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"On my honor as a student of the Diplomatic Academy of Vienna, I submit this work in good faith and pledge that I have neither given nor received unauthorized assistance on it.»

Signature: Violetta Beliai

DEDICATION

This thesis work is dedicated to my parents, who have been a constant source of support and encouragement during the challenges of university years and life. Thank you, Mum and Dad, for your love and understanding, and for putting me through the best education possible. I would not be able to get to this stage without you.

ABSTRACT

Thesis: "Obstacles and Opportunities for Broadening Russia's cooperation with UNIDO" Violetta Beliai (Under the direction of Prof. Arthur Rachwald)

Today, industry continues to be one of the major driving forces of the global economic, social and environmental development. Due to the conditions of strong interdependence, all members of the international community, starting with the sovereign states and ending by the representatives of the civil society, have to realize how important it is to actively participate in the international cooperation and contribute to the elaboration of an effective joint response to the pressing issues of poverty, limited sustainability and environmental degradation. This research project strives to critically evaluate the effectiveness of cooperation between the Russian Federation and the United Nations Industrial Development Organization in the context of the Post-2015 Development Agenda and implementation of Sustainable Development Goals. The first part of this paper involves a profound historical observation of the UNIDO-Russian cooperation and stresses attention on a "special" way in which the Organization is represented at the country level. Second part adopts the neoliberal institutional approach in order to reveal the presence of causal relationship between the involvement of international organization in the domestic affairs of a target country and the effectiveness of its cooperation with that country. The paper is concluded by a comparative analysis of UNIDO's institutional representation in two different Member States, which perfectly demonstrates that UNIDO's Centre in the Russian Federation does not correspond with the changed realms and leads to serious quality deficiencies in the process of implementation of UNIDO projects within the country.

These: "Hindernisse und Möglichkeiten zur Erweiterung der Zusammenarbeit Russlands mit der UNIDO" Violetta Beliai (Unter der Leitung von Prof. Arthur Rachwald)

Die Industrie bleibt eine der treibenden Kräfte der globalen wirtschaftlichen, sozialen und ökologischen Entwicklung. Angesichts der Bedingungen einer starken gegenseitigen Abhängigkeit müssen alle Mitglieder der internationalen Gemeinschaft, von souveränen Staaten bis hin zu Vertretern der Zivilgesellschaft, die Bedeutung der aktiven Teilnahme an der internationalen Zusammenarbeit und der Entwicklung einer wirksamen gemeinsamen Antwort auf die Probleme der Armut, begrenzte Nachhaltigkeit und Umweltzerstörung. Dieses Forschungsprojekt zielt darauf ab, die Wirksamkeit der Zusammenarbeit zwischen der Russischen Föderation und der Organisation der Vereinten Nationen für industrielle Entwicklung im Kontext der Post-2015-Entwicklungsagenda und der Umsetzung der Ziele für nachhaltige Entwicklung kritisch zu bewerten. Der erste Teil dieses Papiers enthält eine eingehende historische Beobachtung der Zusammenarbeit zwischen UNIDO und Russland und betont die Aufmerksamkeit auf eine "besondere" Art und Weise, in der die Organisation auf Länderebene vertreten ist. Der zweite Teil übernimmt den neoliberalen institutionellen Ansatz, um die Existenz eines kausalen Zusammenhangs zwischen der Beteiligung der internationalen Organisation an den inneren Angelegenheiten eines Ziellandes und der Wirksamkeit ihrer Zusammenarbeit mit diesem Land zu zeigen. Der Artikel schließt mit einer vergleichenden Analyse der institutionellen Vertretung der UNIDO in zwei verschiedenen Mitgliedstaaten und zeigt, dass das UNIDO-Zentrum in der Russischen Föderation nicht den sich ändernden Realitäten entspricht und zu gravierenden Qualitätsmängeln bei der Umsetzung von UNIDO-Projekten führt.

