

State Plans Investment Fund for Foreigners Via VEB

By [The Moscow Times](#)

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President Dmitry Medvedev has decided to go ahead with the creation of a special fund to attract foreign investment.

Foreigners who might otherwise be hesitant to invest in the Russian economy will be able to do so along with the government, as represented by Vneshekonombank.

The president instructed Prime Minister Vladimir Putin on Monday to prepare a proposal for the creation and operation of the fund by March 1. In the president's conception, as he outlined it at the World Economic Forum in Davos, the fund will share risks with foreign investors "through joint investments in projects to modernize our economy."

The main issue that remains unsettled is whether foreign investment will go straight into the fund to buy assets, or whether the fund and the foreign investor will buy assets in tandem, two officials said.

The majority of government officials favor the second option. A government source said the decision would be made at a meeting chaired by First Deputy Prime Minister Igor Shuvalov.

Presidential aide Arkady Dvorkovich said the fund has been under discussion among bankers since the president spoke of the idea at the June economic forum in St. Petersburg.

Dvorkovich added that it is possible the state's investments could take the form of assets as well as cash. A source close to the Vneshekonombank board told Vedomosti that the bank would prefer to invest shares in other companies.

An official active in discussions of the fund said the amount would be "at least 20 billion rubles" (\$680 million).

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