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# Development Cooperation or Competition?

Russia as a re-emerging donor

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## Summary

After almost two decades, Russia is back. With the collapse of the Soviet Union, Russia's involvement in development assistance was abruptly abandoned, but the country is finally regaining a foothold in this policy field. The scale of its involvement is still modest; however, it is this very fact, and the political agenda that may accompany Russia's development assistance, that are of great importance. Together with the recent rise of other "new donors", Russia's return has provoked speculation about a looming challenge to the international development assistance regime, as new practices of providing aid void of democratic conditionality, transparency and effectiveness standards, or using aid as an instrument of foreign policy interests might undermine the development efforts of the traditional donor community as represented by the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD).

Looking back to the East-West conflict, the mistrust towards the new donors becomes plausible, as the ideological struggles characteristic of the bipolar world largely played out in the field of assistance to the Global South. As a superpower and the main competitor to the United States, the Soviet Union provided generous assistance to "fraternal nations" involved in the struggle against "Western Imperialism". Today Russia is once again taking cautious steps towards the Global South, aspiring to revitalize old ties with African and Latin American states in pursuit of a multipolar world order and mutually beneficial economic relations. However, great power aspirations are accompanied by specific responsibilities, not the least of which is development cooperation. And although Russia itself received a fair share of assistance during its transitional crisis in the 1990s, it also provided remarkable amounts of aid, declared and undeclared as well as intentional and unintentional, for example through price subsidies of energy exports or the cancellation of debt of the former socialist allies. However, despite these past development activities, it took many years for the country to seriously re-engage in this policy field.

The impetus for a genuine development policy gained speed when Moscow assumed Chairmanship in the G8 in 2006. The commitments made in support of the developing world at the St. Petersburg Summit directly led to the adoption of the "Concept of Russia's Participation in International Development Assistance", which has become the country's programmatic base since 2007. The Concept set Russia's annual development expenditures at \$ 400-500 million, outlined the goals, principles, sector and regional priorities of Russia's aid, and sketched out its institutional setup. And yet, six years after the adoption of the Concept, this emerging policy field still remains hugely in flux. In quantitative terms, with annual disbursements of \$ 450 million on average, amounting to 0.03 % of Russia's gross national income (GNI), the country ranks far behind the traditional DAC donors and many of the new donors. Moreover, a clear legal and institutional framework for development assistance is still missing, and the regional preferences seem to be shifting on an ad-hoc basis.

This sense of inconsistency is also apparent in the organizational setup, which resembles a construction site rather than an institutional architecture, with ministries and governmental agencies involved in ongoing bureaucratic battles over resources and responsi-

bilities. These conflicts revolve primarily around two issues: a) which channel of aid allocation (bilateral versus multilateral) best conforms to Russia's national interests and b) how the responsibilities should be best divided between the Ministry of Finance and the Ministry of Foreign Affairs.

Normative and pragmatic considerations are equally present in the domestic discussions over the means and goals of Russia's development policy. The Ministry of Finance, which places strong emphasis on Russia's international financial obligations as a member of the G8, advocates adherence to the universal script. Accordingly, the sector priorities of Russian aid by and large reflect the priorities Russia put forward during its G8 Presidency in 2006: health-care, agricultural, energy and environmental security and education. Moreover, Russia actively cooperated with international organizations in designing its aid policies; it aligned its accounting procedures with DAC standards; and started reporting its aid volumes to the OECD in 2011, thus becoming the first and so far only BRIC state to do so. Similarly, in the initial stages, Russia preferred multilateral channels of aid allocation and reportedly provided most of its assistance in the form of "untied" aid. Yet this approach, non-conventional even for the established Western donors that prefer bilateral aid, is gradually giving way to a more interest-driven view, the share of multilateral aid having been reduced from 60% to 40% in recent years.

Concurrently, efforts to establish a "national system" for the provision of aid on a bilateral basis began to gradually take shape 2012/13 with the decision of tasking the "Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation" (Rossotrudnichestvo) with development assistance. This is an executive body within the Ministry of Foreign Affairs that President Putin envisioned as an instrument of "civilized lobbyism" for Russia's interests abroad (Putin 2012). Rossotrudnichestvo sees its main mission in improving the country's international image, which is why development assistance is considered one of Russia's devices in its "soft power" toolkit. Russia's strong emphasis on sovereignty as a main pillar of its approach to soft power may render Russia's assistance particularly attractive for countries in the Global South that are trying to escape Western dominance. Yet the proclaimed non-interference into the internal affairs of the recipients might clash with the agency's desire for a more utilitarian and strategic use of aid, which is meant to directly serve Russia's national interests. In the same vein, Rossotrudnichestvo advocates stronger emphasis on bilateral aid, an explicit focus on the Commonwealth of Independent States (CIS), and aid in the form of technical assistance rather than untied contributions. As elsewhere, such utilitarian elements have always been present in Russia's development assistance, and in some cases aid was supposedly provided in exchange for political favors. However, thus far, these tactics have not been a dominant trait of Russia's approach to aid.

The approaches of the different ministries and government bodies present a fragmented picture of varying preferences, which not only reflects the absence of a unified strategic vision for the goals of Russia's development policy, but also for the means of achieving them. Like other donors, Russia is facing the fundamental questions that naturally accompany development engagement: how to effectively help others without compromising one's own interests, and how to ensure national interests are being met without

alienating the recipient countries. Recent institutional developments and the commissioning of a new development concept in 2013 demonstrate a genuine attempt at formulating Russian answers to this fundamental challenge. In this sense, Russia's development policy is currently at a crossroads, and it is largely unclear which direction it will take.

The country's attitude towards development cooperation is indicative of the larger identity crisis that characterizes Russia's foreign policy in general. On the one hand, Russia wishes to claim its status as an international donor and re-instate its status and image as an independent great power. On the other hand, it largely plays by the rules of the established Western donors – a non-ideological approach that creates potential for a productive exchange on the many unresolved issues of development assistance, thus facilitating cooperation, rather than competition with the established donor community.



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## 1. Introduction

In 2011 the Australian Parliamentary Secretary for Pacific Island Affairs, Richards Marles, accused Russia of using “cheque-book diplomacy” and “undermin[ing] development assistance in the region” through the “exploitation” of smaller countries heavily dependent on foreign aid in exchange for political favors (Flitton 2011). What had happened? For the first time Russia had taken notice of this remote part of the world, providing a generous assistance package of \$ 50 million to Nauru, a tiny island nation in the Pacific, and allegedly offering Vanuatu and Tuvalu similar financial rewards – in exchange for the official recognition of the Georgian breakaway republics of South Ossetia and Abkhazia. Although this monetary amount is indeed extraordinarily high by Russian standards, and although Russia’s political motives are obvious, Marles’ accusation is remarkably harsh – and thus actually indicative of a larger issue. In recent years quite a few new or emerging donors have entered the stage of international development, and some of them have demonstrated distinct approaches that do not necessarily coincide with the agendas of the established Western donors. This has provoked suspicions that the traditional Western standards of development assistance may be at risk (Manning 2006: 377). This also affects the Russian Federation, which after the demise of the Soviet Union needed more than a decade to rediscover and get engaged in development cooperation as a distinct policy field.

Although internal development needs clearly prevailed in post-Soviet Russia, international development was not completely absent from the country’s agenda. Back in his second term as President, on 14 June 2007, Vladimir Putin signed a “Concept” which outlined the provisions for “Russia’s Participation in International Development Assistance”.<sup>1</sup> In this Concept, the Russian government presented its “strategic vision of the substance and priorities” of Russia’s development policy. And it made clear that this engagement not only aimed at relieving the miserable situation in the Global South, but was also meant to “strengthen Russia’s international position and credibility”, “develop trade and economic cooperation”, and “promote an unbiased attitude to the Russian Federation in the international community” (Concept 2007: 2, 6). The Concept laid the foundation for a genuine Russian development policy; however, a whole six years later, it still remains in its infancy.

Twenty years after the founding of the Russian Federation, returning to the developing world has proven to be a long and arduous task. This is all the more remarkable considering that Russia’s predecessor, the Soviet Union, presented a fundamentally different picture: as a truly global power the USSR was present on all continents. Yet many pundits attributed its economic stagnation and eventual collapse first and foremost to this “imperial overstretch” (Kennedy 1988) and the magnitude of resource transfers to more or less aligned developing countries. And then, suffering under the heavy consequences of the

1 The “Concept of Russia’s Participation in International Development Assistance” (henceforth referred to as ‘Concept’) is the official English translation of the Russian original “Kontseptsiya uchastiya Rossiyskoy Federatsii v sodeystvii mezhdunarodnomu razvitiyu”, <http://bit.ly/1g5X4M3> (5 December 2013). All quotes in this report are taken from the English version.

transitional crisis of the 1990s, Russia itself turned into a recipient of international support. Providing development assistance was therefore out of the question. In order to become capable of a development policy of its own and to claim a role as re-emerging donor, Russia first had “to rise from its knees”, as Putin described his *leitmotiv* immediately before the beginning of his presidency. But even after the country had “risen from its knees” it still needed several years to generate sufficient aspirations and determination to match its improved capabilities. And even today, in terms of strategic direction and institutional underpinning much remains unclear and unsettled.

In light of these developments, the PRIF report has a twofold objective. It will first present a detailed picture of the evolving field of development policy in the Russian Federation in order to trace this protracted process along with its contradictions and inconsistencies. Such a comprehensive account is still missing in current scholarship.<sup>2</sup> Second, based on this empirical evidence, the report will provide an equally comprehensive study of the nature of Russia’s engagement in development policy in order to assess its *cooperative* or, as referred to at the beginning of the introduction, its *competitive* potential with regard to the as of yet Western-dominated international activities. A cooperative approach, for instance, would imply adherence to the standards established by the “Development Assistance Committee” (DAC) of the Organization for Economic Development and Co-operation (OECD) or processing assistance primarily through the multilateral channels of the UN system. A challenge to the West, in contrast, might come in various forms: by providing aid void of DAC conditionality with regard to democratic governance or transparency and effectiveness, which might undermine Western democracy promotion in the South, or alternatively, by giving aid as a means to serve foreign policy interests which conflict with those of the West by, for instance, providing assistance to those states in the South that have become outcasts for the West—Iran, North Korea, Syria, Venezuela are cases in point. But overall, one must keep in mind that compared to the West, Russia’s engagement is still miniscule; thus, an examination of its development policy cannot serve as a basis for far-reaching conclusions about the nature of Russia’s foreign policy.

In light of these objectives, the Report first provides a general overview of Russia’s relations with the Global South as they evolved after the end of the Soviet Union, and briefly contrasts these developments with the much more active role the USSR played in global development assistance, which used to be one of the primary battle fields in the Cold War. Then, the report will sketch out the main landmarks of post-Soviet Russia’s transformation from a recipient of international aid to a re-emerging donor. The Report subsequently provides a detailed account of the magnitude of Russia’s aid, and highlights sector and regional priorities in order to present a full picture of Russia’s development practices over the last six years. The next chapter is devoted to the country’s evolving institutional infrastructure. Here, the conflicting views over the means and ends of Russia’s assistance are outlined. This outline is followed by a summary of the distinct approaches and moti-

2 The authors presented a first account in German in: Bakalova, Evgenija/Spanger, Hans-Joachim, Mühsame Rückkehr: Russlands Engagement in der Entwicklungspolitik, in: Osteuropa, 62: 6-8, 2012, pp. 459-474.

vations in Russia's development policy. Finally, the report synthesizes these findings into a general assessment of Russia's role in the international regime of development assistance and its implications for the West.

## 2. Russia's Protracted Comeback

### 2.1 The Global South: *Terra Incognita*

There is broad consensus in Russia that the 1990s were not only a new edition of the *smuta*, the "time of troubles" in domestic affairs, but also a lost decade in Russia's foreign relations with most parts of the world. Even today, the Global South is still essentially a blank spot on the map of Russia's foreign and economic policy. Though this applies more or less to all continents, it particularly does to Africa south of the Sahara.<sup>3</sup> The first state visit of a Russian president took place after a gap of almost two decades, in September 2006, by then president Vladimir Putin, who confined his trip to the economically most attractive country: South Africa.<sup>4</sup> He also acted as chairperson for the G8 during its 2006 summit in St. Petersburg, as the G8 had decided to spend quite some time and resources on aid for Africa. In June 2009, Putin's successor, Dmitry Medvedev, visited the remainder of the promising destinations, Nigeria, Namibia, Angola and Egypt.

These visits indicated Russia's revived interest in a continent that had been at the front-line of the East-West struggle during the Cold War, but remained largely neglected by Russia after the collapse of the Soviet Union. Yet the results of these visits were negligible, and if it had not been for the continuous attention of the G8 and the accession of South Africa to Russia's favorite grouping – the BRIC (Brazil, Russia, India, China) – in 2011, followed by the Durban summit in 2013, Africa would have firmly remained on the sidelines.

Although a range of Russian enterprises, such as Rusal, LUKoil, Gazprom, Renova, Noril'skiy Nikel', Alrosa and Rosatom have recently set up business in Africa<sup>5</sup>, trade turnover since then has not reached far beyond \$ 4 billion per year, as Foreign Minister Lav-

3 The Arab states in the North of the continent fared better: Egypt was paid a state visit in April 2005, Algeria in March 2006, Morocco in September 2006 (on the way to South Africa) and Libya in April 2008. Yet there is only one country in the Global South, the long-standing ally India, which has been a regular destination of state and working visits, incidentally always around the turn of the year – in 2002, 2004, 2007, 2008, 2010 and again on the occasion of the BRICS summit in 2012. These, as well as APEC (Asia-Pacific Economic Cooperation) summits, have so far been prime reasons for Russian presidents to pay official visits to the Southern hemisphere.

