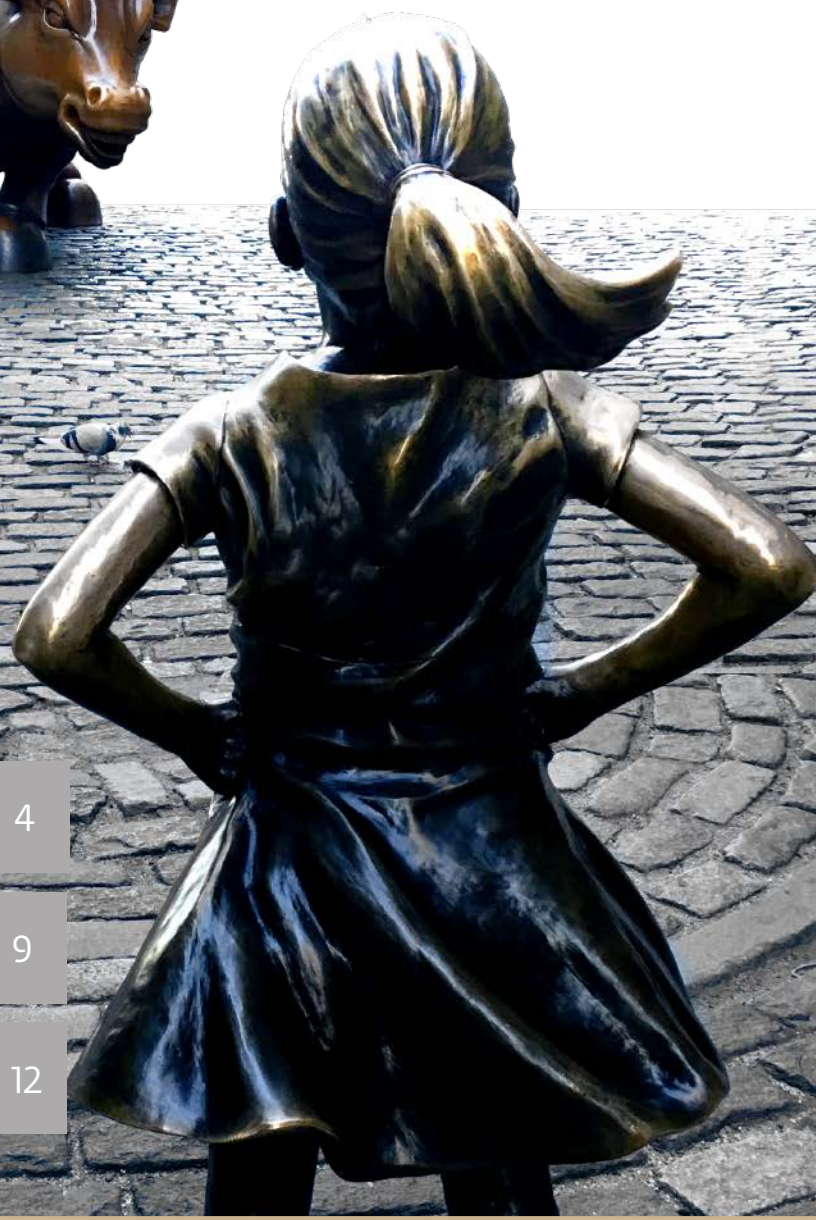


CAPITAL IDEAS



Alteration of Stereotypes 4

On a par with men 9

Characteristic Aspects of Women Entrepreneurship 12



CONTENT

4. Alteration of Stereotypes
9. On a par with men, but with the additional option
“to play dumb” development vectors
12. Characteristic Aspects of Women Entrepreneurship
14. Today, women are robust, determined and confident
16. Game effect
17. News
19. Making the Top 10
23. Capital Flight. Non-Stop and Relentless
25. Moscow’s “Green” Economy Prospects
27. In the Zone of Turbulence



ALTERATION OF STEREOTYPES

Until recently, the term “Commissioner for the Protection of the Rights of Entrepreneurs” or Business Ombudsperson was treated by the business community as a hardly comprehensible combination of words. Civil servant and entrepreneur, each of them viewed themselves as being on different sides of the line while the established *modus operandi* was regarded as set in stone and not prone to any alterations.

However, times do change, and business people now find advocates among the government executives. Consequently, the term Commissioner and/or Business Ombudsperson have acquired a meaningful positive image and cognitive substance.

Moscow, as the largest metropolis in Russia with a huge business community, has its own Commissioner, and her name is Tatiana Mineeva.

Ms Mineeva, you became the Commissioner for the Protection of the Rights of Entrepreneurs of the city of Moscow reporting to the Government of Moscow in February 2019. What would you call “feathers in the cap” during your stay in office?

The main achievement is the creation of an ecosystem of the Business Commissioner. When Boris Titov, the federal Commissioner for the Protection of the Rights of Entrepreneurs under the President of the Russian Federation, proposed my candidacy for this position in 2019, quite a number of representatives of both government and business raised this question: “What is the Business Ombudsperson of Moscow, and what makes sense to have one?”

Moreover, many could not even decide where to place the accent in the word “ombudsperson”. The survey that we carried out at that time focusing on the entrepreneur’s reputation/image in the society revealed the following: the attitude of people towards those who are engaged in business, unfortunately, has been and remained, to put it mildly, controversial.

The entrepreneurs themselves did not truly believe that they would ever meet an “official with a human face” in their interaction with the authorities. Business people were convinced that any contact with the Moscow Government amounted to nothing more than an urgent call on a “hotline” or an interaction with a chatbot, at best.

Tatiana Mineeva

Tatiana Mineeva is the Commissioner for the Protection of the Rights of Entrepreneurs in the city of Moscow. Candidate of Economic Sciences, graduate of the Presidential Program of Managerial Personnel. She worked in the Government of the Astrakhan Region, the Agency for Strategic Initiatives, the Club of Business Promotion Leaders.

In 2013–2019, Ms Mineeva was Vice-President of the All-Russian public organization “Business Russia”. In 2016–2019, Chairman of the Public Council at the Department of Education of the City of Moscow and Member of the Public and Business Council for the national project “Education”. In 2017–2019, Member of the Public Chamber of the Moscow Region.

Ms Mineeva is currently Chairman of the regional branch of the Association “Women of Business” in Moscow. She has authored two volumes of the book “How to be friends with the state?” (published in 2016 and 2021). She is the winner of the “Leaders of Russia. Politics” contest (2020). Moreover, she is mother of three children.

Eventually, we managed to break these stereotypes. Our painstaking work has led to what today we proudly term as the ecosystem of the Commissioner. The ecosystem incorporates around 1,500 business people from various fields. We can say that it represents all areas of entrepreneurship in Moscow without any exception.

Today, the key elements of the ecosystem are as follows: Expert Council, Scientific and Business Council, Intersectoral Council, Chamber of Public Ombudsperson, Institute of Experts pro bono publico, Public Reception Offices and other entities. We have set up 42 public reception rooms in Moscow, including the first virtual one where lawyers provide advice to entrepreneurs free of charge on a variety of issues. The Expert Council considers the most contentious issues affecting and raised by businesses. The Council holds meetings with the participation of representatives of state authorities, control and supervisory bodies and, above all, attends round table discussions organized by the Government of Moscow.

The Scientific and Business Council consists of the State Duma (lower house of the Russian Parliament) members, representatives of leading Russian universities and scientific centres. The Intersectoral Council unites business community leaders. Today, the heads of over 40 industrial associations are members of the Intersectoral Council. Under the auspices of the Intersectoral Council, we evaluate and study the initiatives of entrepreneurs, which later form the foundation of the annual Report of the Business Ombudsperson to the Mayor of Moscow.

We have representatives of all business sectors in the Intersectoral Council: HoReCa, sports and fitness industry, shopping centres, event industry, the Guild of Bakers and Confectioners, the National Association of Real Estate Market Participants, representatives of the beauty industry, manufacturers of children's goods and many others. Our main message is that only by uniting, entrepreneurs from different spheres of the national economy we will be able to bring their initiatives to the attention of the authorities.

