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

**REGIONAL REPORT:
IRKUTSK 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:

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 most frequently used procedures connected with land plots, both for ARCS¹ and BIS² companies, are the procedures of *Obtaining ownership rights on land plots that are currently state or municipal property with premises, buildings or constructions, which are private property, Leasing a land plot for construction with preliminary agreement on the object location*. Among the procedures connected with real estate objects (buildings, premises), most BIS companies went through the procedure of *Transferring a premise (building) from the residential use to non-residential one* while most ARCS companies went through the procedure of *Leasing a real estate object (premise, building or construction) which is currently municipal property, without the procedure of tender (including for targeted use)*. This procedure was rather frequently used by BIS companies too.
2. Among the surveyed procedures, the greatest time costs both for ARCS and BIS companies are typical for the procedures associated with land plots: the *Procedure no. 1, 2, and 3*. In relation to the mentioned procedures, ARCS companies reported the greatest time costs of obtaining ownership rights for land plots while BIS companies reported the greatest time costs of the procedures connected with obtaining lease rights.
3. Most surveyed procedures required more time costs from ARCS companies in comparison with BIS ones.
4. As for total financial expenses, it is possible to say that some procedures are more expensive to complete for ARCS companies (*Procedure no. 7A*, for example) while the others – for BIS ones (*Procedures no. 3A and 4*, for example). Different procedures turned out to be most expensive for different groups of companies. The Procedure of *Leasing a land plot, which is currently state or municipal property, for construction with preliminary agreement on the object location* had the most coordinated characteristics: it required considerable financial and time costs for both ARCS and BIS respondents. Moreover, a sufficiently big part of the both ARCS and BIS respondents reported occurrence of unofficial payment under this procedure.
5. All extremely high values of total financial expenditures for completion of the procedures (1,000,000 – 3,000,000 rubles) were reported by ARCS companies. These values include both official and unofficial payments.
6. Taking into account amount of the respondents who went through each of the analyzed procedures independently and completed the procedures to the moment of the survey, the most significant parts of the surveyed BIS companies reported occurrence of unofficial payments under the procedures of *Leasing a land plot, which is currently state or municipal property, for construction during tenders without preliminary agreement on the object location* (100%), *Transferring a premise (building) from the residential use to non-residential* (89%). The most significant parts of the surveyed ARCS companies reported occurrence of unofficial payments under the procedures of *Leasing a real estate*

¹ legal entities and sole proprietors that attempted, underwent or completed locating procedures in 2004

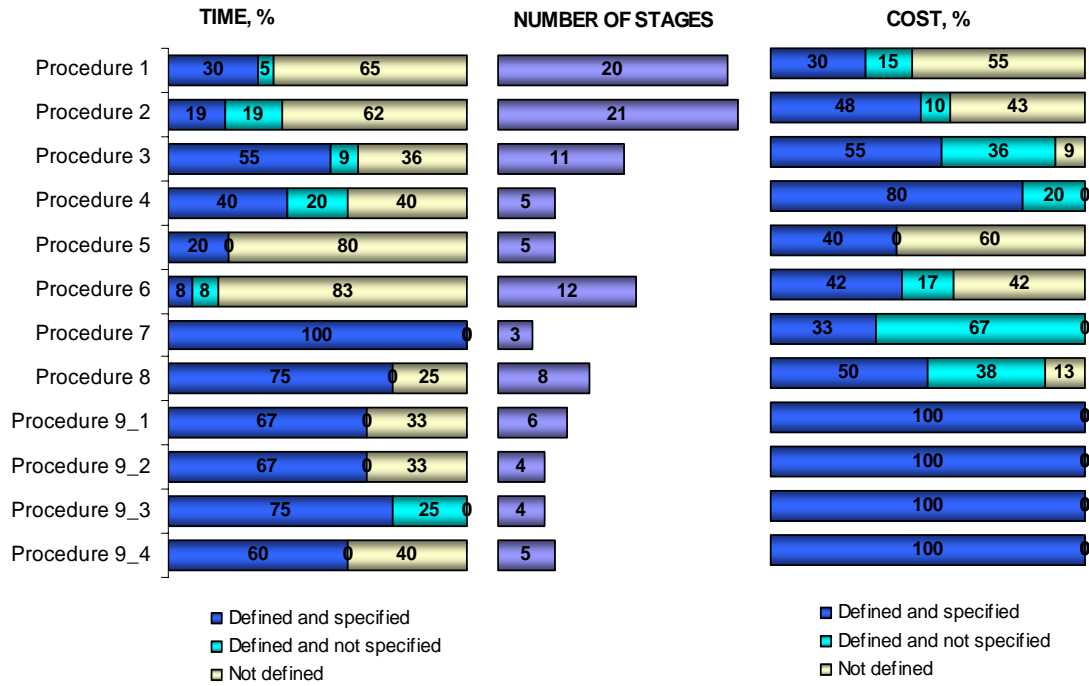
² legal entities and sole proprietors providing intermediary services for locating procedures

