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Richard Branson Invests in Russian Green Growth

By Roland Oliphant

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British tycoon Richard Branson and Rusnano chief Anatoly Chubais have launched a $200 million investment fund to back green growth and energy-efficiency projects in Russia.

The VGF Emerging Market Growth I L.P. — an independent fund backed by Branson's Virgin Group, the Virgin Green Fund and Rusnano Capital, the investment arm of state-owned Rusnano — will invest in buyout and growth equity opportunities in mid-capitalization companies working in resource efficiency, consumer sustainability and renewable energy, the companies said Wednesday.

The fund is envisioned as an emerging markets sister to the Virgin's Green Fund, an investment vehicle focused on North America and Western Europe. It will have offices in London and Moscow, but besides Russia will also invest in Turkey and Central and Eastern Europe, the Virgin Green Group said in a statement.

In the energy-importing economies of Central and Eastern Europe and Turkey, the fund looks to the renewables energy sector, while in Russia the focus will be on "resource efficiency" opportunities across sectors including transportation, building materials, lighting, water, agriculture and energy efficiency, fund partner Brooks Preston said.

While there is no set green criteria for projects or companies attracting the fund's investments, Preston said that "helping customers save resources" should be a core part of the business of any company the fund invests in.

The full cycle of investments should be four to five years.

Speaking at the launch in Moscow, Branson said the fund would provide investors with "tremendous opportunities to generate strong returns and also do something good for the planet at the same time."

Chubais said Rusnano would contribute about a third of the fund's commitments.

"In other words, for each ruble that Rusnano invests, 2 rubles will be invested by its partners, including Richard Branson himself," Chubais told reporters.

Virgin first approached Rusnano in November last year, attracted by Chubais and his team's "good connections, experience and reliability," Preston said.

He said the fund has already identified several potential projects in Russia but declined to offer details because the deals have not yet been closed.

The Russian government has set a target of slashing the consumption of energy per unit of GDP by 40 percent by 2020.

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