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

**REGIONAL REPORT:
TOMSK OBLAST**

May 2006

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1. INTRODUCTION

The survey was conducted in period of from 1st February to 17th October 2005 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 includes legal analysis and survey.

Legal analysis is based on publicly available (federal, regional 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 includes: business intermediaries survey (on the basis of BIS companies interviews) and administrative and regulatory costs survey (on the basis of ARCS companies interviews).

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

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

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

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

2. EXECUTIVE SUMMARY

According to the results of the analysis of the studied procedures related to land plots and real estate in Tomsk Oblast, one may make the following conclusions:

1. Among the procedures related to land plots, the most common for the ARCS companies¹ was the procedure of *Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company (3A)*. For the BIS² companies, the most common procedure related to land plot was the procedure of *Transferring a land plot from one category to another, changing the designated use of a land plot (8)*.
2. Among the procedures related to real estate objects (buildings, premises), for both the ARCS and BIS companies, the most common were the procedures of *Leasing a real estate object without the procedure of tender (including by purposive appointment) (4)*, and *Transferring a premise (building) from the residential use to non-residential one (6)*.
3. During the study, there were no companies found to have completed the following procedures related to auctions and tenders:
 - a. *Leasing a land plot for construction during tenders without preliminary agreement on the object location (2B)*
 - b. *Leasing a real estate object, which is municipal property, during tenders (auctions) (5)*

The procedure of *Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location (2A)* was undergone by only one ARCS company.

4. Among all the procedures for which comparison is possible, the greatest time costs, for both the ARCS and BIS companies, are characteristic for procedure of *Transferring a premise (building) from the residential use to non-residential one (6)*. This is most likely explained by the fact that this procedure is characterized by a comparatively large number of stages, and from the point of view of legislation, namely this procedure may be considered as the least governed in terms of time limits (Chart 2.1).
5. It is hard to single out the most expensive procedure, since the number of respondents willing to state their financial costs is not equal. Nevertheless, we may single out procedure of *Obtaining (by lease) a land plot, which is currently state or municipal property, for construction on, with a preliminary agreement on the object location (1)* for the ARCS companies and procedure of *Privatization of a real estate object (building or premise) which is currently municipal property (9)* for the BIS companies as the most expensive (Table 5.2).
6. For all the studied procedures, the frequency of usage of unofficial payments in Tomsk Oblast is lower than the average for the 15 studied regions. The largest shares of respondents (67% for BIS and 60% for ARCS) have reported usage of unofficial payments when completing procedure of *Transferring a premise (building) from the residential use to non-residential one (6)*. This is also

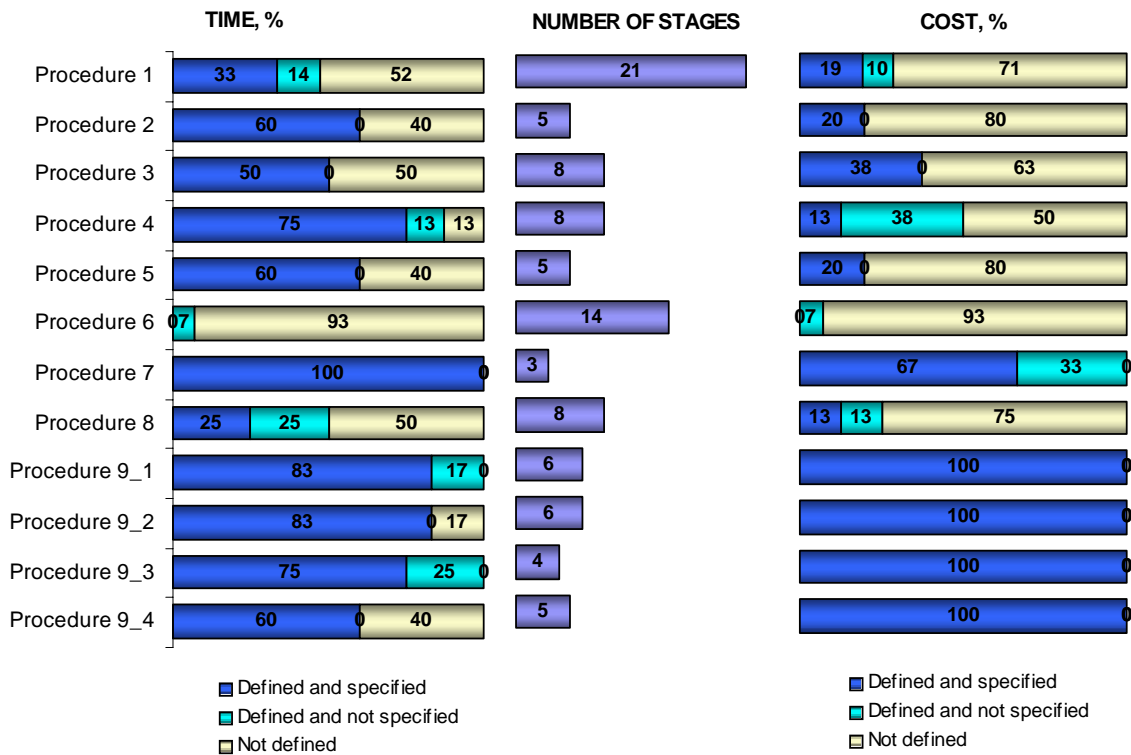
¹ legal entities and sole proprietors that attempted, underwent or completed locating procedures in 2004