We are also developing projects to support youth entrepreneurship and women's business. In tune with the Department of Education and Science of the City of Moscow, we are implementing the MOS.MSU project. In fact, it is the youth business school of the Commissioner. The project has already entered its second season, and 150 school classes are part and parcel of it. Thousands of students from schools and colleges are involved. Young people who are passionate about going into business capitalize on the benefits of this business accelerator. They find here their mentors, experienced seasoned entrepreneurs, and can start earning money all by themselves by implementing their innovative ideas and business projects.

I also head the Moscow branch of the Women Business Association; there are about a hundred business ladies, and recently, it was recognized as the most efficient entity of its kind in Russia. We have also established a Mediation Center to resolve possible misunderstandings between entrepreneurs and government officials.

As of today, during my tenure, we have received in total over 20,000 appeals from entrepreneurs. We registered 546 success cases when the inherent rights of entrepreneurs were reinstated. Some 476 proposals on business support measures were filed to the Moscow city authorities, and 20% of them were implemented. In total, we have come up with over 1,100 legislative initiatives; 30% of them have been supported by the authorities and took off the ground.

In 2022, quite a number of essential initiatives of paramount importance to business were put into practice. To name a few of them: expansion of legal opportunities for lending small loans to small and medium-sized enterprises (SMEs) in a simplified procedure; improvement of the procedure for inclusion into the register of Russian software; optimization

of the planned launch of state regulation of digital advertising; possibility of paying with maternity capital for educational services provided to children by individual entrepreneurs, etc.

Legislative initiatives include, in particular: limiting parallel imports of products, in case it is partially manufactured in the Russian Federation; formation of a regulatory framework for the turnover of crypto currencies in the Russian Federation for settlements with foreign counterparts under sanctions; extension of the moratorium of the Federal Tax Service on blocking entrepreneurs' accounts, etc.

Last year, we processed 39 business appeals on request and jointly with the Federal Business Ombudsman Boris Titov. Based on business proposals, we formulated 137 sectoral and intersectoral support measures and sent them for final approval to the Governments of the Russian Federation and Moscow.

Most of the appeals from entrepreneurs we received last year concerned support measures introduced due to sanctions, grants for the purchase of equipment, pilot testing, preferential factoring and subsidized interest rates. Simultaneously, we have formed and sent to the Government of Russia and Moscow a package of proposals to involve businesses in the development of import-substituting production and transfer/development of advanced technologies in the Russian Federation based on the priorities and plans of the Ministry of Industry and Trade related to import substitution.

In the middle of 2022, we observed the processes of restructuring businesses, logistics, financial transactions, and supply channels. Requests for support of export-import logistics, international payments, search for partners and suppliers came to the forefront. This is still relevant today.

Talking about reinstating the rights of entrepreneurs, in 2022, we received a lot of complaints about the actions of tax authorities. There were additional taxes introduced based on the results of on-site inspections, blocking of accounts, refusal to register changes to constituent documents, etc. Non-compliance with payment deadlines for goods and services under state contracts is also a frequent justification for contacting the Commissioner.

In sum, over 300 legislative initiatives in the interests of business were launched in 2022. We consider the core activities of the last two years to be focused on efforts to rally the business community, convince entrepreneurs of the necessity to unite in order to protect their interests jointly, relying on the assistance of the business ombudsperson. To achieve this goal, we have signed over 20 agreements with business communities and industry associations.

New industry associations are being created. We are keen to improve legal literacy of entrepreneurs and set a vector not only for the development of legislative initiatives, but also for changing existing legal norms if they are not suitable for business. The entrepreneurs themselves evaluate the relevancy of regulatory frameworks. We provide comprehensive assistance

and support to the most vulnerable industries affected by the COVID pandemic and contribute to their speedy recovery.

We also facilitate import substitution in the new economic realities and provide support for Russian manufacturers. For this reason, at the end of last year, a Fashion Industry Committee was created on the basis of our ecosystem. It brings together leading fashion designers, manufacturers of clothing, jewellery, accessories, the management of fashion TV channels, etc. According to data at the end of 2022, imported products in the apparel sales segment occupied over 80%, and the share of Russian manufacturers on the textile market did not exceed 40% of its volume.

On this track, we have set ourselves the task not only to attract Russian designers and clothing manufacturers to shopping malls so that they occupy the vacant niches, but also with assistance from the committee to make sure that Russian brands are well recognized both in their native country and abroad, to help cope with the problem of personnel recruitment, and so on. In general, the creative industries of Moscow, as of today, are in the focus of our special attention. In this context, we closely collaborate with the event industry in Moscow while helping it to gain official status, and interact with the Agency of Creative Industries.

In other words, the Commissioner for Business Protection in Moscow is an intermediary between business and government. It is an entity that protects the rights and legitimate interests of entrepreneurs. Moreover, we are not only addressing complaints from businesses, but we are also advocating for the humanization of criminal legislation for entrepreneurs (we have worked out a number of initiatives in this respect).

We rescue business representatives from illegal criminal prosecution; we arrange their meetings with relatives and lawyers via video link and much more; we constantly visit with missions “female” SIZO No. 6 of the Federal Penitentiary Service in Moscow. Moreover, we push ahead for the overall improvement of the legislation. Most importantly, these changes are initiated by business itself.

At the same platforms (Investment Council, Public Council, annual Forum of the Commissioner), we organize “direct” meetings of business and government. The entrepreneurs admit this is far more effective than their official requests sent to state

agencies, phone calls or waiting in a queue to talk to a government official. Our Ecosystem members note that (Moscow being an exception) they have not observed such a model of interaction in any region of the Federation as well as such open lines of communication between business and authorities. Still, there are no merits of mine in this achievement; it is mutual success. There is no coincidence that the motto of the Commissioner’s Ecosystem reads like this: “There is much more in store!”

In what way has Moscow’s business climate changed over the past few years?

First, it has changed in terms of the growth of business confidence in the government authorities. According to the words and assessment of the entrepreneurs themselves, Moscow is really the flagship on many tracks, both in terms of supporting entrepreneurs and in terms of the level of dialogue with them. Here is a key message that is constantly articulated during our meetings: “The government in Moscow listens to and hears what business has to say.” Of course, entrepreneurs have survived the COVID pandemic, but now they are in a zone of turbulence due to sanctions. Nevertheless, everything in the business domain is growing and developing. We can say that the moratorium on routine inspections and Moscow government’s support measures have definitely improved the business climate.

Naturally, due to the pandemic and sanctions, entrepreneurs have encountered a new set of problems (reformatting of logistics, dependence on foreign components, problems with personnel, and much more). For example, at a recent Round table with the Association of Manufacturers and Consumers of Goods and Services for Children “Parents’ Choice”, we were alerted to the fact that nearly half of children’s goods manufacturers in Moscow are dependent on imports and face competition from analogues made in Asia and sold at extra cheap prices. This is just one example of many. However, the Moscow authorities are doing everything within their power, especially in terms of stimulation, localization of production, support of Moscow-based manufacturers – and this is the reason why confidence of business is justified.

During the COVID pandemic, we often heard that business standpoint was taken into account: if some legal regulation turned out to be of doubtful value, it did not exist for long. Therefore, one of the main desires and requests of business community is that entrepreneurs must verify all legal norms before they are enacted.

Would you please describe the existing support measures aimed at Moscow businesses.

The Department of Economic Policy and Development of Moscow and the Department of Entrepreneurship and Innovative Development supervise these support measures. There are quite a number of such measures, business community knows well most of them (for those who are not aware, we recommend joining communities). Among the main support measures in the portfolio of the Department of Investment and

Industrial Policy of the City of Moscow are preferential loans to manufacturers, land to be leased for 1 ruble rent payment, offset contracts, which we propose to make more widely applicable. I will note here that this issue became the basis of the recent meeting of the Investment Council in the Government of Moscow.

