

Dealing with Construction Permits – Economy

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Dear Contributor,

Thank you for your cooperation with the Doing Business project. Given your experience and expertise in the construction field, we are grateful to rely on you as a contributor for the Dealing with Construction Permits indicator.

Dealing with Construction Permits is one of the 11 indicators featured in the Doing Business report. It measures the procedures, time and cost it takes a small to medium-size business to obtain all necessary approvals to build a commercial warehouse and connect it to basic utility services. In many economies, where complying with building regulations is still excessively costly and time-consuming, illegal building activities abound, potentially compromising the adherence to important safety standards.

In 2009/10, 19 economies made it easier to deal with construction permits. For the first time, a conflict-affected economy—the Democratic Republic of Congo—improved the most. Its regulatory reform program streamlined construction permitting in Kinshasa, reducing the overall time needed to obtain all necessary approvals from 248 to 128 days and lowering the average cost from \$6,908 to \$4,307.

Since 2004, Doing Business has informed over 300 reforms around the world. Governments are using the Doing Business data as an input in regulatory policy debate. The last edition of the report, *Doing Business 2011: Making a Difference for Entrepreneurs*, was launched on November 4, 2010. The report received a record number of 2,744 media citations within one month of publication, including coverage in major global, regional and local media outlets. The success of the report is only possible thanks to the generous contribution of over 8,000 experts like you, in 183 economies.

For *Doing Business 2012*, we are honored to be able to count on your expertise:

- Before completing the survey, please review the assumptions of the case study. We ask that you update last year's information, included in the survey.
- Please describe in detail any reform that has affected the process of dealing with construction permits since June 1, 2010.

We would greatly appreciate if you return the completed survey by **March 8, 2011** to aespinosa@worldbank.org, ashegay@ifc.org or bmejiaasserias@ifc.org. Please include your name and address, so we can mail you a complimentary copy of the report.

Thank you again for your valuable contribution to The World Bank's work.

Sincerely,



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Primary Contributor Information

All information will be published unless requested otherwise. Please tick off the information you **do not** want to publish. We do not publish mobile telephone numbers.

Do not publish	Name		
<input type="checkbox"/>	Title (Mr., Ms., Mrs., etc.)	[]	[]
<input type="checkbox"/>	First Name	[]	[]
<input type="checkbox"/>	Last Name	[]	[]
<i>Not published</i>	Position (e.g. manager, associate, partner)	[]	[]
<i>Not published</i>	Profession (e.g. judge, lawyer, architect)	[]	[]

Do not publish	Contact details		
<input type="checkbox"/>	Firm name	[]	[]
<input type="checkbox"/>	E-Mail address	[]	[]
<input type="checkbox"/>	Phone	[]	[]
<input type="checkbox"/>	Fax	[]	[]
<input type="checkbox"/>	Website	[]	[]
<i>Not Published</i>	Mobile phone	[]	[]

Do not publish **Firm Address**

Street	[]	P.O. Box	[]
City	[]	State/ Province	[]
Zip/Postal code	[]	Country	[]

Additional Contributors' Information

Name	Occupation	Email	Phone	Address, if different from above
[title] [first name] [last name]	[firm] [position] [profession]	[]	[phone] [mobile]	[street] [state/province] [city/country]
[title] [first name] [last name]	[firm] [position] [profession]	[]	[phone] [mobile]	[street] [state/province] [city/country]
[title] [first name] [last name]	[firm] [position] [profession]	[]	[phone] [mobile]	[street] [state/province] [city/country]

