

Moscow Crafting Its Own International Aid Agency

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Russia is making headway in a plan to set up its own international development agency to finance projects in poorer countries, mostly around its borders.

The effort would bolster the country's global status as a donor nation and help maintain peace in the often restive area of Central Asia.

The Finance Ministry has drafted a proposal to establish the Russian Agency for International Development, which will be reviewed by the Cabinet, a ministry source said Friday.

The agency would help finance supplies of industrial equipment, construction of various manufacturing facilities and work force training sessions, the source said.

"Almost nobody else is doing this now" out of the assembled Russian agencies that mete out international aid, the source said, Interfax reported.

Russia has recently stepped up its aid to the former Soviet republics and elsewhere fivefold over the past five years to \$470 million in 2010, but the main focus was on disaster relief.

Under the proposal, the agency will start work on Jan. 1 next year, report to the Finance Ministry and have a staff of about 50 people. It will not deal with Russia's aid contributions through the World Bank and the United Nations.

Finance Ministry spokesman Andrei Matveyev declined to comment. Andrei Bokarev, chief of the ministry's department for international financial relations, was in meetings Friday and unavailable for comment.

A greater healing effect on needy economies will result by having the agency aid specific business projects rather than [getting involved in] general government spending, said Vladimir Zharikhin, deputy director of the CIS Institute, a think tank that studies the former Soviet republics.

So far, Russian aid has helped rein in unrest in Kyrgyzstan — which is now led by interim leader Roza Otunbayeva, he said.

"Otunbayeva is not the strongest politician, but it has been half a year without any explosions out there," he said.

"One can't say it was purely altruistic," he added. "We have visa-free travel with these countries, and whatever happens there affects Russia."

Zharikhin identified Kyrgyzstan and Belarus, which has also fallen on hard times this year, as the prime targets for Russian aid.

"It's not because they need it worst," he said. "It's because there's no one else to help them."

In many other corners of the globe, Russia joined the European Union, the United States and China as donors that spread their influence.

Russia's foreign aid efforts last year were dwarfed by those of the United States, which gave away \$30.2 billion. But Russia is ahead of Brazil — another developing economy — whose aid to foreign countries equaled only \$50 million last year.

The Soviet Union was one of the world's most generous international donors, spending \$26 billion in 1986.

Russia has been more active in helping neighboring countries via targeted financial support, by which it earns interest. Billions of dollars worth of loans have been extended to Belarus, and in the latest move a Russia-led anti-crisis fund agreed in June to let Minsk borrow \$3 billion in several tranches.

Belarus has to undertake a set of economic measures to qualify for the loan, and a top executive of the Eurasian Development Bank, which runs the anti-crisis fund, warned on Thursday that Minsk had made little progress.

Matveyev, the Finance Ministry spokesman, said Russia and the other donors of the anti-

crisis fund — some of the former Soviet republics — will not make a decision on the loan's second tranche of \$400 million until after September.

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