, real property cadastre is the complex of cadastral data about the real property objects formed, and the measures and rules for the collection of the data necessary for the formation of a real property object in compliance with the provisions set in the Law on Land, the Law on Forestry, the Law on Protection of Immovable Cultural Properties, the Law on Construction, the Law on Territorial Planning, the Law on Protected Territories and other legal acts. Supervision of the real property cadastre is being carried out by the National Land Service under the Ministry of Agriculture.

Real Property Cadastre contains information about real property objects - land parcels, buildings, premises, flats, engineering constructions and facilities.

Cadastral data about the land parcels are as follows:

- Main objective purpose of land use; type of land use or business activity;
- Unique number of an object;
- Cadastral No;
- Co-ordinates x, y;
- Total area of land parcel;
- Area of farming lands;
- Area of gardens;
- Area of forest;
- Area of arable land;
- Area of meadows and pastures;
- Area of roads;
- Built-up area;
- Area of water land;
- Area of other land;
- Assessed value of a land parcel;
- Date of assessment.

Each land parcel has its own cadastral number, which consists of 12 digits:

- First 4 digits is the code of cadastral unit;
- Second 4 digits is the number of cadastral block;
- Last 4 digits is the parcel number in the block.

One of the main component of the cadastre is the cadastral map, which contains information on administrative boundaries of counties, municipalities, cities and settlements, centre lines of streets, cadastre units, cadastre blocks, land parcel boundaries, reference point co-ordinates, unique and cadastre numbers of land parcels, unique numbers of buildings and engineering constructions, buildings outlines, central co-ordinates of buildings, address points, central lines of engineering utilities, value zones of real properties. Cadastral map is a composite graphical part of the Cadastre Database. Cadastral map indicates the location of the real property object and its position in the national co-ordinate system, as well as the qualitative and quantitative characteristics. While restitution of land ownership rights is still not completed, the coverage of the cadastral map in digital form for the territory of Lithuania makes only about 70 %.

For identification of real property, cadastral surveying of real property objects is conducted by legal persons of the Republic of Lithuania having licenses issued by the National Land Service

under the Ministry of Agriculture and following the procedure established by the Law on Geodesy and Cartography. Though the other data sources for development of the cadastral map could be the land management land reform plans and land parcel plans under preliminary surveying.

## 2.4 Real property register

Real property register in Lithuania is governed by the Law on Real Property Register. Supervision function of the real property register is delegated to the Ministry of Justice.

Real property registration system in Lithuania has been developed connecting attribute and graphical data about land parcels (cadastral data), rights to it, restrictions on the use of real property and obligations, data on buildings, apartments, engineering facilities, etc. In order to guarantee the use of all data and to expand the scope of data services, the data of the real property register had to be integrated with other cadastre and register data. Therefore data in the Real property register are fully integrated with the data in the Population register, the Register of Legal entities, the Address register and the Mortgage register.

There are three parts of data integrated into the real property register system:

- Real property ownership rights (titles);
- Documents (deeds);
- Real property objects (cadastral (graphical) data).

The database of the real property register integrates data on land and buildings into one system. Thereby, information stored in the databank is reliable and actual, which is ensured by the data-transfer network providing on-line connection between the central databank and local offices.

Notaries in Lithuania have direct access to the central database of the real property register to check the information about real property and its legal status in real time.

The following attribute data are accumulated and administered in the central databank of the real property register:

- Cadastral indicators of real property objects;
- Addresses of real property objects;
- Ownership rights and holders of these rights (natural and legal entities);
- Cadastral notifications;
- Other real rights and holders of these rights (natural and legal entities);
- Possession;
- Legal facts;
- Notifications;
- Special use conditions;
- Juridical documents, which are the basis to make or remove entries in the register;
- Fixtures to real property by indicating their to which specific objects are attached.

Real property database in Lithuania accumulates the history of all the data stored and their interrelationship. This allows recover the existed state of the register data on the specific date, if necessary. Real property data is updated in the central databank in the real time.

Real property register data from the central databank are available on-line, though the access of the data is allowed only to the registered users.

## 2.5 Institutional involvement

Institution	Abbreviation	Role	Further contacts
Government of the Republic of Lithuania <a href="http://www.lrvk.lt">http://www.lrvk.lt</a>	Gov	Is the main responsible body for development and implementation of the State policy in the field of land management and administration, as well as in the inter-related fields, such as geodesy and cartography, real property cadastre and register, development of georeferencial databases	Mr. Arvydas Basiulis +370 5 2663778 E-mail <a href="mailto:a.basiulis@lrvk.lt">a.basiulis@lrvk.lt</a>  Mr. Arvidas Zulonas +370 5 2663722 E-mail <a href="mailto:a.zulonas@lrvk.lt">a.zulonas@lrvk.lt</a>
Ministry of Interior <a href="http://www.vrm.lt">http://www.vrm.lt</a>	MoI	Is in charge of public administration, development of local self-governance and regional development, e.g. coordinates and supervises County Governor's Administrations and Municipalities	Mr. Sergejus Krispinovicus +370 5 2718729 E-mail <a href="mailto:sergejus.krispinovicus@vrm.lt">sergejus.krispinovicus@vrm.lt</a>
Ministry of Agriculture <a href="http://www.zum.lt">http://www.zum.lt</a>	MoA	Is in charge of development and implementation of State policy on food, land, fisheries and rural development	Mr. Rimantas Ceponis +370 2 2391004 E-mail <a href="mailto:rimantas@zum.lt">rimantas@zum.lt</a> Ms. Dalia Miniataite +370 5 2937094 E-mail <a href="mailto:minda@zum.lt">minda@zum.lt</a> Ms. Virginija Zostautiene +370 5 2391020 E-mail <a href="mailto:Agromokslas@zum.lt">Agromokslas@zum.lt</a>
National Land Service under the Ministry of Agriculture <a href="http://www.zum.lt/nzt">http://www.zum.lt/nzt</a>	NLS	Is directly responsible for the development and implementation of the State policy in the area of land management and administration – in particular, in the field of the restitution of	Mr. Kazys Maksvytis +370 5 2391306 E-mail <a href="mailto:kazysm@zum.lt">kazysm@zum.lt</a> Mr. Silvestras Staliunas +370 5 2391329 E-mail <a href="mailto:silvestrass@zum.lt">silvestrass@zum.lt</a> Ms. Vilma Daugaliene

		land ownership rights, land reform, transfer, allocation, sales and lease of land, development of the Land Information System, as well as the land cadastre, cartography and geodesy. This institution will also be responsible for land consolidation in Lithuania	+370 5 2391305 E-mail <a href="mailto:vilmadau@zum.lt">vilmadau@zum.lt</a>
County Governor Administrations (10) <a href="http://www.search.lt/browse.asp?lang=L&amp;id=233&amp;p=76">http://www.search.lt/browse.asp?lang=L&amp;id=233&amp;p=76</a>	County	Implement State policy on land use and management, territorial planning, regional development, execute land reform and privatise State land. They are also responsible for the management of the Free State Land Fund	Mr. Juozas Zinkevicius +370 5 2127312 E-mail <a href="mailto:ztd@vilnius.aps.lt">ztd@vilnius.aps.lt</a>
Land Management Divisions in Districts (Cities) (60)	District	They are the lower administrative units of the Land Management Departments of the County Governor's Administrations. Therefore they directly implement the tasks of the Land Management Departments	Mr. Juozas Zinkevicius +370 5 2127312 E-mail <a href="mailto:ztd@vilnius.aps.lt">ztd@vilnius.aps.lt</a>
Municipalities (60)	Municipality	Self-governance institutions responsible for territorial planning, issuing construction permits and also can influence the land taxation process through the exemption from taxation or giving the derate to individual private and legal persons	Ms. Vida Ablyingiene +370 5 2615456 E-mail <a href="mailto:vida.ablyingiene@lsa.lt">vida.ablyingiene@lsa.lt</a>
Ministry of Environment <a href="http://www.am.lt">http://www.am.lt</a>	MoE	Develops and coordinates implementation of national policies for environmental protection, forestry, use of natural resources, geology and hydrometeorology, territorial planning, construction, provision of housing and utilities	Mr. Gintautas Tiskus +370 5 2663608 E-mail <a href="mailto:g.tiskus@am.lt">g.tiskus@am.lt</a>
Ministry of Justice <a href="http://www.tm.lt">http://www.tm.lt</a>	MoJ	Supervises and co-ordinates Real Estate Register, Central Mortgage Office and the notaries	Mr. Klaidas Navickas +370 5 2662920 E-mail <a href="mailto:k.navickas@tic.lt">k.navickas@tic.lt</a>

