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

**REGIONAL REPORT:
MOSCOW 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.

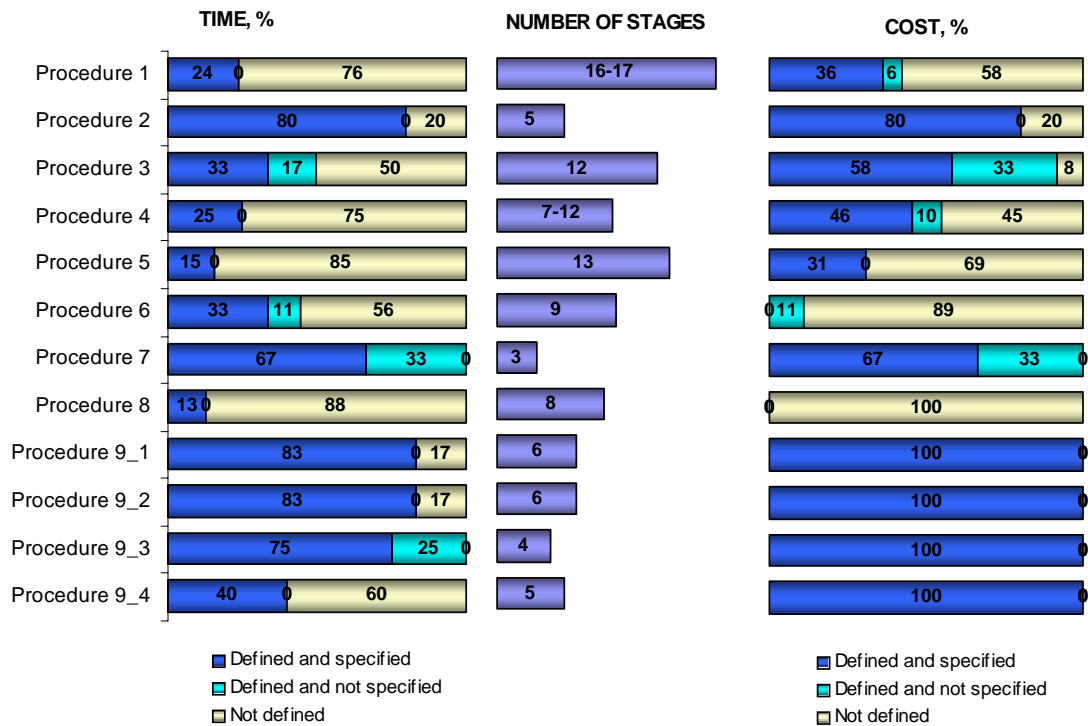
2. EXECUTIVE SUMMARY

1. The greatest number of the BIS companies was interviewed in connection with the *procedure State registration of a purchase and sale transaction on real estate acquired in the secondary market (7A)*. The greatest number of ARCS companies was interviewed about the procedure *Leasing land plots with buildings (structures, installations) owned by the company (3B)*. The small number of the respondents doesn't allow speaking about larger or smaller prevalence of any procedure in the studied region.
2. The Procedures *Leasing a real estate object without the procedure of tender (including by purposive appointment)* and *Leasing a real estate object, which is municipal property, during tenders (auctions)* were passed by none of the interviewed respondents.
3. Selection of procedures which are the most cost intensive in terms of time and money is difficult for both ARCS, and BIS companies due to inadequate number of respondents having completed the procedures in question.
4. This region is typical for extremely high indicators of overall financial costs of completing the Procedure. In 14% of cases overall reported financial costs fluctuated from 1,000,000 to 180,000,000 rubles. Those Procedures susceptible to comparison with average results for 15 regions, came out as significantly more cost intensive in terms of financial expenses for completing them (Table 5.2).
5. Presence of unofficial payments while going through the analyzed procedures was reported by most respondents in Moscow oblast, who passed the corresponding procedures. Furthermore, percentage rates of respondents reporting unofficial payments were 62% for BIS respondents, and 71% for ARCS respondents.
6. The highest amounts of unofficial payments for both the ARCS and BIS companies were reported for *Procedure no.3B* by the ARCS companies and for *Procedure no.8* by the BIS companies.
7. It is in the opinion of the interviewed BIS companies that the financial (both official and unofficial) expenses and time spent for the most of the studied procedures in 2004 increased in comparison with 2003. The only procedure from the studied ones towards which the respondents didn't note any changes is *Procedure no.2*.
8. According to BIS companies for most studied procedures the factors of top significance in terms of time and financial resources saving are the following: Municipal (state) owner of the property is interested in a quick transaction, as well as Willingness of the client to make unofficial payment. Besides, for most procedures significance of personal contacts with both the authorities and private companies related to the respective procedures is reported in some form or another.
9. Receiving of similar documents during different procedures can be characterized by different financial expenses and spent time which does not always directly depend on differences in characteristics of the objects. In

addition according to the results of the survey it's worth noting, that usually unofficial payments facilitate quicker (as compared to other applicants) documentation processing, or facilitate overcoming the difficulties in the procedure. It seems to be impossible to determine prevalence of one or another trend due to insufficient number of respondents and information obtained from them.