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LIST OF ABBREVIATIONS

BRICS	Brazil, Russia, India, China and South Africa	MDGs	Millennium Development Goals
		MEA	Multilateral Environment Agreement
CIIC	UNIDO Centre for International Industrial Cooperation in the Russian Federation	MHT	Medium-and high- technologies
		MVA	Manufacturing value-added
		NIEO	New International Economic Order
CIS	Commonwealth of Independent States	PBC	Programme and Budget Committee
CP	Country Programme	PCP	Programme for Country Partnership
DG	Director General		
ECOSOC	UN Economic and Social Council	RC	United Nations Resident Coordinator
EEU	Eurasian Economic Union	R&D	Research and development
EU	European Union	SA	Specialized Agency
FDI	Foreign direct investment	SDGs	Sustainable Development Goals
GC	General Conference	TC	Technical Cooperation
GDP	Gross domestic product	UN	United Nations
GEF	Global Environment Facility	UNCT	United Nations Country Team
GOR	Government of Russia	UNDAF	United Nations Development Assistance Framework
HQ	Headquarters		
IBRD	International Bank for Reconstruction and Development	UNDG	United Nations Development Group
IDB	Industrial Development Board	UNDP	United Nations Development Programme
IDF	UNIDO Industrial Development Fund		
IMF	International Monetary Fund	UNGA	United Nations General Assembly
ISID	Inclusive and Sustainable Industrial Development	USD	United States Dollar
ITPO	Investment and Technology Promotion Offices		
LDCs	Least developed countries		

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CHAPTER 1. INTRODUCTION.

1.1. Background: Importance and relevance of the UNIDO-Russian cooperation

Undoubtedly, 20th century was one of the most ambiguous periods in the history of humankind. The events of past hundred years brought significant changes in the lives of millions of people, with a series of transformations in the fields of politics, culture, ideology, economics, technology, science, and medicine. Together with unprecedented technological progress, cultural homogenization, space exploration and significant advances in medical practices, the world had to experience a disastrous impact of global-scale World wars, go through severe stages of nationalism and decolonization, feel the tensions of the Cold War years, and deal with violence of post-Cold War conflicts. By the late 1990s, international society realized that many important questions remained unresolved, and the issues of overpopulation, terrorism, pandemics, environmental degradation, and poverty have to be addressed in a comprehensive, well-planned manner. At the same time, following the “Autumn of Revolutions” and subsequent liberalization in different parts of the planet, global interconnectedness became stronger than ever, and now on, any slight changes in one group of people could immediately affect the sustainability of others. “Interdependence” became the main characteristic of a world community, meaning that no single state could successfully deal with the existing problems all by itself. This perfectly explains why, by the end of the 20th century, there was a significant increase in the number of intergovernmental organizations- they all emerged to coordinate the relations between sovereign nations and help them to find effective solutions to complex issues of the modernity.

Among the currently functioning international institutions, the United Nations (UN) plays an especially important role. Established right after the end of the Second World War, the United Nations was initially planned as an organization that would ensure peace and international security. Later on, its functions and responsibilities were extended to other areas, and the UN became known as a unifier of populations on economics, political, social, religious, environmental, cultural, and other various matters. The broad scope of the UN functioning is well reflected in its founding Charter: as explained in Article 1.3, one of the purposes of the organization is “to achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion”¹. Taken together, the UN can be characterized as an international body that aims to reach the progress in specific areas by means of interstate cooperation, and to ensure that the results of joint efforts are distributed in an even and gradual manner.

All the projects and policy frameworks proposed by the United Nations so far have been inevitably based on the notion of “human dignity”. In particular, commitment to human value was a founding idea of the Millennium Declaration, an outcome document of the Millennium Summit of 2000, which was initiated for a wide-scale discussion of the role of the United Nations in the 21st century. The Declaration clearly stated that every individual had a dignity and, as a result, automatically possessed the rights to equality, freedom, and basic living standards². Moreover, the document outlined main objectives (such as poverty eradication, disarmament, protection of the environment, promotion of human rights, etc.) the successful fulfillment of which could guarantee the vital concept of human dignity.

¹ The United Nations Charter (1945).

² UN (2000). United Nations Millennium Declaration. 55/2, United Nations General Assembly.

Adoption of the Millennium Declaration was, to some extent, a turning point in the history of the United Nations, because its provisions and key objectives laid the foundation of well-known Millennium Development Goals (MDGs), a set of eight targets that had to be reached by 2015. Initially, thousands of people called the MDGs a very promising and ambitious project that could help the world community to overcome major obstacles on its way towards peaceful and prosperous future. However, with the passage of time, high expectations and optimistic attitudes changed to disillusionment and criticism of the project. Most scholars and public officials argued that the Millennium Development Goals did not achieve the initially predicted outcome, because they violated a crucial principle of universality. Indeed, the MDGs were mainly concentrated on ensuring basic living standards in developing countries³, and such an exclusive focus most likely discouraged developed states from their financial and technological assistance to the project. Another important criticism was about an uneven progress towards the implementation of eight targets. A number of studies and evaluation reports showed that, while some countries could successfully reach many goals, the other states barely implemented one of them or even failed to implement any. For instance, Emmeline Both analyzed the implementation of the MDGs across different countries in Africa and Asia (Figure 1). As the findings demonstrated, regions with low living standards (like Sub-Saharan Africa) performed much worse than other parts of the globe⁴.

