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

**REGIONAL REPORT:  
LENINGRAD OBLAST**

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## **1. INTRODUCTION**

The survey was conducted 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 number of questionnaires obtained is not sufficient to draw quantitative conclusions on the presence of certain procedures in the region under investigation. However, the largest number of BIS<sup>1</sup> companies was inquired on the procedure *Transferring a premise (building) from the residential use to non-residential one*. The largest number of ARCS<sup>2</sup> companies was inquired on the procedure *Leasing a land plot for construction during tenders without preliminary agreement on the object location* (See Table 3.2).
2. The analysis of time and money costs showed that *Procedure no. 7* was the easiest to pass. Also, *Procedure no. 4* does not cause difficulties; yet, this cannot be stated with certainty because of insufficient number of respondents.
3. Among the companies under inquiry, *Procedure no. 4, Leasing a real estate object without the procedure of tender (including by purposive appointment)* was to be passed by the ARCS companies only. The analysis of time and money costs showed that this procedure was easy enough to pass without any third party assistance.
4. The procedures required different time and money costs from the BIS respondents, as compared to the ARCS respondents. Their upper and lower limit values were assigned to different procedures. For example, ARCS companies reported the largest time costs were required to pass *Procedure no. 2* (on the average, 340 days). *Procedure no. 2* was reported by the ARCS companies to require the largest average amount of unofficial payments.
5. The BIS companies reported that the largest average time (from 100 to 300 days) and total costs (from 15 000 to 300 000 rubles) were required to pass *Procedure no. 1*, while the largest amount of official (38 653 rubles on average) payments were required to pass *Procedure no. 6*.
6. It is difficult to compare the procedures with respect to share of respondents who reported on unofficial payments, mostly because of the insufficient number of respondents inquired in a region. It can only be said that among the most widely used procedures, the least share of both ARCS and BIS respondents reported on unofficial payments when passing *Procedure no. 7*.
7. As for the average unofficial payments reported by the ARCS and BIS respondents, they insignificantly varied among the procedures. The lowest amount of unofficial payments was registered in case of *Procedure no. 7A*. The highest amount of unofficial payments was registered in case of *Procedure no. 6*.
8. The inquired BIS companies reported that time costs increased for most procedures under investigation in 2004, as compared to 2003. Also, BIS respondents reported that official payments slightly increased. However, their growth was more uniformly distributed among the procedures, as compared to time costs. The unofficial payments mostly increased for *Procedure no. 1*. Respondents reported that key indicators of *Procedures no. 7 and 8* changed in the least extent.

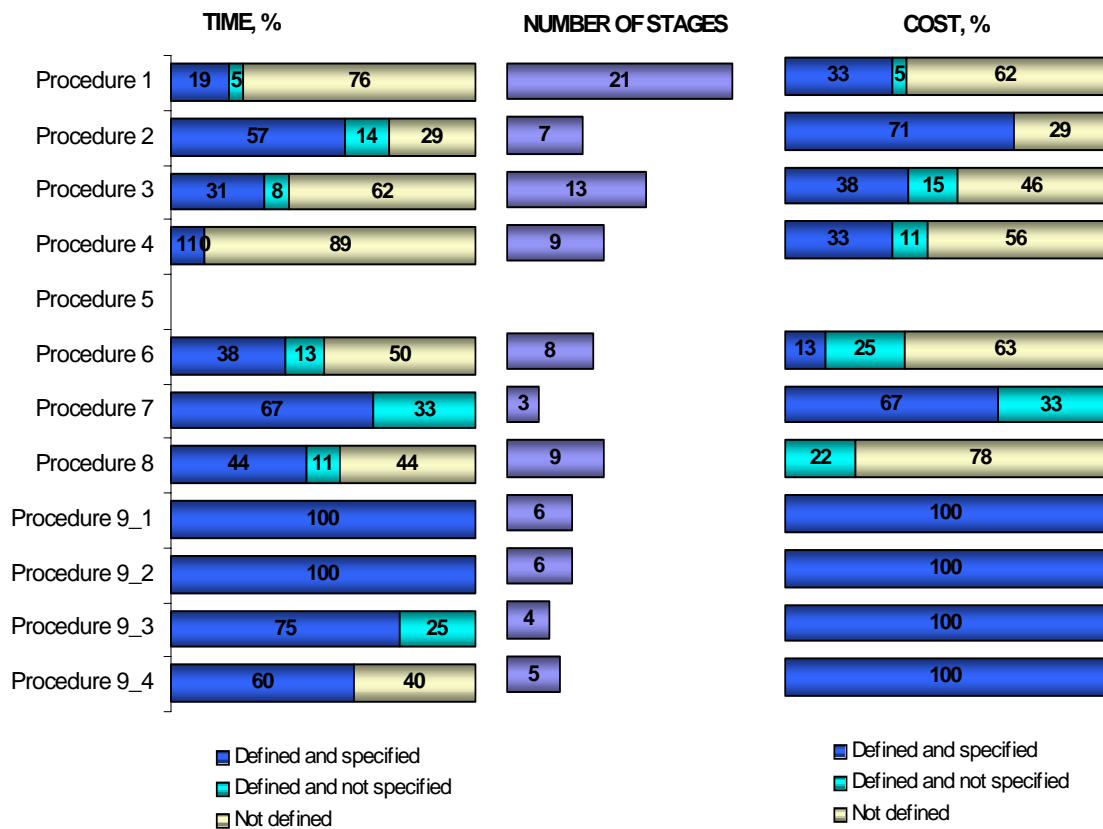
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<sup>1</sup> legal entities and sole proprietors providing intermediary services for locating procedures