4 This visit was repeated in 2013 on the occasion of the BRICS summit, after South Africa joined that grouping in 2011.

5 Likewise, a "Coordinating Committee for Economic Cooperation with the Countries of Sub-Saharan Africa" has been set up, chaired by Vladimir Dmitriev, head of Vneshekonombank. In July 2011, it comprised 120 members and is meant to coordinate activities of the Russian government and the private sector in Africa. It is also equipped with an expert council to provide expertise for Russian companies in Africa (Vasiliev 2011).

rov confirmed in an interview on 21 October 2011.<sup>6</sup> The share of merely 1.5% of total Russian foreign direct investments is equally small (Klomegah 2011).<sup>7</sup> This stands in stark contrast to the Chinese engagement with a trade turnover of \$ 120 billion. In conjunction with the impulses coming from the G8, China and its “aggressive expansion of its economic and geopolitical zone of influence in Africa”, is the main stimulus and inspiration for the growing Russian interest in Africa and other parts of the world (Klomegah 2011). The only exception to this is arms trade, since Rosoboroneksport’s presence is far from negligible: Russia’s share of the arms market in sub-Saharan Africa is said to have reached 11% in 2011 (Klomegah 2013).<sup>8</sup>

Russia’s search for new global partnerships and its goal to build international coalitions based on well-aligned foreign policies also plays an important role in Russia’s attitude towards Africa. During the visit of South African President Jakob Zuma in Moscow in 2010, Medvedev emphasized that both countries are “strong advocates of establishing a new international order”, which should not only be based on “equitable distribution of opportunities”, but also on “the rule of international law, values and interests of all parties and, of course, respect for sovereignty” (Kremlin 2010). In other words, Russia’s presence in Africa also represents a building block of the multi-polar international order as propagated by Moscow. Russian experts are observing a similar trend on the opposite side, where Africans are encouraged “to build partnerships with emerging new centers of power in world politics” in order “to expand the room for maneuvering and to weaken the dominance of the Euro-Atlantic community” (Vasiliev/Korendiasov 2013).<sup>9</sup> For Africa, the big advantage of today’s Russia is “that [it is] not affiliated with any global ideological projects,” thus instilling Africans with confidence that Russia “will not drag them into some kind of scheme with far-reaching consequences” (Africa and Russia 2013: 166).<sup>10</sup>

However, this type of partnership implies investments and responsibilities that go beyond Russia’s immediate interests of “enhancing dialogue on the current key international problems, including combating terrorism and other manifestations of extremism;

6 However, the economic exchange with some African countries has recently proven increasingly dynamic. In 2012, trade with South Africa approached \$ 1 billion, having grown at a rate of 66% (RIA Novosti, 2.09.2013, <http://bit.ly/1fckZXn> [5 December 2013]).

7 Other sources, however, arrive at higher figures. Vladimir Shubin, referring to the UNCTAD World Investment Reports 2011/2012, suggests a share of 4% of total Russian FDI (Foreign direct investment), which would amount to roughly \$ 9 billion (Shubin 2013: 4).

8 The primary recipients of weaponry here are old customers such as Angola, Ethiopia, Mozambique, and Sudan. However, more important in this context has been North Africa, where Russia’s share reached 51.9% between 2004 and 2011 (Africa and Russia 2013: 176).

9 Vasiliev is director of the Africa-Institute of the Russian Academy of Sciences and was for some time special representative of the Russian president for relations with the African countries.

10 However, if another participant of this round table discussion came to raise the possibility of a new “scramble for Africa”, this benign Russian attitude may be questioned: “The scramble for Africa is also a battle for the minds. It is a struggle between the Euro-American-centric and America-dependent systems, for which the West uses the tag of “democracy,” and the truly democratic, multipolar, polycentric world system of equal partnership of sovereign states” (p. 150).

recovery of trade”. As Foreign Minister Lavrov explained on 27 October 2007 at the 7<sup>th</sup> Meeting of the “Africa Partnership Forum”, it requires addressing Africa’s most basic development needs, such as “expanding contacts in the field of education and public health” and helping Russia’s African partners “to reduce the debt burden, strengthen their peace-keeping capacity and train national civil specialists” (Lavrov 2006).<sup>11</sup>

Compared to Africa, Russia’s presence in Latin America has gained a higher profile during the past years. This applies not only to economic relations – the trade turnover reached \$ 12.4 billion in 2010<sup>12</sup> – but also politically: between 2008 and 2011, 22 summits and 60 high ranking visits took place between Russia and several South and Central American countries. And here too, multi-polar considerations received explicit emphasis, which is reflected in the preferential treatment of the Venezuela of Hugo Chavez, joint naval exercises included. Moreover, Aleksandr Lukashevich, spokesman of the Russian Foreign Ministry has boasted, “it is important that the intensification of our ties with Latin American countries fits into the new configuration of international relations of the contemporary multi-polar world” (MFA 2011). The “leftist drift” in the region contributed significantly to this; it not only led to groupings such as the Bolivarian Alliance, but also generated sympathies for greater extra-territorial powers such as Russia, which could conceivably be used as leverage for strengthening their position vis-à-vis the USA (Sudarev 2012).

But it is not just the geostrategic predicament that led Russia to extend developmental solidarity; its interest in economic opportunities is no less important. During his presidency, Dmitri Medvedev never tired to point this out, and in 2009 he explicitly established a link between development cooperation and Russian investment plans:

“There was a time when domestic circumstances forced us to cut back our foreign policy ambitions in these places simply because we did not have the resources. But now we have new possibilities and so we should build up an active presence on these continents, establish friendly relations with these countries, restore old relations, take part in big investment projects, bid for contracts and tenders, and place our orders there” (Kremlin 2009).<sup>13</sup>

Whether the “old relations” can really be reanimated, remains to be seen. As a former South African ambassador to Russia observed, they are at least “not burdened by the colonial albatross” (Olivier 2013). However, geographic preferences have obviously changed and

11 The “Africa Partnership Forum” (APF) was founded right after the G8 summit of Evian in 2003 in order to intensify the dialogue between the G8 and the African initiative “New Partnership for Africa’s Development” (NEPAD) and to engage the most important bilateral and multilateral donors.

12 The trade turn-over was thus nearly as high as with the ASEAN countries, where it rapidly grew from a mere \$ 1 billion in 2000 to \$ 15 billion in 2011 (Prikhodina 2013).

13 In close conjunction with Russia’s internal development plans this is equally pronounced with regard to Asia. This continent is the primary target of Moscow’s plans for the “Economic and Social Development of the Far East and the Baikal Region” as passed by the government in 2013, as well as of initiatives such as “Project Siberia” as propagated since mid-2011 by Sergei Karaganov. He wants to convert the Eastern regions of the Russian Federation into a “resource and food base for rising Asia”. This applies primarily to China, which, according to Karaganov, raises the specter of Russia becoming a mere “resource appendix” if it does not adopt a strategic approach, especially in consideration of the fact that China’s dealings with Russia allegedly follow the familiar pattern of its ever increasing presence in Africa (Karaganov 2011).

economic interests have clearly gained the upper hand over the ideological motives that prevailed during the Soviet era. This trend also applies to ordinary Russian citizens, as indicated by 100,000 Russian tourists visiting Indonesia in 2011, and 300,000 making trips to Thailand. Previous allies such as Cuba,<sup>14</sup> and even more so Vietnam, Angola or Mozambique are not nearly as popular vacation destinations. Nevertheless, Medvedev believes that from the perspective of the former partners a foundation has survived to build upon:

“There are places where our past presence is known and remembered, and where people hope to see us now, have not forgotten us, and even love us. What reason do we have for forgetting these continents, for forgetting Africa and Latin America?” (Kremlin 2009)

For Russia, making use of old ties is a way of serving its objective of turning itself into a “strong country”, much like its predecessor, the USSR, was. In this sense, the memory and legacy of the Soviet Union are entirely untarnished.

## 2.2 The Soviet Legacy

The Soviet Union was one of the most significant actors in the former Third World. This comes as no surprise, considering that the South was the main battlefield in the global struggle for East-West supremacy from the 1970s onwards. The political program of the CPSU (Communist Party of the Soviet Union) once framed Moscow’s role and dedication as follows:

“The Soviet Union is on the side of states and peoples, repelling the attacks of the aggressive forces of Imperialism, defending their freedom, independence and national dignity. Solidarity with them – is currently an important part of the common struggle for peace and international security” (cited in: Belchuk 1985: 9).

This solidarity entailed obligations, and “help for the liberated countries” played a large role in the Soviet engagement with the developing world, both politically and in material terms. Even the OECD acknowledges this, counting the USSR among the main international donors between 1960 and 1990 (OECD 1999: 56).

**Table 1: Development Assistance by the USSR and the USA, 1970-1988**  
(in billion Dollars, percentages based on the price level of 1989)

|                | 1970-71 | 1975-76 | 1980-81 | 1985-86 | 1988  |
|----------------|---------|---------|---------|---------|-------|
| <b>USSR</b>    |         |         |         |         |       |
| OECD-Estimates | 1,994   | 1,794   | 2,247   | 3,195   | 4,210 |
| % GNP          | 0.15    | 0.16    | 0.25    | 0.32    | —     |
|                | 1970-72 | 1974-76 | 1978-80 | 1985    | 1987  |
| <b>USA</b>     |         |         |         |         |       |
| OECD-Estimates | 3,408   | 4,065   | 5,829   | 9,403   | 8,945 |
| % GNP          | 0.32    | 0.26    | 0.25    | 0.24    | 0.20  |

Sources: “Western Estimates of Soviet Aid to Developing Countries” in: Chekhutov, et al. 1991: 97 and “US Official Development Assistance to Developing Countries and Multilateral Agencies, Net Disbursements” in: Preeg 1991: 126-127.

14 Cuba after all boasted 90,000 Russian tourists in 2011 (The Moscow Times 2013).

A number of uncertainties remain regarding these figures. The Soviet secrecy, its insufficient statistics and the accounting differences with the standards of “Official Development Assistance” (ODA) established by the OECD make it virtually impossible to arrive at reliable assessments about the true amount of Soviet assistance. The purely political exchange rate between the ruble and the US dollar and the price subsidies in the bilateral Soviet trade agreements, judged against the price level on world markets, are the most obvious examples (see: Chekhutov, et al. 1991: 96; Bowles 1992: 79). Nevertheless, there is no doubt that the USSR was not only globally present, but was also ready to invest heavily into this presence – by means of development aid, among other things. According to calculations by Andrei Kortunov, expenses for development aid surpassed even the Soviet budgets for science and internal security by more than thirty percent during the 1980s (cf.: Bowles 1992: 70).

According to Western sources of the time, two thirds of Soviet expenditures went to just three particularly close allies: Cuba, Mongolia and Vietnam, while the remainder was distributed to Afghanistan, Cambodia, North Korea and Laos (Bowles 1992: 67). In the Marxist Leninist nomenclature, the former were the core countries of the second inner circle around the “Socialist Community”, which together formed the “Socialist World System”. The outer ring of friendly countries – which were either on a “Socialist Development Path” or just had a “Socialist Orientation” – were accordingly benefactors of the third order.<sup>15</sup> They were subject to “mutually beneficial relations”, which the Soviet Union had to finance as well, through loans that, due to generous rescheduling, eventually became a burden for its heir, the Russian Federation. The official justification for this reads as follows:

“The economic cooperation of the Soviet Union with a free Africa in spite of the diversity in its areas and forms and the preservation of its mutually beneficial character primarily aims at solving the most pressing needs in the economic build-up of these young states” (Tarabrin 1985: 11).<sup>16</sup>

All in all, Soviet development policy was intimately linked to efforts of consolidating – and at times expanding – Moscow’s global zone of influence. Just like Western development policy during the Cold War, the USSR’s aid distribution was geostrategically inspired; however, as a result of the systemic conflict, it also entailed socio-economic transformations in line with Marxist-Leninist prescriptions wherever domestic conditions proved conducive. The disintegration of the Socialist World System terminated any alternative to the capitalist system, unleashed a fundamental crisis of purpose and deprived the Soviet development policy of its *raison d’être*. On top of that, towards the end of the 1980s, both the communist system and the Soviet economy ground to a halt. Within just a

15 This corresponds to Chekhutov et al. (1991: 94), who arrives at the following politically and ideologically motivated hierarchy of preferences: “the socialist developmental countries, other countries of geopolitical importance to the USSR, countries in urgent need of defending their independence, and countries interested in establishing good relations and cooperation with the USSR”.

16 The principle of mutual benefit is also echoed elsewhere: “The principle of mutually beneficial cooperation, however, is not reduced to the simple provision of commercial interests, but has a deeper meaning – a mutual interest in economic and social development of all states and peoples in the world. Cooperation with the Soviet Union contributes to the growth and strengthening of the young states’ productive forces, strengthens their position in the struggle against imperialist monopolies” (Chetvertakov 1985: 214).

few years, one of the biggest donors turned into a recipient of almost exclusively Western assistance – even though these aid packages looked much greater on paper than in reality. For more than a decade, Russia disappeared from the global stage of development aid, leaving virtually nothing behind.