Central Mortgage Office <a href="http://www.lhr.lt">http://www.lhr.lt</a>	CMO	Administers the Mortgage Register, the Register of Property Seizure Acts, the Register of Marriage Settlements, the Register of Leasing and Sale and Purchase by Installments Contracts and the Register of Wills	Ms. Daiva Raupyte +370 5 2313611 E-mail <a href="mailto:daivar@lhr.lt">daivar@lhr.lt</a>
Notaries <a href="http://www.notarai.litl ex.lt">http://www.notarai.litl ex.lt</a>	Notaries	Attest transactions and mortgages, issue inheritance certificates, certify signatures on deeds	Ms. Ona Adomaviciene +370 5 2614757 E-mail <a href="mailto:rumai@notarai.lt">rumai@notarai.lt</a>
Ministry of Finance <a href="http://www.finmin.lt">http://www.finmin.lt</a>	MoF	Is in charge of State investments, taxes, duties, national co-ordination of EU financial support, tax and tax administration policy	Mr. Vitas Vasiliauskas +370 5 2390003 E-mail <a href="mailto:v.vasiliauskas@finmin.lt">v.vasiliauskas@finmin.lt</a>  Mr. Aleksandras Tiaskevicius +370 5 2390169 E-mail <a href="mailto:a.tiaskevicius@finmin.lt">a.tiaskevicius@finmin.lt</a>
Tax Inspectorate <a href="http://www.vmi.lt">http://www.vmi.lt</a>	Tax Insp	Is the central tax administrator within 10 regional branches in each County. It estimates tax payments and other contributions to the State (municipal) budget, recovers unpaid taxes, imposes fines on taxpayers pursuant to tax laws	Ms. Violeta Latviene +370 5 2687800 E-mail <a href="mailto:v.latviene@vmi.lt">v.latviene@vmi.lt</a>  Mr. Rolandas Ragenas +370 5 2687873 E-mail <a href="mailto:r.ragenas@vmi.lt">r.ragenas@vmi.lt</a>
State Enterprise Centre of Registers <a href="http://www.kada.lt">http://www.kada.lt</a>	SE CoR	Is responsible for administration of real property and ensuring of State guarantee over the rights to real property. This institution registers real property of natural and legal persons, ownership and other real rights to immovable objects, restrictions on these rights, legal facts prescribed by laws, also is responsible for other registers. Also develops Cadastral map, participates in the appraisal of real property, cadastral surveying	Mr. Rimantas Ramanauskas +370 5 2688203 E-mail <a href="mailto:rama@kada.lt">rama@kada.lt</a>
State Enterprise State Land Survey Institute <a href="http://www.vzi.lt">http://www.vzi.lt</a>	SE SLSI	One of the major executors of the land restitution and land privatisation, develops various	Mr. Jonas Jasinskas +370 5 2623000 E-mail <a href="mailto:jasinskas@vzi.lt">jasinskas@vzi.lt</a>

		land use and management plans, thematic mapping, cadastral surveying works, etc.	Mr. Romualdas Survila +370 5 2620959 E-mail survila@vzi.lt
Joint Stock Company Aerogeodesy Institute <a href="http://www.agi.lt">http://www.agi.lt</a>	JSC Aerogeol	Responsible for topographic mapping in Lithuania	Mr. Vilius Zilevicius +370 37 451504 E-mail info@agi.lt
State Enterprise GIS Center <a href="http://www.gis-centras.lt">http://www.gis-centras.lt</a>	SE GIS Center	Performs small and medium scale mapping	Mr. Zenonas Rozanskas +370 5 2724741 E-mail e.rozanskas@gis-centras.lt
Companies, executing Cadastral Surveying and participating in Land Privatization <a href="http://www.zum.lt/nzt">http://www.zum.lt/nzt</a>	Private Companies	Legal persons (recently most often involved in land restitution and privatisation works) having the licence issued by the National Land Service under the Ministry of Agriculture to carry on cadastral surveying	Ms. Vitalija Juceviciute +370 5 2398434 E-mail vitalijaj@zum.lt

### 3 Financial Framework

According to the Law on Land, as well as the Single Programming Document of 2004-2005 (where among the other sub-measures under the measure of “Promoting the adaptation of rural areas” there is also included a measure of “Land re-parcelling”), financing of land consolidation activities at the rate of 100 percent (75 percent EU funding and 25 percent national contribution) is foreseen from the EU structural funds from the year 2005.

#### 3.1 Possible risks

Even though preparations for land consolidation in Lithuania are underway, but it is already possible to identify the main risks for the smooth start of this process at a large scale in the whole territory of Lithuania. These risks could be grouped as follows:

- Too little civil servants at central level available for building-up the land consolidation mechanism and spreading the related official information to regional and local level, to the society and other related governmental institutions and also informing politicians;
- Lack of knowledge and consciousness among the policy and decision makers about the possibility to use land consolidation as a tool in order to achieve wider objectives related to sustainable agriculture and rural development;
- Lack of general information among the rural population as well as future actors from all the levels of the related State institutions about the land consolidation and its benefits;
- Absence of a strong co-ordinating body for land consolidation consisting of representatives from European countries’ governmental institutions, national and international development agencies, professional associations, NGOs, private sector, universities and research institutions in order to promote and strengthen the positive movement on proving land consolidation as a tool for sustainable rural development (this issue was widely investigated and discussed by UN Food and Agriculture Organisation

during recent years). Such a co-ordinating body should have assigned certain rights in order to influence land consolidation as an integrated rural development approach.

### 3.2 Real Property Valuation

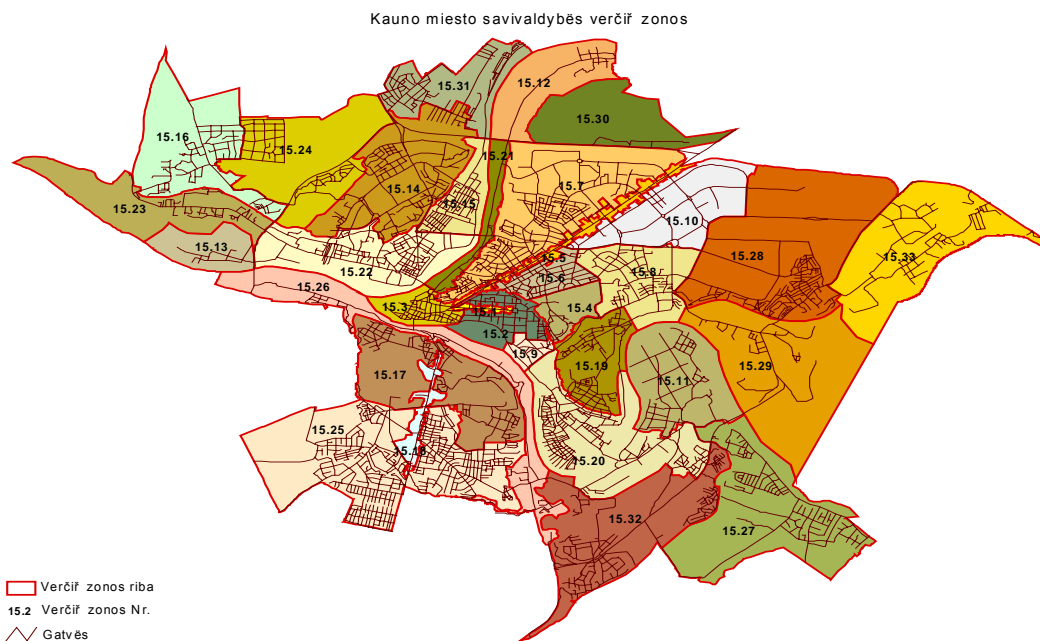
Law on the Grounds for Property and Business Valuation and Governmental Resolution on the Order of Land Evaluation regulates real property valuation in Lithuania.

Law on the Grounds for Property and Business Valuation specifies the principles for value estimation of the property and business despite the ownership form, also the application for specific property relations, property and business valuation types, fundamentals for property and business valuers' activity, their rights, duties and liability.

During the restitution of land ownership rights process (it includes restitution of ownership rights and sales or lease of the state-owned land), the value of land was determined according to the order indicated in the Governmental Resolution on the Order of Land Evaluation. This valuation was mainly related to soil productivity. Until now this land valuation was the basis for the land taxes and land lease taxes, but at present the discussion is going on to switch for taxation purposes and sales and lease of state-owned land to mass land valuation basis.

Mass valuation is a type of property valuation when specific property value is not estimated but the value limits are identified on the basis of collected information on the property subject to valuation in a way of analysis. Data is collected, analysed and calculations are conducted in a way of systemisation. This method of valuation is used for the property objects with many similarities. The first mass valuation was carried out in Lithuania in 2003 and the entire territory of Lithuania was divided into 413 value zones. This work was done by the specialist of State Enterprise Centre of Registers under the Order of the Minister of Agriculture on Approval of Rules for Development of Land Valuation Maps. The second mass land valuation was carried on in July 2003 and there were 926 value zones determined.

Value zones in the territory in Kaunas city municipality



Individual valuation of real property, movable property and business is the valuation when the specific property value is estimated taking into account all individual characteristics of the property. This valuation may be performed by physical persons having qualification certificates of property valuer issued by the Lithuanian Audit, Accounting and Property Valuation Institute and engaged in property valuation activity. Property valuers may be engaged in property valuation being the owners of the company that has no right of a legal person or actual members or working under the labour contract in the institutions authorised by the Government or the City/District Board (mayor). Such land valuation is being carried out under the special request or in the cases of appeals, because it is an expensive method of evaluation of land market price. Therefore the mass valuation of land is more popular to indicate the land market value.

### **3.3 Real Property Taxation**

The base of the land tax is the taxable value of private land. The land tax is estimated with reference to the data provided annually from the Real property register to the Tax Inspectorate by 1 April.

The annual enterprise and organisation immovable property tax tariff is 1% of the real property taxable value. The annual land tax tariff is 1,5 % of the land value (in case of forest land, the timber value is excluded). Minimum land lease tax (for the leased state-owned land) could be 1,5 % and maximum – 4 %. As it was mentioned in Chapter 7, land value until now is based on soil productivity, not the market value.

