

# MONITORING OF RUSSIA'S ECONOMIC OUTLOOK:

## TRENDS AND CHALLENGES OF SOCIO-ECONOMIC DEVELOPMENT

No. 19(142) November 2021

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# Monitoring of Russia's Economic Outlook

**Monitoring** has been written by experts of Gaidar Institute for Economic Policy (Gaidar Institute), Russian Presidential Academy of National Economy and Public Administration (RANEPA).

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# 1. FINANCIAL PERFORMANCE OF THE BANKING SECTOR FOR THE THREE QUARTERS OF 2021

**Sergey Zubov**, Candidate of Economic Sciences, Senior Researcher of the Structural Studies Department, IAES, RANEPa

*The profit of the banking sector for the three quarters of 2021 hit a record Rb 1.87 trillion. The rapid growth of lending to the population, reduction in the cost of reserve creation due to the low share of outstanding loans, the stock market growth and the development of intermediary operations that bring fee-based income have affected the high profit indicator.*

For the first nine months of 2021, the banking profit amounted to Rb 1,868.8 billion, which is Rb 737.1 billion, or 65.1% higher than the corresponding period last year (as of 01.10.2021 – Rb 1,131.7 billion). As of October 1 of this year, there were 338 credit institutions operating in Russia, of which 78% recorded a positive financial result. The increase in bank profit exceeded the growth of total assets and own funds of the banking sector. The return on bank assets was 2.2% (1.9% a year ago), the return on equity hit 21.7% (16.8% a year ago). For comparison: the average return on capital of US banks stands at 11–12%, European banks – 6–8%.

Banks continue to successfully adapt to the new conditions and, despite the instability of the financial environment, adhere to the strategy of expanding the loan offer. During the three quarters of 2021, corporate lending volumes increased by 11.8% (for the corresponding period in 2020, the increase was 14.7% with significant stimulation by the Central Bank of the Russian Federation). The volume of lending to individuals, despite statements by representatives of the monetary authorities about the need to cool this segment of the credit market, increased by 20.1%. It is the retail loans that provide the main increase in interest-bearing bank income: compared with the indicator as of October 1, 2020, their increase amounted to 4.7%, while interest income on corporate loans decreased by 3.3% (Fig. 1).

The total volume of bank income on fee-based transactions for the three quarters of this year amounted to Rb 1,543.2 billion, which is 25.2% higher than a year ago.

Recently, there has been a reorientation of retail customers to the stock market. In this regard, the most significant increase in fee-based income was recorded for the operations of trust property (an increase of 66.9% compared to a year ago). These operations are primarily related to the provision of intermediary services on the stock market (securities, mutual funds). An increase in income from the provision of intermediary services under brokerage and similar contracts was recorded (an increase of 46.5%). The achievement of such indicators is owing to the growth of the Russian stock market over the past year, which contributes to increasing the attractiveness of investment instruments compared to traditional deposits. The increase in investments of

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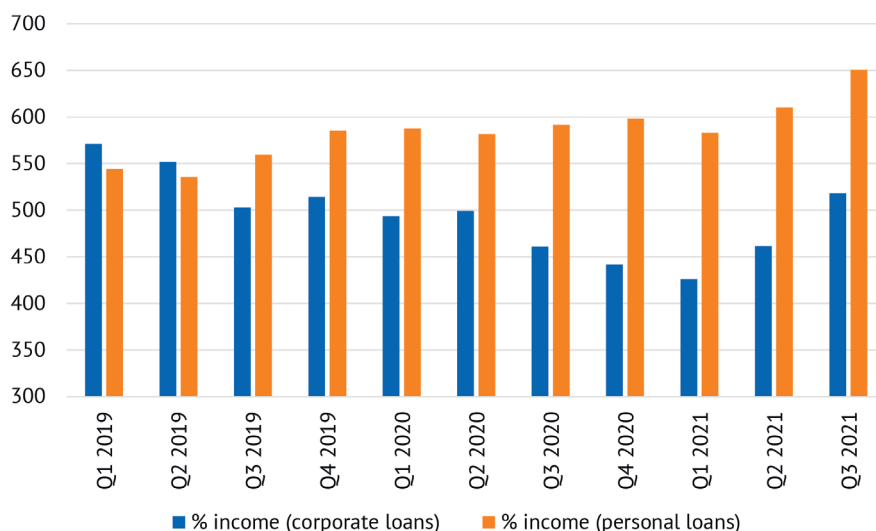


