



Invest Guide of the Republic of Bashkortostan

GENERAL INFORMATION • STATE BACKING • INSTITUTIONS OF DEVELOPMENT

Ufa 2019

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GENERAL INFORMATION

1. Socio-economical development of the Republic of Bashkortostan



The Republic of Bashkortostan (hereinafter referred to as the Republic) is one of the most developed and politically stable regions with a high level of socially oriented market economy. The Republic stand out among other subjects of Russia for diversified structure and integrated development of its economy, high industrial capacity, advanced agriculture and vigorous construction activity, vast natural resources, dynamic financial and credit relations, scientific-and-technological activities.

Priority industries of the Republic are as follows:

- mining and processing of minerals;
- chemical and petrochemical industry;
- woodworking industry;
- agro-industrial complex;
- transport and logistics complex;
- domestic tourism;
- mechanical engineering.

Economic strength and availability of large-scale unique industries and technologies make the Republic the largest industrial center of Russia. Republican industry generates about 40% of gross regional product.

Investment climate in the Republic of Bashkortostan is considered favorable, which implies favorable terms of investing and contributes to further attraction of investment sources in overseas and inland financial markets.



In 2018-2019 years **16th place** in the National Investment Climate rating among the subjects of the Russian Federation in 2019 (according to Strategic Initiatives Agency).

<https://asi.ru/investclimate/rating/>



In 2018–2019 years **4th place** in Public and Private Partnership Development rating (according to the information provided by ANO “National Centre for public-private partnership development”).

<http://www.pppi.ru/regions>



4th place in Minimum Economic Risks rating and 8th place in Minimum Financial Risks rating among the subjects of the Russian Federation in 2016 (according to Rating Agency “Expert RA”).

http://raexpert.ru/rankingtable/region_climat/2016/tab02/

2. Competitive advantages of the Republic of Bashkortostan

“INVESTMENT HOUR”

Radiy Khabirov, Head of the Republic of Bashkortostan, holds weekly meetings with investors where large market participants enjoy opportunity to submit their investment proposals and to meet

with support. The decisions taken at “Investment Hour” curtail the time for realization of projects and improve prospects of success.

2.1. Geographical location

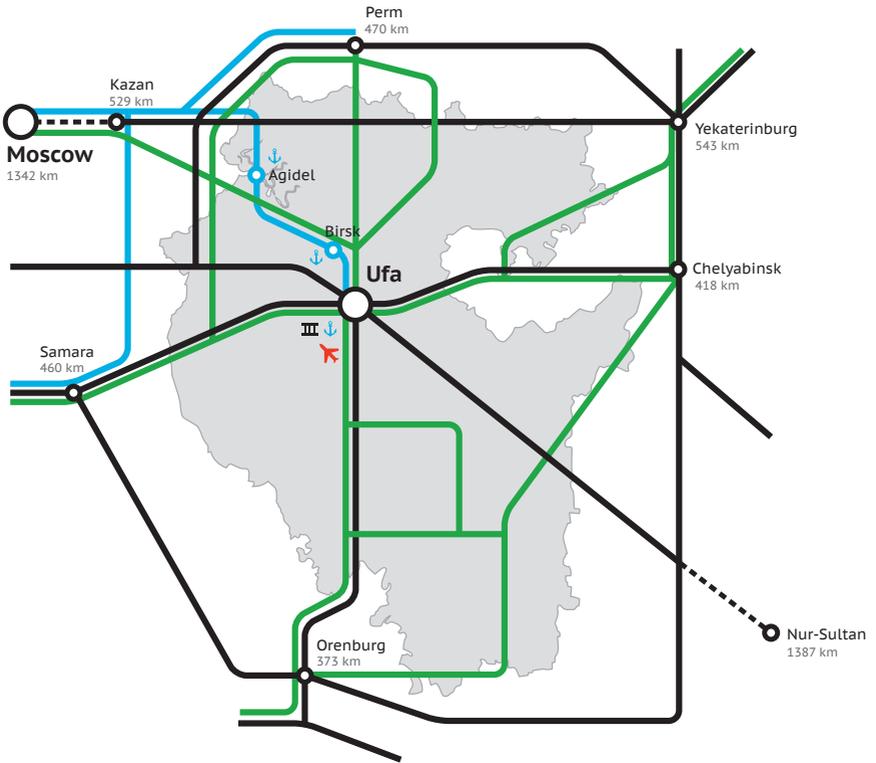
143 000 km²

Area of Bashkortostan is 143 000 sq.m., or 0,8% of the total area of this country.

**4 051 005
persons**

The Republic ranks seventh in Russia in terms of population (4 051 005 persons, population density is 28,3 persons per one square kilometer of its territories as compared with 8, 57 persons, the average density in Russia)

Transport infrastructure:



 **International airport UFA**

 **Railways**

The Trans-Siberian Railway Samara - Ufa – Vladivostok competitive
Kuibyshev Railway
Ufa – Orenburg

 **Federal Highways**

Moscow - Samara - Ufa - Chelyabinsk
Moscow - Kazan - Ufa
The Ufa-Orenburg motor road

 **Port zone**

2.2. Raw materials potential



Bashkortostan is notable for environmental diversity and variety of resources. The climate in the Republic is continental, with humid warm summers and temperate severe winters. Ural mountain ridges stretching from north to south create a sharp difference in climates on the western and eastern slopes.

The territory of the Republic of Bashkortostan is located within the basins of the Volga, the Ob and the Ural rivers. The Republic is well endowed with water resources due to river flow regulation by reservoirs and ponds and its spatiotemporal redistribution.

The total area of forest land of the Republic of Bashkortostan is 5,7 million hectares. Total stock of timber is 760,3 million m³. Vegetable life of the Republic is represented by forest flora (about 38%), meadow flora (about 11%), water and wetland flora (about 0,3%).

The territory of the Republic includes “Bashkiriya” National Park, Bashkir Reserve, South Ural State Nature Reserve, “Shulgan-Tash” National Park.

The Republic serves as a source of ore for nonferrous metallurgy of Russia. Its

mineral wealth is rich in copper, gold, zinc, chrome, aluminum, manganese and other minerals. The Republic ranks first in oil production within the Urals (Arlanskoye and Shkapovskoye fields). In recent years, the following types of mineral, new for the Republic, have been revealed: fluorspar, magnesite, phosphorite, zeolite, pyrophyllite, glauconite. Use of modern equipment and application of new methods of prospecting create favorable geological prerequisites for the discovery of proved oil and gas lands in the Pre-Urals and mountainous areas of Bashkortostan, of new ore deposits in the Trans-Urals area, for the exploration and the discovery of minerals scarce for the Russian Federation (chromites, manganese, diamonds, platinoids, strontium, etc.)

In general, the Republic is famous for a wide variety of raw materials and solid minerals.

2.3. Engineering potential

The following cities are industrial production centers of the Republic of Bashkortostan: Ufa, Sterlitamak, Salavat, Neftekamsk, Beloretsk, Ishimbay, Kumertau, Meleuz, Tuymazy.

The most important train lines, pipelines and highways pass through the territory of the Republic of Bashkortostan, connecting the European part of the Russian Federation with the Urals and Siberia. The transportation system of the Republic of Bashkortostan provides inland carriage, cargo and passenger transit traffic in “west – east” direction and connects the Republic with the largest centers of Russia and CIS countries.

The importance of transport for the economy of Bashkortostan is due not only to the peculiarities of its geographical location, but also to the high level of development of this sector.

Economic strength and scientific and technological potential allow the Republic to successfully develop foreign economic relations with the countries near and far abroad. The list of trading partners of Bashkortostan has more than 90 countries of the world.

To date, five territories of advanced social and economic development (TOSED) have been created in the Republic. Also, ten industrial parks are presently functioning, three more are being built, and a new special economic zone is under construction.

The Alga SEZ is located on four land plots on the territory of Ishimbay and Sterlitamak regions of the Republic of Bashkortostan. The support measures for residents include the possibility of applying accelerated depreciation and decreasing coefficient on the rental of the



land. In addition, profit tax (2020-2024) and corporate property tax are waived for the time period within the first 10 years from the date of registration of property. The management company in charge of all the related business activities is the Development Corporation of the Republic of Bashkortostan JSC.

The Ufa Industrial Park is the largest industrial park in the area, located in the Ufa region on a plot with a total area of 298 hectares.

The specialization of the park is all-purpose. The management company in charge of the park is the Development Corporation of the Republic of Bashkortostan.

Transport accessibility: direct access to the M-5 Ural Federal Highway, 43 km to the Ufa International Airport; 28 km to the Ufa River Port with an access to the Ufa-Chelyabinsk railway branch at the Shaksha Station.

Industrial parks which are presently being created are:

Neftekamsk Industrial Park, Blagoveshchensk Industrial Park, and Sterlitamak Industrial Park in the cities and regions by the same name. The management company in charge of the developments is the Development Corporation of the Republic of Bashkortostan, JSC.

