Innovation and SME: Experience of the Russian Federation

Purpose: Information
Submitted by: Russia
The Governmental System Support of Innovative SMEs

The Governmental support of innovative SMEs is realized within the following mechanisms:

- Innovation SME Support Program of the Ministry of Economic Development of the Russian Federation
- The Fund for Innovation Support
- Skolkovo innovation ecosystem
- Russian Venture Company (RVC)
- RUSNANO
The Volume of Financing within the Innovation SME Support Program of the Ministry of Economic Development of the Russian Federation

- SME Support Program of the Ministry of Economic Development of the Russian Federation is realized since 2005
- All 85 regions of the Russian Federation take part in the Program
- 328 mln. USD were invested within the Program to the support of SMEs from the Government in 2014
- Under the Program direct subsidies are provided to entrepreneurs (grants to start business, subsidies for social entrepreneurship development, subsidies for compensation of interest rates on loans, lease payments, etc.) and special infrastructure is created in order to support small and medium-sized businesses (business incubators, guarantee funds, microfinancing organizations, technology and industrial parks, business development centers, centers of export support)

Regional Engineering Centers

Cross-sectoral centers:
- evaluation of the technological readiness index
- small and medium-sized enterprises manufacturing potential analysis
- audit services
- development of modernization programs
- securing intellectual property protection, including assistance in patenting

Sectoral centers:
- provide wide range of consulting services
- secure access to the necessary equipment and develop new technical and technological solutions
Main goals:

- recognition of cluster initiatives
- facilitating coordination of SMEs’ projects which provide development of territorial clusters, including innovative territorial clusters
- ensuring cooperation between participants of territorial clusters
- organization of work in order to ensure the conformity of SMEs’ production to corresponding international requirements in order to enter new markets
- providing marketing services, branding services

The development of technological chains (cooperative links) between SMEs in order to create new domestic competitive products

Prototyping Centers and Centers for Certification, Standardization and Testing

- Prototyping Centers provide SMEs access to high-tech equipment in order to create innovative products. The centers offer services to generate models, prototypes and other small-scale production from the stage of computer design to product manufacturing.
- Certification, standardization and testing centers deal with testing of equipment, technological processes, models of products.
- The purpose of these centers is to create a unique system of testing and certification of equipment, technological processes and experimental prototypes.
The main aim of the Fund is to support innovation business from the very early stages to commercialization and production

- Young people involvement in innovation activity
- Start-ups support
- Model products commercialization and business expansion support
- Providing assistance in development of hi-tech spheres of economy
- Export oriented companies support

Regional Representations: 70
Start-ups created: >5500
Projects supported: >14000
Annual budget of the Fund: >60.7 mln. USD

Skolkovo innovation ecosystem

Skoltech
Professors and lecturers: 79
Students: 319
Centers for Research, Education and Innovation: 10

Start-ups
Number of companies: 1,521
Total revenue: USD 2.0 bln
Total Investments: USD 500 mln
Workplaces: 21.8 FTEs
Patents obtained: >1100

Industrial partners
Number of partners: 79
Workforce: 6,300+
R&D Centers launched: 15

Investors
Accredited institutions: 46
Business angels: >200
Mentors: >210

• Total space of 2.6 mln sq. m. - two stages of development (2011-2020)
• Over 30,000 jobs and more than 19,000 residents
• More than USD 2.6 bln of external financing attracted

Technopark
Service infrastructure
• Over 35 service providers attracted
• 100+ startups reallocated to Skolkovo
• Representative office in Far East Federal District launched. Office in China is opening

Skolkovo Intellectual Property Center for IP Protection
• Over 1,300 applications including more than 200 international applications submitted through Skolkovo IP Center
• More than 120 transactions of Skolkovo startup companies with estimated value of over USD 60 mln supported in 2014-2016
Russian Venture Company

RVC is a state-owned fund of funds and institution that fosters Russian Federation development. One of the key players to create National Innovation System.

- Medical equipment & Pharmaceuticals: 13.4%
- Strategic computer technology & Software: 29.1%
- Space & Telecom: 26.7%
- Energy Efficiency: 23.4%
- Other: 7.4%

21 funds were created with RVC capital.

~500 mln dollars total capitalization of RVC funds.

196 companies number of RVC’s funds portfolio companies.

RUSNANO

RUSNANO is Russian government Private Equity and VC vehicle aimed at commercializing developments in nanotechnology.

The purpose of RUSNANO is to build a competitive nanotechnology industry in Russia, using the capacities of Russian science and transfer of advanced foreign technologies.

Industry focus:
- Nanomaterials;
- Electronics and optoelectronics;
- Healthcare;
- Energy efficiency;
- Chemicals/Petrochemicals;

Portfolio:
- 108 projects in 28 Russian regions (incl. 68 plants launched)
- USD 2.1 bln portfolio value
- USD 233 mln net profit in 2015
The purpose is to provide access for children and young people to the modern high-tech equipment, testing and commercialization of their innovative ideas.

These centers are financed both from the federal budget (state SME support program) and from major companies such as JSC “United Aircraft Corporation”, JSC “Russian Railways”, PJSC “Sibur Holding”, Intel Corporation within sponsorship programs.

Within the framework of implementing the Strategy for SME development in Russian Federation for the period up to 2030 and priority project “SMEs support: the transition to a new quality” it is supposed to reformat principles of competence centers work:

• control of their activities
• creation of a center of their activities support
• formation of a single catalogue of competence centers
• creation of common standards and requirements to their activities
• rebrand competence centers and implement additional services for entrepreneurs
Competitive and flexible modern economy must be provided by a high level of individualization of goods and services, a high rate of technological renovation and high employment rate. A Stable economy is the basis for the life quality sustainable improvement.

On the one hand - the development of the SME sector as one of the factors of innovative development and improvement of the economy's sectoral structure, on the other hand - social development and achievement of a high level of employment.

**Key indicators**

- The increase of SMEs’ turnover in 2.5 times (from 646 bln USD in 2014 to 1.62 trillion USD in 2030)
- The increase of the turnover per employee in the SME sector in 2 times (from 35.5 th. USD in 2014 to 71 th. USD in 2030)
- The increase of the manufacturing industry share in total SME sector turnover from 11.8% to 20% (from 75.6 bln USD in 2014 to 323 bln USD in 2030)
- The share of employed in SMEs sector must be increased from 25% to 35% of total employed (from 18 mln employed in 2014 to 25 mln in 2030)

**Thank you for your attention!**