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

**REGIONAL REPORT:
NOVOSIBIRSK OBLAST**

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1. INTRODUCTION

The survey was conducted in period of from February the 1st and October the 17th, 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:

Procedure no. 1	Obtaining (by lease) a land plot, which is currently state or municipal property, for construction on, with a preliminary agreement on the object location.
Procedure no. 2A and 2B	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.
Procedure no. 3A and 3B	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.
Procedure no. 4	Lease of a real estate object (premise, building or construction) which is currently municipal property, without the procedure of tender (including purposive appointment cases).
Procedure no. 5	Lease of a real estate object (premise, building or construction) which is currently the municipal property during tenders or auctions.
Procedure no. 6	Transferring a premise (building) from the residential use to non-residential one.
Procedure no. 7A and 7B	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).
Procedure no. 8	Transferring a land plot from one category into another, changing designated use of a land plot.
Procedure no. 9	Privatization of a real estate object (building or premise) which is currently municipal property.

2. EXECUTIVE SUMMARY

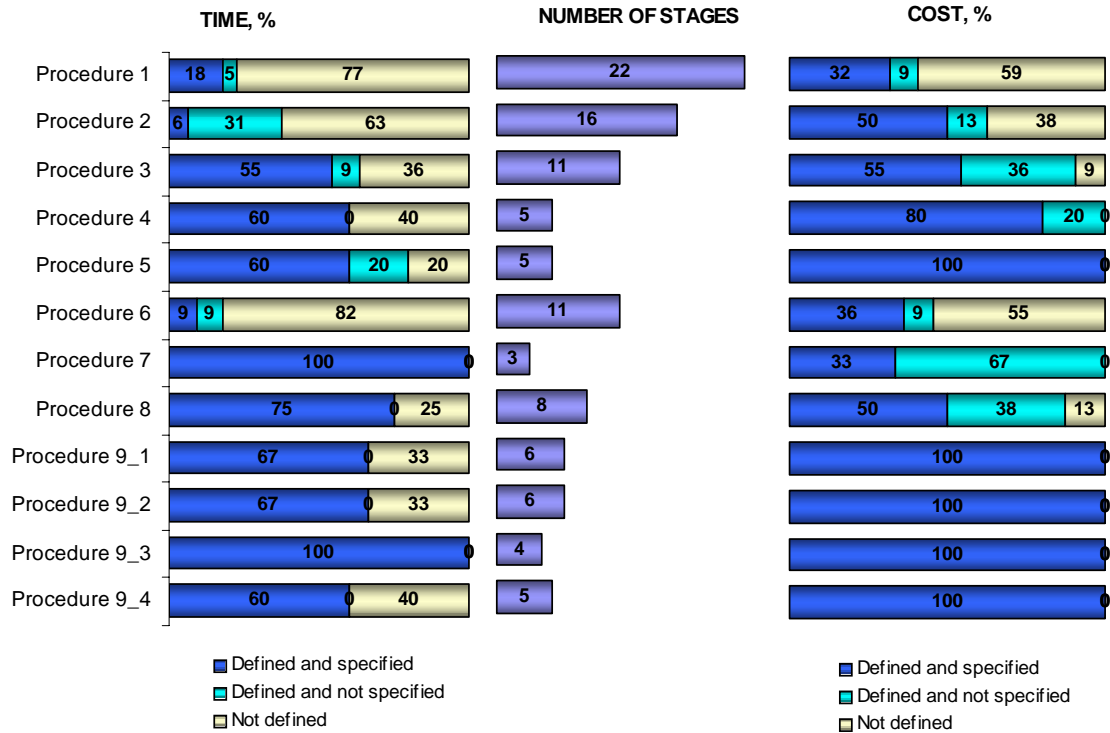
According to the results of the analysis when getting through the examined procedures related to land and real estate in Novosibirsk Oblast it can be concluded as follows:

1. Among the procedures that imply obtaining land plot either as ownership or tenancy, the overwhelming majority both of BIS and ARCS companies passed the procedures for obtaining tenancy rights. Among the procedures that related to real estate objects (building, structure, premise), ARCS companies more often passed the procedures related to obtaining tenancy rights on objects and BIS companies more often passed the procedures related to obtaining ownership rights on land as well as to transactions related to shifting real estate from one category to another.
2. The highest rates of ARCS companies that had completed the procedure without outside help were established with regards to *Procedures no. 4 and 7*. It may be supposed that these procedures are the least complex ones from the whole number.
3. According to the results of the survey, the BIS companies incur the highest time and financial inputs while going through the procedures *Leasing a land plot for construction with preliminary agreement on the object location (1)* as well as *Obtaining ownership rights on a land plot (2A) or Leasing a land plot (2B) for construction during tenders without preliminary agreement on the object location*. *Procedure no. 6* can be singled out as the most cost-plus for ARCS companies.
4. *Procedures no.1 and 2* are characterized by the highest rate of respondents reporting unofficial payments during this procedure.
5. On average for all the procedures, share of BIS companies that reported occurrence of unofficial payments while getting through the procedures is higher than share of ARCS companies. It can be explained by presence of special personal relations of BIS companies with authorities due to more often interactions in the day-to-day activity. Among the BIS companies that used personal relations for passing through the procedures, 59% reported occurrence of unofficial payments and among those who stated that they had not maintained any such relations only 26% reported occurrence of unofficial payments
6. In comparison with the 15 surveyed regions as a whole, the prevalence of unofficial payments in Novosibirsk Oblast turned out for BIS companies to be on the level of average indicators in the 15 surveyed regions, and for ARCS companies – lower than average indicators in the 15 surveyed regions.
7. For the majority of procedures represented by sufficient number on answers in order to compare them with the 15 surveyed regions in average, timeframes of procedures in Novosibirsk Oblast are longer or substantially longer than in the 15 surveyed regions in average.
8. According to BIS companies the most important factor that can accelerate passing through any of procedures is deemed to be willingness of the client to

make unofficial payment. In terms of financial saving the most important factor is deemed to be client knowledge of regulations guiding the procedure.

9. According to the replies of the BIS respondents time inputs slightly increased and financial inputs considerably increased in 2004 as compared to 2003 for the majority of the procedures. The greatest changes occurred in *Procedures no. 2 and 5*. *Procedure no. 2* as noted above, is characterized by the high time and financial costs. *Procedure no. 5* falls into the category of the rare ones.
10. Depending on type of the procedure time and financial inputs when obtaining the same documents may differ cardinally.
11. Percentage rates of stages for which time and cost expenses are determined by law are different for assorted procedures. The highest statutory certainty exists in terms of time costs for document processing was established with regards to *Procedures nos.7, 9* (Method 3) (Diagram 2.1). The least exactly time costs were determined with regards to *Procedures nos.6 and 2*. The highest statutory certainty in terms of financial expenses for document processing was established with regards to *Procedures nos.5 and 9*. The least exactly financial costs were determined with regards to *Procedures Nos.1 and 6*.

Chart 2.1 Share of stages in each procedure which have legislatively defined time and financial costs¹.



¹ “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 Novosibirsk Oblast was 100 ARCS and 101 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 key².

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	253	13 848
Phone calls, number	224	2 750
Companies interviewed, number	49	100
Number of meetings as a percentage of phone calls made	21,9	3,6
Questionnaires, number	100	100
Refusal-rate as share of refusal phone calls from total number of phone calls, %	66,5	5,5
Duration of an average interview, minutes	53	52
Duration of the whole fieldwork, working days	52	

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

²A 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	22	13
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	1
2B. Leasing a land plot , which is currently state or municipal property, for construction during tenders without preliminary agreement on the object location	9	2
3A. Obtaining ownership rights on land plots that are currently state or municipal property with buildings (structures, installations) owned the company	4	7
3B. Leasing land plots that are currently state or municipal property with buildings (structures, installations) owned by the company	14	19
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	11	25
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	1	2
6. Transferring a premise (building) from the residential use to non-residential one	15	9
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	14	19
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	5	30
8. Transferring a land plot from one category to another, changing the designated use of a land plot	0	0
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	1	2