Fig. 1. Interest income on loans granted to enterprises and citizens in 2019–2021, Rb bn

Source: Bank of Russia report on financial performance (form No. 102) from January 1 2019 through July 1, 2021. URL: [http://www.cbr.ru/banking\\_sector/otchetnost-kreditnykh-organizatsiy/](http://www.cbr.ru/banking_sector/otchetnost-kreditnykh-organizatsiy/), own calculations.

individuals in mutual funds and securities is also facilitated by the acceleration of the digitalization process, the development of remote banking sales of stock instruments.

The growth of fee-based income was also recorded for settlement transactions, including acquiring. In the face of the pandemic, citizens are more likely to make purchases online, the turnover of acquiring customers in the e-commerce segment has increased significantly, there is an increase in payments in online stores. Income from settlement and cash services for the analyzed period increased by 25.5%, from money transfers – by 22.9%. Research demonstrates<sup>1</sup> that card payments in Russia have significant growth prospects and will grow rapidly in the next 10 years, which will allow banks to increase this type of fee-based income. Due to the interchange fee<sup>2</sup>, revenues will grow mainly for large issuing banks.

Fee-based income on credit transactions increased to Rb 212.6 billion, an increase relative to the indicator as of October 1, 2020 amounted to 51.8% (last year, over the same period, the increase was much more modest – 14.5%). The increase in this type of income is largely due to the activity in the credit market (an increase in the total number of transactions concluded). At the same time, banks still often use legal uncertainty that allows them to charge payments for various additional services or, under certain conditions, for example, fees for withdrawing cash from credit cards, providing an account statement, advanced repayment.

The development of the retail product line, which, as a rule, requires an increase in equipment and personnel costs, does not allow banks to fully minimize costs associated with ensuring the activities of a credit institution. The total increase in expenses of this type relative to the indicator for the three quarters of 2020 is significant – 17.8%, in previous years the increase was quite

1 URL: <https://ria.ru/20211012/platezhi-1754117435.html>


2 Interchange fee is an interbank fee that the acquiring bank servicing the outlet transfers to the issuing bank from the card that was used to pay for the purchase of goods.

## 1. Financial performance of the Banking sector for the three quarters of 2021

moderate – 2–4% per year. Staff costs increased by 10.7%, organization and administrative costs – by 16.5%. The negative effect of this component of the total financial performance is currently the most significant (approximately Rb 1.8 trillion). Nevertheless, relative to European and American banks, most Russian credit institutions have a fairly high level of operating efficiency. Thus, the value of Sberbank's CIR<sup>1</sup> is 27.9%<sup>2</sup>, VTB – 31.5%<sup>3</sup>, Alfa-Bank – 36.9%<sup>4</sup>.

The relatively low share of outstanding loans still allows banks to save on the creation of provisions. However, in the medium term, there will be problems of restructuring loans during the pandemic period, and credit institutions will face the need to add provisions in large amounts (according to various estimates, about Rb 1 trillion). It is likely that banks will gradually increase the level of provisions in the near future.

In the near future, the Central Bank of Russia should receive a serious tool for influencing the banking system: on October 21, in the first reading the State Duma adopted a bill according to which the regulator gets the right to establish direct quantitative restrictions on credit disbursements to cool the consumer lending market and reduce the creditworthiness of the population. If the tools provided for by this draft law are applied, the growth rate of bank profits may significantly decrease. However, the Central Bank of the Russian Federation intends to use the mechanism of direct quantitative restrictions in H2 2022 in case of increased risks in this segment.<sup>5</sup>

According to the Central Bank projection,<sup>6</sup> in the fourth quarter of this year, the growth rate of bank profits will remain the same and by the end of 2021, the total profit of the sector may hit Rb 2.5 trillion. In our opinion, there are no compelling reasons to believe that in the last quarter there will be factors that can affect the dynamics of bank profit growth. It is possible that there will be a slight decrease in income on securities due to the market correction in October-November of this year. Banks will compensate for the increase in the cost of funding, especially for retail deposits, by raising interest rates on loans, and the interest margin will remain stable. 