### 2.3 From Recipient to Donor

Shortly before the official end of the Soviet Union, but even more so afterwards, Moscow was promised voluminous bilateral and multilateral aid packages, which amounted to more than \$ 40 billion. And from 1990 until 2005, Russia was also officially registered as a recipient of “Official Aid” (OA) by the “Development Assistance Committee” (DAC) of the OECD.<sup>17</sup> This assistance reached its peak in the wake of the so-called ruble crisis in August 1998, and amounted to a share of the Russian GNP equivalent to the average amount the OECD donors spend on ODA.

**Table 2: “Official Aid” of OECD Member States for Russia (1995-2004)**

| Year | Million \$ | % RF GNP |
|------|------------|----------|
| 1995 | 1,610      | —        |
| 1996 | 1,282      | 0.30     |
| 1997 | 734        | 0.17     |
| 1998 | 1,018      | 0.38     |
| 1999 | 1,816      | 1.07     |
| 2000 | 1,565      | 0.63     |
| 2001 | 1,112      | 0.37     |
| 2002 | 1,301      | 0.38     |
| 2003 | 1,255      | 0.30     |
| 2004 | 1,313      | 0.27     |

Sources: OECD 2000, 2005. The GNP shares are taken from Rakhmangulov 2010: 197. The Gross National Product (GNP) is the market value of all the products and services produced in one year by labor and property supplied by the residents of a country.

Even today, Russia receives some assistance that is commonly considered development aid. For instance, this label applies to aid given by various countries and international organizations in support of democracy and the rule of law. These monies continue to flow despite the fact that the Russian government has repeatedly stressed its discomfort around receiving them, as, for instance, on the occasion of the forced closure of the USAID office

17 “Official Aid” was given to transition countries in Eastern Europe and the South that were considered “more advanced” and therefore not entitled to “Official Development Assistance” (ODA) with its concessionary elements. As of 2005, Russia as a member of the G8, as well as the new and prospective members of the EU, were no longer officially listed as aid recipients.



in October 2012. In quantitative terms, this assistance is essentially insignificant. Moreover, if one does not apply strict DAC accounting standards, Russia has actually provided far more assistance than it has received itself, and did so even during the difficult, transitory 1990s. Its benefactors were primarily members of the Commonwealth of Independent States (CIS) from the former common state. This assistance applies to the cost of the civilized, yet badly managed, Soviet divorce, the brunt of which was borne by Russia. The prime example here is the common ruble zone with its decentralized money emission until mid-1993. Another example is the extravagant pricing of energy carriers, Russia's foremost export commodity, which lasted until the middle of the last decade. According to then Prime Minister Vladimir Putin the implicit subsidies of deliveries of natural gas to the consumers in the CIS amounted to a staggering \$ 75 billion between 1992 and 2007 (cf. Bratersky 2009: 12).<sup>18</sup>

However, despite this impressive amount, according to internationally established standards these transfers and subsidies cannot be considered official development assistance (ODA as laid down by DAC). This verdict, however, does not apply to another category of post-Soviet assistance: the cancellation of Soviet debt by the Russian government, which, according to Putin, amounted to \$ 35 billion by 2003 and is still accumulating. This amount applied not only to (mostly Arab) customers of Soviet weaponry but also "Heavily Indebted Poor Countries" (HIPC) such as Afghanistan, Ethiopia or Mozambique for which there were special IMF and World Bank procedures for debt relief.<sup>19</sup> Whatever the judgment on previous Soviet credit policy and the prospects of future redemption, the debt cancellation propelled Russia into the top league of international donors<sup>20</sup>, and provided proof that the Soviet inheritance lived on – at least in this respect. Even more importantly, the haircuts consolidated Russia's position in the G8, which started taking renewed notice of the problems in the South and notably of Africa around the turn of the millennium, thereby putting all of its members under some pressure to act – and to justify their actions in public.

Accordingly, it was in the run-up to the G8 summit in Evian in 2003, to which a great number of developing countries were invited, that the Russian government officially indicated that it no longer wanted to be a recipient, but rather a donor of international assistance. And it even tried to assume a distinct role among the G8 donors, as, according to

18 Allegedly, the Ukraine alone benefitted in the range of \$ 47 billion, and if one counts the special status of Belarus as member of the union state with Russia, the sum of its economic benefits amounted to no less than \$ 49 billion. Occasionally, issues such as FDI by Russian firms or the large amount of money transfers by labor migrants from Central Asia and the Caucasus are also mentioned to illustrate Russian generosity (Yatsenko/Bartenev 2013).

19 According to Bratersky (2009: 12) the amount of written off debt was as high as \$ 60 billion; he specifically mentions Afghanistan (\$ 10 billion), Libya (\$ 4.5 billion), Iraq (\$ 12 billion) and Algeria (\$ 4.7 billion). Another fairly impressive figure concerns the debt cancellation in the case of Cuba, which, in the range of \$ 30 billion, was apparently agreed upon in February 2013 (The Moscow Times 2013).

20 According to Putin, in 2006, Russia occupied third place (after Japan and France) in absolute terms for writing off developing countries' debt, and first place according to the amount of cancelled debt as share of GDP (Kremlin 2006).

the spokesperson of the foreign ministry, Russia not only contributed to the G8's "common activities," but also addressed its need of "developing a new socially oriented model of globalization as well as to consolidating Russia's traditionally friendly relations with the 'third world' countries." In addition, he referred to transfers "of the past months", such as \$ 10 million for the Trust-Fund of the G8 initiative of Cologne, \$ 11 million for the World Food Program and \$ 20 million for the Global Fund to Fight AIDS, Tuberculosis and Malaria, which was also initiated by the G8 and managed to collect more than \$ 19 billion between 2002 and 2010 (MFA 2003). These figures and terms, however, went only slightly beyond of what qualified as Russian aid prior to this announcement – mandatory contributions to international organizations, disaster relief and the debt relief in the framework of the Paris Club (Degterev/Bezunova 2010). And they were different only insofar as they were almost completely multilateral donations.

The next push came around the G8 summit of 2006, which took place under Russian presidency in St. Petersburg for the first time. The Petersburg summit was the ultimate starting point for the Russian government to systematically and comprehensively address the objectives and needs of a genuine Russian development policy. In its wake, the first – and to date the only – programmatic document of the Russian Federation on the subject appeared: the "Concept on Russia's Participation in International Development Assistance". It was signed on 14 June 2007 by the Russian President. The Concept starts with a self-critical acknowledgement that is quite uncommon in official government documents: "mainly for objective reasons" Russia's participation in development assistance "was quite limited both in scope and types of assistance". Moreover, Russia was "the only country in the Group of Eight whose laws and government regulations do not even include the concept of official development assistance" (Concept 2007: 3-4) The Concept was meant to rectify this situation based on the following specific considerations:

- (1) "The dramatic improvement of Russia's economic status" as "an important prerequisite";
- (2) "Russia's status of a superpower";
- (3) "Russia's economic and political interests" which call for "a stronger and more consistent policy on international development assistance" as this would help "strengthen Russia's international position and credibility; stabilize socioeconomic and political situation in the partner countries; establish a belt of good neighborliness; prevent the occurrence of potential focal points of tension and conflict, primarily in regions neighboring the Russian Federation; and ultimately create a favorable external environment for Russia's own development";
- (4) The "appreciable strengthening of development assistance efforts by Russia's G8 partners" which "has become an important factor directly influencing federal government activities in this area" (Concept 2007: 3-5).

Apart from the somewhat ritualized superpower reference, the listed motivations by and large reflect the current mainstream thinking in global development policies. In addition to national interests proper, the Concept professes to pursue the Millennium Development Goals, jointly elaborated by the UN, the World Bank, IMF and OECD in 2001, and to follow the guidelines of the Paris Declaration on Aid Effectiveness of 2005. According-

ly, Russia is set to contribute to sustainable development and disaster relief. In concrete terms, this translates into efforts to “foster democratic processes, development of market-oriented economies, and observance of human rights in recipient countries”. And with a view to containing the inherent risks of these “very complicated and complex” activities, Russia insists that the recipient countries “conduct reforms towards the development of civil society institutions in education, health, social assistance to the poor” and pursue “anticorruption programs”. Russia also expects the countries to have “national poverty reduction and sustainable economic development programs and strategies” as demanded by the World Bank and the IMF in their poverty reduction strategies (PRSP).

Even more interestingly, the Concept not only addresses the recipients, but also makes demands on Russia itself: it calls for transparency in assistance-related decision-making processes, and urges that federal budget allocations must be “stable and predictable”. Russia’s Concept furthermore promises to “coordinate its development assistance activities with other bilateral and multilateral donors” and to make proper use of their expertise (Concept 2007: 6-7). Those were Russia’s ambitions in 2007, but even today, six years later, the process of setting up proper institutions and regulations is far from complete. And compared to the activities of the Soviet Union, the Russian Federation is ages behind in both quantitative and qualitative terms.

### **3. Key Figures: “Modest but Effective”?**

#### **3.1 Aid Volumes**

The official Concept points to a steady increase in Russia’s development assistance, which according to the Ministry of Finance in 2001 amounted to only \$ 40 million but had risen to \$ 210 million by 2007. It also set an annual ODA benchmark of \$ 400-500 million (excluding debt relief) to be reached by 2011 (Concept 2007: 10). This goal was indeed met.

The data collected from Russia’s G8 Accountability Reports presented below reflects the upward trend from \$ 100 million in 2004-2006 to \$ 450-500 million in 2010-2012. The overshooting in 2009, when nearly \$ 800 million was spent, was explained by the Director of the Department for International Financial Relations of the Russian Finance Ministry, Andrey Bokarev, by the increased demand for financial support primarily by CIS countries in the wake of the global financial crisis (MOF 2010b).

**Table 3: Russian Aid 2004-2012**

|                                 | 2004  | 2005   | 2006   | 2007   | 2008  | 2009   | 2010   | 2011   | 2012   |
|---------------------------------|-------|--------|--------|--------|-------|--------|--------|--------|--------|
| <b>Ministry of Finance Data</b> |       |        |        |        |       |        |        |        |        |
| Million Dollar                  | 100   | 101.30 | 101.80 | 210.78 | 220   | 785.02 | 472.32 | 513.90 | 458.78 |
| % GNI                           | 0.02% | 0.01%  | 0.01%  | 0.02%  | 0.01% | 0.07%  | 0.03%  | 0.03%  | 0.025% |
| <b>OECD Data</b>                |       |        |        |        |       |        |        |        |        |
| Million Dollar                  |       |        |        |        |       |        | 472.39 | 478.99 | 465.01 |
| % GNI                           |       |        |        |        |       |        | 0.03%  | 0.03%  | 0.02%  |

Sources: MOF 2010a, 2011c, 2012b; Lough Erne Accountability Report 2013, OECD Development Statistics, current prices. GNI (%) estimates are based on World Bank data 2004-2013. The GNI is the sum of incomes of residents of an economy in a given period. It is conceptually identical to the gross national product (GNP) used in the first table.

Irrespective of the steep rise in Russian aid, the country is still far off the internationally agreed target of 0.7% ODA/GNI in the range of 0.01% GNI and 0.07% GNI in 2004-2012.<sup>21</sup> Nonetheless, the Concept contains a reference to the DAC 0.7% benchmark, which is to be achieved once the “necessary socioeconomic conditions are created” domestically (Concept 2007: 10). This is not yet the case. As the Finance Ministry regretfully acknowledged, pointing to quite a few regions in Russia which also qualified for development assistance: although Russia as a great power would comply with its international commitments, it also has to take into account such “internal factors” (MOF 2013). Thus, for the time being, one can hardly expect that Russia will move beyond the target set in the Concept.

A proper assessment of the actual amount of Russia’s assistance is further impeded by another deficiency common among many of the emerging donors: the absence of a national accounting and reporting system – a problem acknowledged not only by experts (Rakhmangulov 2010: 54; Yatsenko/Bartenev 2013; OECD 2010: 138), but also, as mentioned earlier, in the Concept itself. The Concept promised to rectify this, announcing that relevant amendments be introduced to the Budget Code of the Russian Federation, including the “introduction of the concept of official development assistance, ODA loans, technical assistance, etc.” (Concept 2007: 10). Accordingly, the Ministry of Finance claims that since then its national data have been compiled in accordance with DAC-OECD standards and therefore qualify as ODA.<sup>22</sup> The Concept also authorized the Finance Ministry to “fur-

21 According to OECD, in 2010 the average ODA/GNI percentages for major donor groupings were as follows: DAC-EU countries – 0.46%, G7 – 0.28%, non-G7 – 0.49%. Other new donors such as Turkey (0.13%), Estonia (0.10%), Hungary (0.09%), Poland (0.08%) have scored even lower, yet still higher than Russia (OECD 2011: 140).

22 In 2008, the Finance Ministry announced its intention of building a national statistical reporting system conforming to DAC-OECD standards within three years. This plan was further substantiated by a joint conference of the Ministry, the World Bank and the OECD on May 27 and 18, 2008 in Moscow with the topic “Development Aid Statistics: International Experience and Creation of a Russian Accounting and Reporting

nish summarized data on Russia's development assistance activities to the Organization for Economic Co-operation and Development" (Concept 2007: 12). This started in 2011 (MOF 2011b), making Russia the first BRICS country to do so (OECD 2012: 259).<sup>23</sup>

### 3.2 Russia and the BIC: Figures in Comparison

The analysis and comparison of aid volumes provided by non-DAC emerging donors is a challenging exercise, considering that many of these countries either do not officially disclose their aid statistics or do so in a way that does not necessarily match OECD standards. Therefore, the comparison of disbursements made by Russia, Brazil, China and India presented here can only provide a provisional overview. Nevertheless, judging from the available data, Russia occupies middle ground among the BRIC states. It is, however, important to note that while India, Brazil and China all maintain a dual status as both donors and recipients, Russia has been officially excluded from the applicable DAC list in 2004. According to per capita GNI, China and Brazil are listed as upper-middle income countries, while India is still in the lower-middle category.