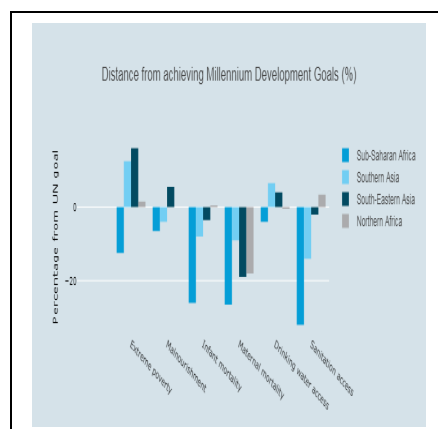


Figure 3.1: Distance from achieving Millennium Development goals (in %), 2015.

However, unrealized potential of the Millennium Development Goals did not go to waste. After a careful analysis of past mistakes, the United Nations initiated a Sustainable Development Summit in September 2015, where all 193 countries of the General Assembly adopted the final document titled “Transforming Our World: the 2030 Agenda for Sustainable Development”. In comparison to the Millennium Declaration of 2000, the new Agenda is really innovative in its nature. First of all, it finally takes into account the principle of universality and calls all the world countries (whether poor or rich) to contribute towards a common effort for global development and sustainability⁵. Second, the document has a much broader scope of operation: from previous set of eight MDGs, it has now expanded to the collection of seventeen Sustainable Development Goals, or the SDGs (Figure 2). For both these reasons, UN officials have really high expectations for the recently elaborated 2030 Agenda, and most of them sincerely believe that successful implementation of the famous seventeen goals will pave the way to a better, just, and prosperous world.

³ UN (2016) “Universality and the 2030 Agenda for Sustainable Development from a UND G Lens”, Discussion Note: Draft.

⁴ Both, E. (2015) “Millennium Development Goals- An Uneven Success”, *IRIN*.

⁵ UN (2016) “Universality and the 2030 Agenda for Sustainable Development from a UND G Lens”, Discussion Note: Draft.

To a certain extent, the 2030 Agenda can be called more “realistic” than its predecessor, because it reflects the complexity and high interdependence between the issues that exist in our modern community. Taken separately, each of the Sustainable Development Goals has its own targets that need to be put into action. At the same time, all seventeen goals are very much interrelated, and successful accomplishment of one of them is impossible without reaching sufficient progress in another. A good example is SDG #9: well-developed infrastructure and sustainable industrialization that it aims to achieve are the necessary preconditions for economic growth, which in turn fosters the implementation of the rest sixteen goals. In its scope and essence, the Sustainable Development Goal #9 aligns with the missions of different UN institutions. Still, the unique role in “building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation” is assigned to the United Nations Industrial Development Organization, an institution that aims to ensure lasting universal prosperity and eradicate poverty by means of advanced technological and industrial development. Undoubtedly, UNIDO can be called an influential “powerhouse” of the global economic system: with its intensive promotion of the Inclusive and Sustainable Industrial Development (ISID), the organization ensures that more countries are open for cooperation on the questions of industrial policies, environmentally friendly growth, and technological improvement.



Figure 3.2: *Sustainable Development Goals* (Accessed at: <https://www.un.org/development/desa/disabilities/envision2030.html>).

Similar to other UN Agencies, UNIDO was designed to facilitate interstate negotiations and help sovereign countries to reach a mutually inclusive and beneficial solution to existing challenges. However, in order to establish a fruitful international cooperation, any organization has first to improve its own dialogue with every individual state. In this regard, UNIDO is relatively successful: today, the organization actively shares its knowledge and expertise with all 167 member States. Although the agency tries to make universal policy recommendations, it does not forget to take into account the specifics of every single country, what ultimately makes its proposals both balanced and attractive for a higher number of states. UNIDO’s membership is quite diverse, because it includes countries with completely different levels of industrialization and economic growth. The Russian Federation, one of the most influential players at the international arena, is among them.

Throughout the last three decades, political context has undergone considerable changes, and relationships between separate countries happened to meet their greatest “ups” and “downs”. Starting in the mid-1990s, the world had entered the so-called “turbulence zone”, and each new conflict or crisis in the interstate dialogue became a potential threat to the global order. The most recent and a really painful “blow” to the international stability happened in 2014, when, in a matter of months, peaceful demonstrations in Kiev developed into a wide-scale national conflict. One after another, leaders of the Western countries blamed Russian leadership in the provocation and further escalation of the crisis in the Ukraine. Soon enough, verbal accusations were replaced by severe actions: and a number of governments introduced sanctions against the Russian individuals and

business companies. The restrictive measures were not only approved by the United States and European countries, but also found support among numerous international organizations. With the imposition of counter-measures by Putin's government in March 2014, partnership of the West and Russia began to deteriorate, and this has considerably diminished the potential for their cooperation on vital economic, political, social, and cultural matters.