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

possible to explain by this procedure having the least governance from the point of view of legislation. One may point out that on the average for all the procedures, the ARCS companies report unofficial payments more often as compared to the BIS companies (39% of ARCS and 27% of BIS companies have reported the application thereof on the average for all procedures).

7. According to the average estimates of financial and time costs in 2004 as compared to 2003, received from the BIS companies, official payments for most of the procedures have increased to a greater degree than time costs. The biggest changes, in terms of both time and financial costs, have been indicated for the procedure of *Privatization of a real estate object (building or premise) which is currently municipal property (9)*.
8. According to the opinion of the interviewed BIS companies, the factors that contribute to the reduction of time and financial costs vary somewhat. The reduction of time costs is conditioned to a great extent by the «*willingness of the client to make unofficial payment*», «*small company*». Reduction of financial costs, according to the BIS companies, is conditioned to a certain degree by whether or not the «*municipal owner is interested in a quick transaction*».
9. The shares of the stages, for which the time and financial costs are determined by the legislation, vary for different procedures. The legislation with the most definiteness in relation to time and financial costs is that for the procedure of *State registration of rights on real estate and real estate transactions (7)*, and the procedure of *Privatization of a real estate object (building or premise) which is currently municipal property (9, method 1- Sale of municipal property at an auction and method 3 - Sale of municipal property is performed by public offer if an auction is considered to be ineffective)* (Chart 2.1). The least accurately defined are the costs for the procedure of *Transferring a premise (building) from the residential use to non-residential on (6)*. Probably for this reason *Procedure No. 6* appeared to be the only procedure for Tomsk Oblast, the duration of which and the share of companies reporting the application of unofficial payments for which, is on average higher than the average values for the 15 studied regions.

Chart 2.1 Share of stages in each procedure which have legislatively defined time and financial costs³.



³ “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 Tomsk Oblast was 100 ARCS and 101 BIS. One ARCS or BIS company could be interviewed about several procedures.

Sources of information used to identify the potential respondents were:

- The Federal State Statistic Service (Rosstat), and
- Public sources of information (e.g. Yellow Pages telephone book).

Telephone directories were chosen as the source of information for the reason of the incommensurability between the completeness of information provided by Rosstat, the time spent, and financial costs. Once a complete list of potential respondents was compiled, respondents were contacted according to random key⁴.

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	n/a	3892
Phone calls, number	270	1674
Companies interviewed, number	37	100
Number of meetings as a percentage of phone calls made	13,7	6.0
Questionnaires, number	101	100*
Duration of an average interview, minutes	56	53
Duration of the whole fieldwork, working days	35	

* Number of ARCS answers by procedure is 125.

