The Moscow Times
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Sberbank Eyes $800M Medical Investment

By Irina Filatova

November 13, 2012



Sberbank might invest up to $800 million to build a medical center in Moscow as part of a $1.5 billion hub presented Wednesday to upgrade the country's health care sector.

The center, a key project of the hub, will include a hospital and facilities for research, development and personnel training, consulting company DMG, which advised on the project, said in a presentation.

The hub will also include three to five medical centers focusing on specific areas like cardiology or oncology, the presentation said.

That part of the project will be financed by private investors, who are also supposed to provide funding for infrastructure such as parking lots, hotels, cafes, restaurants, pharmacies and shops.

The project moved forward following an order by President Vladimir Putin earlier this year for proposals to build an international medical hub on the land recently annexed into Moscow.

Sberbank invited the U.S.-based Johns Hopkins Hospital to run the medical center and provide it with technology, said Vladimir Geraskin, managing partner at DMG.

He added that in September the sides signed a memorandum of understanding with Moscow Mayor Sergei Sobyanin to build the hub.

The project design, created by Sberbank subsidiary Strategy Partners, stipulates that the medical center will be built on 25 to 40 hectares, but its location remained unclear Wednesday.

Geraskin said negotiations with City Hall are progressing more slowly than expected.

"It's a big project that requires that the role of the government and investors in it be determined precisely," Geraskin said.

He added that talks are under way with the governments of Moscow and the Moscow region and that the location will be chosen within a month.

If an agreement is reached, work on the project will start next year, with construction to be completed by 2016, he said.

City Hall spokesman Boris Bulai said by telephone Wednesday that "the Moscow government is discussing this project with all the interested parties." Sberbank didn't respond to an e-mailed request.

The hub would lay the "foundation for reforming the whole health care sector in Russia," as it could attract state-of-the art medical technology and help introduce new standards in medicine, according to the DMG presentation.

Russia lags behind developed countries in the quality of health care services as a result of outdated methods of treatment, a shortage of modern equipment and relatively unqualified medical personnel, Geraskin said, adding that many Russians go abroad to get medical treatment.

To resolve that problem, the government should increase health care spending to 6 percent of gross domestic product, he said.

The funds allocated in the federal budget for this year and 2013 account for just 3.6 percent and 3.7 percent of GDP, respectively.

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