

Международные финансовые организации и их сотрудничество с Россией

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Аннотация

На протяжении своего членства в Международном валютном фонде и Группе Всемирного банка Россия является активным участником деятельности крупнейших международных финансовых институтов. Вступив в организации в качестве заемщика, страна за достаточно короткий срок сменила статус кредитора в МВФ и партнера в Банке. Сегодня Россия во взаимодействии с рядом других стран, в частности со странами БРИКС, активно продвигает реформы мировой финансовой архитектуры, направленные на то, чтобы она в большей степени отражала текущий баланс сил в мировой экономике. Россия также участвует и иницирует региональные финансовые инициативы по укреплению фундамента международной финансовой системы.

Ключевые слова: международные финансовые организации, МВФ, Группа Всемирного банка, МБРР, международное сотрудничество, реформа управления, MIGA.

International financial organizations and their cooperation with Russia

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Annotation: Throughout 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 fairly short period of time changed its status to a creditor in the IMF and a partner in the Bank. Today, Russia, in cooperation with a number of other countries, in particular the BRICS countries, is actively promoting reforms of the global financial architecture to make it more reflective of the current balance of forces in the global economy. Russia also participates in and initiates regional financial initiatives to strengthen the foundation of the international financial system

Keywords: International financial organizations, IMF, World Bank Group, IBRD, international cooperation, governance reform, MIGA.

Introduction

The history of Russia's relations with key international financial institutions (hereinafter referred to as IFIs), primarily the International Monetary Fund (IMF) and the World Bank Group, is relatively short. Despite the presence of the USSR representatives at the Bretton Woods Conference and their active participation in the development of agreements that resulted in the creation of the IMF and the International Bank for Reconstruction and Development (IBRD), the country - as the Russian Federation - did not become a member until 1992. Among the key factors are:

- Russia's improved financial and economic situation in the early 2000s;
- Reconsideration by the international community of the role of IFIs and the need to reform the global financial architecture;
- Changes in the balance of power in the world economy in favor of emerging economies, especially the BRICS group;
- Strengthening of the regionalization process in the world, which is accompanied by the formation of regional financial institutions;
- the growth of geopolitical tension as a result of the events in Ukraine and the imposition of sanctions against Russia.

Russia and the IMF

At present, Russia acts as a creditor in the IMF. By the decision of the IMF Board of Directors in 2005, Russia was included in the IMF's Financial Action Plan (FAP), a mechanism by which the Fund lends to its members in the event of a deterioration in their balance of payments, using the funds of the Plan participants. The obligation to provide funds within the framework of the FSAP is enshrined in Article V, Section 3 of the IMF's Constitution.

In addition, Russia participates in various operations provided for in IMF agreements,

including the purchase and sale of SDRs, participation in the New Arrangement on Borrowing, the purchase of IMF bonds, financing development assistance programs, debt relief for the poorest countries, etc.

The IMF continues to provide Russia with active advisory support and technical assistance, including seminars, conferences, training events, etc.

Main problems of interaction between Russia and the IMF

Increasing quota shares and voting power in the Fund

For a long time, the key issue in the relations between Russia and the IMF has been the issue of quota and vote redistribution within the Fund. The need to revise the countries' quotas in the IMF is based on two trends at once. The first trend has to do with the changing balance of power in the world economy and the growing role of developing countries in the world. Since 1990, the share of developing and emerging market economies in global GDP has increased significantly: from 36.1% in 1990 to 60.1% in 2020.

However, attracting financial resources from emerging market countries did not increase their quotas and voting power in the organization. This was due to the fact that the fund was financed through a special mechanism

"New Arrangements to Borrow (NAL). It provides for temporary IMF financing that is available only when needed. The NCA funds are not the main capital of the Fund.

This situation did not suit some states. In particular, the BRICS group of countries was the main proponent of IMF quota reform. From the outset, they viewed the promotion of reform of the international financial architecture as a key priority.

As a result of the reform, the four BRICS countries (excluding South Africa) were included in the IMF's ten largest participants, and their share of total quotas increased from 11.5% to 14.7%. Thus, the BRICS countries did not formally have the right to veto the most important decisions of the Fund - for this purpose, the quota share should be 15%.

