

Promoting Greater Cooperation Between Russia and OECD Donors

Russia is unique amongst the BRICS group for being a 're-emerging' donor. The USSR was one of the largest donor countries in the world. After a relatively brief period as a net aid recipient during the 1990s, Russia has once again become a significant provider of development assistance. A number of new opportunities now exist to promote greater cooperation in this field between Russia and traditional donors. It is unlikely that any future global development cooperation agendas can be defined without strong Russian participation. It is therefore crucial for established donor countries to develop a clear understanding of Russian priorities such as health and education, as well as identify areas for further collaboration.

Russian development cooperation is driven by key security and economic priorities, as well as commitments made to multilateral organisations. Russian official development assistance (ODA), increased fivefold in the period 2004-2011. In spite of the global economic crisis, Russia has not only been able to meet its earlier commitments, but has also significantly increased its international development expenditure.

Given a series of Russia's presidencies in major international institutions starting with the G20 this year, Russia is both interested and well positioned to take on new international initiatives by which to promote its national priorities in the global agenda of cooperation for development.

Russia's historical role in development cooperation

There is a rich and varied Soviet development cooperation legacy which contemporary Russia can draw upon. The volume of Soviet aid was significant. While the USSR never published statistics, some researchers estimate that the annual development assistance offered by the Soviet Union may well have averaged 0.2 to 0.25 per cent of the country's gross national income.

By 1991, over 900 large-scale projects had been implemented in developing countries. These were in areas ranging from major infrastructural projects (including high-profile cases like the Aswan Dam in Egypt and Bokaro Steel Mill in India) to education, health and geological surveying — undertaken largely with the goal of

enabling developing countries to become self-sufficient from the capitalist world. The USSR also sponsored education programmes: in total, over half a million foreign citizens were educated in Soviet-sponsored programmes.

The high point of such cooperation was in the 1970s. During the 1980s, Soviet assistance to the developing world began to decline as the country focused more on its own internal economic issues. In the 1990s, the collapse of the USSR transformed Russia's status from donor to recipient.

Russia had, however, continued to assist developing countries through financial contribution to the UN institutions, debt relief and emergency assistance. In 2005, during the run-up to its first G8 presidency, Russia officially announced its desire to scale up its donor activities.

During Russia's G8 Presidency in 2006 the main priorities on development cooperation were identified and a significant increase in external aid financing was pledged. The presidency marked Russia's decisive policy shift back to net donorship.

A major step forward in this regard was the adoption by the Russian Ministry of Finance of a strategic vision of Russian policy on the provision of development assistance. This document, which was endorsed by the Russian president in June 2007, is known as the 'Concept of Russia's Participation in International Development Assistance' (or simply the 'Concept'). (See Box) ➔

‘Concept of Russia’s Participation in International Development Assistance’

The Concept defined a number of key priority sectors for Russian development assistance, including energy, health and education. The document highlighted the importance of development cooperation for two reasons: (1) the growth of interdependence due to economic globalisation, (2) the importance of sustainable development for global security through reducing threats from the spread of terrorism, infectious diseases, unregulated migration, and environmental disasters.

International development assistance policy conducted by Russia should, according to the Concept, contribute to meeting Russia’s economic and political interests in a number of ways:

- Strengthening Russia’s international position and credibility;
- Stabilising socioeconomic and political situation in the recipient countries;
- Establishing a belt of good neighbourliness, including the prevention of potential focal tension and conflict, primarily in the regions neighbouring Russia;
- Creating a favourable external environment for Russia’s own development.

The Concept states that ‘as the necessary socioeconomic conditions are created, Russia will further increase provisions for aid, aiming to steadily move towards the achievement of the UN recommended target: allocation of at least 0.7 percent GDP for purposes of international development assistance.’

Russian development cooperation priorities

Information published by the World Bank suggests that the majority of Russia’s ODA is allocated to health, estimated at 40 per cent, while education accounts for about 25 per cent and energy and food about 35 per cent.

These estimations do not include debt relief. Efforts to extinguish developing countries’ debts have been extensive, with US\$16bn written off by July 2008, according to former President Dmitry Medvedev. Over the last few years, Russia wrote off debts accrued by the former Soviet Union, within the framework of the Heavily Indebted Poor Countries Initiative. Currently, Russia is focusing on assistance in the form of grants to international funds and programmes of international development. Russia aims to develop a national system of instruments to

provide such assistance on a bilateral basis.

