Blending development assistance and interest-driven foreign policy

Russia’s development policy: concepts and implementation
Thomas Kunze, Leonardo Salvador, Michail Khrapak

› As the successor state to the Soviet Union, the Russian Federation can look back on a long tradition of development assistance. Having said that, the term development assistance had quite different connotations in the Eastern Bloc. For a brief period following the collapse of the USSR, Russia was itself a recipient of development aid.

› With the reconstitution of the Federation and its economic recovery, Moscow returned to the fold of donor states. By the end of the 2000s, the accession of the Russian Federation to the OECD seemed probable but did not materialize in the end.

› Moscow has been going its own way at least since the country’s break with the West in 2014. This did not, however, involve scaling down its development assistance. On the contrary, Moscow has continuously raised the level of its development funding.

› The main focus of its development assistance is on the post-Soviet area – with just a few exceptions, all the successor states to the Soviet Union are recipients of Russian development assistance.

› Russia’s development policy is closely aligned in many respects with its foreign, security and economic interests and objectives.
The USSR’s development policy from a historical perspective

The Soviet Union first launched its development policy in the era of Nikita Khrushchev. At this time, the Council for Mutual Economic Assistance played an important role. Aid was primarily targeted towards the countries of the “Third World” – also referred to in the Soviet Union and other Eastern Bloc countries as “young national states” – and was coupled with the dual aims of persuading recipient states of the ideological merits of socialism and of scoring long-term geopolitical capital. Development policy became a way of pursuing the Cold War by other political means. Soviet development assistance was concentrated above all on industrial and technical assistance and on providing support in the education sector. Tens of thousands of students from developing countries studied in the Soviet Union during the Cold War, many of which subsequently took on key leadership roles in their own countries. As well as educational work and technical support, Russia also provided military aid from the very start in connection with the ideologically charged proxy warfare and civil wars of the period.

The 1960s marked the peak of Soviet development policy. Guided by economic and geostrategic considerations, the Soviet Union endeavoured to guarantee and improve its own military security and to meet its material needs. In the 1970s, it proved increasingly difficult to uphold this security policy owing to the latent conflicts with Arab states and the growing influence of China in many developing countries; Soviet influence declined noticeably as a result. Leonid Brezhnev attempted to introduce more dynamism into foreign relations, but ultimately failed owing to the inconsistencies involved in a convoluted array of projects in a rapidly decolonising world. Mikhail Gorbachev subsequently made deep cuts to Soviet development assistance – whilst maintaining high levels of arms exports – and from 1990 onwards the Soviet Union itself began seeking loans from the West.

Under chancellor Helmut Kohl, the Federal Republic of Germany issued a loan to the Soviet Union of 15 billion West German Marks under the Two Plus Four Agreement in 1990, followed a year later by further loans of 63 billion Marks. After an initial period of hesitation, the USA also began
to support Russia under Boris Yeltsin in 1992. However, with the failure of Yeltsin’s politics, the West began to doubt the effectiveness of its aid and started reducing its loans.

The Russian Federation’s development policy
After Vladimir Putin became President and the integrity of the Russian state and economy had been restored, Russia sought closer relations with the West. At this time, Moscow showed a willingness to become part of the rule-based international order. Russia had already been a member of the G8 inter-governmental political forum since 1998. The next logical step was to join the Organisation for Economic Co-operation and Development (OECD). Moscow had been working with the OECD since 1991. Together with Chile, Estonia, Israel and Slovenia, the country was invited to accession discussions with the organisation on 16 May 2007. In the previous year, Russia had held the presidency of the G8. Throughout this period, Russia endeavoured to act as far as possible within the rule-based multilateral framework. This included stepping up its commitment to development cooperation. At the same time, certain circles in Moscow continued to regard development assistance as a means of pursuing Russia’s own political interests. Nonetheless, the Russian state made efforts to comply with OECD rules. However, while Chile, Estonia, Israel and Slovenia were accepted into the Organisation in the course of 2010, the accession talks with Russia were suspended indefinitely in March 2014.45 Russia nevertheless continued to work with the OECD as an associate in a number of OECD Committees and Working Groups.

