

Section 5

Institutional changes

5.1. Public sector and privatization¹

5.1.1. Scale of state ownership

Regular publication of the System of Indicators for Assessing the Efficiency of State Property Management approved by the RF Government Decree No. 72 dated 29.01.2015 has been performed since 2016. It contained data on the number of economic entities belonging to state property differentiated by main organizational and legal forms (business companies, unitary enterprises as well as institutions). Further, based on the RF Government Decree No. 1951 dated 22.11.2023, Rosstat stopped publishing relevant data from 2024.² The federal privatization program remains their main source, which after the changes introduced in 2021 in the Rules for development of forecast plans (programs) of privatization is annually revised due to regular shifting of time limits. This program contains data on the number of federal state unitary enterprises (FGUPs) and business entities involving a capital of the Russian Federation, whereas previously the System of Indicators for Assessing the Efficiency of State Property Management also included data on the number of federal state unitary enterprises (FSUEs) and federal treasure agencies (FTAs), as well as JSCs where Russia used a special right to participate in management (“golden share”).

A new edition of the Forecast Plan (Program) for privatization of federal property and main areas of privatization of federal property shifted its time boundaries from 2024–2026 to 2025–2027, making it possible to identify the processes that took

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 2. According to the latest published data related to federal level, as of July 1, 2023, the Russian Federation owned property of 312 FSUEs, 39 federal state-owned enterprises (FSEs), 11678 federal state agencies (FSAs) and a shareholder of 488 JSCs.

With regard to the latter, the data were differentiated by size of the block of shares in federal ownership: over 50% (without singling out JSCs with full (100%) blocks of shares), from 25 to 50% and using special right “golden share” (without singling out JSCs where it was used without shares in the ownership of the Russian Federation).

Table 1

Federal property companies and organizations according to register of federal property, System of indicators for assessing efficiency of state property management, privatization programs in 2010–2024

Data	Federally owned business entities, units		Other owners of registered federal property, units		
	Shareholding (interest) in capital / of JSC's	Special right to participate in the management "golden share" without a stake ^a	FGUP	FSA	FSE
On January 1, 2010	3066/2950 ^b		3517 ^b		
On January 1, 2013	2356/2337 ^b		1800/1795 ^b	72	20458
On January 1, 2016	1557/1704 ^b	88/64 ^c	1488/1247 ^b	48	16194
On April 7, 2016 ^c		1683/1620 ^d	1236	48	16726
On July 1, 2016	1571	82	1378	47	16990
On January 1, 2017	1356/1416 ^e	81	1245/1108 ^e	48	16846
On July 1, 2017	1247	78	1058	53	16244
On January 1, 2018	1189	77	984	50	15985
On July 1, 2018	1060	77	868	50	15520
On January 1, 2019	1084/1130 ^b	76	792f/700 ^b	48 ^f	15140
July 1, July 2019	1059	73	712	48	14942
January 1, 2020	989	67	672	48	14576
July 1, 2020	948	67	640	46	13915
January 1, 2021	756	67	581	44	13681
July 1, 2021	678	29	539	40	13149
November 25, 2021	691 ^g		498 ^g		
January 1, 2022	646	25	409	41	12300
July 1, 2022	578	26	352	41	12197
September 5, 2022	591 ^h		295 ^h		
January, 1 2023	507	23	327	41	12010
June 1, 2023	561 ⁱ		278 ^h		
July 1, 2023	488	23	312	39	11678
June 1, 2024	723 ^j		269 ^j		

^a Special right is not an accounting entity in the registry, but is mentioned in various materials of Rosimushchestvo in the context of data on state participation in the capital.

^b Number of JSCs and FSUE according to privatization programs for the years 2010–2013, 2014–2016, 2017–2019 (data on distribution by OKVED refers to companies whose shares (interests) are in federal ownership) and 2020–2022 (number of business entities).

^c According to report on the activity of Rosimushchestvo for 2015.

^d In the numerator—the total number of legal entities, including CJSC and LLC, in the denominator—the number of blocks of shares and stakes (it can be assumed that difference represents the number of JSCs using "golden share", but there is no direct indication).

^e According to report on the implementation of the forecast plan (programs) of privatization of the federal property for 2017–2019 in 2017.

^f According to the System of indicators to assess effectiveness of state property management on the number of business entities owned by the state by organizational-legal forms (OLF) (792 companies on the right of economic management and 48 companies on the right of operational management (state-owned), while the distribution of economic activities (OKVED) and federal authorities in charge of FGUP (OKOGU), their total number is 821 units.

^g Number of business entities and FGUP according to privatization program for 2022–2024.

^h Number of business entities and FGUP according to privatization program for 2023–2025.

ⁱ Number of business entities and FGUP according to privatization program for 2024–2026.

^j Number of business entities and FSUE according to privatization program for 2024–2027.

Sources: Forecast plan (program) of the federal property privatization and main trends of privatization of the federal property for 2011–2013; 2014–2016; 2017–2019; 2020–2022; 2022–2024; 2023–2025; 2024–2026; 2025–2027; URL: www.economy.gov.ru, April 23, 2013; Report on Rosimushchestvo activity for 2015; statistics on the System of indicators to assess efficiency of the state property management; URL: <http://rosstat.gov.ru/> (March 20, 2016, September 5, 2016; March 20, 2017, September 5, 2017, March 20, 2018, September 5, 2018, March 20, 2019, September 5, 2019, March 20, 2020, September 7, 2020, March 22, 2021, September 6, 2021, March 21, 2022, September 5, 2022, March 20, 2023, September 5, 2023).

place in the previous year, though only within H1, just as it was in H1 of the 2000s and 2023 (*Table 1*).

As of June 1, 2024, Russia owned property of 269 FGUPs (excluding FSA) and was a shareholder (participant) in 723 business entities. Comparing these figures with data on June 1, 2023, given in the previous privatization program for 2024–2026, it can be stated that number of FGUPs fell by 3.2% over the year. Compared to January 1, 2019 (700 FGUPs), i.e. data of the initial version of the privatization program for 2020–2022, the reduction exceeded 61.5%.

In corporate sector, on the contrary, the government's involvement at the federal level not only did not shrink, but even expanded. Over the year, a number of state owned business entities grew by almost 29% (or 162 units), exceeding the level of the end of the fall of 2021. Growth will be even more impressive compared to the latest data of the System of indicators for assessing efficiency of state property management as of July 1, 2023 (488 AOs).

Then, we will address the most weighty category of economic entities in terms of importance in the economy with various degrees of public participation (*Table 2*).

Previously, this group of companies could be more fully described by reports on the management of federally owned shares in AOs and use of the special right of RF participation in the management of AOs ("golden share") based on results of another year published in 2012–2016 by Rosimushchestvo.

When comparing data in early June 2024 provided by privatization program for 2025–2027 with data for the same date in 2023, a sharp (by more than 20 p.p.), there is a sharp increase (by more than 20 p.p.) in the share of companies with a full (100%) federal shareholding, which exceeded 2/3 (68%). Percentage of companies where the size of the federal block of shares was controlling (from 50 to 100% of the capital) grew by about 1.5 p.p. (up to 7.6%). However, there was a rise in the absolute number of companies of both categories: the first by almost 1.9 times (or by 229 units), the second by more than 1.6 times (or by 21 units). The latter group is no longer the smallest. Its position was replaced by companies with a blocking (from 25 to 50% of the capital) public stake, which reduced by 2.0 p.p. to 5.5% (in early 2016 it was over 10%), while their absolute number remained almost unchanged. As a result, the total share of state owned companies could exercise complete corporate control, exceeding for the first time 3/4 (in early 2016, slightly more than 1/2).

The above-mentioned shifts were due to a more than twofold (or more than 20 p.p.) reduction in the share of economic companies with minority (less than 25% of the capital) state shareholdings. Their absolute number fell by more than 39% over the year, demonstrating an absolute minimum for the entire period under review.

It seems that such radical shifts in the structure of the federal portfolio in the corporate sector resulted from several different factors.

Table 2

Number and structure dynamics of business entities (“AO” and “LLC”) by size of public share in the capital (without AO using special right “golden share” when there is no share) in 2016–2024

Data and source	Business entities (AOs and LLCs) where the RF is a shareholder (participant)									
	Total, units	share, %	including those with the size of the state's share in the authorized capital							
			100%		50–100%		25–50%		Less than 25%	
			units	%	units	%	units	%	units	%
RF Government (forecast privatization plans, FPP)										
On January 1, 2016 (FPP for 2017–2019)	1704 ^a	100.0	765	44.9	93	5.4	172	10.1	674	39.6
On January 1, 2019 (FPP for 2020–2022)	1130 ^b	100.0	368	32.55	30	2.65	95	8.4	637	56.4
On November 25, 2021 (FPP for 2022–2024)	691 ^b	100.0	269	38.9	29	4.2	59	8.5	334	48.3
On September 5, 2022 (FPP for 2023–2025)	591 ^b	100.0	256	43.3	22	3.7	36	6.1	277	46.9
On June 1, 2023 (FPP for 2024–2026)	561 ^b	100.0	263	46.9	34	6.05	42	7.5	222	39.55
On June 1, 2024 (FPP for 2025–2027)	723 ^b	100.0	492	68.05	55	7.6	40	5.55	136	18.8
Rosstat (System of indicators for assessing the efficiency of state property management, AO only)										
On January 1, 2016	1557	100.0	816 ^c		52.4 ^c		174	11.2	567 ^d	36.4 ^d
On July 1, 2016	1571	100.0	711 ^c		45.3 ^c		189	12.0	671 ^d	42.7 ^d
On January 1, 2017	1356	100.0	575 ^c		42.4 ^c		128	9.4	653 ^d	48.2 ^d
On July 1, 2017	1247	100.0	514 ^c		41.2 ^c		108	8.7	625 ^d	50.1 ^d
On January 1, 2018	1189	100.0	488 ^c		41.0 ^c		102	8.6	599 ^d	50.4 ^d
On July 1, 2018	1060	100.0	448 ^c		42.3 ^c		87	8.2	525 ^d	49.5 ^d
On January 1, 2019	1084	100.0	442 ^c		40.8 ^c		85	7.8	557 ^d	51.4 ^d
On July 1, 2019	1059	100.0	429 ^c		40.5 ^c		85	8.0	545 ^d	51.5 ^d
On January 1, 2020	989	100.0	387 ^c		39.1 ^c		74	7.5	528 ^d	53.4 ^d
On July 1, 2020	948	100.0	362 ^c		38.2 ^c		66	7.0	520 ^d	54.9 ^d
On January 1, 2021	756	100.0	318 ^c		42.1 ^c		60	7.9	378 ^d	50.0 ^d
On July 1, 2021	678	100.0	289 ^c		42.6 ^c		1	9.0	328 ^d	48.4 ^d
On January 1, 2022	646	100.0	299 ^c		46.3 ^c		54	8.4	293 ^d	45.3 ^d
On July 1, 2022	578	100.0	273 ^c		47.2 ^c		47	8.1	258 ^d	44.6 ^d
On January 1, 2023	507	100.0	260 ^c		51.3 ^c		44	8.7	203 ^d	40.0 ^d
On July 1, 2023	488	100.0	253 ^c		51.85 ^c		42	8.6	193 ^d	39.55 ^d

^a Number of AOs according to the FPP for 2017–2019 (data on distribution by OKVED refers to number of companies, shares (stakes) owned by federal authorities).

^b Number of economic entities.

^c Total number of AOs with federal-owned shares exceeding 50% (without singling out AOs with full (100%) federal shareholdings) and their specific weight.

^d Estimated value based on data on total number of AOs with shares in federal ownership and number of such AOs in other categories, according to the share in the authorized capital.

Sources: Forecast plan (program) of privatization of federal property and main trends of privatization of federal property for 2017–2019; 2020–2022; 2022–2024; 2023–2025; 2024–2026; 2025–2027; statistics of the System of indicators for assessing efficiency of management of the state property; URL: <http://rosstat.gov.ru/> (March 20, 2016, September 5, 2016; March 20, 2017, September 5, 2017, March 20, 2018, September 5, 2018, March 20, 2019, September 5, 2019; March 20, 2020, September 7, 2020, March 22, 2021, September 6, 2021, March 21, 2022, September 5, 2022, March 20, 2023, September 5, 2023); own calculations.

The approaching deadline for transformation of unitary enterprises,¹ set in early 2020, should have resulted in a growth in number of business entities with a full (100%) federal shareholding. By early summer 2024, it turned out to be the maximum (492 units) for the preceding 5 years, hardly matching the dynamics of the number of FGUPs and progress in their corporatization.

The same circumstances also contributed to a sharp growth in the number of economic entities with a controlling (from 50 to 100%) federal shareholding. In relation to a minimum in the fall of 2022, it increased 2.5 times (up to 55 units), yielding only to the initial indicator of the entire time interval 2016–2024.

The reasons for sharp reduction in the number of state-owned business entities with capital less than 25% (minority stakes) are somewhat more definite. Common logic allows to judge about the effect of privatization program, which is basically confirmed by reports of Rosimushchestvo on fulfillment of forecasted privatization plans in 2023–2024. However, a detailed study of the annexes shows that it was mainly about the contribution of shares to authorized capitals of vertically integrated structures (VIS). 64 out of 81 AOs, for which relevant edicts were issued, were represented by minority stakes (in the overwhelming majority by single shares). In contrast, only 15 federal minority stakes were sold (9 units in 2023 and 6 units in 2024).

It should be emphasized that this is the federal level. Since Rosstat stopped publishing data on the System of indicators for assessing the effectiveness of state property management, information on the number of economic entities owned by the RF subjects by organizational and legal forms is no longer available. This information was not previously available for municipal and regional levels.

5.1.2. Privatization policy

In 2024, implementation of the Forecast Plan (Program) of privatization of the federal property and focal points of privatization of the federal property (FPP) for 2024–2026 started, approved by the RF Government Edict No. 2584-r of 27.09.2023.

As in the case of the previous privatization program, numerous amendments and additions were made to the current document. A total of 21 relevant normative legal acts (NLAs) were approved since FPP came into force, which is two times less than in the previous two years and can be compared with 2021 (2023 — 29 NLAs, 2022 — 27 NLAs, 2021 — 22 NLAs, 2020- 15 NLAs).

The most notable (until a new version of the FPP has been issued) is the inclusion in the privatization program in spring 2024 of the Kizlyarsky cognac factory, which a few years ago was already included in the program, in the section

1. Amendments to a specialized law on unitary enterprises of 2002 (No. 161-FZ) limited the scope of grounds for their establishment while establishing a 5-year period for bringing them into compliance with new legal norms for enterprises existing prior to the introduction of innovations

of companies to be implemented based on individual decisions of the RF President and the RF Government reducing the state's share to 50% plus 1 share (Section I of the FPP 2020–2022). This time, it (in the amount of a full 100% federal interest) was among the assets to be realized by standard methods (Section II of the FPP).¹

Inclusion in the privatization program of some assets that became the property of the state as a result of court proceedings in 2022–2024 is a remarkable point (AO Commercial Center, Transport and Forest (St. Petersburg), Uralbiofarm (Yekaterinburg), Yuzhgazenerji and Keytering South (both of them are from Adygea), PJSC Commercial Bank Vyatich (Ryazan), AO Ivanovo heavy machine-tool plant, Machine tools and instruments, IZTS (all of them located in Ivanovo)).

All these companies had full (100%) or majority (more than 80–90%) stakes in the capital.

It is also worth noting that in July, 9 facilities of cultural heritage (FCH) in unsatisfactory condition located in St. Petersburg, Altai Krai, Vladimir, Smolensk and Tver regions were added to FPP. Initial sale price for each of the facilities will be Rb1. Land plots underneath will also be leased to the winning bidders for Rb1 per year with the right to purchase them once the tender conditions are met, i.e. facilities are restored to satisfactory condition. Their privatization should become for Rosimushchestvo the first experience in sale at competitive bidding of FCH after introducing amendments to the law on privatization in summer 2023, concerning such property.²

In the context of practical implementation of the privatization program under Section I, it is worth noting the establishment of AO “NORTH-South” jointly with a strategic investor, whose authorized capital includes 100% of shares of AO “Makhachkala Commercial Sea Port” (MCSP), in pursuance of the Executive Order of the RF President No. 197 of 19.03.2024 and which for several years were transferred from one forecast plan to another.

The full federal stake in MCSP at a market value of Rb1.25 bn determined in accordance with Russian appraisal legislation aims to ensure that strategic investors (after making a monetary contribution) and the state will share 51% and 49%, respectively, of the authorized capital of AO “NORTH-South.”

Establishment of a new company should be accompanied by a shareholder agreement between the Russian Federation and a strategic investor determined by the Russian government, providing for:

- Strategic investor's obligations and measures necessary for fulfilling these obligations, as well as responsibility for their non-fulfillment.

- Procedure for control over fulfillment of these obligations and measures necessary for their fulfillment.

1. Herewith, with regard to some facilities there are clarifications about their inclusion in the authorized capital of different integrated structures and the possibility of privatization after their transfer to the treasury (indicating in some cases the status of a cultural heritage site).