Legal entities, as well as enterprises and organisations registered in the Republic of Lithuania and not having rights of the legal entity, should pay immovable property tax.

Land tax should be paid by the owners of private land. State-owned land lease tax should be paid by the lessees.

Tax on immovable property, land tax and state-owned land lease tax shall be paid to the municipality in those territories where the property is located. Tax shall be paid by instalments equal to 25 % of the yearly amount within 25 days after the end of the quarter. Municipalities set terms for the calculation of land tax and payments.

### **3.4 Land Market and Related Financial Services**

The number of private land parcels exceeded 1 million at the end of 2002. Though this number within a year have increase by 13 %. Total area of private land is 3,1 million hectares, which is about half of the total area of Lithuania. Private agricultural land makes 2,5 million hectares what is 63 % of total land used for agricultural purposes, private forestry land - 27,4 % of total forestry area, private residential land – 60,5 % of total residential area).

In 2002, total number of transactions with land parcels increased by 8 %, residential land parcels – 15,8 %, agricultural land – 3,9 %, forestry land – 9,5 %.

In 2003 the total number of all land transactions (private and state owned land; purchase-sales, lease and grant transactions) was about 3650 per month (to the land area of 8900 ha). Though during the negotiations with the EU 7 years transitional period regarding selling agricultural and forest land to the foreigners was agreed, in 2004 the land market became much more active. The demand to buy private and state owned agricultural land due to the State support for acquisition of agricultural land and the EU membership that provides financial support for agriculture and

rural development has increased considerably. About 7 500 natural persons recently submitted their applications to buy over 65 000 ha of the state owned agricultural land and 156 legal entities applied to buy 34 000 ha of such a land.

Residential parcels are mostly sold in major cities, as Vilnius, Kaunas and Klaipeda. The most active land market was noticed in city suburbs. Relatively new residential areas that are developing and where the land is cheaper than in the city centre. Land prices in suburb areas mostly depend on the level of developed infrastructure, existence of city engineering utilities, public transport, landscape and similar factors. Though there is a contrary notice - people prefer to settle closer to the city centers as to avoid the development of infrastructure, which is usually the case in the new neighbourhoods. The demand for land parcels in city centers is higher and there is a lack of such parcels therefore the prices become very high, especially in Vilnius.

The agricultural land price after joining into the EU is steadily increasing:

- 1 ha of less productive agricultural land (1/3 of total) costs about 230 – 290 EUR;
- 1 ha of more productive agricultural land (1/3 of total) costs about 570 – 1000 EUR.

The price of residential land is 30 times on average higher than the price of agricultural land. The highest price is in Vilnius and its suburbs – on average it is 20 EUR/m<sup>2</sup>, though the interval could vary a lot (from 5 to 80 EUR/m<sup>2</sup>). A little bit lower prices are in other bigger cities – Klaipeda and Kaunas, respectively average price is 10 and 5,5 EUR/m<sup>2</sup>.

The agricultural land lease price is also increasing:

- in less productive areas it is 14 – 28 EUR/ha;
- in more productive areas it is 43 – 86 EUR/ha.

### **3.5 Mortgaging**

The Mortgage register was established and its operation started in 1998. The purpose of the register is to record the pledges of movable property and real property. Administrator of the Mortgage register is the Central Mortgage Office, supervised by the Ministry of Justice. Central Mortgage Office sends data on pledges of real property to Real property register and other institutions recording movable property under the provisions defined by legislation. Data of the Mortgage register is updated every day.

Information accumulated and stored in Mortgage register is very important because the disputes between creditors and debtors or several creditors (when the property is mortgaged/pledged more than once) are solved on its grounds. Hypothecary judges implement enforced sale of mortgaged/pledged asset.

In 2002 out of all mortgaged identifiable property (which is registered in property registers) mainly immovable property is mortgaged – there were mortgaged 4,5 thousand land plots, about 14,7 thousand flats, 10 thousand buildings, 2 thousand apartments and 3,1 thousand other constructions.

For January 1, 2003 there were mortgaged 10,6 thousand land parcels. The value of mortgaged by valid mortgage and pledge agreements property was more than 8,8 billion EUR for this date.

### **3.6 Credit market**

Together with the development of land market, crediting market was also developing in Lithuania in recent years. The major Lithuanian banks are integrated in international banking groups and they have the potential for the further development in Lithuania.

With the recent changes in legislation (Law on the amendment of Law on Land, Provisional Law on Acquisition of Agricultural Land), in terms that agricultural land could be owned by legal persons, banks got more interested in issuing credits when the land is being mortgaged.

Lithuanian banks even before these legal changes were issuing credits taking land as collateral, only under the condition that this land has a sufficient market value. Therefore land as collateral was mainly land of non-agricultural purpose, e.g. mainly housing land parcels. At the moment, especially with the increase of the land price, agricultural land also becomes a marketable commodity and banks are more open for issuing credits under such collateral.

In general, Lithuanian economists conclude that the most valuable source of investment at the moment in Lithuania is real property – land, houses and apartments. This seems to be the trend in the nearest future as well.

Also the credit market conditions in Lithuania have improving recently – the interest rate for housing credits dropped considerably - to about 4-5 % for credits in national currency (Litas) and even lower for credits in EUR (could be even less than 4 %). Housing credits make about 90 % of total credits raised by population. The major banks issuing these credits for the natural persons are:

- VILNIUS Bank,
- NORD/LB LIETUVA (former Lithuanian Agricultural Bank),
- HANSA Bank LIETUVA (former Lithuanian Savings Bank).

#### 4 Legal Framework

Title of the legal document	Main provisions	Availability in English or other remarks	For further information (Abbreviations used in Chapter 2)
<b>General Legal Regulations on Land Management and Administration</b>			
Constitution of the Republic of Lithuania, adopted on 25 October 1992 (latest amended on 13 July 2004)	Lays down basic principles for the organization of institutions and their interrelationship. It enshrines basic freedoms and rights, among them legal protection for the rights of ownership of property. The Constitution specifies to whom the rights of ownership may apply. The right of exclusive ownership of certain objects and facilities of national significance is reserved to Lithuania.	Dokumento tekstas - Lietuvos Respublikos Seimas	MoJ NLS
Civil Code, adopted on 18 July 2000 (came into force	Consists of 6 books. Introduces real rights:	Not available	MoJ NLS

on 1 July 2001) by the Law No VIII-1864 on Adoption, Enforcement and Implementation of the Civil Code	rights of possession, ownership, trust, servitude, usufruct, development, long-term lease, mortgage, pledge and administration of another person's property. It establishes that ownership of a land parcel can include buildings and other constructions on it. The new Civil Code repealed the compulsory registration of real property and rights, but unregistered transactions may not be enforced against third parties. In the event of competing claims to real rights in the same property, it is the first person to register the transaction who is considered to be vested with the rights in question.		
Law No IX-1305 on amending Article 47 of the Constitution, adopted on 23 January 2003	Sets main provisions for acquisition of land by foreigners	Dokumento tekstas - Lietuvos Respublikos Seimas	NLS
Law No I-1392 on the amendment to the Constitutional Law on the subjects, procedure, terms and conditions and restrictions of acquisition into ownership of land plots, provided for in paragraph 2 of Article 47 of the Constitution of the Republic of Lithuania, adopted on 20 March, 2003	Sets more precise provisions for acquisition of land by foreigners	Dokumento tekstas - Lietuvos Respublikos Seimas	NLS
Law No IX-1983 on the amendment of Land on Land, adopted on 27 January 2004 (came into force on 21 February 2004)	Is the primary general law on the regulation of ownership, management and use of land in the Republic of Lithuania	Unofficial translation (will be provided later on)	NLS
Law No IX-1962 on the amendment of the Law on Territorial Planning, adopted on 15 January 2004 (came into force from 1	Sets main principles for territorial planning in the Republic of Lithuania	Not at the moment	MoE