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 22 stages and includes processing 25 documents (See Annex, Table 1). There is no normative timeframe for completion of this procedure because for 19 stages out of 22 no processing deadlines have been established (See Chart 2.1). Similar uncertainty exists with regards to official costs, i.e. for 13 out of 22 stages the law does not stipulate, whether the official fee is or is not payable, and for 2 out of 22 stages, either the official fee is not established, or it depends on the object features.
- The procedure is time consuming. In accordance with the survey estimates, the period of time required to complete the procedure was 584 days in average for BIS, and not less than 170 days for ARCS companies. Official payments for BIS companies were from 5,000 to 410,500 rubles, and for ARCS companies - not less than 150,000 rubles.
- 55% of BIS companies and the majority of ARCS companies reported making 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 while obtaining *Approval issued by State Fire Inspection*. The highest reported amount of unofficial payments was established with regards to *Application for allotment of a selected land lot and preliminary approval of the object allocation*.
- ARCS and BIS companies reported different documents as the most problem-ridden ones. BIS companies most frequently mentioned: *Mayor's Ordinance on preliminary approval of the real estate allocation, Approved and validated land surveying file* (this document is also highly time consuming), as well as *Specifications for engineering and architectural design of the construction*. ARCS companies most frequently mentioned as problem-ridden documents *Statement of allotment of the selected land lot for construction with subsequent approval*, as well as *Resolution on preliminary approval of the object location*. The most expensive document of this procedure is *Application for allotment of a selected land lot and preliminary approval of the object allocation*. The highest reported amounts of official and unofficial payments were required to obtain it.
- A large share of the respondents (41%) identified the *Committee of Land Resources* as the authority causing most difficulties and pointed out a big number of negative phenomena in its activities. However, the largest number of negative phenomena characterizes the *Mayor*.

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 16 stages and includes processing of 18 documents (See Annex, Table 2). There is, in fact, no normative timeframe for completion of this procedure, because for 14 out of 16 stages of this procedure no processing deadlines have been established (See Chart 2.1). There is similar uncertainty about official costs - for 6 out of 16 stages legislation does not stipulate whether an official fee is or is not payable, and for 2 out of 16 stages, either the official fee is not established, or it depends on the object features.
- In accordance with the survey estimates, the period of time required to complete the procedure for BIS companies was 546 days in average. Official payments for BIS companies amounted to 14,142 rubles in average, and for ARCS companies 129,710 rubles in average. No sufficient data was reported by ARCS companies on either timeframes, or official payments.
- In accordance with the survey estimates, 72% of the interviewed BIS companies reported making unofficial payments while completing this procedure. The most substantial amounts of unofficial payments were reported with regards to *Draft of lot lining with allowed use*.
- The most problematic document of the procedure which required maximum time and money expenses is the *Draft of lot lining with allowed use*.
- The BIS respondents identified the *Committee of land resources* as the most problematic and time-wasting authority.

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 14 of documents (See Annex, Table 3). There is no normative timeframe for completion of this procedure because for 3 stages out of 11, no processing deadlines have been established (See Chart 2.1). Similar uncertainty exists with regards to the official costs. For 1 out of 11 stages the law does not stipulate, whether the official fee is or is not payable for them, and for 4 out of 11 stages, either the official fee is not established, or it depends on the object features.

- The duration of the procedure was 346 days in average for BIS companies, and 184 days in average for ARCS companies. The amount of official payments was from 11,150 to 35,100 rubles for BIS companies and 17,150 rubles in average for ARCS companies.
- According to the survey results, less than 10% of interviewed ARCS companies and 29% of BIS companies reported unofficial payments while completing the procedure. The most substantial amount of unofficial payments was reported with regards to *Contract for land allotment into ownership at a charge; land lot lease contract*.
- Most BIS respondents indicated as the most problematic documents *Land Plot Borders Draft Plan* and *Developed Land Surveying File* which require high amounts of official payments and take rather a long period of time to obtain. *Contract for Land Allotment into Ownership at a Charge; Land Lot Lease Contract*, can be singled out by the criterion of the longest time spent for processing (113 days in average), which was also marked as the most problem-ridden one by a substantial number of BIS and ARCS companies.
- The respondents indicated that the authorities wasting most time were *the Committee of Land Resources* and *Mayor's office*. The same authorities were also mentioned among those that often caused problems while interacting with them.