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1 CIR (cost-to-income ratio) – a measure of the ratio of general and administrative costs as to operating income. Banks always strive to minimize this financial metric. For European and American banks, the average CIR comes to 60–70%.

2 SberBank releases Financial Highlights for 10 months of 2021 (under RAS, non-consolidated) – SberBank.

3 VTB Bank announces RAS financial results (standalone) for October and 10M 2021 – Bloomberg.

4 URL: [https://www.vedomosti.ru/press\\_releases/2021/08/17/alfa-bank-zarabotal-rekordnuyu-pribil-v-pochti-1-mlrd-za-pervoe-polugodie-2021-goda](https://www.vedomosti.ru/press_releases/2021/08/17/alfa-bank-zarabotal-rekordnuyu-pribil-v-pochti-1-mlrd-za-pervoe-polugodie-2021-goda)

5 The CBR admitted the introduction of restrictions on consumer loans in 2022 (interfax.ru).

6 URL: [https://cbr.ru/Collection/Collection/File/38996/presentation\\_20211025.pdf](https://cbr.ru/Collection/Collection/File/38996/presentation_20211025.pdf)

## 2. EDUCATIONAL MIGRATION: DRIVING FACTOR

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*Young people are the most mobile population group, while vocational education is one of the key reasons for migration for this age cohort. The lack of educational institutions in the chosen profession or specialty in the place of residence where young people graduate from school is the driving factor for educational migration. Most of young people, i.e. educational migrants, receiving vocational education, have no further plans to return to the place where they graduated from school.*

According to a survey held for parents of higher school students, if a family plans secondary vocational education for their child, then in most cases it is about education in their region of residence. If a family plans higher education for their child, then, majority of parents think about educational migration for their child.<sup>1</sup> Family income is important, but educational outcome has a much stronger influence on migration attitudes: the better a child studies, the more often parents plan his/her education in another city. The extent to which families manage to implement their child's educational migration plans can be judged by a survey of young people who have already fulfilled the educational migration strategy and are currently studying in vocational schools and universities in a different place versus the region where they graduated from school.<sup>2</sup>

About 60% of young people who implemented the educational migration strategy, have left to study in another city, primarily due to the lack of educational institutions in their chosen profession or specialty. Obviously, this is most relevant for residents of rural areas: 71% of young people who participated in the survey and graduated from rural school, named this reason (for comparison: among young people who graduated from school in a non-capital city, such answers evidenced 59% and 40.5% among residents of regional capitals). The desire for a more comfortable life, independence or better education, by all means, also influences the decision of young people about educational migration, but to a lesser extent (these reasons were mentioned by young people about 2 times less). However, the desire to live comfortably is typical for young people living in any settlement: the share of young people who noted this reason is approximately the same both among graduates of rural schools and residents of regional capitals (33.5 and 35.5%, respectively).

1 T.L. Klyachko, E.A. Semionova. Migration mobility of Russian youth is based on educational priorities // Monitoring of economic situation in Russia, No.16 (148), October 2021.

2 Main information array includes sociological study held by CENO IAES RANEPA in 2021 in Pskov, Nizhny Novgorod and Sverdlovsk regions, in Moscow. The total sample size was 895 students receiving secondary vocational and higher education. D.M. Loginov, Candidate of economic sciences, Director of sociological study, Leading researcher, Institute for Social Analysis and Forecasting, RANEPA.

## 2. Educational migration: driving factor

More than half of young people (56%) who study in a different place compared to their school graduation, believe that financial situation of their family was average, 20.4% above the average and 12.5% below the average. According to the estimates of respondents, only 2.7% had experienced bad financial showing.

The family financial situation indirectly affects the option of educational migration, since it allows or disallows the child to study individually for a fee. According to a survey of parents of high school students, the academic performance of schoolchildren has a much stronger effect on families' educational plans than the financial situation. Among university students who have experienced educational migration, slightly less than a third (30.9%) got high grades in the last two school years; 57.3% considered themselves to be "good" and 11.7% studied for C grades. Among students of secondary vocational schools, the ratio of "A" and "C" students is the opposite: 18.4% of young people believe that the last two years of schooling they were "A" students and 24.4% studied for "C". Among students of secondary vocational schools and universities who came to Moscow for professional education, 41.9% were "A" students and only 7.4% got "C" grades. Moreover, there are no "C" students at all, and the majority are "A" students" (53.8%) among out-of-province university students studying in Moscow.