May 2004) (latest amended on 28 September 2004)			
<b>Restitution of Land Ownership Rights and Land Privatization</b>			
Law No VIII-359 on the Restoration of the Rights of Ownership of Citizens to the Existing Real Property, adopted on 1 July 1997 (latest amended on 12 October 2004)	Established a framework for restitution of land ownership rights and land reform. Also sets out the conditions applicable to the restitution process, specifies the types of land that is subject to purchase by the State rather than restore ownership to former owners, e.g. land under the roads, land intended for State defence, State forests and national water bodies. It outlines the procedure for applying for restitution and recourse to the courts.	Dokumento tekstas - Lietuvos Respublikos Seimas	NLS
Law No I-1607 on Land Reform, amended on 2 July 1997 (came into force on 23 July 1997) (latest amended on 15 July 2004)	Governs the implementation of land reform. It includes general provisions on the restitution of land, criteria for entitlement to private landownership and the procedure for the privatization of land.	Dokumento tekstas - Lietuvos Respublikos Seimas	NLS
Provisional Law No IX-1314 on Acquisition of Agricultural Land, adopted on 28 January 2003 (came into force on 23 February 2003), amended on 15 July 2004	Lays down the requirements for acquisition of state, municipal and private agricultural land by means of sale, exchange or other ways, which do not contradict the terms laid down under this Law with the exception of inheritance and restitution of ownership rights. This law also foresees support for the acquisition of agricultural land (including forests and water bodies situated in this land) in order to carry out land consolidation, form	English version available at CELK Center	NLS

	rational land tenures, stimulate the land market process and develop competitive agriculture.		
Law No VIII-792 on Compensations for Purchased by State Real Property Size, Sources, Payment Terms and Order, also Guarantees and Easements foreseen in the Law on the Restoration of the Rights of Ownership of Citizens to the Existing Real Property, adopted on 16 June 1998, new edition on 31 October 2003 (latest amendment on 19 October 2004)	Foresees the order for compensations for formerly owned land if the restitution of private ownership rights is executed not in kind or equivalent, but in monetary compensation form.	Not available	MoF NLS
Governmental Resolution No 1057 on Order and Conditions of Implementation of Law on the Restoration of the Rights of Ownership of Citizens to the Existing Real Property, adopted on 29 September 1997 (latest amendment on 31 August 2004)	Lays down detailed rules on the implementation of provisions set by the Law on the Restoration of the Rights of Ownership of Citizens to the Existing Real Property.	Not available	NLS
Governmental Resolution No 385 on Implementation of Land Reform in Rural Areas, adopted on 1 April 1998 (latest amendment on 15 April 2002) (under revision)	Lays down detailed rules on implementation of the provisions set by the Law on Land Reform.	Not available	NLS
Governmental Resolution No 260 on the Sales and Lease of the Used State-Owned Land Parcels for the Non-Agricultural Purpose of Use, adopted on 9 March 1999 (latest amended on 23 December 2003) (under revision)	Lays down detailed rules on implementation of certain provisions set by Civil Code, Law on Land, Law on Land Reform and Law on the amendment to the Constitutional Law on the subjects, procedure, terms and conditions and restrictions of acquisition into ownership of land plots, provided for in paragraph 2 of Article 47	Not available	NLS

	of the Constitution of the Republic of Lithuania on sales and lease of the used state-owned land parcels for the non-agricultural purpose of use		
Governmental Resolution No 692 on the Sales and Lease of the New State-Owned Land Parcels for the Non-Agricultural Purpose of Use, adopted on 2 June 1999 (latest amended on 12 December 2003) (under revision)	Lays down detailed rules on implementation of certain provisions set by Civil Code, Law on Land, Law on Land Reform and Law on the amendment to the Constitutional Law on the subjects, procedure, terms and conditions and restrictions of acquisition into ownership of land plots, provided for in paragraph 2 of Article 47 of the Constitution of the Republic of Lithuania on sales and lease of the new state-owned land parcels for the non-agricultural purpose of use	Not available	NLS
Governmental Resolution No 236 on the Sales and Lease of the State-Owned Land Parcels for Agricultural Purpose of Use, adopted on 18 February 2003 (latest amended on 24 December 2003) (under revision)	Lays down detailed rules on implementation of certain provisions set by Civil Code, Law on Land, Law on Land Reform and Law on the amendment to the Constitutional Law on the subjects, procedure, terms and conditions and restrictions of acquisition into ownership of land plots, provided for in paragraph 2 of Article 47 of the Constitution of the Republic of Lithuania on the sales and lease of the state-owned land parcels for agricultural purpose of use	Available at CELK Center in English	NLS
Order of the Minister of Agriculture No 207 on the Approval of Methodology for the Development of Land Reform Land	Sets implementation provisions for Governmental Resolution on Implementation of Land Reform in Rural Areas.	Not available	NLS

Management Plans in Rural Areas, adopted on 23 April 1998 (latest amendment on 20 November 2003)	Lays down detailed rules on development of Land Reform Land Management Plans (this is the basis for restitution of land ownership rights and privatisation of agricultural land).		
Order of the Ministers of Agriculture and Environment No 3D-452/D1-513 on the approval of Rules for Development and Implementation of Land Parcels Formation and Development Plans, adopted on 4 October 2004 (came into force on 10 October 2004)	Lays down detailed rules for implementation of certain provisions of the Law on Territorial Planning, in particular for the development and implementation of Land parcels formation and development plans. These plans are being prepared in order to form land parcels that become the subject for any kind of transaction – sales, lease, etc.	Not available	NLS
<b>Real Property Register</b>			
Law No I-1490 on the State Registers, adopted on 13 August 1996, new edition on 15 July 2004	Determines the procedure for establishing, maintaining, using and abolishing public registers, lays down the rights and obligations of the institutions responsible for maintaining them, and the rights and obligations of their users. Laws specific to each register specify the objects to be registered, the composition of each register, and provisions for the maintenance and supply of data on, for example, legal entities, individuals and real property.	Only old edition available in English: Dokumento tekstas - Lietuvos Respublikos Seimas	MoJ
Law No IX-391 on Real Property Register, adopted on 21 June 2001 (came into force on 1 July 2001)	Lays down provisions for registration of land, buildings, other immovables, rights and legal facts. It also regulates the status of Real Property Register, its establishment	Not available at the moment (maybe the SE CoR has an unofficial translation)	MoJ SE CoR

	and management, and the provision of data and information. It determines that the Real Property Register is public. It guarantees the protection of registered rights and property, and the accuracy of the data in the register. It also makes provision for correcting the register and paying of compensation in the event of loss, subject to certain exceptions.		
Governmental Resolution No 1129 on Approval of the Provisions of Real Property Register, adopted on 12 July 2002 (amended on 15 July 2003)	Determines the order for implementation of provisions defined by the Law on Real Property Register.	Not available	MoJ SE CoR
<b>Real Property Cadastre, Geodesy and Cartography</b>			
Law No IX-1582 on Amendment of the Law on Real Property Cadastre, adopted on 27 May 2003 (came into force on 1 January 2004)	Lays down provisions for the maintenance of the cadastre of land parcels, buildings and other real property, the procedure for recording real property data in its databases, and defines its legal status.	Not available at the moment (maybe the SE CoR has an unofficial translation)	NLS SE CoR
Governmental Resolution No 534 on Approval of the Provisions of Real Property Cadastre, adopted on 15 April 2002 (amended on 10 June 2004) (under revision)	Determines the order for implementation of provisions defined by the Law on Real Property Cadastre.	Not available	NLS SE CoR
Law No IX-415 on Geodesy and Cartography, adopted on 28 June 2001 (came into force on 18 July 2001)	Lays down provisions for management of geodetic, topographic and cartographic activities, the principles of creating databases of geographic information systems and their integrity, geodetic control and ownership of cartographic material, the main rights and duties of the State and municipal institutions and enterprises involved in map	Dokumentas tekstas - Lietuvos Respublikos Seimas	NLS

	production, geodetic surveying, gathering of data, record-keeping and use in geodesy and cartography.		
Governmental Resolution No 1805 on Approval of Rules for Licensing of Geodesy, Topography and Cartography Works, adopted on 19 November 2002	Sets rules for implementation of provisions of the Law on Geodesy and Cartography, defines the order and conditions of issuing licences for geodesy, topography and cartography works.	Not available	NLS
<b>Real Property Mortgage</b>			
Law No VIII-251 on the Amendment in the Law on Mortgage, adopted on 10 June 1997 (came into force on 2 July 1997) (latest amended on 29 August 2000)	Defines the mortgage and provides the grounds for mortgage.	Dokumento tekstas - Lietuvos Respublikos Seimas	MoJ CMO SE CoR
Law NoI-1544 on Establishment of the Mortgage Register, adopted on 24 September 1996 (latest amended on 28 February 2002)	Specifies the objects subject to mortgage, the types of mortgages, the registration procedure and the removal of mortgages from the register, and the recovery of debts. First, it provides for the maintenance of the Mortgage Register by the Central Mortgage Office and subject to prior judicial approval. Second, following transmission of the relevant information from the Central Mortgage Office to the State Enterprise Centre of Registers, responsible for administering the Real Property Register, the mortgage will be entered in the Real Property Register.	Not available	MoJ CMO SE CoR
<b>Real Property Valuation</b>			
Law No VIII-1202 on the Grounds for Property and	Lays down real property and business valuation	Not available	MoJ SE CoR

Business Valuation, adopted on 25 May 1999 (latest amended on 3 April 2004, came into force on 1 May 2004)	principles and methods, as well as valuers' rights, obligations and responsibilities.		NLS
Governmental Resolution No 205 on the Order of Land Evaluation, adopted on 24 February 1999, new addition on 26 October 2002 (amended recently - October 2004)	Determines the order for evaluation of land, mainly in case when the land value has to be determined with the purpose to restore ownership rights to the former owners or to sell the land during the land reform process.	Not available	NLS SE CoR
Order of the Minister of Agriculture No 515 on Approval of Rules for Development of Land Valuation Maps, adopted on 23 December 2002 (amended on 27 January 2004)	Lays down the rules for development of mass land valuation maps.	Not available. According to these rules developed mass land valuation maps represent the land market value	NLS SE CoR
<b>Real Property Taxation</b>			
Law No I-2675 on Land Tax, adopted on 25 June 1992 (latest amended on 30 April 1996)	Specifies the tax rate imposed by the landowners.	Dokumento tekstas - Lietuvos Respublikos Seimas	MoF Tax Insp
Law No I-565 on the Tax on the Immovable Property of Enterprises and Organisations, adopted on 20 July 1994 (latest amended on 1 May 2004)	Defines the immovable property (excluding land) tax rate imposed by the enterprises and organisations.	Not the latest amendment: Dokumento tekstas - Lietuvos Respublikos Seimas	MoF Tax Insp
Governmental Resolution No 1798 on Lease Tax for State-Owned Land and State-Owned Internal Water Fund Water Bodies, adopted on 19 November 2002 (came into force on 23 November 2002)	Defines the tax for state-owned land and water bodies lease.	Not available	MoF Tax Insp
Law No IX-1239 on Inheritance Tax, adopted on 10 December 2002 (came into force on 1 January 2003)	Defines the tax regime applicable to inherited property, depending on the residential status of the taxpayer.	Not available	MoF
<b>Regulation of Notaries activities and Fees</b>			
Law No I-2882 on the Notary Office, adopted on	Defines the function and performance of the notary,	Available only the earlier edition of	MoJ