3. Normative and legal acts regulating investment activities in the Republic of Bashkortostan

On investment activities in the Republic of Bashkortostan:

1. Law of RB No. BC-6/35 dated June 20, 1991 "On foreign investment activities in the Republic of Bashkortostan";
2. Law of RB No. 339-з dated December 24, 2010 "On investment activities in the Republic of Bashkortostan in the form of capital investments";
3. Law of RB No. 506-з dated June 16, 2017 "On regional investment projects in the Republic of Bashkortostan";
4. Declaration of Investments of the Republic of Bashkortostan approved by the Decree of the President of the Republic of Bashkortostan No. УП-508 dated December 03, 2012;
5. Strategy of Investment Development of the Republic of Bashkortostan until 2020 approved by the Decree of the Government of the Republic of Bashkortostan No. 188 dated April 18, 2014;
6. Decree of the Government of the Republic of Bashkortostan No. 117 dated March 29, 2017 "On approval of the Procedure for determining whether a large-scale investment project meets the criteria stipulated by Part 2 of Article 12.1 of the Law of the Republic of Bashkortostan "On regulation of land relations in the Republic of Bashkortostan";
7. Executive Order of the Government of the Republic of Bashkortostan No. 1502-p dated December 26, 2016 "On approval of a schedule of measures to achieve the planned values of effectiveness assessment index in respect of executive bodies of the Republic of Bashkortostan in 2016 – 2018 years "Level of fixed capital investment (with the exception of budgetary funds)"

On public and private partnership:

8. Decree of the Government of the Russian Federation No. 558 dated May 11, 2017 “On features of the tender for a concession agreement aimed at heat supply facilities, centralized hot water and cold water supply systems and (or) centralized water drainage systems, separate objects of such systems”;
9. Decree of the Government of the Russian Federation No. 880 dated October 30, 2010 “On order of distribution and provision of subsidies at the expense of budget allocations of the Investment fund of the Russian Federation to the budgets of the subjects of the Russian Federation for projects of regional and interregional importance”;
10. Decree of the Government of the Russian Federation No. 1366 dated December 12, 2015 “On approval of Public Partner’s Rights and Liabilities List in respect of authorized bodies and (or) legal entities in accordance with federal laws, other normative and legal acts of the Russian Federation, normative and legal acts of the subjects of the Russian Federation, municipal legal acts”;
11. Decree of the Government of the Russian Federation No. 1287 dated November 30, 2015 “On introduction of amendments to the text of the paragraph 1 of the Decree of the Government of the Russian Federation No. 909 dated September 10, 2012”;
12. Decree of the Government of the Russian Federation No. 1322 dated December 04, 2015 “On approval of the Rules for pre-selection of participants of the tender for a public and private partnership agreement, for a municipal and private partnership agreement”;
13. Decree of the Government of the Russian Federation No. 1386 dated December 19, 2015 “On approval of a proposal form for the implementation of a public and private partnership project or of a municipal and private partnership project, and also the requirements for information contained in the proposal for the implementation of a public and private partnership project or of a municipal and private partnership project”;
14. Decree of the Government of the Russian Federation No. 1388 dated December 19, 2015 “On approval of Regulations of proposal consideration by a public partner in respect of a public and private partnership project or of a municipal and private partnership project”;
15. Decree of the Government of the Russian Federation No. 1387 dated December 19, 2015 “On procedure of submitting a statement of intention to a public partner to participate in the tender for a public and private partnership agreement, for a municipal and private partnership agreement”;
16. Decree of the Government of the Russian Federation No. 1514 dated December 30, 2015 “On procedure of assessment of project efficiency in respect of public and private partnership, municipal and private partnership and determination of its comparative advantage”;

17. Decree of the Government of the Russian Federation No. 1490 dated December 30, 2015 "On control performed by a public partner over the execution of a public and private partnership agreement and a municipal and private partnership agreement";
18. Decree of the Government of the Russian Federation No. 1461 dated December 29, 2015 "On introduction of alterations to the Statute of the Ministry for Economic Development of the Russian Federation";
19. Decree of the Government of the Russian Federation No. 1686 dated December 29, 2017 "On approval of the criteria for assigning production facilities, primary and (or) subsequent (industrial) processing facilities, agricultural storage facilities to objects of a concession agreement, a public and private partnership agreement or a municipal and private partnership agreement";
20. Order of the Ministry for Economic Development of the Russian Federation No. 864 dated November 20, 2015 "On approval of the procedure for preliminary negotiations between a public partner and an initiator of the project of a public and private partnership, the project of a municipal and private partnership in respect of project proposal development";
21. Order of the Ministry for Economic Development of the Russian Federation No. 863 dated November 20, 2015 "On approval of the procedure for preliminary negotiations between a public partner and an initiator of the project of a public and private partnership, the project of a municipal and private partnership in respect of project proposal consideration";
22. Order of the Ministry for Economic Development of the Russian Federation No. 894 dated November 30, 2015 "On approval of the Methods of assessment of project efficiency in respect of public and private partnership, municipal and private partnership and determination of its comparative advantage";
23. Order of the Ministry for Economic Development of the Russian Federation No. 888 dated November 27, 2015 "On approval of the procedure for monitoring the implementation of public and private partnership agreements, municipal and private partnership agreements";
24. Law of the Republic of Bashkortostan No. 701-з dated July 01, 2013 "On Investment Fund of the Republic of Bashkortostan";
25. Decree of the Government of the Republic of Bashkortostan No. 103 dated March 23, 2017 "On approval of the Statute of the Interdepartmental Commission for preparation and realization of investment projects on public and private partnership terms";
26. Decree of the Government of the Republic of Bashkortostan No. 128 dated March 27, 2014 "On approval of Regulations of making decisions on public contracts for the supply of goods, for works, for services to meet the needs of the Republic of Bashkortostan, on public and private partnership agreements and concession agreements with participation of the Republic of Bashkortostan for a period

- exceeding the term of the approved limits of budgetary liabilities”;
27. Decree of the Government of the Republic of Bashkortostan No. 289 dated August 13, 2012 “On approval of the procedure for financing of investment projects to be realized at the expense of budget allocations of the Investment fund of the Republic of Bashkortostan”;
 28. Decree of the Government of the Republic of Bashkortostan “ On introduction of alterations to the Decree of the Government of the Republic of Bashkortostan No.7 dated January 10, 2018 “On approval of the Order of interaction of republican executive bodies in the preparation, conclusion, execution, modification of concession agreements regarding heat supply facilities, centralized hot water and cold water supply systems and (or) centralized water drainage systems, separate objects of such systems, where the municipalities of the Republic of Bashkortostan act as a cessor, and the Republic of Bashkortostan acts as a third party”;
 29. Executive Order of the Government of the Republic of Bashkortostan No. 1190-p dated November 03, 2015 “On approval of a schedule of measures to develop institutional environment in the sphere of public and private partnership in the subjects of the Russian Federation (Regional Public and Private Partnership Standard) on the territory of the Republic of Bashkortostan”;
 30. Order of the Ministry for Economic Development of the Republic of Bashkortostan No.40 dated March 05, 2012 “On approval of the Method of calculation of absolute and relative soundness indicators to be met by those commercial organizations that intend to participate in project implementation at the expense of budget allocations of the Investment fund of the Republic of Bashkortostan”.

4. Support of investment projects on a “one-stop-shop” basis on the territory of the Republic of Bashkortostan

To increase the project implementation efficiency, the Regulations of support of investment projects on a “one-stop-shop” basis on the territory of the Republic of Bashkortostan (hereinafter referred to as the Regulations) were adopted and approved **by the Decree of the Government of the Republic of Bashkortostan No. 490 dated November 16, 2016.**

The Regulations determine the order of interaction of subjects of investment activity, executive bodies of the Republic of Bashkortostan and an authorized organization in implementation of investment projects.

The JSC “Corporation for Development of the Republic of Bashkortostan” (hereinafter referred to as the Corporation) is an authorized organization in accordance with the Decree of the President of the Republic of Bashkortostan No. УП-730 dated December 20, 2010 “On the Open Joint-Stock Company “Corporation for Development of the Republic of Bashkortostan”.

Procedure for support of an investment project (hereinafter referred to as the project) on a “one-stop-shop” basis:

1. The investor submits an application to the Corporation.
2. The Corporation for Development forwards an inquiry to the investor concerning all information on the project (within 2 business days).
3. The investor will send the information on the investment project (within 5 business days).
4. The Corporation enters the information on the investment project into the investment projects data base of the Republic of Bashkortostan and initiates the meeting with participation of the investor, heads of the republican executive authorities (according to their competence), concerned structural units of the Government of the Republic of Bashkortostan, bodies of local government of the Republic of Bashkortostan to coordinate the directions and the possibilities of providing the investor with the support and to choose the project supervisor (within 5 business days).
5. The Corporation draws up and signs the minutes of the meeting (protocol of intentions) which contains a decision to support the project or to refuse to support the project (within 2 business days).

In case a decision is made to support the project, the protocol of intentions states the project supervisor and liabilities of the parties. Copies of information card and protocol are sent to all participants of the meeting and to the Authorized body (within 3 business days).

6. The Corporation elaborates in coordination with the supervisor a draft schedule of measures to support the investment project and ensures that the schedule is approved by the investor and the republican executive body (within 10 business days).

7. After the schedule of measures has been approved the Corporation will send it to the Authorized body (within 2 business days).

The initial day of investment project support is the date when the investor submits an information card to the Corporation.

Each municipality of the Republic of Bashkortostan has its own investment representatives acting in accordance with an approved Standard in order to provide a unified approach to work with investors and institutions of development.

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STATE BACKING

5. Measures of state support of investment activities

5.1. Company income tax allowance

-4,5%

(2017—2020 y.)

from income tax*

-3,5%

(since 2021 y.)

-7%

from income tax*

The reduced tax rate is granted to the investor implementing a priority investment project for the term which depends on the level of investments during the first 3 years of the project (during the first 5 years if the level of investments is more than 5000 million rubles):

- from 100 million rubles to 1500 million rubles inclusive – for 3 taxable periods**;
- more than 1500 million rubles up to 5000 million rubles inclusive – for 5 taxable periods**;
- more than 5000 million rubles – for 10 taxable periods**;
- from 10 million rubles up to 1500 million inclusive to the investors implementing a priority investment project within the territories included in comprehensive programme of social and economic development of municipalities of the Republic of Bashkortostan – for 3 taxable periods**.