Case Study Assumptions

<p>The company, BuildCo:</p>	<ul style="list-style-type: none"> ▪ Operates in DB City ▪ Is a 100% domestically and privately-owned limited liability company (LLC) ▪ Is fully licensed and insured to carry out construction projects, such as building warehouses ▪ Has already paid all taxes and taken out all necessary insurances that are applicable to its general business activity (accidental insurance for construction workers and third-person liability insurance).
<p>BuildCo's ownership and employees:</p>	<ul style="list-style-type: none"> ▪ Has 5 owners, none of whom is a legal entity. ▪ Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals. ▪ Has at least one employee who is a licensed architect and registered with the local association of architects.
<p>The land plot owned by BuildCo:</p>	<ul style="list-style-type: none"> ▪ Is 929 m² (10,000 ft²) ▪ Is 100% owned by BuildCo, and is registered in the cadastre and land registry ▪ Has road access and is located in the peri-urban area of DB City (i.e. in the fringes of the city, but still within its official limits) ▪ Is not located in a special economic or industrial zone, but the zoning requirements for warehouses are met by building it in an area where other similar warehouses can be found.
<p>Warehouse specifications:</p>	<ul style="list-style-type: none"> ▪ Has two stories, both above ground, with a total surface of approximately 1,300.6 m² (14,000 ft²). Each floor is 3 meters (9 feet, 10 inches) high ▪ Will be used for storage of non-hazardous goods such as books.
<p>Estimated value of the warehouse:</p>	<ul style="list-style-type: none"> ▪ value

Case Study Additional Questions

<p>Please provide a cost estimate for building a warehouse of these specifications in DB City <u>if it is different from the value listed above</u>. Please explain your calculations.</p>
<p>Please specify <u>the districts or neighborhoods in DB City</u> where this warehouse or a similar commercial structure is likely to be built.</p>

Reform Update

1. Have there been any reforms (in practice or in the laws and regulations) related to dealing with construction permits **since June 1, 2010**? Please describe. If there has been a legal reform, please indicate the name and date of the law. If possible, please provide a copy of the law or a link to the text of the law.

Yes No

Comment:

2. Last year, Doing Business recorded the following “future reform.” Has this reform been implemented **since June 1, 2010**?

Future reform from DB11

Yes No

Comment:

3. Are you aware of any reform (in practice or in the laws and regulations) related to dealing with construction permits that is **expected to be adopted prior to June 1, 2011**? Please describe.

Yes or No

Comment:

4. Are you aware of any reform (in practice or in the laws and regulations) related to dealing with construction permits that is **ongoing and is expected to be adopted in the longer term**? Please describe.

Yes or No

Comment:

Data Update

For your convenience, last year's answers are included in this survey. This information is based on unified answers received from various contributors in your country last year.

Data published in Doing Business 2011	
Procedures (number)	Procedure
Time (calendar days)	Time
Total cost (local currency)	Cost

Please update the data, taking into account the assumptions of the case study. Please describe in detail any change to the data and indicate since when the change took effect. We ask you to specify if the data were erroneous ("correction"), or if the change resulted from a modification in practice or by law which occurred after June 1, 2010 ("reform").

- **Time** is measured in calendar days and the minimum time for each procedure is 1 day;
- A **procedure** is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Some procedures can take place simultaneously. When this is the case the procedures are marked with an asterisk (*);
- **Costs** only include official fees. Non-recurring taxes that are necessary for the completion of the specific project are recorded. Bribes are excluded.

A. BEFORE CONSTRUCTION – Please verify all the procedures required before BuildCo can obtain the permission to begin construction of the above-mentioned warehouse. If there are any missing procedures please list them in section E.

Procedure	
Time	Time update
Cost	Cost update
Agency	Agency update
	Agency level:
	Agency level update 1 Municipal/City 2 Regional/State 3 National 4 Private professional
Details	Additional details:
Please indicate whether the changes above are due to: a) 1 Correction (i.e. incorrect data) OR b) 2 Reform (i.e. modification in practice or by law since June1, 2010)	

B. DURING CONSTRUCTION – Please verify what inspections take place during the construction process. If there are any missing procedures please list them in section E.

Procedure	
Time	Time update
Cost	Cost update
Agency	Agency update
	Agency level:
	Agency level update 1 Municipal/City 2 Regional/State 3 National 4 Private professional
Details	Additional details:
Please indicate whether the changes above are due to: a) 1 Correction (i.e. incorrect data) OR b) 2 Reform (i.e. modification in practice or by law since June1, 2010)	

C. AFTER CONSTRUCTION – Please verify whether the following procedures capture all the requirements for the completed warehouse to be fully operational and accurately registered. If there are any missing procedures please list them in section E.