**Table 4: Aid Received by India, Brazil, China from DAC Member States 2004-2008 (in Million Dollars)**

|               | 2004  | 2005  | 2006  | 2007  | GNI % 2007   | 2008  | GNI % 2008   | 2009  | GNI% 2009    |
|---------------|-------|-------|-------|-------|--------------|-------|--------------|-------|--------------|
| <b>Brazil</b> | 154   | 243   | 113   | 321   | <b>0.03%</b> | 460   | <b>0.03%</b> | 338   | <b>0.02%</b> |
| <b>China</b>  | 1,716 | 1,815 | 1,248 | 1,487 | <b>0.04%</b> | 1,489 | <b>0.04%</b> | 1,153 | <b>0.02%</b> |
| <b>India</b>  | 693   | 1,725 | 1,383 | 1,384 | <b>0.12%</b> | 2,108 | <b>0.17%</b> | 2,453 | <b>0.17%</b> |

Source: OECD 2010; GNI estimates based on World Bank data.

**Table 5: Comparison of Aid Provided by India, Brazil, China and Russia in 2007 and 2009 (in Million Dollars)**

|               | 2007  | GNI % 2007    | 2009  | GNI % 2009   |
|---------------|-------|---------------|-------|--------------|
| <b>Brazil</b> | 437   | <b>0.030%</b> | 362   | <b>0.02%</b> |
| <b>China</b>  | 1,400 | <b>0.040%</b> | 1,947 | <b>0.04%</b> |
| <b>India</b>  | 392.6 | <b>0.036%</b> | 488   | <b>0.03%</b> |
| <b>Russia</b> | 210   | <b>0.020%</b> | 785   | <b>0.06%</b> |

Source: OECD 2010, Zimmerman/Smith (2011: 724, 725); GNI estimates for 2009 based on World Bank data, current prices.

system". In the following sections on sector and regional preferences we therefore refer to Russian ODA; only in cases where the DAC criteria are obviously (or presumably) not applied, we employ more general terms such as "aid" or "assistance".

23 In addition, Russia provides national G8 Accountability Reports on, for instance, the promised aid to Africa.

As the two tables above illustrate, in 2007 and 2009 India, Brazil and China received roughly the same, or, in the case of India, an even bigger amount of aid than they themselves provided as donors. As Table 5 indicates, China has been providing the largest sum of aid among the emerging powers. At the same time, China was also listed by the OECD as one of the top-ten ODA recipients in 2007-2008 (OECD 2010).

Despite the fact that non-traditional donors have been increasing their aid volumes steadily in recent years, non-DAC countries still only account for a rather small portion of total flows compared to the DAC members. In 2011, DAC countries accounted for 83% of total ODA disbursements, while non-DAC states made up a moderate 5.8%. Among the non-DAC countries reporting their aid flows to the OECD<sup>24</sup>, Russia also occupies middle ground with a share of 6.7% of total non-DAC aid disbursements in 2010. In 2011, Russia accounted for 5%, ranging fourth after Saudi Arabia (which stood for about 54% of total non-DAC flows), Turkey (13%) and the UAE (8%). And with regards to ODA volumes as a share of GNI, Russia clearly falls behind all other non-DAC reporting donors, except for Thailand, which had a 0.01% ODA/GNI ratio compared to Russia's 0.03% in 2011.

### **3.3 Sector Priorities**

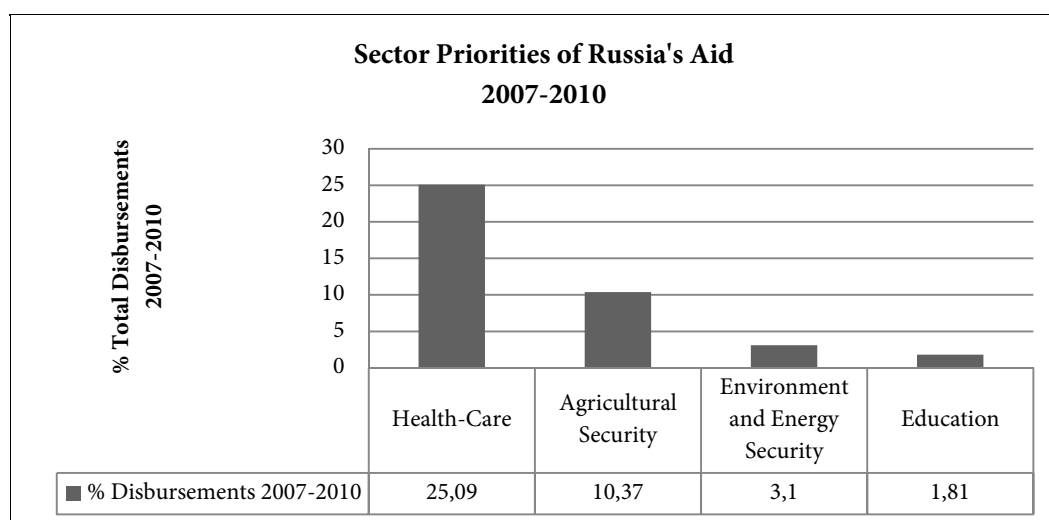
The sector priorities of Russia's assistance are in line with the areas outlined in the wake of its G8 Chairmanship in 2006: fight against infectious diseases, increase equality of education, and combat energy poverty (Putin 2006). More specifically, the 2007 Concept listed a total of twelve priority areas (in the following order):

- Combating energy poverty;
- Strengthening national health and social protection systems;
- Facilitating access towards and improvement of education;
- Institutional development (social infrastructure and trans-border trade);
- Establishing and strengthening national anti-terrorism systems;
- Improving the efficiency of public administration systems;
- Resolution of military conflicts;
- Trade facilitation;
- Environment protection;
- Industrial development and innovation;
- Poverty reduction;
- Development of civil society institutions and human rights protection.

24 Among the emerging non-OECD donors twelve officially report their ODA flows on a regular basis: Cyprus, Kuwait, Latvia, Liechtenstein, Lithuania, Malta, Romania, Russia, Saudi Arabia, Taiwan, Thailand and the United Arab Emirates (OECD 2012: 258). Moreover, OECD development statistics also include information on OECD non-DAC states' aid flows provided by: Bulgaria, Estonia, Hungary, Israel, Poland, Slovakia, Slovenia and Turkey.

Graph 1 depicts the shares of Russia's aid expenditures in four key policy areas: health-care, agricultural security, environment protection and energy security and education.<sup>25</sup> Since information on sector distribution of Russia's assistance is only available in its G8 Accountability Reports, which only focus on data showing compliance with specific G8 commitments, this information is neither particularly detailed nor exhaustive. But it allows for a comparison of the relative expenditures across different sectors – though with a strong emphasis on multilateral contributions, which only reflect about 50% of Russia's overall expenditures.

**Graph 1: Structure of Russia's Aid: Sector Priorities**



Sources: MOF 2010a, 2011c.

Health is one of the top priorities of Russian development assistance: In 2007-2008 as much as 50% of Russia's total ODA was spent on health-related programs and activities (MOF 2010a).<sup>26</sup> A large portion of these monies went to the Global Fund to Combat AIDS/HIV, Malaria and Tuberculosis (GFATM). While holding the G8 Chairmanship in 2006, Russia announced its goal of becoming a GFATM net donor, and made a pledge to contribute \$ 217 million to the Fund's national programs in Russia by 2010 (MOF 2010a). This means that Russia assumed responsibility for partially financing programs carried out on its own territory, which does not qualify as ODA according to DAC standards. Moreover, in 2010 Russia pledged an additional \$ 60 million to be disbursed in 2011-2013. By 2011 Russia had contributed a total of \$ 276.99 million to the GFATM (MOF 2012b).

<sup>25</sup> These policy areas have been selected as they appear to be the most salient in Russia's G8 Accountability Reports, which allows for an annual comparison.

<sup>26</sup> \$ 104 million (of \$ 210 million total ODA) were provided for health-related activities in 2007, while Russia spent \$ 110 million (of \$ 220 million) for such programs (MOF 2010a) in 2008. In 2009, Russia spent \$ 129 million, which, however, only accounted for 16.45% of Russia's total disbursements of approx. \$ 800 million that year. This proportion was then preserved in 2010, even though only \$ 80 million (of \$ 472 million) were spent on health programs in that year (MOF 2011c).

Agricultural security appears to be the second priority of Russia's ODA. Here Russia is primarily making earmarked contributions through trust funds and programs within the UN World Food Program (WFP) and the World Bank. The funds contributed by Russia to the WFP in 2010 were to be distributed among Tajikistan (\$ 5 million), Afghanistan (\$ 5 million), Armenia (\$ 2.5 million), DPR Congo (\$ 2 million) and Kyrgyzstan (\$ 5 million) (MFA 2010). Additionally, Russia pledged \$ 330 million to the G8 L'Aquila Food Security Initiative (AFSI) in 2012, after it had already contributed \$ 285.4 million by then (MOF 2012b). Most of Russia's contributions to the AFSI are provided through bilateral channels.

As chair of the G8 in 2006 Russia developed an Action Plan for the improvement of global energy security, which included provisions on combating international energy poverty. Since then Russia has been acting as an active member of the "Global Village" partnership for fighting energy poverty in Africa. In 2007-2008 Russia provided \$ 10 million to the fund and promised an additional \$ 20 million in 2009-2010 (MOF 2010a, 2011c). Despite the fact that Russia announced energy security as the top priority of its G8 presidency, expenditures in this area appear to have been rather moderate.

In the education sector, Russia is providing financial assistance through the "Education for All" programs of the World Bank. Between 2004 and 2011 Russia contributed a total of \$ 15.2 million (MOF 2012b). In 2008 Russia started the "READ" program in cooperation with the World Bank – a project specifically designed for the promotion of Russia's role as an emerging donor in the area of education (Kudrin 2010). However, there are also bilateral programs in the making, which are closely tied to pressing concerns within Russia. The head of the government agency *Rosstrudnichestvo* in charge of aid to the CIS, Konstantin Kosachev, advocated the development of special education programs in Central Asia, from where many of Russia's laborers migrate. According to him this would be a "rational utilization of budget resources", since it would not only "really help" the countries there but also simultaneously address Russia's domestic problems (Ekho Moskvyy 2013). Nonetheless, the share of education aid (both multilateral and bilateral) is considerably lower than that of health-care and food security.

### **3.4 Regional Priorities and Selection Criteria**

The 2007 Concept referred to the following regional priorities (in the order of the Concept): particular emphasis was placed on the CIS countries (with a special focus on the members of the "Agreement on the Integrated Economic Space" and the "Eurasian Economic Community"), followed by the Asia-Pacific, Sub-Saharan Africa, Middle East and North Africa, and Latin America. This geographical orientation is in line with Russia's official foreign policy documents (such as, for instance the National Foreign Policy Concepts of 2008 and 2013), where Post-Soviet space has invariably been given top regional priority. Conversely, Africa and Latin America have traditionally gained relatively scarce attention. Relations with the Middle East and Africa were mentioned for the first time in the 2008 Foreign Policy Concept, within the context of Russia's G8 commitments. With respect to this part of the world, developing "mutually beneficial economic cooperation" and fostering Russia's involvement in economic projects in the region and on the conti-



ment have been presented as the primary objectives (Foreign Policy Concept of the Russian Federation 2008).

Judging by the data disclosed in the G8 Accountability Reports, Russia has adhered to these regional preferences, putting the CIS countries first, but also confirming Russia's G8 commitments towards Africa (MOF 2007). In 2009, Russia pledged to provide a total of \$ 750 million to the Eurasian Economic Community's (EurAsEc) Anti-Crisis Fund, thus assuming the lion's share of obligations (the Fund itself comprised \$ 1 billion). In 2010, Russia provided concessional loans of \$ 63 million to Tajikistan by way of the Anti-Crisis Fund (MOF 2012b).<sup>27</sup> In 2011, Russia pledged \$ 1,240 million to Belarus to be delivered through the Eurasian Development Bank (EDB). Moreover, as was noted earlier, Russia has been actively using the mechanism of earmarked contributions to international funds and multilateral aid programs in the area of food security (e.g., WFP and AFSI), giving priority to CIS states in Central Asia (primarily Tajikistan and Kyrgyzstan). The same applies to Russia's participation in multilateral and bilateral health-related programs, where priority was once again given to Central Asian states (MOF 2012b).

Unfortunately, there is only scattered official data that could help trace the geographical pattern of Russia's bilateral aid over recent years in greater detail. The only comprehensive account of its geographical structure can be found in OECD development statistics on Russia's bilateral ODA in 2011 and 2012; however, these statistics are based on restrictive DAC criteria, and the picture that emerges is quite puzzling.