The reduced tax rate is granted to the investor implementing a regional investment project till the taxable period when the when the difference between the tax amount at the rate of 20% and the tax amount at the rate of 10% would be equal to the level of capital investments. At the same time the level of investments cannot be less than:

- 50 million rubles – during 3 years from the date of entry in the register for entities implementing a regional investment project within the territories included in comprehensive programme of social and economic development of municipalities of the Republic of Bashkortostan;
- 100 million rubles – during 3 years from the date of entry in the register;
- 500 million rubles – during 5 years from the date of entry in the register.

* payable to the budget of the Republic of Bashkortostan.

** reduced Company Income Tax rates set by the legislation of the subjects of the Russian Federation prior to January 1, 2018 are applicable by taxpayers before the expiration date but no later than January 1, 2023. At the same time the reduced tax rates can be raised by the legislation of the subjects of the Russian Federation for taxable periods of 2019 - 2022 years (Federal Law of the Russian Federation No. 302-ФЗ dated August 03, 2018).

Statutory ground:

1. *Law of the Republic of Bashkortostan No. 454-з dated October 31, 2011 "On fixing of a reduced Company Income Tax rates".*
2. *Law of the Republic of Bashkortostan No 506-з dated June 16, 2017 "On regional investment projects in the Republic of Bashkortostan".*

5.2. Company assets tax allowance

Those investors are exempted from tax who implement a priority investment project and made capital investments in production facilities (fixed assets) used exclusively for the production of goods, execution of works, provision of services on the territory of the Republic of Bashkortostan for sale to third parties.

Tax exemption applies to the assets that have been newly created and (or) acquired during the first 3 years of the project (during the first 5 years if the level of investments is more than 5000 million rubles), since the beginning of the year (taxable period) following the year in which the capital investments reached the level that gives the right to tax exemption:

- from 100 million rubles to 1500 million rubles inclusive – for 3 taxable periods;
- more than 1500 million rubles up to 5000

million rubles inclusive – for 5 taxable periods;

- more than 5000 million rubles – for 10 taxable periods;

- from 10 million rubles up to 1500 million inclusive to the investors implementing a priority investment project within the territories included in comprehensive programme of social and economic development of municipalities of the Republic of Bashkortostan - for 3 taxable periods.

Statutory ground: *Law of the Republic of Bashkortostan No. 43-з dated November 28, 2003 "On company assets tax".*

5.3. Land and property relations

1) The information about the objects ready to be leased to small and medium enterprises (SME) is posted on the investment map of the Republic of Bashkortostan. Such objects include the following:

- vacant spaces and idle facilities of enterprises and organizations of public and municipal sectors offered for rent (lease) to small and medium enterprises ;
- buildings, including objects under construction included in the list of investment attractive objects unlikely to be used without reconstruction ;

- state property of the Republic of Bashkortostan included in the list in order to offer for long-term lease to small and medium enterprises and organisations in SME support infrastructure.

Preferential rent:

- during the first year - 40% of the total amount of annual rent payment,
- during the second year – 60%,
- during the third year – 80%,
- during the fourth year and subsequent years – 100%.

2) Simplified procedure of leasing

(without holding tenders) of plots of public land owned by the Republic of Bashkortostan for a large-scale investment project (Decree of the Government of the Republic of Bashkortostan No. 117 dated March 29, 2017 “On approval of the procedure for determining whether a large-scale investment project meets the criteria set in the part 2 of the article 12.1 of the Law of the Republic of Bashkortostan “On regulation of land relations in the Republic of Bashkortostan”)

3) Concessions for the lease of plots of public land owned by the Republic of Bashkortostan for implementation of a priority investment project of the Republic of Bashkortostan: the rent is calculated using a reduction factor of 0.6, before commissioning of all projected objects, but not more than 5 years.

4) According to the Executive Order of Head of the Republic of Bashkortostan the projects included in the list of priority investment projects of the Republic of Bashkortostan with financial resources confirmation (no less than 50% of the project value) can take on lease the plots of public land owned by the Republic of Bashkortostan, the plots of municipal land as well as plots of land without any differentiation of public ownership, without holding any tenders for realization of a large-scale investment project.

Statutory ground: Decree of the Government of the Russian Federation No. 645 dated August 21, 2010 “On support of small and medium enterprises in the provision of federal assets”.

5.4. Pledged security

Pledged securities constitute a set of state assets and proprietary rights owned by the Republic of Bashkortostan and secure the investor’s liabilities to credit institutions and other loaners.

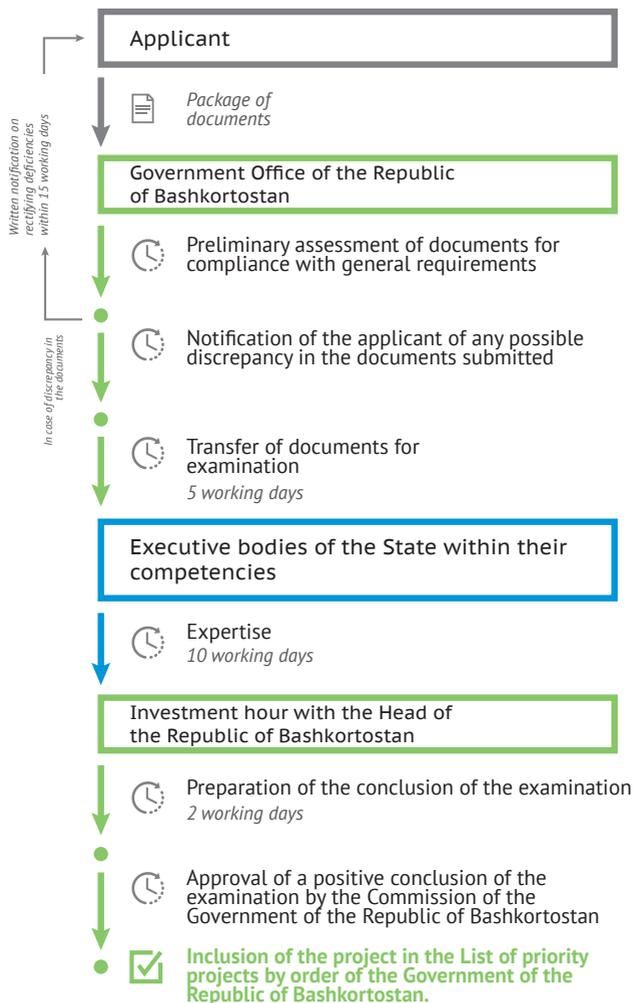
This fund supports priority investment projects and projects of and investment projects important for the Republic. It gives entrepreneurs or legal entities the

opportunity to obtain credit resources for the implementation or the development of their own business project.

Statutory ground: Decree of the Government of the Republic of Bashkortostan No. 338 dated August 28, 2015 “On Pledged securities of the Republic of Bashkortostan”

6. Procedure for provision of state support of investment activities

Stage I. The inclusion of the project in the List of priority investment projects of the Republic of Bashkortostan



1. The initiator generates and sends to the Office of the Government of the Republic of Bashkortostan a package of documents:

- a business plan in accordance with the approved protocol;
- extract from the Unified State Register of Legal Entities or from the Unified State Register of Individual Entrepreneurs;
- certificate of no arrears of payment of taxes, fees, penalties, fines, interests issued by a tax authority;
- documents confirming the availability of own sources of financing of the priority investment project in the amount of not less than 10% of the declared value of the project:

- for legal entities: copies of decisions of the founders (shareholders) on the implementation and financing of the priority investment project, as well as records or statements of billing and deposit accounts;

-for individual entrepreneurs: statements of settlement and deposit accounts.

- (if available) documents of preliminary agreement with resource supplying organizations of the possibilities to connect to the existing engineering infrastructure, if necessary documents of preliminary agreement with competent organization of the possibilities to connect to the transport infrastructure.

2. The Office of the Government of the Republic of Bashkortostan from the date of receipt of the package of documents conducts their assessment for compliance with the requirements for completeness (within 5 working days).

3. If the submitted documents fail to meet the completeness requirements the

Ministry for Economic Development of the Republic of Bashkortostan will notify the initiator of the project in writing on the necessity to take the remarks into account (within the term specified in clause 2, inclusive).

4. The project initiator has the right to eliminate comments and submit documents to the Office of the Government of the Republic of Bashkortostan (within 15 working days).

5. If the documents meet the requirements the Ministry for Economic Development of the Republic of Bashkortostan will send copies of these documents to the republican executive authorities for examination within their competence (within the term specified in clause 2, inclusive).

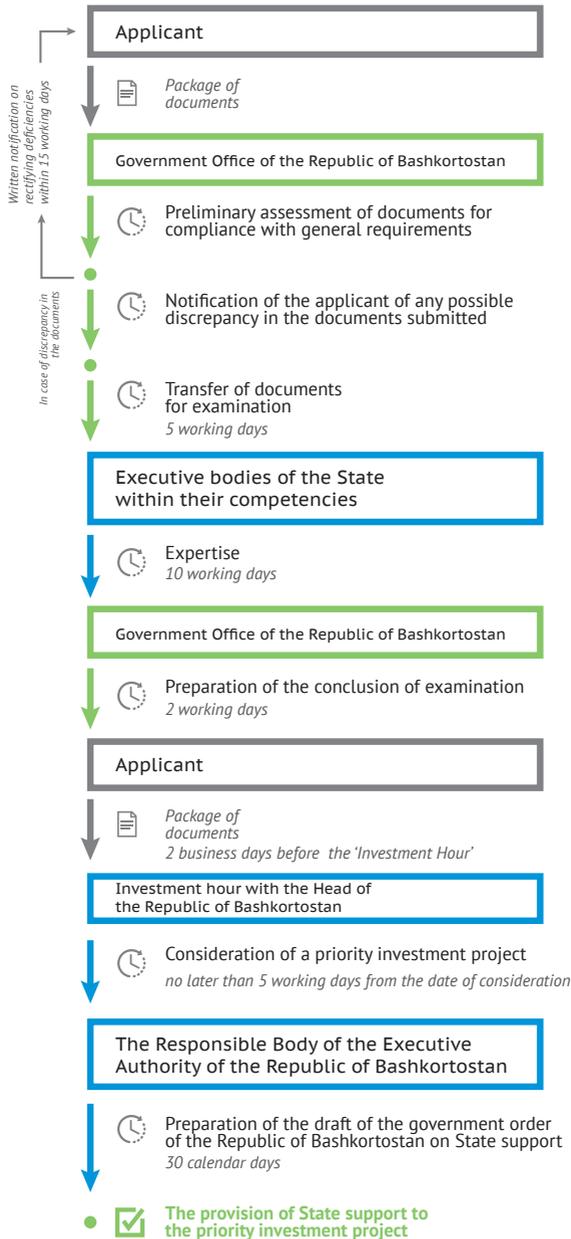
The period of examination shall not exceed 10 business days from the date of receipt of the documents to the relevant republican executive authority.