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

⁴A 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	13	11
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	0	0
3A. Obtaining ownership rights on land plots that are currently state or municipal property with buildings (structures, installations) owned the company	14	20
3B. Leasing land plots that are currently state or municipal property with buildings (structures, installations) owned by the company	8	4
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	11	27
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	13	22
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	11	12
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	6	16
8. Transferring a land plot from one category to another, changing the designated use of a land plot	18	5
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	7	7

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 21 stages and includes processing 65⁵ documents (see Annex 1, table 1). There is no normative timeframe for completion of this procedure because for 14 stages out of 21 no processing deadlines have been established (see Chart 2.1). There is similar uncertainty about official costs - for 14 out of 21 stages legislation does not stipulate whether an official fee is or is not payable, for 3 stages out of 21 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- The completion of this procedure required from the ARCS companies 60 to 730 days and at least 40,000 rubles. The BIS companies failed to provide a sufficient amount of data as to the duration, or amounts of official payments.
- The largest share of BIS respondents (67%) reported the application of unofficial payments when obtaining *Approval issued by the Town Center of the State Sanitary and Epidemiological Supervision*, and also *Approval issued by the Department of the State Fire Service of the Ministry for Emergency Situations and Civil Defense*. The highest frequency of application of unofficial payments was reported for obtaining the same documents by the respondents in the usual practice of their obtainment (72-75%). Also, over half of the BIS respondents reported the application of unofficial payments when obtaining the *Approval issued by the Department for Land Relations*. In relation to unofficial payments, one may also mention that the ARCS companies reported the necessity of performing payments to non-governmental funds, and also additional burdens in the course of this procedure.⁶
- The respondents failed to reach a unified opinion as to which of the documents is the most problematic in the course of this procedure. The obtainment of different documents appeared problematic for different companies.
- As the most problematic authority, most BIS respondents mentioned *Land Resources and Land Management Committee of the Real Property Department of the City Administration*⁷. The same authority, in their opinion, is the leader in terms of “time-wasting”. Most often, in relation to this authority, as well as all the authorities on the whole, the following negative phenomena were mentioned: inconvenient work schedule, queues, not providing the information necessary for carrying out procedure. As the most problematic and time-wasting, *Federal*

⁵ These numbers are average and may differentiate depending on specifics and complexity of each concrete case.

⁶ Respondents mainly found it difficult or refused to give names of concrete organizations. The question was formulated to include various non-government funds, sponsorship, additional burdens, and off-budget funds (for ARCS companies) wither further specification. Respondents might interpret the question differently.

⁷ Now the Land Relations Division of the Real Property Department of the Tomsk City Administration.

State Institution (FSI) "Cadastral Chamber", as well as Architecture and Urban Development Department of the City Administration were also frequently mentioned.

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 5 stages and includes processing of 14 documents (see Annex 1, table 2). There is, in fact, no normative timeframe for completion of this procedure, because for 2 out of 5 stages of this procedure no processing deadlines have been specified or defined (see Chart 2.1). There is similar uncertainty about official costs - for 4 out of 5 stages legislation does not stipulate whether an official fee is or is not payable.
- No sufficient data for even one of the studied aspects was received in relation to this procedure due to the insufficient number of respondents undergoing 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 8 stages and includes processing 11 of documents (see Annex 1, table 3). There is no normative timeframe for completion of this procedure because for 4 stages out of 8, no processing deadlines have been specified or defined (see Chart 2.1). There is similar uncertainty about official costs - for 5 out of 8 stages legislation does not stipulate whether an official fee is or is not payable.
- The duration of completion of this procedure comprised on average 148 days for the BIS companies, and 128 days for the ARCS companies. The amount of the official payments comprised 5,112 rubles for the BIS companies and 25,625 rubles for the ARCS ones. The differences in the amounts of the official payments may be related to the difference in the size of the land plots registered by the companies: the land plots of the ARCS companies are on average 2.5 times greater than the corresponding land plots registered by BIS companies.
- We may suppose that unofficial payments are comparatively rare when undergoing this procedure. Their existence was reported by 21% of ARCS companies, and 11% of BIS ones. At that, the BIS companies mentioned the

application of unofficial payments only in relation to the stages involving land division: *Land plot boundaries draft plan approved by the Town Administration, Cadastral map (plan) of a land plot and (or) plot plan with the land plot boundaries draft plan.*

- According to the respondents, the most problematic documents of this procedure are: *Land plot boundaries draft plan approved by the Town Administration* and also *Mayor's ordinance on allotment of a land plot.*
- Interaction with different authorities appeared problematic for different respondents. However, we may single out the authorities cited more often than others. About a third part of the BIS respondents mentioned *Land Resources and Land Management Committee of the Real Property Department of the City Administration*⁸ as the most problematic authority. It is this authority that issues the document cited as the most problematic: *Land plot boundaries draft plan approved by the Town Administration.* According to the ARCS companies, the most time-wasting is related to interaction with *Federal State Institution (FSI) "Cadastral Chamber"*. In relation to all authorities, most often the respondents mentioned such problems as: inconvenient work schedule, queues, need to use personal relations for resolving an issue