Revising the quota formula

Another issue of particular importance to Russia and the other BRICS countries, directly related to the IMF quota reform, is the revision of the quota formula. The current formula for allocating IMF quotas gives advantages to developed countries. Thus, the index of variability is higher for countries with a high degree of capital movement, and the index of openness - for small European countries actively trading within the EU. At the same time, despite the fact that the index of international reserves is higher for countries with emerging markets, its weight in the formula is only 5%. The peculiarity of GDP calculation, where only 40% is calculated at PPP, is also more suitable for developed countries.

IMF Governance Reform

As noted earlier, the 2010 IMF reform, which took effect in January 2016, called for changes in the way the Fund's Executive Board was composed. Prior to the reform, the Executive Board consisted of 24 directors. Five of them were appointed and represented the countries with the largest quotas in the Fund's capital - the USA, Japan, Germany, France and the UK. The remaining 19 directors were elected, with 16 representing groups of countries and three countries (Russia, China and Saudi Arabia) representing only themselves.

Increase in the number of reserve currencies

and changing the composition of the SDR currency basket

Russia has long promoted the issue of reforming the global reserve currency system, including expanding the SDR currency basket. Thus, Russia's proposals to the G20 Summit in London in 2019 included a call for the IMF to explore the following options:

- Diversifying the list of currencies used as reserve currencies on the basis of agreed measures to stimulate the development of major regional financial centers;

- creating a supranational reserve currency to be issued by international financial institutions.

As a possible option for diversification of reserve currencies, Russia suggested including national currencies of BRIC countries into the SDR basket of currencies.

Russia and the World Bank Group

Russia became a member of the World Bank (IBRD and International Development Association) in June 1992. In December of the same year, Russia joined the Multilateral Investment Guarantee Agency (MIGA), and a year later the International Finance Corporation (IFC). All four organizations are part of the World Bank Group, which aims to provide financial and technical assistance to developing countries.

Cooperation between Russia and the International Bank for Reconstruction and Development

The IBRD is a key member of the World Bank Group. The purpose of the organization is to provide financial resources and technical and advisory support to developing countries, mostly middle-income.

Since Russia joined the IBRD, the bank has approved 71 loans totaling \$14.35 billion for the country. Due to the imposition of economic sanctions against Russia, the IBRD discontinued its financing in 2014.

The largest share of financing came during the first years of Russia's membership in the IBRD. The share of Russia's borrowings from the Bank between 1992 and 1999 accounts for 87 percent of the total amount of financing Russia received from IBRD over the entire period of its membership in the organization.

In the structure of Russia's borrowings from IBRD, loans for federal and public

administration projects predominate - they account for more than 50 percent of the total financing.

Ten projects are currently at the implementation stage, with a value of \$697.1 million. The entire amount of financing is in the form of investment loans. The average project term is 6.26 years.

Another 10 projects worth \$1,547.9 million are under review. Of these, six projects, valued at \$885.2 million, are at a high level of readiness and awaiting review and approval by the IBRD Board of Directors. Due to the events in Ukraine and the call by the G7 countries not to support IBRD activities in Russia, the approval of these projects by the Board of Directors has been delayed.⁴³ A further three projects have been completely suspended.

In addition to financial assistance, IBRD provides Russia with analytical and advisory support, including economic and sectoral research and technical assistance. The purpose of advisory and analytical services is to improve the efficiency of public finance and public administration, improve the investment climate in the country and individual regions, enhance the quality of social services provided by the government, etc.

Cooperation between Russia and the International Finance Corporation

The main purpose of the IFC's activities is to provide financing for the private sector in developing countries in the form of loans and investments, as well as advisory support in the area of private sector development. Since Russia joined the IFC in 1993, the IFC has made long-term investments of more than \$10 billion into the country, of which \$3.5 billion has been in the form of syndicated loans and over 250 approved projects.

As of the end of 2015 the IFC investment portfolio in Russia amounted to \$1.5 bln and consisted of 70 projects. The key sectors in which IFC funds have been raised include the financial services sector, infrastructure, manufacturing, oil and gas, mining, telecommunications, retail and healthcare sectors.

At the moment, due to the imposition of economic sanctions against Russia, the IFC's investment activities in the country have been completely suspended. Since May 2014, IFC has not approved any projects in the country.

