Investor's Guide
to the Republic of Sakha (Yakutia)
“...The Republic of Sakha (Yakutia) is the largest region in the Russian Federation and one of the richest in natural resources. Needless to say, the stable and dynamic development of Yakutia is of key importance to both the Far Eastern Federal District and all of Russia...”

President of the Russian Federation
Vladimir Putin

“One of the fundamental priorities of the Government of the Republic of Sakha (Yakutia) is to develop comfortable conditions for business and investment activities to ensure dynamic economic growth”

Head of the Republic of Sakha (Yakutia)
Egor Borisov
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Welcome from Egor Borisov, Head of the Republic of Sakha (Yakutia)

I would like to extend a warm welcome to all of our partners and the wider business community

In recent years, the Republic of Sakha (Yakutia) has developed dynamically and has become a region that offers great opportunity to investors. Thanks to its rich natural resources, demographic and social stability, its highly educated young workforce and economically active population, Yakutia has reinforced its position as the economic leader in the Far Eastern Federal District.

We were among the first Far Eastern regions to put in place a long-term development policy – the ‘Plan for integrated development of the Republic of Sakha (Yakutia) up to 2020’. This plan links closely with the national government’s key industrial strategies for the Russian economy: the Energy Strategy of the RF; the General Configuration Plan of Electric Facilities in the RF through to 2020; the Transport Strategy of the RF through to 2020; the Railway Transport Development Strategy of the RF through to 2020; and the Programme for the Creation of a United Extraction and Transportation System for Gas and Gas Supply in Eastern Siberia and the Far East, which explores the export of gas to China and other Asia-Pacific countries.

The development of favourable conditions for business and investment is one of the fundamental priorities of the Government of the Republic of Sakha (Yakutia) and in order to provide the right conditions, we have developed an investment strategy for the Republic through to 2016, and agreed on key areas for development through to 2030.

We have created a transparent investment infrastructure for businesses at any stage – from innovative start-up businesses requiring support from business incubators and technology parks, to large public private partnership infrastructure projects.

The Investment Development Agency of the Republic of Sakha (Yakutia), was created both to publicise the opportunities available in the Republic and to provide investors in Russia and internationally with advice and consultation services, from assistance with business planning through to support during a project’s implementation phase.

We have created a network of multifunctional access centres in the Republic, in order to simplify interaction with government bodies, to provide access to municipal services and to reduce the amount of time it takes to provide services.

In conclusion, I should emphasise again, that improving the attractiveness of the Republic to investors is, and will remain, an important priority of my economic policy. We are ready for open and productive cooperation with investors in our unique region and will do everything we can to create the conditions necessary for successful business development.

Yours sincerely,
Head of the Republic of Sakha (Yakutia)

Egor Borisov
Overview of the Republic of Sakha (Yakutia)

Capital city: Yakutsk

Population: 955 thousand (2013)

Representatives of over 120 ethnicities reside in the Republic. Russians and Yakutians make up the majority of the population.

Area territory: 3,084 thousand km²

The Republic of Sakha (Yakutia) is the largest region in the Russian Federation, with more territory than France, Austria, Germany, Italy, Sweden, England, Finland and Greece combined.

The Republic is the largest biosphere reserve on Earth, a global ecological wildlife reserve and one of the planet’s climate regulators.

Official languages: Russian, Sakha

Urban population: 65.3% (2013)

Climate: Harsh continental

GRP: RUB 578 billion (2013)

GRP per capita: RUB 605 thousand (2013)

Budget income: RUB 137 billion (2013)

Official portal: sakha.gov.ru
Lena Pillars Nature Park
The Republic is home to a unique geographical formation, the Lena Pillars, a series of cliffs that extend for several kilometres and reach a height of 100 metres. The cliffs date back to the early Cambrian period, 540-560 million years ago, and are included on the UNESCO World Heritage List.

Children of Asia International Sports Games
Since 1996, the Children of Asia International Sports Games have been held in the Republic under the patronage of the International Olympic Committee and UNESCO, and with the support of the Olympic Council of Asia and the Russian Olympic Committee.

During the Games, over 20 sporting and social venues were constructed specially for the Games, including stadiums, sports complexes, swimming pools, hotels and airport terminals.

North-Eastern Federal University named after M.K. Ammosov
The North-Eastern Federal University is located in the Republic and is one of nine federal universities of the country. The university has 7 research institutes, 11 institutes, 8 faculties and 3 branches: a Polytechnic Institute in Mirny, a Technical Institute in Neryungri and a Chukotka Branch, opened at the end of 2010 in Anadyr.

One of the key priorities of the university is training staff for large inter-regional and international investment projects. The university has good relationships with leading higher education institutions in Canada, USA, France, Norway and China. It has taken part in exchange of faculty members and students, joint conferences and workshops.
Industry priorities

According to plans for the integrated development of the Republic of Sakha (Yakutia) the Republic’s investment policy is aimed at the following strategic priorities:

• Infrastructure development
• Development of primary industries (diamond, coal and gold mining)
• Development of the oil and gas industry
• Development of new industries (ferrous metal industry, extraction and processing of uranium ore)
• Development of small and medium-sized enterprises
• Development of industries based on renewable resources

• Development of social services and utilities
• Development of services, including tourism
• Development of agricultural business and food production in rural areas

The main priority of the Republic’s investment policy is to create value-added local production (processing of mineral resources and fossil, output of finished goods, services and innovation).
Territorial priorities

Zones of advanced socioeconomic development will be established in the Republic of Sakha (Yakutia) under the development plans for the Russian Far East set up by the Russian Government.

The development potential of the Arctic zone is linked to the intensive geological exploration of the Arctic Shelf, and the renewal and development of the North Sea Route. An Arctic zone will be established based on the Tiksi settlement with special tax conditions and customs regulations.

In the north-west of Yakutia, the Yano-Kolymskiy Territorial Industrial Complex will be built, including:
- Development of the Nezhdanskiy gold ore deposit and the Verkhne-Menkecehnskiy polymetallic deposit, with total investment reaching RUB 49.9 billion, including RUB 29.4 billion for infrastructure
- Development of mineral deposits for the extraction of gold ore, tin and non-ferrous and rare metals, costing RUB 98.8 billion

In Central Yakutia, a transport and logistics hub and an educational complex are being built and an industrial zone is planned for the jewellery and diamond cutting sector. As an initial project for the creation of a large-scale tourist cluster in the Republic, the ‘Severniy mir’ tourist cluster is under consideration.

In South Yakutia a new large industrial region will be created. The construction of a hydroelectric power plant, mining, chemical, coal and infrastructure facilities is planned within the project.