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 8 stages and includes processing of 10 documents (see Annex 1, table 4). There is, in fact, no normative timeframe for completion of this procedure, because for 1 out of 5 stages of this procedure no processing deadlines have been specified or defined (see Chart 2.1). There is similar uncertainty about official costs - for 4 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 depends on the characteristics of the object.
- The duration of the procedure comprised at least 45 days for the BIS companies, and 57 days on average for the ARCS ones. Official payments of the BIS companies comprised at least 2,600 rubles on average and 933 rubles on average for the ARCS ones.
- The application of unofficial payments was reported by 27% of ARCS respondents, and also the BIS respondents. The largest share of the BIS companies (55%) reported the application of unofficial payments when obtaining *Documents issued by the Technical Inventory Bureau and (or) organization operating the property concerning the property status.* The ARCS companies mentioned the existence of one more type of payments - payments to non-governmental funds (or sponsorship).
- According to the respondents, the most problematic documents of this procedure are: *Documents issued by the Technical Inventory Bureau and (or)*

⁸ Now the Land Relations Division of the Real Property Department of the Tomsk City Administration.

organization operating the property concerning the property status, and also *Certificate of State Registration of Lease Contract*. Obtaining both the documents takes a great amount of time as compared to other documents, and also, as has already been pointed out, the obtaining of the first of the documents mentioned is related to the application of unofficial payments for over half of the BIS companies.

- The most problematic authorities, according to the respondents, are those which issue the most problematic documents: *Technical Inventory Bureau (TIB)*, and also *Justice Institution for the state registration of the rights to real property and the deals therewith of the Tomsk Oblast*⁹. The most typical problems mentioned for these, as well as other, authorities: inconvenient work schedule, need to use personal relations for resolving an issue, need of redundant agreements (approvals)

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 12 documents (see Annex 1, table 5). There is, in fact, no normative timeframe for completion of this procedure, because for 1 out of 5 stages of this procedure no processing deadlines have been established (see Chart 2.1). There is similar uncertainty about official costs - for 4 out of 5 stages legislation does not stipulate whether an official fee is or is not payable.
- During the survey, there were no companies (either ARCS or BIS) interviewed which had completed this procedure.

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

- Completion of *Procedure no. 6* (i.e. transferring a building from the residential use to non-residential one) requires an applicant to go through 14 stages and includes processing of 17 documents (see Annex 1, table 6). There is, in fact, no normative timeframe for completion of this procedure, because for 13 out of 14 stages of this procedure no processing deadlines have been specified or defined (see Chart 2.1). There is similar uncertainty about official costs - for 13 out of 14 stages legislation does not stipulate whether an official fee is or is not payable, and for 1 out of 14 stages, the amount of official payments depends on the characteristics of the object.
- According to the results obtained, *Procedure No. 6* in Tomsk Oblast may be considered one of the most continuous procedures (as compared to the procedures with which comparison is possible). The duration of completion of

⁹ Now the Tomsk Oblast Department of the Federal Registration Service.

this procedure comprised 353 days on average for the BIS companies and 342 days on average for the ARCS ones. Official payments of the BIS companies comprised at least 500 rubles and 21,929 rubles on average for the ARCS ones.

- This procedure is characterized by its comparatively high level of unofficial payments. Their existence when obtaining at least one document was reported by 67% of BIS companies and 60% of ARCS ones. Most of the BIS respondents mentioned the application of unofficial payments when obtaining *Approval of the development project issued by the Fire Inspection* (73%), and also *Approval of the development project issued by SES (Sanitary and Epidemiological Service)* (55%). Also, the BIS companies (17%) mentioned the practice of payments to non-governmental funds during this procedure.
- The ARCS and BIS companies were not unanimous as to singling out the most problematic document. Thus, the largest share of the BIS companies (46%) mentioned *Consent of the agency for protection of architectural, historical and cultural monuments in case of transferring a premise in buildings, which are monuments of architecture, history or culture* as the most problematic document, the obtainment of which is characterized by the highest time costs (247 days at the average). The ARCS companies most often mentioned such documents as: *Mayor's ordinance on transferring a residential property to the non-residential use*, and also *Approval of the development project issued by technical services of the town*.
- Since different documents appeared problematic for the ARCS and BIS companies, they were also non-unanimous as to defining the most problematic authority. The BIS companies mentioned most often *Department of the State Fire Inspection of the Ministry for Emergency Situations and Civil Defense (Fire Inspection)*, *City Center of the Department for the State Sanitary and Epidemiological Supervision (SES)*, *City (District) Administration*. In their opinion, these authorities are not only bound to waste time, but are also the most problematic. Most often, these problems are characteristic of all the problematic authorities involved in this procedure: inconvenient work schedule, direct or indirect hints about extra payments for services. According to the ARCS companies, the most time is wasted when interacting with the *Technical Inventory Bureau (TIB)*, and also the *City Mayor (Head of a district)*.