Procedure	
Time	Time update
Cost	Cost update
Agency	Agency update
	Agency level:
	Agency level update 1 Municipal/City 2 Regional/State 3 National 4 Private professional
Details	Additional details:
Please indicate whether the changes above are due to: a) 1 Correction (i.e. incorrect data) OR b) 2 Reform (i.e. modification in practice or by law since June1, 2010)	

D. UTILITIES - the warehouse must be connected to electricity, water and sewage, and a telephone line. Please keep in mind that the connections would be new connections because the warehouse is a new construction.

Electricity connection	<ul style="list-style-type: none"> ▪ 3-phase, 4-wire Y, 140 kVA. 3-phase service is available in the construction area ▪ Will be delivered by an overhead service, unless overhead service is not available in the periurban area (in which case, it is assumed to be underground) ▪ Is 10 meters long ▪ Consists of a simple hook-up, unless installation of a private substation (distribution transformer) or extension of network is required ▪ Requires installation of only one electricity meter ▪ BuildCo is assumed to have a licensed electrician on its team.
Water and sewage connection	<ul style="list-style-type: none"> ▪ The warehouse is 10 meters away from the existing water source and sewer tap. ▪ A fire extinguishing system (dry system) is used. Hence, no water is needed for fire protection reasons. ▪ In case a wet fire protection system is required by the law, it is assumed that the water demand listed below also covers the water needed for fire protection. ▪ The water connection is 1-inch in diameter and the sewage connection is 4-inches in diameter

	<ul style="list-style-type: none"> ▪ The warehouse neither uses nor stores chemicals.
Telephone connection	<ul style="list-style-type: none"> ▪ BuildCo must obtain a fixed international telephone line.

Procedure		
Time		Time update
Cost		Cost update
Agency		Agency update
	Agency level:	
	Agency level update 1 Municipal/City 2 Regional/State 3 National 4 Private professional	
Details		
	Additional details	

Please indicate whether the changes above are due to:

- a) 1 **Correction** (i.e. incorrect data) OR
- b) 2 **Reform** (i.e. modification in practice or by law since June 1, 2010)

E. Additional procedures to build a warehouse or connect to utilities - Please specify any new or existing procedures that have not been included in the above lists. Please specify the sequencing of this procedure relative to the ones we currently record.

Procedure	_____
Phase	_____
Time	_____
Cost	_____
Agency	_____
Agency level	<input type="checkbox"/> Municipal/City <input type="checkbox"/> Regional/State <input type="checkbox"/> National <input type="checkbox"/> Private professional
Details	_____
Please indicate whether this entry is due to:	
a) <input type="checkbox"/> Correction (i.e. incorrect data) OR	
b) <input type="checkbox"/> Reform (i.e. modification in practice or by law since June 1, 2010)	
Please indicate the sequence of this new procedure (e.g.: between procedures 2 and 3)	
Can this procedure take place simultaneously with another procedure? If so which one(s)?	

Procedure	_____
Phase	_____
Time	_____
Cost	_____
Agency	_____
Agency level	<input type="checkbox"/> Municipal/City <input type="checkbox"/> Regional/State <input type="checkbox"/> National <input type="checkbox"/> Private professional
Details	_____
Please indicate whether this entry is due to:	
a) <input type="checkbox"/> Correction (i.e. incorrect data) OR	
b) <input type="checkbox"/> Reform (i.e. modification in practice or by law since June 1, 2010)	
Please indicate the sequence of this new procedure (e.g.: between procedures 2 and 3)	
Can this procedure take place simultaneously with another procedure? If so which one(s)?	

Additional Information

The following questions aim to get a better understanding of construction permitting regulation as it pertains to energy efficiency, building codes and availability of information.

I. Energy efficient practices

This section refers to design guidelines, rules or standards put in place to ensure an efficient use of energy (i.e. ventilation and heating systems). In some economies authorities conduct an inspection and issue an energy certificate/approval as a pre-requisite to obtain the building permit or to sell/rent an existing building.