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 5 stages and includes processing of 8 documents (See Annex, Table 4). Regulative deadlines of this procedure do not exist, due to the fact that for 2 out of 5 stages of the procedure there are no statutory deadlines (See Chart 2.1). Similar uncertainty exists with regards to the official costs. For 1 out of 5 stages the official fee depends on the object features.
- The duration of the procedure was not less than 90 days for BIS companies, and 105 days in average for ARCS companies. The amount of official payments was not less than 1,000 rubles for BIS companies and 16,232 rubles in average for ARCS companies.
- Unofficial payments were reported by the BIS respondents only in regard of the document *Application for a Land Lot Lease Contract Supported by a Set of Documents*, though the respondents admitted that in usual practice unofficial payments might be made at all the stages of *Procedure no. 4*.
- Most respondents (64% of BIS and 28% of ARCS companies) agreed that the most problematic document of *Procedure no. 4* was *The Contract of Real Estate Lease*. Taking into account such criteria as the maximum time required to process a document and the reported occurrence of unofficial payments, *Application for a Land Lot Lease Contract Supported by a Set of Documents* may be singled out as the most problematic.

- As reported by a substantial number of respondents, while completing the *Procedure no. 4* they had not encountered any idle time spent in government agencies (36% of ARCS and 45% of BIS companies). However, those who mentioned such an authority, identified *Mayor's office* (36% of BIS companies). This authority wastes time and is considered to be the most "problematic". A possible reason might be the fact that most documents of *Procedure no. 4* must be approved in *Mayor's office*.

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 10 documents (See Annex, Table 5). Regulative deadlines of this procedure do not exist, due to the fact that for 2 out of 5 stages of the procedure there are no statutory deadlines (See Chart 2.1). In order to pass this procedure the amount of official fees shall not exceed 7,500 rubles for legal entities, and 500 rubles – for individual persons.
- In the course of the survey no sufficient data was received from both BIS and ARCS respondents on either timeframes, or official payments.
- Insufficient number of respondents interviewed in Novosibirsk Oblast that had completed this procedure, does not allow to estimate the prevalence rate of unofficial payment practices with regards to the *Procedure no.5*.
- For the same reason it is difficult to estimate the most problem-ridden document and the most problem-ridden government agency.

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 11 stages and includes processing of 16 documents (See Annex, Table 6). Regulative deadlines of this procedure do not exist, due to the fact that for 10 out of 11 stages of the procedure there are no statutory deadlines (See Chart 2.1). Similar uncertainty exists with regards to the official costs, i.e. for 7 out of 11 stages the law does not stipulate, whether the official fee is or is not payable, and for 2 out of 11 stages, the official fee depends on the object features.
- In accordance with the survey estimates, the period of time required to complete the procedure was 215 days in average for BIS companies, and not less than 240 days for ARCS companies. Official payments for BIS companies amounted to 18,228 rubles in average. No sufficient data was reported by ARCS companies on official payments.
- 43% of interviewed BIS companies and all ARCS companies that had completed this procedure without outside help reported existence of unofficial payments with regards to this procedure. The largest share of BIS respondents reported occurrence of unofficial payments while obtaining *Statement of the State Fire Inspection Authorities, Statement of the State Sanitary Supervision and Disease Control Authorities, Statement of the State Cultural Organization*. According to the BIS respondents, in everyday practice unofficial payments are sometimes required at all stages of the procedure.
- Most respondents agreed that the most problematic document of *Procedure no. 6* was *Statement of the State Fire Inspection Authorities*. This correlates with the fact that the authorities issuing this document (*State Fire Inspection Authorities*) were identified by most respondents as the Authorities wasting the most time and causing the biggest number of problems while interacting with them. Also substantial shares of respondents singled out *Mayor's Ordinance on transfer of residential premises to non-residential ones* as the most problem-ridden document.
- *State Fire Inspection Authorities* can be identified as the “most problematic” authority of the procedure.

