National Welfare Fund to Be Uncorked in 2014

By The Moscow Times

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The government will press ahead with plans to channel 450 billion rubles ($13.5 billion), or 40 percent of the National Welfare Fund, to large infrastructure projects starting from next year, but it is reluctant to allocate more, Finance Minister Anton Siluanov said Monday.

The Finance Ministry, which oversees the fund's spending, is being bombarded with proposals to finance various investment projects, Siluanov said.

"But we have always supported the idea that there should be a limited number of them — there are three" projects, the minister said, Interfax reported.

President Vladimir Putin identified the three infrastructure projects at the St. Petersburg International Economic Forum in June: an upgrade of the Trans-Siberian Railroad, a high-speed rail line between Moscow to Kazan, and a Central Ring Road beltway around Moscow to be built by 2020.

But Prime Minister Dmitry Medvedev said in late July that more money from the fund could be spent on infrastructure projects.

"Effectively investing the accumulated funds is our key task today. We are mainly talking about spending up to 540 billion rubles from the welfare fund," he told Voice of Russia radio.

But the Finance Ministry has sought to keep welfare fund spending at 40 percent of the total while not clarifying how much it will have to fork out to support pensions in the future, a stance underscored by Siluanov on Monday.

"The fund is a stabilization mechanism for the pension system," Siluanov said. "So far we do not know exactly what kind of a pension system there will be. We do not have the final formula."

He also said that if more money was required for infrastructure projects, it would have to come from the anti–crisis money that was earlier earmarked to support state banks.

The banks will begin to return the money in December 2014, he said.

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