The state concept
Just a few months after the invitation to take part in accession talks with the OECD, the Russian President Vladimir Putin approved a new concept in June 2007 that continues to outline the direction of Russian development policy today: “Russia’s Participation in International Development Assistance”.6 The concept represents a “vision of goals, objectives, principles and main directions of the Russian Federation’s State Policy in the Area of International Development Assistance”. It governs the priorities for and modalities of providing technical, financial, humanitarian and other assistance to foreign states. Upon adopting this concept, Russia began reporting its Official Development Assistance (ODA) flows to the OECD in 2011 and is to date the only BRICS economy to do so. With the suspension of OECD accession talks, the concept was updated and revised in 2014. Smaller changes were again made in May 2016.7

In the document, Russia commits itself to numerous, successive international agreements on development cooperation, including the Monterrey Consensus of the International Conference on Financing for Development, the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the Busan Partnership for Effective Development Co-operation. This is noteworthy given that the Paris-Accra-Busan process is based on the OECD-DAC structure. Despite the suspension of its accession talks and the cooling-off of relations with key OECD member states, Russia appears not to have turned away from the OECD’s development policies. On the contrary, Russia appears to be open to the type of development cooperation propagated by the OECD and the standards it sets. In this respect, Moscow has adopted a distinctly different approach than that of Brazil, China and India.

Decisions on the granting of development assistance are taken by the Russian government. The Ministry of Finance and Ministry of Foreign Affairs, along with a number of other ministries, play key roles in the implementation of development policy. Particularly important is the Federal Agency for the Commonwealth of Independent States Affairs, Compatriots Living Abroad, and International Humanitarian Cooperation (Rossotrudnichestvo), which is subordinate to the Ministry of Foreign Affairs.8 Russian ministries take a coordinated approach to development cooperation and ultimately implement decisions taken by the Kremlin. This means that the orientation of Russian development cooperation are determined by the Kremlin and the President as dominant actor.
The geographical focus of Russian development assistance

The concept also defines geographical and sectoral priorities for bilateral development cooperation. These fall into four groups:

The first group relates to Russia's relations with its immediate neighbours. This group refers to Member States of the Commonwealth of Independent States, the Republic of Abkhazia and the Republic of South Ossetia, which are only partially recognised in international law, and “other States pursuing a policy of good neighbourliness and alliance with Russia, as well as individual States participating, along with the Russian Federation, in international associations and organizations in Eurasia”.

With the exception of Russia itself and the Baltic states, all the successor states to the USSR are currently listed by the OECD's Development Assistance Committee (DAC) as developing countries. Armenia, Kazakhstan, Kyrgyzstan and Belarus are linked with Russia as members of the Eurasian Economic Union. The “Republics” of Abkhazia and of South Ossetia are, in contrast to other entities, the only states referred to by name in the document. Abkhazia and South Ossetia are seen by most countries in the international community as legally part of Georgia, although they are not under the control of the Georgian government. The two de facto states are only recognised by Russia, Nicaragua, Venezuela, Nauru and Syria. As a result, Russia is the sole donor for these territories. This also means that the substantial Russian development assistance provided to these two territories is not included in OECD-DAC reports as Russian ODA.

The second group consists of states beyond Russia's immediate neighbours that have maintained long-standing friendly relations with Russia. In many cases, these states were allies of the Soviet Union during the Cold War. In Africa, in particular, Moscow supported communist independence movements, parties and rebel groups. In the eyes of many African states, Russia still enjoys the bonus of not being discredited by a legacy of colonialism. Many socialist states in Latin America, Africa and Asia received considerable support in conflicts with Bloc opponents; in many cases, these countries became indebted to the Soviet Union. In these cases, the Russian Federation has not only often maintained the relationships and development cooperation dating back to the Soviet period, but has also assumed the role of creditor as the legal successor state to the USSR. By forgiving these heavily indebted poor countries' debt, Moscow has contributed to increasing the fiscal space of countries such as Mozambique. The Balkan state Serbia may be said to fall into this category as well. While considerable ideological differences existed between Yugoslavia and the USSR during the Cold War, a number of positive historical, cultural and religious relations exist with the successor state Serbia, which quickly became Russia's closest partner in the Balkans.

The third group is made up of states that cooperate with Russia in the implementation of joint economic and social projects of mutual interest. The fourth and last group refers to developing states, cooperation with which serves the national interests of the Russian Federation.