<sup>2</sup> legal entities and sole proprietors that attempted, underwent or completed locating procedures in 2004

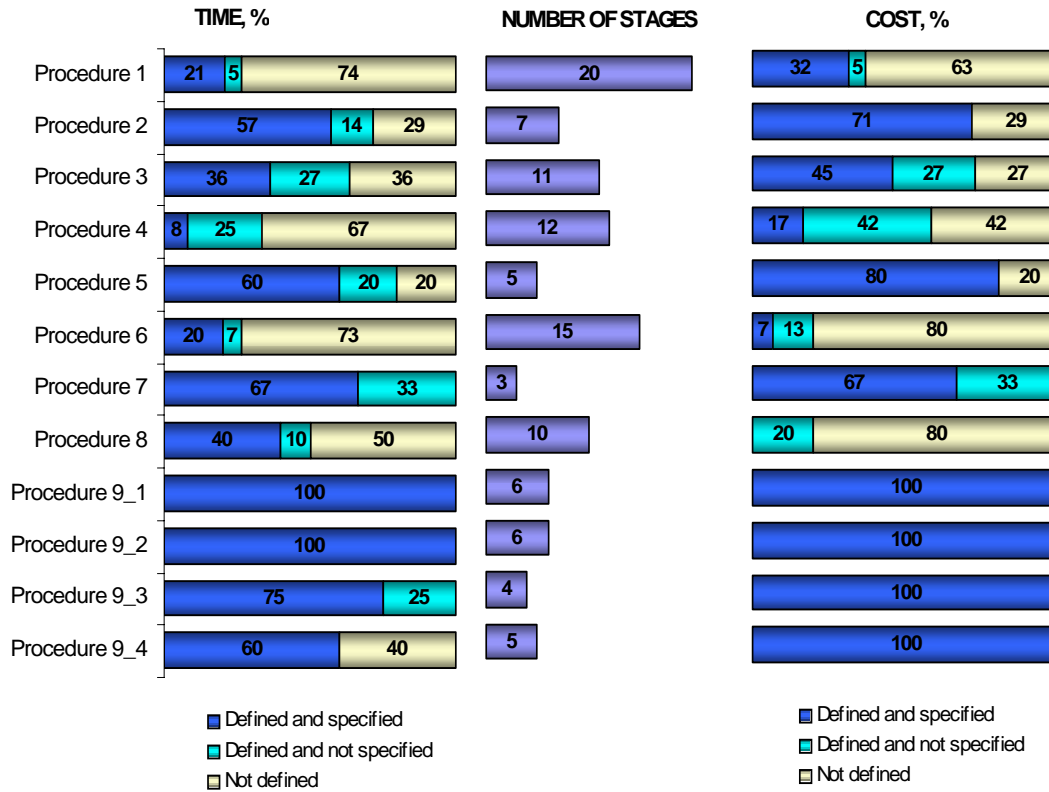
9. For most procedures under consideration, the inquired BIS companies reported that the most significant factor (from the perspective of time and money economy) was that municipal (state) owner of the property is interested in a quick transaction. Also, most procedures were said to more or less require personal relations with both authorities and private companies involved in the respective procedures.
10. Time and money costs may vary when obtaining documents of similar content within different procedures. The amount of costs is not directly connected with the difference in characteristics of objects.
11. According to the survey results, number of stages for the same procedures varies between different municipalities under investigation in Leningrad Oblast. Similar number of stages for all municipalities was registered for *Procedures no. 7 and 9 only* (See charts 2.1, 2.2, 2.3). The highest number of stages for *Procedure no. 1* was registered in Gatchina. The highest number of stages for *Procedures no. 4, 5, 6* was registered in Tikhvin. *Procedures no. 2, 3, 8* were the longest in Vyborg.