We are working on creating two public showcases at once: investment projects that the city requires, and offset contracts that are no less important to the metropolis. In particular, within the framework of these goals, we signed an agreement with the deputy chairman of the United Russia parliamentary faction on promoting the “Choose your Own” project. This is a project in line with the policy of technological sovereignty; it will render support to patriotic entrepreneurs from 13 key industries, and we, in turn, will broadcast business initiatives directly to the State Duma through the Investment Council. The Department of Entrepreneurship and Innovative Development will provide grants of up to 30 million rubles for the purchase of equipment and the scaling up of activities, compensation for the purchase of equipment, including its leasing, for the support of urban farms, pilot testing of engineering solutions, import substitution projects, etc.

There is proactive support for women entrepreneurs all over the world. In your opinion, has the number of women in business increased in Moscow or not? Are there separate formats of support for women entrepreneurs?

The share of women entrepreneurs is growing across Russia as a whole; for example, there are 40% of self-employed women in the Russian Federation, as of today. Globally, businesswomen constitute 34% of the total number. Women's business community is definitely the “engine” of SMEs. Women are the most breakthrough innovators. They assert themselves in advanced industries like IT and telemedicine, franchising and cyber sports, development of marketplaces and vocational education. The most successful businesswomen (58%) are found in the service sector and 28% in trade, while in production – there are only 14%.

Almost 400,000 in the 908 business entities in Moscow (rank-and-file entrepreneurs or CEOs) are women. Out of the 750 members of the Ecosystem of the Business Ombudsperson, women make one third. The Moscow branch of the Association “Women of Business” lists almost a hundred businesswomen.

Support for women's entrepreneurship is a pragmatic government strategy: it is women, as the main unifying and

creative force, who can become a new focal point of growth for small and medium-sized businesses. Stimulating women's economic activity is an economic policy, a source of GDP growth. An increase in the economic activity of women can ensure the growth of Russia's GDP by 6-14%, that is, up to 14 trillion rubles, and taken in the context of the world GDP growth – up to \$28 trillion.

The stimulation of women's entrepreneurship – especially during the period of sanctions' pressure and fluctuations – directly depends on the direct communication channel established with the state. Unification of women's communities, creation of new ones, initiation and promotion of new industries are of paramount importance. Therefore, we not only meet with businesswomen almost daily, but we submit their proposals to the Working Group of the State Council under the leadership of Sergei Sobyenin, the Mayor of Moscow.

A significant part of the proposals in various areas has already been implemented. Education, healthcare, and culture are industries where women traditionally excel and lead. Last year, the Moscow Fund for the Support of the Entrepreneurship Industry expanded the range of potential borrowers, including recipients from the above-mentioned industries. An additional 10 billion rubles have been allocated to the Fund for this purpose.

I would like to single out support measures taken in Moscow, which were particularly in demand among women entrepreneurs in 2022. For example, the regulation of rent payment: in 2022, the city no longer raised fees for urban land and real estate. According to the rental payment for a number of real estate, it was possible to receive an official delay of 6 months. On top of that, bank guarantee for the creation of jobs was extended for six months.

I would like to emphasize that today we need additional adjustment of support measures, constant monitoring by industry associations on the implementation of the measures already put in place.

I cannot avoid mentioning the “women's agenda” in the Ecosystem of the Commissioner. We dynamically joined the discussion on the action plan of the National Strategy of Action in the Interests of Women. We participated in an expanded Round table in the State Duma, held our Round Table, put forward and analysed proposals at the headquarters of the Association “Women of Business” (in March, the documents sent to the Ministry of Labor and Social Protection of the Russian Federation). We bring up the issues and goals of women's business at meetings with the Commissioner for Human Rights in Moscow, colleagues from the Federation Council (upper house of the Russian Parliament) and others. Valentina Matvienko (Head of the Federation Council) once noted that the “time of soft power” has arrived to Russia.

We are especially pleased that the attention to women's entrepreneurship will soar in the coming years, and our goal is to promote dialogue between businesswomen and the authorities to the best of our abilities.

BUSINESS LADIES HAVE BECOME A COMMON AND EVEN ROUTINE PHENOMENON. HOWEVER, AS USUAL, WOMEN HAVE THEIR SECRETS. WHY SHOULD THE ALLEGEDLY “WEAKER SEX” SET UP ITS OWN COMMUNITIES? WHAT IS SO SPECIAL ABOUT THE BRICS WOMEN BUSINESS ALLIANCE? ASKS ANNA NESTEROVA AND PROVIDES THE RELEVANT ANSWERS.

ON A PAR WITH MEN,

BUT WITH THE ADDITIONAL OPTION “TO PLAY DUMB” DEVELOPMENT VECTORS



Anna Nesterova

Holder of Ph.D. in Economic Sciences. Head of the working group on digital economy, representing Russia in the BRICS Business Council and Chairman of the Russian part of the BRICS Women Business Alliance. Member of the Supervisory Board of the Russian Foundation for the Development of Information Technologies (RFRIT). Member of the General Council and Chairman of the Committee on Cross-Border E-Commerce of Delovaya Rossiya (Business-oriented Russia).

In 2015, Russia's authorities nominated Ms Nesterova as Woman Icon for achievements in the field of business within the framework of the APEC Gender Forum "Women as Engine of Inclusive Growth." Since 2018, she has represented Russia in the CICA Business Council. In 2020, she founded the watch-making company Palekh Watch.

Ms Nesterova, you were the driving force behind the creation of the BRICS Women Business Alliance. Why is the rationale of setting up an association of women in business?

The BRICS Business Council, which we call among ourselves the men's BRICS, has been functioning for 10 years already. It is an association of large companies and businesses with the goal and mandate to promote a common economic agenda and kick-start joint projects. There are not so many women in big business. The creation of a separate instrument, namely the BRICS Women Business Alliance, was due to the fact that ladies in our countries are at the head of mainly medium and small businesses.

There was no separate platform where women could find business partners, create joint ventures, conduct scientific and practical work, generate educational content, and discuss social projects. The Women Business Alliance focuses more on social projects. This aspect was not under consideration within the BRICS Business Council, and this is why there was a necessity to create a separate platform, especially because about 85% of women entrepreneurs are involved in social business. That is why everything worked out just fine. There could be no other option.

Does women entrepreneurship have any distinguishing features?

I would rather not support gender division of entrepreneurship, putting into different categories male and female business practices. In addition, there is a certain specificity in a number of professions, for example, the social sphere, where women are predominantly involved and engaged. By and large, it would be a gross misconception to claim there are male or female professions, or that a particular type of business is only earmarked for men, and that another is suitable only for women. The basic rules and conditions are much the same for everyone. There is no sense to draw a watershed line.

Women assert themselves convincingly in Russia; they establish businesses of their own and put them on an upward trajectory. All necessary preconditions for entrepreneurship, in general terms, have been put in place. I know that some banks have a number of programs designed specifically to support women's entrepreneurship.

Opora Russia (platform for dialogue and support of SMEs), for example, has been actively working until recently with Otkritie Bank, which provided loans on preferential terms to start a business for women entrepreneurs. You know, women have good track record on loan repayment. There is no fundamental difference, but in my opinion, women are pretty good at covering very important social aspects of doing business – without these activities the society finds itself in a void.

Do women entrepreneurs need to secure a special niche for themselves within the world of business, or is it irrelevant?

A woman in business should be treated on a par with man. However, at a particular moment that requires a solution

BRICS Women Business Alliance

The BRICS Women Business Alliance is a global platform for promoting women's business in the BRICS countries, not only within the five states of the association but beyond as well.

The work of the Alliance was launched in 2020 as part of Russia's BRICS Chairmanship. The initiative to create the Alliance was supported by Russian President Vladimir Putin, as well as by the presidents of Brazil, India, China and South Africa.