The overwhelming majority of visiting young people entered the university based on the results of the Unified State Exam. There are 11.5% of young people admitted according to results of the Olympiads with half of them are rural schools' graduates.

Among educational migrants, students of secondary vocational education, 18.9% attended group classes to prepare for final exams at school in addition to active self-education and 24.1% studied individually with tutors. Among university students, educational migrants, 23.9% of respondents attended group classes when preparing for final school exams, 41.4% studied with tutors. Among students, graduates from rural school, participants of the survey, 32.8% also studied with tutors to prepare for the USE.


Many young people who have implemented the educational migration strategy and study in vocational education institutions and universities had more preferable options for receiving vocational education. Among those who are currently studying at a university, 44.9% of respondents would wish to study elsewhere; among students of SVE organizations there is a third. Most importantly is that according to young people's own estimates, insufficient number of USE scores and lack of financial resources to pay for tuition, relocation and housing prevented them from using the best educational strategy.

Among university students, educational migrants, 65.9% study for free, while 34.1% of young people pay for their education. The share of those students, educational migrants in SVE institutions who pay for their studies is significantly less and amounts to 22.5%. Among the survey participants there are 24.1% of SVE students and 36.6% of university students paying for their studies in the regional capitals. In small and medium-sized cities, far fewer students study for a fee: 17.3% in vocational schools and 13% at the universities. Contrary to expectations, the smallest number of fee-paying students among the university migrants who participated in the survey, study in Moscow (21.7%) compared to other regions under survey (for example, in the Nizhny Novgorod region, almost half of the survey participants who came to study from other cities, are fee-paying students). It is quite natural that the higher the level of

performance of young people at school, the more often they study for free both at the university and in the SVE institutions.

Among young people, graduates of rural schools, 28% now study for a fee (for comparison, 31.9% graduates of schools in regional capitals study for a fee as well as 27.2% of graduates of schools in non-capital cities). Most of the “paid” students (85.8%) allocate funds for education from resources of their family. Another 27.9% also use their own funds. On average, 7.9% of the students participating in the survey used an educational loan, while half of them graduated from rural schools. There are 5.4% of employer-sponsored students (mainly residents of cities and regional capitals).

When choosing education in another place some young people first select the city for their further education, while others opt for educational institution. Young people receiving SVE more frequently first choose the city for education compared to university students (53.1 and 46.9% respectively). If they opt for city of education, the main motivation is urban comfort (52.5%), more attractive jobs, (44%) and relatives living in this city (35,3%). However, if young people first choose educational institution, they focus primary on the quality of education in the selected specialty (42.9%), urban comfort in the city of this institution (38.9%) and jobs for further employment (37.1%). About 1/3 of young people (30.7%) noted good transport option to visit native land as one of the reasons to select education in the city.

Most of students (72.1%) have no plans to return to their native place of residence after graduation, while 61.6% of young people want to stay in the city of education after they have finished their vocational education. Young people wishing to come back to their native land, named among main reasons the housing (57.7%); family contacts aimed to get employment (35.1%); family circumstances (32.2%); comfortable life (31.8%). It should be noted that 46% of young people who participated in the survey and used the educational migration strategy, migrated within the subject of the Russian Federation where they graduated from school. Among young people who migrate and study in SVE organizations, half (51.7%) study in their region. If they study at the university, then, 43.6% of the survey participants study in their region, but not in the place where they graduated from school. 