2. URL: <http://rosim.gov.ru>, 25.07.2024.

— Repurchase by a strategic investor at a cost of Rb1.25 bn. of the federally owned share in the authorized capital of joint-stock company “SEVER-YUG” (49%) not later than 5 years from the date of conclusion of the shareholders’ agreement in case of proper fulfillment of obligations.

— A ban on the alienation of shares in AO MCSP to foreigners, as well as legal entities directly or indirectly controlled by foreigners.

In this regard, the RF Government was instructed to ensure that lease agreements for federal property objects leased by JSC Makhachkala commercial sea port include a clause on their termination in the event of a decrease in the capacity (throughput) of the terminals of the said AO, required for cargo transshipment at the Makhachkala seaport falls below 9 mn tons per year after 4.5 years from the date of the Shareholders’ Agreement, except in cases of capacity reduction through no fault of MCSP and (or) for reasons beyond its control.

Predominance of sales beyond the forecast privatization plan became the most important difference in privatization in the previous year. According to separate RF Government Edicts, shareholdings (stakes in the capital) in 97 out of 132 business entities (or almost 3/4) were sold. As part of the implementation of a privatization program, blocks of shares (stakes in authorized capitals) of only 35 economic entities were sold. A decision was also made on terms of privatization of the only FGUP (3 units in 2023) (*Table 3*).

Total number of sold blocks of shares (stakes in authorized capitals) of economic entities increased 3.3 times compared to 2023 due to their sale under individual decisions. Meanwhile, it remained almost unchanged as amid privatization program implementation (35 units vs. 37).

However, financial results exceeded the planned ones manifold. Total revenues to budget system from the sale of shares and other forms of participation in the capital owned by the federal government by the end of 2024 amounted to Rb129.11bn, while the expected value specified in the privatization program (excluding the value of shares of the largest companies occupying a leading position in the relevant sectors of the economy) amounted to Rb1.2bn, which means a difference of more than 100 times (or twice as much). The target for revenues from the sale of shares and other forms of participation in the capital owned by the federal government in the amount of Rb3.9bn, approved by Rosimushchestvo Decree No. 116 of 01.08.2024, was exceeded more than 33 times. Finally, compared to 2023, total budget revenues from sale of shares (stakes) increased 4.7 times (or by Rb101.8 bn).

Change in the structure of sales of business entities caused diversification of the sources of relevant revenues to the federal budget:

— Receipts from sale of shares and other forms of participation in capital owned by the federal government (KBK 167 0 10 60100 01 0000 630) — Rb13.47 bn.

— Receipts from the disposal and sale of confiscated and other property repossessed by the Russian Federation, subject to enrollment in the federal budget (as part of sale of confiscated shares and other financial instruments) (cash proceeds from

Table 3

Comparative data on dynamics of privatization of federal state unitary enterprises, federal blocks of shares and facilities of the RF treasury in 2008–2024

Period	Number of privatized enterprises (facilities) of federal property (according to Rosimushchestvo)		
	Privatized FGUPs, ^a units	blocks of shares (stakes in the authorized capital) of AOs (business entities) sold, units	Treasury facilities sold, units
2008	213	209 ^b	...
2009	316+256 ^c	52 ^b	...
2010	62	134 ^b	...
2008–2010	591+256 ^c	395 ^b	... ^f
2011	143	317 ^e /359 ^b	3
2012	47 ^f	265 ^e	40
2013	26	148 ^e	22
2011–2013	216	730 ^e	65
2014	33	107 ^e	12
2015	35 ^g	103 ^e	38
2016	60 ^g	179 ^e	282
2014–2016	125 ^g	389 ^e	332
2017	69	47	77
2018	4	46	173
2019	8	51	171
2017–2019	81	144	421
2020	16	23 ^h	312 ^h
2021	64	55	393
2022	11 ⁱ	54	223
2020–2022	91 ⁱ	132	928
2023	3	39/2 ^j	208+386 ^k
2024	1	129/97 ^j	53+691 ^k

^a All preparatory activities have been completed and decisions on terms of privatization adopted.

^b Including shareholdings announced for sale in the previous year.

^c Number of FGUPs for which the decision to corporatize was made by the RF Ministry of Defense to supplement those where a similar decision was made by Rosimushchestvo.

^d Available information on sale of other property facilities during this period is limited to the sale of 4 items of released immovable military property from October 2008 to January 2009, as well as making decisions on privatization conditions and publication of information on sale of facilities at the end of 2010, for which the results of the auction were summarized already in 2011.

^e Excluding sales of shares made with the aid of investment advisors.

^f Estimated value based on the Rosimushchestvo report on implementation of the forecast plan (program) for privatization of federal property in 2011–2013 on the total number of FGUPs, for which edicts were issued in 2011–2013 on the terms of privatization through transformation into AO (216 units) and data on the results of 2011 and 2013;

^g With regard to certain enterprises decisions on privatization conditions were cancelled in 2015–2016 and adopted again, therefore, total number of FGUPs, on privatization of which decisions were taken for 3 years separately, is slightly higher than the table data for 2014–2016 (125 units).

^h Including AO packages and treasury facilities realized amid implementation of the previous privatization program.

ⁱ Number of FGUPs in respect of which decisions on privatization terms were made in 2022 differs from figures contained in: Russian Economy in 2022. Trends and Prospects. (Vol. 44), p. 372 (Table 4). The latter reflect the number of FGUPs in respect of which decisions on privatization terms have been made (62 units) of the total number of FGUPs included in the privatization program as of 01.01.2022, but not for 2022. Wrong interpretation of data has also affected overall figures for 2020–2022 as a whole.

^j The denominator shows the number of business entities sold under separate RF Government edicts.

^k Number of facilities privatized without FPP according to a list approved by RF Ministry of Finance.

Sources: Report on the Rosimushchestvo activities in 2008; Report on implementation of the forecast plan (program) of federal property privatization for 2009, M., 2010; Report of the RF Ministry of Economic Development on results of federal property privatization in 2010; Report of the RF Ministry of Economic Development on results of federal property privatization in 2011; Report on implementation of the forecast plan (program) of federal property privatization 2011–2013; Reports of Rosimushchestvo on implementation of the forecast plan (program) of правительственным federal property privatization 2014–2016 in 2014, in 2015, in 2016; Reports of Rosimushchestvo on implementation of the forecast plan (program) of federal property privatization 2017–2019 in 2017, in 2018, in 2019; Rosimushchestvo's

report on implementation of the forecast plan (program) for privatization of federal property for 2020–2022 in 2020; Rosimushchestvo's report on implementation of the forecast plan (program) for privatization of federal property for 2020–2022 in 2021; Rosimushchestvo's report on implementation of the forecast plan (program) for privatization of federal property for 2022–2024 in 2022; Rosimushchestvo's report on implementation of the forecast plan (program) for privatization of federal property for 2023–2025 in 2023; Rosimushchestvo's report on results of privatization of federal property included in the list of federal property, whose privatization is performed without inclusion in the forecast plan (program) for privatization of federal property for the planned period, for 2023; Rosimushchestvo's report on implementation of the forecast plan (program) for privatization of federal property for 2024–2026 in 2024, including Appendix 16 (Rosimushchestvo's report on results of privatization of federal property included in the list of federal property, privatization of which is performed without inclusion in the forecast plan (program) for privatization of federal property for the planned period, for 2024); URL: <http://rosim.gov.ru>.

sale of confiscated shares and other financial instruments, except for those received as a result of corruption offenses) (KBK 167 11 14 14010 01 6020 630) — Rb 37.94 bn).

— Receipts deposited to the account of the Federal Bailiff Service (FBS) from privatization of RF-owned property (KBK 322 1 14 14 14010 01 6010 630) — Rb 76.5 bn.

— Receipts to the budget of the RF Pension and Social Insurance Fund from privatization of federally owned property, in terms of non-financial assets of the treasury, and funds from sale of shares and from other forms of participation in capital owned by the federal government, at the end of reporting period (in accordance with paragraph 3, item 17, Article 46 of the RF Budget Code) — Rb 1.2 bn.¹

Thus, the most significant source in the structure of budget revenues from sale of shares (stakes) was the income received by the Federal Bailiff Service (59.3%). They are followed by funds from sale of confiscated shares and other financial instruments, except for those received as a result of corruption offenses (29.4%). Ordinary proceeds from sale of shares and other forms of participation in the capital owned by the federal government, which traditionally served as a measure of privatization efficiency (10.4%), completed the top three sources.

The largest privatization deal was the sale of the alcohol holding Rosspirtprom (12 enterprises owned by Rosspirtprom with at least a blocking stake). At the end of 2023, full (100%) stake in the company was presented for auction, which was canceled due to lack of bids. During the repeated sale in April 2024, there was an intense conflict situation. The winner (Business Alliance LLC) filed a complaint with FAS for violation of the bidding procedure, arguing that it had not actually received information about its maximum price (about Rb 8.3 bn) during the electronic bidding process. Given the initial price of the asset of Rb 10.6 bn, the bidder intended to ac-

1. In accordance with amendments to Articles 46 and 146 of the Budget Code, introduced by Law No. 177-FZ of 13.07.2024 “On amendments to RF Budget Code and Certain Legislative Acts of the Russian Federation”, monetary funds received by court decision to convert property into state income, for which there is no evidence of its acquisition on legitimate income in accordance with the RF anti-corruption legislation, are not subject to distribution to the budget of the RF Pension and social insurance fund from July 13, 2024.

Now, funds repossessed by the state pursuant to conviction verdicts and court rulings issued in criminal proceedings are subject to crediting to federal budget at the rate of 100%, except for cases established by the RF Budget Code.

quire it for only Rb 6 bn. However, following a FAS refusal, the deal was nevertheless realized, and in early summer Rosspirtprom shares were written off from the balance sheet of Rosimushchestvo.¹

The largest (over Rb 800 mn) sales, along with Rosspirtprom (Rb 8289.1 mn), also included AO Rosrazmeschenie (100%, Rb 1299.25 mn), Energosetproekt (100%, Rb 930.6 mn) and Remenergomechanization (100%, Rb 820 mn). All 4 assets were sold by the central office of Rosimushchestvo: 3 of them were sold through a public offering, and Remenergomechanization via electronic auction.

Examples of transactions from another price pattern include sales through public offer of full (100%) stakes in AO VNIPIIstromsyrye (Rb 117.6 mn) and Research Center for Innovations and Energy Efficiency (Rb 29.441 mn)². However, there were deals marked by a noticeable rise in the initial price in the group of business entities, which were sold relatively inexpensively. Thus, regarding sale of a minority stake in AO Elektroagregat (4.6%) it increased more than 6 times to Rb 200.1 mn, and the full stake (100%) in AO Samara Disinfection Center, Samara grew more than 10 times to Rb 55 mn.³

Rosimushchestvo kept control over fulfillment of investment conditions of transactions concluded earlier based on particular RF Government edicts on alienation of federal stakes in AO “Adler breeding trout farm” (2020), “Electronic Trading and Security” and “Order of October Revolution, Order of Labor Red Banner ‘First Exemplary Printing House’ (AO ‘POT’) (2022).

Results of sales of RF state treasury property appear to be more modest.

The number of sold objects amounted to 53 units, having reduced more than fourfold compared to 2023 (208 units in 2023, 223 units in 2022).

However, planned target for revenues from privatization of property owned by the Russian Federation in terms of privatization of non-financial assets of the treasury, approved by Rosimushchestvo Order No. 116 of 01.08.2024 in amount of Rb 1.65 bn, was exceeded by almost 1.5 times.

Total proceeds from sale of state treasury property at the end of 2024 amounted to Rb 2.41 bn, including:

— Proceeds from privatization of property owned by the Russian Federation in terms of non-financial assets of the Treasury (federal state bodies, Bank of Russia, authorities of state non-budgetary funds of the Russian Federation) (KBK 167 114 13010 01 6000 410) — Rb 1.83 bn, including from privatization of property included in Section II of the privatization program: Rb 0.35 bn.

— Revenues from privatization of property owned by the Russian Federation (CPC 322 1 14 14010 01 6010 410) to the account of the Federal Bailiff Service (FBS) — Rb 0.01 bn.

1. URL: <https://www.rbc.ru/business/10/07/2024/668d2d8c9a7947ed4ebcf9a1>, July 17, 2024

2. URL: <http://rosim.gov.ru>, 26.03.2024, 07.06.2024.

3. URL: <http://rosim.gov.ru>, 24.01.2024, 11.10.2024.

— revenues to the budget of the Pension and Social Insurance Fund (Social Fund) of the Russian Federation from privatization of property owned by federal authorities, in terms of non-financial assets of the Treasury, at the end of the reporting period (in accordance with subparagraph 3, paragraph 17, Article 46 of the RF Budget Code) — Rb 0.57 bn, including from privatization of property included in Section II of the privatization program — Rb 0.2 bn.

In contrast to the sale of shares (stakes) in business entities, revenues received by FBS were barely noticeable (0.4%) in the structure of budget revenues from sale of treasury property. The most significant were the revenues from privatization of property owned by the Russian Federation in terms of privatization of non-financial assets of the treasury (about 76%). Another 23.6% were revenues from the same source to the budget of the Pension and Social Insurance Fund of the Russian Federation. However, revenues from privatization of property included in the privatization program (Rb 0.55bn from the last two sources in the aggregate) accounted for only 22.8% of all revenues from sales of treasury property.

For three years in a row, Rosimushchestvo actively conducted privatization activities in respect of confiscated property resulting from corruption offenses and returned to federal ownership in accordance with judicial decisions (hereinafter referred to as corruption property). In 2024, 10 out of 14 lots of such property were sold at open auctions. Proceeds from sales of corrupt property in 2024 amounted to Rb 431.24 mn, while Rb 203.9 mn was transferred to the budget of the Social Fund of Russia.

Privatization activities will be continued in 2025 with respect to 57 items of the Russian Treasury property included in the privatization program.

For the second year in a row, Rosimushchestvo publishes the Report on results of privatization of federal property included in the list of federal property, which is privatized but is not included in the FPP for the planned period.

The document, approved by Order of the Ministry of Finance of Russia No. 553 of 15.12.2022 (in numerous subsequent editions), included 1302 facilities as of December 31, 2024. Of the 1.038 units subject to tenders, 691 units were privatized, and budget revenues (Rb 1479.2 mn) accounted for about 61% of the funds from sales of treasury property under privatization program. Compared to 2023, the number of sold facilities increased almost 1.8 times, and budget revenues grew by 86%.

The key methods of realization were sales at the minimum allowed price¹ (278 units or 40.2%) and at auction (255 units or 36.9%). They were supplemented by sales through public offer (151 units or 21.9%) and at the realization of preemptive rights, including by small and medium-sized enterprises (SMEs) (7 units or 1.0%). Compared to 2023, the weight of facilities sold through public offer increased in the structure of sales, while shares of other methods reduced, most notably the auction (by 3.5 p. p.).

1. A new method of privatization replacing sale without price announcement. It started to be applied in H2 2024. See subsection 5.1.3. Improvement of privatization legislation.

As it could be expected, the auction became the most competitive way of privatization. The sum of sale prices exceeded the sum of initial prices by more than 1.4 times, while at sale by public offer, on the contrary, it was about 1.6 times less. This gap was even more significant when selling at the minimum acceptable price (3.4 times in favor of the initial price).¹

As in previous years, only a part of the privatized federal property was interesting for potential investors. At the same time, the success rate of privatization, calculated as the ratio of the number of sold assets and conducted tenders², increased under privatization program compared to the previous year, amounting to 22.70% for blocks of shares (stakes) and 50% for treasury facilities vs. 20% for blocks of shares (stakes) and 25.4% for treasury facilities in 2023. For comparison, in 2022 these indicators amounted to 28.6% and 30.1%, respectively. However, the success rate of property privatization without inclusion in the FPP was much higher, remaining approximately at the level of 2023 (66.6% vs. 68.9%).

With a view to improving the efficiency of privatization procedures to ensure their transparency and inform potential buyers (investors), Rosimushchestvo continued to post information on announced sales of state treasury property on the Avito, CIAN and Domklik websites, as well as practices “investment hours” on the property under sale, including corporate assets.

In 2024, as part of the implementation of 7 Executive Orders of the President of the Russian Federation and 15 Edicts (Decrees) of the Government of the Russian Federation on creating/expanding vertically integrated structures (VIS), Rosimushchestvo took measures to establish Almaz-Antey Air and Space Defense Concern, United Shipbuilding Corporation (USC), Russian Railways, Russian Post, Kavkaz.RF, Russian Newspapers and Rostec State Corporation. Relevant decisions on privatization terms were made in respect of 1 FGUP, 2 AOs and 32 treasury objects.

The RF Government Edict No. 2954-r dated 21.10.2024 approved a new version of the forecast privatization plan (program) (FPP). In fact, it is about a new privatization program for 2025–2027.

Compared to a similar document for 2024–2025, the text has not practically undergone any adjustments, except for indicating a new term of validity of this document.

