

# Putin Picks 30 Caucasus Projects Worth \$5Bln

By [Irina Filatova](#)

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The government has selected 30 investment projects worth 145 billion rubles (\$5.3 billion) in agriculture, tourism and information technology as part of an ambitious program to develop the North Caucasus through 2025, Prime Minister Vladimir Putin said Wednesday.

A total of 50 billion rubles in state guarantees will be provided this year to support the investment projects in the restive region, Putin said at a government meeting in Yessentuki in the Stavropol region.

The funds, which will be provided in line with a government decree signed Wednesday, are aimed at lowering the risks for investors taking loans for their projects and stimulating business activity in the region, Putin said.

He also called for federal ministries to advise investors on developing projects to take full advantage of the state guarantees, noting that investors in some parts of the North Caucasus,

including Chechnya, face difficulties obtaining the guarantees.

"The Finance Ministry says projects aren't always carried out properly," Putin said. "You know what? You can say anything. If they aren't carried out properly, help them."

He said he also was counting on assistance from Vneshekonombank, which will set up a branch in the region, and the North Caucasus Development Corporation, the state agency that will oversee the 30 investment projects.

The agency also recently chose five "most promising" projects valued at 62 billion rubles and will provide 7 billion rubles of those funds, Putin said. The five projects are a resort in the Stavropol region town of Mineralnye Vody, chemical production in the Stavropol region, an ore deposit in Dagestan, and mountain resorts in Chechnya and Karachayevo-Cherkessiya.

Putin and other ministers did not offer details about the 30 projects approved Wednesday. But Regional Development Minister Viktor Basargin said they were in agriculture, construction, tourism, manufacturing and IT and their implementation would likely start in the second half of this year.

He said they are part of 370 projects approved by his ministry and valued at 1.3 trillion rubles.

The North Caucasus development program was approved in September and involves creating 400,000 new jobs and improving the investment climate in the region to attract investments to sectors like agriculture, energy, construction and tourism.

A total of 337 billion rubles will be set aside in the federal budget to develop the North Caucasus, Basargin said at Wednesday's meeting, adding that 202 billion rubles would be provided over the next two years.

Meanwhile, analysts said that providing such a windfall of cash to the North Caucasus would guarantee support for the Kremlin in the region.

Providing funds for the North Caucasus is essential to ensure "the loyalty of the local elites" to the Kremlin, especially in light of the presidential election in March 2012, said Alexei Malashenko, an analyst with the Carnegie Moscow Center.

"Most of the money will be thrown to the wind. The situation [in the region] hasn't changed for years, while the money has disappeared," he said.

But attracting investment is crucial for the region, known for its high level of corruption, because it might change the situation for the better, said Nikolai Silayev, a Caucasus expert with the Moscow State Institute of International Relations.

Regional officials will face new tasks and challenges because investors will demand that they improve the quality of their work, he said.

Attacks on Russian tourists in the republic of Kabardino-Balkaria in February raised questions about plans to develop the North Caucasus.

Providing for tourists' safety is a priority for developing the region, Putin said at the meeting.

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