West Yakutia specialises in the traditional extraction of diamonds and the accelerated development of the oil and gas sector. In the near future, work on the development of the Chayadinsky oil and gas condensate deposit is expected to start as part of the East Gas Programme. A major gas pipeline ‘Sila Sibiri’ will be constructed in the Republic with a total capacity of 33 billion m³ per year and a length of 2,965 km.

In North-west Yakutia, In north-west Yakutia, a territorial manufacturing complex is planned to be built, specialising in the development of new and active alluvial diamond deposits and the development of the Tomtor deposit of rare earth metals, which would require an investment of RUB 2.7 billion.

In Central Yakutia, a transport and logistics hub and an educational complex are being built and an industrial zone is planned for the jewellery and diamond cutting sector. As an initial project for the creation of a large-scale tourist cluster in the Republic, the ‘Severniy mir’ tourist cluster is under consideration.

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Seven reasons to start a business in the Republic of Sakha (Yakutia)

1. Significant reserves of natural resources
Yakutia has a lot of natural resources, which are unique in type and quality. More than 1,500 different types of mineral raw materials deposit have been discovered in the Republic, including:

- 796 gold-bearing
- 44 tin
- 48 coal
- 34 oil and gas
- 26 micaceous
- 7 iron ore
- 150 diamond pipes etc.

Table 1. Data on the condition of the raw material and mineral base of the Republic of Sakha (Yakutia)

<table>
<thead>
<tr>
<th>Mineral deposit</th>
<th>Measurement unit</th>
<th>Reserves</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Oil (extractable)</td>
<td>Million tonnes</td>
<td>549</td>
<td>1,847</td>
</tr>
<tr>
<td>2. Natural gas</td>
<td>Billion m³</td>
<td>2,716</td>
<td>7,577</td>
</tr>
<tr>
<td>3. Coal</td>
<td>Billion tonnes</td>
<td>9.8</td>
<td>121.6</td>
</tr>
<tr>
<td>4. Gold</td>
<td>Tonnes</td>
<td>1,537</td>
<td>512</td>
</tr>
<tr>
<td>5. Silver</td>
<td>Thousand tonnes</td>
<td>10.3</td>
<td>14.9</td>
</tr>
<tr>
<td>6. Iron ore</td>
<td>Billion tonnes</td>
<td>5.7</td>
<td>10.5</td>
</tr>
<tr>
<td>7. Rare earth metals</td>
<td>Million tonnes</td>
<td>8.0</td>
<td>203.5</td>
</tr>
<tr>
<td>8. Apatite</td>
<td>Million tonnes</td>
<td>85.6</td>
<td>235</td>
</tr>
<tr>
<td>9. Tin</td>
<td>Thousand tonnes</td>
<td>778</td>
<td>2,805</td>
</tr>
<tr>
<td>10. Antimony</td>
<td>Thousand tonnes</td>
<td>204</td>
<td>822</td>
</tr>
<tr>
<td>11. Tungsten</td>
<td>Thousand tonnes</td>
<td>132</td>
<td>660</td>
</tr>
</tbody>
</table>

Data Source: Plan for the comprehensive development of the manufacturing potential, transport and energy of the Republic of Sakha (Yakutia) up to 2020; Report from the Ministry of Natural Resources and Environment of the Russian Federation on the condition and use of raw mineral resources of the Russian Federation in 2011.
2. Significant business development potential for the extraction and processing of mineral and fossil resources

The priority for the Republic’s leadership and business community is to shift the focus from the extraction of natural resources to their processing.

**OIL**

Currently, reserves of oil are 549 million tonnes and resources are 1,847 million tonnes.

Oil is extracted by three licence holders at seven deposits. Data on extraction for 2013 is shown below:

- OJSC Surgutneftegas — 7,190,000 tonnes
- OJSC Rosneft — 605,000 tonnes
- CJSC Irelakhneft — 98,000 tonnes

Over the last five years, the volume of oil extracted in the Republic has grown more than ten times – from 674 thousand tonnes in 2008 to 7,552 thousand tonnes in 2013. Such significant growth is largely due to putting into service of pipeline transportation system Eastern Siberia – Pacific Ocean on the territory of the Republic of Sakha (Yakutia). That gave an opportunity to OJSC Surgutneftegas to enhance its operation activity in the Republic and commission five deposits since 2007.

**Oil refining industry prospects**

OJSC Surgutneftegas is planning to increase its extraction of oil in East Siberia to 8 million tonnes per year by 2015.

OJSK Rosneft started to extract oil at the Srednebotuobinskoe deposit in October 2013. According to the company’s forecasts, extraction will reach 1 million tonnes in 2014 and will exceed 5 million tonnes per year from 2017. By 2015, the total amount of oil production in the Republic may reach the level of 10 million tonnes per year.

The investment potential of the oil refining industry is linked to the demand for light oil products, which is approximately 1.0 million tonnes per year with the possibility of growth up to 1.8 million tonnes per year. Today, less than 50,000 tonnes of motor fuels are produced in the Republic. Thus, the local market’s need for light oil products is not satisfied by production in the Republic.

**NATURAL GAS**

Approximately 2 billion m³ of natural gas and 100,000 tonnes of gas condensate are extracted in the Republic every year.

Reserves of gas in the Republic are 2,716 billion m³ and resources are 7,577 billion m³.

Natural gas and gas condensate are extracted by four licence holders at five deposits:

- **YATEK:**
  - Srednevilyuyskoe gas condensate deposit (extraction in 2013 – 1.6 billion m³ of gas)
  - Mastakhskoe gas condensate deposit (extraction in 2013 – 45.2 million m³ of gas)
- **ALROSA-Gas:**
  - North block of the Srednebotuobinskoe gas condensate deposit (extraction in 2013 – 248 million m³ of gas)
- **Sakhatransneftegaz:**
  - Local site of the Srednetyuginskoe gas condensate deposit (extraction in 2013 – 4.9 million m³ of gas)
- **Lensk-Gas:**
  - Otradninskoe gas condensate deposit (extraction in 2013 – 51 million m³ of gas)
Furthermore, OJSC Gazprom is planning to start the development of Chayandinskoe deposit, which has reserves of 1.2 trillion m³ of gas and 79.1 million tonnes of oil and condensate.

**Gas processing industry prospects**
The natural gas extracted in the Republic is a polycomponent fossil. It contains methane, wide light hydrocarbon fraction (WLHF), condensate and helium. Investing in the creation of capacities for separating natural gas components and obtaining methanol, ammonia, acetylene and other products could be profitable. Furthermore, the following areas also have potential for development:

- Production of ethylene and polyethylene through WLHF
- Production of helium (reserves of helium containing gas are some of the largest globally and are second only to US reserves at the start of development)

**COAL**
In terms of coal mining, the Republic of Sakha (Yakutia) holds the 1st place in the Far Eastern Federal District. It accounts for 35% of coal extracted in the Russian Far East. There are 9.8 billion tonnes of reserves of coal and 121.6 billion tonnes of resources.