Despite the growing tensions in Russia's relations with the US and Europe, the conflicting sides do understand that collaboration with each other is an essential precondition for finding an optimal solution to the current global issues. Similarly enough, the events of the past four years have not suppressed the desire of the Russian Federation to cooperate with the multiple international organizations, including the United Nations. During his meeting with the Executive Director of the United Nations Environment Programme (UNEP) in December 2017, the Russian Deputy Foreign Ministry Gennady Gatilov clearly stated that Russia is willing to expand its cooperation with the United Nations and contribute to the implementation of the Sustainable Development Goals⁶. Undoubtedly, strive towards an enhanced partnership with key global institutions did not arise out of nowhere. Seems like Moscow finally begins to realize that the rules of the game have changed long time ago, and protection of your exclusive geopolitical interests is not enough to ensure future development and well-being of the country.

Today, like any other state in the world, the Russian Federation faces a number of problems that it simply cannot address with its own efforts, and receiving assistance from other members of the international community is the only way out of the situation. A clear example of such problem is the low level of Russia's industrialization. In general, industrial development is understood as a "structural transition" from resource-based, poor technologies to more advanced, medium- and high-technology (MHT) activities⁷. The level of industrial development of your domestic industries is measured with the help of a specific indicator called "the share of Research and Development (R&D) expenditures in manufacturing value added (MVA)"⁸. To put it in a simple way, the more any industry spends on Research and Development activities (i.e. activities directed towards the overall improvement of production processes and effective use of resources), the higher are its chances to be classified as the MHT sector⁹. As further explained by the UNIDO Statistics Division, the increased share of MHT sectors in total MVA of the country is a positive sign: inclination towards the greater use of middle- and high-technologies means that the entire manufacturing sector of that state has become more technologically intensified¹⁰. Today, the increase of MHT share proves to be a really effective strategy: as such, middle- and high-technology sectors make up more than three-quarters of the MVA in major industrialized economies. Moreover, MHT industries are responsible for the production of innovative machinery and equipment that are further used in other manufacturing sectors like agriculture, mining, and production of various consumer goods (television equipment, cell phones, personal computers and so forth). Taken together, the share of MHT sectors in the manufacturing value-added of any state is an important indicator that helps to

⁶ TASS (2017) "Moscow committed to cooperation with UN on environment protection issues".

⁷ UNIDO (2017) "Statistical Indicators of Inclusive and Sustainable Industrial Development: Baseline Scenario", Vienna: p.21.

⁸ Manufacturing Value Added (MVA) is an indicator that is often used in statistical observations for classifications of countries in accordance with their level of industrial development. As a value, MVA basically means the total estimate of a net-output produced in result of the manufacturing activities of all local industries taken together. The MVA can also be understood as an indicator of the exclusive contribution by country's manufacturing units to its GDP.

⁹ UNIDO (2017) "Statistical Indicators of Inclusive and Sustainable Industrial Development: Baseline Scenario", Vienna: p.21.

¹⁰ *Ibid.*

define and compare the levels of industrial development across separate countries.

Figure 3 below illustrates the findings generated by UNIDO Statistics Division, on the subject of share of medium- and high-technologies sectors in the overall MVA among selected countries. Following UNIDO's classification, all twelve states under investigation belong to the group of so-called "industrialized economies", that is, economies that possess reasonably high levels of industrial development¹¹. At first sight, it looks like Russia's economy enjoys quite favorable conditions: not only it belongs to the group of countries with high level of industrial development, but it was also rated as a state with one of the highest shares of medium- and high- technologies sectors in the world. However, the situation is not that cloudless as it seems to be. In comparison to the rest eleven countries, whose share of MHT sectors exceed 40% of the total MVA, Russia is seriously lagging behind. Moreover, the amount of middle- and high-technologies sectors seems to be only declining with the passage of time: in the beginning of the 21st century, Russia's share of MHT was approximately 32 per cent, and, after fourteen years of supposed technological advancement, it has decreased by 6%. The findings illustrate that domestic Russian industries do not invest enough financial means in Research and Development activities, and the absence of these expenditures slows down the entire process of industrialization in the country.