object, which is municipal property, during tenders (auctions) (100%), Transferring a land plot from one category to another, changing the designated use of a land plot (100%), Leasing a land plot, which is currently state or municipal property for construction with preliminary agreement on the object location (88%).

7. The obtained data do not allow concluding that one of the groups of the respondents (BIS or ARCS), on average, makes greater unofficial payments or make them more often as compared with another group.
8. According to the average BIS estimations of changes in financial and time costs in 2004 in comparison with 2003³, financial expenditures (both official and unofficial) concerning most procedures increased more than time costs. The respondents noted the most significant growth of costs, according to all evaluated parameters (time, official and unofficial payments), in relation to *the Procedure no. 7*.
9. According to the opinion of the surveyed BIS companies, the main factors promoting reduction of both time and money costs for all analyzed procedures are Administrative resource or special personal relations with officers of administrative bodies, Municipal (state) owner of the property is interested in a quick transaction, and Having former officials employed by your company.
10. Time and financial expenditures for obtaining the same documents can considerably vary between procedures.
11. Share of stages that have defined time and financial cost vary between procedures. Time and financial costs for obtaining all necessary documents are defined to a bigger extent for procedures that have small number of stages (Chart 2.1). Thus, one could find that *Procedures no. 7 and 9* (the 2nd and the 3rd methods) are the best from the view point of legislative definition of time and financial costs. *Procedures no. 1, 2, 5, 6* could be named as the least defined.

³ BIS respondents were asked to assess changes in 2004 in comparison with 2003 for official, unofficial and time costs for completing the procedures they were interviewed about. The assessment scale has ranks from "-2 - decreased significantly" till "2 - increased significantly".

Chart 2.1 Share of stages in each procedure which have legislatively defined time and financial costs⁴.



⁴ "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

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 100 ARCS and 100 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 key⁵.

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	394	6301
Phone calls, number	289	1287
Companies interviewed, number	51	100
Number of meetings as a percentage of phone calls made	17,6	7,8
Questionnaires, number	100	100
Refusal-rate as share of refusal phone calls from total number of phone calls, %	14,8	5
Duration of an average interview, minutes	30	55
Duration of the whole fieldwork, working days	47	

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

⁵A 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	14	21
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	13
2B. Leasing a land plot , which is currently state or municipal property, for construction during tenders without preliminary agreement on the object location	6	5
3A. Obtaining ownership rights on land plots that are currently state or municipal property with buildings (structures, installations) owned the company	14	29
3B. Leasing land plots that are currently state or municipal property with buildings (structures, installations) owned by the company	2	19
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	14	21
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	5	3
6. Transferring a premise (building) from the residential use to non-residential one	15	13
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	11	37
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	1	19
8. Transferring a land plot from one category to another, changing the designated use of a land plot	7	5
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	9	5

