



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

22461

ORIGINAL UNIDO

**REPORT**

**CONTRACT NO. 2000/219**

***“Assistance in Formation of Legislative Environment  
Favorable for Investment Activity in Russia”***

**UNIDO Project No.: UB/RUS/00/039**

**RUSSIAN VENTURE CAPITAL ASSOCIATION**

**Saint-Petersburg**

**2000**

**“Assistance in Formation of Legislative Environment  
Favorable for Investment Activity in Russia”  
REPORT**

---

**TABLE OF CONTENTS**

<b>1. TECHNICAL REPORT</b>	<b>3</b>
<b>2. FINANCIAL STATEMENT</b>	<b>8</b>
<b>Annex A    Symposium materials</b>	
<b>Annex B    Financial documents</b>	



**PLEASE BE AWARE THAT  
ALL OF THE MISSING PAGES IN THIS DOCUMENT  
WERE ORIGINALLY BLANK**

**TECHNICAL REPORT**

**CONTRACT NO. 2000/219**

***“Assistance in Formation of Legislative Environment  
Favorable for Investment Activity in Russia”***

**UNIDO Project No.: UB/RUS/00/039**

**RUSSIAN VENTURE CAPITAL ASSOCIATION**

**Saint-Petersburg**

**2000**



## **1. Parties**

**United Nations Industrial Development Organization (UNIDO)** is the specialist United Nations agency helping developing countries and transition economies to pursue sustainable industrial development.

It provides tailor-made solutions to today's industrial problems by offering a package of integrated services addressing three key concerns: competitive economy, sound environment and productive employment at policy, institutional and enterprise level.

UNIDO was established by the UN General Assembly in 1966 and became the sixteenth UN specialized agency in 1985.

UNIDO has been working with governments, business associations and individual companies to solve industrial problems - and equip them to help themselves - for more than 30 years. With the march of globalization, UNIDO has never been needed more.

UNIDO's mission is to help countries pursue sustainable industrial development. This is its specialist role in the UN system.

The role is vital: industrial growth helps foster economic development; economic development improves tax revenues and makes it possible for governments to achieve lasting social advance and poverty alleviation.

**Russian Venture Capital Association (RVCA)**, was founded in 1997, joints 21 organizations including EBRD, Regional Funds of EBRD venture capital, stock-exchanges, investment groups, consulting and legal companies and also organizations supporting small enterprises.

The main purpose is assistance of establishing and development on the venture industry in Russia.

Objectives and goals RVCA activities:

- Creation of the favorable political and business climate
- Representing members' views and interests in state authorities, in mass-media in financial and industrial circles inside of Russia and abroad
- Information providing to the participants of the Russian Venture Market
- Acting as a training center for specialist for venture capital companies

The Top management authority of the RVCA is Administrative Council.

*RVCA COMMITTEE:*

- Legal Committee



**“Assistance in Formation of Legislative Environment  
Favorable for Investment Activity in Russia”  
REPORT**

---

- Public Relation and Statistics Committee
- Stock Market Committee
- High-Technologies Committee
- Education and Training Committee

*Monthly measures:*

- RVCA members Meeting - April
- RVCA Annual Meeting - June
- Venture Fair – September
- Training Program – in a process of work
- Quarterly working seminars – if they are necessary

*RVCA publications:*

- Explanatory Dictionary of Venture Investment terms
- Special video
- Book of articles and reports "Venture capital and Direct Investment in Russia"
- Periodical publication "Venture Industry in Russia" the first book "Legal aspects and statistics" (Working Documents).

RVCA is the Associated Member of the European Private Equity and Venture Capital Association (EVCA).

Data about RVCA as new-organized national association were published at "Venture Capital Report Guide to Private Equity & Venture Capital in the U.K. & Europe" 1998 edition (edited by FT Pitman Publishing, London).

## **2. Objectives of the Project**

Creating Favorable Conditions for Russian High-Tech Business Development and Stimulation of Direct Investments Attraction in Innovation Companies.

Assistance to quickest acceptance of legislative acts, ensuring effective functioning of venture capital investment system, including on major questions as they appear at the different stages of venture capital investment:

- Investing venture capital in a company – formation of legal basis, regulating legal relations under venture capital investment.
- Work with an invested company – ensuring measures of state support for venture capital investment system, including insertion of amendments and changes in corporate law, taxation and custom legislation, as well as the order of granting state guarantees.



- Exit of venture capital from a company - development of the secondary share market including stock exchange trade of venture enterprises securities, computer tenders system and other mechanisms of organized market.
- Preparing of proposals in the development of IPO mechanisms on the share market for executive authorities and specialized stock institutions proceeding from the experience accumulated in this field by foreign and Russian experts.

### **3. Information about Symposium**

Russian Venture Capital Association (RVCA) under the auspices of the Ministry of industry, science and technologies of the Russian Federation and with the support of the United Nations Industrial Development Organizations (UNIDO) organized on the 8th of December the international Symposium "Regulative and legal aspects of venture investment development in Russia". The Symposium took place in Moscow in the Scientific park of the Moscow State University. The Symposium was organized in frames of the First Russian Venture Fair.

In the Symposium large legal and consulting companies such as KPMG, Arthur Andersen, Baker & McKenzie, was presented their view and opinion of their clients about possibilities of investment in Russia. The Symposium program (See Annex A) included the following speeches:

- Legal Structure of Venture Capital Investments in the Russian Federation - Baker & McKenzie
- Legal Due Diligence for Investment Purposes - Andersen Legal
- Some financial aspects of successful investment process in Russia, including experiences: difficulties, problems, solutions – KPMG
- General Issues and Peculiarities of Tax Planning of Venture Capital - Baker & McKenzie
- Off-shore programming and «New Economics» of Russia - «Sibintek» Co.
- Legal Issues in Listing of Russian and Foreign Companies with Russian Share Holdings Comparisons of Different Listings - International Prospective - Baker & McKenzie
- Russian statutory currency legislation. Insufficient transparency in currency legislation as a hindrance to investment activity - KPMG

The most part of the Symposium participants were the managers of venture funds, operating in the 8 regions of Russia, private investors, consultants and advisors from the lawyer and consulting companies, Russian entrepreneurs and representatives of the Russian Government. Joint work of the representatives of federal authorities, specialists from consulting, legal and other services and





**“Assistance in Formation of Legislative Environment  
Favorable for Investment Activity in Russia”  
REPORT**

---

analytical companies as well as experts from investment structures allowed to formulate the number of recommendations how to improve investment climate in the high-tech sector of economy and to increase the competitiveness of small innovation business.

In frame of the Symposium the RVCA represented his first version of the “Proposals” to the Government of the Russian Federation and to the State Duma – “Venture Industry in Russia. Legal Aspects and Statistics. Working Documents.” (See Annex A). It was a first result of the common work of the RVCA, experts of UNIDO and Russian venture capital society.