6. According with the results of the examination, the Republican executive authorities send to the Office of the Government of the Republic of Bashkortostan their expert opinion on the expediency or in expediency of inclusion of the investment project in the List of priority investment projects (during the period specified in paragraph 5, inclusive).

7. From the day of receiving the expert opinion, the Office of the Government of the Republic of Bashkortostan makes a decision on the inclusion or refusal of inclusion of the proposed project in the List of priority investment projects of the Republic of Bashkortostan and notifies the investor about the decision (within 2 working days).

An investment project included in the List of priority investment projects of the Republic of Bashkortostan may qualify for state support.

Stage II. Entering into an investment agreement for State support



1. The following documents are to be submitted for priority investment projects applying for state support with inclusion in the Register of priority investment projects:

- business-plan;
- presentation materials on the investment project;
- certificate of no arrears of payment of taxes, fees, penalties, fines, interests issued by a tax authority;
- (if available) documents of preliminary agreement with resource supplying organizations of the possibilities to connect to the existing engineering infrastructure, if necessary documents of preliminary agreement with competent organization of the possibilities to connect to the transport infrastructure.
- information on the scope of state support measures necessary for implementation of a priority investment project including calculation of costs associated with implementation of budgetary investments;
- calculation of the amount of tax allowances supposed to be granted for a priority investment project;
- copies of the documents confirming the availability of their own or leased plot of land for implementation of a priority investment project. These documents are not required if the investor applies for plots of land being into state ownership of the Republic of Bashkortostan or into municipal property, as well as for plots of land without any differentiation of public ownership, in order to take the plots on lease without any tenders in accordance with the law;
- documents confirming the availability of funding sources in the amount of at least 50% of the project cost;
- extract from the Unified State Register of Legal Entities or from the Unified State

Register of Individual Entrepreneurs (original or certified copy);

2. The Office of the Government of the Republic of Bashkortostan conducts a preliminary assessment of the documents for compliance with the requirements for completeness (within 5 working days).

3. In case of non-compliance of the submitted documents with the requirements for completeness of the Office of the Government of the Republic of Bashkortostan, a written notification is sent to the project initiator about the need to eliminate the detected discrepancies (within the time specified in paragraph 2, inclusive).

4. The initiator of the project is entitled to take the remarks into account and to submit the documents to the Ministry for Economic Development of the Republic of Bashkortostan (within 15 business days).

5. In case of compliance of the documents with the requirements, the Office of the Government of the Republic of Bashkortostan sends copies of the documents to the republican executive bodies for examination within their competence (within the period specified in paragraph 2 inclusive).

The period of examination shall not exceed 10 business days from the date of receipt of the documents to the relevant republican executive authority.

6. According with the results of the examination, the republican executive authorities send to the Government Office of Bashkortostan an expert opinion on the expediency or in expediency of providing state support to the investor for the implementation of the priority investment project (within 10 working days).

7. From the day of receiving the expert opinion, the Office of the Government of

the Republic of Bashkortostan prepares a consolidated expert opinion on the expediency or in expediency of providing State support to the project and notifies the investor of the decision (within 2 working days).

8. From the day of preparation of a consolidated positive expert opinion, a priority investment project is reviewed at a meeting of the Investment Committee of the Republic of bashkortostan (within 22 business days).

9. The matter of granting tax allowances and signing an investment agreement is to be approved at “Investement Hour” meeting .

At a meeting of “Investement Hour” approves the granting of

tax concessions and the signing of the investment agreement. The meeting of the “Investement Hour” the project proponent must prepare a presentation of priority investment project.

10. The decision of the “Investement Hour” in the Protocol (within 5 days).

11. From the day of approval of the protocol, the responsible body prepares the draft order of the Government of the Republic of Bashkortostan on providing State support to the project and, together with the project initiator, prepares an investment agreement indicating the scope and amount of State support (within 30 calendar days).

7. Creation of the territory of advanced socio-economic development

TASED (Territory of advanced socio-economic development) is established for seventy years (for 10 years in monocities) and will cease to exist by the decision of the Government of the Russian Federation made on the proposal of the authorized federal body, including the case of economic in expediency.

On December 29, 2016 the Government of the Russian Federation signed the Decrees on TASED establishment in **Kumertau and Belebey cities. In 2019 TASED status was obtained by Beloretsk, Blagoveshchensk, Neftekamsk cities.**

Measures of support mprovided by the non-profit organization “Fund for the Development of Mono-Cities” (hereinafter referred to as the Fund):

- **Co-financing of the expenses of the subjects of the Russian Federation**

and the municipalities on construction of infrastructure facilities necessary for the implementation of new investment projects in the amount of up to 95% at the expense of the Fund.

The volume of co-financing is determined by the Fund on the basis of the following ratio: the Fund will allocate 0.4-0.7 million rubles for the creation of 1 new job; co-financing ratio: 1 ruble from the Fund / 3 rubles from private investors.

The procedure for obtaining co-financing for the construction of infrastructure facilities is as follows:

- to submit the information on investment projects to be implemented and on the needs for infrastructure facilities to the Working Group on Modernization of Mono-Cities under the Governmental Commission for Economic Development

and Integration (hereinafter referred to as the Working group);

- to obtain a favourable decision of the Working group on the possibility of interaction with the Fund as far as the provision of financial support to the Mono-City is concerned;
- to conclude a general cooperation agreement with the Fund;
- to prepare an application for co-financing of the expenses of the Republic of Bashkortostan and the municipality on construction of infrastructure

facilities (hereinafter referred to as the Application), including the setting-up of a working group and the approval by the Head of the Republic of Bashkortostan of a schedule of measures necessary to prepare the application;

- to submit the Application to the Fund;
- approval of the Application by the Supervisory Board of the Fund;
- conclusion of an agreement on co-financing of the construction and (or) reconstruction of infrastructure facilities.

• **Low-interest loan for investment projects in mono-cities**

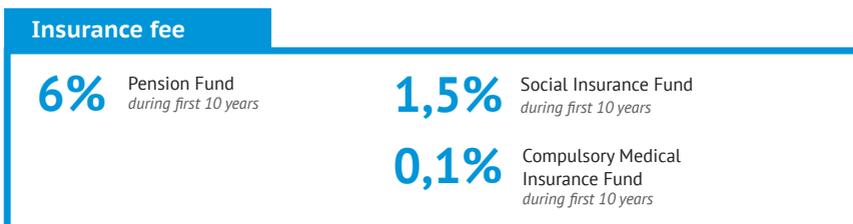
Credit terms of the non-profit organization “Fund for the Development of Mono-Cities”	
Amount of a loan from 10 to 250 (inclusive) million rubles	Amount of a loan more than 250 to 1000 million rubles
Interest rate – 0 % per annum	Interest rate – 5 % per annum
Credit period up to 15 years	Credit period up to 15 years
Initiator (loan debtor) – individual entrepreneur or legal entity, resident of the Russian Federation	Initiator (loan debtor) – legal entity, resident of the Russian Federation
Security for a loan - irrevocable banker's guarantee and/or guarantee provided by the JSC "Corporation MSP" / JSC "MSP Bank" and/or Foreign Economic Bank of the Russian Federation	Security - standard types of pledge, as well as a guarantee provided by a holding (parent) company with an international / Russian investment / credit rating that meets the requirements of the Fund
Participation in the project by the initiator's own funds is at least 20%.	Participation in the project by the initiator's own funds is at least 20%.
Deferment of loan repayment is no more than 3 years	Deferment of loan repayment is no more than 3 years
Term of consideration of documents attached to the applications of project initiators is up to 35 business days	

Requirements for the project and the initiator (loan debtor):

- the initiator has no past indebtedness due to the budget and funds;

- no dependence on the activities of the city-forming enterprise;
 - presence of a socio-economic effect for a mono-city in terms of the volume of attracted investments and the number of new jobs.
- Restrictions:
- the Fund will participate in the project for no more than 80% of the total cost of the project;
 - the Fund will only allocate funds for capital investments;
 - availability of a general agreement concluded by the Fund with a subject of the Russian Federation

Tax allowances for TASED residents



HDC TASED residents are entitled to expedited VAT refund. (application of a declarative VAT refund procedure)

Regional tax allowances Exemption from personal property tax for 10 years*
Exemption from land tax for 10 years**

* the relevant Laws of the Republic of Bashkortostan were adopted on February 22, 2017

** to be set by the municipality

8. Government sectoral programs

8.1. Agriculture support measures of the State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets for 2013—2020 years

1. Subsidies for partial reimbursement of interest rate on short-term (investment) credits:
 - for the development of plant production, processing and marketing of plant products, infrastructure development and logistics support for plant production markets;
 - for the development of livestock husbandry, processing and marketing of animal production, infrastructure development and logistics support for animal production markets;
 - for the construction and reconstruction of the facilities for beef and dairy animal husbandry;
 - for the processing of plant and animal production in the sphere of wholesale and distribution centers development;
 - for the support of livestock breeding, beef and dairy cattle breeding
2. Subsidies for 1 kg of sold marketable milk (dairy farming subprogramme).
3. Provision and distribution of subsidies from the federal budget to the budgets of the subjects of the Russian Federation to assist in achieving the target indicators of regional programs

for the development of the agro-industrial complex (Unified subsidy):

Subsidies for partial reimbursement of charges for the following:

- increasing the population of reindeer, red deer and herd meat horses;
- increasing the breeding stock of sheep and goats;
- uprooting of old orchards and the recultivation of uprooted areas;
- planting and care of perennial fruit and berry plantations;
- payment of the insurance premium accrued under the agricultural insurance contract in the sphere of plant production and livestock breeding;
- support for elite seed production;
- support for agricultural producers in the sphere of plant production;
- support for novice farmers;
- development of family livestock farms;
- grant support of agricultural consumer cooperatives for the development of material and technical base.