Cooperation between Russia and the Multilateral Investment Guarantee Agency

MIGA's core business is insuring lenders and investors against political risks in developing countries. As of today, Russia is the fourth largest client in terms of guarantees provided.

agency. The gross liabilities of MIGA in Russia are estimated in the amount of \$705 mln, while the net guarantees (after reinsurance) amount to \$381 mln.⁵³

Seven projects are currently in the implementation phase, with guarantees amounting to approximately \$1 billion. Since July 2014, MIGA has not approved any new projects in Russia.

Cooperation between Russia and the International Development Association and other development assistance from the World Bank

Russia has been a partner of IDA since the ninth budget replenishment in 1997. The main purpose of the association is to provide financial support to the world's poorest countries (with per capita GDP less than \$1,165) through voluntary donations from donor countries. In addition, IDA provides loans to countries with per capita GDP above \$1,165 that are unable to meet the conditions for IBRD loans.

Russia's financial contributions to IDA have been growing steadily since 2004. Under the latest (17th) IDA replenishment, Russia provided about \$195 mn (\$127 mn SDR). (This amount represented 0.55% of the association's total capital replenishment.

As part of its support for international development, Russia has made financial donations to 21 World Bank Group trust funds, 15 of which are active. The total amount donated was

The total value of funds provided was \$254 million.

Main problems of interaction between Russia and the World Bank Group

To date, the main problem in the interaction between Russia and the World Bank Group remains the effect of anti-Russia sanctions, which have restricted or completely suspended the activities of some structures of the Group on the territory of the country.

In addition, as in the case of the IMF, Russia, with the support of other BRICS countries, is pushing for reform of the World Bank. The main areas of such reform, according to the BRICS countries, should be making the Bank's governance structures more democratic, expanding its financial capabilities, and further revising its shareholding structure. Increasing the World Bank's capital is one of the most pressing issues. Developing and BRICS countries have repeatedly insisted on the need to recapitalize the bank in order to increase its lending. In particular, countries have noted a significant shortage of financial resources allocated to infrastructure development. According to Deputy Minister of Finance S.A. Storchak, if shareholder countries refuse to replenish the resources of the World Bank, by 2019 it will be forced to reduce the volume of lending. Until recently, developed countries refused to consider this issue. However, recently their position, in particular the U.S., has changed, which is also due to the emergence of regional development institutions in the international arena, such as the Asian Infrastructure Bank.

New BRICS Development Bank as an alternative to the World Bank

The decision to create the New Development Bank of BRICS was taken in July 2014. The relevant agreement was signed by representatives of the BRICS countries at the summit in Fortaleza, Brazil. As noted in the Fortaleza Declaration, the goal of establishing the NDB is to "mobilize resources for financing infrastructure and sustainable development projects in BRICS countries and other emerging and developing economies. According to the BRICS countries, the NDB will

complement the activities of existing regional and international financial institutions in the field of global development.

The NDB began its activities in July 2015, following the ratification of the agreement by all BRICS countries. The paid-up capital of the BRICS is \$10 billion, distributed proportionally among the member countries. The possibility of increasing the capital to \$50 billion is envisaged. In addition, the possibility of attracting other developing countries to participate in the NDB is envisaged. The main areas on which the NDB will focus in the near future will be green energy, transport and telecommunications. To date, the NDB has approved five projects in the five BRICS countries worth about \$1 billion. The project package includes the construction of small hydropower plants in Karelia. For this purpose, the NDB will provide two loans of \$50 million each to the Eurasian Development Bank (EDB). Eurasian Development Bank (EDB) and the International Investment Bank (IIB).

Although the creation of the NDB is often seen as a regional counterpart to the World Bank, experts point out a number of drawbacks. First of all, the lack of financial resources of the fund is singled out as the main one. According to Western experts, the BRICS countries could have formed a more influential institution if they had not provided for equal contributions from the BRICS countries, and China agreed to contribute more funds.

Conclusion

Throughout 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 fairly short period of time changed its status to a creditor in the IMF and a partner in the Bank. Today, Russia, in cooperation with a number of other countries, in particular the BRICS countries, is actively promoting reforms of the global financial architecture to make it more reflective of the current balance of forces in the global economy. Russia also participates in and initiates regional financial initiatives to strengthen the foundation of the international financial system.

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