10. For different Moscow Oblast municipalities that were reviewed under the survey, certain differences in the number of stages were uncovered for certain procedures. For example, the *Procedure no.1* in the city of Mytishchi requires 16 stages, in Podolsk – 17 stages. The *Procedure no.4* in Podolsk and Mytishchi requires 7 stages, and in the city of Liubertsy – 13 stages. 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 no.2, 7, 9* (Diagram 2.1). The least exactly costs were determined with regards to the *Procedure no.8*. Probably, due to this reason the *Procedure no.8* turned out to be substantially longer for BIS companies in comparison with 15 surveyed regions in average. High rate of BIS respondents that reported unofficial payments (100%) was also characteristic for this procedure.

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 Moscow Oblast was 18 ARCS and 40 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	74	794
Phone calls, number	194	1211
Companies interviewed, number	24	18
Number of meetings as a percentage of phone calls made	7,2	1,1
Questionnaires, number	40	18
Refusal-rate as share of refusal phone calls from total number of phone calls, %	12,4	1,5
Duration of an average interview, minutes	44	70
Duration of the whole fieldwork, working days	83	

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

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 completing the *Procedure no.1* (i.e. entering into a lease agreement) differs in various districts of the Moscow region. An applicant has to go through 16-17 stages and obtain 16-17 documents (see Annex, table 1). There is no normative timeframe for completion of this procedure, because no processing deadlines have been established by law for 11-14 stages of this procedure (see chart 2.1). There is similar uncertainty about official costs, as official payments are not legally fixed for 9-10 out of the 16-17 stages, while, for the 1 stage, the sum of official payment is either not fixed or depends on characteristics of the an object.
- Completion of the procedure required from BIS companies from 90 to 365 days, and not less than 96,036 rubles spent on official payments. It should be noted that the minimum value of official payments for this procedure reported by BIS companies in Moscow Oblast exceeds the amount of official payments reported for 15 surveyed regions in average. ARCS companies did not submit adequate amount of data on either duration, or amount of official payments.
- Among the surveyed companies, which were completing the procedure independently, most of surveyed BIS companies reported about unofficial payments. ARCS companies did not submit adequate amount of data on the occurrence of unofficial payments. The greatest amount of unofficial payments was reported by the respondents who obtained *State Environmental Expertise Committee (Approval issued by the Municipal Committee for Environmental Protection)*.
- The respondents failed to reach unanimity with respect to the most problematic document. The analysis of time and cost expenses demonstrated that the most cost intensive stages in terms of both time and money, are those stages pertaining to land planning: *Agreed Land plot selection certificate, Developed land-surveying (land planning) file (including obtaining the performance specification, land surveying, actual lot lining etc.), Agreed and approved land surveying file (land management file)*.
- The surveyed companies found it difficult to single out the government agency causing the most of the problems. One more factor that contributed to the complication of analysis was the fact that the sequence of completion of this procedure, as well as the list of participating authorities and structures could vary depending on the territories of the region. Nevertheless, if the respondents' answers are generalized, the authorities linked with land management are mentioned most often as being problematic. Farther, following the frequency of mentioning, local administrations, sanitary and epidemiological authorities, and natural resources management and environmental protection authorities go.

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 completing the *Procedure no.2* (i.e. purchasing land or entering into a lease agreement), an applicant has to go through 5 stages and obtain from 12 to 16 documents (see Annex, table 2). There is no normative timeframe for completion of this procedure, because 1 out of the 5 stages of this procedure has no legally fixed processing deadlines (see chart 2.1). here is similar uncertainty about official payments, as 1 out of the 5 stages has no legally fixed amount of official payment.
- Neither ARCS, nor BIS respondents reported adequate amount of data on all of the surveyed indicators (duration, amount of official payments, occurrence and amount of unofficial payments, the most problem-ridden documents and government agencies).

