

Loss-Making Energy Giant Gazprom Shells Out on Kremlin Charity Projects

November 17, 2017



A patriotic theme park backed by the Kremlin and the Russian Orthodox Church, financed by Gazprom (Ermakov Dmitry / Moskva News Agency)

Russian energy giant Gazprom will reportedly more than double its spending on charity as the company continues to post losses.

The state-controlled firm [ended](#) the latest reporting period with a 9.2-billion-ruble loss (\$166 million) for the first time in nearly two decades. Its rivals saw major stock gains in 3 years while Gazprom's shares slid by 7 percent over that period.

Still, Gazprom's charitable spending will hit record highs in 2017, according to an internal document [seen](#) by the Bloomberg news agency and confirmed by a unidentified company official.

Continuing its 4-year upward trajectory, Gazprom's charitable donations will total 26.3 billion rubles (\$438 million) in a 60-percent uptick, Bloomberg reported Thursday.

That money will mostly be donated to the dozen or so [patriotic parks](#) supported by the Orthodox Church that have recently opened in quick succession across Russia.

Another beneficiary of the windfall is an amateur sports center in the Siberian city of Irkutsk that opened in 2015.

Related article: [Six Reasons Russia Does Not Want a Higher Oil Price \(Op-ed\)](#)

Charity expenditures fall under Gazprom's "other" category, which includes spending on consulting and advertising. Bloomberg reports the company's "other" spending climbed 18 percent in January-June this year, totalling 178 billion rubles.

The Bell business portal reported that Gazprom spends nearly double on charity than the next biggest spender, and more than quadruple of the next four state firms.

Bloomberg cites financial analysts as saying that investors are cognizant of Gazprom's unorthodox spending.

Chris Weafer, senior partner at Moscow-based consulting firm Macro Advisory, says "nobody expects this to change in the foreseeable future."

German banking giant Deutsche Bank's Pavel Kushnir expressed disappointment.

"For those who have never changed their view that Gazprom is an inefficient company — and unfortunately that's the majority — this news changes little."

Original url:

<https://www.themoscowtimes.com/2017/11/17/energy-giant-gazprom-shells-out-on-charity-a59603>