

# Lagarde Says Russia Can Bolster IMF Funding

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Lagarde

The International Monetary Fund welcomes Russia's commitment to bolster financing of the organization as part of measures to bail out the European economy, managing director Christine Lagarde said Tuesday.

"Russia, like other BRICS countries, has indicated its willingness to reinforce the funding and financing of the IMF. ... Certainly, the IMF would welcome additional funding," she told a news conference in Moscow.

She did not provide any details on the possible size or time frame for the investment, saying only that the IMF is "the vehicle that is preferred by countries like Russia."

"Whatever the country — whether it is Russia or the [United Kingdom] or a Latin American country — when they invest in the fund, they know that they invest for the entire community

and for their own benefit as well, because it is their money and they get a return on it," said Lagarde, who met with President Dmitry Medvedev and government officials during her three-day visit.

Russia has indicated that it is ready to provide additional support to the indebted euro zone through the IMF beyond the country's existing commitment of \$10 billion, but is seeking greater weight in the organization in return.

Kremlin economic adviser Arkady Dvorkovich said Friday that Russia and its BRICS peers will make a decision on their contribution to the fund in the next several weeks.

The specific size of additional funding is unlikely to be under discussion at the moment, said Vyacheslav Smolyaninov, a strategist at UralSib Capital. More important is that Russia has indicated its commitment to support the European economy and got an encouraging response from the IMF, he said by telephone.

"There's undoubtedly understanding on the side of the Russian government that we are interdependent," Smolyaninov said.

Russia, which has the world's third-largest international reserves, is well positioned among emerging economies to help the euro zone, but it is crucial for the country to understand bailout mechanisms, he said.

Russia, as well as other BRICS countries, has been hesitant to contribute directly to the European Financial Stability Facility — a rescue fund aimed at fighting the debt crisis — and Lagarde said this is because potential investors like the emerging economies need more clarity on how the fund will work.

"The EFSF guidelines and operational functions are not yet sufficiently defined for many investors to really make their determination and decide to invest," she said.

Russia is reluctant to invest directly into the fund because it is unclear who could provide guarantees to investors that would buy the EFSF bonds and "how the situation will evolve in a year," Smolyaninov said.

"From this point of view, one can understand countries that refrain from being the first to invest into the EFSF," he said.

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