OJSC Yakutugol Holding Company (subsidiary of OJSC Mechel) is one of the largest coal mining companies in the Russian Far East and the industry’s undisputed leader in the Republic of Sakha (Yakutia). Yakutugol’s products are in high demand on both the domestic and foreign markets. Coking coal concentrate is delivered to metallurgical and coke-chemical plants in Russia’s central regions and subsequently exported to Asia-Pacific countries and Ukraine.

In 2011, the company launched production at the Elginskoe coal deposit, the largest coking coal deposit in Russia. By the year 2018, production at the Elginskoe coal deposit will grow to 18 million tonnes per year. The deposit’s estimated capacity is 27 million tonnes per year and this volume will be reached by 2022.

Kolmar is the Republic’s second largest coal deposit developer. Currently, Kolmar is conducting the following construction projects:

- Denisovsky Mining Complex including the Denisovskaya Mine and Denisovskaya Mining and Concentration Plant with a capacity of 2.4 million tonnes per year
- Inaglinskyi Mining Complex including the Inaglinskaya Mine and Inaglinskaya Mining and Concentration Plant with a capacity of 6.0 million tonnes per year with a possible increase up to 10.5 million tonnes per year

**Coal mining industry prospects**
The potential of the coal mining industry is closely related to the development of the metallurgy industry in South Yakutia. The reserves of iron ore deposits in the Republic (Taechnoe, Desovskoe, Pionerskoe and others) are the largest in the Russian Far East. Given the raw materials base of coking coals and other components, South Yakutia has all of the prerequisites to establish a large metallurgy industry.
DIAMONDS
The Republic of Sakha (Yakutia) is the main diamond mining region in Russia. 99% of all Russian diamonds are extracted in this area. The biggest diamond mining company in the Republic of Sakha (Yakutia) is OJSC ALROSA, which is the world’s largest diamond mining company (36.3 million carats in 2013).

Diamond mining industry prospects
• Mir Underground Pit owned by OJSC ALROSA will reach an estimated capacity of 1 million tonnes of ore per year by 2016. By 2019, the company plans to boost the Udachny Underground Pit’s capacity to 4 million tonnes of ore per year
• In the fourth quarter of 2015, OJSC ALROSA-Nyurba plans to begin the industrial mining of diamonds at the Botuobinskaya Diamond Pipe where the volume of production will be approximately 1.5 million carats per year in 2017

In the future, geological exploration work will be aimed at localisation, research, assessment and exploration of potentially diamondiferous subsurface sites in the Yakutsk diamond province and the transfer of the resources to reserves.

GOLD
The Republic is the most stable by volume of gold production and one of the top five leading gold-mining regions of the Russian Federation. The Republic has 1,537 tonnes of reserves and 512 tonnes of resources.

The main players on the market are OJSC Polysy Gold, Nordgold, OJSC Vysochayshiy and Russian Funds investment group.

Given the current raw materials base and the maintained volume of gold extraction, on average, the Republic’s gold reserves will last for 30-50 years and are sufficient to support annual metal production at a level of at least 25 tonnes per year.

The main gold mining companies in the Republic include:
• OJSC Aldanzoloto (subsidiary of OJSC Polysy Gold) with an extraction volume of 4.3 tonnes
• Seligdar Holding Company with an extraction volume of 2.5 tonnes
• CJSC Poisk Zoloto with an extraction volume of 2.3 tonnes
• Neryungri-Metallik (subsidiary of Nordgold) with an extraction volume of 2 tonnes
• CJSC Aldgold (subsidiary of OJSC Vysochayshiy) with an extraction volume of 0.4 tonnes

Gold mining industry prospects
Leading Russian gold mining company OJSC Polysy Gold is conducting geological exploration work at the largest deposit in East Yakutia, the Nezhdaninskoe deposit. The resources of the deposit are estimated at 500 tonnes of gold.

In 2012, OJSC Vysochayshiy began developing the Drahzhnoe deposit in the Oymyakonskiy region. There are 35 tonnes of gold reserves and 388 tonnes of resources. The company plans to start operations at the deposit in 2016.

In 2013, Seligdar Holding Company started the development of Ryabinovoe deposit and commissioned a new plant for separate ore processing at the Verkhnee deposit. There are 19.5 tonnes of gold reserves, which means that it will be possible to conduct mining activities for more than 10 years.
3. Unique geographical location
Located between Europe and Asia, the Republic is in a unique geographical position.

- With the construction of the railway line from Neryungri to Yakutsk and the use of the Lena river, forming a river corridor with a guaranteed navigable channel depth of at least 2.9 metres to the Laptev Sea, a meridian transport corridor from the Asia Pacific region to Europe could be formed: China – Russia (Blagoveshchensk-Skvorodino-Yakutsk-Tiksi) – North Sea Route – Western Europe, which would provide the shortest route from east to west on the Eurasian continent.

- The Republic of Sakha (Yakutia) is of primary importance for the development of the Extreme North territories, as well as the development of the Arctic Shelf and the organisation of the North sea route.

- The planned development of transport and energy infrastructure of Southern and Central Yakutia will have significant value for both the development of the Republic and for the improvement of communication between Siberia and the Far East.

- The development of infrastructure in the Yakutsk-Susuman area will make it possible to link Yakutia and the Magadan Region.
4. Stable credit rating

International credit rating agencies Standard & Poor’s and Fitch Ratings present annual credit ratings.

Table 2. Credit ratings of the Republic of Sakha (Yakutia)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard &amp; Poor’s</strong></td>
<td>BB- ruAA-</td>
<td>BB- ruAA-</td>
<td>BB+ ruAA+</td>
<td>BB+ ruAA+</td>
<td>BB+ ruAA+</td>
</tr>
</tbody>
</table>

Extracts form the 2013 forecast:

**Fitch Ratings**

- “...low level of debt in the Republic of Sakha, strong economic indicators and a good budget...”
- “...growth rates in the Republic of Sakha that exceed the average growth nationally: 5-6% in real terms...”
- “...direct risk (the Republic’s plain debt plus other payables according to the agency’s classification) will remain at a low level, approximately 15% of current income in 2013-2015....”

**Standard & Poor’s**

- “...the region’s ratings are supported by a low level of debt and its ‘positive’ liquidity position...”
- “...although the financial indicators will deteriorate, they will most likely remain moderate and will have a neutral impact on the credit rating of the Republic of Sakha (Yakutia)...”
- “...in 2013-2015, significant capital investment in the development of infrastructure and the mining industry, and an increase in the extraction of oil and coal will support moderate economic growth rates...”
According to the analytical report for 2013 produced by SME Bank, the Republic of Sakha (Yakutia) is the best place for small and medium-sized enterprises in the Far Eastern Federal District.