In terms of quantity, *in 2025–2027 it is planned to complete the privatization of 20 FGUPs, including 12 state-owned enterprises, 71 business entities (including shares in 7 LLCs), as well as 27.863 facilities of other property of the RF treasury.* Compared

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1. The Report on results of privatization of federal property included in the inventory of federal property, which is privatized not being included in the FPP for the planned period, the data on sale at the minimum permissible price includes the number and sum of prices at sale without announcement of the price applied in H1 2024, but without singling them out.
 2. It is calculated as the sum of sales and failed tenders according to the data of the Rosimushchestvo report on implementation of the forecast plan (program) of privatization of federal property for 2024–2026 in 2024. The number of conducted tenders was indicated in similar documents for previous years.

to figures in the privatization program for 2024–2026, the most significant change was in the number of business entities included in the program: it more than halved (by 59%), while the number of unitary enterprises fell by only 13%, and the number of privatized property of the RF treasury remained almost unchanged (0.1% increase). As in the previous program, among FGUPs to be privatized, treasury enterprises are identified, unlike in previous similar documents. Moreover, their number exceeds the number of unitary enterprises to be privatized under the right of economic management by 1.5 times, and the number of LLCs almost twice. Unlike the FPP 2024–2026, for the first time in many years the possibility of privatization of the largest companies holding a leading position in the relevant industries according to individual decisions of the President and the Government of the Russian Federation is not mentioned.

As for the federal budget revenues from privatization of federal property excluding the value of shares of the largest companies holding a leading position in relevant sectors of the economy, they will amount to Rb 2.3bn annually in 2025–2027.

5.1.3. Improvement of privatization legislation

Referring to basic privatization law of 2001 (No. 178-FZ), it is necessary to first point out the legal innovations coming into force as early as the end of 2023.¹

The initial (minimum) selling price for river port facilities in unsatisfactory condition is set at Rb 1 with a deposit for participation in the amount of 20% of the cadastral value of such facility. Part of the deposit in the amount exceeding the acquisition price of such property is returned to the winner. Moreover, the information notice on sales of such facility, besides the information stipulated by norms on information support of privatization, should indicate the amount of raising of the initial price (“bid step”).

The contract of sale and purchase of a river port facility that is in unsatisfactory condition must contain essential provisions on the obligation of a new owner to bring the facility into proper condition within a specified period of time (not more than 5 years) and on the termination of the contract in case the new owner violates the specified term. In this case, the river port facility shall be returned to the ownership of the public-law entity that privatized it, without reimbursement to the owner of the cost of such facility, including integral improvements, and without reimbursement of expenses related to the execution of the contract of sale.

However, the criterion of its purpose is also used in the regulation of privatization of this property as a whole. Regardless of the condition, river port facilities that are not used as inland water transport infrastructure due to recent legal innovations, can be privatized by procedure and methods established by the law

1. The relevant law dated 27.11.2023 No. 557-FZ came into force 180 days later, i.e. in May 2024.

on privatization, without taking into account the existing encumbrances.¹ Approval of the criteria for classifying river port facilities as being in unsatisfactory condition and not required as water transport infrastructure facilities by the Russian Federation Government Edict No. 1246-r dated 23.05.2024 makes these norms applicable.

As a result of amendments to the law on privatization adopted in April 2024 (No. 76-FZ), sales of state and municipal property at the minimum permissible price were introduced in the range of privatization methods instead of selling property without announcing the price, if it was not sold through a public offer (Art. 24).

The innovations provide for:

- Minimum allowable sale price of property in the amount of 5 or 10% of the initial offer price specified in a sale by means of a public offer².
- Payment of a deposit in the amount of 1% of the initial offer price.
- Deadline for submission of bids for sales is not less than 50 days.
- Possibility to submit several price bids from a bidder and transparency of current price bids from other participants³.
- a penalty if the buyer refuses to sign the sales contract.

If only one party is allowed to participate in the sale or if only one party from among those admitted is allowed to submit an application, such a party shall be recognized as the only participant in the sale at the minimum acceptable price. Purchase and sale contract shall be concluded at the bid price of such participant. In case of refusal or evasion, the buyer must within 10 calendar days from the date of expiry of the term set for conclusion of the contract of sale, pay to the seller a fine in the amount of the minimum price, set as a percentage of the price of the initial offer, indicated in the information notice on sale by public offer (less the amount of the deposit). The same rule applies to any other buyer. In this case, the sale is recognized as failed.

The new method of privatization has been applied since July 1, 2024. According to Rosimushchestvo, due to high transparency of the procedure, the new method of privatization will raise interest of buyers to the facilities of the state treasury to be sold, while the accepted terms of participation in the bidding will improve competition, helping to exclude dishonest bidders and buyers.

The minimum lease term of state and municipal property required for the realization by small and medium-sized enterprises (SMEs) of their pre-emptive

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1. Basic norm assumes that decision on privatization conditions and sale and purchase agreement of a river port facility should contain as an essential condition an encumbrance with the obligation to use it for passenger and ship service, loading, unloading, acceptance, storage and delivery of cargo, interaction with other modes of transport.
 2. A value of 10% is set if the initial offer price specified in the information notice on sale by public offer exceeds Rb 20mn.
 3. One party is entitled to submit only one bid, as well as one or more price offers. When summarizing results of the sale received from one party, the offer which was submitted the last shall be taken into account. No bid shall be submitted where the price at the time of submission will be less than or equal to the highest price contained in the bids received from other bidders.

purchase right is reduced to 1 year in accordance with provisions of the 2008 law (No. 159-FZ) concerning specifics of alienation of movable and immovable state or municipally owned property leased by the above-mentioned business entities, which should become an effective measure to support small and medium-sized businesses.

Much more significant changes concerning the privatization process arose apart from basic privatization law.

The RF Government Decree No. 208 of 22.02.2024 approved the Rules of alienation of federal property to create conditions for attracting investment, stimulating development of the stock market, modernization and technological development of the economy. In this regard, it should be recalled that back in 2010, as part of a large-scale update of privatization legislation, the above-mentioned category of property was removed from the privatization law. However, since then there has been no regulation of its alienation.

According to new Rules, decisions of the RF Government on alienation of federal property are prepared on the grounds of instructions or directives of the RF President, instructions of the Chairman of the RF Government, as well as of his deputy coordinating work of federal executive authorities on state property management in accordance with the procedure stipulated by the document in terms of preparation of decisions and control.

There are 4 ways of alienating relevant federal property:

— At auctions held electronically in a manner similar to that established by law on privatization. In terms of participants, the auction may be open or closed (with the introduction of qualification and (or) other requirements to potential buyers (if necessary)). The contract of sale and purchase of federal property concluded based on results of the auction (hereinafter referred to as sale and purchase contract) should specify conditions providing for obligations of the winner of the auction to implement measures (activities) to achieve the specified goals (hereinafter referred to as investment conditions), terms of their fulfillment, as well as consequences of non-fulfillment or improper fulfillment of sale and purchase contract.

— Without bidding under conditions determined by instructions or directives of the above-mentioned senior officials.

— By making a contribution of federal property to the AO authorized capital resulting in the government's share in its authorized capital being less than 25% plus one share with the option to enter into a shareholder agreement according to the joint-stock company law

— Via public offering of federally owned AO shares in accordance with Russian securities market legislation.

To consider preparation of a decision of the RF Government, a proposal for alienation of (FEA) specified in the order of the RF Government Edict of 30.08.2017 No. 1870-r, which is used by Rosimushchestvo to exercise the rights of the state

as a shareholder on behalf of the Russian Federation in respect of federally owned AO shares included in the special list¹, or (2) RF Ministry of Finance in respect of other federally owned AO shares and real estate facilities that are federally owned and not assigned in economic or operational management.

A proposal to alienate federal property should present a set of information (10 items), including justification of expediency of its alienation beyond the law on privatization, including proposed method and its compliance with the goals of creating conditions for attracting investments, stimulating development of the stock market, modernization and technological development of the economy, forecast indicators of revenues and expenditures of the relevant budgets in the RF budget system, indicators describing the impact of the proposed solution on development of the relevant sector of the economy (sphere of activity) in the short and long term, including changes in the volume of output of products (services), increased investment in the development of the economy, introduction of innovative technologies, creation of new jobs, alienation conditions, including target indicators (“performance criteria”) for achieving investment conditions (for property alienation under such conditions, specifying the Federal Executive Body responsible for monitoring their fulfillment), procedure for determining qualification and (or) other requirements for potential buyers (if necessary) with a justification for their establishment.

The initiator shall send a proposal for alienation of federal property to the Ministry of Finance, Rosimushchestvo and FAS for consideration. If the initiator is the Ministry of Finance of the Russian Federation, it shall send it to Rosimushchestvo and FAS.

The Ministry of Finance² and FAS not later than 30 days from the date of receipt of a proposal for alienation of federal property from the initiator, shall prepare and send to the initiator views of the departments on results of consideration of such proposal. They should contain conclusions on supporting such a proposal or a reasoned opinion on the inexpediency of the initiator’s proposed method of alienation of federal property and (or) other conditions thereof, taking into ac-

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1. The most significant AOs in respect of which Rosimushchestvo exercises shareholder rights on behalf of the state in coordination with federal sectoral bodies depending on the supervising agency. By the RF Government Edict No. 1870-r dated 30.08.2017 (in the current version), they include the Ministry of Energy (9 units), Ministry of Finance (8 units), Ministry of Industry and Trade (6 units), Ministry of Transport (6 units), Ministry of Agriculture (5 units.), Ministry for Digital Development (5 units), Ministry of Construction (3 units), Ministry of Economic Development (1 unit), Ministry of Natural Resources and Ecology (1 unit), Ministry of Labor (1 unit), Directorial Board for the Special Programs of the President of the Russian Federation (GUSP) (1 unit) (total — 46 AOs). The document also mentions Federal State Reserve Agency (Rosrezerv) and Russian Registration Agency (Rosreestr), although by the end of 2024 there are no AOs in relation to which Rosimushchestvo exercises shareholder rights in coordination with these agencies.
 2. The opinion of the Ministry of Finance is subject to agreement with Rosimushchestvo, including cases where the RF Ministry of Finance is the initiator of a proposal to alienate federal property.

count requirements and restrictions established by the Russian legislation on protection of competition (by FAS).¹

The RF Ministry of Finance, after receiving the opinions of Rosimushchestvo and FAS supporting the proposal to alienate federal property, prepares and submits a report to the Deputy Prime Minister of the Russian Federation, coordinating the work of FEB on state property management.

This report should contain:

- A set of information stipulated by requirements to a proposal for the alienation of federal property.

- Opinions of the Ministry of Finance, Rosimushchestvo and FAS.

- A proposal to instruct the RF Ministry of Finance jointly with the relevant FEBs to prepare and submit to the RF Government a draft decision providing for the alienation of federal property.

- A proposal to instruct Rosimushchestvo to select a legal entity to organize the sale of privatized federal property on behalf of the Russian Federation and (or) perform functions of a seller.²

Following a relevant instruction from the Deputy Chairman of the Government of the Russian Federation, coordinating FEBs activities on state property management, the Ministry of Finance shall submit in accordance with the established procedure a draft decision of the Government of the Russian Federation on alienation of the relevant federal property agreed with Rosimushchestvo, FAS and relevant FEBs.

The decision of the RF Government to alienate federal property should stipulate its method and terms, procedure for determining the alienation price, payment by crediting money to the Federal Treasury (FT) account specified in the sale and purchase contract in rubles (except for federal property as a contribution to the AO authorized capital and public offering of federally owned shares), transfer of the property to the buyer after payment and crediting of the relevant amount to the FT account, as well as other conditions of alienation of federal property (if necessary).

For transactions involving investment conditions, the decision must additionally contain target indicators (indicators) of their achievement, the form and frequency of reporting on the progress of implementation of investment conditions, procedure for control over their fulfillment indicating FEBs ensuring such control. The latter shall annually submit a report containing information and documents on the fulfillment of relevant indicators to the federal executive body appointed by the decision of the Government of the Russian Federation on alienation of federal property, which shall annually submit a report to the Government of the Russian Federation on fulfillment of target indicators (indicators) for achieving investment conditions.

1. FAS, in addition to the initiator, also forwards the opinion to the Ministry of Finance.

2. The initiator justifies the rationale of involvement in the prepared proposal on alienation of federal property. Only 7 of 23 organizations remained in the list of relevant legal entities approved in 2010 after excluding organizations with prevailing share of direct or indirect foreign participation in spring 2022.

Implications of non-fulfillment or improper fulfillment of the decision of the RF Government on alienation of the relevant federal property, including breach of the deadline for investment conditions, if they are specified in the sale and purchase contract, may include the obligation to pay fines (penalties, fees), termination of the contract according to procedure provided for by RF legislation, returning of the alienated property or its seizure by the court.¹

5.1.4. Government property policy and its role in the economy

Overall approaches of the government property policy from the end of 2020 are attributed to the State Program (SP) “Public Finance Management and Regulation of Financial Markets” supervised by the Ministry of Finance of Russia, which includes a line (subprogram) “Management of Federal Property.” The stated set of SP results (in current version) consists of 6 aspects.

One of them was replaced in 2024. Instead of specific weight (in %) of agricultural lands involved in economic turnover, being in federal ownership, there appeared a share of lands of the RF state treasury involved in economic turnover out of the total number of federal treasury lands that can be involved (77% by 2030). Therefore, the other indicator has been refined. At least 2-fold growth of the share (in %) of the RF state treasury property involved in economic turnover from the total number of federal treasury facilities at the end of the reporting year (vs. 2021) now refers only to treasury facilities (excluding lands).

The inventory of federal property performed by Rosimushchestvo together with local public authorities to identify objects in unsatisfactory condition was an important step. The results of the event were reported by the agency director at a meeting of the upper house of parliament.²

Using initial analysis of all buildings listed in the federal property register, a sample of facilities requiring on-site physical inspections was generated. New technologies were used in the course of inspection. Rosimushchestvo’s territorial bodies were provided with mobile devices (tablets) to access the “Checks” service developed and implemented in 2023 at the request of the agency and supported by the RF Government on the Unified Digital Platform “GosTech”. This allowed to significantly reduce paperwork and increase efficiency of the audit (data quality).

In total, during the inventory, the condition of over 300.000 facilities were reviewed, of which 12.471 units (or 4.2%) were inspected by on-site commissions. Nearly half of them (6.116 units, or 49%) are in unsatisfactory condition. Most of such facilities are located in Ingushetia, Moscow, Moscow and Tver regions, Krasnodar krai.

1. *Malginov G. N.* Basic trends of privatization process in 2023 –H1 2024. Ref.: Economic development of Russia, 2024, No. 8, p. 40–47.

2. URL: <https://rosim.gov.ru/press/news/493068>, December 9, 2024.

A goal has been defined for each of them, which by beginning of December was achieved in respect of 547 facilities (less than 9%), among which 211 units were transferred to the ownership of regions and municipalities, 83 units were transferred to AO “DOM.RF” for further sale, and 17 units were privatized. All the goals have been fully achieved in the Yaroslavl region, where the pilot project was implemented, as well as in Chechnya and Tatarstan. The remaining buildings and facilities are scheduled for fulfillment of target functions with completion for the majority of facilities by the end of 2025. The above data show that sale and privatization still play an auxiliary role in the range of possible options for utilizing problematic property.

According to the interim inventory results, more than 650 facilities in unsatisfactory condition are proposed to be preserved for further use by federal executive authorities (FRBs) and their subordinate organizations. The right holders of such facilities will take measures to bring them into proper condition.¹

Cultural heritage facilities (CHF) are a special case. The inventory revealed 1818 CHF in unsatisfactory condition (about 30% of the total number of facilities identified in the course of the inventory), for which particular proposals were developed regarding target functions, including 386 facilities for religious purposes that are restricted in turnover. The report sent by Rosimushchestvo and the Ministry of Finance to the Government of the Russian Federation based on results of this action proposes to instruct the Ministry of Culture to include the predominant part of CHF in unsatisfactory condition that are not subject to economic turnover (1.279 units or more than 70%) into program of saving CHF, the legacy of the peoples of the Russian Federation for their further restoration. . The document also reflects the need to ensure that FEBs and their subordinate organizations renovate cultural monuments or take measures for their decommissioning (disposal).

Changes in the list of strategic organizations were minimal for the entire 20-year period of the Executive Order No. 1009 of 04.08.2004 of the RF President on its approval. Only 1 company was excluded from the list during the previous year. Due to increase of the authorized capital of the United Shipbuilding Corporation (USC), almost all shares (100% — minus 1) of a large integrated structure, AO Marine Instrumentation Corporation (St. Petersburg), established in 2020, shall be added to it.

Major changes were made to the list of property for which temporary management was introduced in response to unfriendly actions of foreign states pursuant to Executive Order No. 302 of the President of the Russian Federation dated 25.04.2023.