**Chart 2.1 Share of stages in each procedure which have legislatively defined time and financial costs<sup>3</sup>. Gatchina**

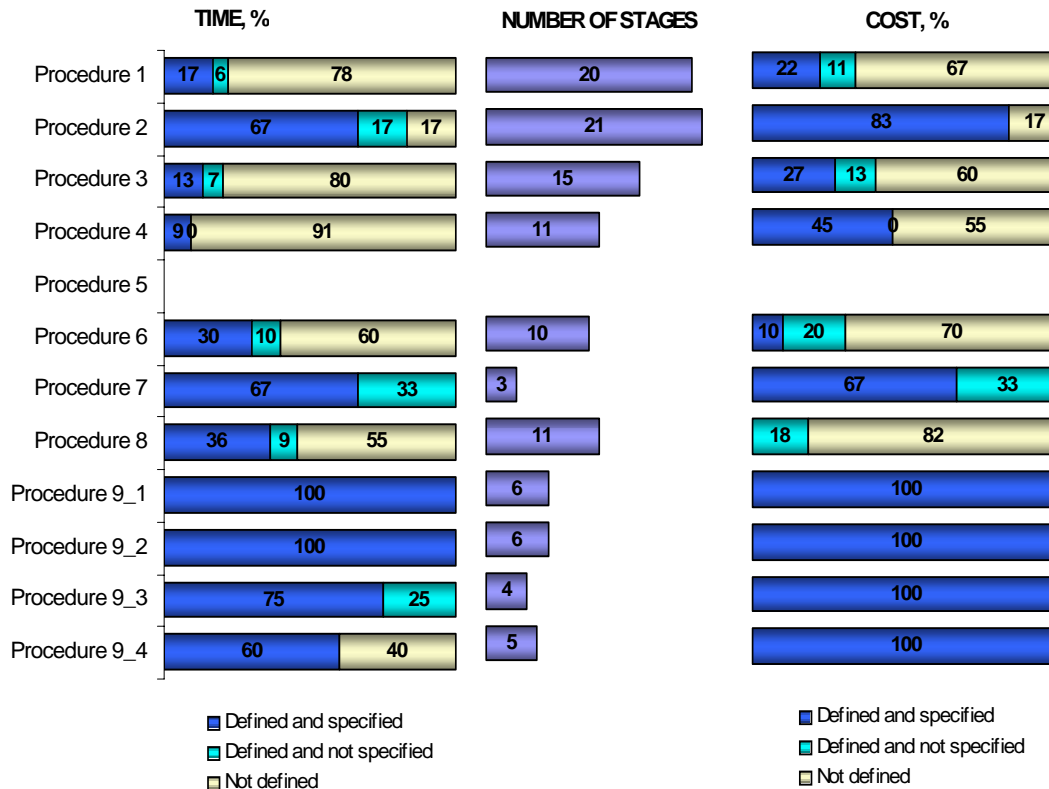


<sup>3</sup> "Defined and specified" means that precise amount of time and cost limits is established (even if document is for free)  
 "Defined and not specified" means that it is known that the payment (or time limit) is fixed, but its precise amount has not been established  
 "Not defined" means that the fact of payment necessity (or time limit existence) is not fixed in publicly available legislation