Table 3. Quality Index of conditions for small and medium-sized enterprises in the Far Eastern Federal District

<table>
<thead>
<tr>
<th>Region</th>
<th>Rating</th>
<th>Manufacturing factors</th>
<th>Demand and competitive environment</th>
<th>Administrative factors</th>
<th>Macroeconomic risks</th>
<th>Criminality, corruption and administrative barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Sakha (Yakutia)</td>
<td>A</td>
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</tr>
<tr>
<td>Kamchatka Territory</td>
<td>C</td>
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<tr>
<td>Primorskiy Territory</td>
<td>C</td>
<td></td>
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<tr>
<td>Khabarovskiy Territory</td>
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<tr>
<td>Amur Region</td>
<td>C+</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Magadan Region</td>
<td>C</td>
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<tr>
<td>Sakhalin region</td>
<td>B</td>
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<tr>
<td>Jewish Autonomous Region</td>
<td>C</td>
<td></td>
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<td></td>
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<tr>
<td>Chukotka Autonomous Region</td>
<td>D</td>
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</tbody>
</table>

About the bank:

OJSC SME Bank, or the Russian Bank for the Support of Small and Medium-sized Enterprises, has been running a state financial support programme for small and medium-sized enterprises since 2004. The sole shareholder of the bank is the Bank of Development and Foreign Economic Activity (Vnesheconombank).
5. Convenient conditions for investment activity

According to Expert RA, a ratings agency, the Republic is one of the most attractive regions for investment in the Far Eastern Federal District.

In 2012, 23.5% of the total investment in all nine regions of the Far Eastern Federal District were made in the Republic (RUB 221 billion in 2012).

The largest share of that investment was made in the extraction of mineral deposits (33%), the production and distribution of electrical energy, gas and water (25%) and transport and communications (22%).

Most of the investment came from large energy and industrial companies: OJSC Gazprom, OJSC Transneft OJSC Surgutneftegaz, OJSC ALROSA, Taas-Yuryakh Neftegazodobychnaya, OJSC Holding Company Yakutugol.

The total amount of foreign investment in 2012 was USD 1.5 billion. Most foreign investment in 2012 (93%) was made on a repayable basis (trade loans, loans from foreign governments under guarantee from the RF Government, other loans).

Growth trend in foreign investment, thousand USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment, thousand USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,118</td>
</tr>
<tr>
<td>2010</td>
<td>1,337</td>
</tr>
<tr>
<td>2011</td>
<td>1,404</td>
</tr>
<tr>
<td>2012</td>
<td>1,549</td>
</tr>
</tbody>
</table>

CAGR=11.5%
6. Developed infrastructure for the support of small and medium-sized enterprises

The Government of the Republic of Sakha (Yakutia) has completed large-scale work on the development of infrastructure for the support of small and medium-sized enterprises, including:

- Simplified mechanisms for the use of government services
- Training courses for entrepreneurs in various regions
- Affordable loans and subsidies
- Grants programme
- Simplified tax system and tax incentives for particular types of business activity

<table>
<thead>
<tr>
<th>Year</th>
<th>Small Business Development Fund</th>
<th>Business Incubator in Neryungri</th>
<th>OJSC Yakutia Venture Company</th>
<th>Business Incubator in Nyurba</th>
<th>Multifunctional Centre in Yorkin</th>
<th>Enterprise Support Centre</th>
<th>Multifunctional Centre (MFC) in Namskiy, Amginsky, Khangalasskiy and Churapchinskiy uluses (districts)</th>
<th>Business Incubator in Vilyuy, Suntar, Lensk, Aldan, Khandyga and Sangar</th>
<th>Multifunctional Centre in the Megino-Khangalasskiy ulus (district)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Business School of the Republic of Sakha (Yakutia)</td>
<td>Business Incubator in Yakutsk</td>
<td>Yakutia Technopark in Yakutsk</td>
<td>Multifunctional Centre in the Srednekolymskiy and Nyurbinskiy uluses (districts)</td>
<td>Business Incubator in Nyurba</td>
<td>Multifunctional Centre in the Gorniy ulus (district)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. High level of social and economic development

The Republic of Sakha (Yakutia) is one of the leading regions in terms of gross regional product (GRP) in the Far Eastern Federal District. In 2013, the year on year GRP growth rate of the Republic (2.0%) was higher than the average GRP growth rate in Russia (0.2%).

The economic position of the Republic of Sakha (Yakutia) is strengthened by interest from China and the Asia-Pacific in fuel and primary goods.

According to the results of the Ministry of Regional Development’s monitoring of the social and economic development of the regions of the Russian Federation in January to December 2013, the Republic of Sakha (Yakutia) maintained top 10 positions throughout the year in terms of real economic development (8th place) and investment attractiveness (10th place), and top-20 positions in terms of the aggregate index of social and economic development (12th place) and the budget system (16th place).
Average income per capita in the Republic of Sakha (Yakutia) and the RF, thousand RUB per month

<table>
<thead>
<tr>
<th>Year</th>
<th>Republic of Sakha (Yakutia), thousand RUB per month</th>
<th>RF, thousand RUB per month</th>
<th>Average income of the Republic of Sakha (Yakutia) to 2007, %</th>
<th>Average income of the RF to 2007, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>15.6</td>
<td>12.5</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td>18.6</td>
<td>14.9</td>
<td>119%</td>
<td>119%</td>
</tr>
<tr>
<td>2009</td>
<td>21.2</td>
<td>16.9</td>
<td>135%</td>
<td>135%</td>
</tr>
<tr>
<td>2010</td>
<td>23.1</td>
<td>19.0</td>
<td>148%</td>
<td>148%</td>
</tr>
<tr>
<td>2011</td>
<td>25.6</td>
<td>20.8</td>
<td>165%</td>
<td>165%</td>
</tr>
<tr>
<td>2012</td>
<td>28.5</td>
<td>23.1</td>
<td>183%</td>
<td>183%</td>
</tr>
<tr>
<td>2013</td>
<td>31.3</td>
<td>24.2</td>
<td>201%</td>
<td>201%</td>
</tr>
</tbody>
</table>

Compared to 2007, %
Investment infrastructure

Government bodies

Head of the Republic of Sakha (Yakutia)

Ministry of Land and Property Relations of the Republic of Sakha (Yakutia)

Ministry of Enterprise and Tourism of the Republic of Sakha (Yakutia)