15 September 1992 (latest amended on 3 April 2003 and came into force on 1 May 2003)	as well as the regulation of the profession. Duly appointed notaries are authorized to act on behalf of the State in establishing the undisputed subjective rights and legal facts of natural and legal persons, and to ensure the protection of their legal interests and those of the State.	the Law: Dokumento tekstas - Lietuvos Respublikos Seimas	
Order of the Minister of Justice No 57 on Approval of the Amount of Notaries Fees for Carried by them Notaries Activities and Offered Legal and Technical Services, approved on 12 September 1996 (new edition on 27 September 2001, latest amended on 31 December 2003)	Defines the amount of fees that the notaries can receive for their activities, as well as offered legal and technical services.	Not available	MoJ
<b>Land Management and Land Use Planning</b> <i>(Legal regulations listed in this chapter are developed in order to implement certain provisions of Law No IX-1983 on the amendment of Land on Land, adopted on 27 January 2004)</i>			
Governmental Resolution No 1289 on Approval of Rules on Definition of Land Servitudes by Administrative Act, adopted on 14 October 2004 (came into force on 20 October 2004)	Provides the order for definition of land servitudes.	Not available	NLS
Governmental Resolution No 1290 on Approval of Rules on Licensing of the Development of Land Management Planning Documents and Rules on Defining and Testing Qualification Requirements of Specialists Developing Land management Planning Documents, adopted on 14 October 2004 (came into force on 20 October 2004)	Provides the order on issuing licences for the development of land management planning documents, as well as order for qualification requirements for the specialist developing these planning documents.	Not available	NLS
Governmental Resolution No 1278 on Approval of	Defines the order for the procedures related to	Not available	NLS

Rules on Definition of the Main Purpose of land Use and Submitting, Investigation and Settling of Applications for Changing the Main Purpose of Land Use, adopted on 13 October 2004 (came into force on 17 October 2004)	changing the main purpose of land use.		
Governmental Resolution No 1303 on Approval of Provisions for State Control on Land Use, adopted on 20 October 2004 (came into force on 24 October 2004)	Defines the order for state control over the land use which should meet good agricultural farming requirements.	Not available	NLS
Order of the Ministers of Agriculture and Environment No 3D-476/D1-429 on Approval of Rules for Development and Implementation of land Management Plans for Rural Development, adopted on 11 August 2004 (came into force on 15 August 2004)	Defines order for developing land management planning documents that could be the basis for implementation of certain rural development measures, e.g. renovation of villages or similar.	Not available	NLS
Order of the Ministers of Agriculture and Environment No 3D-130/D1-144 on Afforestation of Non-Forest Land, adopted on 29 March 2004 (latest amended on 26 August 2004)	Provides the rules for afforestation of land (mainly of agricultural purpose).	Not available	NLS
Order of the Ministers of Agriculture and Environment No 3D-518/D1-490 on Approval of Rules for Development of Land Management Schemes, adopted on 15 September 2004 (came into force on 19 September 2004)	Defines the Order for developing land management schemes – more general territorial planning documents that could serve as the development plan of the area, especially while the regional master plans are not developed in the whole country.	Not available	NLS
Draft Governmental Resolution on Approval of Rules for Submitting and Investigation of Applications to Acquire	Will define the rules on acquisition of land for public needs. If the negotiation with the landowners will not be	Not available	NLS

Land for Public Needs and Rules for Development and Implementation of Land Management Plans for Expropriation of Land for Public Needs	successful, expropriation procedure will be introduced.		
Draft Governmental Resolution on Approval of Rules for Development and Implementation of Land Consolidation Plans	According to the main provision on land consolidation set in the Law on Land, this legal document will provide the detailed rules on development and implementation of land consolidation plans.	Not available	NLS

## 5 Ownership Structure

### 5.1 Land Reform

#### Restitution of land ownership rights

Present land reform in Lithuania has started in 1991 and it is based on the restitution of land ownership rights. The main purpose of the land reform was to completely rearrange the land management system so, that the newly built land management system would facilitate social and economic development of the country. According to the main Laws - Law on Land Reform and Law on the Procedure and Conditions of the Restoration of the Rights of Ownership to the Existing Real Property – ownership rights were supposed to be restored to land, forests, water bodies, residential houses and economic-commercial buildings. Land ownership rights were restored to the former owners who owned this land until 1940 and their successors in three ways: in kind, in equivalent, and compensation.

The process of land restitution contains the following:

- Analysis of the existing land use situation;
- Preparatory land management works;
- Preparation of the land reform land management plans;
- Publicity procedure and the approval of the plan;
- Surveying in the fields;
- Preparation of the legal documentation of ownership;
- Approval by the notary and registration in the State land cadastre.

In this process there are involved various institutions: as a main responsible body for implementation is the County Governor Administration that through the public tender procedure selects the executor of the works (that could be companies, having the license for preparation of the land reform land management plans and for execution of cadastral surveying), and the National Land Service under the Ministry of Agriculture that supervises and controls the process. County Governor approves the land reform land management plan and takes the decision for any

state land transaction (also if it is not directly related to the restitution of the land ownership rights, but also to the sales and lease of the free state owned agricultural land). Finally, the legal registration of the newly formed land ownership is being carried out by the State Enterprise Centre of Registers.

**Privatisation of the free state-owned land**

Though the restitution of land ownership rights is not completed yet, at the same time according to the Law on Land and other laws and legal regulations on land reform process, free state owned land can be sold or leased out. For this purpose the land parcels subject to sales or lease (according to the Law on Land Reform this is allowed after the applications for restitution of land ownership rights are settled and it is at the end of priority list) should be formed in the land reform land management plan .

The lease decision according to the laws and regulations are proposed by the municipalities and has to be approved by the County administration while sale is organised by the county administrations. The county administrations are also enabled to lease free state owned land. Only about that land which is allocated by governmental decree to the municipalities the municipality administrations can decide on their own.

The general procedure of sale of agricultural land is:



The organisation of land sale is:



## 5.2 Results of the land reform

The deadline for submitting applications for restitution of land ownership rights was set for the 31 December 2001, though the documents proving land ownership and kinship rights could be submitted until 31 December 2003. Restitution of land ownership rights is at its final stage, though the most difficult cases for settling the applications have remained. For the 1<sup>st</sup> of August 2004, total number of applications submitted for restitution of land ownership rights in rural area was about 749,9 thousand to the total area of land amounting to 4,2 million hectares. Land ownership rights have been restored to 89,5 percent of land area indicated in the applications (3,8 million hectares). Thus land ownership rights have not been restored yet to 0.4 million hectares.

About 60 thousand applications were submitted for the restitution of ownership rights to 70 thousand hectares of urban land. With respect to urban land, more than 30 thousand decisions on the restitution of rights to nearly 18 thousand hectares of land were made which amounts to 30 % of the area specified in the citizens' applications. Slower restitution of land in towns and cities was caused by the delayed preparation of detail plans, indicating land parcels for individual housing.

More than 3,1 million hectares of land is legally registered under the private ownership rights.

According to the data of the State Land Cadastre, for the 1<sup>st</sup> of January 2004 the average area of the land parcel used for agricultural activities was 4,7 ha and the average area of a land parcel belonging to one owner was 6,3 ha. The average area of the private household plot was even smaller - 0,8 ha. Such small land parcels often divide former large fields (used for farming activities during the soviet period) into several land holdings and cause fragmentation in land use.

## **6 Land Development Related Policies**

### **6.1 Agriculture and rural development**

#### **Territory, residents, employment, education, income**

The total land area of Lithuania is 6,53 million hectares; land designated for forestry purposes covers 30,2 percent of the total land area, whereas land designated for agricultural purposes takes 60,7 percent (3,96 million hectares) of the total land area; water bodies, roads, built-up territories and land of other purposes cover the rest of it. Land used for agricultural activity takes 53,3 percent or 3,48 million hectares, arable land accounts for 2,93 million hectares of it; meadows and natural pastures take 0,55 million hectares of it.

Protected areas (national, regional and municipality parks, conservation areas and reserves) cover 12,1 percent of the total land area.

The number of inhabitants in rural areas has been slightly decreasing since 1992, but the ratio of the rural and urban populations remain the same because of the accelerating migration of urban inhabitants to rural areas or abroad: 68 - 67 percent of the total number of inhabitants reside in urban areas and approximately a third of them live in rural residential areas.

The share of employees engaged in agriculture is 17,2 percent of total number of employees.