Another complex challenge faced by the Russian society is environmental degradation largely caused by the harmful impact of industrialization trends. Year by year, people in different parts of the world evidence how the industrial processes, while contributing to the economic growth and development of societies, cause a number of issues like climate change, air and water pollution, extinction of species, and many others. Proper investigation of environmental challenges faced by the Russian Federation is of great significance for the entire international community, because any detrimental effects brought to its forests, lakes, and air quality will inevitably have global consequences. Being the largest country on the Earth, possessing 22 per cent of the total world forest area, Russia undoubtedly plays one of the key roles in solving environment-related problems. However, the policies undertaken in the last ten years do not seem to have improved the overall situation in the country.

Following the statements by Henry and Douhovnikoff, Putin's administration has always prioritized economic advancement over environmental protection, and greater focus on oil exports and petroleum production could not but create huge environmental pressures¹². As an example, frequent exploitation of oil reserves and related activities of industries in the Volga region cause the release of a significant number of water pollutants such as radionuclides, heavy metals, and polychlorinated biphenyls. Ultimately, the Volga has become one of the most polluted European rivers, and the worsened quality of its waters has posed serious risks not only to the inhabitants of the river (like sturgeon or Caspian seals), but also to the human populations¹³. Detrimental effects from local oil producers are complemented by poor state of municipal water facilities, because most of them are either outdated or completely underfunded by the government¹⁴.

¹¹ Upadhyaya, S. (2013) "Country grouping in UNIDO statistics", UNIDO working paper 1/2013.

¹² Henry, L.A., and Douhovnikoff, V. (2008) «Environmental Pressures in Russia», *The Annual Review of Environment and Resources*, p. 442.

¹³ *Ibid*: p. 444.

¹⁴ *Ibid*.



Figure 3.3: *Share of MHT in MVA in selected countries (in %). Source: UNIDO, 2016.*

Situation with the Russian forests is not any better: according to the estimates of the UN Food and Agriculture Organization, the “primary”, undisturbed forest of the Russian Federation have seriously suffered from logrolling, mining, oil production and fire effects in the last decade. Mollicone and Achard further examined the question of human impact on forests, and they concluded that fires in the Russian forests very often happened because of the “inefficient fire-management policies and lack of control”¹⁵. Illustrated cases allow us to make an assumption on the environmental situation in Russia: rapid transformations in the country's economic system have made its “natural world” much more vulnerable to the harmful impacts of industrialization. More than that, all the projects so far proposed and implemented were not enough for the adequate limitation of these detrimental effects, and future preservation of Russia’s national flora and fauna is currently under big question. The necessity to come up with more accurate and productive environment protection policies was highlighted by important government officials, including the President of the Russian Federation, Vladimir Putin. During the National Security Council meeting in November 2013, he said that, if nothing changes in our treatment of the national biodiversity and nature, then Russia “would be eventually left with nothing despite the country's huge territory and vast natural resources”¹⁶.

Taken together, the examples of shares of MHT sector and environmental degradation illustrate that, like any other country in the world, Russia is currently struggling with a number of global challenges. What is more important, they prove that, regardless of its geopolitical achievements and position in the global context, the Russian Federation cannot cope with existing issues on its own, at least because it does not possess enough knowledge on, and expertise in related areas. This, in turn, perfectly explains why, nowadays, the Russian Federation has expressed a really positive attitude towards expansion of its cooperation with numerous international institutions, including the United Nations Industrial Development Organization.

Since the first days of its membership in 1985, Russia remains a strong supporter of the UNIDO priorities and motivations. According to the information from the official UNIDO website, the Russian Federation has always been among the biggest sponsors of its projects elaborated for

¹⁵ Mollicone D, Eva HD, Achard F. 2006. Ecology: human role in Russian wild fires. *Nature* 440:436–37

¹⁶ NewEurope (2013) «Putin: Russia needs environmental policy».

different countries all around the globe. On its part, UNIDO has also undertaken several attempts to “warm” the international dialogue with Russia on the basis of mutual interest in sustainable future. More than that, the UN agency tried to provide valuable assistance to the Russian society in its efforts of coping with the issues of poor industrialization and environmental degradation. Up to nowadays, UNIDO has elaborated twelve different projects that were supposed to bring efficient outcomes in different Russian industries. However, as concluded in the UNIDO Independent Country Evaluation Project, the Russian Federation did not show the expected progress in the implementation of its policy frameworks: either UNIDO projects were seriously delayed, or they have not produced the expected outcomes¹⁷. Clearly there is some problem with the UNIDO-Russian manner of cooperation. The only question left to be answered is: what could this problem be?

