

International Borrowing for Projects Could Reach \$1.2Bln

By [The Moscow Times](#)

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Russia could borrow up to \$900 million per year from development banks and \$300 million from international financial organizations in 2012-14, the Finance Ministry said in its draft debt policy outline for the period, posted on its web site.

The country has not taken loans for budgeting purposes from international organizations since 2002 and has concentrated instead on joint projects with multilateral development banks in priority areas and sectors of the economy, using investment loans with a considerable portion of co-financing by Russia itself.

Debt to international financial organizations has decreased consistently as a share of overall public debt to 1.8 percent (80.4 billion rubles, or \$2.6 billion) as of June 1. Loans from international financial organizations are not more than 0.4 percent of Russia's borrowed funds.

Russia has increased the extent of co-financing for projects with development banks since 2005.

The government is currently delivering 12 projects worth a total of \$2.3 billion with the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development and Nordic Investment Bank in areas like modernizing the treasury and customs information systems, modernizing and re-equipping the hydro-meteorological agency, reforming the housing and utilities sector in Kaliningrad, developing the real estate ownership and state statistics registration systems, supporting judicial reform, as well as the economic development of St. Petersburg and the preservation and use of Russia's cultural heritage.

Also, as part of an international initiative that Russia made during its presidency of the Group of Eight major economies, an agreement was signed this year with the IBRD on a \$113 million loan to promote financial education and literacy.

Only in two of these projects (less than 10 percent of funds borrowed from development banks) are funds issued to borrowers on a returnable basis by set deadlines with interest as subloans. In all other cases, the loan beneficiaries are federal agencies of the executive branch.

The government plans to stop borrowing from development banks as early as 2014.

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