In the last three years, the total employment rate in agriculture, hunting and forestry was about 17,3-17,9 percent and, as it is seen, does not vary a lot. Agriculture remains the general activity of inhabitants in rural areas (52,5 percent of all active rural population); 14,1 percent of them work in construction and industry, 33,4 percent work in the service sector.

In the 3rd quarter of 2003 there were 57 thousand people in rural areas who had a higher education (in other words, every twentieth villager holds a university diploma); 117 thousand people had a technical secondary education (every twelfth); and every eighth had a secondary education. In the above-mentioned period of time there were 262.8 thousand people in rural residential areas who had a profession or, in other words, every fifth villager had a speciality of any level.

The number of rural residents with a university education is three times lower as compared to the urban population.

The main source of disposable income is income from employment, consisting mainly of salaries and income from self-employment. On the country's scale, earnings in agriculture and in its largest part private sector are the least. In urban areas, household work income made 71 percent of all disposable income, in rural areas 63 percent; social benefits in urban areas were received by 21 percent of households and in rural areas by 32 percent.

#### **Farm structure**

Three types of farms can be distinguished in Lithuania: farmers' farms, agricultural companies and individual (family) farms. The number of farmers increased by 64 percent over year 2003 (from 39249 farms on the 1st of January 2003, to 64425 active farms on the 1st of February 2004); agricultural companies and other agricultural ventures work in a stable and promising tendency too, only 6 of them stopped functioning last year; the number of owner farms (small farmers) decreased by 16 percent (to 190992).

Distribution of agricultural land and holdings by types of owners and by area of used agricultural land, in hectares\*

Types of owners	Number of agricultural holdings	Territory of agricultural land, in hectares	Average area of agricultural land in use, in hectares
Natural entity	255417	2344676.41	9.18
Legal entity	531	280411.83	528.08
Total:	255948	2625088.24	10.26

Without agricultural land and holdings, which are not used for agricultural purposes

Data of the *Agricultural Information and Rural Business Centre*, reported on 9 April 2004

The number of big, specialised or mixed merchant farms is slightly increasing in Lithuania; these farms register very high results, which satisfy the productivity averages of the European Union. The biggest and most productive producers of agricultural products, in comparison to individual farms and farmers' farms, in the meantime are agricultural partnerships and other agricultural companies. However, the absolutely best milk processing and crop yield results are recorded at farmers' farms.

Apart from agriculture, different kinds of activities are developing in rural areas. These create new jobs and, moreover, provide services, which are necessary in life, work, and entertainment for both rural and urban residents. There were 1707 farms practising agriculture-alternative activities, recorded in the register of the Agricultural Information and Rural Business Centre on the 9 April 2004, which cover more than 26 thousand hectares of land; 437 of them are rural tourism farmsteads, 123 practices in rural crafts.

### **The main objectives in agriculture and rural development**

The main general purpose of agriculture and rural development in Lithuania is implementation of general EU agricultural policy principles and measures. In order to achieve the general long-term purpose and to solve identified problems mid term agriculture and rural development aims and objectives are formulated:

- Creating competitive agriculture orientated towards the EU market and food storage as well as marketing development, which allows better use of present possibilities better and ensuring employment in rural area;
- Possibilities to verify economic activity in rural areas, and possibilities for agricultural production producers to undertake additional economic activity, cherishing biological variety, landscape and environment.

It is planned that after implementing these objectives the quality of agricultural production will improve. Application of new technologies and development of human resources will form favourable circumstances for the development of farms' competitiveness, increasing citizens' income, and improving living standard in rural areas. To develop agriculture and encourage alternative activities in rural areas a lot of attention is paid to implementation of environmental requirements.

### **Support for agriculture and rural development funded by the EU**

After Lithuania has become a member of the EU, it is possible to reclaim European agricultural Guidance and Guarantee fund assets (EAGGF), budgeted for rural development. The support of

the EAGGF Guarantee section is budgeted according to the Lithuanian Rural Development Plan (RDP) of 2004-2006 by a compensatory principle, i.e. the compensation of lost incomes or emergent additional expenses because of taken liabilities. Investment support is funded from the EAGGF Guidance section according to the Lithuanian single Programming Document (SPD) IV priority “Rural development and fishery”. This support is given to finance projects that instil the new ways of farming in less favoured areas and expand alternative economic activities in the country (tourism, non-agricultural trades).

Thus, the Lithuanian Rural Development Plan of 2004-2006 and the Single Programming Document are the main documents whereby EU support for Lithuanian agriculture and rural business (with a certain part of national co-financing) will be reclaimed.

The following measures are included in the RDP:

- Agro environment;
- Afforestation of agricultural land;
- Less Favoured Areas;
- Early retirement from agriculture;
- Support to semi-subsistence farms;
- Support to meeting EU standards;
- Technical assistance.

The SPD (it will continue pre-accession SAPARD programme with several exceptions) is foreseen for these measures:

- Investments in agricultural holdings;
- Young farmers setting-up;
- Improving processing and marketing of agricultural products;
- Promoting the adaptation of rural areas (it includes the sub-measures: Agricultural water management; Land reparcelling; Advisory services to the farms; Diversification of agriculture and economic activities; Stimulation of rural tourism and crafts);
- Forestry development;
- Leader + type activities;
- Training.

## **6.2 Encumbrances for agriculture and rural development**

Currently several factors hinder agriculture and rural development: a poorly functioning agricultural market, small farms, not efficient enough agricultural production, poorly developed engineering and social infrastructures, unfavourable demographic situation, insufficient education of the rural population, lack of alternative activity and low purchasing power of rural areas' citizens.

### **Extent of land fragmentation**

According to the *Agricultural Census* data from the year 2003, small farms are dominating in Lithuania - average size of the farm is 9,1 ha while in the pre-war period it amounted to 12,4 ha. The average size of the two-thirds in the group of the smallest farms (up to 3 ha) is 2,2 ha. The majority of the farms in Lithuania - 230 thousand (83 percent of total) are up to 10 ha. The medium size farms (10-50 ha) made 43 thousand of the total number (or 15 percent) and the average size was 18,5 ha. Large farms, having 100 ha of land and more, counted to about 2 thousand and they constituted only 0,7 percent of the total number of farms.

The average size of the registered farms in the Farmers' Farm Register was 28,2 ha of land (45 thousand), while the average size of the family farms was 5,5 ha (total number - 233 thousand). Average size of the agricultural enterprises, joint stock companies and other legal farming entities according to the same information source was 483 ha (total number - 0,6 thousand).

### **Preconditions for the new trend in land management**

It is foreseen that with the completion of the restitution of land ownership rights there will remain about 0,5 million hectares of free state owned agricultural land that will be the subject for further privatisation. This fact, also increasing activity of the land market and the dominance of small and fragmented land plots in agricultural sector, as well as undeveloped infrastructure in rural area leads to the need in defining the new policy for land management. This comes together with adjustment to the EU Common Agricultural Policy and a need of the Lithuanian farmers to create well functioning and competitive farming structures. Therefore Lithuania also asked the EU Commission during the negotiation process for 7 years transitional period regarding selling of agricultural and forestland to the foreigners.

Lithuanian Parliament (Seimas) has adopted the amendments to the article 47 of the Constitution of the Republic of Lithuania. After the enforcement of these amendments, restrictions to purchase agricultural and forestry land for the foreigners and foreign legal persons are removed. Foreigners and foreign legal persons are allowed to acquire agricultural and forest land according to the provisions set in the Constitutional Law which are coherent with the results of the negotiations between Lithuania and the EU. The agreement on 7 years transitional was reached. The exception is provided to the farmers of the EU Member States who have resided in Lithuania for at least 3 years on a permanent basis and are engaged in agriculture.

## **6.3 Preparation for land consolidation**

### **Pilot projects on land consolidation**

The first action towards defining the new land management policy principles was taken during the bilateral Danish - Lithuanian Land Consolidation Pilot Project in Dotnuva, Kedainiai district in September 2000 - December 2001.

The main goal of this pilot action was to introduce the Danish way of implementing land consolidation and to perform this in Lithuania with the main objective to improve the agricultural structures, also to support the legal basis drafting process for future land consolidation in Lithuania. The total pilot project area was 392 hectares with 79 landowners and 46 hectares of free state owned land. Out of these 79 landowners 56 didn't use their land. After negotiations with the landowners it appeared that 19 of them have agreed to take part in the project. 86 hectares of land have changed the owner. Many land parcels have improved their shape and location and therefore the land value have increased as well. This pilot project has

proved that land consolidation could be a tool for improvement of agricultural structures and increase of the economic sustainability of family farms.

The second pilot action has started with the new Danish - Lithuanian Land Consolidation Project: “Land Consolidation - a Tool for Sustainable Rural Development”. This project with the overall objective to assist in land consolidation process that preconditions Lithuania’s participation in the financing facilities of the EU has started in October 2002 and finished at the end of the year 2003, though implementation works because of various reasons were delayed and is at the final stage presently.

The immediate objectives of the project were:

- To develop land consolidation as a necessary tool for integrated rural development (Nature and environmental protection, infrastructure development together with the development of competitive family farms);
- To spread the experiences with land consolidation before starting land consolidation all over Lithuania and to advice in the building up of institutions responsible for land consolidation and rural development (in service training and capacity building);
- To continue the interaction between the preparation of the Law on Land and the field experiences from the pilot project areas;
- To test the registration and implementation part of the new Lithuanian legal frames for land consolidation;
- To create the Lithuanian land consolidation model.