**Chart 2.2 Share of stages in each procedure which have legislatively defined time and financial costs. Tikhvin**



**Chart 2.3 Share of stages in each procedure which have legislatively defined time and financial costs. Vyborg**





### 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 was 29 ARCS and 26 BIS.

Sources of information used to identify the potential respondents were:

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

The reason why the latter was used was unavailability of information about all companies in Goskomstat database and time/cost effectiveness. Once a complete list of potential respondents was compiled, respondents were contacted according to random key<sup>4</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	110	1357
Phone calls, number	157	275
Companies interviewed, number	12	29
Number of meetings as a percentage of phone calls made	7,6	8
Questionnaires, number	26	29
Refusal-rate as share of refusal phone calls from total number of phone calls, %	0,1	10,5
Duration of an average interview, minutes	49	61
Duration of the whole fieldwork, working days	69	

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 intermediaries at one of the stages not being able to single out the amount of the

<sup>4</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.

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

- The practice of *Procedure no. 1* holding (i.e. concluding a lease agreement) differs in different areas of Leningrad Oblast. The applicant has to pass from 18 to 21 stages and collect from 25 to 36 documents (depending on the municipal formation of Leningrad Oblast (See Annex 1, table 1). There are no prescriptive time limits for this procedure, as for the most stages of this procedure (from 15 to 16 stages) there are no processing deadlines established by law (See Charts 2.1, 2.2, 2.3). There is similar uncertainty regarding the official cost: for 12-13 stages (depending on the municipal formation of Leningrad Oblast) the laws do not estimate whether an official fee is or is not payable. And for 1-2 stages (also depending on the municipal formation of Leningrad Oblast) amount of the official fee is either not estimated or it depends on characteristics of a certain object.
- Data obtained during the survey varies greatly: ARCS respondents reported duration of this procedure to be between 30 and 70 days, while BIS companies reported duration to be between 100 and 300 days. The ARCS respondents reported official payments to be not less than 10 000 rubles. The BIS respondents reported official payments to be not less than 413 rubles.
- According to BIS respondents, the use of unofficial payments is a widespread phenomenon associated with usual practice of obtaining documents under this procedure. All the respondents who obtained three documents under discussion reported the use of unofficial payments: *Land Plot Selection Certificate*, *Approval issued by SES*, and *Approval issued by the Fire Inspection*.
- The majority of BIS respondents had difficulties singling out the most problematic document under this procedure. ARCS companies also failed to agree with respect to this subject.
- The respondents did not have common opinion regarding the government agency causing the most problems interacting with it, either.

**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**

- While *Procedure no. 2* holding (i.e. purchasing a land plot or concluding a lease agreement) the applicant has to pass from 6 to 7 stages and collect from 9 to 12 documents (depending on the municipal formation of Leningrad Oblast (See Annex 1, table 2)). There are no prescriptive time limits for this procedure holding, as for 2-3 of the 6-7 stages the laws do not estimate maximum holding terms (See Charts 2.1, 2.2, 2.3). There is similar uncertainty regarding the official cost: for 1-2 stages the legislation does not set, whether the official fee should be paid or not. For 1 more stage amount of the official fee is either not estimated or it depends on characteristics of a certain object.
- The ARCS respondents reported duration of this procedure to be 340 days on average. The ARCS respondents reported official payments to be not less than 15 000 rubles. Data obtained from the BIS companies concerning time and money expenses are insufficient.
- All ARCS companies reported unofficial payments under the current procedure. According to the respondents, amount of unofficial payments on average is comparable with the amount of official charges.
- The most difficult, according to ARCS and BIS respondents, was obtaining *Ordinance by the Head of Administration on sale (lease) of a land plot*.
- BIS respondents could not name the most problematic authority. According to the respondents of ARCS, the most problematic authority is *Sanitary & Epidemiological Station (SES)*. It may be explained by the fact that all ARCS respondents are engaged in retail foodstuff trade.