Ministry for Federative Affairs and External Relations of the Sakha Republic (Yakutia)

Government Committee of Science and Innovation Policy of the Republic of Sakha (Yakutia)

Key companies directly cooperating with business representatives

Management

OJSC Development Corporation of South Yakutia
Implementation of projects in close cooperation with the Investment Development Agency of the Republic of Sakha (Yakutia)

Support of large businesses

OJSC Republican Investment Company
Attraction of investors for the development of the Republic’s economy. Development, implementation and coordination of investment and innovation programmes and large projects

Ministry of Land and Property Relations of the Republic of Sakha (Yakutia)

Ministry of Enterprise and Tourism of the Republic of Sakha (Yakutia)

Government Committee of Science and Innovation Policy of the Republic of Sakha (Yakutia)
<table>
<thead>
<tr>
<th>Organization</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Policy Council of the Republic of Sakha (Yakutia)</td>
<td>Work towards dialogue and agreed actions between government authorities, businesses and society during the implementation of the investment policy</td>
</tr>
<tr>
<td>PPP Coordination Council of the Republic of Sakha (Yakutia)</td>
<td>Coordination and effective cooperation between government authorities, businesses and society when implementing PPP projects</td>
</tr>
<tr>
<td>Small Business Development Fund of the Republic of Sakha (Yakutia)</td>
<td>Provision of equal access for SMEs to loans and other financial resources</td>
</tr>
<tr>
<td>Enterprise Support Centre of the Republic of Sakha (Yakutia)</td>
<td>Information, consulting and financial support for enterprises</td>
</tr>
<tr>
<td>Business Incubator of the Republic of Sakha (Yakutia)</td>
<td>Support for small businesses and start-up projects</td>
</tr>
<tr>
<td>Business School of the Republic of Sakha (Yakutia)</td>
<td>Trainings, professional seminars, additional qualification</td>
</tr>
<tr>
<td>OJSC Yakutia Venture Company</td>
<td>Co-investor of investment projects with significant economic or social potential</td>
</tr>
<tr>
<td>Yakutia Technopark</td>
<td>Provision of infrastructure for innovation projects</td>
</tr>
</tbody>
</table>
Interaction with large businesses

Investment Development Agency of the Republic of Sakha (Yakutia)
A state budget institution with the main objectives being to attract investment into the Republic, reduce administrative barriers and establish a positive investment image for the Republic.

OJSC Republican Investment Company
A company with a single shareholder, the Ministry of Land and Property Relations of the Republic of Sakha (Yakutia). The company was established to attract investors to develop the economy of the Republic, as well as to develop, implement and coordinate investment and innovation programmes and large projects. The company’s resources are currently employed in the following areas:
• Transportation infrastructure (railway and air transport, road facilities)
• Gasification
• Electrical energy
• Agriculture
• Housing construction
• Planning and construction of buildings used for educational purposes
• Planning and construction of special purpose buildings

OJSC Development Corporation of South Yakutia
A project company designed to present the consolidated position of investors (project participants) to the state.
The state project coordinator: Government of the Republic of Sakha (Yakutia).
Investors: the RF (represented by the RF Investment Fund), OJSC RusHydro, OJSC ALROSA, OJSC Atomredmetzoloto, Kolmar.
Responsible authorities: Rosavtodor (Federal Road Agency), Roszheldor (Federal Agency for Railway Transport), Ministry of Energy of the Russian Federation.
The corporation’s office is located in Moscow. Projects are implemented in close cooperation with the Investment Development Agency of the Republic of Sakha (Yakutia).
Interaction with small and medium-sized enterprises

Investment Development Agency of the Republic of Sakha (Yakutia)
A state budget institution with the main objectives being to attract investment into the Republic, reduce administrative barriers and establish a positive investment image for the Republic.

Small Business Development Fund of the Republic of Sakha (Yakutia)
A state fund with tasks including providing small and medium-sized enterprises with equal access to lending and other financial resources, as well as developing an entrepreneur-focused lending system in the Republic.

Enterprise Support Centre of the Republic of Sakha (Yakutia)
A state institution that provides the following services:
- Information support ('Entrepreneur of Yakutia' journal, small and medium-sized enterprises portal www.b14.ru)
- Consultancy support
- Financial support
The centre has departments in all the municipal districts of the Republic of Sakha (Yakutia).

Business Incubator of the Republic of Sakha (Yakutia)
A state budget institution aimed at supporting new entrepreneurs’ projects. There are business incubators in Yakutsk, Neryungri, Nyurba, Aldan, Lensk, Vilyusk and Sunta.

OJSC Yakutia Venture Company
Company established to implement key investment policy areas and develop the Republic’s investment infrastructure. The company’s shareholders are: the Government of the Republic of Sakha (Yakutia) (50% plus one share) and OJSC Republican Investment Company. The company acts as a co-investor in innovation projects with significant economic and social potential.

State Autonomous Agency Technopark Yakutia
A state autonomous agency established to develop the infrastructure of the Republic’s innovation system and IT.

OJSC Yakutia Cluster Development Centre
Company established to develop the local goods and services market by promoting a cluster development concept for small and medium-sized enterprises. The centre is a subsidiary of OJSC Republican Investment Company.

Business School of the Republic of Sakha (Yakutia)
Institution providing training seminars and consulting assistance for start-up entrepreneurs.
Other organisations and institutions

The Chamber of Commerce of the Republic of Sakha (Yakutia)
A membership-based non-government, non-commercial organisation. Its main objectives are to develop the region’s economy, establish industrial and trade infrastructure, regulate relationships between entrepreneurs and their partners, including the government, and assist in the development of all types of business, trade and economic relations with other regions of the Russian Federation and foreign countries.

Main types of services provided:
- Certification and declaration of products and services in the GOST R system
- Registration of trademarks
- Business services (market research, analytical services, business planning)
- Information advertising services
- Audit services
- Arbitration
- Mediation of disputes
- Legal services

Main projects:
- Register of reliable partners. The project’s objectives are to identify and support businesses and organisations that voluntarily declare their willingness to work on the market under reasonable conditions and present accurate information about their operations, as well as to support local manufacturers and strengthen their positions on the internal and external markets
- Consumer trust certificate. The project’s main objective is to encourage the promotion of quality goods and services produced by local businesses on the regional market

State Autonomous Agency Multifunctional Centre
A state autonomous agency established to organise the provision of government and municipal services through information sharing, consulting, processing and administration of documents by legal experts, monitor regulatory procedures and timeframes for providing services, ensure comfortable working conditions, and protect the rights and legal interests of service consumers and organisations.
Practical information on doing business in the Republic of Sakha (Yakutia)
The State Budget Institution Investment Development Agency of the Republic of Sakha (Yakutia) was created by decree of the Head of the Republic of Sakha (Yakutia) to support investment projects.