### 3. G20 SUMMIT OUTCOMES: THE PANDEMIC, CLIMATE AND CARBON NEUTRALITY

**Marina Larionova**, Doctor of Political Sciences, Director of the Center for International Institutions Research, RANEPA

*Italian presidency in the G20 took place amid uneven economic recovery after the peak of the coronacrisis and building-up of efforts to roll out a large-scale vaccination during new waves of the pandemic. Italian presidency focused on the priorities such as poverty eradication, ensuring of well-being and prosperity, planet saving and combating climate change. The G20 reaffirmed its role as a key forum of economic cooperation between developed and developing countries.*

#### **Saving of the planet and fight against climate change**

Italy and the UK co-hosted the 26<sup>th</sup> Conference of the Parties of the United Nations Framework Convention on Climate Change and held the first ever meeting of G20 energy and environment ministers. Despite vigorous promotion of the idea of harmonizing the “carbon price” setting principles (that is, greenhouse gas emissions), the G20 countries failed to reach an agreement on this issue.

The leaders reaffirmed their commitment to hold the global average temperature increase below 2°C and acknowledged the key relevance of achieving carbon neutrality by mid-century. The parties of the framework convention and G20 countries made a commitment to take further action to update their “contributions to the fight against climate change”<sup>1</sup> in the period till 2030. The choice of policy instruments for a switchover to low-carbon economy was formulated with national circumstances of developing countries and countries with emerging markets taken into account. It envisages a large-scale introduction of nature-like<sup>2</sup> solutions; cooperation in research and development and implementation of low-emission technologies; stepwise reduction and mid-term optimization of inefficient subsidies on fossil fuel; investments into sustainable infrastructure and groundbreaking technologies; shift to circular economy, as well as a broad range of fiscal, market and regulatory mechanisms including, if necessary, utilization of carbon price-setting mechanisms.<sup>3</sup>

In the light of present-day debates within the G20 framework, it is important for Russia to use this format for promoting its own approaches and developing decisions which are in harmony with strategic priorities of the Strategy of the

1 URL: <https://unfccc.int/ru/peregovornyy-process-i-vstrechi/parizhskoe-soglashenie/natsionalno-opredelyaemye-na-natsionalnom-urovne-vklady>

2 Efforts aimed at protecting and/or restoring natural ecosystems which facilitate absorption of greenhouse gas emissions and/or climate change adaptation. URL: <https://www.nature-basedsolutions.com/>, URL: <https://www.panda.org/?943816/Nature-based-solutions-jobs-report>

3 G20 Rome Leaders' Declaration, para 30 // Center for International Institutions Research. URL: <https://www.g20.org/wp-content/uploads/2021/10/G20-ROME-LEADERS-DECLARATION.pdf>

Russian Federation's Social and Economic Development with Low Greenhouse Gas Emissions until 2050.

### **Ensuring well-being and eradication of poverty**

The key challenges facing the G20 include recovery from the pandemic; consolidation of healthcare systems; achievement of healthcare-related Sustainable Development Goals (SDGs), particularly, comprehensive coverage of the population with healthcare services. To achieve a 40% vaccination of the population in all countries by the end of 2021 and a 70% vaccination by mid-2022, G20 countries are committed to increase supplies of vaccines, required pharmaceuticals and medicines to developing countries; remove constraints in financing; support further initiatives to speed up access to funds for combating COVID-19; refrain from export restrictions which are incompatible with WTO rules and enhance transparency and predictability of vaccine supplies.

Taking into account the need to build up efforts to achieve SDGs and render aid to vulnerable countries, G20 leaders are resolved to step up actions to implement the G20 Action Plan on the 2030 Agenda and the G20 Support to COVID-19 Response and Recovery in developing countries.

The new general allocation of \$650 bn worth of Special Drawing Rights (SDR), implemented by the International Monetary Fund (IMF) in August 2021 is expected to become a source of funding the recovery of economies and achieving SDGs. G20 member-countries agreed on channeling by members with strong external positions of part of the allocated SDRs (around \$100 bn) to help vulnerable countries and called on the IMF to establish a new Resilience and Sustainability Trust (RST) to provide affordable long-term financing to help low-income countries.

An important, though not quite sufficient, step towards debt sustainability and achievement of SDGs is the G20 commitment to step up efforts within the Common Framework for debt treatment beyond the Debt Service Suspension Initiative<sup>1</sup>. IMF estimates point to \$12.7 bn of total debt service deferred under this initiative, that is, a small amount as compared to \$1 trillion worth of developing countries' debt (excluding China) to be repaid until 2030.<sup>2</sup> Deferred payment will increase a servicing burden because it is to be included into the payment schedule from 2022. However, the G20 did not even consider the option of writing off debt-servicing amounts or introducing a system-based mechanism of sovereign debt restructuring.