By early 2025, it included securities (shares) of 24 companies. Most of them are somehow related to ensuring fuel production, including production and servicing of equipment, customized services, R&D, etc. (HMS Holding, HMS Group, GIDRO-MASHSERVICE, Nizhnevartovskremsservice, “Livensky plant of submersible pumps” (Orel region), “HMS Livgidromash”, “HMS Processing Technologies”, “HMS Neftemash”, “Engineering and production company ‘Sibnefteavtomatika’, ‘Sibneftemash’,

1. URL: <https://rosim.gov.ru/press/news/487501>, September 25, 2024

‘Research & development and design institute of centrifugal and rotary compressors named after V. B. Shnepp’, ‘Kazan compressor engineering plant’, “Dimitrovgrad chemical machine building plant” (Ulyanovsk region), “Tyumen design and research institute of oil and gas industry named after V. I. Muravlenko”), adding to the list of property under temporary management at the very end of 2024, as well as AB InBev Efes (brewery). Besides, this section included PJSC Unipro and Fortum (energy), 4 printing houses (Moscow, Yekaterinburg, Novosibirsk, Chelyabinsk), AO Glavprodukt, Orelprodukt and Verkhovsky dairy canning plant (Orel region) (food industry).

The division of stakes in authorized (joint stock) capitals of Russian legal entities included 17 companies (LLC Prime Print Voronezh, Ulyanovsk Machine-Tool Plant, Kapital Agrofinance, AgroTerra, AgroSystem-Regions, AgroSystem (agro-industrial complex), Ariston Thermo Rus and BSH Household Appliances (production of household appliances), “Silgan Metal Packaging Stupino and Silgan Metal Packaging Enem (production of metall packaging), Baltic canning plant (Kalinigrad region), Glavprodukt, Glavprodukt Patent, United Industrial Company, United Canning Plants, Promselkhozinvest (food industry), HMS Group management company LLC).¹

In most cases, Rosimushchestvo has been appointed as interim manager. Furthermore, this function is performed for Ariston Thermo Rus and BSH Household Appliances by AO Gazprom household systems, and for AB InBev Efes by AO Together Group, and the government of Moscow with regard to 5 printing houses², though initially the Rosimushchestvo was approved for them. The list also includes immovable property (two aircrafts), for which Gazincom LLC acts as temporary manager. Mostly companies from the EU countries act as a party with restricted realization of the property right. The most famous of them are German Uniper and Bosch, Finnish Fortum, Italian Ariston, etc.

The list of assets placed under temporary management was obviously expanding, covering a wide variety of activities, mostly very distant from strategic industries. During 2024, among the above-mentioned shares in the authorized capitals of Russian legal entities, it was supplemented by almost all of the aforesaid companies (except Prime Print Voronezh) and 4/5 of the companies represented by securities, as well as by aircrafts. So far, all assets of the French company Danone (AO Danone Russia) and Danish Carlsberg (LLC Baltika Brewery Company), as well as a major Russian car dealer Rolf Group, which came under temporary management back in 2023, were few precedents for exclusion from the list. Lifting temporary management should be viewed as preparation for the anticipated sale of assets to Russian businesses, which in the current realities requires a lot of time and careful preparation, including channeling payments related to sale of assets by foreign companies to the federal budget. They are accounted in the budget state-

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1. Number of legal entities differs from numbering in the list, because for most of them there are shares forming the entire capital, but belonging to different owners.
 2. Owner is Norwegian Amedia Eastern Europe AS.

ments as gratuitous receipts from non-state organizations, but are not identified in any way.

It should be taken into account that temporary management is a palliative option compared to transfer of foreign assets into the ownership of the government or domestic companies. Meanwhile, the Executive Order of the President of the Russian Federation of 23.05.2024 No. 442 allows termination of rights to property of the USA or the USA individuals with subsequent transfer of these rights to Russian right holder to compensate the damage in case of unreasonable deprivation of Russian right holders of their rights to property. The Russian right holder is entitled to apply to the court under the rules of sub-jurisdiction established by procedural legislation of the Russian Federation with a petition to establish the fact of unjustified deprivation of his rights to property due to a decision of a state or judicial body of the USA and to compensate for the damage, specifying its assessment.

If the mentioned application is accepted for consideration and if there is evidence allowing to make a reasonable assumption that there are no sufficient grounds for depriving the Russian right holder of rights to property due to a decision of a state or judicial body of the USA, the court shall send a request to the Government commission for control over foreign investments in the Russian Federation (hereinafter Commission) to provide a list of US property (or) foreign individuals related to the US¹ and individuals under their control, regardless of where they are registered, which may be used for compensation purposes.

To prepare a response to the request, the Commission shall organize the identification of property which, taking into account the principle of proportionality, can be used for the purpose of compensation for damage. The Commission shall submit a list of such property to the court. Such property includes: (1) movable and immovable property of the United States or US individuals located in the territory of Russia, (2) securities owned by the United States or US individuals, shares in the authorized (joint stock) capitals of the Russian legal entities, (3) property rights belonging to the USA or to US individuals.

A series of court cases related to seizure of assets in favor of the state continued. Numerous enterprises that were part of the Etalon business group (including Chelyabinsk Electrometallurgical Plant (CEMK), Serov Ferroalloy Plant (Sverdlovsk Region) and Kuznetsk Ferroalloy Plant (Kemerovo Region)), Ariant (main specialization is winemaking, with Kuban-Vino LLC as its core asset) were transferred into the state ownership, Agromakfa (main specialization is food production, base asset — JSC Makfa, the largest pasta producer)², Konti (main specialization is confectionery, base asset — confectionery factory in Kursk), Temak Limited (main specialia-

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1. Including if such foreign individuals are citizens or residents of this state, their place of registration, place of primary business activity or this state is their place of priority gain from their activity.
 2. Apart from assets defined by the core specialization, the business group around Makfa included other assets (e.g. Chelyabinskoblغاز and media).

lization is production of brake, friction and sealing materials, base asset — Ural-ATI PJSC in the Sverdlovsk region), Roshen (main specialization is confectionery, base asset — confectionery factory in Lipetsk), Global Spirits (main specialization is alcohol, base asset — distilleries in Vologda and Moscow region), SP Group Spirits (main specialization is alcohol, base asset — distillery in Tambov), as well as Ivanovo Heavy Machine-Tool Plant (with affiliated companies), 8 Far Eastern fishing companies (Primorsky Krai and Sakhalin region).¹ Compared to 2023, when litigation mainly affected the energy, chemical industries and ports, it can be stated that there is a shift in the sectoral breakdown towards metallurgy, machine building, food industry, while the Chelyabinsk region (Chelyabinsk Metallurgical Plant and Makfa) clearly stands out in the regional aspect. As in the previous year, transfer of shares to the state ownership resulted in a change in companies' management. Thus, the new General Director of AO CEMK was appointed for a term of 5 years in accordance with the Edict of Rosimushchestvo dated August 7, 2024.²

Overall scale of renationalization is not easy to estimate. For two years from February 2022, the General prosecutor's office of Russia has initiated 55 cases on reclamation from private ownership of large assets (shares or real estate with the size of more than 5 ha for land plots or 300 sq.m. for non-residential premises).³ Obviously, not all cases involve a completed transfer in favor of the state. Meanwhile, according to figures announced by the Head of the Prosecutor General's Office at the extended board of supervisory authority on 2023 results and tasks for 2024, the Prosecutor General's Office has achieved the return of assets of strategic enterprises to the state for more than Rb1 trillion. In an interview with the Kommersant newspaper, I. Krasnov specified that since 2023, 15 strategic enterprises with a total value of over Rb333bn have been returned to federal ownership only in the military-industrial complex.⁴ The Prosecutor General said in an interview with Interfax at the St. Petersburg International Economic Forum (SPIEF) early summer that since 2022, more than 100 companies with assets estimated at Rb1.3 trillion have been returned to the state following lawsuits filed by prosecutors. Since the beginning of 2023, 20 strategic enterprises that were illegally withdrawn from the possession of the Russian Federation in favor of foreign residents and used to the detriment of Russia's interests have been returned to the state following lawsuits filed by pro-

1. Which private companies the prosecutor's office wants to hand over to the state — RBC, October 15, 2024, URL: <https://www.kommersant.ru/doc/6396215>, December 12, 2023, URL: <https://www.kommersant.ru/doc/6524367>, February 19, 2024, URL: <https://www.kommersant.ru/doc/6693533>, May 16, 2024, URL: <https://www.kommersant.ru/doc/6746005>, June 4, 2024, URL: <https://www.kommersant.ru/doc/6851636>, July 24, 2024. Enterprises that were part of the Konti, Temak Limited, Roshen, Global Spirits, SP Group Spirits business groups were transferred to the state due to recognizing their beneficiaries as extremists.

2. URL: <http://rosim.gov.ru>, 12.08.2024.

3. How large could renationalization turn in Russia? February 14, 2024

4. URL: <https://tass.ru/ekonomika/20361147>, URL: <https://www.kommersant.ru/doc/6595064>, March 26, 2024

secutors in relation to enterprises privatized in violation of the law. Their assets are estimated at more than Rb370bn in total.¹

As follows from the above data, privatization breaches are not the main reason for litigation resulting in the transfer of assets into state ownership. Further developments will be determined by a decision on the statute of limitations for certain cases. The position expressed by the Constitutional Court of Russia is that there is no such limitation period for corruption violations, but perpetuity does not apply to privatization violations. The President of the Russian Federation instructed the Government together with the Russian union of industrialists and entrepreneurs (RUIE) to consider the “procedure for calculating the statute of limitations” for challenging privatization transactions.²

Construction of integrated structures and participation in mergers and acquisitions remained the usual ways of strengthening the public sector.

Thus, the State unitary enterprise “Fuel & Energy Company of St.Petersburg” acquired a 60.5% stake in AO “Teploset of St.Petersburg” from TGK-1, controlled by Gazprom. Taking into account the already existing share (21.4%) and the share owned by the City property relations committee (18%), it can be said that full urban control over this company has been established. The transaction price amounted to Rb6bn (with 5-year installment). In 2014. “Gazprom Energoholding failed to sell the company’s shares to the city for Rb6bn with a 20-year installment due to objections of the Finnish energy concern Fortum, one of TGC-1’s shareholders.³

Activity of the second most important bank in the domestic economy is quite indicative. In 2024, VTB (PJSC), being one of the shareholders of Pochta Bank, became its sole owner, having bought out almost half of its capital from another shareholder, JSC Russian Post for Rb36 bn.⁴ Such a deal could help financial recovery of the all-Russian postal operator. A much more solid acquisition was the First Freight Company (FFC), which changed owners twice. The largest freight operator, created during the reform of railway transport, first passed from NLMK structures to Aurora Invest AO, and then for Rb200 bn to VTB, which announced its possible imminent sale.⁵

It should also be reminded that based on the Presidential Executive Order of 2023, full (100%) federal stake of the United Shipbuilding Corporation (USC) was to be transferred to VTB Bank (PAO) for a 5-year trust management period without a tender for the right to conclude a trust management agreement (TMA) without remuneration. The RF Government Edict No. 94-r dated 19.01.2024 defines the terms of the contract.

The DDU does not grant the trustee the rights to manage shares, nor does it provide for payment of remuneration or reimbursement of expenses incurred.

1. URL: <https://www.interfax.ru/interview/965549>, June 7, 2024

2. Putin instructed to consider the statute of limitations for deprivatization — RBC, January 15, 2025

3. St. Petersburg received 100% of shares in the city heating network — RBC, January 19, 2024

4. VTB bought Pochta Bank for Rb36 bn — RBC, December 10, 2024 December

5. VTB will sell the First Freight Company until the end of the year — RBC, 2024

The government's position on proposals to nominate candidates for election to the company's Board of Directors (BoD) is determined by a decision of the RF Government, while proposals in this regard are formed pursuant to proposals by the RF Ministry of Industry and Trade and the trustee. Candidates nominated based on proposals of the RF Ministry of Industry and Trade should be no more than half of the approved number of members of the company's BoD. The remaining candidates shall be nominated by Rosimushchestvo according to proposals of the trustee. Representatives of the state's interests should not exceed half of the approved number of members of the Board of Directors, and otherwise is possible if the trustee submits relevant proposals. The chairman of the Board of Directors shall also be nominated on his/her proposal.

The trustee shall ensure achievement of the key performance indicators (KPI) of the trust management of the shares of OSK stipulated in the annex to the contract, formed in agreement with the trustee upon proposals of the RF Ministry of Industry and Trade and Rosimushchestvo. He has the right to send to the trustee a list of objective reasons for failure to achieve KPIs if circumstances beyond the trustee's control arise 30 days before the due date for submission of his report stipulated by the contract.

The contract must include the following conditions for its early termination: (1) the trustee or the management founder's refusal to perform trust management due to the trustee's inability to personally conduct it, (2) non-compliance with the procedure for decision-making by the company's management bodies (General Meeting of Shareholders, Board of Directors) established by the contract, as well as violation by the trustee of corporate procedures provided for by the AO Law, (3) failure to achieve KPIs, (4) actions by the trustee that entail the risk of harm to the interests of the founder.

Meanwhile, the structure of OSK expanded. In addition to the previously mentioned Marine Instrumentation Corporation, all shares of AO Commercial Center, Transport and Forest (St. Petersburg), which were transferred into state ownership during recent court proceedings (former assets of Severnaya Verf, withdrawn during the establishment of the holding group in the 90s), were among other assets to be contributed. The main activity of the organization was to provide a range of services for transshipment and storage of a wide range of cargoes transported by sea, rail and road.¹

As for this sector, it is also worth mentioning the decision to transfer shares of AO Zhatai Shipyard (Sakha (Yakutia)) from federal to republican ownership. According to the Executive Order of the RF President dated 05.01.2024, the condition for this is the adoption by the Russian government together with regional executive authorities of measures aimed at the completion in 2024 of the first stage of implementation of the investment project to build a high-tech Zhatai shipyard. The federal government was instructed to ensure coordination of the terms of agreement bet-

1. URL: <http://rosim.gov.ru>, 05.02.2025.

ween the Russian Federation, the Republic of Sakha (Yakutia) and AO Zhatai Shipyard on its development, providing in this document measures to ensure control over the attraction of extrabudgetary funds and implementation of the investment project, maintaining core activities and the integrity of the property facility of the specified AO, developing research and production potential, concentrating intellectual, production and financial resources in the implementation of ship and vessel construction projects, modernizing the AO's production facilities, and concluding this agreement.

5.1.5. Administration of public sector economic agents

Ita The minimum of changes in the list of strategic organizations can be interpreted with some caution as the completion of the formation of the core of the public sector. Therefore, it is logical to shift the emphasis of the state property policy towards fine-tuning the mechanism of management of economic entities belonging to it. Last year, many important innovations appeared in it.

Primarily, the RF Government Order No. 2199-r dated 15.08.2024 approved methodological recommendations for *the development and confirmation of development strategies* of joint-stock companies (JSCs), the shares of which are owned by the Russian Federation, and federal state unitary enterprises (FSUEs).

The development strategy consists of 8 sections: (I) general provisions, (II) role and place of the organization in the strategic development of the country and industry, (III) markets and consumers, (IV) competitive analysis, (V) strategic objectives of the organization's development, (VI) forecast of development, (VII) key indicators, (VIII) program of priority activities. In the event that at the end of 3 full years preceding the period of strategic planning the organization's revenue averaged less than Rb 1 bn annually and at the same time the book value of assets at the end of the year averaged less than Rb 10 bn, sections II, III and IV may not be formed or may be formed without taking into account the requirements of these methodological recommendations.

Without going into the content of any particular section in detail, we will only note the most important points.

Firstly, the text of the document refers to the strategic planning documents established by the Federal Law of 28.06.2014 No. 172-FZ "On Strategic Planning in the Russian Federation". It is on their basis that the section devoted to the role and place of the organization in the development of the country and the industry should be developed.

Secondly, the section "markets and consumers" includes a forecast of changes in the market where the organization operates in terms of demand, structure, competition, composition and structure of consumers of products, their ability to pay, as well as a plan of product sales by nomenclature groups (units, if grouping is im-

possible) with an indication of its significant groups (units) with a share in the total sales of the organization that is more than 5%.

Thirdly, the section “competitive analysis” should contain the results of the analysis of the organization’s performance outcomes in comparison with the performance outcomes of at least 3 companies comparable to it in terms of scale and objectives of financial and economic activity (FEA), composition of products, capital structure, market and territorial affiliation.¹

Fourthly, the forecast of the organization’s development should contain a financial model based on modern tools, principles and methods of mathematical forecasting, financial modeling for the entire period of strategic planning (recommended duration — at least 5 years).² When planning and implementing the model, it is necessary to take into account its interrelation with the main characteristics of the organization and factors affecting its activities.³

It is worth to focus in more detail on the process of development and approval of the organization’s development strategy.

Development of the draft document and its preparation for approval (adjustment (update)) by the organization’s governance body (hereinafter referred to as the MB) is ensured by the organization’s executive board (hereinafter referred to as the EB). Before submitting the draft to the MB for consideration, the EB ensures that the MB Strategy Committee (hereinafter referred to as the SGBC)⁴ discusses several draft options based on the following:

— Version with minimum risk, characterized by guaranteed (no-risk) stability of the organization’s activity, where the financial model assumes a positive discounted financial performance of the period under the probable realization of all significant risks.