Subsidies from the federal budget to the budgets of the subjects of the Russian Federation for partial reimbursement of direct costs incurred for the creation and modernization of the facilities of the

agro-industrial complex:

- creation and (or) modernization of fruit storage facilities owned by agricultural producers, with the exception of persons with private garden plots;
- creation and (or) modernization of potato storages (vegetable storehouses), owned by agricultural producers, with the exception of persons with private garden plots;
- creation and (or) modernization of greenhouse complexes, owned by Russian organisations and agricultural producers, with the exception of persons with private garden plots;
- creation and (or) modernization of dairy cattle-breeding complexes (dairy farms), owned by Russian organisations and agricultural producers, with the exception of persons with private garden plots;
- creation and (or) modernization of breeding and genetic centers in animal husbandry and seed selection centers in plant production, owned by Russian organisations and agricultural producers, with the exception of persons with private garden plots;
- creation by Russian organizations of wholesale distribution centers, the requirements for which are determined by the Ministry of Agriculture of the Russian Federation.

Subsidies for partial reimbursement of costs (budget of the Republic of Bashkortostan):

- purchase of chemicals (Decree of the Government of the Republic of Bashkortostan No. 168 dated May 05, 2016);
- payment of interest on investment

- loans concluded after 01/01/2017 (Decree of the Government of the Republic of Bashkortostan No. 89 dated March 07, 2018);
- payment of interest on investment loans concluded prior to 01/01/2017 (Decree of the Government of the Republic of Bashkortostan No. 490 dated October 09, 2018);
- purchase of agricultural machinery and equipment (Decree of the Government of the Republic of Bashkortostan No. 254 dated June 05, 2017);
- payment of interest on loans received from Russian credit organizations for the development of aquaculture (fish farming) and commercial sturgeon breeding (Decree of the Government of the Republic of Bashkortostan No. 31 dated February 07, 2017);
- purchase of fish farming equipment, animal feed, fish stock (Decree of the Government of the Republic of Bashkortostan No. 211 dated May 05, 2017);
- purchase of young dairy cattle (Decree of the Government of the Republic of Bashkortostan No. 338 dated July 24, 2017);
- increase in productivity in dairy cattle breeding (Decree of the Government of the Republic of Bashkortostan No. 44 dated February 08, 2017);
- compensation for damage caused by natural disaster (Decree of the Government of the Republic of Bashkortostan No. 525 dated December 16, 2015);
- soil fertility maintenance (Decree of the Government of the Republic of Bashkortostan No. 278 dated June 26, 2013);
- support for agricultural producers in the sphere of plant production

(Decree of the Government of the Republic of Bashkortostan No. 79 dated March 12, 2013);

- support of individual sub-sectors of livestock husbandry and plant production, payment of insurance premiums under agricultural insurance agreements in the sphere of livestock husbandry and plant production (Decree of the Government of the Republic of Bashkortostan No. 42 dated February 08, 2017);

- payment of interest on loans received from Russian credit institutions by small enterprises (Decree of the Government of the Republic of Bashkortostan No. 42 dated February 08, 2017);

- covering the production organization costs (a grant to beginning farmers, family livestock farms, agricultural consumer cooperatives) (Decree of the Government of the Republic of Bashkortostan No. 42 dated February 08, 2017);

- development of agricultural consumer cooperatives (Decree of the Government of the Republic of Bashkortostan No. 254 dated June 08, 2018);

- partial reimbursement of the cost of interest on short-term loans concluded since 01.01.2017 (Decree of the Government of the Republic

of Bashkortostan No. 436 dated September 11, 2018);

- partial reimbursement of the costs incurred for the creation and (or) modernization of AIC (Agro-Industrial Complex) facilities (Decree of the Government of the Republic of Bashkortostan No. 1413 dated November 24, 2018);

- preferential crediting (Decree of the Government of the Republic of Bashkortostan No. 1528 dated December 29, 2016).

4. State support of personnel potential of the agro-industrial complex of the Republic of Bashkortostan.

5. Subprogram "Development of dairy cattle breeding in the Republic of Bashkortostan".

Ministry of Agriculture of the Republic of Bashkortostan:

<https://agriculture.bashkortostan.ru/>



8.2. Sectoral activities aimed at the development of small business, the state program "Development and support of small and medium enterprises in the Republic of Bashkortostan"

The state program "Development and support of small and medium enterprises in the Republic of Bashkortostan", approved by the Decree

of the Government of the Republic of Bashkortostan No. 548 dated 14.11.2018 provides for the following:

1. Carrying out activities to improve the prestige and popularization of business activity.
2. Assistance to the development of interregional and international cooperation of small and medium enterprises.
3. Providing information, consulting, legal and educational support for beginning entrepreneurs, acting entrepreneurs and those who want to do business.
4. Providing financial support (various types of subsidies and grants) for the creation of their own business, purchase of equipment, implementation of small business investment initiatives.
5. Subsidizing the costs of infrastructure organizations related to the implementation of projects on the development and support of small and medium enterprises in the Republic of Bashkortostan (on a competitive basis). The support is provided to organizations included in the Register of organizations that form the infrastructure for SME supporting in the Republic of Bashkortostan . The amount of the subsidy is not more than 90% of the amount of the planned costs, but it does not exceed 500 thousand rubles per one project.
6. Support for social entrepreneurship.
7. Support for municipal programs and programs of mono-cities for the

development of entrepreneurship (on a competitive basis).

Co-financing of municipal programs:

- subsidies at the initial stage of business formation;
- partial subsidizing of the lease payments;
- subsidies to the SME, which carry out activities in the sphere of services for the provision of state and municipal institutions.

Co-financing of mono-cities programs:

- partial subsidizing of the lease payments;
 - support for social entrepreneurship.
8. Providing guarantees in case of crediting.
 9. Granting of microloans at a preferential interest rate.

State Committee of the Republic of Bashkortostan on business and tourism:

<https://biznestur.bashkortostan.ru/activity/18221/>



8.3 Sectoral support programs of the Ministry of Industry and Trade of the Russian Federation

- subsidies for partial compensation of the costs of research and development work and testing of wheeled vehicles;
- subsidies for reimbursement of costs for the production of wheeled vehicles,

- including those vehicles that meet the requirements of Euro-4, Euro-5;
- subsidies for reimbursement of interest on loans and / or payment of yield on bonds to manufacturers of cargo

vehicles;

- subsidies for reimbursement of costs of production, sale and export of agricultural equipment;
- subsidies for partial reimbursement of costs of research and development work in priority areas of aviation industry development;
- subsidies for reimbursement of interest on loans and leasing agreements to aviation industry organizations;
- partial reimbursement of project implementation costs to facilitate the entry of aviation instrument-making and aircraft units making enterprises to the world market as suppliers of 2-4 level components;
- subsidies to the organizations of the fishery complex for partial reimbursement of interest on loans and leasing payments;
- subsidies for reimbursement of interest on loans for the implementation of projects for the creation of shipbuilding complexes;
- subsidies for reimbursement of costs of clinical trials of implantable medical devices and medicines;
- subsidies for reimbursement of costs of medical devices production and the organization of medicines and pharmaceutical substances production;
- subsidies for reimbursement of R & D costs in the sphere of machine-tool construction and for the production and sale of pilot batches of capital goods;
- contribution by assets to the implementation of projects for the creation of machine-tool products mass production;

- subsidies for reimbursement of costs to manufacturers of gas motor vehicles and urban land electric transport;
- reimbursement of costs for the development of innovative medicines;
- subsidizing of interest rate on loans in order to support Russian high-tech export;
- reimbursement of exporters costs of certification of high-tech products;
- advance partial financing of the costs of promoting high-tech and innovative products to foreign markets;
- reimbursement of costs for registration of intellectual property abroad;
- partial reimbursement of costs of creating a scientific and technical reserve for the development of basic technologies of priority electronic components and radio electronic equipment production;
- reimbursement of R & D costs within the framework of comprehensive investment projects in the sphere of machine-tool construction in priority areas of the aviation industry development;
- reimbursement of costs of investment projects implementation to release the rehabilitation facilities;
- subsidies to the members of industrial clusters for partial reimbursement of costs of joint projects implementation for the purposes of import substitution;
- subsidies to manufacturers of machinery and equipment for the food and processing industries.

9. Public and private partnership

Public-private partnership is a long-term mutually beneficial cooperation of the state and a private investor aimed at implementing of state objectives, increasing the accessibility and quality level of public services, attracting private investments for construction, reconstruction, modernization and operation of various public infrastructure facilities based on risk sharing between a private enterprise and the state.