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 20 stages and includes processing 31 documents (see Annex 1, table 1). There is no normative timeframe for completion of this procedure because for 13 stages out of 20 no processing deadlines have been established (see Chart 2.1). There is similar uncertainty about official costs - for 11 out of 20 stages legislation does not stipulate whether an official fee is or is not payable, for 3 stages out of 20 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- The respondents reported duration of this procedure to be between 320 days on average for ARCS companies and 365 days on average for BIS companies. The ARCS respondents reported official payments to be 60 833 rubles on average. There is no sufficient data for amount of official payments provided by BIS companies.
- Unofficial payments are rather frequent during the completion of this procedure. Thus, 75% of surveyed BIS companies and 88% of surveyed ARCS companies reported the use of unofficial payments under this procedure. On average, amount of unofficial payments for ARCS is about 2/3 of official payments. There is no sufficient data for amount of unofficial payments provided by BIS companies.
- It appears necessary to acknowledge as the most problematic documents *Mayor's Ordinance on the preliminary approval of the object allocation* and *Technical specifications for connection of the facilities*, which required from the respondents both imposing time allocations and significant unofficial payments.
- Most frequently mentioned agencies that have caused the most problems while interacting with them were *Municipal Administration* and *Land Management Committee*.

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 21 stages and includes processing of 21 documents (see Annex 1, table 2). There is, in fact, no normative timeframe for completion of this procedure, because for 17 out of 21 stages of this procedure no processing deadlines have been specified or defined (see Chart 2.1). There is similar uncertainty about official costs - for 9 out of 21 stages legislation does not stipulate whether an official fee is or is not payable, for 2 stages out of 21 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- Data obtained during the survey supports this premise about uncertainty. The respondents reported duration of this procedure to be between 172 days for BIS companies and 448 days for ARCS companies. The BIS respondents reported official payments to be no less than 7 200 rubles. The ARCS respondents reported official payments to be 21 500 rubles on average.
- The practice of unofficial payments in relation of at least one document was reported by 71% of the BIS companies. In case of ARCS unofficial payment were reported by about a half of respondents. Each BIS respondent which obtained the *Approval issued by State Fire Inspection in Irkutsk region* stated the necessity for unofficial payments when getting this document. Respondents reporting unofficial payment are more frequent phenomena in case of *Procedure no. 2A* as compared to *Procedure no. 2B*.
- The BIS and ARCS companies failed to come to a unified decision as to which of the documents should be considered the most problematic. It appears impossible to single out the most problematic document, since the number of BIS respondents, which singled out one specific document, is too low. One third of the ARCS companies claimed that there is no such phenomenon when undergoing this procedure.
- As for the most problematic authority when undergoing this procedure, there is no unified opinion among the BIS and ARCS companies. The most often cited negative phenomenon, as compared to the others, which the respondents encounter in the activities of government authorities, is the need of redundant agreements (approvals), which is explainable by the great number of documents, needed for completing this procedure.

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 1, table 3). There is no normative timeframe for completion of this procedure because for 5 stages out of 11, no processing deadlines have been specified or defined (see Chart 2.1). For 1 out of 11 stages legislation does not stipulate whether an official fee is or is not payable, for 4 stages out of 11 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- The respondents reported duration of this procedure to be between 207 days on average for BIS companies and 244 days on average for ARCS companies. The BIS respondents reported official payments to be 46 574 rubles on average. The ARCS respondents reported official payments to be 31 394 rubles on average.
- More than half of the BIS and ARCS companies surveyed had to make unofficial payments in the duration of this procedure.
- BIS and ARCS companies most often named the *Mayor's Ordinance on allotment of a land plot into ownership or by lease* as the most problematic document during the procedure (56% BIS and 18% ARCS). Such assessments can be attributed to the long time required to execute this document (64 days) and the negative experience of dealing with the respective government agencies.
- The distinction of the most problematic government agency and the government agency that wastes the most time, according to the respondents, is shared by the *Land Management Committee* (23% ARCS and 13% BIS reported this agency as wasting the most time, 1/3 of BIS companies involved into interactions with this agency reported it to be the most problematic) and *Municipal Administration* (25% BIS and 5% ARCS reported this agency as wasting the most time, most of BIS companies involved into interactions with this agency reported it to be the most problematic).