— Neutral version, characterized by moderate risk of the organization’s activity, should meet the average rates of development of the world and (or) national economy, as well as where the financial model takes into account the average industry values of profitability indicators and the average level of industry risks, relevant at the time of approval of the development strategy.

— Risky version characterized by the adoption of increased risks in the formation of the financial model and has a greater economic effect for the organization than

1. Not required for organizations that are subjects of natural monopolies.

For organizations operating mainly outside the country, competitive analysis is conducted if peer companies are available.

2. With the possibility of increase or reduction, but not less than 3 years by the decision of the MB.

3. In accordance with the forms of consolidated or accounting reports depending on the organization’s use of International Financial Reporting Standards (IFRS).

4. Since the majority of economic agents subject to the application of the recommendations are JSCs, we are talking about interaction in the triangle “director (general director/directorate (management board) — Board of Directors (Supervisory Board) (BoD (SB)) — Strategy Committee of the Board of Directors (BoD (SB))”. For Federal State Unitary Enterprises (FSUEs), the MB is a federal executive body (FEB), state corporation or other organization exercising the ownership powers.

other variants of the development strategy project. Unlike the first two, it is not associated with the basic variant of the forecast of social and economic development of the Russian Federation during the entire period of strategic planning.

When considering variants of the draft development strategy by the SGBC, it is necessary to:

- avoid approval of the risky variant of the draft development strategy if the organization has signs of insolvency (bankruptcy) or its net assets are less than the authorized capital.

- avoid approval of the neutral and risky variants of the draft development strategy, if the full implementation of all risks provided for by the financial model may result in the formation of signs of insolvency (bankruptcy) and liquidation of the organization.

The management board (MB) of the organization, taking into account the SGBC decision, decides on the choice of a single variant of the project and the inexpediency or necessity to supplement it with the section “program of priority activities”.¹

The MB of the special-list entity,² considering the EB decisions, ensures that the draft development strategy³ is sent to the interested federal executive bodies (FEBs):

- Sectoral body, if the organization of the special list is a JSC.
- Federal agency of executive authority exercising on behalf of the Russian Federation the rights of a shareholder of the organization from the special list, if this body is not at the same time a sectoral body.
- Ministry of Finance of the Russian Federation.
- Ministry of Economic Development of the Russian Federation.
- Ministry of the Russian Federation for the Development of the Far East and the Arctic.⁴

The financial authority of a subject of the Russian Federation or a local self-government body should receive a position on individual measures of the development strategy financed from the regional or local budget on the absence of comments.

The interested federal executive bodies shall ensure consideration of the draft development strategy and, no later than 30 calendar days from the date of its re-

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1. May not be formed or may be formed without considering the requirements of the methodological recommendations. Prepared by analogy with the draft strategy.
 2. Includes 58 organizations, comprising 49 JSCs and 9 FSUEs. Once approved, their development strategies are subject to submission to the Government of the Russian Federation.
 3. Together with the activity financial model, compiled in the form of spreadsheets in xls orxlsx format that allows searching, copying and editing of any text fragment, and other materials necessary for consideration of the draft development strategy.
 4. If the development strategy is implemented in the Far Eastern Federal Okrug (FEFO) and the organization is included in the annex to the Rules for coordination of investment programs and development plans of state corporations, state-owned companies and other organizations with state participation by the Ministry for the Development of the Far Eastern Federal Okrug (approved by the Government of the Russian Federation of 27.12.2016 No. 1502).

ceipt, send one of the positions to the organization of the special list in the form of a letter from the interested body signed by its head or deputy head:

- Possibility to support the project without comments and suggestions.
- Possibility to support the project taking into account comments and suggestions.
- Inability to support the project.

The MB of a special-list organization considers positions of the interested federal executive bodies and, if necessary, takes them into account when drafting the final text of the development strategy.¹ If the position of an interested federal executive body, as well as a financial authority of a subject of the Russian Federation or a local government body, has not been received by the organization within 40 calendar days from the date of receipt of materials by the relevant authority, the draft development strategy is considered to be supported.²

If there is an instruction from the Government of the Russian Federation providing for the approval of the organization's draft development strategy of a special list by Deputy Chairmen of the Government of the Russian Federation, the MB of such organization prepares the final draft document and sends it to the Government of the Russian Federation with copies of the positions of the interested federal executive bodies, as well as with background information on the results of their consideration in the preparation of the final draft document by the EB.

The EB of the organization within the terms determined by the decision of the MB, but not earlier than 10 working days from the date of sending the information to the interested federal executive bodies, submits to EB the final draft of the development strategy for its approval in accordance with the established procedure with a set of materials.³

1. If the positions of interested bodies are not taken into account or are partially taken into account, the EB of the special-list entity informs interested federal executive bodies about it, attaching information on the composition of comments not taken into account (partially taken into account) and justifications for not taking them into account (partially taking them into account).
2. And in the case of funding individual activities from regional or local budgets, the final draft of the organization's development strategy is considered by its EB without taking into account such a position of the local financial authorities.
3. Including copies of (1) decisions of the MA made after consideration of the issue of selecting the only options of the draft development strategy and the "program of priority measures" section or expediency of including this section in the document, (2) positions of interested federal executive bodies with information on the results of their consideration when preparing the final draft of the development strategy (if a special list is organized), (3) positions of financial authorities of the constituent entity of the Russian Federation or local self-government bodies on support of certain measures of the development strategy (if a special list is organized), (3) positions of financial authorities of the constituent entity of the Russian Federation or local self-government bodies on support of certain measures of the development strategy (if regional and local budgets are the source of their funding), (4) decisions of the Deputy Chairmen of the Government of the Russian Federation (if there is an instruction from the Government of the Russian Federation), as well as methodological recommendations, other reference materials necessary for the MB of the organization to make a balanced and objective decision when considering and approving the development strategy.

The development strategy for the strategic planning period is approved by the EB of the organization not later than March 31 of the first year of the strategic planning period in accordance with the procedure established by the methodological recommendations, and not later than 5 working days is posted in accordance with the established procedure by the organization on the interdepartmental portal for state property management in the information and telecommunications network “Internet” (hereinafter— MV-portal),¹ as well as submitted to:

- In respect of all organizations— to the sectoral body.
- In respect of all organizations of the special list— to the Government of the Russian Federation and interested federal executive bodies.

The MB ensures control over the implementation of the development strategy when reviewing quarterly reports of the EB, if the preparation of such reports is stipulated by the organization’s founding document or its other internal regulatory document, and when approving (including preliminary) the organization’s annual reports (reports on financial performance of the enterprise).

Adjustment (update) of the approved development strategies during the strategic planning period is carried out by the MB of the organization on a mandatory basis in case of amendments to the adopted methodological recommendations and (or) in order to implement the instructions and (or) directives of the Government of the Russian Federation providing for the adjustment (update) of documents, and in other cases— if needed.

Adjustment (updating) of the development strategies of MB of special-list organizations is possible during the entire period of strategic planning without obtaining the positions of interested federal executive bodies in the following cases:

- In order to execute instructions and (or) directives of the Government of the Russian Federation, which provide for the adjustment (update) of documents.²
- To bring the development strategy into compliance with the Russian legislation.
- When making changes to the document that are not related to the adjustment (update) of the organization’s strategic development goals, the procedure, amounts and terms of financing of the development strategy, the organization’s investment program, its digital transformation strategy (program), the composition, weight and target values of key performance indicators (KPIs).

In other cases, the adjustment (update) of the development strategy of organizations of the special list is possible taking into account the need to obtain the po-

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1. If the development strategy contains restricted information (it is a state, official, commercial or other secret protected by law or contains a “for official use” label), only a copy of the decision of the MB of the organization on approval (correction (update)) of the document shall be placed on the MV-portal, taking into account the requirements of the Russian legislation.
 2. Except for cases when such instructions and (or) directives provide for obtaining positions of state authorities and (or) local self-government bodies with regard to the draft adjusted (updated) development strategy.

sitions of interested federal executive bodies with regard to the draft adjusted (updated) development strategy in accordance with the established procedure.

The development strategy of the organization's subsidiary is approved by MB not later than March 31 of the first year of the first year of the strategic planning period. The procedure for developing and approving (adjusting, updating) the development strategy of a subsidiary, disclosing information about it and ensuring control over the document execution is established by the organization independently.

If the organization is a JSC, the implementation of the organization's development strategy and KPIs in the document are subject to annual assessment:

- By the RF Government-authorized federal executive body (if the organization is included in the list of relevant organizations approved by the RF Ministry of Finance).

- By an audit organization (individual auditor) engaged (engaged) based on the results of competitive procurement procedures through the conclusion of a relevant contract, on the basis of the terms of reference approved by the MB of the organization and prepared in accordance with the typical standard of such assessment, approved by the instruction of the Chairman of the Government of the Russian Federation or Deputy Chairman of the Government of the Russian Federation in charge of state policy in the field of corporate governance (in other cases).

The same applies to FSUEs, which have a special procedure for decision-making on certain issues of their activities. For other enterprises, the procedure, necessity and frequency of assessment of the implementation of their development strategies and KPIs in these documents are determined by the organization's MB.

For practical implementation of the methodological recommendations on the development and approval of development strategies, federal executive bodies were instructed to ensure compliance with them (development, updating) of internal documents of organizations regulating the procedure for the development and approval of their development strategies and (or) other documents defining priority areas of activity, providing for the application of such internal documents from November 1, 2024 for the purpose of formation of development strategies of organizations with the beginning of the period of their validity from 2025 (or any subsequent year if the current development strategies, long-term development programs (LDPs) and (or) other documents defining their priority areas of activity are completed after 2025).

This should apply not only to FSUEs and JSCs whose shares are in federal ownership,¹ but also to companies that are subsidiaries and dependent compa-

1. Except for those included in the projected privatization plan (program) or in respect of which decisions on liquidation have been taken in accordance with the established procedure, as well as JSCs mentioned in the RF Government Edict No. 91-r of 23.01.2003 (as amended) but not mentioned in the appendix to the methodological recommendations. It should be reminded that this order contains lists of JSCs in respect of which the position of the state as a shareholder on the most important issues of corporate management is determined by the Government of the Russian Federation, the Chairman of the Government and his deputies.

nies (SDCs) of organizations and more than 50% of shares of which are under direct or indirect control of the Russian Federation. State corporations (SCs), state companies and public-law companies (PLCs) are recommended to be guided by the new normative document in the part concerning the composition, structure and terms of approval of documents determining the priority directions of their activities (development strategies, DPRs, activity programs and (or) other documents), and extend them to subsidiaries and affiliates with more than 50% of shares under direct or indirect control of the Russian Federation and (or) SCs, state-owned companies and CCPs, as well as to FSUEs, in respect of which property ownership rights are exercised by SCs on behalf of the state, taking into account the specifics of their activities.

The emergence of the above methodological recommendations resulted in amendments to several existing documents.

Government Resolution No. 739 of 2004, which regulates the powers of federal executive bodies to exercise the rights of the FSUE property owner, no longer refers to the validity period of approved programs of the enterprise's activities (from 3 to 5 years), as did Government Resolution No. 228 of 2002, which regulates the procedure for their approval. The latter document now refers to the approval of the enterprise development strategy by the Federal Executive Body in accordance with the methodology approved by the Government of the Russian Federation.

Mention of the main activities of the company's development strategy appeared in the sample structure of the annual report of a JSC whose shares are in federal ownership approved by Decree No. 1214 of the Government of the Russian Federation of 2010. At the same time, the document ceased to mention the long-term development program (LDP) of the company in all aspects. Regarding information on the implementation of the development strategy of a JSC, along with the opinion of an auditing organization, it is allowed to present the opinion of the federal executive body authorized by the Government of the Russian Federation, which is also extended to the implementation of KPIs as part of the development strategy.

Instead of approving development strategies and LDPs, the federal executive bodies should review draft development strategies of JSCs and submit positions on them within no more than 30 calendar days from the date of receipt of the relevant documents from JSCs in respect of JSCs included in the special list and the list of strategic JSCs.¹ For the approval of KPIs, it cannot exceed 15 working days from the date of receipt of the relevant documents from AOs. Previously, a single shorter term (10 days) was in effect for the approval of development strategies, LDP and KPI.

Instead of approving development strategies and LDPs, the federal executive bodies should consider JSCs draft development strategies and submit positions

1. Accordingly, the companies in respect of which Rosimushchestvo exercises shareholder rights on behalf of the state in coordination with federal sectoral bodies depending on the supervising agency (according to the Edict of the Government of the Russian Federation dated 30.08.2017) and included in the list according to Presidential Executive Order No. 1009 of 04.08.08 (in effective editions).

on them within no more than 30 calendar days from the date of receipt of the relevant documents from JSCs in respect of JSCs included in the special list and the list of strategic JSCs. For coordination of KPIs, it cannot exceed 15 working days from the date of receipt of the relevant documents from the JSC. Previously, a single shorter term (10 days) applied to the approval of development strategies, LDPs and KPIs.

The reference to the development strategy as a program-target document of a JSC or subsidiary, which is its internal document and defines strategic goals of activity and ways to achieve them, appeared in the methodological recommendations on identification and alienation of non-core assets in 2017 (in the wording approved by the RF Government Edict No. 985-r of 19.04.2023). The previous version referred only to program-targeted documents of JSCs or subsidiaries.

Personnel policy was another main aspect of improving the mechanism of management of public sector economic agents.

Order of the Ministry of Finance of Russia No. 95n of 25.06.2024 abolished the application of most of the criteria in respect of applicants to the management bodies of JSCs, the shares of which are in federal ownership, in case of their election in fulfillment of orders or instructions of the President of the Russian Federation, orders of the Chairman of the Government of the Russian Federation and his deputies. The exceptions made from the general rules concern applicants to the Boards of Directors (Supervisory Boards) (BoD (SB)) and Audit Commissions (AC) of companies, as well as individuals and legal entities in case of their election as chief executive officer (CEO) of JSCs.

In this regard, it should be noted that the criteria approved in 2021 for each of the above-mentioned categories of top management, partially overlapping, are divided into two groups: (I) general, which are applied for the preliminary verification of the applicants' eligibility, and (II) additional, which are applied for the purpose of selecting applicants when several applicants meet all the general criteria.

The following criteria are no longer applicable to applicants to both the Board of Directors (BoD) and the Internal Audit Commission (IAC): (1) higher education corresponding to the objectives of the company's activities as stipulated (specified) in its constituent document or in the LDP, and (or) in a number of specialties and (or) areas of training,¹ and (2) approval of the candidate by the federal executive body, in consultation with which Rosimushchestvo exercises the rights of a shareholder (if the company is included in the special list). The criteria of (3) length of service, state civil service of the Russian Federation or municipal service,² and (4) absence, as of the date of election to the company's Board of Directors (BoD), of labor relations with a business entity that is a competitor of the company are no longer applicable to candidates to the company's BoD, including as a member of its collegial executive body,

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1. Included in the enlarged groups of specialties and (or) areas of higher education "Economics and Management", "Law", "Mathematical and Natural Sciences" or "Engineering, Technology and Technical Sciences".
 2. Differentiated depending on the company's income from the regular types of activities for the previous reporting period.

(5) no information in the license registers on the revocation of licenses granted to legal entities during the period when the applicant exercised the powers of their CEO and (or) member of their governing bodies in the three years preceding the selection.

The application of criteria for selecting applicants when several candidates meet all general criteria for both the Board of Directors (BoD)¹ and the IAC² has been entirely abolished.

The selection of applicants as sole chief executive officers of JSCs, which can be both individuals and legal entities, is more difficult to regulate. However, for the latter, differentiation is introduced depending on whether the sole executive body of a JSC is an individual or a legal entity.