In 2011, Russia spent approximately \$ 240 million (of a total \$ 478.99 million, see Table 3) in the form of bilateral ODA. The regional priorities of this bilateral ODA appeared to be as follows: Latin America was the primary recipient (with \$ 73.63 million for Nicaragua alone), followed by Far East Asia (\$ 22.39 million to the DPR Korea alone) and Central Asia (\$ 12.65 million to Kyrgyzstan), Africa (the primary recipients here being Libya with \$ 7.85 million and Guinea with \$ 4.87 million) as well as Europe (Serbia being the only recipient in this region with \$ 13.01 million) (OECD Development Statistics). In 2012 the regional pattern showed a slight but interesting shift: now the focus drifted from Central America (with only \$ 10.86 million for Nicaragua and \$ 8.58 million for Cuba) to Central Asia (now Kyrgyzstan received \$ 37.92 million, while \$ 15 million went to Tajikistan) and from North Africa (which now received only \$ 0.85 million compared to \$ 8.72 million the year before) to the Middle East (the primary recipient here being Syria with \$ 11 million). The disbursements allocated to Europe, Sub-Saharan Africa, Far-East and Oceania remained largely the same.<sup>28</sup>

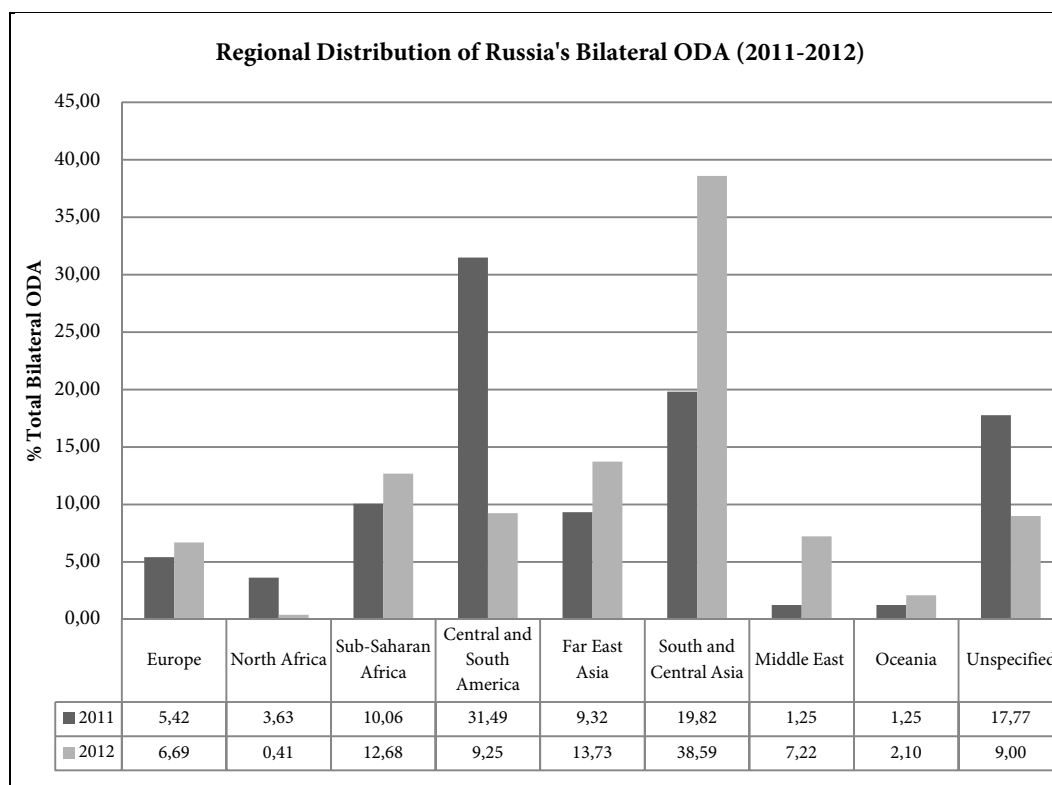
Surprisingly, the "Newly Independent States" accounted for only 9.5% of Russia's total bilateral ODA in 2011 (compared to the more familiar 30% in 2012), Kyrgyzstan being

27 This loan was not counted as ODA, but was marked as "other official flows".

28 In Oceania, Nauru became the main and only recipient of Russian aid as compared to Tuvalu the year before.

the largest recipient in this group.<sup>29</sup> This is all the more surprising considering that Russia contributed more than 30% of its bilateral ODA to Nicaragua, thus becoming the country's fifth top donor that year. Conversely, Russia did not appear among the top ten donors for any of the CIS countries in 2010-2011.<sup>30</sup> This indicates that a stable regional pattern of Russian assistance has not yet emerged.

**Graph 2: Structure of Russia's ODA: Regional Priorities**



Source: Authors' calculations based on data from OECD Development Statistics.

However, in the preceding year 2010 (and thus not reported to the OECD), Russia also provided \$ 50 million in general budget support to Kyrgyzstan, Nicaragua and Nauru, allegedly to foster improvements in the social sector, health, education and infrastructure (MOF 2012b). Some observers interpreted Russia's sudden generosity towards Nicaragua and Nauru (which also received \$ 4.5 million in 2012) as a financial reward for their official recognition of the Georgian breakaway republics of Abkhazia and South Ossetia (Wierzbowska-Miazga/Kaczmarek 2011: 5).<sup>31</sup> In response to this, the Parliamentary Secretary for Pacific

29 Within this group aid was distributed as follows: \$ 12.65 million for Kyrgyzstan, \$ 6 million for Tajikistan, \$ 3 million for Armenia and \$ 1.18 million for Azerbaijan. An additional \$ 14.75 million were provided as "regional contributions" (without further clarification).

30 According to Yatsenko/Bartenev (2013), in the case of Tajikistan, Russia's ODA share from 2002 until 2011 was just 0.8%, whereas China provided 52.9% and the USA 10.4%.

31 Nicaragua was the second state to have recognized Abkhazia and South Ossetia shortly after Russia (on 5 September 2008). Nauru followed a year later in December 2009.

Island Affairs in the Australian federal government complained that Russia's sudden generosity towards Nauru in 2010 seemed "linked to a political agenda on the other side of the world, not a development agenda in the Pacific" (Flitton 2011), thus accusing Russia of using foreign aid as a means to achieve short-term political goals. As for Kyrgyzstan, it was argued that Russian assistance was provided in return for the cancellation of the US-Kyrgyz agreement on the use of the Manas air force base in 2009. In 2012 the US Ambassador to Russia, Michael McFaul, in a lecture at the Higher School of Economics in Moscow, complained that Russia offered Kyrgyz President Bakiyev a "large bribe" in exchange "for kicking [the Americans] out". The United States had reportedly also tried to bribe the Kyrgyz authorities, but Russia's bid was ten times higher (McFaul 2012).<sup>32</sup>

Whether Russia does in fact use development assistance for reasons of political expedience cannot be answered by solely looking at the geographical pattern of expenditures. Yet it is apparent that Russia lacks a clear strategic vision for regional aid allocation: on the one hand it follows short-term political interests; yet on the other, it feels compelled to demonstrate compliance with international commitments. And the more Russia engages bilaterally, the more important aid conditionality and proper criteria for the selection of recipients will become.

The 2007 Concept introduced a couple of aid conditions, albeit fairly general ones in comparison to those of the established Western donors. In addition to technical prerequisites, such as the existence of programs for national poverty reduction, sustainable economic development and anticorruption, and a demand to develop civil society institutions, the recipients should "demonstrate their interest in a consistent development of bilateral cooperation with Russia" (Concept 2007: 6-7). This was not new, as prior to the adoption of the Concept, the Ministry of Finance had already admitted that issues of political "loyalty" were always a factor in deliberations over aid allocation (MOF 2007). Calls for such a focused and interest-based aid distribution have also been voiced in Russian academia. Denis Degterev and Anna Bezunova proposed the following parameters of optimal allocation: in addition to geographical proximity they listed the "volume, structure and dynamics of Russia's trade and economic relations with the recipient countries," "the amount of Russian (Soviet) high school alumni" and "the share of Russians or Russian-speaking people in the recipient countries' population" (Degterev/Bezunova 2010: 5-6).<sup>33</sup>

Another important criterion for selecting recipients is the projected effectiveness of the aid. However, despite the fact that the Ministry of Finance has characterized Russia's assistance as "modest, but effective" (MOF 2013), there are only scattered references to aid effectiveness in the Concept. In addition to the general cost-benefit ratio, the Concept

32 The Russian Ministry of Foreign Affairs reacted harshly to McFaul's statement, which it considered "far beyond the boundaries of diplomatic etiquette" and "a deliberate distortion" of facts (MFA 2012).

33 According to the first two parameters, i.e., trade and Russian-speakers, Ukraine, Belarus, Kazakhstan and Uzbekistan should become the main recipients of Russia's development assistance. Denis Degterev from Moscow State University of International Relations (MGIMO) won a government grant for research on the topic of "Problems of optimization of Russia's participation in international development assistance. Econometric analysis".

also mentions two aspects according to which aid might be assessed: for the recipient country, aid is considered effective in terms of “sustainability of ODA positive impact”, whereas for the donor, aid effectiveness is measured by the “contribution to the development of bilateral political and other interactions between recipient countries and Russia” (Concept 2007: 12-13). The trouble is that these two aspects are not at all complementary, which is particularly pertinent considering that Russian officials occasionally boast (for diplomatic reasons) that in contrast to its Western equivalent, Russian development cooperation “does not imply [a] ‘homework check’”, i.e., conditionality (Kosachev 2012). Moreover, in line with the Paris Declaration of 2005, the first criterion is best achieved through close collaboration among the donors, whereas the second points to relative gains and hence to competition among them.

Russia obviously has not yet decided what exactly it deems important in terms of indicators of “effective” aid, which also implies uncertainty over expected donor benefits – an issue that equally puzzles the donor community in the West. This dilemma is reflected in the 2013 State Program on “Foreign Policy Activity” which includes a sub-program on “the implementation of the Concept on Russia’s participation in international development assistance”. While most of the other sub-programs contain indicators allowing for the assessment of effectiveness of specific policy measures, these are ostensibly absent in the sub-program on development assistance. The Program lists the “significance of resonance in recipient countries as evidence of Russia’s aspiration for helping nations in solving important socio-economic problems” as the only potential criterion (State Program “Foreign Policy Activities” 2013: 64-65). Given the above-mentioned limitations and shortcomings, the Program stressed that revising, adjusting and specifying the Concept would be a key priority in the following months.

## **4. The National System: Work in Progress**

### **4.1 The Construction Site: Responsible Authorities and Institutional Infrastructure**

The Concept presupposed a step-by-step movement towards a national system of development assistance. In the initial stages, aid was to be provided primarily on a multilateral basis – through “voluntary and earmarked contributions to the international financial and economic institutions, first of all the United Nations programs, funds, and specialized agencies, regional economic commissions and other organizations participating in development programs; by participating in global funds; and by implementing special international initiatives of the Group of Eight, World Bank, IMF and UN agencies” (Concept 2007, p. 9-10). Subsequently, allocation was supposed to gradually shift to bilateral channels, once the required prerequisites such as “channels for aid delivery [...] and a regulatory legal framework enabling the transfer of funds from Russia’s federal budget to the recipient’s national budget” had been created (Concept 2007: 8). The priority of multilateral channels in the early stages was justified by the necessity of gathering enough experi-

ence by making use of the well-established mechanisms of international organizations and “traditional donors”. The Concept also envisioned aid on a “trilateral” basis, “involving the use of financial and logistic capacities of the ‘traditional’ donor countries and international organizations”, while retaining the right “to select recipient countries and areas of assistance” (Concept 2007: 9).

This staggered approach also reflects the fact that prior to its inception, Russia’s development activities were primarily processed through international organizations and multilateral institutions (MOF 2013). This practice was maintained until at least 2009. Thus, in 2008, 53% or \$ 116 million of Russia’s ODA was provided in the form of contributions to multilateral organizations.<sup>34</sup> Russia’s G8 Accountability Report of 2010 mentioned that in 2009 “most” of Russia’s development assistance was still provided through multilateral channels and that 75% of Russia’s net disbursements qualified as “untied” aid. This proportion changed in 2010 when reportedly 60% of all aid was bilateral and only 40% multilateral – a proportion that has been preserved up until the present (MOF 2012b, 2013).<sup>35</sup>

Despite the fact that the Concept explicitly called for the development of “a national system of instruments to provide [...] assistance on a bilateral basis” (Concept 2007: 4), the road towards this type of domestic aid architecture has been bumpy, and it send is not in close sight. A proper legal and institutional framework for aid allocation has not been created, and a clear definition of assistance is still missing, as are criteria for aid effectiveness. Most importantly, Russia lacks trained personnel, knowledge and capacities. This, however, has not prevented the relevant ministries and government agencies from bureaucratic infighting over control of the agenda and resources. The 2007 Concept outlined a list of executive bodies responsible for development assistance: the President (responsible for the overall direction in Russia’s ODA policy), the Parliament (carrying out legislative work), the Government (responsible for the approval of strategic documents, decisions on aid provision and monitoring the delivery of aid), the Ministries of Finance and of Foreign Affairs (directly implementing the Concept, formulating policies and coordinating actions) as well as other specialized government bodies, such as the Ministry for Economic Development and Trade, the Ministry of Emergencies and Disaster Relief and the Ministry of Energy. The main responsibilities were attributed to the Ministries of Finance and of Foreign Affairs.

34 These calculations are based on data provided in the OECD Development Co-operation Report (2010: 138) and Russia’s G8 Accountability Report (MOF 2010a).