The Alliance aligns its modus operandi with the BRICS Business Council operational modality. The Women's Business Alliance has five business ladies that represent big business from each country (25 participants in total), who are noted for having gone through all the stages in the evolution of their businesses, managed to overcome fundamental barriers and are specifically oriented on operating on a global market level.

of some important issues, you should be able to, as I call it, “play dumb.” I am referring to specific cases when a woman should use her soft power to solve issues related to her business prudently within this tight and complex male world. A woman has this advantage at her disposal and, in my opinion; she should skilfully make use of it. A woman, on the one hand, can be as tough as man when doing business, yet, at the same time, she has the option to turn on her charm, and leverage it to solve problems in her favor. This is the competitive advantage of the “weaker sex.”

Within the framework of the Women Alliance, has it been possible to create sustainable regional ties and bonds among women entrepreneurs?

Definitely. We have vigorously built cooperation with our regional partners. In early June, for example, we are heading to China on a business mission. About 15 Russian women entrepreneurs from various fields are joining us to meet and discuss promising joint projects. In August, we have scheduled a trip to South Africa to be followed by a trip to Brazil. In other words, we are building solid business ties with our regional BRICS partners.

I would like to note that we launch collaboration not only with the countries that are part of the BRICS association. Today, we witness great interest in joining BRICS, one way or another, from other international actors like Argentina, Sau-

di Arabia, and the CIS countries. We take notice that interest in women business in Russia and other countries is extremely high. Therefore, the goals and objectives of the Business Alliance are to push forward common multilateral projects, and this is exactly what we are actually going to do within the framework of the Russian leadership.

Which BRICS countries showed genuine interest in this format of cooperation?

All of them. The decisions in BRICS are passed based on consensus. All countries supported the creation of such a platform, the BRICS Women Business Alliance. It is a clear indication of wide interest in the expansion of women’s entrepreneurship agenda.

In what areas women’s business has proved the most successful?

Education, social sphere, healthcare, economics of care and beauty. Small and medium-size businesses are usually dependable on manual labor, craft and everything related to crafts, and are represented by light industry. Image-building and other creative industries. Everything related to creativity has most often women as the driving force behind. They have earned a reputation in this industry. Probably, these are the main domains. Wherever men fail to gain a foothold, women often create a strong foundation.



CHARACTERISTIC ASPECTS OF WOMEN ENTREPRENEURSHIP



Tatyana Ilyushnikova

Deputy Minister, the Economic Development
Ministry of the Russian Federation

Today women take an active part in the economy. Women also are active consumers of products and services. The share of women at marketplaces amounts to 67%. Women also buy more new-build apartments in Moscow region – 54% versus 46% of purchases by men, women account for about 45% of deals in the premium segment.

And those women entrepreneurship stereotypes that still exist in our society are no longer relevant. Today women entrepreneurs open not only beauty parlors and hairdresser salons – currently women represent a major class of executives and develop all types of businesses– from agricultural enterprises to manufacturing and IT companies.

Notwithstanding the fact that women are 75% more often engaged in child and elderly care, housekeeping, which at the minimum wage rate would amount to 13% of the global GDP, today women make up 43% of all businesspeople in Russia. In some regions of the country, the share of self-employed women exceeds the share of men: this share in the Republic of Buryatia reaches up to 58,66%, in Kurgan region – 55,62%, in Zabaikalsky Krai– 55,13%, in the Republic of Altai – 54,62%.

It should also be noted that women entrepreneurship has its specific aspects. According to research, businesswomen focus more on training specialists, apply for loans less often, and if loans are used, women repay loans faster. Enterprises, led by women, pay off in shorter periods of time.

Priority goals for women, for example, include the need to provide for their families. Women often go into business when faced with a tough life situation. A maternity leave could also be a trigger in this instance: now there is a little baby, family income often plunges, and at the same time moms have an opportunity to consider what is it they would rather be

doing, and what sort of activities could help them deal with all of the above issues. The second and the third motives are interrelated: this is an opportunity to realize one's potential and make the world a better place with your own business. This is why socially-oriented businesses are for the most part managed by women.

Speaking of barriers to launching a business one could mention a lack of starting financial capabilities, absence of basic business management knowledge, insufficient self-confidence. Overcoming these obstacles is a key strategic objective of government support. Today businesswomen could use both general support measures, available to all categories of businesses, and programs, specifically targeting women entrepreneurship.

So, for example, "My Business" centers provide businesswomen with a whole spectrum of tools: financial support – preferential microloans, bank loan guarantees, help with grants, social contract; engineering support, such as equipment upgrades, product certification, acquisition of patents, assistance with entry into new markets, including search for foreign partners, website development, participation in business missions; property support – accommodation in co-working spaces or business incubators, and also educational and consulting support.

Among the programs, focused specifically on businesses run by women, there is our "Mama-Businesswoman" program, implemented together with the Union of Russian Women. The project was tailored for women on maternity leave, mothers of minor children, and also for unemployed women, registered at employment services.

Our goal is to help women start their own business and fulfill their business ideas, which they could not implement on their own. Free education is provided in the form of multi-day intensive trainings with business environment immersion, development of business plans and mentor support. This training phase is finalized with a contest of business projects by participants. An expert panel of judges evaluates their projects for economic feasibility, original ideas and social value. The winner is awarded a grant of RUR 100 000. Participation in the program is free.

This year we have announced of relaunching the program. Now the program features Russian corporate partners only, and the "Mama-Businesswoman" trademark is owned by the Economic Development Ministry of Russia. We are implementing the Program jointly with JSC "SME Corporation" (education block, coach training), "Our Future" Foundation (donor), the "Union of Russian Women" All-Russian Public Organization. We are supported by the "National Priorities" Autonomous Nonprofit Organization, VK and Gallery companies and other partners.

The project is very popular: from 2016 to 2021 in 73 regions of the Russian Federation 252 training events were conducted and participated by 6 706 beginner businesswomen. It is expected that the "Mama-Businesswoman" Program will involve 1500 women.

TODAY, WOMEN ARE ROBUST, DETERMINED AND CONFIDENT

Natalia Kumirova

founder of the "Mama quail", a family quail farm. Propelled forward by the grant provided by the "Mom the Entrepreneur" program, she purchased the first livestock, feed and incubators. Ms Kumirova acquired the 'self-employed' status, but later opted to be registered as an individual entrepreneur, with three officially employed assistants. Additionally, the farm received a grant from Agrostartap and began to scale up production. By autumn of 2023, she plans to increase livestock to 20,000 quails. The business support program was launched in 2020.

How did you come up with the idea of creating your own business?

Things changed for me after the birth of my fifth child. I have completely altered my attitude to work and employment. Event management, which used to be my occupation at that time, demanded my full "immersion" into this job, and I had practically no time left for my family. I had a choice: either to continue doing business as before, or to start one of my own. After my family and I analysed the options, we realized that the best choice would be an activity related to agriculture, since we had a small house in a village, a personal subsidiary farm.

I could not decide where to start from, what to focus on and what kind of development algorithm is preferable. Fate has made its own decision. My daughter had a severe allergic reaction to chicken protein. It turned out that almost a third of the world's population suffers from this adverse reaction. That is when the concept of a quail farm came to the rescue: we realized the benefit of feeding the child with hypoallergenic meat and eggs.

A few months later, we began to notice that when we entertained our guests, they highly appreciated meals we cooked using quails' meat and eggs. Thus, we discovered



that there was a demand. I realized that we need developing further; we need to ensure growth and scale. Raising quails is my own business. I did not want to take money from my husband, because I wanted to create everything all by myself. Women in the 21st century are robust, determined and confident. I started looking for additional opportunities and found out information about the recruitment of employees within the project "Mom the Entrepreneur". I sent my application, my questionnaire, my business plan, and it met with approval.

Has "Mom the Entrepreneur" program really helped you?

