

Russia's approach to multilateral development cooperation through MDBs

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During the period of its membership in the International Monetary Fund and the World Bank Group, Russia has been an active participant in the activities of major international financial institutions. Having joined the organizations as a borrower, the country in a short time changed its status to a creditor in the IMF and a partner in the Bank. Today, Russia, in cooperation with other states, in particular with the BRICS countries, is actively promoting reforms in the global financial architecture so that it reflects to a greater extent the current balance of power in the global economy. Russia is also participating and initiating regional financial initiatives designed to strengthen the foundations of the international financial system, particularly new banks active in Asia – the New Development Bank and Asian Infrastructure Investment Bank.

In 2017, Russia allocated USD 1.19 billion as its official development assistance (ODA). There is a 5% reduction compared to 2016, which correlates with the general trend of a decrease in the global ODA level. Nevertheless, for three consecutive years, the amount of financing by the Government of the Russian Federation of projects and programs for international development assistance exceeds USD 1 billion. At the same time, the volume of Russian ODA does not exceed 0.1% of the gross national income, while one of the UN goals for development financing is the annual allocation of aid totaling 0.7% of donors' GNI.

In 2016 and 2017, the share of multilateral assistance in the total volume of assistance provided by Russia reached 39 and 38.5%, respectively. This indicates an increase in the intensity of Russia's use of international institutions, especially MDBs, as mechanisms for ODA provision. The most important partners of the Russian Federation were UN institutions (USD148.22 million), the World Bank Group (USD61.3 million), and regional and sub-regional development banks (USD225.12 million).

Although Russia did not support the recapitalization of the World Bank by USD13 billion at the IMF/World Bank Spring Meetings in 2018, it continues to use the bank's tools to implement development assistance programs. For example, Russia supports multilateral projects under the 14 existing IDA/IBRD trust funds.

New multilateral development banks that became fully operational just three years ago, – the AIIB and NDB – have actually finished their formation and built large-scale project portfolios. Russia is an influential founding member of both banks. Nevertheless, emerging economies' needs and new banks' aspiration for a greater role among international financial institutions pose a number of further challenges.

As for the traditional MDBs, the main obstacle for increasing Russia's contribution to development through these institutions is the position of some relevant Russian officials believing that multilateral assistance is philanthropic and, even worse, impersonal in nature, since intermediary organizations participate in the process and, as a result, receive grateful feedback. As a result, Russia as a donor bears significant costs, but receives limited political return.

Thus, despite the stable dynamics of Russia's involvement in traditional MDBs, and its influence as one of the major shareholders in the new development banks, the role of these institutions as a channel for the country's contribution to attaining development goals remains limited.