

Ministry Seeks Tighter Rules on RDIF Access to Welfare Fund

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Foreign investors will be asked to put up more funds when investing in projects together with the Russian Direct Investment Fund if changes to the rules allowing access to funds from the National Welfare Fund proposed by the Finance Ministry are adopted.

Currently, foreign investors in RDIF projects are required to match the investment of the RDIF. Projects are also eligible to receive cash from the National Welfare Fund, a multi-billion dollar oil revenue piggy bank.

The Finance Ministry wants foreign backers to match the investment of the both the RDIF and National Welfare Fund combined, according to draft amendments to a decree that assesses projects applying for welfare funding published on the government's website, regulation.gov.ru.

The ministry also wants the state, if investing its money from the welfare fund, to get

the same returns as foreign investors. This could mean significant earnings — the RDIF has managed to attract a large number of overseas investors with yields of 18 to 20 percent a year.

These changes will make investment in Russia much more unattractive to foreign investors, a source in a ministry involved in the discussions told Vedomosti. The Economic Development Ministry is instead looking at ways of removing restrictions on foreign investment, the source said.

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