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 completing the *Procedure no.3* (i.e. purchasing land or entering into a lease agreement), an applicant has to go through 12 stages and obtain from 12 to 14 documents (depending on the region's district) (see Annex, table 3). There is no normative timeframe for completion of this procedure, because no processing deadlines have been established by law for 7-8 out of the 12 stages of this procedure (see chart 2.1). There is similar uncertainty about official costs. 1 out of the 12 stages has no legally fixed amount of official payment. For 4 out of the 12 stages, the sum of official payment is either not fixed or depends on characteristics of an object.
- In accordance with respondents' replies the period of time required to complete the procedure was from 150 to 570 days for BIS companies, and 253 days in average for ARCS companies. Official payments for this procedure amounted to not less than 32,200 rubles for BIS companies, and from 2,000 to 175,000 rubles for ARCS companies.
- Among the questioned companies which passed the procedure independently, 78% of questioned ARCS companies and most of questioned BIS companies reported occurrence of unofficial payments.
- As for the totality of such criteria as the average time of obtaining the document (41 days), the average amount of official payments (41,490 rubles), the most problematic document for ARCS and BIS companies is the *Land management file*. This document was called problematic by both BIS and ARCS.
- The questioned companies call different authorities as leading in regard to the criterion of the maximum number of problems while interacting with them. The

highest occurrence of problems was reported by BIS respondents with regards to an *Administration of district*.

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

- The practice of completing the *Procedure no.4* (i.e. entering into a premises lease agreement) differs in various Moscow region districts. An applicant has to go through from 7 to 12 stages and obtain from 7 to 14 documents (see Annex, table 4). There is no normative timeframe for completion of this procedure, because more than a half of the stages (4 to 10 stages) of the procedure have no legally fixed processing deadlines (see chart 2.1). There is similar uncertainty about official costs. In the Podolsk district, an official payment's amount for 1 stage depends on characteristics of an object. In Liubertsy District the law does not stipulate whether official payment should be charged for 11 out of 12 stages of passing the procedure, in Mytishchi District the law also does not stipulate whether official payment should be charged for 3 out of 8 stages.
- During the research no ARCS or BIS companies, completed the *Procedure no. 4* in 2004, were found in Moscow Oblast'.

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

- While completing the *Procedure no.5* (i.e. entering into a premises lease agreement), an applicant has to go through 13 stages and obtain from 13 to 15 documents (see Annex, table 5). There is no normative timeframe for completion of this procedure, because for 11 out of the 13 stages of this procedure have no processing deadlines established by law (see chart 2.1). Similar uncertainty also exists with regards to official payments. No official payments are legally fixed for 9 out of the 13 stages of this procedure.
- During the research no ARCS or BIS companies, completed the *Procedure no. 5* in 2004, were found in Moscow Oblast.

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

- While completing the *Procedure no.6* (i.e. transferring premises from residential to non-residential) an applicant has to go through 9 stages and obtain 12 documents (see Annex, table 6). There is no normative timeframe for completion of this procedure, because for 6 out of the 9 stages of this procedure have no processing deadlines established by law (see chart 2.1). There is similar uncertainty about official costs, as 9 out of 9 stages have no legally fixed official payments while the amount of official payments for 1 out of 9 stages is either not fixed or depends on characteristics of an object.
- BIS companies did not submit adequate amount of data on either of the surveyed indicators (duration, amount of official payments, occurrence and amount of unofficial payments, the most problem-ridden documents and government authorities). Also not a single ARCS respondent was uncovered which in 2004 completed the *Procedure No.6*.

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)

- While completing the *Procedure no.7* (state registration of rights in leased or purchased real estate), an applicant has to go through 3 stages and obtain 6 documents (see Annex, table 7). There is no normative timeframe for completion of this procedure because one stage out of three stages of this procedure has no processing deadlines established by law (see chart 2.1). There is similar uncertainty about official costs as, for 1 out of the 3 stages, the statutory amount of official payments depends on characteristics of an object. One stage requires no official payments. For the remaining stage, official payments amount to 7,500 for legal entities and to 500 individuals.
- The period of time required to complete the procedure was from 14 to 365 days for ARCS companies, and 104 days in average for BIS companies. Overall official payments for this procedure for ARCS companies were from 2,000 to 140,000 rubles. For BIS companies official payments amounted in average to 18,304 rubles.
- From the companies under inquiry tried to pass the procedure without third party assistance in 2004, 80% BIS most of ARCS companies reported on unofficial payments made to pass the procedure.
- More than half of interviewed BIS respondents believe that neither of stages is ridden with problems. Half of ARCS respondents reported *Certificate of State Registration* as the most problem-ridden document. This document is also characterized by highest average amount of unofficial payments, as reported by BIS respondents, as well as by high frequency of unofficial payments in the common case when the document is obtained.

