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**SURVEY OF  
LAND AND REAL ESTATE TRANSACTIONS  
IN THE RUSSIAN FEDERATION**

**REGIONAL REPORT:  
NIZHNIY NOVGOROD OBLAST**

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## **1. INTRODUCTION**

The survey was conducted in period of from February the 1st and October the 17<sup>th</sup>, in **15 regions of Russia**: Irkutsk, Nizhniy Novgorod, Novosibirsk, Rostov, Perm, Sakhalin, Kaliningrad, Leningrad, Moscow, Sverdlovsk, Tomsk and Novgorod Oblasts, Khabarovsk Krai and the cities of Saint Petersburg and Moscow.

Research methodology required legal analysis and survey.

Legal analysis is based on publicly available (Federal and Municipal) legal acts and in depth interviews with experts for obtaining more specific information about the locating procedures under investigation in each particular region.

The legal analysis results are gathered in templates, which describe major stages for any of surveyed procedures in any of surveyed regions (sequence of stages, necessary documents, government authorities, organizations involved in every stages, official time and cost limits for obtaining documents). These templates become a base for comparison with real practice, reflected in surveyed companies' responses and are available in Annex (tables 1-9).

Survey required: business intermediaries survey (on the basis of BIS companies interviews) and administrative and regulatory costs survey (on the basis of ARCS companies interviews).

**BIS** - legal entities and sole proprietors providing intermediary services for locating procedures

**ARCS** - legal entities and sole proprietors that attempted, underwent or completed locating procedures in 2004

The following **nine basic locating procedures** were studied:

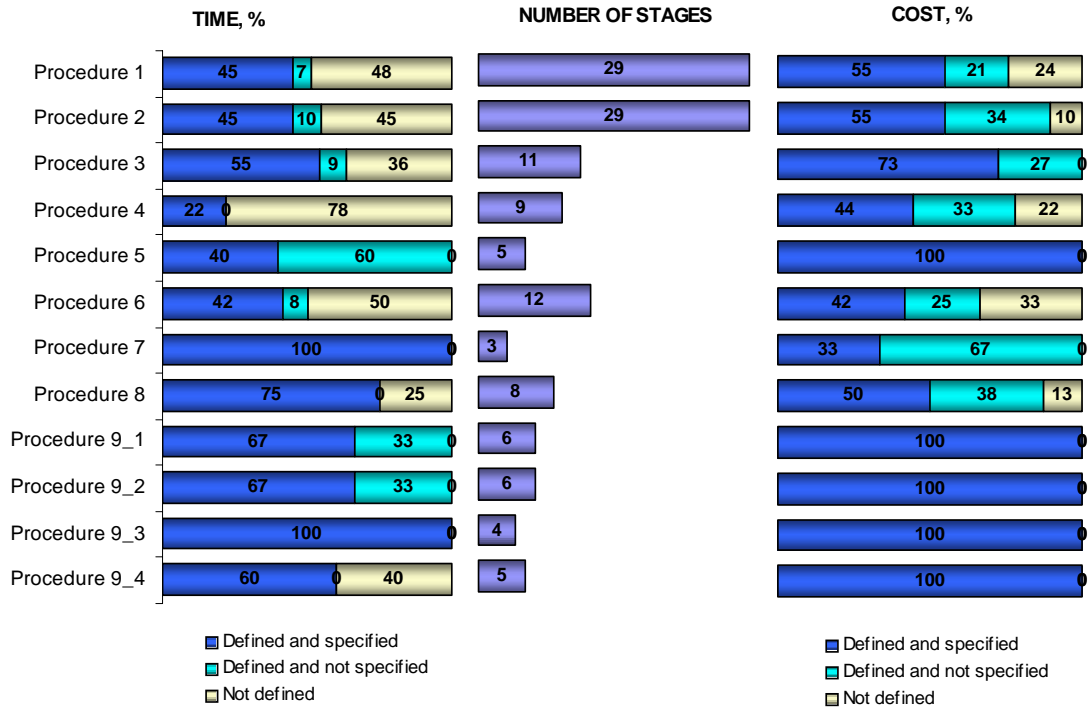
<b>Procedure no. 1</b>	Obtaining (by lease) a land plot, which is currently state or municipal property, for construction on, with a preliminary agreement on the object location.
<b>Procedure no. 2A and 2B</b>	Obtaining (by purchase (2A) or lease (2B)) a land plot, which is currently state or municipal property for construction on, without a preliminary agreement on the object location, during auctions or tenders.
<b>Procedure no. 3A and 3B</b>	Obtaining ownership (3A) or lease (3B) rights on land plots that are currently state or municipal property, with premises, buildings or constructions, which are private property.
<b>Procedure no. 4</b>	Lease of a real estate object (premise, building or construction) which is currently municipal property, without the procedure of tender (including purposive appointment cases).
<b>Procedure no. 5</b>	Lease of a real estate object (premise, building or construction) which is currently the municipal property during tenders or auctions.
<b>Procedure no. 6</b>	Transferring a premise (building) from the residential use to non-residential one.
<b>Procedure no. 7A and 7B</b>	State registration of rights on real estate and real estate transactions (in the cases of (7A) buying or selling a real estate object (land plot, building or premise) in the secondary market, (7B) drawing a contract of a real estate object (land plot, building or premise) lease for the term of more than 12 months in the secondary market).
<b>Procedure no. 8</b>	Transferring a land plot from one category into another, changing designated use of a land plot.
<b>Procedure no. 9</b>	Privatization of a real estate object (building or premise) which is currently municipal property.

