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International Development Assistance of Russia

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Abstract

Russia has an interesting history as a donor, recipient and re-emerging donor in international development assistance (IDA). This article introduces the history, policy and challenges of Russian IDA, and provides suggestions for such challenges. The main barrier to Russian IDA is the absence of a central government agency and Russia can learn from other country's experience. Concerning lack of data on the provision of assistance to each sector of IDA and the large number of recipient countries, Russia can learn from Korea particularly in education sector. With respect to building a system ensuring the efficiency of the Russian IDA works, a tool for analysis of the effect of the Russian IDA programmes may be drawn in consultation with international institutions or successful programmes of other donor countries.

Keywords: *International Development Assistance (IDA), Russia, re-emerging donor, ODA, DAC, South-South Cooperation*

1. INTRODUCTION

The United Nations Development Programme (UNDP) defines that 'Development' is about expanding the choices people have to lead lives that they value. The development works are normally done in the international stage (international development) and these works are directly related to 'International Assistance'. Therefore, the concept of International Development Assistance (IDA) also has a broader meaning, rather than simply being foreign aid from developed countries to developing countries, and become more diverse with the addition of new actors [1].

Now the field of the IDA works has emerging donors such as Korea and re-emerging donors such as Russia. Furthermore, some new donors from middle and low-income countries are joining in the South-South Cooperation such as China and India. With the importance of effectiveness and sustainability in recent IDA works, the recipients or donors of the works are also expanded to international non-governmental organizations (NGOs), volunteers and institutions [2]. With the expansion of IDA and the participation of various players in it increased new IDA donors' interest in IDA.

Russia is one of the largest and influential countries in the international community. This country also has a history of a donor, recipient and re-emerging donor in the IDA field. Being a donor of IDA is a new and major direction for the Russian government. As a new comer, Russia is trying to overcome the challenges arising from its IDA in order to provide more effective, efficient and sustainable assistance [3]. However, there are few data and researches on its IDA activity.

In this regards this article attempts to do a literature review of the history, policy, and challenges of Russian

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IDA. The objective of this article is to introduce Russian IDA and provides suggestions for the challenges arising from Russian IDA.

2. HISTORY AS A RE-EMERGING DONOR

The IDA works of Russia started back in the Soviet Union (USSR) period. The Soviet Union actively helped the development of “brother” states based on the ideological principles. However, it was not only about the promotion of ideology, but also about the realization of infrastructure projects and competency training for all area of the national economy of “brother” states [4].

Economic crisis and collapse of the USSR led to the need to include Russia to the category of a recipient of foreign aid. Since then Russia together with Central and Eastern European countries had been in the second list of recipients of the OECD Development Assistance Committee (DAC) and received “official aid”, not “official development assistance” [5]. From 1992 to 2004, Russia was one of the largest recipients of foreign aid by receiving about USD 1.5 billion a year. However, despite that, Russia continued to provide assistance to other countries by participating in humanitarian operations, providing debt relief to other countries, and giving scholarships to foreign students [6].

Starting with 2006, Russia has taken active steps to increase its development cooperation by scaling-up of the IDA works and active participation in the Asia-Pacific Economic Cooperation (APEC), the G20, and the BRICS. The impulse to Russian activity in the IDA area came from the favourable and strengthened financial position of Russia then and Russia’s chairmanship of the G8 in 2006 [5][6].

In June 2007, the President of the Russian Federation adopted “the Concept of Russia’s Participation in International Development Assistance.” The objectives of the Concept at a global level include, among others, eliminating poverty and promoting sustainable socio-economic development of partner states, providing support for international efforts and initiatives to improve the transparency, quality and effectiveness of international development assistance, and active participation in the development of common approaches to the implementation of agreed decisions in that area [3]. However, while the Russian Concept has traditional goal of poverty reduction it also perceives development assistance as a way to achieve collective security and economic growth [5].