The essence of the PPP mechanism is actually the transfer of functions for the construction, reconstruction, modernization, maintenance and operation of public infrastructure facilities to the private sector.

Since August 17, 2016, in accordance with the Decree of the Head of the Republic of Bashkortostan “On the Corporation for Development of the Republic of Bashkortostan”, the Corporation for Development of the Republic of Bashkortostan has been engaged in supporting the projects of public-private partnership and investment projects under concession agreements with the participation of the Republic of Bashkortostan.

The Corporation for Development of the Republic of Bashkortostan provides the services for selection of objects, coordination with republican executive authorities and municipalities and further preparation of a PPP project in accordance with the legislation.

The main spheres for PPP (concession) development are as follows:

- transport infrastructure, including public transport;
- communal infrastructure (concession);
- health care;
- education, culture, sport, tourism;
- social services;
- environmental infrastructure in terms of treatment and disposal of solid domestic waste.

Promising fields of application of the PPP:

- tourism;
- IT.

Since January 1, 2018, the Law of the Republic of Bashkortostan No. 548-3 dated November 30, 2017 “On making alterations to Certain Legislative Fiscal Acts of the Republic of Bashkortostan” has established a zero rate on the assets tax for those entities that have entered into PPP agreements and concession agreements with the Government of the Republic of Bashkortostan



* According to the information provided by ANO “National Centre for public-private partnership development”



The image features a central red banner with the text "INSTITUTIONS OF DEVELOPMENT" in white, bold, sans-serif font. The background is a photograph of a grand, ornate staircase with a red carpet and a white balustrade, set against a red background. The staircase is made of light-colored stone or marble, and the balustrade is a classic, curved design. The lighting is warm, highlighting the textures of the stone and the red carpet. The overall composition is clean and professional, suggesting a formal or academic context.

INSTITUTIONS OF DEVELOPMENT

10. Institutions of development of the Republic of Bashkortostan

10.1. Corporation for Development of the Republic of Bashkortostan



The Corporation is established to increase the effectiveness of state policy in the sphere of creating and implementing of investment projects of priority importance for the Republic of Bashkortostan.

Tasks of the Corporation:

- to support investment projects in the framework of interaction with the executive authorities (representation of interests in ministries and departments, including preparation of a folder of documents, business development programs);
- representation of interests of foreign investors in the Republic of Bashkortostan;

- selection and preparation of optimal sites for the implementation of projects on the territory of the Republic of Bashkortostan, assistance in solution of problems related to external engineering infrastructure connection;
- searching for an investor for the project and selection of investment projects;
- elaboration of comprehensive development projects for the territories;
- support for the construction: from project to commissioning;
- interaction with the subjects of natural monopolies on the matters of power supply;
- company efficiency improvement;
- diagnostics of an investment project and a company (financial, economic, marketing, managerial, engineering and technological);
- justification of investment projects (business plans, memorandums, accompanying documents, support for the design and estimate documentation elaboration);
- intellectual property valuation.

The Corporation provides comprehensive services to the investors interested in starting and running their business in

the Republic of Bashkortostan.

- The Corporation provides services on “one-stop-shop” basis (administrative support at the state level).
- The Corporation provides ready-made infrastructure of industrial parks, plots of land and municipal real estate objects.
- The Corporation supports the participation in republican programs to enter in the list and register of priority projects, works with the territories of advanced development in the Republic of Bashkortostan.



The Corporation is an actual member of the Association of Industrial Parks of the Russian Federation and a member of the Association of Clusters and Technoparks.

The Corporation, being an authorized operator for the selection of production sites in the Republic of Bashkortostan, is ready to offer 800 vacant sites to the investors. The Corporation manages the sites of the following types:

- **Greenfield** is a type of investment site which is not provided with infrastructure;
- **Brownfield** is a type of investment site which is provided with buildings, structures and infrastructure.

The Development Corporation of the Republic of Bashkortostan is the managing company for the industrial parks in the cities of Ufa, Blagoveshchensk and Neftekamsk as well as for the Alga special economic zone

Services provided by the Corporation

Investment projects:

- selection of the site. The database contains more than 800 sites in all municipalities of the Republic;
- development / updating of a business plan, feasibility study, concept, financial model of an investment project in order to attract funding from federal / regional funds, commercial institutions
- possibility to be entered in the list of priority investment projects;
- assistance in searching for potential partners for the implementation of an investment project;
- advising the investor on financing programs, on obtaining federal and regional state support.

Industrial parks:

- searching for leaseholders to let the ready production, warehouse, office premises;
- preparation of the documents for the purpose of creating industrial parks, including development of a concept of industrial parks;
- selection of contractors to perform various types of work.

Technical control and construction supervision:

- implementation of the customer's functions (collection and preparation of initial permits, support of the design process, examination of projects, obtaining construction permits, technical supervision of construction,

- commissioning of facilities);
- implementation of comprehensive control in the course of construction of the facility.

Searching for investment objects:

Municipalities of the Republic of Bashkortostan offer more than 200 investment projects in various sectors.

Selection of objects and locations for the implementation of the PPP project:

- coordination of the PPP project with republican executive authorities, municipalities of the Republic of Bashkortostan and credit institutions (banks);

- development of a PPP project in accordance with the legislation on PPP / MPP and concession;
- procurement of financial resources for PPP projects.

Contacts:

Nesterov Business Center, 6,
Verkhnetorgovaya Square, Ufa, Republic
of Bashkortostan.

Phone: +7 (347) 214-90-70

E-mail: infokrrb@bashkortostan.ru

www.kr-rb.ru

10.2. Regional fund

JSC “Regional fund” is established to support priority investment projects, to attract investments to priority sectors of economy of the Republic of Bashkortostan.

Granting of a loan up to 2 billion rubles

Basic rate is the key rate of the Central Bank of the Russian Federation;
for agricultural projects - 1/2 of the key rate of the Central Bank of the Russian Federation.

Participation in the capital of the project company. Share of the Fund:

in the authorized capital of LLC from 33% to 49% of shares;
in the authorized capital of JSC from 25% to 49% of voting shares.

Basic rate is the key rate of the Central

Bank of the Russian Federation;
for agricultural projects - 1/2 of the key rate of the Central Bank of the Russian Federation.

Providing of collateral for loans up to 2 billion rubles

Basic rate is 1/10 of the key rate of the Central Bank of the Russian Federation;
for agricultural projects - 1/20 of the key rate of the Central Bank of the Russian Federation.

Contacts:

450008, Republic of Bashkortostan,
Ufa city, Karl Marx Street, 3B

Phone/fax: +7 (347) 276-12-19

E-mail: reg_fond@mail.ru

www.regfondrb.ru

10.3. Regional leasing company of the Republic of Bashkortostan

Financing of the purchase of equipment for SME:

Amount: from 3 to 200 million rubles, initial contribution is at least 15%.

Rate: 6% per annum - for Russian equipment, 8% per annum - for foreign equipment.

Contacts:

450076, Republic of Bashkortostan,

Ufa city, Tsyurupa Street, 16

Phone +7 (347) 222-46-16; 222-46-17

E-mail: info@rlcrb.ru

www.rlcrb.ru

10.4. Fund for development and support of small enterprises of the Republic of Bashkortostan

Financial support for small enterprises:

Provision of guarantees at the expense of the Guarantee Fund (together with partner banks):

- the amount of the guarantee is no more than 70% of the amount of the borrower's obligations in terms of principal debt repayment;

- the maximum amount of guarantee is 25 million rubles.

Provision of fixed assets on leasing terms:

- the maximum value of fixed assets is 5 million rubles;

- for the term of 5 years;

- interest rate - ½ of the key rate of the Central Bank of the Russian Federation;

- initial contribution is at least 10%;

- the subject of leasing is industrial and technological equipment, special equipment, vehicles (except for

passenger motor cars and motorcycles).

Granting of loans at the expense of the Fund for Support of Investment Initiatives (on a competitive basis):

- the loan amounts from 100 to 500 thousand rubles;

- for the term of up to 3 years;

- interest rate is up to 2/3 of the key rate of the Bank of Russia on the date of loan provision.

Contacts:

450052, Ufa city, K. Marx Street, 37, building 2, 3rd storey

Phone/fax: +7 (347) 251-67-52,

251-67-59

E-mail: fond-mb@mail.ru

www.fondmb.ru

10.5. Microcredit company of small business of the Republic of Bashkortostan

- maximum amount of micro-loan is 3 million rubles;
- for the term of up to 3 years;
- interest rate is from 7,5 to 10% per annum.

Contacts:

450076, Ufa city, Chernyshevsky Street,
82, 6th storey, suite 65
Phone/fax: +7 (347) 246-20-50,
246-20-49
E-mail: mfo@centerrb.ru
www.centerrb.ru

11. Federal funds of development

11.1. Industry development fund

Industry development fund was established in 2014 by the Government of the Russian Federation on the initiative of the Ministry of Industry and Trade of the Russian Federation for the modernization of Russian industry, the organization of new industries and the provision of import substitution.

The Fund offers preferential conditions for co-financing of the projects aimed at the development of new high-tech products, technical re-equipment and creation of competitive industries based on the best available technologies. To implement new industrial projects, the Fund provides target loans at a rate of 1%, 3% and 5% per annum for the term up to 7 years in the amount of 5 to 750 million rubles, stimulating an inflow of direct investments to the real sector of economy.

Line of products:

- **“Development Projects” Program**
Amount: 50-500 million rubles
Rate: 5%
3% (first three years with bank

guarantee)

-2% of the basic rate in case of purchase of the Russian equipment

1% of the loan amount per year if $\geq 50\%$ of the production is exported

- **Leasing loans program**

Amount: 50-500 million rubles.