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 6 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 for BIS companies was 173 days in average and for ARCS companies 83 days in average. Official payments amounted to 41,072 rubles in average for BIS companies, and 13,690 rubles in average for ARCS companies.
- Unofficial payments were reported by 44% of BIS respondents and 15% ARCS respondents (all these ARCS companies had completed the *Procedure no.7A*). The largest amount of unofficial payments was reported by BIS respondents which completed *Procedure no. 7A*.
- All the stages of *Procedure no. 7* are almost equally problematic. With regards to *The land plot cadastral survey* the maximum average timeframes were reported. With regards to *A real estate plan with cadastral number indicated; floor plan for premises, Record copy from the Registry of town planning projects, Certificate of State Registration* the highest amounts of unofficial payments were reported. In general *Procedure no. 7A* appears to be more problematic than *Procedure no. 7B*.
- *The Department of Justice and the Committee of land resources* were identified as the most problematic authorities of *Procedure no. 7*. They were also identified by the respondents as authorities wasting time.

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). Similar uncertainty exists with regards to official costs, i.e. for 1 out of 8 stages the law does not stipulate, whether the official fee is or is not payable, and for 3 out of 8 stages, either the official fee is not established, or it depends on the object features.

- During the research no ARCS or BIS companies, completed the procedure *Transferring a land plot from one category to another, changing the designated use of a land plot* in 2004, were found in Novosibirsk Oblast’.

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). Regulative deadlines of this procedure also depend on the method of passing this procedure. For the method # 3 not more than 91 days. For methods #1, #2 and #4 for two stages there are no maximum statutory deadlines (See Chart 2.1). The amount of official costs does not depend on the method of passing this procedure and should not exceed 7,500 rubles for legal entities, and 500 rubles – for individual persons.
- In the course of the survey no sufficient data was received from both BIS and ARCS respondents on either timeframes, or official payments.
- Insufficient number of respondents interviewed in Novosibirsk Oblast that had completed this procedure without outside help, does not allow to estimate the prevalence rate of unofficial payment practices with regards to the *Procedure no.9*.
- For the same reason it is difficult to estimate the most problem-ridden document and the most problem-ridden government agency.

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 Novosibirsk Oblast, average, days	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	296	272	584	No less than 170
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	280	150	No less than 365	Insufficient data
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	239	178	580	n/a
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	226	233	No less than 180	No less than 90
3B. Leasing land plots with buildings (structures, installations) owned by the company	209	189	From 60 to 575	135
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	117	77	No less than 90	105
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	77	107	Insufficient data	n/a
6. Transferring a premise (building) from the residential use to non-residential one	206	244	215	No less than 240
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	86	88	197	119
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	74	101	From 60 to 240	55
8. Transferring a land plot from one category to another, changing the designated use of a land plot	215	From 90 to 540	n/a	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	110	137	Insufficient data	Insufficient data

- As we can see from the table (Table 5.1), the comparison of time costs for undergoing the procedures in Novosibirsk Oblast with the average time costs for all the 15 studied regions is possible only for part of surveyed procedures. The majority of procedures susceptible to comparison were more or substantially more time consuming than in the 15 surveyed regions in average. The duration of the *Procedure no.6* for BIS companies is the closest to the relevant average indicator for 15 regions. Only *Procedures nos.3B and 7B* for

ARCS companies turned out to be less time consuming than in 15 regions in average.