In April 2014, a new “Concept of State Policy of the Russian Federation in the Area of International Development Assistance” was adopted. A new concept was based on the key aims and lessons of the previous concept. Moreover, this time the Russian government highly prioritized the bilateral assistance [7]. For Russia, priority areas of cooperation are health, food security, agriculture, human development, education, and institutional capacity building.

3. POLICY OF RUSSIAN INTERNATIONAL DEVELOPMENT ASSISTANCE

There is no central authority in the Russian IDA activities. However, almost all the federal bodies of the Russian government including the President are responsible for that. Thus, the following federal authorities are involved in the provision of international assistance: the President, the Federation Council and the State Duma, the Government, the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Economic Development, the Ministry of Civil Defense, Emergencies and Elimination of Consequences of Natural Disasters, as well as sectoral ministries [8].

The Russian President manages the overall policy, approves the strategic goals and objectives of Russia’s participation in the IDA projects. The legislative work is under the Federation Council and the State Duma. Russia’s participation in development assistance can be approved by the Government of the Russian Federation upon the recommendation of federal authorities.

However, the main agencies responsible for the formation and coordination in international development assistance are the Ministry of Finance and the Ministry of Foreign Affairs. They jointly carry out the functions of coordinating the costs of Russia’s participation in the development, including the determination of priorities for countries and regions, the determination of the degree of political advisability of rendering assistance, volume, delivery channels, forms and conditions of the assistance.

In addition to the above federal authorities, there are agencies that are responsible for international

development assistance of Russia such as the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation (Rossotrudnichestvo) and the Center for International Cooperation in Education Development (CICED).

The economic and legal basis of the state policy of Russia in the international development assistance includes the Constitution of the Russian Federation, the codes of the Russian Federation (for example, the Budget Code of the Russian Federation), the Russian Security Concept and the relevant statutes, the Russian Foreign Policy Concept and the relevant statutes, and the UN Charter and other international instruments such as the UN Millennium Declaration [9]. The “Concept of State Policy of the Russian Federation in the Area of International Development Assistance” of 2014 added “generally accepted principles and rules of international law” and “international agreements of the Russian Federation” to its legal basis [10].

The “Concept of State Policy of the Russian Federation in the Area of International Development Assistance” of 2014 emphasizes mainly the regional priority of Russian IDA (Article 9), the priority of an increase of bilateral assistance programs (Article 11(a)), and the following priority areas for Russia’s international development assistance at both the regional and global level (Article 10):

- improving the performance of governance systems and improving conditions for trade and investment in recipient countries,
- building industrial and innovation capacities in recipient countries,
- boosting economic activity in recipient countries,
- establishing and strengthening national systems for combating organized crime and terrorism,
- supporting efforts on post-conflict peace-building,
- implementation of social and economic projects in recipient countries.

Prioritized countries for assistance are the allies of Russia and members of international associations in the Eurasian space, primarily the Commonwealth of Independent States (CIS) countries, the Republic of Abkhazia, the Republic of South Ossetia and other states who have good relations with Russia. In addition, the priority is also given to the states with which Russia implements economic and social projects and the developing states cooperation with which serves the social and economic interests of Russia. The priority areas of Russia’s international development assistance pursued by “the Concept of Russia’s Participation in International Development Assistance” of 2007 and “the Concept of State Policy of the Russian Federation in the Area of International Development Assistance” of 2014 are similar.

Russia provides development assistance mainly in two ways: by individual executive agencies according to established bilateral treaties (on a bilateral basis) and by multilateral mechanisms. The provision of IDA on a bilateral basis may be implemented firstly by financial grants, loans, investment projects, technical assistance, debt relief, tariff preferences, trade facilitation, or secondly by target contributions for international programmes using the capacities of international organizations and provision of other assistance on which Russia reserves the right to make decisions (trilateral assistance). The provision of IDA on a multilateral basis may be implemented firstly by making voluntary and earmarked contributions to the international financial and economic institutions participating in development programs; secondly by participating in global funds; and thirdly by implementing special international initiatives of G8, G20, CIS, BRICS, World Bank, IMF, UN agencies and other organizations.