**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)**

- While *Procedure no. 3* holding (i.e. obtaining ownership rights on land plots or concluding a lease agreement) the applicant has to pass from 11 to 15 stages and collect from 14 to 30 documents (depending on the municipal formation of Leningrad Oblast (See Annex 1, Table 3)). There are no estimated time limits for this procedure, because procedure holding terms are not estimated by law for more than a half of the stages of this procedure (See Charts 2.1, 2.2, 2.3). There is similar uncertainty regarding the official cost: for 3-9 stages (depending on the municipal formation of Leningrad Oblast) the legislation does not estimate whether an official fee is payable or not. And for more 2-3 stages (also depending on the municipal formation of Leningrad Oblast) amount of the official fee is not estimated or it depends on characteristics of a certain object.
- The ARCS respondents reported duration of this procedure to be not less than 60 days. Data obtained from the BIS companies concerning time expenses are insufficient. Data concerning money expenses obtained from both the BIS and the ARCS companies are insufficient.
- An insufficient number of respondents doesn't allow to evaluate the popularity level of unofficial payments while passing the *Procedure no. 3*.
- Both BIS and ARCS companies could not unambiguously define the most problematic document. Most ARCS companies reported *Cadastral plan* as the most problematic document. There is no sufficient data collected from BIS respondents.
- The respondents could not also define the most problematic authority. One can suppose that, under *Procedure no. 3*, problems appeared periodically while interacting with different authorities.

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

- While *Procedure no. 4* holding (i.e. concluding a leasing agreement of a real estate object) the applicant has to pass from 9 to 12 stages and collect from 11 to 15 documents (depending on the municipal formation of Leningrad Oblast (See Annex 1, Table 4)). There are no estimated time limits for this procedure, because the law has estimated maximum terms of holding only for 1 stage of the procedure (See Charts 2.1, 2.2, 2.3). There is similar uncertainty regarding official fees: for passing 5 to 6 stages (depending on the municipal formation of Leningrad Oblast) the legislation does not estimate whether an official fee is payable or not. And for more 1-5 stages (also depending on the municipal formation of Leningrad Oblast) amount of the official fee is either estimated or it depends on characteristics of a certain object.
- No BIS companies, which completed *Procedure no. 4*, were interviewed. The ARCS respondents reported duration of this procedure to be not less than 50 days. There is no sufficient data regarding official payments were collected from ARCS companies.
- An insufficient number of respondents doesn't allow to evaluate the popularity level of unofficial payments while passing the *Procedure no. 4*.
- For the most of the respondents the process of completing this procedure produced problems at no stages.

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

- While *Procedure no. 5* holding (i.e. concluding a leasing agreement of a real estate object) the applicant has to pass 5 stages and collect from 10 to 13 documents (See Annex 1, Table 5). There are no estimated time limits for this procedure, as for 2 of 5 stages the law does not set maximum holding terms (See charts 2.1, 2.2, 2.3). There is similar uncertainty regarding official fees: for passing 1 of 5 stages the legislation of Vyborg District and Gatchina does not estimate whether an official fee is payable or not. In Tikhvin District the cost for the whole procedure comprises from 2200 to 2300 rubles for individual persons and from 6400 to 7000 rubles for legal entities.
- During the research no ARCS or BIS companies, completed the *Procedure no. 5* in 2004, were found in Leningrad Oblast.

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

- While *Procedure no. 6* holding (i.e. transfer of the premises from the residential to the non-residential stock), the applicant has to pass from 8 to 15 stages and collect from 16 to 21 documents (depending on the municipal formation of Leningrad Oblast (See Annex 1, Table 6)). There are no estimated time limits for this procedure, because only for 2 or 3 stages the maximum holding terms are established (See Charts 2.1, 2.2, 2.3). There is similar uncertainty regarding the official cost: for 70-75% of the stages (depending on the municipal formation of Leningrad Oblast) the legislation does not estimate whether an official fee is payable or not, and for 2 stages amount of the official fee is either not estimated or it depends on characteristics of a certain object.
- During the research no ARCS companies, completed the *Procedure no. 6* in 2004, were found in Leningrad Oblast. Most of the BIS respondents was interviewed in Gatchina. The BIS respondents reported duration of this procedure to be 188 days on average. The BIS respondents reported official payments to be 38 653 rubles on average.
- The respondents reported the use of unofficial payments while obtaining *Report on inspection of a living premise or a residential building and Statement on feasibility or infeasibility of transferring a premise to the non-residential use*. According to the respondents, this document is also related to the largest average amount of unofficial payments.
- According to the most of the respondents, the most problematic document under this procedure is *Report on inspection of a living premise or a residential building and Statement on feasibility or infeasibility of transferring a premise to the non-residential use*. Among the problems associated with this document, discordance of activities of different officials was mentioned most frequently.
- The majority of the respondents singled out *Interdepartmental Commission of the Municipality "Town of Gatchina"* as the most problematic government agency. This official body issues the most problematic document under this procedure: *Report on inspection of a living premise or a residential building and Statement on feasibility or infeasibility of transferring a premise to the non-residential use*. While interacting with *Interdepartmental Commission of the Municipality "Town of Gatchina"*, the companies most frequently encounter such problems as bureaucratic arbitrariness of some officials and Need of redundant agreements (approvals).

