

# Foreign Aid From Russia Growing, Public Ambivalent

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The Foreign Ministry wants Russia to provide aid in line with its status. **Igor Tabakov**

Two decades after the collapse of the Soviet Union ended the days when Cold War allies could count on its largesse, Moscow has embarked on a soft-power campaign of aid to increase its clout and burnish its international image.

But the question is, has anybody noticed?

"Russia's aims are a combination of prestige, geopolitics and the desire to avoid a destabilizing collapse in a neighboring country," said Fyodor Lukyanov, editor of the journal *Russia in Global Affairs*. "But Russia still does not have the image of a country that helps anyone else, which is not completely fair."

A prominent aid recipient in the 1990s, the country has quintupled its annual foreign aid budget in the past four years, from \$100 million to \$500 million, and created a \$7.5 billion fund to help struggling neighbors. It is considering setting up a national body to rival the U.S. Agency for International Development, or USAID.

The moves are part of a bid to narrow the gap with its G8 partners, all long-time donors, and to compete with a wave of emerging market countries like China and South Africa whose increased contributions are redrawing the international aid map.

Russia also wants to shore up its influence in former Soviet republics, many of which receive aid from the European Union and United States to the West and China to the east.

## **Turning Point**

The turning point for Moscow was its chairmanship of the Group of Eight nations in 2006, whose development agenda highlighted the modest size of Russia's aid budget. Deputy Prime Minister Igor Shuvalov was ordered to push forward an aid hike.

President Dmitry Medvedev last year said Russia was seeking a new role, tackling global challenges like poverty and climate change "on par with other leading nations."

"We have to act according to our status," said Viktor Zagrekov, head of the department of international organizations at Russia's Foreign Ministry.

The Soviet Union was among the largest donors in the world, spending about 1.5 percent of its economic output on friendly poor countries in the communist world, South America, Asia and Africa. It spent about \$26 billion in 1986 alone.

But amid the economic chaos after the 1991 Soviet collapse, Russia became a net recipient of Western aid, a humiliation in the eyes of many Russians including Vladimir Putin, who championed self-sufficiency as president from 2000-08.

Moscow's new drive comes at a time when the number of donor countries is rising as the growth rates in many emerging economies surge ahead of their developed world peers.

Russia still trails its G8 partners, spending less than 0.03 percent of gross national income on official development assistance in 2009, budget figures show. The next lowest G8 member contribution was from Italy, which spent 0.16 percent, while Britain spent 0.52 percent, according to the Organization for Economic Cooperation and Development.

The United States has the largest budget in dollar terms, spending \$28 billion in 2009. A World Bank study estimated that new mid-income donors, including Russia and China, contributed \$10 billion to \$15 billion to global aid programs in 2008, while some developed countries were cutting their budgets in the wake of the global economic crisis.

Emerging market rival South Africa has said it will set up its first foreign aid agency like those in developed countries, a step Russian officials say they are actively discussing.

"They bring the perspective of mid-income countries that have succeeded," said Pedro Alba, World Bank head in Russia.

## **New Aid Landscape**

But aid workers also say the growing power of those countries has redrawn the international aid landscape, replacing an East-West divide of donors and recipients with a number

of regional powers with their own agendas.

Russia has focused on the former Soviet Union with its aid, while other countries like China have often targeted areas where they have economic interests.

Russia has projects in Kyrgyzstan, Tajikistan and Moldova — the poorest of the ex-Soviet republics — and devotes much of its funding to disaster relief rather than development.

But its nascent efforts have so far yielded few public relations dividends.

"There is still very little recognition of Russia as a donor internationally," said a senior official at a major development aid organization who has worked in Russia.

"The volume of money has grown significantly, but the Russians need to learn how to communicate their strategy," the official said.

Andrei Bokarev, head of the Finance Ministry's International Affairs Department and a key aid official, said he aimed to change that by making communications a priority. "We have not had a systematic approach to communicating our goals," he admitted.

But Russia will have to finesse its message to impress the international community while not alienating people at home.

With one in seven officially living under the poverty line and millions struggling to make ends meet, Russians are leery about giving money away abroad.

Three-quarters of Russians surveyed by the independent Levada Center said they approved of aid to the world's poorest countries. But two-thirds said Russia is too poor to give aid and boost the livelihoods of its own citizens at the same time.

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