### **Economic recovery and prosperity**

The implementation of anti-crisis measures brought about substantial growth in public debt (110% of GDP) and private debt (12% of GDP in 2020) in G20 member countries. Amid the ongoing pandemic and the need to continue implementation of support measures on the one side, and growing inflation, uneven recovery and capital flight risks on the other side, G20 countries have agreed to facilitate further the recovery of economies, avoid early scaling down of support measures and ensure simultaneously financial stability and long-term fiscal sustainability.

The G20 approved a draft agreement on the Inclusive Mechanism for implementation of the G20/OECD Action Plan on base erosion and profit

1 Until the end of December 2021.

2 URL: [https://unctad.org/system/files/official-document/tdr2021\\_en.pdf](https://unctad.org/system/files/official-document/tdr2021_en.pdf). P. 21–22.


### 3. G20 Summit Outcomes: The Pandemic, Climate and Carbon Neutrality

shifting. The draft agreement provides for redistribution of the rights to taxation of large multinational companies' surplus profit (20–30% of the profit received above the established level) in favor of jurisdictions in which they carry out market activities, as well as introduction of the minimum global tax of 15% on multinational companies.<sup>1</sup>

The G20 did not return to the commitment to give up protectionist trade and investment policy which used to be among the key issues of the trade policy before 2017. The G20 member-countries recognized the need to remove tensions and imbalances in trade and investments, pledged to work to ensure equal conditions for creating a favorable trade and investment environment, reform the WTO and improve all its functions.

Despite a large number of commitments in respect of digital economy, the G20 failed to achieve substantive agreements to this effect. The G20 reaffirmed the earlier formulated commitments to reinforce their actions towards the digital transformation of production, processes, services and business models, also through the use of consensus-based international standards and the improvement of consumer protection, digital skills and literacy.

The G20 countries have agreed to step up cooperation to secure ICT (Information and Communication Technologies), remove shared vulnerabilities and threats, combat cyber-crime, as well as enhance confidence in the digital environment by improving internet safety. Due to substantial differences over management issues and cross-border data flows, the G20 countries succeeded only in acknowledging their earlier formulated commitment to identify common approaches to regulation. The dialog on this and other issues will continue within the framework of the working group on digital economy.

Overall, Italian presidency can be regarded as quite successful: the G20 showed the highest level of implementation of the previous summit's commitments. The G20 approved 225 concrete decisions and reaffirmed its role as a key forum of economic cooperation between developed and developing countries. 

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1 URL: <https://www.oecd.org/tax/beps/brochure-addressing-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-july-2021.pdf>

## 4. RUSSIAN DEVELOPMENT AID DURING THE CORONAVIRUS PANDEMIC IN 2020

**Yuri Zaitsev**, Candidate of Economic Sciences, Senior Research Associate of the International Trade Studies Department, IAES, RANEPA

*The RF Government proved out Russia's status of an international donor in the crisis year 2020 when it wrote off a large portion (over 44%) of debts. Russia made a substantial contribution to the provision of international humanitarian aid, thus facilitating the fight against the spread of the coronavirus infection.*

Despite the coronavirus pandemic and internal economic challenges, in 2020 Russia kept providing the official development aid (ODA) to developing countries. The ODA amount of over \$962.89 mn, that is about 0.07% of Russian gross national income, is comparable with that of the previous periods when aid financing used to surpass \$1 bn (Fig. 1).<sup>1</sup>

Also, bilateral assistance in absolute terms remained comparable with that in 2019. In 2020 the volume of economic assistance programs within the framework of bilateral projects was equal to \$697 mn. On the back of a decrease in funding of multilateral projects, the share of bilateral assistance increased to 72.4% with that of multilateral assistance declining to 27.6% of the overall volume of official development aid (Fig. 2).

As in previous years, in 2020 writing-off of debts (over 44% of ODA) was a major line of Russia's International Development Assistance (IDA). In 2020, for Russia as donor the main IDA lines were still healthcare (8.3% ODA) and food security (nearly 11% of ODA) (Fig. 3).