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 6 documents (see Annex 1, table 4). There is, in fact, no normative timeframe for completion of this procedure, because for 3 out of 5 stages of this procedure no processing deadlines have been specified or defined (see Chart 2.1). For 1 out of 5 stages the amount of official payments depends on the characteristics of the object.
- The respondents reported duration of this procedure to be between 89 days for ARCS companies and 121 days for BIS companies. The BIS respondents reported official payments to be 15 720 rubles on average. The ARCS respondents reported official payments to be 29 050 rubles on average.
- Almost half of the all respondents (46% of ARCS companies and 62% of BIS companies) announced the use of unofficial payments under this procedure. The greatest amount of unofficial payments was singled out by BIS respondents with respect to obtaining *Resolution on Lease of a real estate object*.
- The examined companies named *Documents on the real estate status issued by Technical Inventory Bureau and (or) the operating organization* (29% BIS and 20% ARCS), *Resolution on Lease of a real estate object* (36% BIS and 20% ARCS), and *Certificate of State Registration* as (36% BIS and 25% ARCS) as the most problematic documents, due to the largest financial cost and time wasted to obtain them.
- The government agencies causing the most problems while interacting with them follow to be recognized *Committee for Municipal Property Management, Technical Inventory Bureau (BTI), Department of Justice, and Municipal Administration*. The above-mentioned official bodies waste the most time and create the most problems for the respondents. Obtaining documents from the first two official bodies may impose serious official and unofficial expenditures.

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

- Completion of *Procedure no. 5* (i.e. leasing a real estate object) requires an applicant to go through 5 stages and includes processing of 5 documents (see Annex 1, table 5). There is, in fact, no normative timeframe for completion of this procedure, because for 4 out of 5 stages of this procedure no processing deadlines have been established (see Chart 2.1). For 3 out of 5 stages legislation does not stipulate whether an official fee is or is not payable.
- The BIS respondents reported duration of this procedure to be between 45 and 120 days. There is no sufficient data obtained concerning duration and amounts of official payments for ARCS companies. No BIS respondents reported the amount of official payments.
- Half of all the examined companies (both ARCS and BIS) reported the use of unofficial payments during completion of this procedure. The presence of unofficial payments was reported with respect to the following procedural stages: The Bid with required documents attached (about 2/3 of the BIS) and *The Contract of real estate lease* (about 1/4 of the BIS).
- The majority of respondents (about 2/3 of BIS) acknowledged *Certificate of State Registration* as the most problematic document of this procedure. There is no sufficient data obtained from ARCS respondents.
- The authorities causing the most problems while interacting with them during the completion of this procedure may be called *Committee for Municipal Property Management* and *Department of Justice*; interaction of BIS respondents (2/3) with the above-mentioned authorities was characterized by both the greatest number of problems and the greatest time costs. Among the negative phenomena interfering with the activities of called official bodies, the respondents singled out need to use personal relations for resolving an issue and queues.