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 150 days. For 1 out of 3 stages, the amount of official payments depends on the characteristics of the object. For 2 out of 3 stages the official costs must not exceed 7250 rubles for legal entities and 1250 rubles for individual persons.
- The duration of the procedure comprised 70 days at the average for the BIS companies, and 66 days at the average for the ARCS ones. The amount of official payments of the BIS companies comprised 9,661 rubles on average, and 15,793 rubles for the ARCS companies.
- Unofficial payments may be described as a rather wide-spread issue when undergoing this procedure. 38% of the BIS and 25% of the ARCS companies reported their existence when obtaining at least one document. The ARCS respondents also mentioned the existence of other types of payments - payments to non-governmental funds, and also burdens. According to the replies of the BIS respondents, unofficial payments may be applied at all the stages of this procedure: 33% to 44% of the respondents mentioned their application at different stages.
- The respondents failed to come to a unanimous opinion as to defining the most problematic document. The obtainment of different documents appeared problematic for different respondents. From the point of view of time and financial costs, it is also hard to single out any particular document, since all the stages of this procedure were equally costly from the point of view of both time and financial costs.
- The queried companies mentioned a rather wide range of authorities as the most problematic or time-wasting. The following authorities were mentioned most often: *Technical Inventory Bureau (TIB)*, *Federal State Institution (FSI) "Cadastral Chamber"* and also *Justice institution for the state registration of the rights to real property and the deals therewith of the Tomsk Oblast*¹⁰. The most often mentioned problems for these, as well as other, authorities were: queues, inconvenient work schedule, bureaucratic arbitrariness of some officials.

¹⁰ Now the Tomsk Oblast Department of the Federal Registration Service.

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 9 documents (see Annex 1, table 8). There is, in fact, no normative timeframe for completion of this procedure, because for 6 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 6 out of 8 stages legislation does not stipulate whether an official fee is or is not payable, for 1 stages out of 8 the amount of official payments is either not indicated or can vary depending on the characteristics of the object.
- In relation to this procedure, no data was obtained in regard to both the total duration of the procedure, and the official payments, as non BIS or ARCS companies have completed all the steps of this procedure themselves.
- The largest share of the respondents (67%) mentioned the application of unofficial payments for the obtainment of *Statement of the State Environmental Expert Review Agency*. In the usual practice of obtaining this document, according to the BIS respondents, unofficial payments are also rather frequent (in 50% of cases of applying for this document). Among all the stages of this procedure, there is only one more document, in relation to which the usage of unofficial payments is mentioned: *Resolution on compensation for damage and losses in agricultural industry and (or) in forest husbandry*. 11% of the BIS respondents reported this fact. No sufficient data was received in relation to sponsorship or burdens.
- 44% of the BIS companies failed to single out the most problematic stage or consider that there is no such stage in the course of this procedure. The ones that experienced troubles, both BIS and ARCS companies, mentioned: *Statement of the State Environmental Expert Review Agency, Extract from the State Land Register with details related to a land plot, Application for transferring of land*.
- In the respondents' opinion, and also taking into account which documents were mentioned as the most problematic, we may single out the following authorities as the most problematic: *Land Resources and Land Management Committee of the Real Property Department of the City Administration*¹¹, *Federal State Institution (FSI) "Cadastral Chamber"*, and also *State Environmental Expertise*. The problems mentioned most often for these authorities are different. In relation to the *Land Resources and Land Management Committee of the Real Property Department of the City Administration*, inconvenient work schedule was mentioned most often. In relation to the *Federal State Institution (FSI) "Cadastral Chamber"*, bureaucratic arbitrariness of some officials was mentioned most often. In relation to the *State Environmental Expertise* the problem of the need of redundant agreements

¹¹ Now the Land Relations Division of the Real Property Department of the Tomsk City Administration.