The following criteria are no longer applicable to applicants who are individuals in the event of their election as CEO of a JSC from the set of preliminary verification criteria: (1) length of service, state civil service of the Russian Federation or municipal service,³ (2) absence in the license registers of information on annulment of licenses granted to legal entities during the period when the applicant exercised the powers of their EIO and (or) member of their governing bodies for the 10 years

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1. Including: for persons who exercised the powers of a member of the Board of Directors (SB) of the company in the reporting year preceding the selection, (1) availability of a report on the activities of representatives of the interests of the Russian Federation in the management bodies of JSCs whose shares are in federal ownership for the reporting year preceding the selection, prepared and posted in accordance with Decree of the Government of the Russian Federation No. 1214 dated 31.12.2010 in the company's personal account (PA) on the interdepartmental portal for state property management in the information and telecommunication network "Internet" (hereinafter — MV-portal) report on the activities of representatives of the Russian Federation's interests in the governing bodies of federally owned JSCs for the reporting year preceding the selection, (2) monitoring the placement of information on the MV-portal in accordance with the above-mentioned governmental decree of 2010 on the implementation of directives of the Government of the Russian Federation and Rosimushchestvo on the fulfillment of instructions of the President of the Russian Federation, the Government of the Russian Federation and on subsidiary economic agents in whose authorized capital more than 50% of shares are owned by JSCs with the aggregate share of the Russian Federation in the authorized capitals of the JSCs of over 50% for the reporting year prior to selection as well as (3) work (service) experience corresponding to the types of activities specified in the company's constituent document or in the company's DPR or the company's core activities specified in the Unified State Register of Legal Entities (hereinafter referred to as "activities"), (4) additional professional education (advanced training and (or) professional retraining) (hereinafter referred to as "APR") in the area of corporate management and (or) corresponding to the company's activities, (5) an academic degree, (6) compliance of the applicant's experience and skills with the personnel needs of the BoD (SB) specified in the company's documents regulating the policy of ensuring the succession of the BoD (SB) (if any), (7) professional property liability insurance.
 2. Including the existence of (1) work (service) experience that corresponds to the types of activities specified in the company's constituent document or in its DPR or the company's main type of activities specified in the Unified State Register of Legal Entities (hereinafter — types of activities), including as a member of the Audit Commission, (2) a diploma in corporate management and (or) finance, and (or) accounting, and (or) auditing, and (or) relevant to the company's activities, (3) an auditor's qualification certificate, (4) an academic degree.
 3. Differentiated depending on the company's income from ordinary activities for the previous reporting period.

preceding the selection. The following preliminary criteria are no longer applicable to applicants — legal entities (in terms of compliance with the CEO — applicant of a legal entity that is a natural person): (1) absence of administrative penalty in the form of disqualification, (2) absence of the applicant — an individual within 10 years preceding the selection, the fact of bringing to administrative responsibility for committing administrative offenses under Art. 14.12 and (or) 14.13 of the Code of the Russian Federation on Administrative Offenses (COAP), (3) absence of the fact of bringing to administrative responsibility for committing administrative offenses provided for by Chapters 14 and 15 of the Code of the Russian Federation on Administrative Offenses (except for administrative offenses provided for by Articles 14.12 and 14.13 of the COAP). In addition, for both categories, the criterion of higher education corresponding to the objectives of activity, stipulated (specified) in its constituent document or in the DPR and (or) for a number of specializations and (or) areas of training is now irrelevant.¹

The following preliminary criteria are no longer applicable to applicants of legal entities (if the CEO of the applicant-legal entity is a legal entity): (1) performance of activity on JSC management as CEO for more than three years preceding the selection, (2) availability of net profit according to the annual accounting (financial) statements during two reporting years preceding the selection, (3) absence of signs of insolvency (bankruptcy) in accordance with the legislation on insolvency (bankruptcy), (4) absence of the fact that the legal entity is in the liquidation or reorganization process (except for reorganization in the form of joining another legal entity to the applicant — legal entity) in accordance with the civil legislation, (5) absence of unfulfilled obligation to pay taxes, fees, insurance fees, penalties, fines, interest payable in accordance with the legislation on taxes and levies, (6) availability in the Unified State Register of Legal Entities of information on the legal entity's economic activity according to the All-Russian Classifier of Economic Activities (OKVED), which allows it to exercise the CEO powers, (7) absence in the license registers of information on annulment of licenses granted to legal entities during the period when the applicant — legal entity exercised the powers of their EIO for three years preceding the selection, (8) lack of applicant-legal entity more than three times within one year preceding the selection, the fact of bringing to administrative responsibility for administrative offenses under Chapters 14 and 16 of the Code of the Russian Federation on Administrative Offences.

The application of criteria for selecting applicants when several candidates meet all general criteria, both for individuals and legal entities, which overlapped in many respects, has been completely abolished.²

1. Included in the enlarged groups of specialties and (or) areas of higher education “Economics and Management”, “Law”, “Mathematical and Natural Sciences” or “Engineering, Technology and Technical Sciences”.

2. Including: for persons who exercised the powers of the CEO in the reporting year preceding the selection: (1) ensuring that information on the execution of directives of the RF Government and Rosimus-

The most important component of the HR policy is the regulation of top management remuneration.

In 2023, a new Regulation on the terms of remuneration of labor of CEOs, their deputies, chief accountants and members of collegial executive bodies of state corporations, state-owned companies and economic agents whose shares are owned by the Russian Federation was introduced. Incentive payments to executive officers were made contingent on the achievement of annual target values of key performance indicators (KPIs) on the basis of the methodological recommendations on the formation and application of key performance indicators for the activities of federally owned JSCs and certain non-profit organizations (NPOs) for the purpose of determining the amount of remuneration of their executive officers approved by the RF Government Edict No. 3579-r of 28.12.2020, methodological recommendations on the formation and application of key performance indicators for JSCs whose shares are in federal ownership and certain non-profit organizations (NPOs) for the purpose of determining the amount of remuneration for their management staff. Since then, the document has been amended several times. The most significant amendments and additions to the part concerning the regulation of top management remuneration were those adopted at the end of 2023.¹

They have been continued. The current version of the document, which appeared as a result of the RF Government Edict No. 2991-r of 24.10.2024, specified the mechanism of depreciation.

Unless otherwise provided for by the decision of the interdepartmental working group, the following indicators are established for responsible officials of the management and sole executive bodies of the organization.²

hchestvo on the execution of instructions of the RF President, the RF Government and on subsidiary economic companies in whose authorized capital more than half of the shares are owned by JSCs with an aggregate share of the RF in the authorized capitals of more than 50%, for the reporting year preceding the selection, (2) achievement by more than 85% of the target KPI values of the company's activities during the period when the applicant exercises the powers of its CEO, and if the applicant exercises the powers of its CEO, (3) ensuring that the company's KPI values are more than 85% of the target values during the period when the applicant exercises the powers of its CEO, and if the applicant exercises the powers of its CEO, (4) ensuring that the company's KPI values are more than 85% of the target values during the reporting year preceding the selection, (3) professional property liability insurance, (4) the applicant's proposals for the development of the company (draft program of the company's activities) for a period of at least one year. In addition, the CEO of the applicant — a legal entity, if he/she is a natural person, and (or) members of its collegial executive body should have met the criteria of having (5) work experience corresponding to the types of activities specified in the founding document of the company or in the company's DPR, or the main type of the company's activities specified in the Unified State Register of Legal Entities, (6) a diploma in the field of corporate management and (or) corresponding to the types of the company's activities, (7) an academic degree, (8) insurance of professional property liability.

1. Russian Economy in 2023. Trends and Outlooks (Issue 45). Gaidar Institute. — Moscow: Gaidar Institute Press, 2023, p. 312–314.
2. Effective for bonuses payable for achieving annual KPI targets by exactly 100%.

For the former, the disqualification for bonus amounts to: (1) 20% of the performance bonus for the year in case of untimely, incomplete or unreliable posting of information necessary for monitoring the achievement of KPIs¹ and functional KPIs,² (2) 10% of the performance bonus for the year in case of untimely or incomplete submission of materials necessary for consideration of the issue of approval of KPIs and functional KPIs at the meetings of the interdepartmental working group.

For the CEO, the disqualification for bonus shall be as follows: (1) 20% of the annual performance bonus in case of failure to achieve the results of the approved digital transformation strategy (program), (2) 20% of the annual performance bonus in case of non-compliance with the recommendations of the working group on improving the efficiency of the activities of organizations with state participation, including increasing the efficiency of budget expenditures and monitoring the debt load of such organizations, the Government Commission on Optimization and Increasing the Efficiency of Budget Expenditures related to the level of their operating expenses, and the Government Commission on Optimization and Increasing the Efficiency of Budget Expenditures.

Disqualification for bonus in the amount of 20% of the annual performance bonus in case of non-compliance with the requirements of the regulatory legal acts of the Russian Federation on the content of activity programs and reports on their implementation shall apply to the executive officer of a state corporation (SC), state company or public-law company (PLC) responsible for the preparation and monitoring of the implementation of the activity program of the SC (PLC), or the CEO of such organization.

The indicators of disqualification for bonus of the management staff established at the end of 2023 are now only additional, except for sanctions for untimely, incomplete or unreliable posting of information required for monitoring KPIs and functional KPIs (in the previous version — in the amount of at least 20% of the percent of incentive payments established for the reporting year).

To make decisions on payment of remuneration to officials of the organization's management staff, the following structure of incentive payments for the reporting year is established in its internal documents, unless otherwise agreed by the working group on budget sustainability.

In case of assessment of indicators achievement at the level of their limit values, the amount of annual performance bonus related to the achievement of annual target values of KPIs should be from 50 to 85% of incentive payments established for the reporting year, and the amount of annual bonus related to the achievement of annual target values of functional KPIs — from 15 to 50% of these payments.

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1. An indicator related to the strategic documents of the Russian Federation, as well as the strategic documents of the organization itself, on the basis of which its performance is assessed in order to determine the amount of remuneration of the management staff based on annual or quarterly results.
 2. An individual indicator established for the officers of the management staff personally and taking into account the specifics of the organization's activities supervised by them, characterizing the performance of the officers themselves or the implementation of individual significant projects.

A different structure of incentive payments requires approval by the working group on budget sustainability. Previously, the proportions (from 15 to 50% of incentive payments) related only to functional KPIs, being of a guideline nature.

In addition to the mechanism of management disqualification for bonus, the following changes and additions were made to the above-mentioned methodological recommendations for the end of 2020.

The wording of the national goals has been amended. Instead of referring to Presidential Executive Order No. 474 of 21.07.2020, they now include, in addition to the national development goals themselves, their target indicators defined by the President.

With regard to the bearing by an executive officer of an organization of responsibility for the achievement of a functional KPI, the range of grounds for its transfer to another employee performing his duties or to another official has been supplemented by a case where a decision has been made in accordance with the established procedure to change the official (service) duties of such persons, as a result of which duties, the performance of which directly affects the achievement of a functional KPI not related to the implementation of special significant projects, have been transferred to the official. The term of fulfillment of a duty should now be explicitly stated in calendar days.

For all categories of organizations covered by the methodological recommendations,¹ with regard to the financial, economic and sectoral KPIs to be established (while maintaining their previous number), a proviso has been introduced that otherwise may be stipulated by the decision of the interdepartmental working group.

In addition, a priority was introduced for posting information on actually achieved interim quarterly KPIs and functional KPIs on the MV-portal and in the state automated information system (SAIS) "Management", respectively, in cases when the basis for approval by the organization's management body of their composition, specific weight and annual target values provides for their establishment later than the standard deadlines. Reserve deadlines have also been introduced for the organization's annual submission of information on functional KPIs to the supervising federal executive body and its placement in the SAIS "Management".

In the new wording, not only when forming, but also when approving KPIs and functional KPIs, disqualification for bonus indicators, it should be impossible to adjust their composition, specific weight, target values for the past and current calculation years. The same applies to the calculation procedure.

Concluding the review of changes in the regulatory and legal framework for the governance of economic entities of the public sector, it is also worth noting the adjustment of the potential forms of borrowings by unitary enterprises. The amendment to the specialized law of 2002 (No. 161-FZ) deprives these organizations of the possibility to borrow by placing bonds or issuing promissory notes.

1. Including: (1) those operating in a competitive market, (2) natural monopoly entities and infrastructure organizations, (3) development institutions, (4) financial companies.

5.1.6. Budgetary efficiency of the government's property policy

In 2024, in contrast to the previous year, the federal budget revenues related in one way or another to state property demonstrated a marked growth, especially in terms of revenues from privatization and sale of state property (from non-renewable sources). The main reason was the emergence of a new source, namely, funds from the sale of confiscated property in the part of confiscated shares and other financial instruments.¹ Their substantial amount allowed to compensate for some decline in income from renewable sources, primarily, the decrease in dividend payments by companies with state participation.

Tables 4 and 5 present data on revenues contained in the reports on the execution of the federal budget in terms of the use of state property and its sale only for a certain range of material objects.²

1. Funds from the sale of confiscated property in terms of fixed assets and tangible stocks have for many years been included in the set of budget items from the sale of tangible assets. However, they did not allocate funds from the sale of property obtained in the course of corruption offenses, and funds from the sale of shares and other financial instruments as a source of income were absent at all. Its emergence should probably be attributed to a new trend in government policy in recent years (expansion of the practice of property confiscation as part of anti-corruption efforts, transfer of assets of a number of companies to the state as a result of court proceedings).
2. Out of consideration are left the following revenues: federal budget revenues received as payments for natural resources (including aquatic biological resources, revenues from the use of the forest fund and subsoil use), compensation for agricultural production losses associated with the withdrawal of agricultural land, as a result of financial transactions (revenues from the placement of budget funds (revenues from the balances of federal budget funds and from their placement, since 2006 also income from the management of the RF Stabilization Fund (since 2009 — the Reserve Fund and the National Welfare Fund), income from the placement of amounts accumulated in the course of auctions for the sale of shares owned by the Russian Federation), interest received from the granting of budget credits within the country at the expense of the federal budget, interest on state credits (receipts from foreign governments and their legal entities in payment of interest on credits granted to the Russian Federation), interest on state credits (receipts from the governments of foreign states and their legal entities in payment of interest on credits granted to the Russian Federation, receipts from legal entities (enterprises and organizations), constituent entities of the Russian Federation, municipalities to pay interest and guarantees on loans received by the Russian Federation from foreign governments and international financial organizations)), from the provision of paid services or compensation of state expenses, transfer of profits to the Central Bank of the Russian Federation, some payments from state and municipal enterprises and organizations (patent fees and registration fees for official registration of computer programs, databases and integrated circuit topologies and other receipts, which up to 2004 inclusive were a part of payments from state-owned organizations (except for income from the Vietsovpetro joint venture since 2001 and transfer of a part of profits of FGUEs since 2002)), income from the implementation of production sharing agreements (PSAs), income from the disposal and realization of confiscated and other property converted to state property (including property transferred to state property by inheritance or gift, or treasure), income from lotteries, other income from the use of property and rights owned by the federal government (income from the disposal of rights to the results of intellectual activity (R&D and technological works), military, special and dual-purpose, revenues from the disposal of rights to the results of scientific and technical activities owned by the Russian Federation, revenues from the operation and use of the property of highways, collection from the passage of motor vehicles registered in other countries, disposal of the exclusive right

In 2024, total revenues from renewable sources decreased by 8.6% year-on-year to Rb341.55 bn. This was mainly due to the payment of dividends to the budget (Rb307.8 bn), which decreased by more than 9% against the 2023 figure (Rb339.1bn), being lower than the 2018 level (Rb312.6 bn). At the same time, transfers of part of the profit by unitary enterprises increased by more than 1.7 times. Their absolute value — Rb11.4 bn. They renewed the previous maximum of 2016 (Rb9.5 bn).

Total revenues from federal property more than halved (to Rb5.9 bn).¹ This was mainly due to a radical decrease in revenues from the lease of property under operational management of federal government bodies and institutions created by them (excluding budgetary and autonomous ones) by almost 7-fold (down to Rb1.3 bn). Revenues from the lease of property constituting the treasury of the Russian Federation (excluding land plots) increased by 9.3% (to more than Rb4.3 bn). Revenues from this source were the maximum for the entire period since 2013, when revenues from the lease of treasury property were allocated. Their share in the total revenues from federal property exceeded 73%, which is comparable to 2021. The value of budget revenues from the use of land increased by 7.7% (around Rb15.9 bn).²

of the Russian Federation to the results of intellectual property in the field of geodesy and cartography, payment for the use of spatial data and materials that are not objects of copyright, contained in the federal fund of spatial data and other receipts from the use of property owned by the Russian Federation), as well as from authorized activities of organizations, credited to the federal budget, receipts from the sale of state reserves of precious metals and precious stones.

1. Including payment of amounts of unjust enrichment for the use of property (except for plots of land) owned by the federal government, the right to dispose of which in accordance with Russian legislation is granted to federal government agencies.
2. Along with revenues from land rent, as in the previous year, they include revenues received in the form of rent for land plots located in the right-of-way of federally owned public highways of federal significance (Rb13.3 mn), payment from the implementation of agreements on establishing easements in respect of land plots within the boundaries of the right-of-way of public roads of federal significance for the purposes of construction (reconstruction), capital repair and operation of road service facilities, laying, relocation, rearrangement and operation of utilities, installation and operation of advertising structures (Rb105 mn), payment under agreements on establishing easements concluded by federal executive authorities, state enterprises or institutions in respect of federally owned land plots (Rb300.6 mn), allocated from 2021 payment for public easements stipulated by the decision of the authorized body on establishing public easements in respect of federally owned plots of land (except for the plots that are in federal ownership and the exercise of the powers of the Russian Federation to manage and dispose of which are delegated to state authorities of the constituent entities of the Russian Federation) and not provided to citizens and legal entities (except for state authorities (state authorities), local government (municipal authorities), state extra-budgetary fund management authorities, and government agencies) (Rb5.2 mn), as well as the amount of unjust enrichment for the use of federally owned land plots, the right to dispose of which is granted to federal state bodies in accordance with Russian legislation (Rb366.8 mn), as of 2020, and, as of 2022, the payment received under a contract for granting the right to place and operate a non-stationary trade facility, install and operate advertising structures on federally owned land or land plots, and on federally owned land or land plots (Rb366.8mn).