For carrying on this pilot project 3 areas representing different priority needs for the further territorial development were selected. Meetings with the relevant local authorities at county, district or neighbourhood level were organised in order to discuss and give the input for preparation of the local rural development strategy. During the meetings with the landowners preliminary investigations to identify landowners’ interests and public interests were carried out and local rural development strategies were prepared and approved by the local governments.

It was expected that the field experiences will be used for drafting the legal frames for land consolidation in Lithuania - a tool for sustainable rural development when through the territorial planning process improvement of agricultural structures and infrastructure will be achieved, also public interests will be fulfilled and environmental requirements met. Land consolidation plan should serve as a bridge between the ordinary territorial plan and implementation of the agricultural and rural development policy. That could be achieved through giving the priority for financial support from the EU structural funds to those landowners and users who take part in the land consolidation project.

### **Main legal provisions for land consolidation**

For the period after completion of the restitution of land ownership rights main principles for the land management and administration in Lithuania will be regulated by Law on Land approved by the Lithuanian Parliament (Seimas) on the 27<sup>th</sup> of January, 2004.

According to the general provisions, the main purpose of the Law on Land is:

- To regulate land ownership, management and use relations and land management and administration in the Republic of Lithuania;

- During the implementation of land management and administration policy, land relations should be regulated in such a way that:
- The favourable conditions for fulfilment of public, private and legal persons' interests to rationally use land, carry on economic activities in conformity with the agro-environmental, nature and cultural heritage policy would be created;
- Protection of land ownership, management and use rights would be guaranteed.

The law consists of 10 chapters and the 9<sup>th</sup> chapter is regulating land consolidation.

According to the law, land consolidation is defined as *a complex readjustment of land parcels when their boundaries and location are changed according to a land consolidation plan prepared for a certain territory, with an aim to enlarge land parcels, to form rational land holdings of farms and to improve their structure, to establish necessary infrastructure and to implement other goals and tasks of the agricultural and rural development as well as environment protection policy.*

The following order for providing land consolidation is foreseen in the law:

- County Governor is responsible for the development of a land consolidation plan;
- Landowners shall file the applications to develop the land consolidation plan to the County Governor. Having established that at least 5 landowners wish to develop a plan in the same location and the area that is envisaged for land consolidation plan is no less than 100 hectares, the County Governor shall organise a meeting of owners of the land in this location;
- The meeting provides grounds on the need to develop a land consolidation plan and specifies a preliminary area for a land consolidation plan;
- Land owners within a period of 1 month after the meeting shall conclude a preliminary contract of land consolidation where according to it they are committed within 3 months after the approval of the plan to conclude a main contract of land consolidation;
- Owners of the land parcels included in the area of land consolidation plan not later than within 3 months after the approval of the plan shall conclude a contract of land consolidation;
- The executor of the land consolidation plan is being selected by the County Governor through the public tender procedure;
- The Government shall specify procedure for the development of land consolidation plans (according to these provisions, a more precise Rules on Development and Implementation of Land Consolidation Plans is being drafted at present and in the nearest future will be approved by the Government of the Republic of Lithuania as the secondary legal act - Governmental Resolution. Afterwards the Technical Manual for practical execution purposes is planned to be developed.)

The County Governor also selects that free state owned land parcels to be included into the land consolidation planning procedure. These land parcels, as well as the private land parcels participating in the land consolidation planning process will participate on the exchange basis.

If there will be willingness to buy some free state owned land within the land consolidation project area, this process will be regulated by the provisions laid down in the Provisional Law on Acquisition of Agricultural Land - mainly in regards to the priority for acquisition of the free

state owned land. This law also lays down the rules for more favourable conditions for the acquisition of agricultural land through interest rate compensation for the bank credits taken for acquisition of agricultural land, as well as the state guarantee for such credits, and with restored savings for purchasing the agricultural land.

## 7 Information Sources

Additional information on land related issues in Lithuania could be found on many websites of various institutions:

<http://www.zum.lt/nzt>

<http://www.kada.lt>

<http://www.vzi.lt>

<http://www.std.lt>

<http://www.gis-centras.lt>

<http://www.laei.lt>

<http://www.hnit-baltic.lt>

<http://www.zum.lt/resources>

There are also certain publications about the real property market in Baltic States available in English. One of them also has an electronic form and it could be found on the website:

Review of Baltic States Real Estate Market 2003

Certain relevant information could be found in Lithuanian magazines:

“Zemetvarka ir hidrotechnika” – quarterly;

“Zemes ukis”;

“Mano ukis”.

Quarterly newsletter (also only in Lithuanian) about surveyors:

“Matininku naujienos”.

For any research on land issues related activities these institutions could be contacted:

Lithuanian University of Agriculture (<http://www.lzuu.lt>);

Vilnius Gediminas Technical University (<http://www.vgtu.lt>);

Vilnius University (<http://www.gf.vu.lt>);

Kaunas University of Technology (<http://www.ktu.lt>);

Lithuanian Institute of Agrarian Economics (<http://www.laei.lt>);

Lithuanian Free Market Institute (<http://www.freema.org>).

## 8 International Projects and Cooperation

### 8.1 Bilateral support

#### Sweden

It started 1991 and was continued until 2003 with the aim to support development of these particular areas:

- Support for the establishment of land cadastre in Lithuania and support for the land reform and the development of land management system;
- Support for aerial photography and orthophoto mapping;
- Development of the land administration system and land market in Lithuania.

In 1992-1996 project “Land Administration System and Orthophoto Mapping” took place as a part of the above mentioned cooperation.

For more information look: State Enterprise Centre of Registers.

## **Switzerland**

Project “Updating of Base Cartography in Lithuania” started in 1993 and lasted for 1,5 year. Second phase of the project started in 1997.

## **Denmark**

In 1992 support provided to the Geodesy Institute for the establishment of GPS network of zero order and supplied GPS receivers, computer, printers and other equipment.

In 1995 project “GIS Creation for Land Consolidation and Land Management in Lithuania” has started.

In 2000 project “Integration of Attributive and Geographical Data in the Real Property Register in the District of Trakai Client Service Bureau” and “Establishing an Archive in the Trakai Client Service Bureau” was implemented.

In 2002-2003 project “Development of the Real Property Cadastral Mapping System in Lithuania” was implemented.

In 2000-2001 the first land consolidation pilot project in Lithuania took place with the Danish governmental support. National Land Service under the Ministry of Agriculture: information). In 2002-2003 the second land consolidation pilot project “Land consolidation: A Tool for Sustainable Rural Development”

## **Netherlands**

Project “Real Property Information System” has started in 2003 (more info - State Enterprise Centre of Registers).

## **Finland**

The co-operation has started in 2001 and is related to the mass land valuation.

## **USA**

Co-operation with Lincoln Institute of Land Policy has started in 1997 and is related to mass land valuation for taxation of real property purposes in Lithuania.

## **EU support**

In 1995-1996 the project “Technical Assistance to Implementation of Land Information System in Lithuania” was carried out by partners from Norway.

In 1997-1998 the project “Technical assistance to land privatisation and registration” took place.

In 1997-1998 (?) a project “Orthophoto technologies” was implemented with the assistance from France (?).

In 1999 a project “Assistance to Land Market Development in Lithuania” was implemented.

In 2002 the international consortium project “European Land Information Service -EULIS” had started (more info - State Enterprise Centre of Registers).

## **EU PHARE-Twinning projects**

In 2003 started project “Strengthening Enterprise Register in compliance with the Acquis”.

In 2004 started the project “Strengthening of the State Registers – Real Property Register and Mortgage Register”.

In 2004 project “Institutional, organisational and legal framework for the lease and sale of state owned land in the Republic of Lithuania” was implemented (project partners – German Enterprise BVVG).

### FAO projects

In 1997-1998 project “Development of Land Resources Information System for Sustainable Land Use” was carried on.

