

Khloponin Presses for Caucasus Investor Guarantees

By [The Moscow Times](#)

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SOCHI ✕ The Kremlin's envoy to the North Caucasus said Friday that private investors could sink billions of dollars into the volatile region if the government agreed to provide guarantees for those investments.

Despite pouring money into the region, the Kremlin has struggled to curb the unemployment, corruption and poverty that analysts say drive youths to join Islamist insurgents. The government now says it wants more investment.

Alexander Khloponin, a former business executive appointed by President Dmitry Medvedev to deal with a region that he has called Russia's biggest domestic problem, said \$16 billion in public and private investment could be generated over the next five years if guarantees were forthcoming.

"The biggest problem we are facing is not a lack of projects, but a lack of state guarantees that

can lower investment risks," the deputy prime minister told an investment forum in Sochi.

"We need to give investors guarantees of up to 70 percent of invested funds," Khloponin said. "This is a serious chance for investors to lower risks when investing in the North Caucasus."

Of the \$16 billion, he said about \$1.9 billion would come from the government and the remainder would come from private investors.

At an August meeting with the president, Khloponin complained to Medvedev that the Finance Ministry was asking for collateral on state guarantees, saying the impoverished republic of Dagestan could only pledge "50,000 hectares of minefields."

Khloponin said a delegation from the North Caucasus would soon travel to Saudi Arabia and United Arab Emirates to meet sovereign wealth funds and private investors. He said Russia was closely watching Turkey's experience in Kurdish areas.

"They went the way of creating industrial parks and private-public partnerships. We are looking at this experience," Khloponin said, adding that state development bank Vneshekonombank would create a special subsidiary for the North Caucasus.

Prime Minister Vladimir Putin on Friday toured a North Caucasus section at the Sochi Investment Forum, where officials showed him models of ski resorts, hydropower stations and hotels to be built in the region.

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