- ARCS respondents were not unanimous in what authority wasted most time on. More than half of the inquired BIS companies said in that procedure they did not face any authority that wasted time or any other problems in interacting with the authorities when passing the procedure. Nevertheless, one third of the inquired BIS companies said that most problems are caused by *District Department of the Moscow Oblast Registration Chamber*. Reporting on negative phenomena in the activities of authorities, the respondents most often complained on Bureaucratic arbitrariness of some officials, Direct or indirect hints about extra payments for services, Need to use personal relations for resolving an issue, Queues. Noted prevailing negative phenomena may vary for the authorities and bodies depending on a district of the Moscow region.

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

- While completing the *Procedure no.8 (transferring land into the required category)*, an applicant has to go through 8 stages and obtain 8 documents (see Annex, table 8). There is no normative timeframe for completion of this procedure, because 7 out of the 8 stages of this procedure have no processing deadlines established by law (see chart 2.1). There is similar uncertainty about official payments as none of them are legally fixed for these stages.
- The period of time required to complete the procedure was 297 days for BIS companies, which is 1,4 times longer than an average duration reported by BIS companies in 15 surveyed regions. No sufficient data was received with regards to official payments from BIS companies. No sufficient data was received from ARCS companies with regards both to duration and official payments.
- All surveyed BIS respondents reported unofficial payments during the current procedure. The highest amount of an unofficial payment reported by respondents in the Moscow Oblast was quoted by BIS respondents that had completed *the Procedure No.8*. Also, in accordance with respondents' replies unofficial payments were required of them on the majority of stages of the procedure.
- Definition of the most problematic document was difficult as some 50% of BIS companies could not name any stage as a problematic one. The analysis of time and money expenses also showed that most stages were equally costly.
- Different respondents faced different negative facts during interaction with different authorities. Insufficient number of respondents does not allow to single out any government authority as the most problem-ridden one.

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

- While completing the *Procedure no.9 (privatization of premises)*, an applicant has to go through from 4 to 6 stages and obtain from 4 to 11 documents depending on the method used to carry out the procedure (see Annex, table 9). The regulatory deadlines for completion of this procedure also depend on the method. In Methods no.1, no.2 and no.3 for one stage and in Method no.4 for 3 stages, no processing deadlines have been established by law (see chart 2.1). Official payments do not depend on the procedural method. They range from 3,000 to 7,500 rubles for legal entities and from 300 to 500 rubles for individuals.
- The period of time required to complete the procedure was not less than 180 days for BIS companies. No sufficient data was received pertaining to official payments. ARCS companies did not submit sufficient data both on duration and official payments.
- All surveyed respondents reported the use of unofficial payments while completing this procedure. According to the answers provided by the respondents, under this procedure, unofficial payments may be applicable both for ensuring tender results in favor of the respondent and for facilitating the obtaining of *Certificate of State Registration*. BIS respondents also reported the presence of payments to non-governmental funds.
- The analysis demonstrated that the most problems are not encountered with regards to any particular document, but rather with the tender procedure itself. It is liaised with making unofficial payments and, in addition, lacks clarity and uniformity of the normative basis, by which the official authorities involved in this procedure should be obliged to abide.
- It is difficult to single out any particular government agency due insufficient number of respondents that had completed the given procedure.

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 Moscow Oblast, average, days	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	296	272	From 90 to 365	Insufficient data
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	280	150	Insufficient data	Insufficient data
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	239	178	Insufficient data	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 200	From 30 to 380
3B. Leasing land plots with buildings (structures, installations) owned by the company	209	189	No less than 150	No less than 14
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	117	77	n/a	n/a
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	n/a	n/a
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	86	88	65	No less than 14
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	74	101	No less than 30	Insufficient data
8. Transferring a land plot from one category to another, changing the designated use of a land plot	215	From 90 to 540	297	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	110	137	No less than 180	n/a

- As it is shown in the Table 5.1, the comparison of periods of time spent on procedures in Moscow Oblast with average time indicators in the 15 surveyed regions is possible only with regards to *Procedures no.7A and 8* for BIS companies. The *Procedure no.7A* for BIS companies turned out to be slightly less time consuming, but was characterized by lower financial expenses in comparison with the 15 surveyed regions in average (Table 5.2). *Procedure no.8* for BIS companies turned out to be much more time consuming, and furthermore, as noted above, the highest reported unofficial payment is related to this procedure. It should be noted that the law stipulates neither timeframe,

nor financial costs for document processing for the majority of stages of *Procedure no.8*.