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

- Completion of *Procedure no. 6* (i.e. transferring a building from the residential use to non-residential one) requires an applicant to go through 12 stages and includes processing of 30 documents (see Annex 1, table 6). There is, in fact, no normative timeframe for completion of this procedure, because for 11 out of 12 stages of this procedure no processing deadlines have been specified or defined (see Chart 2.1). There is similar uncertainty about official costs - for 5 out of 12 stages legislation does not stipulate whether an official fee is or is not payable, and for 2 out of 12 stages, the amount of official payments is either not indicated or can vary depending on the characteristics of the object. Carrying out remaining 3 stages implies no official costs.
- The respondents reported duration of this procedure to be between 188 days on average for ARCS companies and 195 days on average for BIS companies. The BIS respondents reported official payments to be 50 000 rubles on average. The ARCS respondents reported official payments to be from 6 000 to 120 000 rubles.
- According to the surveyed BIS companies, unofficial payments occur with some frequency at all stages of the procedure completion. The share of ARCS companies reporting occurrence of unofficial payments is a bit lower (by 1.3 times) than the share of the BIS companies (89%). As for unofficial payments, obtaining *Final statement issued by Center for Preservation of Monuments and Landmarks* is the most problematic. Obtaining this document, according to BIS companies, is characterized by the highest frequency (78%) and the greatest average amount of unofficial payments.
- As for the most problematic document in the process of executing the procedure, according to 40% of BIS companies, this is *The Mayor's Ordinance on transferring from the residential use to non-residential one*. Although it cannot be viewed as one of the most expensive, to obtain it takes a great deal of time (52 days). Most ARCS companies did not identify any specific problematic document.
- According to the respondents, the most problematic authorities in the process of completing this procedure are *Sanitary & Epidemiological Station (SES)* (about a half of BIS respondents), *Office for Municipal Architecture* (about 1/3 of BIS respondents), and *State Fire Inspection Authorities* (about 1/3 of BIS respondents). According to the surveyed BIS companies, addressing to these authorities very often involves direct or indirect hints about extra payments for services and need to use personal relations for resolving an issue.

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). 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). For the third stage, the official costs must not exceed 7500 rubles for legal entities and 500 rubles for individual persons.
- The respondents reported duration of this procedure to be between 63 days on average for BIS companies and 110 days on average for ARCS companies. The BIS respondents reported official payments to be 10 770 rubles on average. The ARCS respondents reported official payments to be 21 118 rubles on average.
- According to the BIS respondents the use of unofficial payments while going through this procedure is not unusual practice. 42% of the surveyed BIS and 32% of the surveyed ARCS companies reported about their use. Average sums of unofficial payments are insignificant. The least share of unofficial payments (20%) (and average sum – 100 rubles) was associated with obtaining *Certificate of State Registration* – an only document with a legally fixed sum of official payment. None of BIS companies reported making payments into non-governmental funds or assuming additional encumbrances while through this procedure.
- Most BIS companies (55%) did not encounter difficulties obtaining any documents under this procedure. Most ARCS companies could not note the most problematic document either.
- According to the opinion of surveyed companies, the most problems are created by *Technical Inventory Bureau (BTI)* (25% BIS) and *Department of Justice* (25% BIS). The respondents noted many different negative phenomena connected with them.

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 1, table 8). There is, in fact, no normative timeframe for completion of this procedure, because for 2 out of 8 stages of this procedure no processing deadlines have been established (see Chart 2.1). There is similar uncertainty about official costs - for 1 out of 8 stages legislation does not stipulate whether an official fee is or is not payable, for 3 stages out of 8 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- Data obtained during the survey supports this premise about uncertainty. The respondents reported duration of this procedure to be 208 days for BIS companies and no less than 60 days for ARCS companies. The BIS respondents reported official payments to be from 7 000 to 33 400 rubles. Data reported by the ARCS respondents about official payments is not sufficient.
- The need to make unofficial payments was noted by most of respondents (all of ARCS and 67% of BIS). According to the BIS respondents unofficial payments might be necessary in about 1/4 - 2/3 of cases obtaining most of documents in usual practice on average.
- More than half of the BIS respondents said there were no problematic documents during this procedure. ARCS respondents provided insufficient data. For those BIS who encountered difficulties, the most problematic documents to obtain were the *Application for transferring of land held in federal / regional / municipal ownership, State Land Register documents (cadastral plan (lay-out) of the land lot etc.)* and the *Statement of the State environmental expert review agency (in cases specified by law)*. These same documents, according to the results of the analysis, were characterized by the greatest expenditures of money or time.
- Just as in relation to the documents, more than half of the respondents reported that they had not had problems when dealing with any of the government agencies during this procedure. For respondents who encountered negative phenomena, the problem was dealing with the government agencies who executed the most problematic documents: the *Municipal Administration* and *Land Cadastral Chamber*.