<http://www.zum.lt/resources> + [http://www.zum.lt/resources/Internet\\_senas/english/html/01.htm](http://www.zum.lt/resources/Internet_senas/english/html/01.htm)

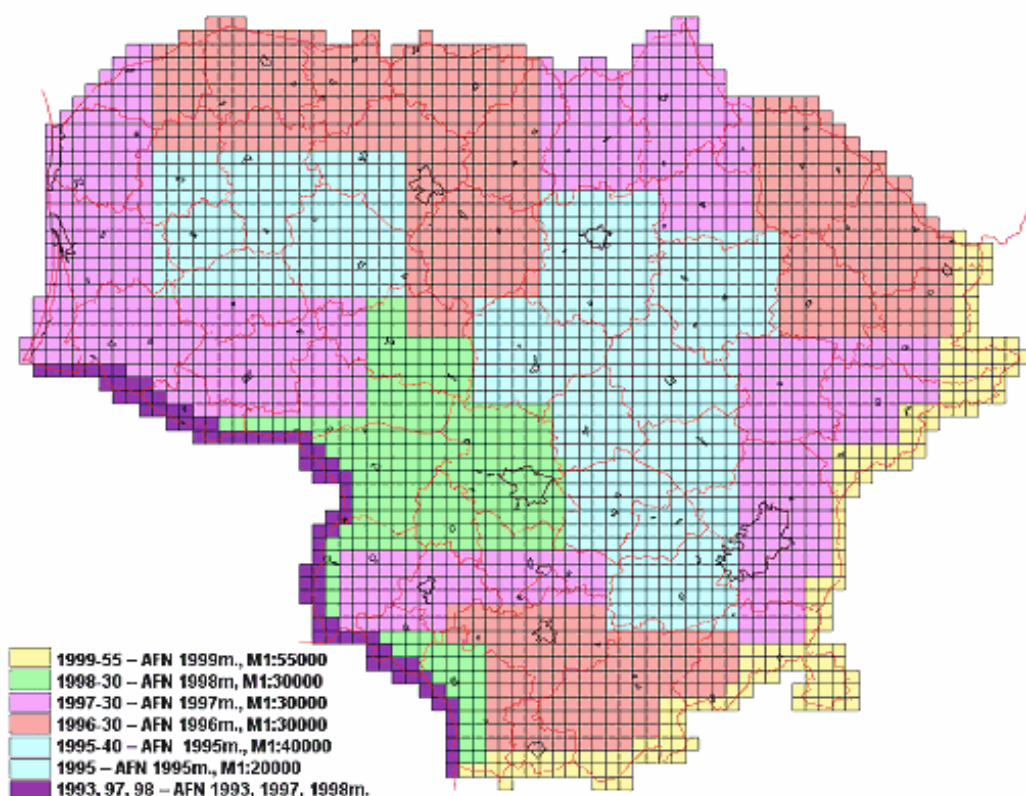
In 1999 project “Guide of Drained Land in the Baltic States and Poland” was implemented.

## 9 Additional Statistical Information

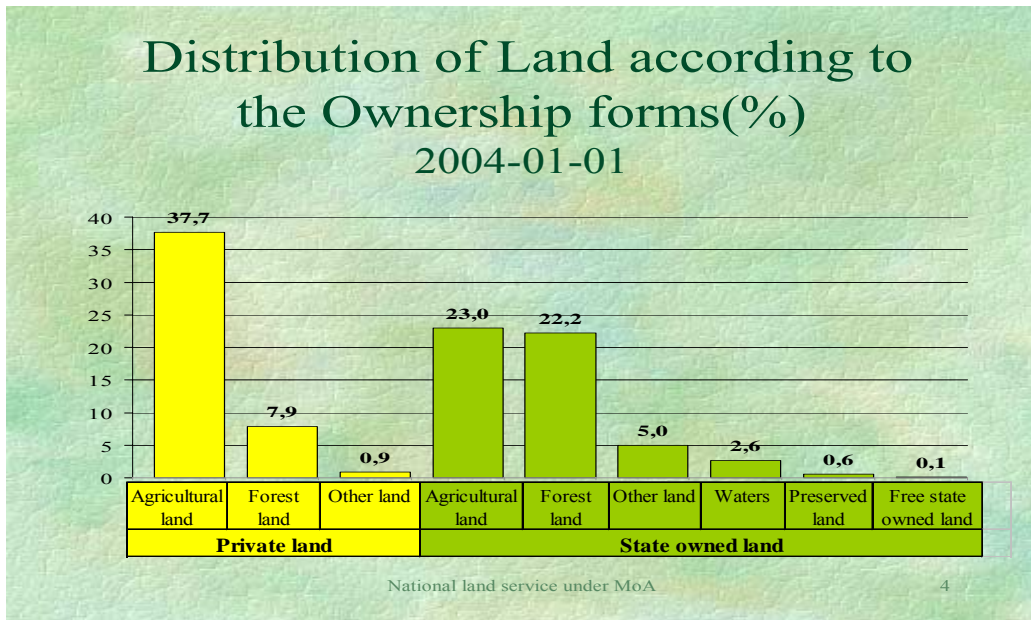
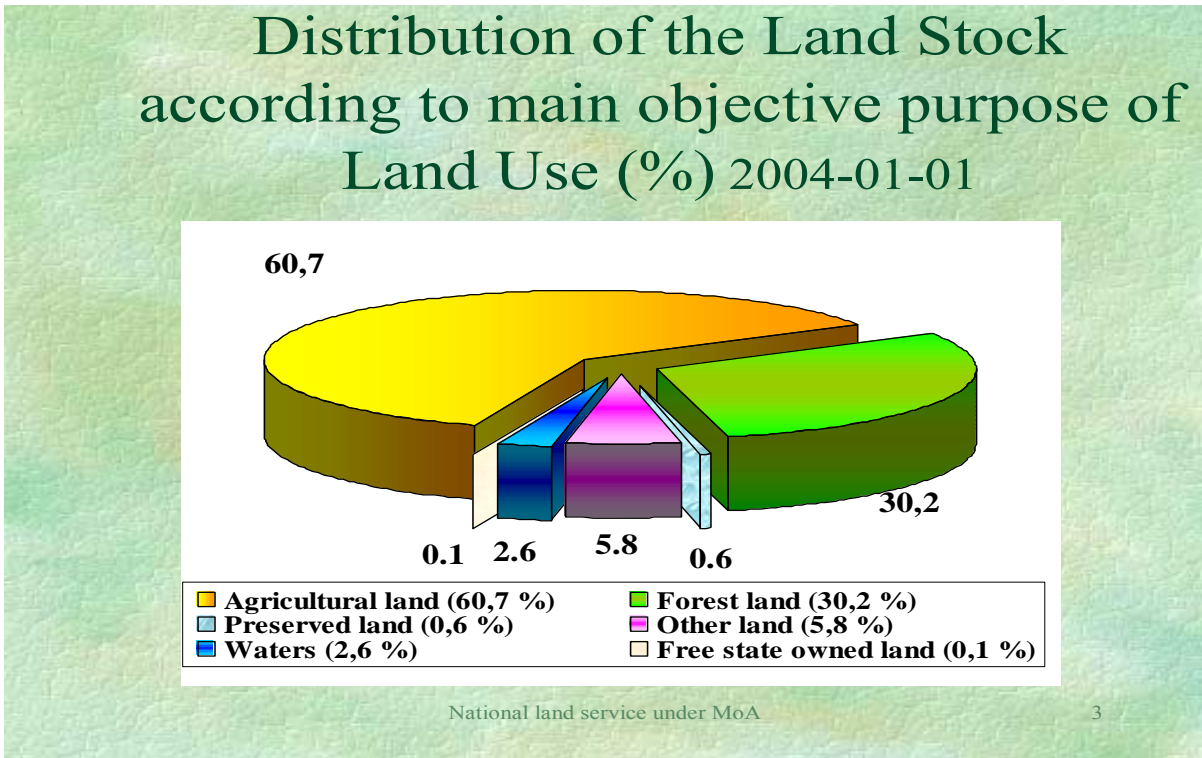
### 9.1 Orthophoto maps

Orthophoto maps ORT10LT with resolution of 0,5m have been produced in Lithuania since 1996. At the beginning (until the year 2000) this work was carried out as a foreign support to Lithuania by Swedish company Swedesurvey AB under, though from the year 2000 this work was continued by Lithuanian Joint Stock Company Aerogeodesy Institute.

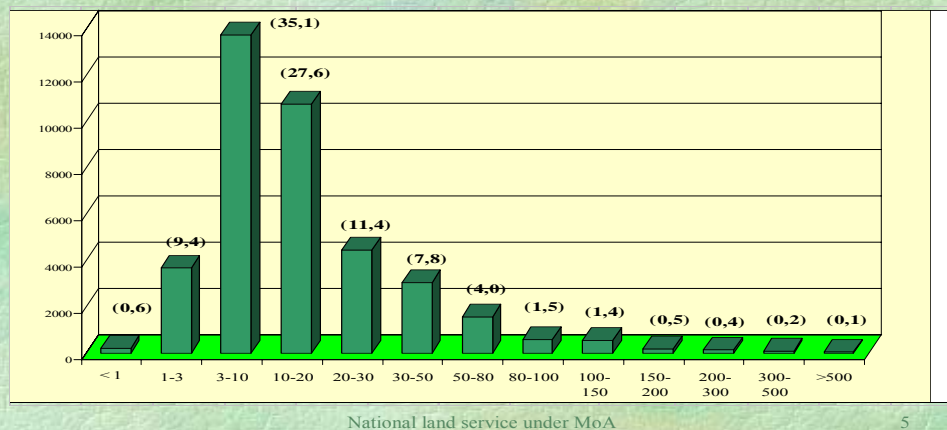
For the production of digital orthophoto maps (resolution of 0,5 m) that are used in Lithuania as a cartography basis until now was used following aerial photography:



9.2 Land use related statistical data



## Distribution of registered farms according to their size (%) 2004-01-01



For more statistical data on land use and land market development look on the websites:  
 Nacionalinė žemės tarnyba prie Žemės ūkio ministerijos: statistika - (in Lithuanian language);  
 State Enterprise Centre of Registers

### Mass land valuation

More data (in Lithuanian language) and land valuation maps could be found on the website:  
 State Enterprise Centre of Registers

### Biographical Notes

**Ms Vilma Daugaliene** is the Head of the Land Management Division at the National Land Service under the Ministry of Agriculture of the Republic of Lithuania. She is involved in strategy development for land management, land use and for sales and lease of agricultural land. She is also responsible for international projects and relations in the area of land management.