The agency’s main goals are to generate an inflow of new investments and to attract new investors.

The agency’s main services are:
• Support in obtaining analytical information on the current potential of various segments of the market in the Republic
• Support for the quickest possible completion of the necessary administrative procedures and the preparation of documents
• Organisation of contacts with regional and municipal authorities
• Organisation of negotiations and visits
• Support of investors’ project facilitation
• Information support of projects

Contact details:

Alex Zagorenko
CEO
Investment Development Agency of the Republic of Sakha (Yakutia)
Address: 677000, Yakutsk, str. Ordzhonikidze, 36/1, 6th Floor, 603-605

Phones
Information and Consulting Department:
+7 (4112) 39 83 00 (ext. 67 905)
Department of Promotion of Investment Projects:
+7 (4112) 39 83 00 (ext. 67 903)
Department of Examination and the Development of Investment Projects:
+7 (4112) 39 83 00 (ext. 67 902)
Public-Private Partnership Sector:
+7 (4112) 39 83 00 (ext. 67 901)
Legal Department:
+7 (4112) 39 83 00 (ext. 67 902)

Email: info@investyakutia.com
Website: www.investyakutia.com
Public-Private Partnership (PPP)


In order to create favourable conditions for investment in long-term infrastructure projects that require significant investment, the Government of the Republic of Sakha (Yakutia) has developed and approved a concept for the development of PPP.

A key part of the concept is the PPP Regional Centre which has a three-level structure:

1. PPP Coordination Committee of the Republic of Sakha (Yakutia), established to coordinate effective interaction among the Republic’s executive authorities, local administration, businesses and the local community

2. Authorised executive authority represented by the Ministry of Economy of the Republic of Sakha (Yakutia) for the design and implementation of PPP government policy and the provision of information, analytical and organisational support to the PPP Coordination Committee of the Republic of Sakha (Yakutia)

3. State Budget Institution Investment Development Agency of the Republic of Sakha (Yakutia), which is aimed at attracting investment into the Republic’s economy. One of the main aims of the Investment Development Agency is the implementation of PPP projects
The implementation of PPP projects entails private sector involvement for greater efficiency and quality as far as dealing with public sector issues is concerned. PPP projects are implemented on the basis of cost reimbursement and sharing risks, obligations, and competencies.

**PPP projects can be implemented in the following spheres of public infrastructure:**

<table>
<thead>
<tr>
<th>Sustainment</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Housing and utilities</td>
<td></td>
</tr>
<tr>
<td>• Sport</td>
<td></td>
</tr>
<tr>
<td>• Tourism</td>
<td></td>
</tr>
<tr>
<td>• Clinics</td>
<td></td>
</tr>
<tr>
<td>• Medical centres</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transport</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Road infrastructure</td>
<td></td>
</tr>
<tr>
<td>• Railway infrastructure</td>
<td></td>
</tr>
<tr>
<td>• Sea and river infrastructure</td>
<td></td>
</tr>
<tr>
<td>• Universities</td>
<td></td>
</tr>
<tr>
<td>• Schools</td>
<td></td>
</tr>
<tr>
<td>• Pre-schools</td>
<td></td>
</tr>
</tbody>
</table>

Within the framework of PPP projects private businesses can participate in the construction, renovation and maintenance of public infrastructure facilities.
Information for small and medium-sized enterprises

Business registration support

The Multifunctional Centre for the Provision of Government and Municipal Services (MFC) of the Republic of Sakha (Yakutia) deals with business registration support (tax registration, state registration, licence issuance) and other issues related to cooperation between entrepreneurs and government authorities.

The MFC is the ‘single point of contact’ for the following federal, regional and municipal authorities:

**Federal authorities:**
- State Inspectorate of Labour of the Republic of Sakha (Yakutia)
- Department of the Pension Fund of Russia of the Republic of Sakha (Yakutia)
- Rosselkhoznadzor of the Republic of Sakha (Yakutia)
- Territorial administration of the Federal Agency for State Property Management of the Republic of Sakha (Yakutia)
- Administration of the State Road Inspectorate of the Republic of Sakha (Yakutia)
- Administration of the RF Ministry of Justice of the Republic of Sakha (Yakutia)
- Administration of the Pension Fund of Russia in the City of Yakutsk
- Administration of the Federal Migration Service of the Republic of Sakha (Yakutia)
- Administration of the Federal Tax Service of the Republic of Sakha (Yakutia)
- Administration of the Federal Service for State Registration, Cadastre and Cartography for the Republic of Sakha (Yakutia)
- Administration of the Federal Court Marshal Service of the Republic of Sakha (Yakutia)
- Branch of the Federal State Budget Institution ‘Federal Cadastre Chamber of Rosreestr’ of the Republic of Sakha (Yakutia)
- RF Social Insurance Fund of the Republic of Sakha (Yakutia)
- Ministry of Environmental Protection of the Republic of Sakha (Yakutia)
- Ministry of Enterprise and Tourism of the Republic of Sakha (Yakutia)
- Ministry of Transport and Road Maintenance of the Republic of Sakha (Yakutia)
- Administration of the Civil Registry Office under the Government of the Republic of Sakha (Yakutia)

**Municipal authorities:**
- Yakutsk City Urban District
- Department of Planning Policy of the Yakutsk Municipal Administration
- Department of Land and Property Relations of the Yakutsk Municipal Administration
- Interagency Commission on the use of residential and non-residential properties
- Municipal Public Institution of Information, Advertising and Control Service of the Yakutsk City Urban District
- Municipal Public Institution Agency of Land Relations of the Yakutsk City Urban District
- Municipal Public Institution Department of Housing Relations of the Yakutsk City Urban District
- Administration of Yakutsk municipality

**Organisations involved in the provision of state and municipal services:**
- OJSC Vodokanal
- OJSC Yakutskenergo
- OJSC Sakhatransneftegas

The MFC provides the following services free of charge:
- Protection of the interests of entrepreneurs working with state bodies (for example: groundless refusal to register documents, increase in the turnaround time, etc., for any state services included on the list of MFC services)
- Consultations on receiving subsidies for business development
- Legal assistance (from consulting to representation in courts for entrepreneurs in the agricultural business sector)
Contact details of MFC offices

Yakutsk
Address: 18 Ammosov st., 677000
Tel.: +7 (4112) 50 60 60
Fax: +7 (4112) 50 60 60
Email: mfc@mfcsakha.ru
Website: www.mfcsakha.ru

Nyurbinskiy ulus (district)
Address: 30 Lenin st., Nyurba, 678450
Tel.: +7 (41134) 2 21 00
Email: mfcnyrba@nyrba.mfcsakha.ru