1.2. Proposed research question and hypothesis

Following the above discussions on the most recent achievements and failures in UNIDO-Russian cooperation, the main research question of this thesis will be: **«What explains the lack of efficiency in implementation and further management of UNIDO's projects in the Russian Federation?»**. The author perfectly understands that problems of successful implementation of quite promising industry- and environment- related projects could be caused by completely different factors, starting with the well-known «pathologies» of the Russian bureaucracy and ending by insufficient funding of proposed policy frameworks. However, examination of all possible explanations to the unrealized potential of UNIDO projects within the territories of the Russian Federation will certainly be a difficult and time-consuming process. Moreover, limited amount of space allowed for research is obviously not sufficient for an accurate and comprehensive overview of such a broad topic. Instead of trying to shed the light on every single aspect of UNIDO-Russian relations, the writer aims to conduct a well-structured and detailed observation of just one factor, which is the issue of **improper representation of UNIDO within the Russian Federation**. In future attempts to answer the main research question, she will try to verify the presence of strong causal linkage between the two variables, namely **level** (Independent Variable) and **efficiency of results from the implementation of UNIDO projects in this particular country** (Dependent Variable). Prior to any investigations on the research question, the author established the following **hypothesis**: **“outdated” representation of UNIDO in the Russian Federation inhibits successful implementation of its industry- and environment-related policies on the country level**. Verification of this hypothesis will come in a form of three-steps process of deductive reasoning, where the author will first check the accuracy of the following two premises:

1. Improper representation of UNIDO on the country level inhibits all types of its cooperation with that particular country, including the results-efficient implementation of its targeted projects.
2. UNIDO is improperly represented in the Russian Federation.

In order to prove the validity of the second premise (namely, that UNIDO is improperly represented in the Russian Federation), the author will conduct a small-scale comparative study. The Most Similar Systems Design (MSSD) will be a technique used for the comparison of situations in China and the Russian Federation. As such, these two countries share a lot of common features (both of them are Member States of UNIDO, they both belong to the group of industrialized countries and are classified as states with high level of income, and both used quite

¹⁷ UNIDO Evaluation Group (2014) «Independent UNIDO Country Evaluation: Russian Federation».

similar tactics in attempts to expand their partnership with this international institution) except for one, which is the form of UNIDO's representation at the country level. This comparative study will be preceded by a more detailed investigation of the Russian institutional architecture and the efficiency of its knowledge- and expertise- related partnership with UNIDO. This case study aims to prove that, due to general problems with the establishment of well-functioning representation offices for various international organizations, Russian population is badly informed about the incentives and priorities of these global organizations, and government officials that hold knowledge and expertise in the same areas have very limited capacities for the expansion of networks and strengthening of collaboration with respective institutions, which is exactly the case with the United Nations Industrial Development Organization. If both premises will hold true, the author will complete the third step in the process of deductive reasoning, and verify that **inappropriate representation of UNIDO within the borders of the Russian Federation slows down a full-fledged implementation of its projects elaborated specifically for the Russian society in compliance with the most recent trends of the Russian society.**

CHAPTER 2. PREPARING THE RESEARCH TOOLKIT

2.1. Theory

Whenever researchers try to explain different phenomena, they necessarily adopt some theoretical approach. So far, there have been many interpretations of the word “theory”; yet, in terms of social science, it is best explained as a unique set of concepts, definitions, and propositions, which, taken together, help to describe certain aspects of our life. However, the world is too complex, and a “single theoretical orthodoxy” is not enough to capture its challenges and transformations. For this reason, nowadays, there exist a huge number of theoretical approaches that enable us to observe the same things from different angles and perspectives.

So far, it has been argued that theories are an indispensable part of social science research. First of all, theory allows scientist to specify a type of relations between the variables that he would like to test. Second, theory makes sense of collected data: it helps to establish a logical connection between scholar's abstract reasoning and real-life facts. Third, once adopted, theory becomes a reliable framework, because it directs scholar to important research questions. Finally, theory connects a recently conducted single study to a huge base of already existing knowledge, what, in the long run, ensures systematic and comprehensive review of the relevant concept. Theoretical frameworks prove to be especially helpful for scholars that conduct descriptive research (i.e. research that is used to describe characteristics of observed phenomena). Judging by the type of imposed research question, thesis is expected to be descriptive (more detailed information can be found in Section 4 “Methodology”). Therefore, before carrying out any investigations, it is necessary to choose an appropriate theory.