Table 4

**Federal budget revenues from the state property use (renewable sources)
in 2000–2024, Rb mn**

Year	Total	Dividends on shares (2000–2023) and income from other forms of capital participation (2005–2023)	Rent payment for state-owned lands	Income from lease of state-owned property	Income from transfer of part of profit remaining after taxes and other obligatory payments by FSUEs	Revenues from other sources (2000–2007 and 2011– from activities of Vietsovpetro joint venture and 2018–2023 — from transfer of property into pledge, trust management)
2000	23244.5	5676.5	–	5880.7	–	11687.3 ^a
2001	29241.9	6478.0	3916.7 ^b	5015.7 ^c	209.6 ^d	13621.9
2002	36362.4	10402.3	3588.1	8073.2	910.0	13388.8
2003	41261.1	12395.8	10276.8 ^e		2387.6	16200.9
2004	50249.9	17228.2	908.1 ^f	12374.5 ^g	2539.6	17199.5
2005	56103.2	19291.9	1769.2 ^h	14521.2 ⁱ	2445.9	18075.0
2006	69173.4	25181.8	3508.0 ^h	16809.9 ^j	2556.0	21117.7
2007	80331.85	43542.7	4841.4 ^h	18195.2 ⁱ	3231.7	10520.85
2008	76266.7	53155.9	6042.8 ^h	14587.7 ⁱ	2480.3	–
2009	31849.6	10114.2	6470.5 ^h	13507.6 ⁱ	1757.3	–
2010	69728.8	45163.8	7451.7 ^h	12349.2 ⁱ	4764.1	–
2011	104304.0	79441.0	8210.5 ^h	11241.25 ^j	4637.85	773.4
2012	228964.5	212571.5	7660.7 ^k	3730.3 ^j	5002.0	–
2013	153826.25	134832.0	7739.7 ^k	4042.7 ^j + + 1015.75 ^m	6196.1	–
2014	241170.6	220204.8	7838.7 ^k	3961.6 ^j + + 1348.5 ^m	7817.0	–
2015	285371.1	259772.0	9032.3 ^k	5593.8 ^j + + 1687.8 ^m	9285.2	–
2016	946723.35/ 254328.3 ^o	918969.1/ 226574.1 ^o	9412.4 ^k	5843.25 ^o + + 3026.7 ^m	9471.9	–
2017	275168.2	251327.0	9825.1 ^k	5318.4 ^o + + 2857.7 ^m	5840.0	–
2018	333396.13	312565.8	9783.0 ^k	1988.6 ^o + + 2922.6 ^m	6136.0	0.13
2019	465974.25	441620.4	12051.65 ^k	1290.4 ^o + + 3239.2 ^m	7616.9	155.7
2020	451764.45	422667.6	10498.7 ^k	7655.3 ^o + + 2509.2 ^m + + 28.8 ^p	8404.7	0.145
2021	364634.8	339493.2	12719.5 ^k	1207.7 ^o + + 3615.4 ^m + + 24.1 ^p	7572.4	2.481
2022	777989.3	753471.6	13827.9 ^k	1209.2 ^o + + 3494.8 ^m + + 876.4 ^p	5078.0	31.4
2023	373699.95	339056.9	14756.9 ^k	9016.1 ^o + + 3965.5 ^m + + 224.2 ^p	6564.25	116.1
2024	341550.3	307783.2	15894.3 ^k	1303.7 ^o + + 4334.5 ^m + + 272.0 ^p	11367.5	595.1

^a According to the data of Rosimushchestvo, the law on the federal budget execution for 2000 did not include a separate line, but indicated the amount of payments from state enterprises (Rb 9887.1 mn) (without specific components).

^b The amount of rent paid (1) for agricultural land and (2) for land of cities and towns.

^c The amount of income from renting out property assigned to (1) scientific organizations, (2) educational institutions, (3) health care institutions, (4) state museums, state cultural and art institutions, (5) archival institutions,

- (6) the Ministry of Defense of the Russian Federation, (7) organizations of the Ministry of Railways of the Russian Federation, (8) scientific service organizations of academies of sciences with state status and (9) other income from renting out state-owned property.
- ^d According to Rosimushchestvo, in the law on execution of the federal budget for 2001 they were not allocated as a separate line, the value coincided with the value of other income in payments from state and municipal organizations.
- ^e Total income from leasing out state-owned property (without land rent).
- ^f The amount of rent payment (1) for lands of cities and settlements and (2) for lands owned by the federal government after delimitation of state ownership of land.
- ^g The amount of income from renting out property assigned to (1) scientific organizations, (2) educational institutions, (3) health care institutions, (4) state institutions of culture and art, (5) state archival institutions, (6) postal institutions of the federal postal service of the Ministry of Communications and Informatization of the Russian Federation, (7) scientific service organizations of academies of sciences with state status and (8) other income from renting out property owned by the federal government.
- ^h Rent after delimitation of state ownership of land and funds from the sale of the right to conclude lease agreements for federally owned land (except for land plots of federal autonomous (2008–2011) and budgetary (2011) institutions).
- ⁱ Income from the lease of property under operational management of federal government bodies and institutions created by them and under the economic management of federal state unitary enterprises: property transferred under operational management to (1) state-owned scientific institutions, (2) scientific service institutions of the Russian Academy of Sciences and branch academies of sciences, (3) educational institutions, (4) health care institutions, (5) federal postal service institutions of the Federal Communications Agency, (6) state cultural and art institutions, (7) to state archival institutions and (8) other income from leasing out property under operational management of federal government bodies and institutions created by them and under economic management of FSUEs¹ (for 2006–2009 without income from authorized activities and use of federal property located outside the territory of the Russian Federation, received abroad, which was not allocated at all in previous years²).
- ^j Income from the lease of property under operational management of federal government bodies and institutions created by them (except for autonomous and budgetary institutions): transferred for operational management to (1) scientific institutions having state status, (2) scientific service institutions of the Russian Academy of Sciences and branch academies of sciences, (3) educational institutions, (4) health care institutions, (5) state institutions of culture and art, (6) state archival institutions, (7) property under operational management of the Ministry of Defense and its subordinate agencies (2010), (8) federally owned property managed by the Presidential Property Management Directorate (2010), and (9) other income from leasing out property under operational management of federal government bodies and agencies created by them (without income from authorized activities and use of federal property located outside the territory of the Russian Federation received abroad).
- ^k rent payment after delimitation of state ownership of land and funds from the sale of the right to conclude lease agreements for federally owned land (except for land plots of federal budgetary and autonomous institutions), as well as (1) rent payment for land plots located in the right-of-way of federally owned public highways of federal significance (2012–2024), (2) payment from the implementation of agreements on the establishment of easements over the land plots within the boundaries of the right-of-way of public roads of federal significance for the construction (reconstruction), capital repair and operation of road service facilities, laying, relocation, rearrangement and operation of engineering communications, installation and operation of advertising structures (2012 and 2014–2024), (3) payment under agreements to establish easements over the land parcels owned by the federal government (2015–2024), (4) payment for a public easement provided for by a decision of an authorized body to establish a public easement over land parcels owned by the federal government (2021–2024), (5) the amount of unjust enrichment for the use of federally owned land plots, the right to dispose of which in accordance with Russian legislation is granted to federal government agencies (2020–2024), (6) payment received under the contract for granting the right to place and operate a non-stationary trade facility, installation and operation of advertising structures on federally owned lands or land plots and on lands or land plots whose state ownership is not delimited (2022–2024).
- ^l Income from leasing out property under operational management of federal government bodies and institutions created by them (except for budgetary and autonomous institutions): property transferred to operational manage-

1. In 2008–2009, the Federal State Unitary Enterprises (FSUEs) as a source of income from renting out property under their economic management was not mentioned, and leasing out property under the operational management of federal government bodies and institutions created by them excludes property of federal autonomous institutions.
2. According to the Rosimushchestvo, revenues from the use of federal property located abroad (in addition to revenues from the share of the Russian participant in the Vietsovpetro JV) amounted to Rb315 mn in 1999 and Rb440 mn in 2000. Subsequently, the main role in organizing the commercial use of federal property abroad was played by the Federal State Unitary Enterprise “Enterprise for Management of Property Abroad”.

ment of state-owned (1) scientific institutions, (2) educational institutions, (3) health care institutions, (4) state cultural and art institutions, (5) state archival institutions, (6) other income from leasing out property under operational management of federal government agencies, (7) federal government agencies, the Bank of Russia and state non-budgetary fund management agencies of the Russian Federation, (8) federal government agencies (2015 only) (without income from the use of federal property located outside the territory of the Russian Federation received abroad).

^m Income from leasing out property constituting the treasury of the Russian Federation (except for the land plots).

ⁿ Excluding funds received from sale of Rosneft shares (Rb 692.395 bn) (excluding payment of interim dividends).

^o The data for 2016–2024 are given in aggregated form without distinguishing groups of institutions by industry. The generalized classification includes only 2 categories of income depending on the recipient of rental income (federal state bodies, the Bank of Russia and bodies managing state non-budgetary funds of the Russian Federation and federal treasury institutions).

^p Amount of unjust enrichment for the use of federally owned property (except for land plots), the right to dispose of which is granted to federal government bodies in accordance with Russian legislation.

Sources: Federal Budget Execution laws for 2000–2014; Federal Budget Execution reports as of January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022, January 1, 2023, January 1, 2024 (annual); Federal Budget Execution Report as of January 1, 2025 (monthly), URL: <http://roskazna.gov.ru>; Own calculations.

Table 5

Federal budget revenues from privatization and sale of property (non-renewable sources) in 2000–2024, Rb mn.

Year	Total	Sale of shares owned by the federal government (2000–2022) and other forms of participation in the capital (2005–2023) ^a	Sale of plots of land	Sale of various property (excluding movable property of budgetary and autonomous institutions, as well as property of state unitary enterprises, including state-owned enterprises)
2000	27167.8	26983.5	–	184.3 ^b
2001	10307.9	9583.9	119.6 ^c	217.5 + 386.5 + 0.4 (IAs) ^d
2002	10448.9	8255.9 ^e	1967.0 ^f	226.0 ^g
2003	94077.6	89758.6	3992.3 ^h	316.2 + 10.5 ⁱ
2004	70548.1	65726.9	3259.3 ^j	197.3 + 1364.6 + 0.04 (IAs) ^k
2005	41254.2	34987.6	5285.7 ^l	980.9 ^m
2006	24726.4	17567.9	5874.2 ^l	1284.3 ⁿ
2007	25429.4	19274.3	959.6 ^o	5195.5 ^p
2008	12395.0	6665.2+29.6	1202.0 ^q	4498.2 + 0.025 (IAs) ^r
2009	4544.1	1952.9	1152.5 ^q	1438.7 ^r
2010	18677.6	14914.4	1376.2 ^q	2387.0 + 0.039 (IAs) ^r
2011	136660.1	126207.5	2425.2 ^q	8027.4 ^r
2012	80978.7	43862.9	16443.8 ^q	20671.7 + 0.338 (IAs) ^r
2013	55288.6	41633.3	1212.75 ^q	12442.2 + 0.310 (IAs) ^r
2014	41155.35	29724.0	1912.6 ^q	9517.7 + 1.048 (IAs) ^r
2015	18604.1	6304.0	1634.55 ^q	10665.5 + 0.062 (IAs) ^r
2016	416470.5	406795.2	2112.7 ^q	7562.6 + 0.012 (IAs) ^r
2017	21906.7	14284.5	1199.6 ^q	6421.3 + 1.3 (IAs) ^r
2018	28252.0	12787.5	1660.6 ^q	13803.7 + 0.2 (IAs) ^r
2019	20129.3	11527.5	1647.5 ^q	6954.3 ^r
2020	27961.5	12570.7	3235.5 ^q	11247.2 + 1.9 (IAs) ^r + 906.2 ^s
2021	20234.05	5272.0	2455.6 ^q	11460.6 ^r + 1045.85 ^s
2022	20636.0	7792.5	1733.9 ^q	10175.2 ^r + 934.4 ^s
2023	43090.6	27278.5	3022.5 ^q	11112.8 ^r + 1676.8 ^s
2024	36396.2/ 151057.1 ^t	16425.4 + 114430.2 ^u	5693.3 ^q	12448.0 ^r + 1829.5 ^s + 230.7 ^v

^a Referred to the sources of internal funding of the federal budget deficit, the amount of Rb 29.6 mn for 2008 (according to the Federal Budget Execution Report as of January 1, 2009) is referred to the federal budget revenues, but it is absent in the Law on the Execution of the Federal Budget for 2008.

^b Proceeds from privatization of state-owned organizations, attributable to sources of internal financing of the federal budget deficit.

^c Income from the sale of plots of land and leasehold rights to state-owned plots of land (including those on which privatized enterprises are located), attributable to federal budget revenues.

- ^d The amount of proceeds from (1) the sale of federal property attributable to sources of internal funding of the federal budget deficit, (2) proceeds (i) from the sale of apartments, (ii) from the sale of state production and non-production funds, vehicles, other equipment and other tangible assets, as well as (3) proceeds from the sale of intangible assets (IA) attributable to federal budget revenues.
- ^e Including Rb 6 mn from sale of shares owned by subjects of the Russian Federation.
- ^f Income from the sale of land and intangible assets, the amount of proceeds from which was not separately identified, attributable to the revenues of the federal budget.
- ^g Proceeds from the sale of state-owned property (including Rb 1.5 mn from the sale of property owned by the subjects of the Russian Federation) attributable to sources of internal funding of the federal budget deficit.
- ^h Includes proceeds: (1) from the sale of plots of land on which real estate objects that were in federal ownership before alienation are located, which are credited to the federal budget, (2) from the sale of other plots of land, as well as from the sale of the right to conclude lease agreements, (3) from the sale of plots of land after delimitation of land ownership, as well as from the sale of the right to conclude lease agreements, which are credited to the federal budget and are classified as sources of internal financing of the federal budget deficit.
- ⁱ The sum of (1) proceeds from the sale of property owned by the federal government, which are classified as sources of internal funding of the federal budget deficit, and (2) proceeds from the sale of intangible assets, which are classified as federal budget revenues.
- ^j Includes receipts: (1) from the sale of plots of land prior to the delimitation of state ownership of land on which real estate objects that were in federal ownership prior to alienation are located, which are credited to the federal budget, (2) from the sale of other land plots, as well as from the sale of the right to conclude lease agreements, (3) from the sale of plots of land after the delimitation of state ownership of land, as well as from the sale of the right to conclude lease agreements, which are credited to the federal budget, attributed to the sources of internal funding of the federal budget deficit.
- ^k The amount of (1) proceeds from the sale of property owned by the federal budget, which are classified as sources of internal funding of the federal budget deficit, (2) proceeds (i) from the sale of apartments, (ii) from the sale of equipment, vehicles and other tangible assets, which are credited to the federal budget, (iii) from the sale of ship recycling products, (iiii) from the sale of property of state-owned enterprises, institutions and military property, (iiiii) from the sale of recycling products of armaments, military equipment and ammunition, (3) income from the sale of intangible assets (IA) attributable to federal budget revenues.
- ^l includes proceeds: (1) from the sale of plots of land prior to the delimitation of state ownership of land on which real estate objects that were in federal ownership prior to alienation are located, (2) from the sale of plots of land after the delimitation of state ownership of land, which are transferred to the federal budget, (3) from the sale of other plots of land owned by the state prior to the delimitation of state ownership of land and not intended for housing construction (the latter clarification concerns 2006 only) attributable to the sources of funding of the federal budget deficit.
- ^m Income from the sale of tangible and intangible assets (net of federal budget funds from the disposal and sale of confiscated and other property turned to state income), includes income (i) from the sale of apartments, (ii) from the sale of property of FSUEs, (iii) from the sale of property under the operational management of federal institutions, (iiii) from the sale of military property, (iiiii) from the sale of products for the utilization of weapons, military equipment and ammunition, (iiiii) from the sale of other property owned by the federal government, and (iiiii) from the sale of intangible assets attributable to federal budget revenues.
- ⁿ Income from the sale of tangible and intangible assets (without income in the form of the government's share of profitable production under production sharing agreements (PSAs) and federal budget funds from the disposal and sale of escheated, confiscated and other property converted to state income), includes income (i) from the sale of apartments, (ii) from the sale of property of Federal State Unitary Enterprises, (iii) from the sale of property under the operational management of federal institutions, (iiii) sale of military property, (iiiii) sale of products from the utilization of armaments, military equipment and ammunition, (iiiii) revenues from the sale of other property owned by the federal budget, attributable to federal budget revenues.
- ^o Proceeds from the sale of plots of land after delimitation of land ownership, which were in federal ownership, attributed to the sources of funding of the federal budget deficit.
- ^p income from the sale of tangible and intangible assets (without income in the form of the government's share of profitable production under production sharing agreements (PSAs) and federal budget funds from the disposal and sale of escheated, confiscated and other property converted to government revenue, funds from the sale of sequestered timber), includes income (i) from the sale of apartments, (ii) from the sale of property of FSUEs, (iii) from the sale of property under the operational management of federal institutions, (iiii) from the sale of released movable and immovable military and other property of federal executive authorities, which provide for military and equivalent service, (iiiii) from the sale of military products from the availability of federal executive authorities within the framework of military-technical cooperation, (iiiii) revenues from the sale of other property owned by the federal government, attributable to federal budget revenues.
- ^q Income from the sale of federally owned plots of land (excluding plots of land used by federal budgetary and autonomous institutions) (except for 2019–2024), attributable to federal budget revenues, and for 2015 and 2021–2024 also payment for the increase in the area of privately owned plots of land as a result of redistribution of such plots of land and federally owned plots of land.
- ^r income from the sale of tangible and intangible assets (without income in the form of the state's share of profitable production under production sharing agreements (PSA), federal budget funds from the disposal and sale

of escheat, confiscated and other property turned to state income, funds from the sale of sequestered timber (2008–2011), income from the release of tangible assets from the state stock of special raw materials and fissile materials, (in terms of revenues from sales, temporary borrowing and other use), as well as for 2012–2024, without funds from the sale of timber obtained during the implementation of measures for the protection, conservation, reproduction of forests when placing a state order for their implementation without the sale of forest plantations for timber harvesting, as well as timber obtained during the use of forests located on forest lands, in accordance with Articles 43–46 of the Forest Code of the Russian Federation, income from the sale of seeds of forest plants from their insurance funds (2024), from commodity interventions from the stocks of the federal intervention fund of agricultural products, raw materials and foodstuffs, from the release of material assets from the state reserve, from the involvement of convicts in paid labor (in terms of the sale of finished products), from the sale of products of special storage) include income: (i) from the sale of apartments (except for 2024),¹ (ii) from the sale of property under operational management of federal institutions (except for autonomous and budgetary ones (2011–2024), minus funds received from activities carried out by foreign institutions (2015–2024), (iii) from the sale of released movable and immovable military and other property of federal executive authorities, which provide for military and equivalent service, (iiii) from the sale of products for the utilization of weapons, military equipment and ammunition, (iiiii) from the sale of military products from the availability of federal executive bodies within the framework of military-technical cooperation (2008 and 2010–2023), (iiiii) from the sale of products for the utilization of weapons and military equipment within the framework of the federal target program “Industrial utilization of weapons and military equipment (2005–2010)” (up to and including 2017), (iiiii) income from the sale of the real estate of budgetary and autonomous institutions (2014–2018 and 2020–2024), (iiiii) income from the sale of other federally owned property, as well as income from the sale of intangible assets (IA) attributable to the federal budget revenues.