Table 5.2 Cost comparison over all procedures

	Total cost 15 region average, rubles		Total cost Moscow 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	From 137 000 to 450 000	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	n/a
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	253 143	51 850	n/a	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	Insufficient data	No less than 10 000
3B. Leasing land plots with buildings (structures, installations) owned by the company	72 327	70 130	Insufficient data	No less than 150 000
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	n/a	n/a
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	54 950	18 398	133725	No less than 2 000
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	25 405	27 257	No less than 15 000	Insufficient data
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 100 000	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	55 951	31 250	n/a	n/a

- As it is shown in the Table 5.2, the comparison of overall financial costs of procedures in Moscow Oblast with average financial costs in the 15 surveyed regions is possible only with regards to certain procedures. For example, the *Procedure no.7A* turned out to be much more cost intensive for Moscow Oblast BIS companies in comparison with the 15 surveyed regions in average. And the

lowest of reported amounts of overall financial costs of ARCS companies for the *Procedure no.3B* in Moscow Oblast exceeds more than twofold the relevant indicator of overall financial costs in the 15 surveyed regions in average.

- Insufficient number of respondents which had completed the surveyed procedures does not allow to single out any procedure that is expressly more or less costs intensive in terms of either time or money.

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 higher in Moscow 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 62% of BIS respondents and 71% 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 Moscow Oblast (1,400 to 510,000 rubles). The largest of the stated payments was performed when undergoing *Procedure No. 8*. Most of the stated amounts exceed 10,000 rubles (68% of the stated values). Furthermore, 18% of the reported amounts of official payments exceed 100,000 rubles.
- In addition to unofficial payments, respondents in Moscow Oblast also reported some other semiofficial practices. On the average for all the procedures, some 21% of BIS respondents and 41% of ARCS respondents reported the necessity of performing payments to certain non-governmental funds. Most frequently such payments were encountered by BIS respondents while completing the *Procedure no.8*. It is difficult to single out any particular procedure for ARCS companies, where such practices would be the most frequent due to insufficient number of respondents interviewed in Moscow Oblast.
- The third type of semiofficial or unofficial payments is the so-called “additional burdens”. The necessity of paying additional burdens for all the procedures was reported by 8% on average for BIS respondents and by 13% for ARCS respondents. Most often, such payments are encountered by BIS respondents when undergoing *Procedure no. 8*. It is difficult to single out any particular procedure for ARCS companies, where such practices would be the most frequent due to insufficient number of respondents interviewed in Moscow Oblast.

5.3. Characteristics most important in saving time

- As shown in the table (Table 5.3), the most important time-saving factors, which may reduce the time for completion of procedures, are: “municipal (state) owner is interested in a quick transaction” and “willingness of the client to make unofficial payment”. These 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, «municipal (state) owner is interested in a quick transaction».

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

	All procedures, average	Procedures						
		1	2	3	6	7	8	9
Municipal (state) owner of the property is interested in a quick transaction	28	33	100	60	0	7	50	0
Willingness of the client to make unofficial payment	23	0	0	20	50	33	0	50
Administrative resource or special personal relations with officers of administrative bodies	18	33	0	0	0	20	17	25
Having former officials employed by your company	10	0	0	0	0	7	33	25
Well known company	10	0	0	20	50	13	0	0
Large size of the project	3	0	0	0	0	7	0	0
Personal relations with private companies designated to evaluate specific aspects of the project	3	0	0	0	0	7	0	0
Client knowledge of regulations guiding the procedure	3	17	0	0	0	0	0	0
Difficult to answer	5	17	0	0	0	7	0	0

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

	All procedures, average	Procedures						
		1	2	3	6	7	8	9
Municipal (state) owner of the property is interested in a quick transaction	33	33	100	40	50	27	33	0
Having former officials employed by your company	15	17	0	0	0	13	33	25
Willingness of the client to make unofficial payment	15	0	0	20	50	13	17	25
Personal relations with private companies designated to evaluate specific aspects of the project	10	0	0	20	0	13	17	0
Administrative resource or special personal relations with officers of administrative bodies	5	0	0	0	0	7	0	25
Large size of the project	3	17	0	0	0	0	0	0
Central location of the project	3	17	0	0	0	0	0	0
Client knowledge of regulations guiding the procedure	3	0	0	0	0	7	0	0
Difficult to answer	15	17	0	20	0	20	0	25