Absolutely. This became my foundation and my bulwark. In a wider context, I joined the program in order to enlarge knowledge and improve skills. I have not been in business before. Thanks to the program, I learned about the self-employment system. For almost 3 years, I worked as a self-employed citizen of the Russian Federation. The experts of the "Mom the Entrepreneur" program helped me to understand taxation, familiarized me with the basic accounting practices. Moreover, it amounted to networking, new acquaintances and connections, positive emotions, and overcoming your weaknesses. It all helped.

Getting on board the program, made me a winner, and formed the solid basis of my business. Due to the program, I have purchased first small incubators, and now I look at them with a nostalgic feeling. These 200-egg minors are standing alongside giants, which are designed to produce 5,000 eggs. We bought a feed base, the first livestock and incubation eggs.

My investments totalled 100,000 rubles. When they say that it is impossible to start a business for the entry cost of 100,000 rubles, I laugh and answer: "Wrong. It is possible!"

Are there any vocations for you, as a woman, which are inaccessible and where only men are involved?



My husband has a business: welding and everything related to metalwork. For a woman, this business is difficult not because she cannot cope, but simply because it is still physically hard toil.

For you, whom is it easier to interact with, men or women?

If we are talking about the field of agricultural business, men are not yet psychologically ready to accept the fact that women are starting to get involved in the development of agricultural enterprises and farms. There is still a little distrust, because our mastodons, our leaders in agricultural production are mostly male.

Yet, if we talk about employees, it is much easier for me to communicate with men. For men, emotions remain in the background, and they do everything that needs to be done, technically. With women, you need a different approach; you need to take into account their mood.

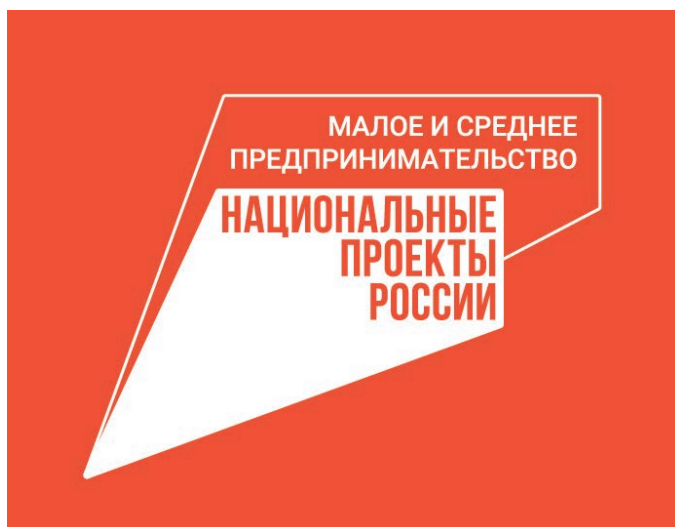
You can work and communicate in the same manner with everyone, but the most important thing is to act with dignity. I believe that recently, women have been performing on equal terms with men in various business areas. I am not saying that women are rushing forward now, leaving men behind, not at all, but the fact is that now we are on par.

Do you see the need to create special working environment for women entrepreneurs?

No one has cancelled the rules of the “mirror ceiling”, yet. Women entrepreneurs, on top of doing business, have an additional sphere of life such as family, children, and household duties. This is a huge burden. When it comes to working mothers who decided to create their own business, if the authorities introduce tax breaks or deferrals, or at least vacations, it would be great. The burden on Mom Entrepreneurs is still at record high level.

“SMALL AND MEDIUM BUSINESSES” NATIONAL PROJECT

The project is focused on support to businessmen at all business development phases. The key goals of the national project are decent and efficient work and successful entrepreneurship; increased employment in the small and medium enterprise sector, including individual entrepreneurs and self-employed persons. Businessmen can use financial and non-financial support measures, consulting services and go through training at “My Business” centers or via the MSP.RF digital platform for business support



“MAMA-BUSINESSWOMAN” PROGRAM

The program was launched in Russia in 2016 under an initiative of the Economic Development Ministry of the RF. The program is designed to promote business initiatives among women on maternity leaves and mothers of minor children. The program provides support and assistance in setting up and developing businesses, and also manages educational activities and consultations at “My Business” centers. Since the start of “Mama-Businesswoman” Program, it has been participated by 6781 women, who attended 255 training sessions. 247 women won in business plan contests. “Mama-Businesswoman” Program is focused on achieving goals and objectives of “Small and Medium Businesses” National Project

GAME EFFECT

How did you come up with the idea of creating your own business?

I have been developing it since the end of 2020. The idea came when I stayed at home with my children under the quarantine regime during the COVID-19 pandemic. It was boring to stay at home, and the children needed to be entertained: qualitatively and amusingly, and at the same time it should have been informative. I came up with the idea to create an educational game for kids older 5 years that would interest them and motivate them to study native land. Through my game, one can study geography, nature of your city, learn about its history, and attractions, develop the skills of counting and reading, and train attentiveness.

I designed the game and released a pilot copy to see the reaction of the children. They liked it. I saw the effect of the game in practice. Then, I realized that such a project could be created specifically for any locality, any city, or even an event. I started to study the issue, searched for similar projects on the Internet, but did not find anything alike.

Therefore, I decided that I should try to look for various options to kick-start the project, since it has a high cognitive value. That is how I started my own business. To date, two games have been released; work is underway on the next game, already with the involvement of qualified specialists. Currently, I am looking for unified game development algorithms for the subsequent scaling up of the project as a whole.

Did the "Mom the Entrepreneur" program help you?

It was very timely! Before I found out that the program was introduced in our city, I already had the layouts ready to put my game into print. I went to the bank to take out a loan for the release, when I saw an advertisement for the "Mom the Entrepreneur" program. Taking advantage of this opportunity, I gained valuable knowledge, won a grant, thereby receiving funds for the production of the first edition. Moreover, I received huge support from the experts of the program. I received all the necessary and valuable comments, and reviews of the project "from the outside." Even now, the gained knowledge sometimes helps me to handle dire situations.

The "Mom Entrepreneur" program is not only financial support, but also a training program. We were taught and explained the basics of doing business, tackling taxation, promoting products. Remarkable and successful women entrepreneurs of our city shared their experience with us.

Natalia Stets



creator of the project "Big Walk", which features games about the city of Kirov and the Kirov region. An entrepreneur, mother of two children, she received a grant of 100,000 rubles for the development of her personal project aimed at children and their parents who wish to learn about remarkable monuments, historical sites and other attractions of the city of Kirov and the Kirov region. In addition, with the help of the financial support provided by My Business centre, "Mom the Entrepreneur" managed to present her products on marketplaces, launch advertising on social networks, and put together a business plan for obtaining a social contract. The year of the program's launch was 2021.

After such training, I really wanted to develop further and achieve my goals.

Are there any vocations for you, as a woman, which are inaccessible?

Regarding my project, I have not encountered such a problem. My project is dedicated to children. It is aimed at the maturing of children. I think you can always find opportunities to implement or launch any project you have thought of. Where there is a will, there is a way.

For you, who is it easier to interact with, men or women?

It does not matter, but I took notice that men, when considering my project, look at the idea and the market potential as a whole, while women are already considering the practicality, the particulars, and the benefits of the product. This is clearly visible.

Do you see the need to create special conditions for women entrepreneurs?

Yes, a woman entrepreneur should be given a special status. There is a definite need for this status. I know that there are more and more programs for the development of women's entrepreneurship. It is important for us, girls and ladies who are starting or continuing to develop business endeavours, to know that, if necessary, you can receive educational material and expert counselling in the simplest ways. This would be an excellent assistance for our business enterprises.

It should be borne in mind that it is women who are most often engaged in maintaining a family, raising children, while simultaneously running a business and solving all the related problems. Any initiative coming from a female entrepreneur should be supported and encouraged at the state level, by any applicable means.