(approvals) was mentioned most often. Moreover, on the whole for all the authorities, such a problem as: not providing the information necessary for carrying out procedure was also mentioned.

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 20 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.3 no processing deadlines have been established for 1 stage, for method no.4 – for 2 stages. The official cost does not depend on the method of completing the procedure and it is 500 rubles for physical persons and 7500 rubles for legal entities.
- The duration of the procedure comprised 128 days on average for the BIS companies, and 10 to 180 days for the ARCS ones. The amount of official payments of the BIS companies comprised 510 to 37,005 rubles and at least 5,000 rubles for the ARCS companies.
- None of the BIS respondents reported the application of unofficial payments, or any other payments to non-governmental funds, or other burdens in the course of this procedure. No sufficient data was received from the ARCS companies as to this aspect.
- Over half of the BIS companies and about a third of the ARCS ones consider that none of the stages of this procedure is problematic or had difficulty answering the question. Over half of the ARCS companies mentioned the stage of obtaining the *Certificate of State Registration* as the most problematic.
- 71% of the ARCS companies and 43% of the BIS ones mentioned *Justice institution for the state registration of the rights to real property and the deals therewith of the Tomsk Oblast*¹² as the most time-wasting authority. The same authority was mentioned by the BIS companies as the most problematic. In relation to all the problematic authorities on the whole, the BIS companies mentioned such problems as: inconvenient work schedule, need to use personal relations for resolving an issue. A further 43% of the BIS companies claimed to have encountered no problems with any of the authorities in the course of this procedure.

¹² Now the Tomsk Oblast Department of the Federal Registration Service.

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 Tomsk Oblast, average, days	
	BIS	ARCS	BIS	ARCS
1. Leasing a land plot for construction with preliminary agreement on the object location	296	272	n/a	From 60 to 730
2A. Obtaining ownership rights on a land plot during tenders for construction without preliminary agreement on the object location	280	150	n/a	Insufficient data
2B. Leasing a land plot for construction during tenders without preliminary agreement on the object location	239	178	n/a	n/a
3A. Obtaining ownership rights on land plots that are currently municipal property with buildings (structures, installations) owned the company	226	233	130	155
3B. Leasing land plots with buildings (structures, installations) owned by the company	209	189	No less than 60	No less than 35
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	117	77	No less than 45	57
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	353	342
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	86	88	79	76
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	74	101	Insufficient data	59
8. Transferring a land plot from one category to another, changing the designated use of a land plot	215	From 90 to 540	n/a	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	110	137	128	From 10 to 180

- As we can see from the table (Table 5.1), the comparison of time costs for undergoing the procedures in Tomsk Oblast with the average time costs for all the 15 studied regions is possible only for part of surveyed procedures. The duration of *Procedure No. 7A*, for both the ARCS and BIS, and *Procedure No. 9* for the BIS companies is the closest to the average duration of these procedures for all the 15 regions. *Procedure no. 6* in Tomsk Oblast appeared, on average, more time-costly as compared to the average in all the 15 regions, for both the ARCS and BIS companies. The possible explanation is the fact that this procedure is the least clearly defined from the point of view of legislation:

for 13 out of the 14 stages, neither the time terms, nor the financial costs are defined (Chart 2.1). *Procedures No. 3A* (for ARCS and BIS) and *No. 7B* (for the ARCS companies) appeared considerably less time-costly in Tomsk Oblast than the average for the country (Table 5.1).

Table 5.2 Cost comparison over all procedures

	Total cost 15 region average, rubles		Total cost Tomsk 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	n/a	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	n/a	Insufficient data
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	24833	45500
3B. Leasing land plots with buildings (structures, installations) owned by the company	72 327	70 130	No less than 10 000	No less than 2 000
4. Leasing a real estate object without the procedure of tender (including by purposive appointment)	48 566	22 720	No less than 30 000	From 800 to 2 000
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	From 20 000 to 80 000	30000
7A. State registration of a purchase and sale transaction on real estate acquired in the secondary market	54 950	18 398	39643	From 10 000 to 25 000
7B. State registration of a lease agreement concluded in the secondary market for a term exceeding 1 year	25 405	27 257	Insufficient data	20100
8. Transferring a land plot from one category to another, changing the designated use of a land plot	168 875	No less than 4 000	n/a	n/a
9. Privatization of a real estate object (building, structure, premise), which is currently municipal property	55 951	31 250	46857	No less than 10 000