The list of ten largest recipients of Russian development assistance in 2019 reflects these criteria, as it features former allies of the Soviet Union (Cuba, North Korea, Syria, Madagascar, Mozambique), successor states to the USSR (Kyrgyzstan, Armenia, Tajikistan, Uzbekistan) and nations which have close historical and cultural ties with Russia (Serbia). It is noteworthy that the ten largest recipients in 2019 together received more than 90 per cent of overall Russian bilateral ODA resources – a very high proportion compared with other donors.
Figure 1: Main recipients of Russian ODA funding in 2019 (gross, in million USD)

The objectives of Russian development assistance

Officially Russian development assistance concentrates on a number of different objectives, which are intended to improve the situation in the recipient countries. A key role is assigned to economic aid, security policy, the humanitarian situation on the ground and social infrastructure. Priorities include building industrial and innovation potential, improving the environment for trade and investment and generally strengthening national economies. However, the quantity of just 3.2 million USD for economic infrastructure projects in recipient states is relatively low. In addition, assistance is provided to combat organised crime and international terrorism and to support local peace-building efforts. Russia also aims to improve the humanitarian situation in developing countries by ensuring food security and access to water and electricity. Around 14.7 million USD was spent for this in 2019. Russia is also aiming to expand social infrastructure, as well as to strengthen national health and social security systems and to improve the quality of education in partner countries. A total of 92 million USD of development assistance flowed into the expansion of social infrastructures in 2019. Aside from the debt written off by Russia, this constitutes the second largest share of its development assistance funding.\(^{11}\)

Scope and funding of Russian development assistance

Russia's ODA funding has increased substantially over the last decade and is mainly distributed through bilateral governmental programmes. The Russian Federation provided 1.2 billion USD for development cooperation in 2019, which is equal to 0.07 per cent of its gross national income (GNI). Adjusted for inflation, this represents an increase of 22 per cent on 2018.\(^{12}\) When Russia first reported its ODA figures to the OECD in 2011, the net ODA provided by the Russian Federation was just 472.4 million USD.

At that time, two thirds of ODA was provided within bilateral frameworks and the remainder was channelled through multilateral United Nations (UN) specialised agencies, the Global Fund and the World Bank.\(^{13}\) In 2019, over half of total ODA was provided bilaterally. The share of gross bilateral ODA came to 56.5 per cent; 43.5 per cent was channelled through multilateral organisations as core funding. This is equal to 534.5 million USD for multilateral development assistance and represents an increase of 42.9 per cent on 2018.
Like other states, Russia contributes to multilateral development policy by paying contributions to international organisations, banks and funds and by taking part in initiatives in the framework of fora such as the G20, CIS or the BRICS. The lion's share of Russia's total multilateral contributions in 2019 went to regional development banks (218.82 million USD), the UN (222.4 million USD) and the World Bank Group (30.41 million USD). These contributions together make up over 80 per cent of Russia's support for the multilateral system. The UN system alone received 41.6 per cent. The UN Secretariat received by far the largest share (152.7 million USD) of the total amount of 222.4 million USD provided to the UN system, followed by the World Health Organization (WHO) (11.1 million USD) and the Food and Agricultural Organization (FAO) (7.5 million USD).¹⁴

Figure 2: Russia's bilateral and multilateral ODA funding, 2010-2019 (gross, in million USD)

In the bilateral field, and following its own strategic concept, Russia provides assistance in the form of financial grants and of goods and services. The most recent example is assistance provided in the context of the COVID-19 pandemic. From August 2020 onwards, Russia provided support to at least 46 countries, mainly via bilateral channels. Key recipients were CIS and other neighbouring states, such as China, Mongolia and North Korea. These states were primarily supported by means of deliveries of testing materials and personal protective equipment, such as masks, protective suits, goggles, gloves, etc. Additionally, medical personnel were deployed in some countries and later on the Sputnik V vaccination was supplied.¹⁶

Moreover, Russia makes regular use of debt relief counting as bilateral ODA as part of its development policy.¹⁷ The scale of debt relief as a component of Russian development cooperation becomes clear when looked at within the overall budget of bilateral development cooperation, of which it made up over 60 per cent in 2019. According to its guidelines, debt relief is provided under the condition that the freed resources are used for the socio-economic development of the recipient state. Numerous developing countries are highly indebted to Russia, which can be traced back loans for the purchase of Soviet military equipment and weapons. The Russian Federation took on total debt due to the Soviet Union from developing countries of between 109 and 123 billion USD.¹⁸ In the framework of development cooperation, Moscow has in recent years started providing relief to numerous developing countries on debt dating from the Soviet era. The debts of African countries are often forgiven in exchange for access to mineral resources and markets for Russian companies in these states.
The last time debts were written off on a large-scale was at the Russia Africa Summit in Sochi in 2019, when Moscow forgave billions in debts to African countries. In total, President Putin cancelled 20 billion USD of various African countries’ debts. According to Dmitry Peskov, Press Secretary of the President of Russia, the debt burden was proving an obstacle to developing cooperation, particularly in cases in which debtor countries were unable to service the debt.¹⁹