## 2. EXECUTIVE SUMMARY

1. The most frequently encountered procedure related to land plots for ARCS companies was considered to be the following procedure: *Leasing land plots with buildings (structures, installations) owned the company (3B)*.
2. The most time consuming procedures in average for ARCS companies were the following: *Leasing land plots which is currently state or municipal property, with buildings (structures, installations) owned the company (3B) and Privatization of a real estate object (building, structure, premise), which is currently municipal property (9)*. With regards to BIS companies the most time consuming procedures were the following: *Leasing a land plot , which is currently state or municipal property, for construction during tenders without preliminary agreement on the object location (2B), Obtaining ownership rights on land plots that are currently state or municipal property with buildings (structures, installations) owned the company (3A)*.
3. The most cost-plus procedures in terms of amount of total payments both for ARCS companies and for BIS companies were considered to be procedures related to land.
4. The largest amount of reported unofficial payments both for the surveyed ARCS companies and for BIS companies came to the procedure *Leasing a land plot for construction with preliminary agreement on the object location (1)*. For BIS companies the considerable reported amount of payments is also typical for the procedure *Transferring a land plot from one category to another, changing the designated use of a land plot (8)*.
5. Average duration of the procedure, which is passed by BIS companies, is approximately 1.2 longer than average duration reported by ARCS companies. Possible explanation is deemed to be the fact that 64% of objects of ARCS companies are located outskirts of the city and outside the city while 57% of objects of BIS companies are located in the city center and within medial zone (between center and outskirts).
6. According to the surveyed companies, time and financial inputs for passing through all the procedures increased. However these changes are differently strong for different procedures. So, the least changes of time inputs and amount of official payments were noted with regard to *Transferring a land plot from one category to another, changing the designated use of a land plot (8)*. The greatest changes of official payments and time inputs for passing through the procedures were noted with regard to *Privatization of a real estate object (building, structure, premise), which is currently municipal property*, as well as *Obtaining ownership rights on land plots that are currently municipal property (3A) or Leasing land plots (3B) with buildings (structures, installations) owned the company*. Leaders with regard to increase of amounts of unofficial payments are considered to be *Procedures no. 3 and 6*.
7. Time and financial inputs for obtaining the same documents may differ cardinaly depending on type of the procedure. At that in terms of various documents some tendencies can be observed:

- Procedures for which a great proportion of respondents reported occurrence of unofficial payments or high frequency regarding availability of unofficial payments in the common practice of respondents is typical, are noted by less time inputs as compared with other procedures for obtaining the same documents
  - In cases with higher time inputs the proportion of companies that reported occurrence of unofficial payments was higher
  - In cases with higher reported unofficial payments the official payments were lower
8. By estimate of BIS companies the key factors that allow cutting time and financial inputs for passing through all the procedures, are deemed to be Administrative resource or special personal relations with officers of administrative bodies as well as client knowledge of regulations guiding the procedure.
9. Percentage rates of stages for which time and cost expenses are determined by law are different for assorted procedures. The highest statutory certainty in terms of time and cost expenses for document processing was established with regards to *Procedures Nos.7, 9* (Method 3) (Diagram 2.1). The least exactly statutory costs were determined with regards to the *Procedure No.4*. It should be noted that financial costs of completing procedures in Nizhniy Novgorod Oblast are determined more exactly for the majority of procedures in comparison with time costs. Financial costs are determined the least exactly for *Procedure No.6*.

