

Changes to approval process for construction work in Ukraine

The approval process for construction work in Ukraine is quite complicated and can be burdensome for the principal (site owner). To improve and simplify the process, changes were made to the Law on Territorial Development and the Law on Architectural Activity which became effective on January, 14 and April, 15 2009 respectively. Under the changes, the principal need not apply for planning permission which has so far entitled him to apply for initial details for project planning, to do feasibility studies and file the planning documents for approval. The principal now has to apply to the city council or administration for local building regulation approval. Moreover, if the planning documents comply with the building regulations they need not be approved by the city council or administration.

One improvement is the permit for pre-construction activities. This authorizes such activities as site development, providing the building site with all necessary infrastructure and safeguards, demolition works, construction of temporary structures and buildings, connecting temporary supply networks and access routes. Building a new construction on a built-up site requires permission for demolition of the existing property. In this case the demolition work is seen as pre-construction activities. It should be noted that a permit for pre-construction activities does not authorize actual construction work, which still requires a building permit.

The principal can apply for both the permit for pre-construction activities and building permit to the local building inspection department. Processing the application takes one month from filing. A building permit can be issued for standard building time or for the term of the building contract. The permit can be extended up to one year on the principal's application.

It should be stressed that changes effective from January 14, 2009 substantially restrict building by foreign legal entities. Under the changes, a foreign legal entity is required to present documents which evidence involvement of Ukrainian nationals and business in no less than 90% of building works and use of no less than 50% domestic materials. At the same time, these restrictions do not apply to subsidiaries of foreign legal entities registered in Ukraine.

Planning permission and initial details for project planning (architectural assignment and technical conditions for supply networks) obtained before April 15, 2009 will remain effective until October 14, 2010. Planning permission for building projects in progress will remain valid until construction is complete.