Srednekolymskiy ulus (district)
Address: 11 Yaroslavskiy st., Srednekolymsk, 678790
Tel.: +7 (41156) 4 11 09

Namskiyskiy ulus (district)
Address: 1 Oktyabrskaya st., Namtsy, 678380
Tel.: +7 (41162) 4 23 39

Gorniy ulus (district)
Address: 5 Oktyabrskaya st., 1st floor, Berdigestyakh, 678030
Tel.: +7 (41131) 4 22 50

Amginskiy ulus (district)
Address: 28 Partizanskaya st., Amga, 678600
Tel.: +7 (41142) 4 13 77

Khangalasskiy ulus (district)
Address: 53A Ordzhonikidze st., Pokrovsk, 678000
Tel.: +7 (41144) 4 30 22

Churapchinskiy ulus (district)
Address: 178 Oktyabrskaya st., Churapcha, 678670
Tel.: +7 (41151) 4 10 05

Megino-kangalasskiy ulus (district)
Address: 36/3 Lenin st., Nizhniy Bestyakh, 678080
Tel.: +7 (41143) 4 79 35

Financial and infrastructure support
Grants, subsidies, guarantees and loans
The Government of the Republic of Sakha (Yakutia) and the Ministry of Enterprise and Tourism of the Republic of Sakha (Yakutia) has developed a financial support programme for small and medium-sized enterprises. Measures include grants, subsidies, guarantees and loans. A complete list of measures is shown in Appendix 1. Financial support mechanisms for small and medium-sized enterprises. For more information, call 8-800-100-5880. Calls are free throughout the territory of the Russian Federation.

Microfinancing and subsidiaries
In accordance with the Republic’s state programme, the Small Business Development Fund provides the following financial support:
- Micro-loans of up to RUB 1 million with a maturity up to one year
- Micro-loans of up to RUB 1 million with a maturity up to three years
- Investment loans of up to RUB 5 million with a maturity up to five years
- Guarantees for small and medium-sized enterprises for commercial banks

OJSC Yakutia Cluster Development Center
Address: Office 321, 20 Ordzhonikidze st., Yakutsk, 677000
Tel.: +7 (4112) 34 26 33
+7 (4112) 42 52 37
+7 (4112) 42 52 36
Fax: +7 (4112) 42 52 39
Website: www.fondsakha.ru
Venture investments for innovation projects
The Yakutia Venture Company provides financing, consulting support and basic infrastructure for businesses in their early stage of development. The amount of finance provided is determined on an individual basis according to project assessment. There must be enough financing to attract additional investors to the project, but it may not exceed the controlling stake – 50% of the share capital of the project company. Projects aimed at creating competitive products and services may apply for financial support from the venture company. There is a limit on the amount of time a company may participate in the investment project. By supporting the launch of companies onto internal and external markets, and strengthening their interregional and international relations, the venture company develops cooperation with leading Russian and international venture partners.

Cluster Development Centre Yakutia
The centre is a subsidiary of OJSC Republican Investment Company.
Main activities:
• Real estate transactions, renting and provision of services
• Real estate management
• Capital investment in property
• Financial intermediation
• Construction of buildings and facilities
• Preparation for sale, purchase and sale of owned property

The centre provides financial support for small and medium-sized enterprises in case of successful launch of product on the market.
**Yakutia Technopark**
The Technopark was created to support small innovative businesses and bring innovative ideas into the Republic’s economy. The Technopark focuses on six areas:
1. Energy resource saving and energy efficiency
2. Biotechnologies (agricultural biotechnologies and biomedical technologies)
3. Transport and transport infrastructure
4. Information technology
5. Construction and construction materials
6. Northern technologies and nanotechnologies

**Business Incubator of the Republic of Sakha (Yakutia)**
The main objective of the incubator is to provide state support for small businesses. After winning a tender, an entrepreneur gains the opportunity to take full advantage of the facilities of the business incubator for three years, including office furniture, organisational equipment and internet access, as well as beneficial conditions for the payment of monthly rent. They may also receive the following services:
- Information sharing and training
- Consulting services
- Services in support of business plans and current financial and business activity

**Consulting Support**

**Enterprise Support Centre of the Republic of Sakha (Yakutia)**
The Centre provides entrepreneurs with consulting services on the following issues:
- Government support measures for small and medium-sized enterprises
- Regulatory support of entrepreneurial activity
- Maintenance of accounting records, financial, organisational and tax issues
- Administrative barriers facing entrepreneurial activity development
Educational support

Institute of Management of the Republic of Sakha (Yakutia)
The institute’s main objectives are:
• Providing training, professional retraining, additional qualifications and internships to civil and municipal servants of the Republic of Sakha (Yakutia), including executive authority and local management staff
• Facilitating cooperation between the most highly qualified educational centres of the Russian Federation, CIS and other countries
• Conducting scientific research on key areas of the institute’s activity

Institute of Management under the President of the Republic of Sakha (Yakutia)
Address: 10, 9th floor, 1 Lenin Prospekt, Yakutsk, 677000
Tel.: +7 (4112) 34 36 45
Email: iupresident@gmail.com
Website: www.iuprez.ru

• Developing and implementing professional assessment methodology

Business School of the Republic of Sakha (Yakutia)
The Business School was established by the Ministry of Enterprise, Tourism Development and Employment of the Republic of Sakha (Yakutia) and the Ministry of Land and Property Relations of the Republic of Sakha (Yakutia).
The school’s objectives:
• Host training seminars and organise methodological and consulting assistance for start-up entrepreneurs and socially vulnerable sections of the population (disabled people, unemployed, registered with the employment centre of the Republic of Sakha (Yakutia), young people up to the age of 30, small businesses that are less than one year old, and small businesses in the Arctic ulus (district) and rural areas)
• Set up a business start-up programmes for new entrepreneurs

Business School of the Republic of Sakha (Yakutia)
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• Set up a business start-up programmes for new entrepreneurs

Arctic Innovation Centre of the North-Eastern Federal University named after M.K. Ammosov
Multi-industry science and innovation education institution of the North-Eastern Federal University.
Areas of activity:
• Creation and development of an intellectual property management system
• Support of scientific and innovative business activity among young people
• Support of research projects with high innovation potential for the commercialisation of intellectual property
• Development of a number of small innovative businesses at the North-Eastern Federal University

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• Support of scientific and innovative business activity among young people
• Support of research projects with high innovation potential for the commercialisation of intellectual property
• Development of a number of small innovative businesses at the North-Eastern Federal University

• Organise professional training and additional qualifications for staff of small and medium-sized enterprises
• Organise specialised seminars on specific themes: marketing and advertising, HR management, tourism issues, sales, information technology, business ethics, negotiations, etc.