**Chart 2.1 Share of stages in each procedure which have legislatively defined time and financial costs<sup>1</sup>.**



<sup>1</sup> "Defined and specified" means that precise amount of time and cost limits is established (even if document is for free)  
 "Defined and not specified" means that it is known that the payment (or time limit) is fixed, but its precise amount has not been established. For example: "depend on the object's characteristics", "according to BTI standards" etc.  
 "Not defined" means that the fact of payment necessity (or time limit existence) is not fixed in publicly available legislation



### 3. REGIONAL SAMPLING

For the purposes of carrying out the survey, sampling quotas were fixed and included 100 BIS and 100 ARCS questionnaires. The achieved sample size in Nizhniy Novgorod Oblast was 102 ARCS and 100 BIS. One BIS company could be interviewed about several procedures

Sources of information used to identify the potential respondents were:

- Goskomstat, and
- Public sources of information (e.g. yellow pages).

Telephone directories were chosen as the source of information for the reason of the incommensurability between the completeness of information provided by Goskomstat, the time spent, and financial costs. Once a complete list of potential respondents was compiled, respondents were contacted according to random key<sup>2</sup>.

See Table 3.1 for the most important statistics covering the screening and interviewing, as well as the duration of work, and Table 3.2 for the distribution of interviews in various procedures.

**Table 3.1 Statistics on the field work**

	BIS	ARCS
Companies in the database, number	640	12 600
Phone calls, number	634	2 232
Companies interviewed, number	37	102
Number of meetings as a percentage of phone calls made	5,8	4,6
Questionnaires, number	100	102
Refusal-rate as share of refusal phone calls from total number of phone calls, %	9,5	18,3
Duration of an average interview, minutes	58	48
Duration of the whole fieldwork, working days	58	

The analysis of time and cost expenses for the procedure, on the whole, is based only on those companies, which completed all of procedure's stages independently and which have completed the procedure as by the survey date. The main reasons for this approach are as follows:

1. The time and cost expenses of those, which have not completed the procedure, are not correct to be compared with the costs of those, which have completed it.

2. A company, which involved any intermediaries (or which has been involved in case of BIS companies) at certain stages of the procedures, may be ignorant of certain specific amounts of official, unofficial and total costs for completing of the procedure. For example, there is a possibility of an ARCS company, which has involved

<sup>2</sup>A random number generator was used to specify the sequence for BIS companies. A sampling step was used to specify the sequence for ARCS companies. The sampling step for ARCS respondents was determined as the quotient of the total number of the units in the general population by 500.

intermediaries at one of the stages not being able to single out the amount of the official, unofficial and mediator payments out of the total amount. A BIS company, which has participated at several stages of the procedure, may be not informed of the total amount of expenses for completing the whole procedure and also of the amount of unofficial payments made by the client on its own.

Document analysis and estimation of authorities are based on all respondents' responses.

**Table 3.2 Number of companies interviewed for each procedures, counts**

	BIS	ARCS
1. Leasing a land plot, which is currently state or municipal property, for construction with preliminary agreement on the object location	11	15
2A. Obtaining ownership rights on a land plot, which is currently state or municipal property, during tenders for construction without preliminary agreement on the object location	4	3
2B. Leasing a land plot , which is currently state or municipal property, for construction during tenders without preliminary agreement on the object location	2	3
3A. Obtaining ownership rights on land plots that are currently state or municipal property with buildings (structures, installations) owned the company	15	13
3B. Leasing land plots that are currently state or municipal property with buildings (structures, installations) owned by the company	6	43
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	10	20
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	3	2
6. Transferring a premise (building) from the residential use to non-residential one	16	6
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	14	22
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	6	25
8. Transferring a land plot from one category to another, changing the designated use of a land plot	5	0
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	8	4

#### 4. PROCEDURE BY PROCEDURE SUMMARY

##### 4.1. Procedure no.1: Leasing a land plot, which is currently state or municipal property, for construction with preliminary agreement on the object location

