MSME sector support in the Russian Federation
MSME Sector and the WTO

MSMEs = backbone and driving force of any developed economic system

Still most types of MSMEs support remain in the grey zone of the WTO
Russia’s MSME Sector

- **Micro**: up to 15 people, not more than 2 mln $
- **Small**: from 16 to 100 people, not more than 13 mln $
- **Middle**: from 101 to 250 people, not more than 33 mln $

- **Share of GDP**: 22.3 %
- **Number of MSMEs**: 6.1 m. units
- **Proportion of Employed**: 19.1 m. (25 %)
- **Size of MSME**: 95 % (micro-business)
- **Share of Total Export**: 6 %
Mission and Aim of the Strategy 2030

MISSION

- Innovative development and high rate of technological renovation
- Social development, high employment rate and high life quality
- Sectoral development
- Result: stable and competitive economy

AIM

- Increase of MSMEs’ turnover by 2.5 times (up to 1.6 billion $)
- Double the turnover per employee (up to 71 K $)
- Increase of the manufacturing industry share in total MSME sector turnover from 11.8% to 20% (up to 322.1 mln $ in 2030)
- Increase of the employment rate from 25% to 35% of total employed (up to 25 mln in 2030)
“Independence of Origin” Criterion

Till 2015:

25% limit for foreign investors` participation in share capital of Russian MSMEs

Since 2015:

2015 – from 25% to 49%

2018 – overall cancellation of the limit under discussion
Special Credit Program for MSMEs

- Rate of annual interest for MSMEs does not exceed 6.5%
- Credits at preferential rate are allocated to MSMEs operating in priority areas, defined by the Government, including agriculture, construction, manufacturing
- Annual interest rate in 2018 is 6.5% for small companies
- Volume of subsidized interest rate for small companies is 3.5%, for medium companies – 3.1%
- Purposes of preferential credits – working capital facility and investment
- Period of the working capital facility credit – not more than 10 years, investment credit – not more than 3 years
Institutions for MSMEs Support

Actors

Public and Municipal Authorities

Business Support Infrastructure

Federal SME Development Institutions

Ministry for Economic Development of the Russian Federation and regional ministries

700 business support units all over the country
“One-stop shop” service for SMEs

- Easy access for all
- Comfortable and client-oriented infrastructure
- Both paid and free services
- Consultancy support
- Both financial and non-financial services
- Provision of related services
- Call-center support
Educational Support Mechanism

Branching educational scenarios

Calendar of events

Apps for cell-phones

Functionality of a corporate on-line university

Business tracks

Ranking
Eliminating Barriers for Business

- Exclusion of excessive requirements for MSMEs classification
- “Caution instead of penalty” approach implemented
- Tax holidays (first two years) are granted
- Preferential conditions for rent and purchase of premises
- Simplification of administrative procedures, including business registration and review procedures
THANK YOU FOR YOUR ATTENTION!

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