Taking into consideration selected field of study and proposed hypothesis, **neoliberal institutionalism** seems to be the most appropriate theoretical framework for this thesis. As the International Relations theory, neoliberal institutionalism has its origins in the neoliberal school of thought, which in turn got prominence immediately after the disastrous events of the Second World

War. As generally known, in the 1950s, popular realist beliefs into supremacy of national self-interest and power politics were replaced by a new liberal thinking, which emphasized the ideas of peace, interdependence, and mutual interests. In contrast to the old-good liberal tradition, the “upgraded” theoretical approach was no longer in compliance with the idealist illusions of boundless trust and cooperation in relations between separate countries. As such, revised liberal thinking did not stand against traditional realist idea of international anarchy, and assumed that actions of sovereign countries are poorly controlled in the absence of superior power. Moreover, neoliberalism looked at transboundary relations through the lens of game theory, assuming that countries are mostly driven by rational self-interest, and cooperation with other sovereign players is possible only when this interaction promises to be more effective and beneficial than independent performance of the state¹⁸.

Nevertheless, unlike realists, the proponents of neoliberal institutionalism believe that, even in the conditions of international discord and rivalry, there is an immense potential for transnational cooperation on different matters, ranging from cultural aspects to the economy-related questions. “New” liberalism specified that desire for greater collaboration is, to a great extent, motivated by the conditions of interdependence, which implies that any slight changes in one part of the planet may seriously affect the lives of people in other parts of the world. The first proper mentioning of neoliberal institutionalism as a separate IR theory was in the book “Power and Interdependence: World Politics in Transition” by Robert Keohane and Joseph Nye. The authors clearly stated that, if every separate nation had to deal with its challenges independently from anyone else, it will result in producing much less efficient and more costly policy decisions. For this reason, international organizations function as the main “assistants” to the countries, helping them to overcome most severe economic, political and social issues¹⁹. As institutions respond to the needs of populations, sovereign states are more stimulated to cooperate, and, as a result, initial area of integration begins to slowly expand.

Neoliberal institutionalism provides the most reasonable explanation to the current functioning of numerous international organizations, including the United Nations. Following the reasoning offered by its proponents, the UN agencies are empowered with the valuable information and expertise defined by a specific area, in which they are supposed to perform. Their knowledge and competence are especially attractive for the countries that face certain challenges in this particular field. A desire for improvement and further development will motivate the state to join this organization. With the process of integration being launched, this specific country will inevitably cooperate with other states, what will further stimulate the process of knowledge exchange and sharing of practices between each other. Once some progress and well-established partnership with other members is achieved, the state is most likely to initiate cooperation in some other fields. Ultimately, the process of integration becomes smoother and more natural, as it is based on mutual benefits and a feeling of relative trust to each other.

The aforementioned reasoning perfectly fits the context and purpose of the planned thesis. This

¹⁸ Keohane, R. (1984) «*After Hegemony: Cooperation and Discord in the World Political Economy*», Princeton.

¹⁹ Keohane, R., and Nye, J. (1989) “*Power and Interdependence: World Politics in Transition*”, Boston: Little, Brown, and Company.

work will try to show that Russia's proper implementation of numerous projects devoted to the enhancement of its industrial capacity and improvement of environmental situation is inhibited by the fact of poor representation of UNIDO on the ground. Of course, it will be improper to underscore some progress achieved by means of combined efforts of Russia and the UN Specialized Agency in the past two decades. Today, eight out of all twelve UNIDO's policy frameworks are transferred in the status of "closed" projects, and both sides of the dialogue speak about improvement of industrial situation in the country thanks to the regular knowledge-sharing and expertise. However, due to the lack of UNIDO's representation in Russia, and limited opportunities for monitoring the very process of project fulfillment, some of its initiatives were delayed, and the overall efficiency of the projects was not as high as expected. What the author tries to prove in this work is very sound with the general institutionalist thinking: once the international organization has greater opportunities for guidance, control and refinement of its own policies within the territories of the country, there will be more chances for that specific country to resolve its own economic and political issues, and become an active participant of the global dialogue. Therefore, neoliberal functionalism is the "right" theoretical framework for this thesis.

2.2. Methodology

Hardly anyone would deny that methodology is a solid foundation of any research project. In general, research methodology is defined as a technique used to find solutions to existing problems on a scientific basis. However, it is important to remember that methodology is broader than the concept of "research methods": methods only help us to find an answer to an imposed question, whereas methodology provides a full-fledged explanation to chosen means of data collection and data analysis. Therefore, methodology is some sort of a strategy that outlines how the work is to be structured, and why these particular research tools will be used for addressing the issue. This section will explain author's choice of research field, type of reasoning, methods of data collection, and sources of information on discussed topic.