- Completion of *Procedure no. 1* (i.e. concluding a lease agreement for a land plot), requires going through 29 stages and includes processing 36 documents (See Annex, Table 1). There is no normative timeframe for completion of this procedure because for 16 stages out of 29 no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 7 out of 29 stages legislation does not stipulate whether an official fee is or is not payable, for 6 stages out of 29 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- In accordance with the survey estimates, the period of time required to complete the procedure was not less than 180 days for BIS companies, and from 21 to 455 days for ARCS companies. Official payments for ARCS companies amounted to not less than 20,000 rubles. No sufficient data was received from BIS companies with regards to official payments.
- According to the survey results, more than half of ARCS respondents reported occurrence of unofficial payments when completing this procedure. BIS respondents report that under usual practice of completing the given procedure similar payments could be required in order to obtain documents with prevalence rate from 11% to 45%. The highest amount of unofficial payments was reported by BIS respondents with regards to the document *Ordinance on the permit for land lot design and reserving*. The highest rates of BIS respondents (44-45%), that reported unofficial payments were established with regards to the following documents: *Draft ordinance on the permit for land lot design and reserving at the engineering stage; the preliminary contract draft, Statement on approval of the draft ordinance on the permit for land lot design and reserving, Approval issued by Committee for Municipal Property and Land Resources Management of the City Administration*
- Most ARCS respondents had difficulty in identifying which document was the most problematic to be obtained. 40% of ARCS companies stated that they did not come across such a problem when completing this procedure, and 27% failed to answer. 27% of BIS respondents reported that the most problematic document was *Mayor's Ordinance on land allotment for construction with preliminary approval*. This document was also mentioned by 13% of ARCS companies. Another 27% of BIS companies considered the second problematic document to be *Draft Mayor's ordinance on land allotment* (one of the two most time-consuming documents).
- When selecting the authority that wastes the most amount of time, the respondents most frequently mentioned *Municipal Administration* (40% BIS companies and 27% ARCS companies). BIS respondents also indicated that this authority causes most trouble when going through this procedure. The most widely spread negative phenomenon in interacting with the authorities indicated

by the BIS respondents is the *Bureaucratic arbitrariness of some officials* and *Need of redundant agreements (approvals)*.

**4.2. Procedures no.2A and 2B: Obtaining ownership rights on a land plot (2A) or Leasing a land plot (2B) which is currently state or municipal property for construction during tenders without preliminary agreement on the object location, during auctions or tenders**

- Completion of *Procedure no. 2* (i.e. purchasing a land plot or concluding a lease agreement for a land plot) requires an applicant to go through 29 stages and includes processing of 33 documents (See Annex, Table 2). There is, in fact, no normative timeframe for completion of this procedure, because for 18 out of 29 stages of this procedure no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 3 out of 29 stages legislation does not stipulate whether an official fee is or is not payable, for 10 stages out of 29 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- In accordance with the survey estimates, the period of time required to complete the procedure was from 180 to 720 days for BIS companies. No sufficient data was reported by ARCS companies on procedure duration. No sufficient data was obtained with regards to official payments from both ARCS, and BIS companies.
- According to the results of the study, the majority of ARCS and BIS companies reported making of unofficial payments. In accordance with BIS respondents' replies, unofficial payments under this procedure could be present at the majority of stages. The greatest amount of unofficial payments was reported for obtaining *Draft Mayor's ordinance on land allotment to lease*.
- It is difficult to single out the most problem-ridden documents due to insufficient number of respondents, that had completed this procedure, and inconsistency of their opinions.
- Based on the survey results, the most problematic government authority is *Municipal Administration* because the most companies characterized this authority as such. The majority of documents required for completing *Procedure no. 2* were obtained in various departments of this authority, and respondents failed to indicate the departments they had to work with and that appeared to be most problematic.

**4.3. Procedures no.3A and 3B: Obtaining ownership rights on land plots that are currently state or municipal property with premises, buildings or constructions which are private property (3A) or Leasing land plots with premises, buildings or constructions which are private property (3B)**

- Completion of *Procedure no. 3* (i.e. purchasing a land plot or concluding a lease agreement for a land plot), requires going through 11 stages and includes

processing 12 of documents (See Annex, Table 3). There is no normative timeframe for completion of this procedure because for 5 stages out of 11, no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 4 out of 11 stages the amount of official payments is not indicated or can vary depending on the characteristics of the object.