THE STATE DUMA UPDATED THE BILL ON THE DIGITAL RUBLE

The State Duma Committee on the Financial Market has prepared an updated version of the draft law on the introduction of a digital ruble in the Russian Federation: the deputies propose to clarify the powers and obligations of the Central Bank, as well as introduce significant concessions for non-residents when working with digital rubles.

Amendments to the second reading of the bill (N270838-8) were prepared by the committee and sent to the relevant ministries.

In the version of the first reading, the bill assumed that

non-residents would be able to access the digital ruble platform through authorized banks. It was clarified that non-residents have the right to dispose of digital rubles within the digital ruble platform in accordance with its rules.

The revised bill states that non-residents will be able to access the platform both through foreign banks and directly through the Central Bank. In addition, a clarification is being introduced into the law on currency regulation: non-residents have the right to carry out transactions with digital rubles without restrictions.



SBER SEES DEMAND FROM CORPORATE CLIENTS FOR YUAN LOANS

Sberbank notes the large demand of corporate clients for lending in yuan, sees no problems with attracting liquidity in this currency, said Alexander Vedyakhin, First Deputy Chairman of the Board of Sberbank.

“With liquidity in yuan, in general, everything is fine, that is, we have enough to issue loans in this currency - in yuan. There is a very large demand, we see that many, most clients want to leave unfriendly currencies and switch to yuan, in yuan the rate is lower, respectively, it becomes the main currency of choice for our clients,” Vedyakhin said.

Sberbank hopes that Chinese banks will actively bring liquidity in yuan to the Russian market. “We are waiting for active, rapid growth of both lending in yuan and attraction in yuan,” the first deputy chairman said.

SMALL AND MEDIUM BUSINESS IS GROWING IN MOSCOW

According to the register of SMEs in Moscow, over the year, the number of legal entities - SMEs increased by 8.9%, and individual entrepreneurs - by 6.5%, to almost 478 thousand and 390 thousand, respectively, as of the beginning of April 2023.

According to the Department of Economic Policy and Development of Moscow, more than 273,000 SMEs, or 31.5%, are engaged in trade, and legal entities often prefer wholesale trade, and individual entrepreneurs prefer retail. Almost 109 thousand representatives of small and medium-sized businesses, or 12.5%, are engaged in professional, scientific, and technical activities, another 90.7 thousand, or 10.4%, work in the construction sector



MOSCOW RECEIVED AN INTERNATIONAL INVESTMENT AWARD AT THE ANNUAL INVESTMENT MEETING

The capital became the winner in the nomination "Central Asia, the Caucasus and Russia".

The award is held annually in the United Arab Emirates and is a platform for open discussion of the latest investment trends and opportunities, exchange of ideas and exploration of potential partnerships. Large investors and entrepreneurs from all over the world participate in it.

Attracting investments, including foreign ones, for the development of industry and infrastructure is one of the priority tasks of the city. That is why Moscow creates all the conditions for business to work comfortably. The capital has already attracted more than 250 billion rubles of foreign investments. Thanks to this, new industries, scientific and cultural institutions appear in the city, and jobs are created for residents.

MAKING THE TOP 10

MOSCOW HAS MADE IT TO THE TOP TEN CITIES OF THE WORLD, MOST ATTRACTIVE FOR INNOVATORS.



1

LONDON

- 5.... Tech. Development
- 1.... Creative Industries
- 2.... Urban Environment



2

NEW YORK

- 4.... Tech. Development
- 2.... Creative Industries
- 72 .. Urban Environment

A relevant research was conducted by the Institute for Statistical Studies and Economics of Knowledge of the Higher School of Economics National Research Institute. The HSE Global Cities Innovation Index 2023 (HSE GCII 2023) ranking includes 200 global cities.

The Russian capital got ahead of Hong Kong, Berlin, Washington in the index. The overall innovation attractiveness ranking, including results of technological development and accounting for creative industries and urban environment conditions in mega cities, places Moscow in the Top 10 along with London, New York, Tokyo, Beijing, Paris, San Francisco, Los Angeles, Shanghai and Seoul.

A Top 10 position for Moscow was secured by its high rankings in technological development (7th), urban environment (7th) and creative industries (15th). High rankings of the capital city are also backed up by a comfortable tax regime for business, especially small businesses (5th).

Authors of the ranking reviewed places of residence and performance of highly cited academics, tech businessmen, unicorn companies, venture investors, outstanding

creative industry personas (from fashion and IT to architecture and movies). It turned out that almost 70% of the cities - innovative leaders are located in just 10 countries (UK, USA, Japan, China, South Korea, Russia and leading EU countries).

The path of active development of advanced infrastructure and increased cooperation efficiency between city authorities, science, and high-tech businesses has been chosen by European cities - Moscow (1st place in the "Innovation Infrastructure" section index), Barcelona (4th), and Stockholm (5th). Moscow has topped the ranking of innovative infrastructure thanks to its absolute leadership in the number of clusters and coworking spaces.

"By the number of tech parks we are surpassed by Beijing only. Today Moscow has 51 tech parks, including seven top priority investment projects for tech park development.

70% of the cities – innovative leaders are located in just **10 countries**



3

TOKYO

3 Tech. Development
5 Creative Industries
29 .. Urban Environment



4

BEIJING

1 Tech. Development
10 .. Creative Industries
15 ... Urban Environment

Top 10 Global Cities Innovation Index – 2023 (HSE GCII 2023)

City	Overall	Technological Development	Creative Industries	Urban Environment
London	1	5	1	2
New York	2	4	2	72
Tokyo	3	3	5	29
Beijing	4	1	10	15
Paris	5	9	4	1
San Francisco	6	2	9	146
Los Angeles	7	14	3	77
Shanghai	8	6	11	8
Seoul	9	11	6	27
Moscow	10	7	15	7



5

PARIS

9.... Tech. Development
4.... Creative Industries
1 Urban Environment



6

SAN FRANCISCO

2.... Tech. Development
9.... Creative Industries
146. Urban Environment



7

LOS ANGELES

14.... Tech. Development
3 Creative Industries
77... Urban Environment



51

tech parks include over **two thousand residents** and provide about **70 thousand jobs**

The parks include over two thousand residents and provide about 70 thousand jobs”, — as Moscow mayor Sergei Sobyenin wrote in his Telegram channel.

The city hosts three clusters, which are members of the international TCI Network association, including the Moscow Innovation Cluster (MIC) and the International Medical Cluster (IMC). Seven technology and research parks of the city are IASP association members, including the MSU Science Park, Kalibr, Mosgormash, Slava technoparks etc. High level of innovation infrastructure development enabled building one of the world’s largest live testing labs in Moscow. Moreover, the city has over 100 co-working spaces.

Moscow is also implementing the world’s largest innovation pilot testing program. Over the latest four years more than 330 tests were initiated and 250 tests completed under the program. Starting from 2022, participants of the Moscow Innovation Cluster can apply for grant support for pilot projects of up to 2 million rubles (28,000 USD).

It is obvious that innovative development would not be possible without a high level of education of residents. And



8

SHANGHAI

6.... Tech. Development
11... Creative Industries
8.... Urban Environment



9

SEOUL

11 ... Tech. Development
6.... Creative Industries
27 ... Urban Environment



10

MOSCOW

7.... Tech. Development
15... Creative Industries
7.... Urban Environment

Moscow scores high here too. The city is a global higher education and science center, it has 25 universities, featured in global rankings, putting the capital city in the 3rd position by this value. Moscow came in 7th by the number of foreign students, the most attractive universities being the Lomonosov MSU, RUDN and NRI HSE. Moscow also holds top positions by the number of published and reviewed science magazine publications (11th).

It should be mentioned that the capital of Russia got high scores in advertising and PR industry (6th), music (11th), and by star opera singer numbers (6-7th).

Besides, Moscow is a most attractive global city for tourists. It came in second by the number of theaters, museums and art galleries, and third by the number of unique locations and sightseeing attractions.