Table 1: Debt forgiveness by Russia since 2000 (selection)²⁰
A further point is the “provision of technical assistance to the recipient States through the transfer of expertise with a view to strengthening institutional and human capacity in the areas of health, education, environmental protection, disaster management, counter-terrorism, etc.”\textsuperscript{21}. This largely takes the form of providing training for foreign university graduates. Continuing in the Soviet tradition, Russia still enables many young people from developing countries to study in the Federation today. In the academic year 2019/2020, 315,000 foreign students were attending Russian institutions of higher education, equal to around eight per cent of the total student population in Russia. Foreign students at Russian institutions of higher education in the academic year 2019/2020 were mainly from Kazakhstan (61,462) and Uzbekistan (40,020), followed by Turkmenistan (36,389), China (29,617), Tajikistan (21,185), India (15,803), Ukraine (11,593), Belarus (10,509), Egypt (8,731), Azerbaijan (7,884), Kyrgyzstan (7,493) and Moldova (4,258).\textsuperscript{22}

Further bilateral assistance takes the form of soft loans on concessional conditions and trade privileges for the Russian market, trade assistance and the implementation of international aid programmes in cooperation with international organisations.

**Overlaps with Russian foreign, security and economic policy**

There can be no doubt that Russian bilateral development assistance is linked to the national interests of the Russian Federation. This is clearly stated in section 5 of the State Policy Concept:

“Russia pursues an active and targeted policy in the field of international development assistance which serves the national interests of the country, contributes to the stabilization of the socio-economic and political situation in partner States, and formation of good-neighbourly relations with neighbouring States, facilitates the elimination of existing and potential hotbeds of tension and conflict, especially in the regions neighbouring the Russian Federation, as well as help strengthen the country's positions in the world community and, eventually, create favourable external conditions for the development of the Russian Federation.”\textsuperscript{23} It is therefore not surprising that most recipient states of bilateral development assistance are allied or friendly countries. In addition, assistance is provided to a number of states, particularly in Russia’s immediate neighbourhood, which Russia has a geopolitical interest in stabilising. Many of the states that receive bilateral development assistance from Russia also have difficult relationships with Western donor countries. This is particularly so with regard to Cuba, North Korea and Syria.

Multilateral development assistance also overlaps with Russia’s own interests. In recent years, for example, the Russian Federation has taken active part in initiating new international financial institutions, such as the Eurasian Development Bank (EDB), the New Development Bank and the Asian Infrastructure Investment Bank (AIIB). These institutions reflect the desire for reform of the current financial and economic architecture and the forging of a new global development agenda.

On the African continent in particular, where Russia has become increasingly active in recent years, there is an overlap between development assistance and foreign, security and economic policy. The Kremlin also regards the African continent to some extent as a channel through which it can propagate the idea of a multipolar global order and contain the influence of the USA and the West in general. The Security Council of the United Nations, in which the African continent is
entitled to three seats, plays a decisive role in this respect. Russia endeavours to exercise influence on the representatives of African states in order to swing votes in the desired direction. In 2019, for example, Russia voted with the Republic of Côte d’Ivoire, the Republic of Equatorial Guinea and the Republic of South Africa against an investigation of the Presidential elections in the Democratic Republic of Congo, despite numerous reports of widespread electoral fraud. In addition to foreign policy considerations, great importance is also attached to combatting terrorism. The potential radicalising of the Muslim population in African countries could lead to the export of Islamic fundamentalism to Russia and to neighbouring states in Central Asia. Moscow therefore supports countries such as Nigeria, Cameroon and Niger in their struggle against the Islamic fundamentalist movement Boko Haram. In this context, Russia signed a military cooperation deal with the Nigerian government in October 2019, in which the countries agreed on the delivery of arms, several Mi-35 attack helicopters and the training of Nigerian troops. Russia’s Africa policy is also guided by economic interests. Russia’s volume of trade with African countries is valued at 20 billion USD. This is, however, relatively small compared with the trading volumes of other major players, such as the European Union (275 billion USD), China (200 billion USD) and India (53 billion USD). At a share of 49 per cent of total arms and military equipment exports to Africa, Russia is also the continent’s largest arms supplier.

Alongside its participation in multilateral organisations that provide humanitarian aid, Russia’s development policy is also used as a means of gaining influence in order to achieve its economic, foreign and security policy objectives. The debt relief referred to above as well as generous loans for the building of various projects play a particularly important role in this respect. Russian state corporations operating on the African continent, such as Rosatom (nuclear energy), Rosneft (oil) and Alrosa (diamonds) have profited accordingly. Rosatom, for example, is responsible for building the first nuclear power station in Egypt (El-Dabaa) and has granted the Egyptian government loans for this purpose of 25 billion USD. In 2006, Russia cancelled debts owed by Algeria to the tune of 4.7 billion USD in exchange for the agreement of new arms deals between both parties.