- In accordance with the survey estimates, the period of time required to complete the procedure was 280 days in average for BIS companies, and 294 days in average for ARCS companies. Official payments amounted to 24,633 rubles for BIS companies, and 92,182 rubles in average for ARCS companies. It should be noted that in cases when objects of ARCS companies were located in the city center, the amount of official payments was in average 7 times higher in comparison with cases when such objects had off-center locations.
- Based on the survey results, the largest amounts of unofficial payments were reported for obtaining the same documents that were the most time-consuming: *The Ordinance on allotment of a land plot* and *The Contract of land plot allotment into ownership or by lease*. BIS companies more frequently (73%) in comparison with ARCS companies (46%) report unofficial payments, but the average reported amount of unofficial payment for BIS companies is considerably lower.
- The majority of interviewed BIS companies nominated *The Ordinance on allotment of a land plot* as the most problem-ridden document.
- Accordingly, the most problematic government authorities are those involved in obtaining the most problematic and most documents, namely *Municipal Administration* and *Mayor's office*.

#### **4.4. Procedure no.4: Leasing a real estate object without the procedure of tender (including for targeted use)**

- Completion of *Procedure no. 4* (i.e. leasing a real estate object) requires an applicant to go through 9 stages and includes processing of 9 documents (See Annex, Table 4). There is, in fact, no normative timeframe for completion of this procedure, because for 7 out of 9 stages of this procedure no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 2 out of 9 stages legislation does not stipulate whether an official fee is or is not payable, and for another 3 stages, the amount of official payments depends on the characteristics of the object.
- In accordance with the survey estimates, the period of time required to complete the procedure was 135 days in average for BIS companies, and 55 days in average for ARCS companies. Official payments amounted to 24,633 rubles in average for BIS companies, and 5,322 rubles in average for ARCS companies.
- In accordance with the survey estimates, 38% of the interviewed BIS companies and 16% of the interviewed ARCS companies reported unofficial payments. *The Ordinance on allotment of a real estate to lease* can be singled

out as the most frequently mentioned document in relation to unofficial payments.

- ARCS and BIS companies did not come to agreement about which document was the most problematic. Different companies encountered problems in obtaining different documents. It should also be noted that half of BIS respondents found it difficult or refused to answer this question. Consequently, it is possible to assume that problems encountered while completing the procedure are not related to any single or several stages, and could be present at different stages of this procedure depending on features of the object under processing.
- The interviewed BIS and ARCS companies also expressed different opinions on the government authority that wastes most time. Most ARCS companies stated that the phenomenon is absent in this procedure. This is probably due to less complicated cases that the ARCS companies faced, which decreased their time and financial expenditures in comparison with BIS companies. Different BIS companies encountered problems while interacting with different government authorities.

#### **4.5. Procedure no.5: Leasing a real estate object, which is currently the municipal property, during tenders (auctions)**

- Completion of *Procedure no. 5* (i.e. leasing a real estate object) requires an applicant to go through 5 stages and includes processing of 5 documents (See Annex, Table 5). There is, in fact, no normative timeframe for completion of this procedure, because for 3 out of 5 stages of this procedure no processing deadlines have been established (See Chart 2.1). The official costs of carrying out this procedure are on the level from 3600 up to 7600 rubles for legal entities and from 200 up to 600 rubles for individual persons.
- In accordance with the survey estimates, the period of time required to complete the procedure for BIS companies was not less than 60 days, and official payments amounted to not less than 5,000 rubles. No sufficient data was reported by ARCS companies on either timeframes, or official payments.
- It is difficult to assess the prevalence of unofficial payment practices with regards to this procedure due to insufficient number of respondents that had completed this procedure in Nizhniy Novgorod Oblast.
- The same reason makes it difficult to single out the most problem-ridden stage of the procedure, and the most problem-ridden government authority that must be contacted within the framework of this procedure.