1.0	Please explain if there are energy efficiency rules in the following cases If NO (for all cases), please proceed to question 1.7	Building design rules	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Materials used in the construction project	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Energy consumption (i.e. electricity, water, etc)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Other, please explain		
1.1	What is the level of regulation (national, local, regional or supra-national) and since when has it been implemented?			
1.2	Is obtaining an energy efficiency certificate/approval required for construction of a new commercial warehouse (as the one specified in the case study)? If NO, please proceed to question 1.7	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
1.3	What is the cost of this certificate/approval? Please also explain how this cost is obtained (fixed fee, function of the warehouse value, function of warehouse size or type, etc).			
1.4	Who issues this certificate/approval?	Third party certified expert	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Specialized agency	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Building authority	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Any licensed eng./archit.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Other, please explain		
1.5	IF the issuance of the certificate/approval is project dependent, please select the reasons that would determine whether or not this procedure will be required	Building use	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Building size	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Building location	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Other, please explain		
1.6	Please briefly describe the process to obtain the energy efficiency certificate/approval for the construction of a new commercial warehouse (as specified in the case study). <i>Example: The builder contacts the certified expert and requests the energy certificate. In 5 calendar days the expert will conduct an inspection. After the inspection the certificate will be issued in 8 calendar days.</i>			
1.7	Is it necessary to obtain an energy efficiency certificate/approval for the following cases?	Sell an existing building	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Rent an existing building	Yes <input type="checkbox"/>	No <input type="checkbox"/>
1.8	If you answered YES to question 1.7 (any), please provide a description similar to the one specified in question 1.6			

II. Building codes

This section refers to the existence and age of a set of comprehensive building regulations.

2.0	Is there a set of comprehensive set of rules/regulations that govern the construction process (i.e. building code, a decree/law with most of the construction rules, etc)? If NO, please proceed to question 3.0	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.1	What is the regulation (i.e. building code, a decree/law with most of the construction rules, etc) and since when has it been implemented?		
2.2	When was the last time this regulation (i.e. building code, a decree/law with most of the construction rules, etc) had a major update/amendment?	For processes (i.e. where to obtain the building permit, time limits, documents required, etc.)	
		For technical standards (i.e. materials, security features, etc.)	
		Other, please explain	
2.3	IF this regulation (i.e. building code, a decree/law with most of the construction rules, etc) specifies that the issuance of a building permit will be project dependent, please select the criteria used <i>Example: According to the building code projects under 1,000 m² do not require and Environmental Impact Assessment (EIA). Any project above 1,000 m² does require the EIA (here the issuance of the building permits varies depending on the size of the building).</i>	Building use	Yes <input type="checkbox"/> No <input type="checkbox"/>
		Building size	Yes <input type="checkbox"/> No <input type="checkbox"/>
		Building location	Yes <input type="checkbox"/> No <input type="checkbox"/>
		Other, please explain	

III. Information disclosure

This section refers to the availability of information needed to obtain a building permit.

3.0	Does the building authority clearly disclose the fees and the documents needed to obtain a building permit ?	Fees	Yes <input type="checkbox"/>	No <input type="checkbox"/>
		Documents	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3.1	If YES where are they published?	Fees	Law/regulation <input type="checkbox"/>	Name
			Internet <input type="checkbox"/>	Web address
			At the office <input type="checkbox"/>	Where in the office? (i.e. publicly displayed, need to ask an employee for it, etc)
			Other, please explain	
		Documents	Law/regulation <input type="checkbox"/>	Name
			Internet <input type="checkbox"/>	Web address
			At the office <input type="checkbox"/>	Where in the office? (i.e. publicly displayed, need to ask an employee for it, etc)
			Other, please explain	

Referrals

Please help us expand our list of contributors by referring us to other experts in the private and public sector who can answer the Dealing with Construction Permits survey.

	First name	Last name	Firm	Position	Phone	E-mail
Architects/ Engineers	[]	[]	[]	[]	[]	[]
Construction company	[]	[]	[]	[]	[]	[]
Developers	[]	[]	[]	[]	[]	[]
Construction authorities	[]	[]	[]	[]	[]	[]

Thank you very much for completing the Dealing with Construction Permits survey!

We sincerely appreciate your contribution to the Doing Business project.

The results will appear in *Doing Business 2012* and on our website:

<http://www.doingbusiness.org>.

Your work will be gratefully acknowledged in both.