Conclusion

Russia is an unusual donor. Despite its currently rather low-level dealings with the OECD-DAC, Moscow is open for and ready to engage in cooperation. Russia’s willingness to engage constructively in several fields of rule-based international development cooperation is demonstrated by its involvement in the Paris-Accra-Busan process or the ODA reports it has submitted since 2011. In this respect, Russia stands apart from other non-traditional donors, such as China, India, Brazil and South Africa. However, closer cooperation with Russia is hampered by the suspension of OECD accession talks and its exclusion from the G7.

Russia links its own development cooperation with its national interests and upholds a historic relationship of trust with a number of developing countries. This is particularly the case with regard to Africa. Its influence in states such as Angola and the Republic of Congo should not be underestimated. Most CIS states are more or less linked with Russia politically, economically and culturally. The separatist post-Soviet territories are a special case. Owing to the political situation in these territories, Russia is the only donor here and consequently enjoys especially great influence.

Russian debt relief and education support (the latter inherited from the Soviet Union) appear to serve as both a means of engaging in development cooperation and as instruments of soft power. Aid has also been provided more recently in response to the COVID-19 pandemic.

Russian development cooperation poses a series of challenges for “traditional” donors, such as Germany. However, it also offers certain opportunities. On the one hand, it is possible to build on existing partnerships. These could be used to extend and deepen joint work in multilateral organisations, such as in OECD Working Groups and Committees. It may be possible to find common
ground in the fight against the COVID-19 pandemic or in the field of humanitarian aid, in particular. On the other hand, Russia has established itself in many partner countries as a welcome alternative to Western donors and in this respect poses a challenge to the West's activities and its ability to exercise influence in these regions.
Among such former students were the Palestinian President Mahmoud Abbas, Porfirio Lobo Sosa (former President of Honduras), Daniel Ortega (long-standing President of Nicaragua) and the African statesman Hifikepunye Lucas Pohamba (President of Namibia from 2005 to 2015), Michel Am-Nondokro Djotodia (President of the Central African Republic from 2013 to 2014) and the current President of Angola João Lourenço. Hosni Mubarak (1981-2011), who was overthrown as President of Egypt in 2011, also received military training at the famous Frunze Military Academy; refer also to: Thomas Kunze / Thomas Vogel (Eds.) 2011: Ostalgie international, Berlin: Ch. Links Verlag.


Ibid. p. 458.


Rossotrudnichestvo (n.d.): Russia With the World, in: https://en.rwp.agency/ [03.09.2021].

However, it would be wrong to jump to the conclusion that only states with a significant Russian minority are recipients of development finance. It is far more relevant whether the recipient has close cultural and political ties with Russia. While officially the protection of Russians abroad is a declared objective, in reality this policy is pursued rather selectively.


Ibid.


In Europe, Moscow supported Bosnia and Herzegovina, Moldova and Serbia. Support was also provided to Afghanistan and to the MENA countries of Algeria, Iran, Lebanon and Syria. On the American continent, aid was provided to Brazil, Venezuela, Costa Rica, Cuba, the Dominican Republic, Guatemala, Nicaragua, Panama and El Salvador. The first African countries to receive Russian support were Guinea, the Democratic Republic of the Congo, Djibouti, Namibia, Senegal, South Africa and Sierra Leone. These were followed later by numerous other states, including Angola, Zambia, Zimbabwe, the Republic of the Congo and the Central African Republic. In Asia, Indonesia, Cambodia, Laos and Myanmar received Russian aid.

Rossotrudnichestvo (n.d.): Russia With the World, in: [https://en.rwp.agency/][03.09.2021].
Rossotrudnichestvo (n.d.): Humanitarian Card, in: [https://rwp.agency/hum-card/][03.09.2021].

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The authors
Dr Thomas Kunze is head of the KAS office in Russia and State Representative in the Russian Federation.
Leonardo Salvador is a project coordinator in the KAS office in Russia.
Michail Khrapak is a student at the Ludwig-Maximilians-Universität München (LMU).

Konrad-Adenauer-Stiftung e.V.
Dr Thomas Kunze
Head of the KAS office in Russia
European and International Cooperation
thomas.kunze@kas.de

Coordination of the publication series:
Veronika Ertl
Advisor Development Policy
Analysis and Consulting
veronika.ertl@kas.de

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