#### 4.6. Procedure no.6: Transferring a premise (building) from the residential use to non-residential one

- Completion of *Procedure no. 6* (i.e. transferring a building from the residential use to non-residential one) requires an applicant to go through 12 stages and includes processing of 13 documents (See Annex, Table 6). There is, in fact, no normative timeframe for completion of this procedure, because for 10 out of 12 stages of this procedure no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 4 out of 12 stages legislation does not stipulate whether an official fee is or is not payable, and for 3 out of 12 stages, the amount of official payments is either not indicated or can vary depending on the characteristics of the object. Caring out remaining 5 stages implies no official costs.
- In accordance with the survey estimates, the period of time required to complete the procedure was 280 days in average for BIS companies, and not less than 45 days for ARCS companies. Official payments for BIS companies amounted to 12,458 rubles in average. No sufficient data was reported by ARCS companies on official payments.
- Among the interviewed BIS companies 78% reported unofficial payments. No sufficient data was reported by ARCS companies on unofficial payments. In accordance with BIS respondents' replies unofficial payments could be present at virtually every stage of this procedure. The highest amounts of unofficial payments were reported with regards to the following documents: *Statement of the possibility to transfer a premise (building) from a residential use into a non-residential one* and *The Ordinance on Transferring a premise (building) from the residential use to non-residential one*. The highest rate of companies that reported making unofficial payments was established with regards to *Statement of the State Fire Inspection Authorities*.
- The interviewed BIS and ARCS companies did not come to agreement which document was the most problematic. Different respondents encountered problems in obtaining different documents. One third of BIS companies and half of ARCS companies found it difficult or refused to answer this question. This may indicate that the administrative barriers for completing *Procedure no. 6* occur when completing various stages.
- Among the government authorities involved in *Procedure no. 6*, the greatest share of respondents characterized *Municipal Administration* as the government authority that wastes most time and is the most problematic government authority. The rest of mentioned government authorities turned out to be problem-ridden ones for certain respondents.

**4.7. Procedures no.7A and 7B: State registration of a purchase and sale transaction on real estate acquired in the secondary market (7A) and State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year (7B)**

- Completion of *Procedure no. 7* (registration of a lease or purchase of a real estate object) requires an applicant to go through 3 stages and includes processing of 5 documents (See Annex, Table 7). The normative timeframe for completion of this procedure should not exceed 90 days. The official costs for completing the procedure are not clearly stipulated - for 2 out of 3 stages, the amount of official payments depends on the characteristics of the object (See Chart 2.1).
- In accordance with the survey estimates, the period of time required to complete the procedure was 119 days in average for BIS companies, and 87 days in average for ARCS companies. Official payments amounted to 14,142 rubles in average for BIS companies, and 12,962 rubles in average for ARCS companies.
- 29% of interviewed companies, both BIS and ARCS, reported unofficial payments. In accordance with BIS respondents' replies, unofficial payments could be present at every stage of the procedure.
- 42% of BIS companies and 82% of ARCS companies stated that none of the documents of this procedure was related to any problem, or found it difficult to answer this question. Nevertheless, the majority of those respondents that encountered problems, mentioned *The Certificate of State Registration*.
- Similarly, the majority of the interviewed companies failed to single out one most problematic government authority. Out of the respondents that provided an answer, the majority singled out *The Regional Division of the Federal Land Property Register Agency* as the most problematic. This agency is involved in issuing the most problematic document.



#### **4.8. Procedure no.8: Transferring a land plot from one category to another, changing the designated use of a land plot**

- Completion of *Procedure no. 8* (transferring a land plot into an appropriate category) requires an applicant to go through 8 stages and includes processing of 8 documents (See Annex, Table 8). There is, in fact, no normative timeframe for completion of this procedure, because for 2 out of 8 stages of this procedure no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 1 out of 8 stages legislation does not stipulate whether an official fee is or is not payable, for 3 stages out of 8 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- In accordance with the survey estimates, the period of time required to complete the procedure for BIS companies was from 120 to 420 days. No sufficient data was reported by BIS companies on official payments. No sufficient data was reported by ARCS companies on either timeframes, or official payments.
- Based on the survey results, about half of interviewed BIS companies indicated the necessity to make numerous payments to non-governmental funds or to provide sponsorship aid when completing *Procedure no. 8*. More than half of BIS respondents reported existence of unofficial payments and reported occurrence of additional burdens while completing procedure.
- BIS respondents' opinions split on the most problematic document. Probably, different administrative barriers can appear at different stages and depend on individual cases.
- The interviewed BIS companies also failed to indicate one government authority that is the most problematic. However, some respondents named the *Nizhniy Novgorod Oblast' Administration*, which was also the agency that demanding paying extra charge.

#### **4.9. Procedure no.9: Privatization of a real estate object (building, structure, premise), which is currently municipal property**

- Completion of *Procedure no. 9* (privatization of a real estate object) requires an applicant to go through 4 to 6 stages and includes processing of 4 to 10 documents depending on the method of completing the procedure (See Annex, Table 9). The normative timeframe for completing the procedure is defined only for method #3 and does not exceed 91 days. For methods #1 and #2, no processing deadlines have been established for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> stages, while for the method #4 no processing deadlines have been established for 1<sup>st</sup> and 2<sup>nd</sup> stages (See Chart 2.1). The official cost does not depend on the method of completing the procedure, and should not exceed 7500 rubles for legal entities and 500 rubles for individual persons.