Table 5.2 Cost comparison over all procedures

	Total cost 15 region average, rubles		Total cost Novosibirsk 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	484286	No less than 100 000
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	251 639	75 173	Insufficient data	Insufficient data
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	253 143	51 850	From 70 000 to 500 000	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	No less than 70 000	Insufficient data
3B. Leasing land plots with buildings (structures, installations) owned by the company	72 327	70 130	From 30 000 to 300 000	19100
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	48 566	22 720	No less than 20 000	29568
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	80 338	34 067	n/a	n/a
6. Transferring a premise (building) from the residential use to non-residential one	103 746	51 319	51 643	No less than 100 000
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	54 950	18 398	98444	19050
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	25 405	27 257	From 15 000 to 50 000	13182
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	n/a	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	55 951	31 250	Insufficient data	Insufficient data

- As we can see from the table (Table 5.2), the comparison of the overall financial costs for undergoing the procedures in Novosibirsk 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 in the area of financial costs: there are several procedures in Novosibirsk Oblast that are less cost intensive and

several that are more cost intensive in comparison with the 15 surveyed regions in average. One could assume that these discrepancies result from features of objects rather from specific methods of work employed by government agencies involved in relevant procedures. No link between amounts of overall financial expenditures and prevalence of unofficial payments was established.

- In terms of analysis of time and financial costs *Procedures Nos. 1 and 7A* for BIS companies and the *Procedure No.4* for ARCS companies can be definitely characterized as more time consuming and costly. *Procedures Nos. 3B and 7B* for ARCS companies can also be singled out as less time consuming and costly in Novosibirsk Oblast.

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 lower for ARCS companies in Novosibirsk Oblast as compared to the average of the 15 studied regions. The prevalence of unofficial payments by BIS companies is approximately equal to the prevalence of unofficial payments in the 15 surveyed regions in average. The occurrence of using unofficial payments during at least one of the stages of the procedure was mentioned by 48% of BIS respondents and 27% 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 Novosibirsk Oblast (1,000 to 300,000 rubles). The largest of the stated payments was performed when undergoing *Procedure No. 7A*. Most of the stated amounts do not exceed 15,000 rubles (60% of the stated values).
- In addition to unofficial payments, respondents in Novosibirsk Oblast also reported some other semiofficial practices. On the average for all the procedures, some 10% of BIS respondents and 33% of ARCS respondents reported the necessity of performing payments to certain non-governmental funds. We may point out that this practice in Novosibirsk Oblast is a bit more widespread for ARCS respondents when undergoing *Procedure No. 3B*, 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 13% of BIS companies and 20% of ARCS respondents. Most often, such payments are encountered by BIS respondents when completing *Procedure No. 1* and by ARCS respondents when completing *Procedure No. 3B*.

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: “willingness of the client to make unofficial payment”.
- 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	9
Willingness of the client to make unofficial payment	39	27	54	50	27	100	27	42	100
Client knowledge of regulations guiding the procedure	22	18	8	11	45	0	33	26	0
Administrative resource or special personal relations with officers of administrative bodies	13	14	15	17	9	0	13	11	0
Having former officials employed by your company	11	9	8	17	9	0	7	16	0
Municipal (state) owner of the property is interested in a quick transaction	9	23	15	0	0	0	7	5	0
Personal relations with private companies designated to evaluate specific aspects of the project	1	5	0	0	0	0	0	0	0
Difficult to answer	5	5	0	6	9	0	13	0	0

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

	All procedures, average	Procedures								
		1	2	3	4	5	6	7	9	
Client knowledge of regulations guiding the procedure	21	18	15	17	27	0	20	32	0	
Administrative resource or special personal relations with officers of administrative bodies	16	23	15	17	9	0	13	16	0	
Having former officials employed by your company	8	9	23	6	0	0	7	5	0	
Municipal (state) owner of the property is interested in a quick transaction	6	9	23	6	0	0	0	0	0	
Willingness of the client to make unofficial payment	3	5	0	0	0	0	0	11	0	
Refusal	2	5	0	0	0	100	0	0	0	
Others	1	0	0	0	0	0	0	0	100	
Difficult to answer	43	32	23	56	64	0	60	37	0	