

Government Plans to Open RDIF to Local Investors

By [The Moscow Times](#)

September 30, 2014

The  **Moscow Times**

Prime Minister Dmitry Medvedev has ordered the government to consider allowing the Russian Direct Investment Fund, or RDIF — created to encourage foreign investment in Russia — to work with Russian entities.

The Economic Development and Finance Ministries have been tasked with drawing up the proposal, according to a document on the government's website.

Foreign capital has increasingly shied away from Russia as the crisis in Ukraine has deepened and sanctions have raised risks. Russia's economy meanwhile is stagnating.

The \$10 billion state-backed fund was established in 2011 to lure foreign capital into Russia by providing a secure local partner. Under its current rules, all prospective projects must secure overseas investment before seeking RDIF funds.

Liberalizing the rules risks reducing the fund's effectiveness.

This focus on foreign investment was intended in part to prevent local special interests groups from hijacking government cash, a manager at the fund told Vedomosti: "Lobbyists proposed that the RDIF invest in dubious projects, and the RDIF always answered: "OK, but find foreign partners who are interested."

The RDIF has suffered in Russia's general economic slowdown. The fund's original terms saw it receiving annual capital injections of \$2 billion, but this year the Finance Ministry has said the RDIF will receive additional financing only as needed.

Original url:

<https://www.themoscowtimes.com/2014/09/30/government-plans-to-open-rdif-to-local-investors-a3994>

1