- In accordance with the survey estimates, the period of time required to complete the procedure was 83 days in average for BIS companies, and not less than 365 days for ARCS companies. Official payments amounted from 1,000 to 7,500 rubles for BIS companies, and not less than 20,000 rubles for ARCS companies.
- Half of BIS respondents reported making unofficial payments when completing *Procedure no. 9*. No sufficient data was reported by ARCS companies on unofficial payments.
- On the whole, the procedure did not appear problematic for the interviewed companies. The majority of respondents either failed to single out the most problematic document or stated that no documents were problematic.
- The estimation of the most problematic authority provided the results similar to the estimation of the most problematic document.

## 5. ALL PROCEDURE FIGURES

### 5.1. Time and cost comparison over all procedures

**Table 5.1 Time comparison over all procedures**

	Time 15 region average, days		Time Nizhniy Novgorod Oblast, average, days	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	296	272	No less than 180	From 21 to 455
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	280	150	No less than 180	n/a
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	239	178	No less than 360	No less than 14
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	226	233	269	From 40 to 365
3B. Leasing land plots with buildings (structures, installations) owned by the company	209	189	No less than 90	322
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	117	77	135	55
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	77	107	No less than 60	Insufficient data
6. Transferring a premise (building) from the residential use to non-residential one	206	244	208	No less than 45
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	86	88	59	109
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	74	101	158	51
8. Transferring a land plot from one category to another, changing the designated use of a land plot	215	From 90 to 540	From 120 to 420	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	110	137	83	No less than 365

- As one can see from the table (Table 5.1), the comparison of time costs for undergoing the procedures in Nizhniy Novgorod Oblast with the average time costs for all the 15 studied regions is possible only for part of surveyed procedures. The length of the *Procedure no.6* for BIS companies is the closest to the relevant average indicator for 15 regions. *Procedures nos.2B, 3A and 7B* for BIS companies, and *Procedures nos.3B and 7A* for ARCS companies in Nizhniy Novgorod Oblast turned out to be substantially more time consuming than in 15 regions. *Procedures nos.7A and 9* for BIS companies, and

Procedures nos.4 and 7B for ARCS companies turned out to be less time consuming than in the country in average.

**Table 5.2 Cost comparison over all procedures**

	Total cost 15 region average, rubles		Total cost Nizhniy Novgorod Oblast, average, rubles	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	287 213	263 045	Insufficient data	No less than 40 000
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	251 639	75 173	No less than 200 000	Insufficient data
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	253 143	51 850	Insufficient data	n/a
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	72 241	38 484	121 686	From 3 000 to 30 000
3B. Leasing land plots with buildings (structures, installations) owned by the company	72 327	70 130	No less than 14 000	147 825
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	48 566	22 720	17 071	5 433
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	80 338	34 067	No less than 10 000	Insufficient data
6. Transferring a premise (building) from the residential use to non-residential one	103 746	51 319	50 750	Insufficient data
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	54 950	18 398	27 592	22 375
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	25 405	27 257	From 1 000 to 60 000	From 1 000 to 7 500
8. Transferring a land plot from one category to another, changing the designated use of a land plot	168 875	No less than 4 000	No less than 10 000	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	55 951	31 250	59 300	No less than 20 000

- As we can see from the table (Table 5.2), the comparison of the overall financial costs for undergoing the procedures in Nizhniy Novgorod Oblast with the average financial costs for all the 15 studied regions is possible only for part of surveyed procedures. There is no uniform trend. There is one procedure for

which financial costs in Nizhniy Novgorod Oblast are substantially higher than in the country in average, i.e. the *Procedure no.3A* for BIS companies, and the *Procedure no.3B* for ARCS companies. *Procedures nos.6 and 7A* for BIS companies, and the *Procedure no.4* for both BIS and ARCS companies turned out to be much less cost intensive in comparison with average indicators for 15 regions. The *Procedure no.9* for BIS companies and the *Procedure no.7A* for ARCS companies required virtually the same financial expenditures as in 15 surveyed regions in average.