35 Authors’ calculations based on OECD Development Statistics. However, it is difficult to judge whether the share of multilateral ODA in the previous years was as high as the Russian authorities reported, as although aid was provided through multilateral channels and international organizations, these were quite often earmarked as multilateral contributions, which, according to DAC criteria, qualify as bilateral ODA. According to OECD Reporting Directives, “pooled contributions with a specific earmarking” are classified as bilateral ODA within the category of “core contributions and pooled programs and funds” (OECD 2009: 5). Russian authorities responsible for the compilation of the national G8 Accountability Reports do not necessarily share this classification. Thus, the 2012 Accountability Report lists “earmarked contributions” to the L’Aquila Food Security Initiative as “multilateral” contributions (MOF 2012b).

The inter-ministerial conflict first surfaced during the drafting of the Concept in 2006-2007, when Deputy Finance Minister Sergey Storchak cautiously mentioned the conflicting views of the institutional setup of aid policies that existed between his Ministry and the Ministry of Economic Development and Trade (MOF 2007). While the Finance Ministry insisted that as a “young” donor Russia should first concentrate on gaining experience and expertise by making use of established international aid mechanisms and multilateral assistance programs, the Ministry of Economic Development and Trade considered this out of line with the country’s national interests and therefore advocated bilateralism. The final version of the 2007 Concept resorted to a stage-by-stage process for the development of a national ODA system which initially gave preference to multilateral aid and envisioned a gradual shift to bilateral aid in conjunction with the establishment of specialized national bodies.

Another line of inter-ministerial disagreements concerns the distribution of responsibilities between, and to some extent within, the Ministry of Finance and the Ministry of Foreign Affairs, both called upon in the Concept to carry out their developmental duties in close collaboration. For this purpose, both ministries contain special bureaucratic units. In the Finance Ministry, the Department of International Financial Relations has been responsible for assistance since 2009. And shortly after the adoption of the Concept in 2008, a new structure, the “Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation (Rosstrudnichestvo)”, was set up within the Ministry of Foreign Affairs. It was also charged with international development assistance tasks (albeit only for CIS countries, at least initially).<sup>36</sup> However, instead of the envisioned close collaboration, this dual structure has led to tensions and conflicts over exclusive responsibility in aid policies and to political turf battles.

## **4.2 A Russian International Development Agency?**

The 2007 Concept called for the creation of a unified national aid architecture, but it took until 2011, when the Finance Ministry finally announced that a “Russian Agency for International Development” (RAMR) was to be created under its umbrella and equipped with a set staff of fifty employees.<sup>37</sup> The Agency was to be responsible for planning, im-

<sup>36</sup> The title can be roughly translated as “Ruscooperation”. The agency was established on the basis of the Russian Center for International Scientific and Cultural Cooperation (Roszarubezhcenter), which used to be the branch of the Ministry for Foreign Affairs responsible for cultural cooperation. This also entails the promotion of the Russian language and maintaining a network of Russian Houses of Science and Culture (most of which date back to the Soviet Union).

<sup>37</sup> This goal was confirmed on earlier and equally prominent occasions. Thus the unpublished draft of the 2008 “Program of the Efficient and Systemic Use of Foreign Policy Factors for the Long-Term Development of the Russian Federation”, which upon request by then President Medvedev outlined the role of foreign policy in Russia’s modernization, also contained a clause on the necessity of establishing a Russian development agency and an effective national ODA system. The document was leaked to the press and published by *Russkiy Newsweek*, which has since ceased publication. It can now be accessed via internet under <http://bit.ly/ILFoqp> (5 December 2013). See also Rakhmangulov (2010: 198).

plementing and coordinating development assistance projects, as well as for monitoring aid programs and evaluating their effectiveness. Its primary area of responsibility was the provision of bilateral assistance, whereas multilateral aid should have remained within the joint responsibility of the relevant ministries (MOF 2011a).

But this still was not the end. In August 2011, the representative of the Ministry of Finance, Andrey Bokarev, voiced optimism over the future of the agency and announced that it would enter upon its duties on 1 January 2012; yet he admitted that some disagreements still had to be cleared with the Ministry of Economic Development and Trade (MOF 2011a). With that date fast approaching, in December 2011, Deputy Finance Minister Storchak appeared less confident and indicated that inter-ministerial negotiations were still ongoing, but asserted that the creation of the Agency was conceptually the right decision (MOF 2012a). In spring 2012, the Ministry of Finance announced that the relevant documents had finally been approved and handed over to Government. On the same occasion Storchak also admitted that this had been a long and tiresome procedure (MOF 2012a).

A few months later, things changed completely: at a meeting with President Putin on 3 September 2012, Foreign Minister Sergey Lavrov indicated that the Ministry of Foreign Affairs had proposed to expand the responsibilities of Rossotrudnichestvo beyond the CIS countries, thus concentrating all development activities in this single center (Rossotrudnichestvo 2012). This clearly contradicted the plans of creating a separate Russian Agency for International Development Assistance, so painstakingly designed and pushed through by the Finance Ministry. A week later, in an interview with the radio station Ekho Moskvy, Storchak confirmed that RAMR would indeed not be set up. He stated that a decision had been made in favor of Rossotrudnichestvo, and that discussions over the new Russian international development agency were hence off the table (Ekho Moskvy 2012). He voiced reserved regret, but acknowledged that each approach had its advantages: while Rossotrudnichestvo possessed an established net of field offices in recipient countries, which was vital for channeling bilateral aid flows, the Ministry of Finance had accumulated the necessary expertise in preparing and implementing relevant ODA decisions (Ekho Moskvy 2012).

### **4.3 Rossotrudnichestvo and the Future of Russia's Development Assistance**

Rossotrudnichestvo's original area of responsibility was allocating development assistance to the CIS countries. However, much of Russia's assistance to these countries was provided through multilateral channels, using international organizations as intermediaries, which created obvious tensions between the agency and the Ministry of Finance in charge of multilateral aid. In 2010, the former Head of Rossotrudnichestvo, Farit Mukhametshin, complained to then Prime Minister Putin about the lack of coordination between the multilateral and bilateral programs in the CIS countries, and called for a national program of international development assistance (Russian Government 2010). In response, Putin authorized Rossotrudnichestvo to prepare such a program in cooperation with a ministerial task force and international organizations carrying out assistance programs in the

CIS. At the same time, he stressed that this program should be designed in compliance with Russia's political and economic interests in the region.

In early 2012, Konstantin Kosachev, former Chairman of the State Duma Committee on Foreign Affairs, took over as new head of Rossotrudnichestvo. In comparison to his predecessor Mukhametshin, a classic career diplomat and former ambassador to Uzbekistan, Kosachev assumed a much more active role in both public relations and the bureaucratic fights over resources. He also made clear that even in Russia's highly bureaucratized and hierarchical decision-making processes, subjectivity clearly mattered – at least in a policy field that was neither of prime importance, nor in the spotlight of too many vested interests.

Kosachev used the preparation of an official government program on “Foreign Policy Activities”, which was adopted in March 2013, to significantly expand Rossotrudnichestvo's authority in development assistance. Thus, Subprogram 3 listed the “Implementation of activities in the areas of international humanitarian cooperation and international development assistance” as a task for which Rossotrudnichestvo resumed exclusive responsibility (other subprograms being shared between the Ministries of Foreign Affairs, Defense, Finance and Emergencies and Catastrophe Relief). ODA policies are listed as a specific item titled “Main Policy Area 3.8” within Subprogram 3 and include three major activities to be carried out throughout 2013-2015:

- The adoption of an authorizing act, development of local legal acts, guidelines for the activities of Rossotrudnichestvo's field offices abroad, reorganization of the agency's executive body, relevant staff policies, review of existing inter-governmental agreements, etc.;
- Preparation of amendments to the Concept;
- Selection of priority areas in aid provision, development of bilateral mechanisms of aid allocation, forming a circle of national ODA stakeholders, defining areas and forms of cooperation with the business community, etc. (State Program “Foreign Policy Activities” 2013: 71-2).

On 8 May 2013 the president finally signed Decree No. 476, according to which Rossotrudnichestvo officially assumed authority over Russia's ODA policies. Shortly afterwards, the agency announced an open tender for project proposals on the envisioned amendments to the Development Concept. However, three of the four bidders (among them the well-placed Higher School of Economics) were not admitted to the competition, leaving only one applicant to which the contract (of 4.8 million rubles, approximately \$ 150,000) was eventually given: the Institute of World Economy and International Relations of the Russian Academy of Sciences (IMEMO).<sup>38</sup> The contract with IMEMO runs until December 2013, when the agency is planning to present the new Concept.

38 The tender announcement was published on May 26, 2013 on the Russian government purchases website [www.zakupki.gov.ru](http://www.zakupki.gov.ru) (5 December 2013) under order No: 0173100006013000030. The contract signed with IMEMO can be found under No: 0173200006013000041.



One characteristic feature of Rossotrudnichestvo's approach towards international development assistance is its emphasis on aid policies as a means of increasing Russia's international prestige, contributing to the improvement of Russia's image abroad and strengthening the country's "soft power". This shift certainly contains a broader significance, since, as observed by a Russian analyst, the transfer of responsibilities to a body attached to the Foreign Ministry "is a demonstration of the change of attitudes. Russia apparently feels that its soft power stemming from development aid is too soft and needs to integrate certain 'hard edge' elements" (Dolinskiy 2013: 11). Accordingly, the new Concept to be drafted by Rossotrudnichestvo is expected to emphasize three fundamental aid principles: first, as previously mentioned, preference would be given to bilateral assistance channels; second, Russia would update its regional priorities concentrating on those states which are of specific interest to the Russian Federation (primarily CIS countries); and third, aid would mainly be provided in the form of technical assistance, service and consulting, in order to serve Russian economic interests directly rather than through the back door.<sup>39</sup>

In the Russian media Rossotrudnichestvo is often compared to the United States Agency for International Development (USAID), which is an equally integral part of the US State Department. It was Putin who pointed out that Rossotrudnichestvo could be seen as Russia's "influence agent" in third countries (Putin 2012) and Kosachev echoed his words, stating that his agency could play the role of an "instrument of civilized lobbyism of Russian interests abroad" (Kosachev 2013a).<sup>40</sup> Yet there are obvious differences between Rossotrudnichestvo and USAID. For example, while USAID's budget totals \$ 51.6 billion, Kosachev's agency has currently secured only a modest budget of 9 billion rubles (approximately \$ 270 million), to be received by the year 2020 and meant to serve all of the agency's activities.<sup>41</sup> It remains to be seen how much of the envisaged annual development budget of \$ 500 million will eventually be channeled to Rossotrudnichestvo. In addition, Rossotrudnichestvo's prospects of assuming a proper role in development assistance depend on very basic conditions such as obtaining qualified personnel and absolving itself of "certain challenges of its organizational legacy", which, as Alexey Dolinskiy puts it, includes "finding a way to develop a customer service culture, stimulating result-oriented values and introducing performance indicators allowing objective evaluations" (Dolinskiy 2013: 28).

39 These considerations, among others, were explicitly stated by Kosachev in a newspaper interview (Kommersant 2012).

40 The irony of this comparison consists of the fact that USAID has been singled out as the prime "foreign agent" in Russia since 2011, which also inspired the adoption of the so-called "NGO Law" in July 2012. Upon order by the Foreign Ministry USAID had to discontinue its programs in Russia and left the country in September 2012.

41 According to The State Program „Foreign Policy Activity” the budget of Rossotrudnichestvo would increase from 2 billion rubles (approx. \$ 60 million) in 2013 to 9 billion rubles in 2020. In 2013, 1.5 of the 2 billion rubles were earmarked for the cultural centers alone, thus leaving very little for the other core activities, not to mention for development assistance (RIA Novosti, 24.7.2013, <http://bit.ly/1f4vhbn> [5 December 2013]). Kosachev therefore complained that the current budget contained hardly enough to finance the routine activities of the agency (Kommersant 2012).

Although these institutional decisions appear to have finally been settled, Russia's overall aid architecture is still very much a work in progress. Obviously, the inter-ministerial disagreements have not been fully resolved. The Finance Ministry still remains skeptical of Rosstrudnichestvo's new role as the main body in charge of Russia's development policy and assistance (MOF 2013). And although Rosstrudnichestvo has apparently won the institutional battle, the Finance Ministry boasts over having retained its responsibilities over the allocation of multilateral aid (MOF 2013).<sup>42</sup> Moreover, beyond ministerial turf battles, there still exists a conceptual divide. Back in 2007, Storchak emphasized that future specialists responsible for the implementation of ODA policies should simultaneously act as diplomats, financiers, and promoters of national interests, showing such tact and care that "Russia's propositions and actions are not perceived as a threat to the recipient country's interests" (MOF 2007). He reiterated these concerns in 2013, voicing doubts about the diplomats' capacity to perform the assigned tasks successfully and discretely (MOF 2013). Critics of this approach, however, voiced the suspicion that "Russian agencies tend to pass their obligations on to international organizations in order to avoid responsibility for educating and training in the 'science of assistance'" (Yatsenko/Bartenev 2013). Obviously, the protracted inter-ministerial debate about which modes and channels of aid allocation are more suitable for the promotion of Russia's national interests, and consequently which government body should be in charge, is still not settled. While the Ministry of Finance is pushing for a rather non-conventional multilateral approach as advocated by international organizations and many NGOs, the Foreign Ministry supports a more direct bilateral approach, which, however, has the crucial advantage of being much closer to Vladimir Putin's state-centered vision of Russia's foreign policy.<sup>43</sup>

This state-centered vision is also reflected in the practically non-existent engagement of the third sector in development policy. While in Western states development cooperation enjoys significant grassroots support from networks of civil activists, NGOs and religious institutions, in Russia this type of societal engagement has to be developed from scratch. Although the Concept explicitly called for the involvement of academia, civil society and the private sector in official development assistance (Concept 2007: 13), examples of such public-private cooperation have been scarce. Apart from a couple of state contracts and grants for academic research<sup>44</sup>, as well as the recent contract with IMEMO

42 Despite the fact that the Ministry of Finance insists on retaining control over multilateral aid, the State Program lists the Ministry of Foreign Affairs as the main government body responsible for Russia's contributions to international organizations as well as for the provision of humanitarian assistance, including disaster relief (State Program "Foreign Policy Activities" 2013: 16-17).