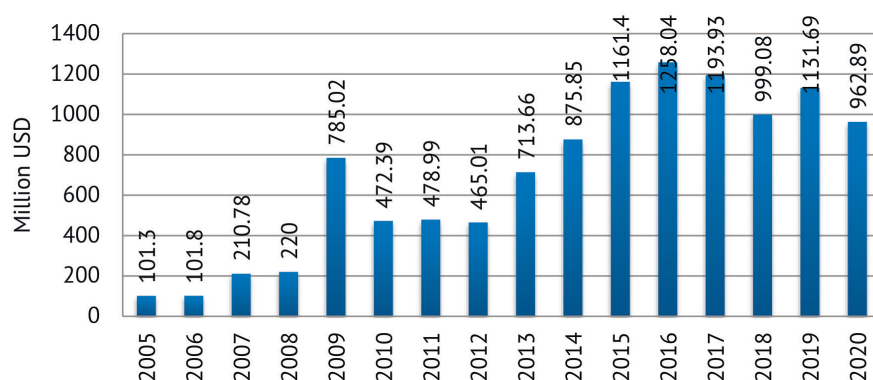


Fig. 1. The RF official development aid in 2005–2020

Source: based on the data of the OECD Development Assistance Committee and the RF Ministry of Finance.

1 Yu.K. Zaitsev, A.Yu. Knobel. Russian Economic Assistance for Development in 2019. Russian Economic Developments. 2020. Vol. 27. No. 12. P. 16–21. URL: <https://elibrary.ru/item.asp?id=44476522>

## 4. Russian Development Aid During the Coronavirus Pandemic in 2020

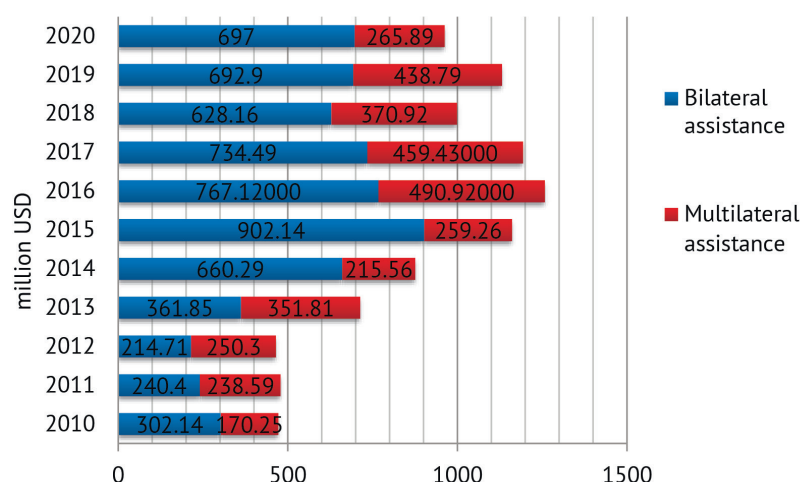


Fig. 2. Distribution of Russian aid across multilateral and bilateral funding channels (2010–2020), million US Dollars

Source: based on the data of the OECD Development Assistance Committee and the RF Ministry of Finance.

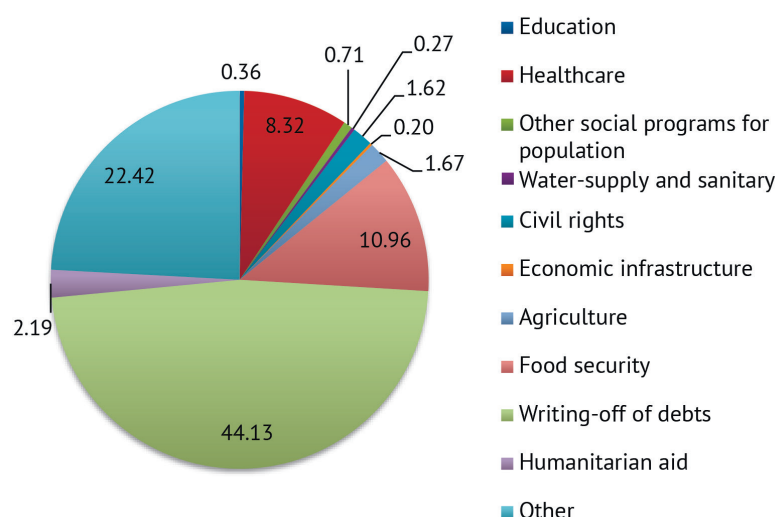


Fig. 3. Distribution of Russian development assistance across sectors, %

Source: based on the data of the OECD Development Assistance Committee and the RF Ministry of Finance.