According to the World Bank, Russia’s IDA steadily increased from about USD 100 million in 2004 to USD 1.2 billion in 2017, the latter of which amount combines both bilateral and multilateral IDA [11]. For Russia, priority areas of cooperation are health, food security, agriculture, human development, education, and institutional capacity building [11]. Russia’s multilateral IDA accounted for 22% of its total IDA, provided through the World Bank Group (accounting for 53% of its multilateral IDA in 2015), the United Nations (36%), regional development banks (1%) and other multilateral organizations [12].

4. CHALLENGES OF RUSSIAN INTERNATIONAL DEVELOPMENT ASSISTANCE

While Russia is not totally a new donor rather a re-emerging donor, there are some points that Russia has to complement for its success in international development assistance. Firstly, Russia does not have a central authority responsible for providing international development assistance such as Department of International Development in the U.K. Although the “Concept of State Policy of the Russian Federation in the Area of International Development Assistance” of 2014 stipulates that international development assistance is one of the directions of foreign policy activity and is implemented in accordance with the Foreign Policy Concept of the Russian Federation, the Foreign Policy Concept of the Russian Federation, approved by the President of the Russian Federation on November 30, 2016 does not have an explicit provision regarding Russian IDA.

As mentioned above, the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation (Rossotrudnichestvo) was formed for the Russian IDA activity. Rossotrudnichestvo was established in accordance with the Decree of the President of the Russian Federation No. 1315 of September 6, 2008. Rossotrudnichestvo works under the auspices of the Ministry of Foreign Affairs. However, Rossotrudnichestvo was criticized that it would not be the Russian agency for international development assistance since it would be involved in aid programmes only for the CIS member states [13]. Rossotrudnichestvo exercises the powers in the area of international development assistance conferred upon it by the Decree of the President of the Russian Federation No. 476 of May 8, 2013 on “Issues of the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation.” The activities of Rossotrudnichestvo regarding international development assistance are aimed at expanding relations of good neighborliness and solidarity with the member states of the Commonwealth of Independent States and other countries [14]. It elaborates and implements medium and long-term programmes focused on the promotion of international development as part of bilateral assistance to the member states of the Commonwealth of Independent States and other countries. However, as examined above, many federal authorities are involved in the provision of international assistance. That means federal executive agencies including Rossotrudnichestvo coordinate their proposals with the Ministry of Foreign Affairs and the Ministry of Finance for inclusion in the federal budget of spending items with respect to the IDA activity. Thus, renovation of legal framework regarding the organizations involved in international development assistance is needed. It may also include the distribution of powers between relevant state authorities. Such renovation may help strengthen the accountability for the IDA policy and the efficiency in distribution of resources within the Russian government. In connection with this, it may be considered that the function of Rossotrudnichestvo as the inter-agency coordinator regarding Russian IDA can be set since Russian budget expenditure is based on state programmes rather than ministry or agency-based.

Secondly, the implementation mechanism can be refined. According to the Chapter III of “the Concept of Russia’s Participation in International Development Assistance” of 2007, prerequisites for implementing special programs *on a bilateral basis* include the availability of delivery channels to beneficiaries and a regulatory legal framework enabling the transfer of funds from Russia’s federal budget to the recipient’s national budget. Before the above prerequisites are created, Russia will provide international development assistance mainly *on a multilateral basis* in order to make use of the merits of international organizations such as financial controls, well-established institutional mechanisms of aid delivery, additional opportunities for aid coordination and harmonization, and technical potential and knowledge. In addition, Russia will provide international development assistance *on a trilateral basis*, involving the use of financial and logistic capacity of the “traditional” donor countries and international organizations. Such assistance will be provided through the already existing or newly created trust funds of the World Bank, United Nations, UN specialized agencies, and other institutions. However, Russia will have the right to select recipient countries and areas of assistance and will be able to use Russian technical assistance specialists. This type of assistance is accounted for as the one on a bilateral basis. The provision of IDA on a multilateral basis is criticized by Russian officials since contribution to multilateral institutions becomes the asset of such institutions and loses its identity [15]. They fear that the recipient countries of Russian provision of IDA through international institutions may not be