Rate: 1%

- **“Machine tool making” program**

Amount: 50-500 million rubles.

Rate: 1% (first three years)

5% (for the remaining period)

- **“Conversion” program**

Amount: 80-750 million rubles.

Rate: 1% (first three years)

5% (for the remaining period)

- **“Components” program**

Amount: 50-500 million rubles.

Rate: 1% (first three years)

5% (for the remaining period)

- **“Drug labeling” program**

Amount: 5-50 million rubles.

Rate: 1%

- **“Digitalization of industry” program**

Amount: 20-500 million rubles.

Rate: 1% (with Russian software or system integrator)

5% (in other cases)

- **“Labor Productivity” program**

Amount: 20-300 million rubles.

Rate: 1%

- **“Joint Loans” program (according to “Development Projects” program)**

Amount: 20-100 million rubles.

Rate: 5%

3% (first 3 years with bank guarantee)

-2% of the basic rate in case of purchase of the Russian equipment

1% of the loan amount per year if $\geq 50\%$ of the production is exported

- **“Joint loans” program (according to “Components” program)**

Amount: 20-100 million rubles.

Rate: 1% per annum (first three years)

5% per annum (for the remaining period)

Detailed information:

www.frprf.ru

11.2. Industry Development Fund of the Republic of Bashkortostan

The Industry Development Fund of the Republic of Bashkortostan (hereinafter referred to as the Fund) was established in 2017 in the Republic of Bashkortostan for the purpose to provide preferential financial support to enterprises for the implementation of industrial production projects.

Line of products:

- **Projects of development**

Amount: 20-100 million rubles.

Rate: 5%

3% (first 3 years with bank guarantee)

-2% of the basic rate in case of purchase of the Russian equipment

1% of the loan amount per year if $\geq 50\%$ of the production is exported

- **Components**

Amount: 20-100 million rubles.

Rate: 1% per annum (first three years)

5% per annum (for the remaining period)

- **“Region” program**

Amount: 5-20 million rubles.

Rate: 5%

3% (first 3 years with bank guarantee)

-2% of the basic rate in case of purchase of the Russian equipment

1% of the loan amount per year if $\geq 50\%$ of the production is exported

- **“Energy Saving” program**

Amount: 5-100 million rubles.

Rate: 3% (first 3 years with bank guarantee)

5% (with other guarantee)

Detailed information:

www.frprb.ru

11.3. Program of support of investment projects implemented on the basis of project financing

Preferential loan at a rate not exceeding the refinancing rate of the Central Bank of the Russian Federation 2.5% per annum.

Decree of the Government of the Russian Federation No.1044 dated October 10, 2014 "On Approval of the Program of Support of Investment Projects Implemented in the Territory of the Russian Federation on the Basis of Project Financing"

11.4. Russian Fund of Direct Investment

The Russian Fund of Direct Investment (RFDI) was established in 2011 on the initiative of the President and Prime Minister of the Russian Federation. The Fund acts as a co-investor together with major international investors, playing a catalytic role in attracting of direct investment to Russia.

Implementation of projects "from scratch"

Key criteria for project selection:

- availability of a clear plan for the use of investments, financial model, pre-project research of the market and competitors;
 - economic attractiveness of the project at acceptable level of risk;
 - availability of own funds in the project financing structure;
 - availability of adequate guarantees of investment return to RFDI (pledge or surety);
 - from 1 billion rubles of RFDI investment in the project together with its partners
- Support:
- RFDI participation in the company's share capital is up to 50%;
 - ample opportunities for structuring of projects, opportunities for financing syndication;
 - organization of the corporate management system in accordance with the best international practices.

Implementation of projects for the modernization and expansion of existing industries.

Key criteria for project selection:

- availability of a business plan, pre-project study, if construction is required;
 - availability of own funds in the financing structure;
 - acceptable level of debt load;
 - length of business existence is more than 3 years;
 - from 1 billion rubles of RFDI investment in the project together with its partners
- Support:
- RFDI participation in the company's share capital is up to 50%;
 - access to technologies and best practices of foreign strategic investors;
 - opportunities for financing syndication;
 - entry to new markets.

Investment Elevator

Key criteria for project selection:

- availability of a business plan;
- economic attractiveness of the project at acceptable level of risk;
- provision of support by at least one other institution participating in the Investment Elevator mechanism ;
- the products are not related to trade, transportation, real estate operations, construction and operation of

infrastructure facilities;

- RFDI investment in the project together with its partners - from 150 million rubles;

- availability of export earnings or export potential.

Support:

- RFDI participation in the company's share capital up to 50%, provision of mezzanine financing;

- assistance in entering to international markets using RFDI international contacts.

investment return

- availability of state support for the project;

Support:

- attraction of funds from leading world sovereign funds and institutional investors;

- attraction of funds of the National Welfare Fund.

Detailed information:

www.rdif.ru

Financing of infrastructure projects - from 1 billion rubles.

Key criteria for project selection:

- advanced stage of the project;

- economic attractiveness of the project at acceptable level of risk;

- availability of adequate guarantees of

11.5. Federal corporation for development of small and medium enterprises

Tasks of the Corporation:

- providing support to SME and organizations that form the support infrastructure for SME;

- attracting of funds from Russian, foreign and international organizations in order to support SME;

- organization of information, marketing, financial and legal support for investment projects implemented by SME;

Providing small and medium enterprises with affordable credit resources

Amount: not less than 3 million rubles.

Rate: up to 9.6% (for priority sectors of economy), up to 10.6% (in other sectors)

Detailed information:

www.corpmsp.ru

11.6. Rosagroleasing

Provision of machinery and equipment on leasing basis:

- for the period - up to 10 years;
- interest rate - up to 3.5%;
- initial contribution - at least 15%;
- subject of leasing: agricultural machinery, towed equipment and attachments, equipment for animal

husbandry and processing industry, highly productive breeding animals.

Detailed information:

www.rosagroleasing.ru

11.7. Project Finance Factory

- financing of the project in the framework of the syndicate (credit manager - Foreign Economic Bank)

- hedging of interest risks of borrowers and lenders at the expense of subsidies of the Government of the Russian Federation;

- target state guarantee of the Russian Federation;

- special procedure for calculating of capital adequacy and for formation of reserves for loans and borrowings for Russian credit institutions.

Detailed information:

www.вэб.рф

11.8. Russian Venture Company

The Company stimulates the creation of the Russian venture capital industry and contributes to significant increase in the financial resources of venture funds.

Support: investments from one or

several funds with the participation of RVC capital.

Detailed information:

www.rvc.ru

11.9. RUSNANO

RUSNANO implements state policy on the development of nanoindustry, acting as a co-investor in nanotechnology projects with significant economic or social potential. RUSNANO invests funds in a wide range of projects - from alternative energetics to biomedicine, from the creation of new materials to engineering and metalworking. The

priority is given to the projects aimed at creation of new industries or at expansion and modernization of existing industries

Detailed information:

www.rusnano.com

11.10. Skolkovo Foundation

Grants from 30 to 300 million rubles
Minigrants up to 5 million rubles
Microgrants up to 1,5 million rubles

Detailed information:

www.sk.ru

11.11. Foundation for Assistance to Small Enterprises in the Scientific and Technical Sphere (Innovation Promotion Foundation)

“Smart” program is aimed at supporting of commercially oriented scientific and technical projects of young researchers. Grant amount - 500 thousand rubles; The deadline for performing research and development work is no more than 24 months (2 stages of 12 months each); The costs are directed for conducting of research.

“Start” program is aimed at creating of new small innovative enterprises and supporting of existing small innovative enterprises seeking to develop and master the production of a new products, articles, technology or service using the results of their own scientific, technical and technological research, which are at the initial stage of development and have significant potential for commercialization.

Grant amount - up to 5 million rubles;
Grant period is 1 year;
Direction of expenses - R&D, commercialization of R&D results.

“Development” program is aimed at supporting of companies that already have experience in developing and selling their own high-tech products and are planning to develop and master new types of products.

The amount of the grant is no more than 20 million rubles (the amount varies from

15 to 20 million rubles on competitive basis);

The costs are directed for R & D, commercialization of R & D results.

Term is not more than 24 months (the period varies from 12 to 24 months depending on the competition);

Off-budget co-financing (from own funds or investor's funds) is at least 30% of the grant amount (the amount varies from 30 to 100% depending on the competition);

The costs are directed for R & D

“Internationalization” program is aimed at supporting of companies implementing joint projects to develop and master new types of products with the participation of foreign partners, as well as at supporting of companies developing products intended for foreign markets.

Grant amount is no more than 15 million rubles;

Term of the grant is not more than 24 months (the period varies from 18 to 24 months depending on the competition);

Off-budget co-financing (from own funds or investor's funds) is at least 50% of the grant amount;

The costs are directed for R & D

“Commercialization” program is aimed at supporting of companies that have completed the R & D stage and are planning to create or expand production

of innovative products.

Grant amount is not more than 20 million rubles;

Grant period is 12 months (2 stages of 6 months);

Off-budget co-financing (from own funds or investor's funds) is at least 100% of the grant amount;

The costs are directed for the commercialization of R & D results.

“Cooperation” program is aimed at developing of partnerships between small innovative enterprises and Industrial partners. The goal of the Program is to use the potential of the small knowledge-intensive business sector to develop the product lines of medium and large technological enterprises, to create new industries and to update

existing industries based on innovative technologies.

Grant amount is not more than 25 million rubles;

Grant period - 18-24 months;

Off-budget co-financing (from own funds or investor's funds) is at least 100% of the grant amount. Co-financing can be provided by the grantee (at the expense of own and / or attracted funds) and / or by the Industrial Partner;

The costs are directed for R & D on the technical assignment approved by the Industrial Partner.