- The analysis of time and cost expenses demonstrated that the *Procedure no.3A* for BIS companies and the *Procedure no.3B* for ARCS companies in Nizhniy Novgorod Oblast turned out to be the most time and cost intensive ones. Also certain procedures can be singled out as the least time and cost intensive ones, i.e. the *Procedure no.7A* for BIS companies and the *Procedure no.4* for ARCS companies. In view of the above, one can assume that the observed differences are mostly related to objects' features rather than existence of certain highly evident administrative barriers.

## **5.2. Practice of unofficial payments, donations to funds and additional burdens**

- Taking into account all the studied procedures, the frequency of application of unofficial payments is approximately the same as in Nizhniy Novgorod Oblast as compared to the average of the 15 studied regions. The occurrence of using unofficial payments during at least one of the stages of the procedure was mentioned by 59% of BIS respondents and 53% of ARCS respondents on average. For all the regions, this value comprises 53% for the BIS companies, and 45% for the ARCS companies on average. The range of the amounts stated is rather wide for Nizhniy Novgorod Oblast (200 to 1,000,000 rubles). The largest of the stated payments was performed when undergoing *Procedure No. 3B*. Most of the stated amounts do not exceed 20,000 rubles (63% of the stated values).
- In addition to unofficial payments, respondents in Nizhniy Novgorod Oblast also reported some other semiofficial practices. On the average for all the procedures, some 26% of BIS respondents and 17% of ARCS respondents reported the necessity of performing payments to certain non-governmental funds. We may point out that this practice in Nizhniy Novgorod Oblast is a bit more widespread for ARCS respondents when undergoing *Procedure No. 3A*, and *Procedure No. 6* for BIS respondents.
- The third type of semiofficial or unofficial payments is the so-called "additional burdens". The necessity of paying additional burdens for all the procedures on average was reported by 27% of BIS respondents and 19% of ARCS respondents. Most often, such payments are encountered by BIS respondents when completing *Procedure no. 4*, and by ARCS respondents when completing *Procedure No. 1*.

### 5.3. Characteristics most important in saving time

- As shown in the table (Table 5.3), the most important time-saving factor, which may reduce the time for completion of procedures, is: “administrative resource or special personal relations with officers of administrative bodies”. This and other time-saving characteristics are related, on the whole, to unofficial relationships and the official’s personal interest in the completion of the procedure.
- The most significant characteristic for reducing the financial costs of completion of a procedure is, according to the BIS respondents, “client knowledge of regulations guiding the procedure”.

**Table 5.3 Characteristics, which are the most important for saving time, %**

	All procedures, average	Procedures								
		1	2	3	4	5	6	7	8	9
Administrative resource or special personal relations with officers of administrative bodies	31	36	50	19	30	33	36	25	60	25
Client knowledge of regulations guiding the procedure	19	27	0	14	30	33	7	35	0	13
Willingness of the client to make unofficial payment	17	18	17	29	10	0	21	10	20	13
Municipal (state) owner of the property is interested in a quick transaction	13	0	0	19	10	0	14	15	0	38
Personal relations with private companies designated to evaluate specific aspects of the project, issues permits	5	9	17	5	0	0	0	5	0	13
Rich companies	4	9	17	5	0	0	7	0	0	0
Having former officials employed by your company	2	0	0	5	10	0	0	0	0	0
Foreign origin of the client company	1	0	0	5	0	0	0	0	0	0
Difficult to answer	7	0	0	0	10	33	14	10	20	0

**Table 5.4 Characteristics, which are the most important for saving money, %**

	All procedures, average	Procedures								
		1	2	3	4	5	6	7	8	9
Client knowledge of regulations guiding the procedure	32	45	33	20	50	33	21	45	0	25
Administrative resource or special personal relations with officers of administrative bodies	18	27	17	15	0	0	29	15	40	13
Personal relations with private companies designated to evaluate specific aspects of the project, issues permits	6	9	17	15	0	0	0	5	0	0
Municipal (state) owner of the property is interested in a quick transaction	5	0	0	15	10	0	0	0	20	0
Willingness of the client to make unofficial payment	4	0	17	5	0	0	0	10	0	0
Small company	3	9	0	0	0	33	0	5	0	0
Having former officials employed by your company	2	0	0	5	10	0	0	0	0	0
Foreign origin of the client company	1	0	0	0	10	0	0	0	0	0
Difficult to answer	29	9	17	25	20	33	50	20	40	63