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State Investment Fund to Raise $500M in 2011

By The Moscow Times

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The new Direct Investment Fund will provide about $500 million in project financing in 2011, Vneshekonombank chief Vladimir Dmitriyev said at a meeting with Prime Minister Vladimir Putin on Monday.

"I think that we will do one or two deals before year-end. It does not seem to me that this year's allocation — 62 billion rubles [$2.2 billion] — will be fully utilized. But I have the feeling that we may jointly raise about half a billion dollars to implement specific projects," he said.

The technical and organizational issues will be resolved this summer, he said. "The Direct Investment Fund team is already being formed — and, correspondingly, the management company. By September we will be ready to tackle specific projects," he said.

The fund has been registered with the tax service and is now undergoing registration with

the Federal Financial Markets Service.

The investors that might finance projects in Russia jointly with the Direct Investment Fund are interested in the innovation sector, pharmaceuticals, medical equipment, food industry, agriculture and energy efficiency, as well as other sectors focused on middle-class consumers. Investors are also interested in basic industries that have growth potential, Dmitriyev said.

The Chinese Investment Agency is also ready to finance projects in Russia, jointly with the Direct Investment Fund as well as independently, he said.

The fund's management company was registered on June 1 as a 100 percent subsidiary of Vneshekonombank. The government plans to invest $10 billion in the fund over five years, including $2 billion this year.

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