Prepared by Capital Ideas based on "HSE Global Cities Innovation Index 2023" report by the Institute for Statistical Studies and Economics of Knowledge of the Higher School of Economics National Research Institute.

100+

 co-working spaces in Moscow

CAPITAL FLIGHT. NON-STOP AND RELENTLESS

The situation with capitals, going from country to country in search of a “safe heaven”, is becoming permanent. Here and there restrictions on depositors are introduced; depositor accounts are blocked. In mid-April another bank in another country announced a freeze for accounts of Russian nationals. At that point the bank was a major financial institution of the United Arab Emirates – Emirates NBD Bank (ENBD). By that time a significant number of Russians, who had left their home country due to the special military operation, got settled down in the UAE. As explained by the bank, the restrictions were introduced based on an “EU directive”. But this measure will not be applicable to residents of the European Union, of the European Economic Area or Switzerland. It is notable that no exceptions are made for UAE residents. Any coupons and dividends of Russian nationals, as well as proceeds from sale of securities will be put in a dedicated account. Transfers to one’s own account with the ENBD will no longer be possible.

It is not yet clear whether the decision by the bank is an isolated case (since the bank’s business is primarily focused on European nationals) or this is a start of yet another all-out assault on Russian capitals in the next country. But the fact of this decision is in and of itself a reason for major concern while bracing for the worst, and a reason to transfer funds to safer locations. But are there any safer locations left? That is the question.

Most likely, such places are almost gone now. CIS countries cannot be considered in this context at all, because they are too weak to withstand the external Western pressure. And it is far from certain that dual citizenship with a European Union



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Academy of Sciences

country passport can protect one’s funds, transferred out of Russia. The cancellation of Cyprus “golden passports” is a vivid example of a lack of any security guarantees whatsoever in European “territorial waters”. As of January 26, 2023, Cyprus authorities stripped of relevant passports 224 persons, who previously participated in a local program to grant citizenship for investments. The program was canceled by Cyprus earlier, following the 2020 illegal passport issue scandal. Two years later, similar events unfolded in other countries. Early in March 2022 Malta suspended issue of “golden passports” to Russians and Byelorussians. A little later Bulgaria canceled its system of “golden passports” for anybody interested, with the majority of applicants coming from Russia, China and the Middle East. Furthermore, the European Commission proposed governments of the EU countries to cancel “golden passports”, already issued to Russian and Byelorussian nationals under sanctions due to the military special operation in the Ukraine.

Issue of “golden passports” for Russians has also been canceled by St Kitts and Nevis, Dominica, Antigua and Barbuda, Grenada, Saint Lucia. Indeed, for now most of the described events apply to Russian nationals only, but who can guarantee that similar measures would not be taken against citizens of other countries in the event of deteriorating relations?

Nevertheless, despite all that’s happening, now most of Russian investors are still feeling that it is Russia that is the most dangerous place for safekeeping capitals. According to statistics of the Central Bank of the RF, as of January 1, 2023 the funds of Russians in foreign banks amounted to USD 94,3bn. At the same time inflows to deposits in non-resident banks happened against the backdrop of significant outflows of customer savings from accounts with Russian banks. As at January 1, 2023 the balance of retail FX deposits amounted to USD 58,1bn, plunging by 39,5% over the last year.

Relocation of capitals from a haven that is no longer “safe” to another haven will continue until there comes a realization that the financial world has become transparent; “grey” areas keep contracting; any asset in any country could be blocked or seized under any pretext depending on a political situation. The offshore scandals of 2013, 2014 and also the so-called Panama files of 2016 were only the first shots at financial havens. Russian citizens were not the only targets then; capitals of leaders, politicians and celebrities from more than 50 countries were brought into the spotlight.

The case of Switzerland is very illustrative. Swiss banks used to be considered the safest for keeping funds. Bank secrecy was sacrosanct, until recently. Today the key principle of all financial institutions is based on “know your customer” procedures and all income sources of a customer. If an income source is, for example, linked to sanctioned activities, then accounts would either be blocked or closed. Moreover, severe restrictions for access to banking services were introduced for unsanctioned natural persons. Even citizenship of specific countries now is

viewed as a “legal” reason to deny service. In 2022 Switzerland followed the EU countries and made it illegal for local banks to accept deposits from Russian natural persons and legal entities, and also from financial institutions if a deposit amount exceeds CHF 100 thousand. There are still exceptions from this rule for natural persons with dual citizenship, with Swiss or a European Economic Area country citizenship; and also Russian nationals with UK, Andorra or Monaco residence permits or citizenship. However, even now Swiss banks are warning their Russian customers, including those with dual citizenship, of closing down their accounts if they pay taxes to the Russian state budget. No further possible steps can be ruled out in the current context – a demand to renounce Russian citizenship or a reverse action – termination of citizenship or residency permit of the abovementioned European countries and blocking of accounts in these countries (under the proven arrangements).

Cyprus, which is still friendly towards Russians, is forced to deny services to our citizens under the pressure from international organizations. Recently the Bank of Cyprus, a major bank of the Republic of Cyprus, announced of forced closure of 4 thousand accounts of Russian nationals. This decision was based on information, available to the Bank of Cyprus, which fails to meet “know your customer” rules. Nevertheless, according to the Central Bank of Cyprus, back in 2018 many Russians closed their bank accounts, which led to a significant reduction of Russian retail deposit share in Cyprus banks from 41% in 2014 down to 6% in 2018. More than 230 thousand accounts of Russians were closed during this period with reference to the EU Directive for combating money laundering and financing of terrorism.

It is obvious that the European banking system is shutting down access for Russian nationals, and in some cases such access is denied for the previously transferred Russian capitals, which can no longer be withdrawn. But those banks of Eastern countries that are focused on European and American markets also cannot be deemed as reliable partners. The case of UAE is illustrative of this. Russian account blocking cases were also registered in Hong Kong, Singapore and India. Options to transfer funds to Bahrain and Qatar, still offering a favorable investment climate, may be just a short-term solution to save investments.

The world has become global; controls over flows of funds are becoming much more sophisticated, and blocking of savings is becoming a most efficient tool for political games; arrangements for legal seizure of funds are being actively developed. Safety of capitals can no longer be guaranteed anywhere: neither where bank secrecy used to be the top priority, nor where an alternative system to oppose the globalized world under the leadership of the known hegemon is being developed, nor even in the center sprouting the tentacles of the current financial world order. Even UK and US banks are losing their credibility both for political and economic reasons. The US banking crisis is still in its early phases; many forecast the financial sector downfall. But even if these forecasts fall short, the very fact of the existence of a negative scenario would not add to stability and reliability of the American banking sector, surviving only on a next dollar issue.

MOSCOW'S "GREEN" ECONOMY PROSPECTS

Nowadays there is a global trend where countries and individual cities, especially megacities, try to build economies with low levels of greenhouse gas emissions and closed-loop production cycles. The trend also encompasses development of alternative energy, environmentally friendly modes of transport, preservation and support of ecosystems.

Experts of the United Nations Environment Program define a system of areas to achieve "green" economy: implementation of renewable energy sources (RES); improvement of waste management system; improvement of water resource management; development of "clean" ("green") transport; organic farming in agriculture; energy efficiency in utilities sector; preservation and efficient management of ecosystems.

Moscow is dynamically developing in almost all of these areas to become a full-scale sustainably developing megacity. Moscow operates hydroelectric power plants and thermal power plants, which use natural gas as fuel, which is eco-friendlier in terms of pollutant emissions than coal or heating oil. There are projects for utilization of biogas from sewage treatment facilities. It is planned to use public transit stations, powered with installed solar power panels.

The city operates an extensive network of environmentally friendly public transit vehicles: the metro, trams, electric buses. Today the capital city is preparing to launch operations of hydrogen-powered buses. The city is also increasing the numbers of charging stations for electric cars, encouraging people to buy more electric vehicles. Car sharing also serves as a building block for achievement of clean environment and "green" economy, because it helps reduce the numbers of cars on the roads.