### Multilateral assistance

Though multilateral assistance actually decreased during the pandemic, international institutions kept working as important partners within the framework of Russia's implementation of IDA programs. The largest portion of multilateral ODA was provided via UN agencies (\$205.52 mn) (Table 1). In cooperation with the WHO, Russia granted aid to Azerbaijan, Armenia, Kirgizia, Lebanon, Palestine and Djibouti.<sup>1</sup>

<sup>1</sup> Resolution No.863-r of April 3, 2020 of the RF Government. URL: <http://publication.pravo.gov.ru/Document/View/0001202004060017>

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In 2020, the RF Government took a decision to allocate up to \$30 mn in 2020–2023 to the *Russian Federation – UNDP Trust Fund for Development* (TFD), of which sum \$6 mn was allocated in 2020.<sup>1, 2</sup> In particular, the beneficiary of TFD funds was Syria.<sup>3</sup>

Russia continued its cooperation with the UN World Food Program (WFP). On December 31, 2020, the UN World Food Program (WFP) in Syria reported that Russia donated \$20 mn on food aid to 2.3 mn Syrians.<sup>4</sup>

Russia's key multilateral partner is still the World Bank and, in particular, the International Development Association through which Russia granted \$24.79 mn.

Table 1

### The volume of Russia's financial participation in international development agencies in 2020

International agency	Russia's financial participation, million US Dollars
UN agencies	205.52
World Bank agencies (International Development Association)	24.79
Other international institutions	35.58
Overall	265.89

Source: based on the data of the OECD Development Assistance Committee and the RF Ministry of Finance.

### Bilateral assistance

A substantial share of assistance was provided via bilateral mechanisms. The largest beneficiaries of Russian ODA were Armenia, Venezuela, Cuba, Kirgizia, North Korea, Syria and Tajikistan. The new beneficiaries of anti-pandemic aid were Lebanon, Ruanda and Cabo Verde.<sup>5</sup>

In 2020, a major line of Russia's bilateral international development assistance consisted in writing-off of foreign countries' debts worth \$424.94 mn with the largest debt amount written off to Cuba. Further, in 2021 the RF Government considered the option of granting repayment holidays to Cuba as regards official debt payments.<sup>6</sup>

Russia made its contribution to the provision of international humanitarian aid within the framework of the fight against the coronavirus on a bilateral

1 Instructions No.1126-r of April 24, 2020 of the RF Government. URL: <http://publication.pravo.gov.ru/Document/View/0001202004270035>

2 RF Ministry of International Affairs. On the ceremony of signing of the Memorandum on Replenishment of the Russian Federation – UNDP Trust Fund for Development. May 21, 2020. URL: [https://www.mid.ru/programma-razvitiya-on-proon-/-/asset\\_publisher/Zuc5DeW1pl7y/content/id/4134673](https://www.mid.ru/programma-razvitiya-on-proon-/-/asset_publisher/Zuc5DeW1pl7y/content/id/4134673)

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## 4. Russian Development Aid During the Coronavirus Pandemic in 2020

basis. According to the data of the RF Customs Service, in 2020 Russia granted humanitarian aid worth over \$44.7 mn (*Table 2*).<sup>1</sup>

*Table 2*

The countries which are the largest beneficiaries of Russian humanitarian aid in 2020

Beneficiary-countries	Volume, million US Dollars
Overall	44.72
North Korea	15.38
China	0.57
Sierra Leone	–
Azerbaijan	0.032
Ukraine	0.69
South Ossetia	0.35
Tajikistan	0.09
Other countries	27.62

Source: RF Federal Customs Service. 

<sup>1</sup> The RF Ministry of Emergency Situations set the priorities of international cooperation in the near-term. February 12, 2021. URL: <https://www.mchs.gov.ru/deyatelnost/press-centr/novosti/4383019>