**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 1, Table 7). There is, in fact, no normative timeframe for completion of this procedure, because for 1 out of 3 stages of this procedure no processing deadlines have been established (See charts 2.1, 2.2, 2.3). The official costs for completing the procedure are not clearly stipulated - for 1 out of 3 stages, the amount of official payments depends on the characteristics of the object, for 1 stage no official fee is to be paid. For the third stage, the official costs must not exceed 5000 rubles for legal entities and 300 rubles for individual persons.
- The respondents reported duration of this procedure to be 54 days for BIS companies on average and from 5 to 124 days for ARCS companies. The BIS respondents reported official payments to be 14 021 rubles on average. There is no sufficient data regarding to official payments were collected from ARCS companies.
- No sufficient data was collected from both ARCS and BIS respondents regarding to unofficial payments. Thus it is difficult to evaluate the popularity level of unofficial payments while passing the *Procedure no. 7*.
- ARCS and BIS respondents found it difficult to name the most problematic document.
- A majority of the respondents also found it difficult to name the most problematic authority. This makes it possible to conclude that *Procedure no. 7* in general is quite simple for passing.



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

- While *Procedure no. 8* holding (transferring a land plot to the required category), the applicant has to pass from 9 to 11 stages and collect from 10 to 13 documents (depending on the municipal formation of Leningrad Oblast (See Annex 1, Table 8)). There are no estimated time limits for this procedure, as for 5-7 of 9-11 stages (depending on the municipal formation of Leningrad Oblast) the law does not estimate maximum holding terms (See charts 2.1, 2.2, 2.3). There is similar uncertainty regarding the official cost: for 6-9 stages (depending on the municipal formation of Leningrad Oblast) the legislation does not estimate whether an official fee is payable or not, and for 1 stage amount of the official fee is either not estimated or it depends on characteristics of a certain object.
- The BIS respondents reported duration of this procedure to be not less than 60 days and official payments to be between 200 rubles and 15 600 rubles. There is no sufficient data regarding to time or official payments were collected from ARCS companies.
- No sufficient data was collected from both ARCS and BIS respondents regarding to unofficial payments. Thus it is difficult to evaluate the popularity level of unofficial payments while passing the *Procedure no. 8*.
- BIS respondents could not say what the most problematic document is. There is no sufficient data regarding to the most problematic document were collected from ARCS companies.
- The BIS respondents did not face problems in interaction with authorities when passing the procedure. The ARCS respondents called 3 authorities that seem to waste most time: *Head of Municipality, Land Committee, Municipality Committee for Municipal Property Management (CMPM)*.

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

- While *Procedure no. 9* holding (privatization of a real estate object), the applicant has to pass from 4 to 6 stages and collect from 4 to 9 documents depending on the procedure passing method (See Annex 1, table 9). The estimated terms for this procedure also depend on the procedure passing method. For methods #1, #2 and #3 for 1 stage, for method #4 for three stages the laws do not establish maximum holding terms (See charts 2.1, 2.2, 2.3). The amount of the official fees does not depend on the procedure passing method and comprises from 200 rubles to 2300 rubles for individual persons, and from 4400 to 7000 rubles for legal entities.
- No sufficient data was collected regarding to duration, official or unofficial payments while passing the *Procedure no.9*.
- The respondents could not say what the most problematic document is.
- It is difficult to single out the most problematic authority because of insufficient number respondents, which completed *Procedure no. 9*.