Detailed information:

www.fasie.ru

11.12. Foundation for the development of monocities

There are 6 single-industry municipalities (mono-cities) in the Republic of Bashkortostan:

Belebey, Kumertau, Neftekamsk, Beloretsk, Uchaly, Blagoveshchensk.

The Foundation for the development of mono-cities provides the following support measures:

Subsidy for the creation of infrastructure facilities in mono-cities.

As for activities involving the construction and (or) reconstruction of infrastructure facilities necessary for individual entrepreneurs and legal entities to implement investment projects in mono-cities the Foundation co-finances the expenditures of the budgets of the subjects of the Russian Federation and the budgets of municipalities in the amount of up to 95% of the total cost of

implementation for each object .

Preferential loan for investment projects in monocities.

The Foundation participates in the financing of investment projects by:

- provision of cash in the form of a loan;
- participation in the capital of the initiator company (not more than 49%).

Amount: from 10 to 1000 million rubles.

Rate: 0% (for loans up to 250 million rubles)

5% (for loans over 250 million rubles)

Detailed information:

www.frmrus.ru

11.13. Russian Export Center

JSC “Russian Export Center” (REC) is an governmental institute for the support of non-commodity exports, providing Russian exporters with a wide range of financial and non-financial support measures.

Credit and guarantee support:

- financing of expenses under the export contract (up to 85% of the amount of the export contract or commission agreement, up to 5 years);
- financing of current expenses for export deliveries (up to 85% of the amount of the export contract (contracts) or commission agreement, up to 2 years);
- financing of the exporter’s commercial loan (up to 85% of the amount of shipping documents submitted for payment, up to 5 years);
- financing through a confirmed letter of credit (up to 100% of the amount of the letter of credit up to 5 years);
- direct loan to a foreign buyer (up to 100% of the amount of the export contract (s) or commission agreement, for a period of up to 10 years);
- financing of trade with foreign buyers (up to 85% of the amount of the export contract (contracts), up to 2 years);
- a loan to a bank of a foreign buyer (up to 100% of the value of the export contract, with the exception for advance payment and (or) up to 100% of the insurance premium for payment under the insurance contract with EXIAR JSC, for a period of up to 1 year);
- provision of a guarantee for the return of an advance payment, a guarantee in

favor of the tax authorities, a tender guarantee, a guarantee of proper performance of obligations, a guarantee of payment.

Special export support programs:

- partial reimbursement of the cost of transportation of agricultural and food products (up to 50% of the actual costs incurred by exporters);
- placement of the company’s products in the tasting and demonstration pavilion in a foreign country;
- compensation for export credits of commercial banks (Federal Law of the Russian Federation . № 459-ФЗ dated November 29, 2018 “On the federal budget for 2019 and for the planned period of 2020-2021.”);
- ensuring participation in tasting and demonstration events;
- partial compensation of the cost of products transportation (up to 80%);
- financing of the cost of promoting of high-tech products to foreign markets.

Support:

- insurance support for the export of goods and services of Russian origin (up to 90% of the amount of possible loss), as well as Russian investments abroad;
- financing of export operations.

Detailed information:

www.exportcenter.ru

12. Warranty support

Guarantee amount of up to 25 million (no more than 70% of the loan amount). The support is provided by the regional guarantee organization - the Fund for the Development and Support of Small Enterprises of the Republic of Bashkortostan. The amount of remuneration is 1% per annum in rubles of the guarantee amount

Guarantee amount of 25 million rubles up to 100 million (no more than 50% of the loan amount). The support is

provided by MSP-Bank. The amount of remuneration is 0.75% per annum in rubles of the guarantee amount

Guarantee amount of 100 million rubles and more (no more than 50% of the loan amount). The support is provided by the SME Corporation. The amount of remuneration is 0.75% per annum in rubles of the guarantee amount.

13. Special investment contract

Special Investment Contract (SPIC) is an agreement whereas an investor undertakes to create or modernize and (or) to master production of industrial products in the territory of the Russian Federation, and the other party is the Russian Federation or a subject of the Russian Federation undertakes to implement incentive measures stipulated by the legislation of the Russian Federation or the subject of the Russian Federation **as of the date of the SPIK.**

General conditions:

- the minimum amount of investments (capitalized costs) - 750 million rubles. (without VAT);

Terms of support:

- the term when the project is to gain operating profit + 5 years (but not more than 10 years).

Support Form:

- ensuring the stability of tax

environment;

- tax allowances;

- obtaining the status of "Made in Russia" for the products with suspensive conditions for localization;

- access to the state order;

- creation by the subjects of the Russian Federation of infrastructure facilities, special conditions for land lease

On September 1, 2016 the list of federal incentive measures for SPIC has been supplemented with a new item - the possibility to purchase the goods produced under SPIK from an SPIC investor or a person who has been attracted by SPIC investor as the sole supplier. To take advantage of this opportunity, an investment project must meet the following requirements:

- publication of an act of the Government of the Russian Federation on the appointment of an investor as the sole

supplier;

- conclusion of SPIK by the Russian Federation (or the Russian Federation along with the subject of the Russian Federation and (or) the municipality).
- the volume of investments under SPIC is more than 3 billion rubles;
- the production of goods on the territory of the Russian Federation will be carried out by a Russian legal entity;
- the country of origin of the goods is the Russian Federation.

This incentive measure can be applied only to federal SPIC. In addition, the SPIC should provide for suspensive conditions on the right of the investor to enter into contracts for the supply of goods as the sole supplier, the maximum quantity of the goods supplied, as well as liability for exceeding such quantities.

The cumulative quantity of goods that can be purchased from an investor as a sole supplier during the year should not exceed 30% of the total quantity of the

relevant goods produced during the year. At the same time, the purchase of 30% of the goods produced is not guaranteed to the investor, because the customer can choose a different, competitive procedure.

Procurement can be effected at a price not higher than the marginal price of a unit of goods, the procedure for determining of the marginal price is established by an authorized federal executive body.

The government of the Russian Federation has the right to determine at once several manufacturers of identical goods with which customers have the right to enter into contracts as with the sole suppliers.

14. Offset contract

The opportunity to act as a sole supplier can be provided also at the regional level, but not to the parties to regional SPIK, but to a person with whom a government contract has been concluded for the supply of goods with reciprocal investment obligations - **an offset contract or an offset transaction.**

An offset contract is concluded according to the results of a tender held on the basis of an act of the highest executive body of a subject of the Russian Federation, and should meet the following **requirements**:

- imposing of the supplier-investor with an obligation to create, modernize and (or) master the production of a certain product in the Russian Federation;

- the term of the contract is no more than 10 years;

- the minimum amount of investment in the creation, modernization and (or) development of the production of the goods - at least 1 billion rubles;

- the country of origin of the goods - the Russian Federation.

The price of the goods sold by the supplier-investor to state customers should not exceed the marginal price, the procedure for determining of the marginal price is established by the competent executive authority of the subject of the Russian Federation. There are no restrictions on the quantity of goods purchased from the supplier-

investor.

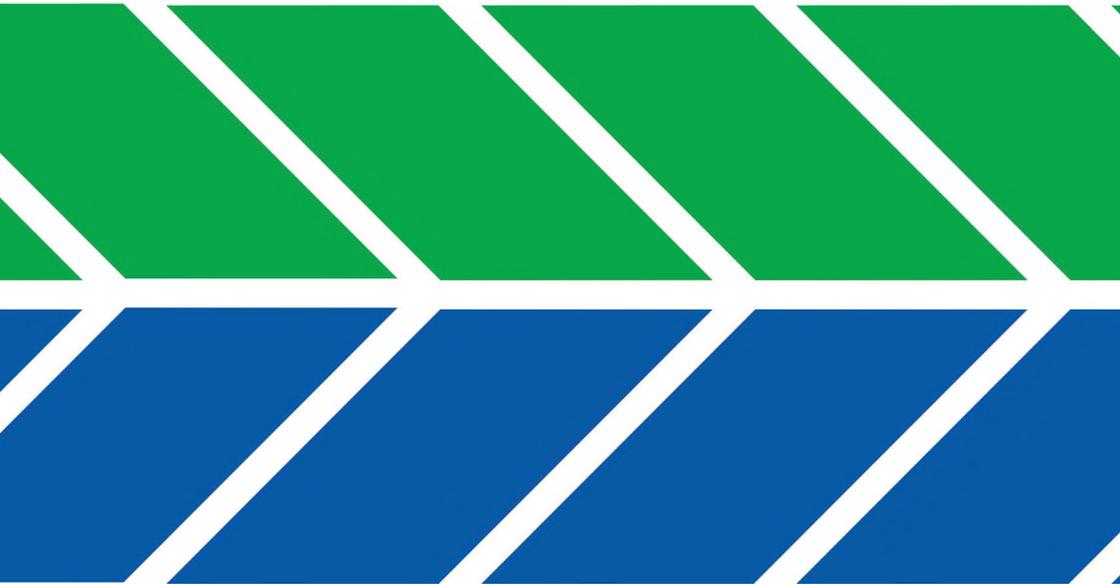
It is permissible to conclude several government contracts with counter investment obligations in respect of identical goods in the territory of one constituent entity of the Russian Federation.

Statutory ground:

Federal Law of the Russian Federation No. 488-ФЗ dated December 31, 2014 "On industrial policy";

Federal Law of the Russian Federation No. 44-ФЗ dated April 05, 2013 "On contractual system in the sphere of procurements of goods, services to meet the public and municipal needs";

Decree of the Government of the Russian Federation No. 708 dated July 16, 2015 "On special investment contracts for separate industries".



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