- As we can see from the table (Table 5.2), the comparison of the overall financial costs for undergoing the procedures in Tomsk Oblast with the average financial costs for all the 15 studied regions is possible only for part of surveyed procedures. For almost all the comparable procedures (*Procedures No. 3A* for

the BIS companies, No.6 for the ARCS companies, №7A for BIS, No. 7B for ARCS, No. 9 for BIS), the financial costs for undergoing the procedures are lower than the average for the country. There is only one procedure for which the overall financial costs are a bit higher than the average for the country: *Procedure No. 3A* for the ARCS companies. However, this difference does not exceed 25%, and thus may be considered insignificant.

- Analysis of time and financial costs has not identified any procedures that would be unambiguously more costly, from the point of view of both time and costs. However, we may point out one procedure which appeared considerably less costly, from the point of view of both time and costs in Tomsk Oblast, this being *Procedure No. 3A* for the BIS companies. Taking into account both these facts, we may conclude that Tomsk Oblast is one of the most positive examples of work done by the authorities in regard to the organization of placing procedures.

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

- Taking into account all examined procedures, the frequency of unofficial payments is lower in Tomsk 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 27% of BIS respondents and 39% 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 Tomsk Oblast (from 200 rubles to 60,000 rubles). The largest of the stated payments was performed in connection with *Procedure No. 1*. Most of the stated amounts do not exceed 15,000 rubles (68% of the stated values).
- In addition to unofficial payments, respondents in Tomsk Oblast also reported some other practices perceived by respondents as unofficial. On the average for all the procedures, some 4% of BIS respondents and 17% of ARCS respondents reported the necessity of performing payments to certain non-governmental funds. These values are lower than the average values for the 15 studied regions, which comprised 19% for the BIS companies, and 22% for the ARCS companies.
- The third type of payments perceived by respondents as unofficial is the so-called “additional burdens”. The necessity of paying additional burdens for all the procedures was reported by 18% on average for ARCS respondents. Most often, such payments are encountered by ARCS respondents when undergoing *Procedure No. 1*. None of the BIS respondents reported the application of such practice.

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: “willingness of the client to make unofficial payment”, “small company” and “municipal (state) owner is interested in a quick transaction”. 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	4	5	6	7	8	9
Willingness of the client to make unofficial payment	24	46	0	18	9	0	15	12	33	43
Small company	20	15	0	18	9	0	31	18	33	0
Municipal owner is interested in a quick transaction	13	15	0	9	27	0	23	12	0	14
Having former officials employed by your company	9	8	0	18	18	0	15	0	0	0
Administrative resource or special personal relations	8	0	0	5	0	0	8	24	11	0
Client knowledge of regulations guiding the procedure	7	8	0	0	0	0	0	6	22	14
Personal relations with private companies	6	0	0	9	18	0	8	6	0	0
Rich companies	4	0	0	5	0	0	0	18	0	0
Large size of the project	2	0	0	0	9	0	0	0	0	14
Large company	1	0	0	0	0	0	0	0	0	14
Well known company	1	0	0	5	0	0	0	0	0	0
Refusal	1	0	0	0	0	0	0	6	0	0
Difficult to answer	5	8	0	14	9	0	0	0	0	0

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

	All procedures, average	Procedures								
		1	2	3	4	5	6	7	8	9
Municipal owner is interested in a quick transaction	40	54	0	38	36	0	38	29	44	43
Small company	13	0	0	5	27	0	15	0	33	14
Having former officials employed by your company	11	0	0	19	18	0	31	6	0	0
Administrative resource or special personal relations	9	15	0	5	9	0	0	18	11	0
Personal relations with private companies	5	15	0	0	0	0	8	6	0	14
Large company	4	0	0	0	0	0	0	0	11	29
Client knowledge of regulations guiding the procedure	4	8	0	5	0	0	8	6	0	0
Willingness of the client to make unofficial payment	3	0	0	10	0	0	0	6	0	0
Large size of the project	1	0	0	0	0	0	0	6	0	0
Central location of the project	1	0	0	0	0	0	0	6	0	0
Refusal	1	0	0	0	0	0	0	6	0	0
Difficult to answer	8	8	0	19	9	0	0	12	0	0