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 16 documents depending on the method of completing the procedure (see Annex 1, table 9). The normative timeframe for completing the procedure also depend on the method (see Chart 2.1). For methods no.1, no.2 and no.4, no processing deadlines have been established for 2 stages. The official cost does not depend on the method of completing the procedure.
- The respondents reported duration of this procedure to be 90 days on average for BIS companies and between 30 and 120 days for ARCS companies. The BIS respondents reported official payments to be no less than 1 500 rubles. The ARCS respondents reported official payments to be no less than 8 000 rubles.
- Performance of unofficial payments was reported by most of the interviewed ARCS companies and 63% BIS ones, out of those who have completed *Procedure no. 9*
- 44% of BIS respondents and about 1/5 of ARCS ones reported, that they have not encountered any problems of document processing during the procedure. For those respondents, which have encountered certain difficulties, the most problematic were *The Bid for participation in the auction with a set of documents required* for the second procedure method, and also *The Certificate of State Registration* independent of the procedure method. The same documents may be singled out at the most complicated from the point of view of time and financial costs.
- About a half of the respondents did not encounter any negative consequences in the interaction with different authorities. The most considerable part of respondents (33% BIS and about 1/5 ARCS) has pointed out, that the greatest amount of time is wasted when interacting with *The Regional Division of the Federal Land Property Register Agency*. The same authority was mentioned by the same share of BIS respondents as characterized by the largest amount of problems, when interacting with it. The main problems, related to this authority, are the Demand for more documentation than required by the law, Need of redundant agreements (approvals).

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 Irkutsk, average, days	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	296	272	365	320
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	280	150	No less than 90	466
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	239	178	From 150 to 365	No less than 60
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	226	233	193	275
3B. Leasing land plots with buildings (structures, installations) owned by the company	209	189	No less than 180	172
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	117	77	121	89
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	77	107	From 45 to 120	Insufficient data
6. Transferring a premise (building) from the residential use to non-residential one	206	244	195	188
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	86	88	65	114
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	74	101	Insufficient data	100
8. Transferring a land plot from one category to another, changing the designated use of a land plot	215	From 90 to 540	208	No less than 60
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	110	137	90	From 30 to 120

- As can be seen in Table 5.1 there are only few procedures that are close to the national average. These are *Procedures no.4* and *8* for the BIS respondents and *Procedures no. 3B, 4* and *7B* for the ARCS respondents. Perhaps this is due to the fact that time limits for these procedures are better defined (for bigger number of stages in comparison with other procedures. See chart 2.1). There are some procedures which are presented by insufficient for comparison number of respondents. For instance, *Procedure no.8* doesn't allow to analyze data obtained from the ARCS respondents. It is *Procedure no.2A*, which seem to last much longer in Irkutsk region for the ARCS respondents than the

national average. Other differences don't exceed 25% for the BIS respondents and 30% for the ARCS respondents.

Table 5.2 Cost comparison over all procedures

	Total cost 15 region average, rubles		Total cost Irkutsk, average, rubles	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	287 213	263 045	65 833	From 45 000 to 150 000
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	117 917
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	253 143	51 850	From 60 000 to 200 000	Insufficient data
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	72 241	38 484	87 813	41 682
3B. Leasing land plots with buildings (structures, installations) owned by the company	72 327	70 130	No less than 29 100	No less than 32 500
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	48 566	22 720	93 300	32 383
5. Leasing a real estate object, which is municipal property, during tenders (auctions)	80 338	34 067	No less than 15 000	Insufficient data
6. Transferring a premise (building) from the residential use to non-residential one	103 746	51 319	50 000	From 6 000 to 120 000
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	54 950	18 398	19 050	21 923
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	25 405	27 257	Insufficient data	From 14 000 to 50 000
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 15 000	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	55 951	31 250	From 20 000 to 150 000	No less than 8 000