## 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 Leningrad Oblast, average, days	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	296	272	From 100 to 300	From 30 to 70
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	280	150	n/a	n/a
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	239	178	Insufficient data	340
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	226	233	n/a	Insufficient data
3B. Leasing land plots with buildings (structures, installations) owned by the company	209	189	Insufficient data	Insufficient data
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	117	77	n/a	No less than 50
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	77	107	n/a	n/a
6. Transferring a premise (building) from the residential use to non-residential one	206	244	188	n/a
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	86	88	54	Insufficient data
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	74	101	n/a	From 5 to 60
8. Transferring a land plot from one category to another, changing the designated use of a land plot	215	From 90 to 540	No less than 60	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	110	137	Insufficient data	n/a

**Table 5.2 Cost comparison over all procedures**

	Total cost 15 region average, rubles		Total cost Leningrad 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	No less than 15 000	No less than 10 000
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	251 639	75 173	n/a	n/a
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	253 143	51 850	n/a	From 25 000 to 32 000
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	72 241	38 484	n/a	n/a
3B. Leasing land plots with buildings (structures, installations) owned by the company	72 327	70 130	Insufficient data	n/a
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	48 566	22 720	n/a	n/a
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	42 100	n/a
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	54 950	18 398	19 500	Insufficient data
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	25 405	27 257	n/a	n/a
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	Insufficient data
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	55 951	31 250	Insufficient data	n/a

- As can be seen in Table 5.1 there are only few procedures which can be compared with the national average rates from the point of view of time expenses. This is *Procedure no.2B* for the ARCS companies, which is much more time-consuming in Leningrad Oblast in compare with the 15 region average. These are also *Procedures no. 6* and *7A* for BIS companies, which are less time-consuming in Leningrad Oblast in compare with the national average.
- As can be seen in Table 5.2, there are only *Procedures no. 6* and *7A* for BIS companies, which can be compared with the national average from the point of

view of total costs. Procedure no. 6 is less money-consuming, while the Procedure no. 7A is more money-consuming in Leningrad Oblast in compare with the national average.

- It is difficult to point out procedures, which are both more time and cost consuming in compare with the national average, because of insufficient number of respondents interviewed in Leningrad Oblast.

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

- Taking into consideration all procedures under survey, reported practice of unofficial payments is considerably high. On average unofficial payments were reported by 50% of BIS and 63% of ARCS respondents for at least one stage while going through procedures under investigation. The amount range of unofficial payments for the whole procedure is extremely wide (from 600 rubles to 23 000 rubles). The highest reported amounts of unofficial payments were associated with the *Procedure no. 6*. Most of the reported unofficial payments are in amounts up to 10 000 rubles (86% of reported amounts).
- Making donations to certain non-government funds was reported only by ARCS companies (16%). It is difficult to single out one procedure which is characterized by more frequent practice of such payments in comparison with other procedures.
- The third reported semi official or unofficial financial burden is so called “additional burdens”. On average among all procedures 38% of BIS and 11% of ARCS of respondents on average reported being enforced to take these additional burdens. It is difficult to single out one procedure which is characterized by more frequent practice of such payments in comparison with other procedures.

## **5.3. Characteristics most important in saving time**

- As Table 5.3 suggests the most important factors that might save some time while going through procedures under survey are “*Municipal owner is interested in a quick transaction*”, “*Administrative resource or special personal relations with officers of administrative bodies*” and “*Willingness of the client to make unofficial payment*”.
- The most important factors that might save money while going through procedures under survey are “*Personal relations with private companies*”, and “*Municipal owner is interested in a quick transaction*”

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

	Total	Procedures						
		1	2	3	6	7	8	9
Municipal owner is interested in a quick transaction	46	25	0	50	50	67	33	100
Administrative resource or special personal relations	19	25	50	0	13	17	33	0
Willingness of the client to make unofficial payment	19	25	50	50	13	17	0	0
Having former officials employed by your company	8	0	0	0	13	0	33	0
Client knowledge of regulations guiding the procedure	4	25	0	0	0	0	0	0
Difficult to answer	4	0	0	0	13	0	0	0

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

	Total	Procedures						
		1	2	3	6	7	8	9
Personal relations with private companies	42	25	0	50	50	50	67	0
Municipal owner is interested in a quick transaction	35	25	0	50	38	33	33	100
Administrative resource or special personal relations	4	0	0	0	0	17	0	0
Difficult to answer	19	50	100	0	13	0	0	0