aware of Russia's contribution to the development assistance. According to the Ministry of Finance, while enhancing the time-tested formats of participation in international cooperation and in multilateral projects, the "Concept of State Policy of the Russian Federation in the Area of International Development Assistance" of 2014 strengthens focus on targeted bilateral assistance programs [16]. On the other hand, there is a view in favour of the provision of IDA on a multilateral or trilateral basis than the provision on a bilateral basis since existing sources create a stable basis for establishing the international development cooperation system in the Russian Federation and the IDA provision through international institutions gives the impetus to the development of a wide range of cooperation modes in the field of IDA [17]. This opinion recommends that Russia consolidate aid programmes, coordinate national IDA policy with international agenda on aid effectiveness, and contribute to sustainable dialogue with the OECD-DAC members and non-DAC donors [17]. Even for the IDA on a bilateral basis, a system for selecting the recipient country should be refined. Regarding the sector priority, Russia needs to refine the sectoral focus since this is very important especially where the amount dedicated to development assistance is not large [18].

Thirdly, a system for ensuring the efficiency of the development assistance programmes is needed. It may include building a system of monitoring and assessment of the effectiveness of development aid allocation in cooperation with international institutions such as the World Bank, the UN institutions, other donor governments, and setting a Russian model for development assistance that can strengthen the institutional capacity of Russian government agencies involved in IDA in cooperation with international institutions such as the World Bank, the UN institutions, other governments.

5. CONCLUSION

The objective of this article is to introduce the Russian IDA works through literature review. While Russia is considered as a re-emerging donor, international development assistance is a still unfamiliar area in foreign policy activity.

The result of literature review shows that being a donor of international development assistance plays an important role for the Russian government. Thus, it seems that the Russian government will keep supporting, enhancing and increasing IDA. However, the main barrier to sustainable and effective maintenance of IDA as well as to achievement of Russian aim to increase development assistance is the absence of a central government agency. For this challenge, Russia can learn from Japan, who unified former agencies, simplifies system and procedure [19]. This Japanese IDA transformation was mainly based on the criticism of the Japanese system's effectiveness and the need to follow global standards.

In case of the Russian IDA barriers such as lack of data on the provision of assistance to each sector of IDA, which complicates evaluation and future planning to enhance IDA as well as the large number of recipient countries, Russia can learn from Korea. Korea has the unique history of being an extremely poor country in 1960s and in a short period of time increasing its development as well as joining the OECD as the 29th member country in 1996. One of the main reasons for such rapid Korean development was the investment in education. Education is a cornerstone for long-term economic and social progress and Korea is an example of it. Korea is one of the leaders in investing in education assistance (24.5%) [20]. After the OECD criticism Korea narrowed down the number of recipient countries from 144 to 26 as the strategic countries [21]. Education is also one of the main sectors in Russian IDA. Russia has one representative educational IDA programme - Russia Education Aid for Development (READ). READ is a trilateral assistance programme with the World Bank and after successful end of the first phase (2008-2014), it started the second phase in 2016. Thereby Russia can concentrate more on the education sector, enhance READ programme, develop more similar programmes and narrow down the number of recipient countries. The lessons learned from the Korean assistance activity, especially in education sector can help Russia to develop effective IDA programmes.

Building a system ensuring the efficiency of the development assistance programmes is critical especially where the amount of resources is limited. For Russia, a tool for analysis of the effect of the Russian IDA programmes may be drawn during the course of consultation with international institutions implementing the programmes together with Russia such as the World Bank. Learning from the analysis of other donor's successful programme will be helpful for Russia to set its own effective system for IDA.

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