- As can be seen in Table 5.2 there are only few procedures that are close to the national average. These are *Procedures no.3A* and *7A*, for both BIS and ARCS respondents. Perhaps this is due to the fact that cost limits for these procedures are better defined (for bigger number of stages in comparison with other procedures. See chart 2.1). There are some procedures which are presented by insufficient for comparison number of respondents. For instance, *Procedures*

no.1, 3B, 7B, doesn't allow to analyze data obtained from the ARCS respondents, and *Procedures no.2B, 3B, 5, 8, 9* doesn't allow to analyze data obtained from the BIS respondents. It is *Procedure no.2A*, which seem to cost much more in Irkutsk region for the ARCS respondents than the national average. And it is *Procedure no.4*, which seem to cost much more in Irkutsk region for the BIS respondents than the national average. Both facts could be explained by following: there are cases with about 10 times than national average larger costs in both samples (BIS and ARCS)⁶. *Procedure no.6* seems to cost much less for the BIS respondents than in other regions under investigation

- Looking at both time and cost, one can see that *Procedure no.2A* costs much more and lasts much longer for the ARCS respondents than 15 region average. This could be explained by both: the case with extremely large costs and the low level of time limits clearness.

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 55% of BIS and 65% 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 1 000 rubles to 600 000 rubles). The highest reported amounts of unofficial payments were associated with the *Procedure no. 4*. Most of the reported unofficial payments are in amounts up to 10 000 rubles (67% of reported amounts). And about 9% are unofficial payments not less than the amount of 100 000 rubles.
- Beside unofficial payments, another semi - official practice was reported by Irkutsk region respondents. On average among all procedures 11% of BIS and 9% of ARCS of respondents reported being enforced to make a donation to certain non-government fund. This practice is somewhat more frequent for ARCS companies in the case of *Procedure no. 3B* and for BIS companies in the case of *Procedure no.6*.
- The third reported semi official or unofficial financial burden is so called "additional burdens". On average among all procedures 14% of BIS and 2% of ARCS of respondents on average reported being enforced to take these additional burdens. These burdens are more frequently associated with projects under procedure no. 6 for the BIS respondents.

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 "*Administrative resource or*

⁶ These cases were not excluded from the sample. Only data which 10 times exceeded the nearest amount had been excluded

special personal relations with officers of administrative bodies”, “Municipal owner is interested in a quick transaction” and “Having former officials employed by your company”. This and other time-saving characteristics are mainly associated with non-official relations, and interest of the officials to process the procedure.

- Money saving characteristics are mostly the same as the one that might reduce the time necessary to process the procedure (Table 5.4).

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

	Total	Procedures								
		1	2	3	4	5	6	7	8	9
Administrative resource or special personal relations	41	36	30	19	50	60	40	42	43	78
Municipal owner is interested in a quick transaction	24	43	20	31	21	20	27	8	14	11
Having former officials employed by your company	18	7	10	25	7	20	27	25	29	11
Client knowledge of regulations guiding the procedure	4	7	10	0	0	0	0	8	14	0
Willingness of the client to make unofficial payment	4	0	10	6	14	0	0	0	0	0
Personal relations with private companies	4	7	0	13	7	0	0	0	0	0
Rich companies	3	0	10	0	0	0	0	17	0	0
Small company	1	0	10	0	0	0	0	0	0	0
Difficult to answer	2	0	0	6	0	0	7	0	0	0

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

	Total	Procedures								
		1	2	3	4	5	6	7	8	9
Administrative resource or special personal relations	49	38	50	38	69	60	53	50	29	63
Having former officials employed by your company	14	8	10	19	0	0	20	25	29	13
Municipal owner is interested in a quick transaction	13	23	30	6	15	0	7	0	43	0
Small company	3	0	0	13	0	0	0	8	0	0
Client knowledge of regulations guiding the procedure	2	8	0	0	0	0	0	8	0	0
Personal relations with private companies	1	8	0	0	0	0	0	0	0	0
Willingness of the client to make unofficial payment	1	0	0	0	8	0	0	0	0	0
Difficult to answer	16	15	10	25	8	40	20	8	0	25