43 While Kosachev criticized the multilateral approach of the Finance Ministry for its "impersonal" character, complaining that no one expressed gratitude for Russia's participation (Kommersant 2012), Storchak insisted that the international assistance programs were by no means "depersonalized," showing a bag of flour distributed by the UN Food Program which had the words "From Russian Federation" printed on it (Kommersant, 2013).

44 In 2009, Denis Degterev won an individual research grant on the topic of "The Problem of Optimization of Russia's Participation in International Development Assistance. Econometric Analysis," and in 2010 the Moscow State Institute of International Relations (MGIMO) received a state contract for a research project

for the revision of the Concept, most of the private initiatives in the area of development assistance have been supported from abroad (Shadrikova 2010).<sup>45</sup>

## **5. Motives and Aims of the Re-Emerging Donor**

The divergent approaches to Russia's development policy are indicative of a fragmented picture of varying preferences, motives and goals, reflecting not only the absence of a unified strategic vision for the ends of developmental policy but also for the means of achieving them. This problem is not peculiarly Russian though, as all donors face the dilemma of how to effectively help others without compromising one's own national interests, or, alternatively, of how to ensure one's own interests without being too assertive and thus alienating the countries at the receiving end.

So far, these ethical, moral and interest-based considerations have been equally present in today's Russia: on the one hand, the country's emphasis on multilateral aid and its sector priorities indicate a preference to follow the global standards of development cooperation rather than the traditional concept of mere aid. On the other hand, its drive towards bilateralism indicates a more utilitarian approach – and this reflects an evolving trend in Russia.

The start of Russia's development policy was marked by an ostensible attitude that came close to what Hedley Bull referred to as “purposes beyond ourselves”, realizing moral responsibilities which come together with one's membership in the international community (Bull 1984: 13), which is the essence of being a “good international citizen”. These “purposes” have continuously marked Russia's official declarations. Accordingly, strong emphasis has been placed on Russia's international commitments and obligations. The Concept, for instance, stated that Russia's development policy was designed to “promote the attainment of internationally agreed objectives, including the Millennium Development Goals, by all countries” (Concept 2007: 5). And the 2008 Foreign Policy Concept called upon Russia to pursue an “active and targeted policy in the area of international development assistance” as a means of supporting international efforts to eliminate imbalances in the development of different regions (Foreign Policy Concept 2008).

These objectives have not only been present in documents, but have also been repeatedly invoked by government representatives, notably from the Ministry of Finance. In 2010, speaking at the opening of an international conference on “New Partners in International

on the topic of “International Development Assistance as an Effective Instrument of National Interests Promotion”.

45 For instance, in 2009, the International Organizations Research Institute (IORI) of the State University – Higher School of Economics (HSE) collaborated with Oxfam in Russia to start a project called “Sharing Responsibility for Development: Learning from Experience to Achieve Results” to support the building of a national aid system in Russia. This project received financial support from the UK Department for International Development.

Development Assistance”, former Finance Minister Aleksey Kudrin emphasized Russia’s preference for multilateralism, and repeatedly invoked Russia’s commitment to the Millennium Development Goals. And Deputy Finance Minister Storchak advocated multilateral channels, arguing that developing countries prefer them, because multilateral aid allowed for “reconciling the interests” of donors and recipients (MOF 2013). Moreover, he voiced explicit support for the principle of “untied” aid – a concept not particularly popular among most traditional (and also non-traditional) donors, as was demonstrated, for instance, at the Busan Aid Effectiveness Forum in 2011 (*Rossiyskaya Gazeta* 2011).<sup>46</sup>

One might argue that the government has only been paying lip-service to the established developmental jargon, but some practical steps and the ensuing controversies in and among the relevant government bodies indicate that these commitments cannot be simply dismissed as “cheap talk”. While it is clear that rhetorically re-articulating international commitments and obligations is not nearly enough to be considered a “good international citizen”, abandoning national interests and sacrificing pragmatism for the sake of contested and abstract normative principles equally misses the point. Needed are decisions “which balance the pursuit of [states’] own legitimate interests with their moral responsibilities” (Linklater/Suganami 2006: 234). These national interests are clearly present in Russia’s development policy, and they appear to be gaining strength.

Russia has made no secret of its intentions to use and conceptualize its development assistance as a means to further its national interests. This primarily relates to Russia’s status internationally, but it also refers to the contribution of assistance abroad to business cooperation and Russia’s own economic development.

Considerations of status and standing were already discernible at the very beginning of Russia’s development policy. It has been widely noted that its G8 Chairmanship in 2006 was the crucial turning point in Russia’s readiness to get engaged in international development (Rakhmangulov 2010: 56; Twigg 2010: 35; Gray 2011: 5). In light of the “appreciable strengthening of development assistance efforts by Russia’s G8 partners”, explicitly noted in the Concept, the Russian government had to demonstrate its readiness to play by the rules of the great power club.<sup>47</sup> However, the decisive push for development assistance came with the discovery of an approach that gained currency when Vladimir Putin gave it his personal seal of approval in 2012: Russia’s “soft power” as an indispensable – yet underutilized – image-building tool. Despite the fact that concerns over the country’s image and its international perception had been on the Russian government’s agenda for quite some time<sup>48</sup>, soft power has only recently become a topic. In Putin’s 2012 election cam-

46 This is also reflected by the share of bilateral aid: In 2011/2012 it amounted to 70% of total net ODA flows from DAC countries. In the case of the US it even amounted to 88% (2011), and in Germany to 62% (2011) (OECD Development Statistics).

47 Concept 2007: 4. Similarly, the Russian Government was said to have been painfully aware of the fact that the absence of official expenditures data in the OECD statistics did not help in reaching the proclaimed goal of strengthening Russia’s credibility in the international community (Rakhmangulov 2010: 57).

48 Since the beginning of the new millennium, the Russian government has been spending billions of rubles on contracts with international PR firms such as Ketchum, the TV channel “Russia Today”, broadcasted

paign article “Russia and the Changing World”, he defined soft power as “a complex of instruments and methods of achieving foreign policy goals without the use of force, but with the help of informational and other leverages” (Putin 2012). Clearly, this definition is out of line with the commonly established understanding of the concept,<sup>49</sup> which seems hardly incidental, as it goes hand in hand with another major concern of Russia’s current leadership: the “unlawful use of “soft power” instruments” as expressed in the new Foreign Policy Concept of 2013.<sup>50</sup>

Since then, development assistance has been considered a particularly suitable soft power tool. And it is not incidental that the agency Rosstrudnichestvo, originally founded to bolster Russia’s image abroad, could capitalize on this when struggling for new competencies in the field of development assistance. Indeed, as the head of Rosstrudnichestvo, Konstantin Kosachev has become the main “ideologue” of Russia’s approach to soft power. He proposed that in contrast to the Western soft power model, the Russian approach be based on three “pillars”: cooperation (relying on “equal conditions, without the imposition of ideology, government models or a mandatory geopolitical or civilizational orientation”), security and sovereignty. In the same vein, Kosachev admitted that it made no sense for Russia to “export any model as an alternative to the Western, Chinese or Islamic [models] – simply because it has not developed any such model yet” (Kosachev 2012).<sup>51</sup> His strong emphasis on sovereignty and non-interference into third countries’ internal affairs is seen as an important element which should afford Russia’s soft power a great deal of appeal. This is likely to prove especially fruitful in development assistance, since non-interference in internal affairs resonates well with the interests of developing countries. According to Kosachev, this new approach to development assistance within the framework of soft power logic should not only allow Russia to “act in full accordance with its international commitments, but also to be maximally effective from the point of view of its own interests and the interests of its partners” (Kommersant 2012). These interests are even better served when assistance is not only geared towards the development needs of the recipients, but also conceived of as helping Russia proper –

in three foreign languages, the “Valdai International Discussion Club”, the “Russkiy Mir” foundation, the two Institutes for Democracy and Cooperation in New York and Paris, etc. All these initiatives were supposed to contribute to the improvement of Russia’s image abroad (see, e.g., Simakin, et al. 2006; Gabuyev/Tarasenko 2012).

- 49 Joseph S. Nye Jr., the author of the concept, defined it as “the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of the country’s culture, political ideas and policies. When our policies are seen as legitimate in the eyes of the others, our soft power is enhanced” (Nye 2004: x).
- 50 While the soft power concept itself is also introduced into the Foreign Policy Concept 2013, the “destructive and unlawful use” of soft power, according to the document, aims at “exerting political pressure on sovereign states, interfere in their internal affairs, destabilize their political situation, manipulate public opinion, including under the pretext of financing cultural and human rights projects abroad” (Foreign Policy Concept of the Russian Federation 2013).
- 51 Allegedly Russia has something else at its disposal: “Yet it offers, as an ‘item of export,’ to other countries the conditions to work out their own development concepts, support and regional cooperation projects” (Kosachev 2012).

as in the case of the envisioned vocational training for (potential) migrant workers in Central Asia (Ekho Moskvu 2013).

However, Kosachev's new approach to development assistance has not gone uncontested by other government agencies. Deputy Finance Minister Sergey Storchak voiced skepticism at Rossotrudnichestvo's preoccupation with the soft power concept. He stressed that donor-recipient relations were of a very delicate nature, and that the delicacy of the subject would only increase, should one operate under the "banner of 'soft power' ideology" (MOF 2013). And even in the Foreign Ministry an anonymous source asserted that no one intended to put extreme emphasis on soft power in the area of development assistance (Kommersant 2013).

But Russia's peculiar understanding of soft power – and thus the means it employs – has also come under fire from another angle. In April 2013, as the soft power rhetoric was becoming increasingly prominent in Russia's official discourse, Joseph Nye, the author of the term, criticized China's and Russia's offensive approaches to soft power in a *Foreign Policy* article with the telling subtitle "Beijing and Russia are trying their hands at attraction, and failing – miserably". Nye claimed that the two countries' fundamental mistake was "seeing the government as the main instrument of soft power" (Nye 2013), while ignoring or downplaying the role of civil society, individuals and the private sector. According to the original concept, these were the primary (if unconscious) champions of a state's soft power. He concluded that the "best propaganda [was] not propaganda".

A few weeks later, and presumably in response to Nye, Konstantin Kosachev tried to justify Russia's peculiar approach in a speech that he delivered at an annual joint event of the publication outlets *Rossiyskaya Gazeta* and *Russia Beyond the Headlines*:

"Rossotrudnichestvo is associated with Russia's increased interest towards so-called 'soft power' which is mistakenly interpreted as an attempt at Soviet-style propaganda. This mistake is connected to the primary activity of the state [in this sphere], but we do not see our aim in agitation and limiting [ourselves] to state campaigns, but in revealing the potential of the people, culture, involving the society, mass media, business [...]" (Kosachev 2013b).

Apart from Kosachev's remarks, Russian business and societal interests have not been explicitly associated with soft power, and have largely been put on the back burner. Characteristics such as economic pragmatism and "aid amid trade" against a "background of flourishing growth within their own economies" (Woods 2008: 1221) have been typical of many emerging donors. China, for instance, is a particularly prominent example of a development policy that is mostly driven by economic interests. Yet in the case of Russia this approach is less salient, although economic considerations are certainly present as well.

Establishing closer economic ties with developing countries has been listed as one objective of Russia's development policy in all programmatic documents. The Concept, for example, listed the following goals: "encourage the integration of the recipients' markets and the Russian capital, commodity, services and labor markets" (Concept 2007: 6). The Concept of Long-Term Socio-Economic Development of Russian Federation until 2020 also promoted development assistance as a means of creating favorable external conditions, and thus serving Russia's own development directly by "utilizing tied credits and

mechanisms of international development assistance in order to promote Russian goods on the markets of developing countries”.<sup>52</sup>

The government body that has hardly been present in recent discussions over ODA policies, but advocated a distinct agenda in the beginning, is the Ministry of Economic Development and Trade. As previously mentioned, prior to the adoption of the Development Concept, this ministry promoted a more utilitarian approach that put primary emphasis on serving Russia’s national interests (MOF 2007). It has also been noted that within this ministry, the Department of Investment Politics and Development of Public-Private Relations consistently advocated assistance in the form of low-interest credits and concessional loans, as opposed to gratuitous aid (Degterev 2013: 76).

Contradictory objectives are traditionally a typical marker of development cooperation, making it a highly contested policy field. It is therefore hardly surprising that Russia, having re-entered the global development stage only a few years ago, still has to grapple with this inherent dilemma. However, Russia’s recent conceptualization of development policy as a tool of maximizing soft power presents an attempt at reconciling international development goals with the country’s national interests. As controversial and problematic as the soft power approach might be, it is indicative of the fact that Russia has started to seriously consider the aims and means of its aid policies, and begun to formulate its own approach. This, however, raises the question to what extent Russia’s approach fits into the established international development regimes.