• Development of a shared equipment centre and support of a system of research and education centres at the North-Eastern Federal University
Appendices
## Appendix 1. Financial support mechanisms for small and medium-sized enterprises

<table>
<thead>
<tr>
<th>№</th>
<th>Measures</th>
<th>Scope and conditions of support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Grants</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Provision of grants to small start-up businesses</td>
<td>Up to RUB 300,000</td>
</tr>
<tr>
<td></td>
<td><strong>Subsidies</strong></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Subsidy for the reimbursement of costs for the initial deposit (40%) for the acquisition of equipment under lease</td>
<td>Up to RUB 10 million (but no more than 40% of costs)</td>
</tr>
<tr>
<td>3</td>
<td>Support of small and medium-sized enterprises in the field of crafts, local handicrafts, and rural and environmental tourism</td>
<td>Up to RUB 200,000 (but no more than 70% of costs)</td>
</tr>
<tr>
<td>4</td>
<td>Subsidies for small and medium-sized enterprises to establish a technical connection to electrical network facilities</td>
<td>Up to RUB 500,000</td>
</tr>
<tr>
<td>5</td>
<td>Subsidy of part of the costs incurred by small and medium-sized enterprises when participating in exhibitions and fairs, and hosting presentations of products produced by small and medium-sized enterprises in the Russian Federation, including the Republic of Sakha (Yakutia)</td>
<td>Up to RUB 100,000</td>
</tr>
<tr>
<td>6</td>
<td>Subsidy of part of the costs incurred by small and medium-sized enterprises that provide consumer services to people in rural settlements. Reimbursement of costs by area:</td>
<td>Up to RUB 500,000 (total amount of subsidies)</td>
</tr>
<tr>
<td></td>
<td>a) Subsidy of part of the costs of small and medium-sized enterprises for the acquisition and payment of the initial deposit when concluding lease contracts for universal mobile platforms for the provision of consumer services to people in rural settlements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) Subsidy of part of the costs of small and medium-sized enterprises that provide consumer services to people in rural settlements for the payment of utility services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Subsidy of part of costs incurred by small and medium-sized enterprises for the modernisation (acquisition and/or renewal) of equipment related to the provision of consumer services to people in rural settlements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d) Subsidy of part of costs for paying the lease for real estate (buildings, sites and facilities used for activities), incurred by small and medium-sized enterprises that provide consumer services to people in rural settlements</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Loans</strong></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Provision of micro-loans to small and medium-sized enterprises</td>
<td>Up to RUB 1 million, up to one year</td>
</tr>
<tr>
<td>8</td>
<td>Provision of micro-loans to small and medium-sized enterprises with a maturity of up to three years</td>
<td>Up to RUB 1 million, up to three years</td>
</tr>
<tr>
<td>9</td>
<td>Provision of investment loans to small and medium-sized enterprises</td>
<td>Up to RUB 5 million, up to five years, 8% annual interest</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Support of social entrepreneurship</td>
<td>Up to RUB 600,000</td>
</tr>
<tr>
<td>11</td>
<td>Provision of loan guarantees to small and medium-sized enterprises in the absence of 100% collateral</td>
<td>Up to RUB 38 million. Up to 70% of the loan amount. Maturity of no more than 10 years</td>
</tr>
</tbody>
</table>
Appendix 2. Tax incentives in the Republic of Sakha (Yakutia)

According to Law of the Republic of Sakha (Yakutia) No. 17-V of 7 November 2013 “On tax policy” the following tax incentives are applicable on the territory of the Republic of Sakha (Yakutia):

- For internal water transport organisations that use dual purpose (river and sea) ships, the rate of income tax due to the state budget of the Republic of Sakha (Yakutia) is reduced to 13.5%.
- Reduced income tax rates are introduced for organisations that participate in regional investment projects*: for the first five tax periods in which the taxpayer receives profit from investment projects – 0%; for the next five years – 10%.

**Exemption from property tax**

- For internal water transport organisations that use dual purpose (river and sea) ships.
- For organisations that produce electrical energy using diesel electrical stations, where the revenue from this activity is no less than 70% of the total amount of revenue from the sale of goods/services.
- For organisations that own local public roads.
- For organisations that own gas distribution networks according to a list approved by the Government of the Republic of Sakha (Yakutia).
- Air transport organisations that carry out 50% or more of internal socially-important air transportation of passengers.
- Small and medium-sized enterprises that run innovation projects, included in the list of innovation projects, in accordance with the procedure approved by the Government of the Republic of Sakha (Yakutia), and whose revenue share from the sale of goods/services under the project is no less than 30% of the total revenue.
- Organisations whose main activity is the production of electrical energy using thermal and hydroelectric power plants, and which are not part of a consolidated group of taxpayers for property relating to electrical transmission lines and facilities that are part of their integral technological infrastructure.

**Exemption from transport tax and property tax**

- For organisations, regardless of their legal form, which carry out the following activities:
  - Agriculture, hunting and the provision of services in these areas.
  - Fisheries, fish farming and the provision of services in these areas.
  - Production of flour and cereal products.
  - Production of feed for animals.
- For organisations registered in rural areas, ulus (district), urban settlements, and the cities of Nuyrba and Pokrovsk, and which conduct the following activities:
  - Veterinary activities, except for veterinary services recognised in the taxation system as an imputed tax for specific types of activity.
  - Manufacturing and dyeing of fur, except services related to the manufacturing and dyeing of fur that are recognised in the taxation system as an imputed tax for specific types of activity.
  - Processing and conserving of fish and seafood products.
  - Production of vegetable and animal oils and fats.
  - Production of dairy products.

**Simplified tax system**

- For organisations and individual entrepreneurs that apply a simplified tax system and regard income minus expenses as a taxable item, the tax rate is 10%.
- For organisations and individual entrepreneurs that apply a simplified tax system and regard income minus expenses as a taxable item, the tax rate is 5% when conducting the following types of activity:
  - Agriculture, hunting and forestry.
  - Fisheries, fish farming.
  - Manufacturing.

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*Organisations are recognised as participants in regional investment projects in accordance with chapter 3.3 part 1 of the RF Tax Code and appropriate laws of the Republic of Sakha (Yakutia). Issues connected with the recognition of organisations as participants in regional investment projects are controlled by the Ministry of Economy of the Republic of Sakha (Yakutia).
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First step for the investors in the Republic of Sakha (Yakutia)

Investment Development Agency of the Republic of Sakha (Yakutia)

The Investment Development Agency of the Republic of Sakha (Yakutia) will answer any possible question connected with investment activity in the Republic of Sakha (Yakutia).

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