Moscow has an energy-efficient utilities sector. The city is situated at a latitude where winter temperatures fall below zero centigrade. This fact compels engineers to design buildings where residents would be warm and comfortable during cold periods. Moreover, today Moscow is a leader in energy-efficient construction in Russia.

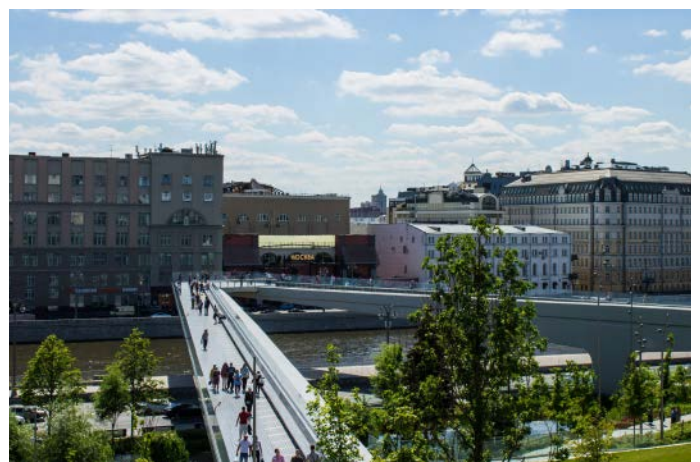


Konstantin Sukhoverkhov

program coordinator, Russian International Affairs Council (RIAC)

Moscow's territory features designated conservation areas (DSA), nature preserves, national parks and history-theme natural parks. To maintain proper environmental conditions in these areas, Moscow has developed special regulations for maintenance and upkeep of vegetation in DSAs.

But Moscow still has areas requiring further efforts and developments. For example, the waste management system needs to be improved. The city operates separate waste collection, but along with this it should ensure the maximum level of waste processing and glass and plastic recycling. The city could also increase the number of waste incineration plants (WIP), however, their construction, considering all modern environmental standards, would cost a pretty penny for a city. With this in mind, the Government of Moscow is planning to encourage private investments to take care of required waste





management measures. Cutting-edge WIPs could be used not only for waste disposal, but for power or heat generation as well, striving to achieve a closed-loop urban economy. Similar projects are already underway in Moscow .

Moscow could also develop its agricultural sector not only with the resources available in the Moscow region. Construction of vertical farms within the city limits will help reduce municipal and business logistics costs and will provide stores of the city with the freshest salads, vegetables and berries. Moreover, vertical farms can produce crops 3-4 times a year .

Consequently, having reviewed the key areas for “green” economy development, it is safe to say that Moscow is on track for most of the items of the agenda. However, comprehensive development of this economy in the city would

require improving the waste management system (construction of cutting-edge WIPs). This issue would benefit from applying practices of Switzerland with its high-tech WIPs and the experience of Sweden, where waste management is so efficient that the country has to buy waste from other countries to keep its WIPs busy and to generate power. The city should also consider options for developing its own agricultural complex. In this case we could consider the experience of Israel (a leader in this area). Moreover, Israeli agricultural companies already have experience in cooperation with their Russian partners, and Russian companies in Moscow have been learning specific features of such agricultural production.



The existing stormy geopolitical situation affects not only the Russian market and domestic companies, but also foreign companies, operating on the market. Igor Grachev, financial director of the Russian office of Palfinger Sany Cranes, speaks about business specifics under the current conditions.

IN THE ZONE OF TURBULENCE

The past year was a make-it-or-break it period for many Russian companies, operating in Russia. How did these changes affect your corporate performance?

I see everything that happened in 2022 as an allegory. We got caught in a severe storm, a hurricane. We got scared, because nothing of the kind had ever happened before, but at the same time we got a favorable wind that accelerated our drive towards our intended objectives. At the same time, we still have little understanding of whether we are headed for the epicenter of the hurricane or we are gradually moving away to its outer edges, and things will ultimately settle down. As for Palfinger Sany Cranes, our corporate sales volumes have grown significantly. And there are several reasons for this: the first one is a stronger rouble; the second one is the exit of European manufacturers and the third reason being a shortage of components at Russian factories. But now we do not have a clear understanding of how long this situation will be around. This is our new reality; it is very hard to say whether it would stay with us for a long time or it would be over soon. But now we are positive that the storm is still ongoing.

With the European manufacturers gone, now there are Russian and Chinese manufacturers on the construction equipment market. What is your assessment of the current status of the market, and what are the market prospects for the near term?

Speaking of the market volume and of what had happened to it over the past year, I should mention the drivers, impacting supply and demand dynamics. These are multiple, and they are multidirectional. On the one hand, we see the exit of Europeans and issues at Russian factories, caused by specific reasons, for example, the shortage of chassis for mounting crane units. These drivers show that the supply will get narrower. On the other hand, Chinese businessmen, including us, are actively expanding their positions on the Russian market. For instance, our company Palfinger Sany in 2022 increased the volume of deliveries by several times. Previously we could speak of delivering 100-150 units per year, and now we can speak about 300-500 units of equipment. Delivery plans have grown significantly. Now let's get to the demand, the exchange rate that was attractive last year, and especially in the middle of the year, was a major driver for deliveries, now is no longer at those levels, and there is no surge of activity that we had in 2022. Our customers say that they need a stable exchange rate. They are prepared to deal with a high rate of yuan, a currency we trade in, but without major fluctuations, when the rate could swing by 10-15% either way. This is very important, because construction companies are planning their business and such swings have a major impact on their profits, and on our profits too. What happens to the exchange rate range in the near term could hardly be forecasted.

Along with the exchange rate, there was yet another growth driver, the exit of European manufacturers from the Russian market, resulting in their replacement by other companies. Now we observe that the effects of this driver are dwindling due to the parallel imports of used equipment. There is another

Palfinger Sany Cranes LLC

A joint venture of PALFINGER Group (Austria) and SANY Group (China) international companies. The company has been operating in Russia and the CIS since 2013, being an exclusive distributor of crane equipment, selling and servicing truck-mounted, off-road, short wheelbase SANY cranes with hoisting capacity from 25 to 1200 tons, and also providing service support to partners and customers over the lifecycle of a crane.

fine detail I would like to point out, and this is the budget rule changes. Many projects were financed early in the year, and all things considered, this stimulated procurement as well. Now the time of budget injections is coming to an end, and I could say that both buyers and sellers more or less have made their plans for the year, and now the question of what happens next remains open. But we have an optimistic view of the situation.

Does this mean that you think there will be positive development dynamics?

It is not generally positive for the market, it is positive for our company. It is hard to say what would happen to the market. SANY is a major Chinese manufacturer, a globally renowned brand, we have been representing it on the Russian market for over 10 years. Now multiple companies from the Celestial Empire are entering the Russian market and feeling very confident about it. We are seeing a major surge in activities. Speaking of our company, we are expanding the area of our presence and are also raising our spares inventory to support maintenance of sold cranes. Our dealership network over the year has grown both in terms of quantity and quality. We are contacted by those companies that used to deal with European brands only, and we had a hard time finding common ground with them previously, but now they are happy to cooperate with us – they are selling our product and provide after-sales support in all Russian regions. We have significantly increased the share of SANY crane sales on the market of the Russian Federation. Our primary goal now is to maintain and to strengthen our positions.

Are you working with any Russian companies? Are there any plans for global cooperation?

To answer this question one would need to understand the mode of operations of Chinese businessmen, their logic. Chinese businessmen are very cautious and no one will talk about investments in the current situation with major uncertainties. However, our Eastern neighbors understand the great potential of the Russian market. They just need time to think all of this through. As for our company, we've had cooperation with KAMAZ. There is a small assembly plant in Khabarovsk. We bought chassis from KAMAZ for installation of SANY crane units. Now the chassis that we need is not available on the market, that's why, unfortunately, the plant is idle now and we are looking for options to replace the Russian chassis with a Chinese one.

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