

# Minister Proposes Splurging Welfare Fund on Infrastructure Projects

By [The Moscow Times](#)

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Economic Development Minister Alexei Ulyukayev.

Russia should take all of the money from a fund earmarked to cover future pension deficits and invest it in profitable infrastructure projects to generate good returns, Economic Development Minister Alexei Ulyukayev told the Vedomosti business daily in an interview published Wednesday.

The government earlier this month raised the cap on spending from the National Welfare Fund, which collects revenue from oil and gas sales, the country's biggest exports.

It now allows 60 percent of the fund to be spent on domestic infrastructure projects, up from an earlier 40 percent.

The fund, designated to cover the future pension deficit of the country's rapidly aging population, was \$87 billion at the beginning of the month.

"In my opinion, it is possible and even necessary to invest 100 percent of the National Welfare Fund in infrastructure projects," Ulyukayev was quoted as saying. "If we can invest the fund's money in a way that is profitable and reliable — then we are not spending it, but we are investing it, multiplying" the fund.

The Finance Ministry had long opposed greater spending of the fund's money on domestic projects and economists warn that in a country with such a high level of corruption the cash can be lost.

One of the projects that the fund will invest in is a massive railway link. The head of Russian Railways, Vladimir Yakunin, said Tuesday that it was right to invest the cash in the projects, but that the construction of the railways link will not make commercial returns.

Separately, Ulyukayev said that there were greater risks to Russia's economic growth than to inflation.

Gross domestic product growth is expected to come in at near zero at the end of this quarter, dragged down by falling investment.

Annual consumer price inflation stood at 7.6 percent in May, significantly above the Central Bank's target of 5 percent.

"The risk to economic growth is significantly greater, acute and with more dangerous consequences," Ulyukayev said.

He reiterated, however, that GDP may grow by more than the ministry's official estimate of 0.5 percent this year.

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