^s Income from privatization of property owned by the Russian Federation in terms of non-financial assets of the treasury property.

^t In the denominator, taking into account funds from the sale of confiscated assets.

^u From the sale of confiscated shares and other financial instruments, including those obtained in the course of corruption offenses.

^v From the sale of confiscated property (in terms of fixed assets and inventories) obtained as a result of corruption offenses and from the sale of property converted by court decision to the income of the Russian Federation, in respect of which no evidence of its acquisition on legitimate income was provided in accordance with the legislation of the Russian Federation on combating corruption.

Sources: Laws on the execution of the federal budget for 2000–2014; Reports on the execution of the federal budget as of January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022, January 1, 2023, January 1, 2024 (annual); Report on the execution of the federal budget as of January 1, 2025 (monthly). URL: <http://roskazna.gov.ru>; own calculations.

In the overall structure of federal budget revenues generated from renewable sources, as a year earlier, dividends prevailed (about 90%), remaining approximately at the level of 2023 (90.7%). Among other sources, it is worth noting a halving of the share of property payments from 3.5% to 1.7%, with a slight increase in the share of land payments to 4.7% (3.9% a year earlier) and profits transferred by FGUPs to 3.3% (about 1.8% a year earlier).²

Turning to the analysis of the federal budget revenues from privatization and sale of state property (*Table 5*), it should be noted that since 1999 the revenues

1. Unlike many previous years, the 2024 preliminary reporting does not allocate funds from apartment sales.
2. For several years now, in the classification of federal budget revenues generated by the use of property, there has been another source — funds received from the transfer of federally owned property (except for the property of federal budgetary and autonomous institutions, as well as the property of federal state unitary enterprises, including state-owned ones), in pledge, in trust management. Its role in the structure of revenues generated by the renewable sources remains insignificant, although by its absolute value (Rb 595.1 mn) it is quite comparable to the amounts of unjust enrichment for the use of federally owned property, including land plots.

from the sale of the main part of such assets (shares, and in 2003–2007 also plots of land¹) have been referred to the sources of financing its deficit.

Proceeds from the sale of shares fell by 40% (to Rb16.4 bn), which in the entire time interval after 2017 is second only to the value for 2023. Proceeds from the sale of plots of land increased almost 1.9 times, amounting to about Rb5.7 bn.² This value became the maximum for the entire period after 2012, being comparable to the level of 2005–2006. Revenues from the sale of various property also increased (by 11.6%), and their absolute value amounted to about Rb14.3 bn, including revenues from the privatization of property owned by the Russian Federation in terms of non-financial assets of the Treasury (Rb1,829.5 mn).

As a result, the absolute value of federal budget revenues of property nature for a comparable range of non-renewable sources in 2024 decreased by 15.5%, amounting to about 36.4 bn. rubles. The most significant item of revenues was the sale of shares—about 45% (in 2023—more than 63%), the sale of property accounted for more than 39%³ (in 2023—about 30%), and the sale of land—15.6% (in 2023—7%).

However, the picture of budget revenues changes radically when funds from the sale of confiscated property are taken into account. As regards confiscated shares and other financial instruments, they amounted to Rb114.4 bn, including Rb76.5 bn from the sale of shares and other financial instruments obtained in the course of corruption offenses (or 2/3) and Rb37.9 bn from the sale of shares and other financial instruments, except for those obtained in the course of corruption offenses (or 1/3). A small amount (Rb230.7 mn) is added by the sale of confiscated property obtained as a result of corruption offenses and the sale of property converted by court decision to the income of the Russian Federation, in respect of which no evidence of its acquisition on legitimate income was presented in accordance with the Russian anti-corruption legislation as regards the sale of fixed assets and inventories.⁴

Taking into account these revenues, the aggregate value of the federal budget revenues of a property nature from non-renewable sources reaches about Rb151.1 bn. The sale of shares together with other financial instruments unambiguously dominates in the aggregate structure of revenues (86.6%). The share of revenues from other sources becomes insignificant: from the sale of property—9.6%, land—3.8%.

1. In 2003–2004, considering the sale of leasehold rights.

2. Including revenues from the sale of federally owned plots of land used by budgetary and autonomous institutions (Rb33.4 mn). In 2023 they amounted to Rb19.6 mn, in 2022—Rb4.4 mn, in 2021—Rb76.4 mn, 2020—Rb298.3 n.

3. Including income from privatization of property owned by the Russian Federation in terms of non-financial assets of the treasury (5%).

4. It should be noted that a broader definition is used in budget reporting in relation to their realization. It includes not only property obtained as a result of corruption offenses (as in the case of shares and other financial instruments), but also property for which no evidence of its acquisition with legitimate income has been presented.

As a result, the total amount of federal budget revenues from privatization (sale) and use of state property in 2024 (*Table 6*) compared to the previous year increased by more than 18% (up to Rb 492.6 bn), exceeding the level of 2019–2020.

Table 6

Structure of federal budget revenues of property nature from various sources in 2000–2024

Year	Total revenues from privatization (sale) and use of state property		Proceeds from privatization and sale of property (non-renewable sources)		Revenues from the use of state property (renewable sources)	
	Rb mn	As % of total	Rb mn	As % of total	Rb mn	As % of total
2000	50412.3	100.0	27167.8	53.9	23244.5	46.1
2001	39549.8	100.0	10307.9	26.1	29241.9	73.9
2002	46811.3	100.0	10448.9	22.3	36362.4	77.7
2003	135338.7	100.0	94077.6	69.5	41261.1	30.5
2004	120798.0	100.0	70548.1	58.4	50249.9	41.6
2005	97357.4	100.0	41254.2	42.4	56103.2	57.6
2006	93899.8	100.0	24726.4	26.3	69173.4	73.7
2007	105761.25	100.0	25429.4	24.0	80331.85	76.0
2008	88661.7	100.0	12395.0	14.0	76266.7	86.0
2009	36393.7	100.0	4544.1	12.5	31849.6	87.5
2010	88406.4	100.0	18677.6	21.1	69728.8	78.9
2011	240964.1	100.0	136660.1	56.7	104304.0	43.3
2012	309943.2/ 469243.2 ^a	100.0	80978.7/ 240278.7 ^a	26.1/ 51.2 ^a	228964.5	73.9/ 48.8 ^a
2013	209114.85	100.0	55288.6	26.4	153826.25	73.6
2014	282325.95	100.0	41155.35	14.6	241170.6	85.4
2015	303975.2	100.0	18604.1	6.1	285371.1	93.9
2016	1363193.85/ 670798.85 ^b	100.0	416470.5	30.6/ 62.1 ^b	946723.35/ 254328.35	69.4/ 37.9 ^b
2017	297074.9	100.0	21906.7	7.4	275168.2	92.6
2018	361648.13	100.0	28252.0	7.8	333396.13	92.2
2019	486103.55	100.0	20129.3	4.1	465974.25	95.9
2020	479725.95	100.0	27961.5	5.8	451764.45	94.2
2021	384868.85	100.0	20234.05	5.3	364634.8	94.7
2022	798625.3	100.0	20636.0	2.6	777989.3	97.4
2023	416790.55	100.0	43090.6	10.3	373699.95	89.7
2024	492607.4	100.0	151057.1	30.7	341550.3	69.3

^a Taking into account the funds received by the Central Bank of the Russian Federation from the sale of Sberbank shares (Rb 159.3 bn), which probably slightly overestimates the aggregate share of non-renewable sources due to the fact that the budget did not receive these funds in full, but minus their book value and the amount of expenses related to the sale of these shares. Accordingly, the share of renewable sources is probably slightly underestimated.

^b excluding funds received from sale of Rosneft shares (Rb 692.395 bn) (net of interim dividends paid).

Sources: Laws on the execution of the federal budget for 2000–2014; Reports on the execution of the federal budget as of January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022, January 1, 2023, January 1, 2024 (annual); Report on the execution of the federal budget as of January 1, 2025 (monthly). URL: <http://roskazna.gov.ru>; own calculations.

The structure of total revenues from privatization (sale) and use of state property for the second year in a row shifted noticeably towards the former. Their share almost tripled (up to 30.7%), which is comparable to the level of 2016, when a deal was concluded on the sale of Rosneft shares, the proceeds from which went to the federal budget in the form of dividends from Rosneftegaz.

The share of revenues from the use of state property fell below 70%. In terms of absolute value, they fell below the 2021 level, slightly exceeding the 2018 indicator. Revenues from privatization and sale of property for the entire period since the early 2000s were second in absolute value only to the figures of 2012 and 2016, when the sale of Sberbank and Rosneft shares took place, respectively.

* * *

In the past year, the situation in the sphere of property relations was characterized by a pronounced re-distributional trend, which affected both the privatization and the management of state property, including financial results.

The Projected Plan (Program) of Privatization (PPP) of federal property, supplemented by some assets transferred into the ownership of the state as a result of court proceedings in 2022–2024, for the first time lost the role of the main instrument of privatization policy. It accounted for only 1/4 of all sold packages of shares (stakes) in economic agents. The rest were realized by separate governmental decisions. Taking into account this circumstance, the total number of sold blocks of shares (stakes) increased more than threefold compared to 2023 and turned out to be comparable to what was realized in three years (2020–2022). At the same time, the number of sold objects of the Treasury within the framework of the privatization program decreased fourfold. However, taking into account the privatization of property without its inclusion in the PPP (according to the list approved by the Ministry of Finance), it increased by about a quarter.

Under an individual scheme (Section I of the PPP), a full block of shares in MMTP was contributed to the authorized capital of a new company, where the state's share is less than half, with the prospect of its purchase by a strategic investor under a number of conditions. Among other transactions, the sale of Rosspirtprom Holding stands out, which, although not one of the largest privatizations in the forecast plan, was among the three most expensive assets sold since 2020 (about Rb 8.3 bn).

The quantitative parameters of the current version of the privatization program, which appeared after the next extension of the start and end dates of implementation by 1 year, do not differ much from the previous forecast plan, except for a more than halving of the number of economic agents included in the program. At the same time, for the first time in many years there is no mention of the possibility of privatization of the largest companies occupying a leading position in the relevant industries on the basis of individual decisions of the President of the Russian Federation and the Government of the Russian Federation.

The basic law on privatization replaced one method of privatization with another. Instead of the previous sale of property without price announcement, the sale of state and municipal property at the minimum permissible price was introduced in case its realization through public offering failed.

The advantages of the new method are in setting the minimum price depending on the price of the initial offer established during the failed sale by means of public offer, in strengthening the competition due to the appearance of elements of auction bidding, in the introduction of penalties in case of refusal or evasion of the buyer to conclude a purchase and sale agreement. It is also obvious that this innovation is aimed at increasing budgetary efficiency in the typical sale of low-liquid assets.

Much more significant changes concerning privatization appeared with the approval of the Rules of alienation of federal property in order to create an environment for attracting investments, stimulating the development of the stock market, modernization and technological development of the economy. This category of assets has been excluded from the law on privatization since 2010. Now the procedure of their alienation is regulated in detail, which, however, does not provide a proper guarantee of transparency in making specific decisions.

The dynamics of the number of economic entities belonging to the federal property was contradictory and multidirectional.

Despite the actual freezing of FSUEs corporatization in the past calendar year, a comparison of June 2023 and June 2024 values from the projected privatization plans demonstrates that their number has decreased by about 3% over this period. This clearly contrasts with the approach of the normatively established deadline for the transformation of all unitary enterprises and a sharp increase in the number of economic companies, the entire capital of which is in federal ownership, which can be interpreted as the effect of intensive corporatization of unitary enterprises in previous years.

In the corporate sector, on the contrary, the presence of the state at the federal level for the first time seriously expanded. Over the year, the total number of economic agents with state participation increased by almost 29%, exceeding the level of the end of the fall of 2021.

The analysis of the federal portfolio shows that the total share of companies where the state as a shareholder could exercise full-fledged corporate control exceeded 3/4 for the first time after 2016, mainly due to the increase in the number of economic agents with a full federal shareholding. By the early summer of 2024, it turned out to be the maximum for the previous 5-year period, amounting to about 500 units. At the same time, the number of economic agents with a controlling (from 50 to 100% of the capital) federal shareholding has also increased, which, being inferior by almost an order of magnitude to the number of companies with a full state shareholding, has almost doubled compared to the beginning of 2019.

The latter is probably a consequence of a wave of lawsuits in recent years, which resulted in the transfer of assets of a number of companies to the state. In the sec-

toral context, court proceedings have shifted towards metallurgy, machine-building, and food industry.

The practice of temporary management of assets of a number of foreign companies associated with unfriendly states was significantly expanded. During the year the number of legal entities on the relevant list more than tripled, exceeding 40 units. So far, there have been only a few cases of removal from the list.

With minimum changes in the list of strategic organizations during the entire period of its 20-year existence, important innovations in the management of economic agents of the public sector continued.

Methodological recommendations for the development and approval of development strategies for joint-stock companies (JSCs) whose shares are owned by the Russian Federation and FSUEs have been approved. The structure of these documents is described in detail. The procedure of their approval is based on the interaction between the management bodies of the organizations themselves and the executive authorities involved in the implementation of the rights of the owner on the part of the state, is set in time frames and is differentiated in a certain way depending on the characteristics of the organizations that are the objects of managerial influence.

With regard to the personnel policy, most of the criteria approved in 2021 were abolished with respect to candidates to the management bodies of JSCs, the shares of which are in federal ownership, in case of their election in fulfillment of orders or instructions of the President of the Russian Federation, orders of the Chairman of the Government of the Russian Federation and his deputies. Exceptions to the general rules concern candidates to the Boards of Directors (Supervisory Boards) and Audit Commissions (AC) of companies, as well as individuals and legal entities in case of their election as chief executive officers (CEOs) of JSCs.

Amendments to the Methodological Recommendations on the Formation and Application of Key Performance Indicators (KPIs) for JSCs with state participation and individual NPOs, which appeared at the end of 2020, among other changes, specified the mechanism for the disqualification for bonus responsible officials of the management staff (10 or 20% of the annual performance bonus depending on the nature of the violation).

In the structure of federal budget revenues generated by privatization (sale) and use of state property, as a year earlier, revenues from renewable sources prevailed. However, their share decreased to less than 70% against approximately 90% in 2023, mainly due to the sale of confiscated property in terms of shares and other financial instruments. This made it possible to compensate for a 40% drop in revenues from the ordinary sale of shares (stakes) in economic agents. The main part of property income continued to be dividends transferred to the budget, the volume of which decreased by 9%, falling below the level of 2018. Revenue from most other sources showed growth. The revenues from the sale of plots of land and transfer of part of the profit by unitary enterprises increased especially noticeably.