## **6. A Belated Contender: Russia and International Development Assistance**

As mentioned in the introduction, Russia’s development assistance – critically labeled as “cheque-book diplomacy” – has been perceived by some observers as a means to attain “political favors” and to “undermine” Western development efforts (Flitton 2011). This judgment is indicative of the ambivalence with which the established donor community has received the new donors’ increased developmental activities.<sup>53</sup> While certain academics and practitioners welcomed the efforts of emerging economies and the inflow of additional resources (see, e.g., Manning 2006; Twigg 2010; Zimmermann/Smith 2011; Walz/Ramachandran 2011), others voiced concern over the future of international development

52 Concept of Long-Term Socio-Economic Development 2008 [Kontseptsiya dolgosrochnogo sotsial’no-ekonomicheskogo razvitiya Rossiyskoy Federatsii na period do 2020 goda 2008], <http://bit.ly/1iCpM9s> (5 December 2013).

53 As some authors have correctly pointed out, the term “new donors”, is somewhat unfortunate as many of the countries which have been gaining attention as “new” players, were previously present (Kragelund 2008: 555; Woods 2008: 1205-1206; Walz/Ramachandran 2011: 3). Richard Manning, Chair of the OECD-DAC, even noted that the DAC/non-DAC competition “has in fact been a norm” in history, while DAC domination in the 1990s was rather an exception (Manning 2006: 371).

assistance (see, e.g., Woods 2008; Wierzbowska-Miazga/Kaczmarek 2011). And some even interpreted the rise of non-DAC donors as a direct threat not only to “Western ideas of the right sort of giving”, but also to the future of democratic governance at large (Naím 2007; *The Economist*, 2009). The biggest concerns of the Western donors is the emerging donors’ alleged “no-strings-attached” attitude, meaning “assistance devoid of the human rights riders and financial safeguards”, and “authoritarian aid”, a term coined by Freedom House in 2009 (Freedom House 2009: 4). However, the emerging donors are diverse and do not present a uniform picture.

Non-DAC donors are usually divided into three groups, according to their conformity with DAC norms: South-South donors, Arab donors and “other emerging” donors (Zimmermann/Smith 2011; Walz/Ramachandran 2011). The South-South donors (primarily Brazil, China, India, South Africa and Venezuela) are said to rely on their own post-colonial experience, and defend above all the principle of non-interference and mutually beneficial relations. The Arab donors (such as Kuwait, Saudi Arabia and the UAE) put a strong regional and cultural-religious focus on their aid programs, and are said to coordinate their programs closely amongst themselves. Each in their own unique way, these two groups allegedly advocate and employ aid strategies that are quite distinct from the principles and standards of the OECD-DAC. They do share in common loose conditionality and no aspiration to join the DAC.

Russia is also known to refrain from conditionality, but it is commonly placed in the third group, together with Israel, Turkey and the new EU members. Contrary to the BRICS, this third set of donors forms the so-called “emerging donors” or “DAC model” group. This group is prepared to align its laws, strategies and institutions with those defined by the DAC (Zimmermann/Smith 2011: 724), and strives to be seen as a “part of the international donor community as embodied by DAC” (Walz/Ramachandran 2011: 11).<sup>54</sup> Indeed, as noted earlier, Russian authorities were “bending over backwards to play by the rules of the ‘development club’, and working with global agencies to develop the technology and accounting infrastructure to make Russia’s donations transparent and accountable” (Gray 2011: 7). For instance, contrary to its BRICS fellows, Russia has gone through the trouble of bringing its aid accounting and reporting procedures in line with OECD-DAC standards; moreover, it has demonstrated outstanding readiness for cooperation with international bodies in designing its own aid policy.<sup>55</sup> And Russia has been instru-

54 Unlike Zimmermann/Smith (2011) and Walz/Ramachandran (2011), Manning distinguishes four groups of emerging donors: OECD members which are not members of the DAC (e.g., Turkey, Korea, Mexico and some European countries), the new EU members which are not members of the OECD, Middle Eastern and OPEC states and non-OECD donors which do not fall into the second and third group (Manning 2006: 373-374). While the first and the second group are likely to conform to DAC standards, the third tends to neglect them, whereas the fourth group (which Russia falls into) is considered the most “disparate” and unpredictable (Manning 2006: 374).

55 Among the international organizations and institutions with which Russia has cooperated in order to improve its institutional capacities are UNDP, IMF, World Bank, EBRD and UK Department for International Development (Rakhmangulov 2010: 57-58). The World Bank Country Partnership Strategy 2012-2016 for Russia includes the goal of supporting the foundation of a Russian bilateral development agency and provid-



mental in bringing the new donors together at the same table, as, for instance, at a conference in 2010. Jointly organized with the World Bank, this meeting was held with the intention of reconciling competing approaches and developing new “possibilities for fresh ideas and resources”. It even gave rise to the term “Moscow Process” (Kudrin 2010). However, Moscow’s geographical preference for channeling aid to countries in its CIS vicinity reflects not only Russia’s interest in securing its own zone of influence, but also its readiness to forgive strict aid conditions.

Certainly Russia’s development policy is lacking coherence, reflecting its fundamental problem of finding a proper role in the international system, especially considering the degree of its revisionist ambitions. But this problem too is not uniquely Russian. In many aspects of global governance, non-Western rising powers generally do not act as passive (or re-active) norm-receivers, but also attempt to resist, oppose and re-shape the normative agendas of Western states, thus acting as “revisionist” powers as opposed to “status-quo” powers.<sup>56</sup> According to Barry Buzan’s well-known three-tier classification of revisionist states, they can be differentiated according to power-related and ideological motives, splitting into orthodox, radical and revolutionary.<sup>57</sup> “Orthodox revisionism” revolves exclusively around power and status, i.e., does not pose a challenge to the prevailing order, but aims at a redistribution of power resources. “Revolutionary revisionism”, on the other hand, “combines a struggle for power within the system with a basic challenge to the organizing principles of the dominant status quo”, and thus threatens “not only the distribution of power, but also the domestic values and structures” of the status-quo states. “Radical revisionism” is situated between orthodox and revolutionary revisionism, since such states seek to reform, rather than transform, the system, “keeping much of the existing structure intact, but making significant adjustments to its operation” (Buzan 1991: 306-310).

In this sense, many rising powers are indeed “revisionist”, but not necessarily “revolutionary”. Nonetheless, many observers suggest that they uniformly pose a challenge to the international governance and security agenda of Western states, as they allegedly “have been changing the key patterns of the current international order from within” (Terhalle 2011: 343). Similar concerns have been voiced with regard to development assistance. Some have argued that “emerging donors are not overtly attempting to overturn rules or

ing advice and assistance in aligning Russia’s ODA accounting system with DAC principles. The document also welcomes that “Russia is open to knowledge-sharing and dialogue with other donors” (World Bank 2011: 29).

56 Terhalle (2011, 342-343) provides multiple examples of such attempts at re-shaping the prevailing Western-dominated world order, undertaken on the part of the BASIC (Brazil, India, South Africa, India, China) states, both in a collaborative fashion and individually. An example of collaborative action is provided by their agenda-setting at the Copenhagen summit on climate change in December 2009, while individual actions range from opposing Western agendas and preferences in international organizations (WTO, World Bank, etc.) to building coalitions in an effort to limit the work of the UN Human Rights Committee.

57 Buzan defines “revisionist” states as “those that find their domestic structures significantly out of tune with the prevailing pattern of relations” (Buzan 1991: 304).

replace them”, but by “quietly offering alternatives to aid-receiving countries, they are introducing competitive pressures into the existing system” (Woods 2008: 1221).

Based on Buzan’s classification, Russia clearly qualifies as a dissatisfied “revisionist” power, but contrary to its general foreign policy stance, which tends to be of the “radical” variant, Russia’s development policy seems to be torn between status-quo and “orthodox revisionism”. While Russia is attempting to claim its status as an international donor and re-instate its standing and image as a great power, it is also clearly playing by the rules of the traditional Western donors. Status concerns have traditionally been a powerful determinant of post-Soviet Russia’s foreign policy, and this is also true for its development assistance. These concerns are implicitly and explicitly present in the 2007 Development Concept as well as in the 2013 “Foreign Policy Activities” Program and the 2013 version of Russia’s Foreign Policy Concept. The Program states that the “main” expected outcome of ODA programs is to “ensure a worthy place for Russia in the new international configuration, its positive and confident positioning in the stream of international life as one of the influential centers of the modern world with an independent foreign policy” (State Program “Foreign Policy Activities” 2013: 10).<sup>58</sup> But although status concerns in foreign policy contributed to positioning Russia in opposition to the West, in the case of development cooperation this has not necessarily been the case.

## **7. Russia’s Donor Identity Dilemmas and what this Means for the West**

Having proudly declined further assistance from abroad, and going as far as branding foreign-sponsored NGO as “foreign agents”, Russia has managed to discard the “recipient stigma”, which continued to haunt the country even after it had officially lost its status as aid recipient in 2004. But Russia has not yet managed to develop a proper “donor identity”. Denis Degterev identified three “identity dilemmas” which Russia is facing in development assistance: “great power” versus “poor country”, “G8” versus “BRICS”, and “development” versus “re-distribution” (Degterev 2013: 70). The first dilemma concerns the volumes of aid that Russia feels able to provide in consideration of its own development needs; the second relates to the nature of its aid policy, whether it is challenging or cooperative; and the third dilemma is about the ultimate purpose of its development policy with respect to demands from the South. These dilemmas are far from being solved, and in some ways they reflect the persisting identity crisis that characterizes Russia’s post-Soviet history.

58 In the Foreign policy Concept participation in international development assistance is accompanied by goals such as “working to establish Russia’s positive image”, “molding tools to better its perception throughout the world” and “improving the application of ‘soft power’” (Foreign Policy Concept 2013).

It is hardly surprising that Russia has not yet managed to translate its inconsistent rationales and contradictory objectives for foreign policy into a coherent and undisputed policy on development cooperation. The Russian government and the country's political class are not yet decided as to whether Russian interests are better served when pursued directly, or when the interests of the partners in development cooperation, i.e., the recipients of development assistance, are the decisive factor. Russia has continuously employed the development language of the international donor community, and has undertaken multiple steps to indicate its compliance with the established principles of aid transparency and effectiveness. And even if one acknowledges some rhetorical double speech that hides economic and political interests behind the veil of pretty words widely present in the international development business, reducing "Russia's moves towards donorship to the simple formulae of realist international-relations theory is to miss the point" (Gray 2011: 7). Economic interests, for instance, only play a secondary role in Russia's developmental policy – despite some contrary indications in official programmatic documents. Political interests are more pronounced, and are easily traced back to the geographical priorities of aid distribution. But there is also an important "cultural" dimension to Russia's ODA policies: the objective of re-instating Russia's role and status as a great power. This is effective in two ways: "Russian officials support [development] initiatives both to reassure their G8 partners that Russia has accepted that partnership in leadership comes with a financial price and, like any other great or emerging power, to pursue instrumental goals – fulfilling strategic and economic objectives and enhancing its global image" (Jordan 2010: 99).

In light of the institutional developments that took place in favor of the Foreign Ministry agency of *Rossotrudnichestvo* in 2012/2013, and the commissioning of a new development concept in the spring of 2013, Russia's development policy finds itself at a crossroads: it can either continue to put emphasis on recipient-oriented multilateralism, limit its financial exposure, and thus preserve its fairly low profile, or it could embark on a path with much greater visibility, preference for bilateralism and a clear focus on national interests. Both approaches have advocates in Russia's political establishment and have by no means been reconciled. While the former attitude is clearly of a more cooperative nature, the latter implies at least the possibility of a more challenging posture vis-à-vis the West. However, it would not come as a surprise if straightforward decisions in these aspects would ultimately remain avoided.

The contradictory picture that characterizes Russia's development policy clearly reflects the generally inconsistent and enigmatic nature of Russia's foreign policy, and is indicative of the country's perception of its international role at large: while it attempts to act as an independent and organizing pole in the multi-polar international order, it also remains mostly reactive in terms of practical efforts, and hard-headedly pursues its own interests while at the same time pragmatically following universal standards. In development policy, this tactic proves even more complicated because humanitarian motives become inextricably linked to strategic and economic interests. However, this attitude may have contributed to the fact that in this policy field differences with the West are much less pronounced and conflicts are less pertinent. The fact that development issues are still far from being considered important in Moscow's political class has certainly helped in this respect as well.

Development issues provide much more common ground for a productive exchange between the “traditional” donor community in the West and the “new” donor Russia than the increasingly divisive quarrels on issues like a “Common European Home”. A fruitful exchange between the “old” and “new” donors would almost certainly broaden and deepen the common understanding of global development needs and hence fulfill the necessary condition for a common or even cooperative practice, which would conceivably have positive effects. It would help prevent development policy from entering the fruitless frays reminiscent of the Cold War era, which currently prevail in most of the politically charged dealings between Russia and the West. This would also serve the interests of the Global South. One of the lessons of Cold War competition in the Third World was that it largely came at the expense of losing sight of basic development needs. And in the interest of productive relations in the Northern hemisphere, one can reasonably expect that proper cooperation will prevent spill-over from disagreements in the Global South, which could potentially fuel conflicts in the core relations between Russia and the West.

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