Russian development assistance remains strongly multilateral. According to the data submitted by Russia to the OECD Development Assistance Committee (DAC), 36 per cent of total ODA in 2010 was multilateral. This is an underestimate, as 26 per cent of bilateral ODA is also allocated through programmes and funds managed by international organisations. In total, then, about 62 per cent of Russian ODA is managed by international organisations.

There have been indications of an expanding partnership between Russia and international institutions engaged in food security and agriculture development. In September 2010, the Russian Government created the Permanent Mission of Russia at the FAO and other international organisations based in Rome.

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In 2012 an important government announcement stated that the management of bilateral aid will be centred on the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad, and International Cultural Cooperation (known by its Russian acronym, Rossotrudnichestvo), which is subordinate to the Ministry of Foreign Affairs. At the same time, multilateral aid will be mainly based at the Ministry of Finance and Ministry of Foreign Affairs.

Civil society organisations and academia are interested both in increasing their participation in Russia's actions on development assistance, and in influencing the processes related to development assistance. A 2010 survey of Russian opinion leaders showed that the allocation of aid through international organisations was deemed preferable because of perceptions of high levels of corruption in Russia. According to a public opinion survey, the majority of the Russian population are not aware of how much Russia spends on ODA,

and do not support a future increase. Russian politicians have acknowledged the need for continued awareness-raising and advocacy in this area.

Russia's priorities for the future international development cooperation agenda are:

1. Compliance with existing commitments made in international settings, both multilateral and bilateral.
2. A focused approach allocating funds to a select number of countries to achieve an impact, with the 'near abroad' countries being a priority.
3. Health, education (including human resources development), food and agriculture, and energy as sectoral priorities.
4. Ensuring efficiency of the development cooperation programmes.
5. Russia will prioritise accelerating growth and employment, as well as developing trade with its partners in contrast to traditional aid programmes.

“There are strong prospects for Russia to consolidate its international development policy at the national level and to put forward ambitious proposals for the future.”

Policy opportunities

- Given a series of Russian presidencies in major international institutions (G20 in 2013, G8 in 2014 and BRICS in 2015), Russia is both interested and well-positioned to take on new international initiatives by which it can promote its national priorities on the global agenda. There are strong prospects for Russia to consolidate its international development policy at the national level and to put forward ambitious proposals for future cooperation for development internationally.
- In the context of ongoing deliberation on the formulation of new development priorities after the ending of the current Millennium Development Goals in 2015, Russia is well-positioned to adopt a forward looking document defining its role in the post-2015 development assistance architecture.
- There have been successful initiatives between traditional donors and Russia, which could be built upon in the coming years. The World Bank and the UK Department for International Development together with the Russian Ministry of Finance supported a technical assistance programme, 'Russia as a Donor Initiative (RDI)', which was aimed at strengthening the capacity of Russian ministries and agencies in the area of international aid. UNDP carried out a similar programme focused on the Rossotrudnichestvo.

Policy recommendations

- Plans for implementing a development assistance system in Russia should be further developed to ensure coherence and avoid overlapping of functions and responsibilities. Russia may consider outlining specific legal and policy measures and providing for the monitoring and assessment of results. Russia may find it beneficial to adopt a state programme on development assistance, as other countries have done.
- More established donor countries should seek to engage more closely with Russia around five key areas that have been prioritised in current Russian development cooperation policy:
 1. Compliance with commitments that have been made in international settings, both multilateral and bilateral.
 2. A focused approach allocating funds to a select number of countries, with the 'near abroad' countries being a priority.
 3. A number of sectoral priorities, including health, education, food and agriculture, as well as energy.
 4. Ensuring efficiency of the development cooperation programmes.
 5. A model of development cooperation where development is attained through support of economic growth rather than through traditional aid programmes.
- Traditional donors should continue to identify opportunities to help build Russian ministries and agencies' capacity in the area of development cooperation. A recent example of one such initiative is the Russia as a Donor Initiative (RDI), which was a technical assistance programme supported by the World Bank, the UK Department for International Development and the Russian Ministry of Finance.
- The experience of traditional donors in the OECD-DAC on reporting can be highly useful for Russian government departments, and further mechanisms of working together in this area could be developed.

Further reading

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Credits

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