2.2.1. Research area

There is a variety of factors that can motivate different people to become researchers. For some persons, conduct of research study is a condition for successful completion of higher-level education or fulfillment of work-related projects, while others are driven by their own interest in a particular topic. All individuals begin their observations with distinct incentives and levels of expertise/knowledge in related areas, but in either case, all of us will face complexity and uncertainty at some stage of our research journey. On that note, Wellington said that, as researchers are involved in "asking questions, listening and [...] evaluating resources", the entire process of subject investigation may become "messy, frustrating and unpredictable"²⁰. In order to successfully overcome any challenges that might arise during your research, it is important that people select those areas of study that most perfectly match their personal and professional interests. As rightly mentioned by Dudovskiy, if, from the very beginning, you have just a vague interest in a chosen topic, you may end up writing on a subject that you have no interest in at all, and on which you will

²⁰ Wellington, J. (2000) *«Educational research: Contemporary issues and practical approaches»*. London: Continuum, p.3.

most likely “fail to produce your best work”²¹. It is also important to remember that the process of investigation does not happen in a vacuum: when people try to identify their concerns on a certain topic, they usually follow up on already existing literature, and, on the basis of obtained information, they can finally make a right choice. In our everyday life, it might be enough to have a surface understanding of any subject; however, when an individual would like to make a really thorough investigation of specific research question, it is vital that he or she possesses all necessary up-to-date information related to this particular issue. Therefore, conduct of informative and accurate research requires not only a genuine interest in a chosen topic, but also extensive knowledge within the selected field of studies. International Relations is a discipline of primary interest for the author of this thesis. Another field that could be helpful in terms of the planned research is History, as quite a big part of this project is devoted to the examination of changes in Russia-UNIDO cooperation over the course of the past twenty years.

2.2.2. Reasoning

When people have already defined a subject of future investigations and set up the question they would like to find an answer to, they proceed to the next important step,- the choice of a way in which they are going to prove their point of view. Usually, researchers choose to explain phenomena that have received insufficient amount of attention from other scientists, and there is a huge gap between the premise and logical conclusion that needs to be filled in. In order to make contribution and conduct valid and truly informative studies on any particular topic, the researcher has to rationally work with a great amount of facts, documents, and information, so that later he could “bridge” the existing gap and draw *reasonable* conclusions from his own findings. In terms of social science research, the ability to make sense of different concepts and use them for making missing judgements is called logical reasoning. Dr. Karl Albrecht explains the importance of logical thinking for research-involved processes: he claims that reasoning, in its very essence, is a sequential thought that helps to organize available facts and figures in a logical chain progression and helps to come to a needed conclusion in a consistent and well-organized manner²². In general, there are two main types of reasoning that people might apply within their research project: deductive and inductive. The difference between them is quite clear: while deductive approach is used for making specific conclusions on the basis of existing generalizations, inductive method is exactly the opposite way of reaching more generalized assumptions via the observation of several specific cases.

In terms of the current thesis, deductive reasoning sounds more appropriate: based on assumption that effectiveness of UNIDO's state projects is directly dependent on the degree of this institution's representation on the country level (general), this paper strives to prove that poor institutional capacities provided for UNIDO by the Government of Russia is the reason why UNIDO's projects do not bring desirable results for the industry and environment of the Russian Federation (specific). Given that deductive reasoning involves the hierarchy of statements, the author will initially seek to prove the validity of the **following two assumptions**:

3. Inappropriate representation of UNIDO on the country level inhibits the proper implementation of its projects within that country.
4. UNIDO is improperly represented in the Russian Federation.

In the case the author proves that each of these premises holds true (i.e. each of them is valid), then

²¹ Dudovskiy, J. (2018) «The Ultimate guide to writing a dissertation in business studies: a step by step assistance».

²² Albrecht, K. (2012) «*Brain Building: Develop your logic muscles*».

his main hypothesis (that improper representation of UNIDO within the Russian Federation inhibits effective implementation of its industry- and environment-related projects in the country) is automatically considered to be accurate and sound.

2.3. Research design

As it was mentioned earlier, this thesis will aim to prove the existence of a direct positive relationship between the two factors, namely: a) proper representation of international organization on the field; and b) effectiveness of the implemented projects of that organization in the country. Obviously, the work will be **non-experimental**, because the author will not be able to control the selected variables. Instead of conducting a primary research, the author prefers to make an accurate and reasonable second-hand review of earlier made observations and interpretations in this field. At the same time, the project is not planned to simply reproduce the existing knowledge: rather, by focusing on two specific situational variables, the writer will try to interpret the current situation from a new perspective. Therefore, in its purpose, thesis will follow a pattern of a descriptive research and try to examine the main phenomena in their natural setting. However, as stated by Pandey, descriptive research may come in three different forms, namely:

- 1) Survey studies;
- 2) Developmental studies; and
- 3) Interrelationship studies²³

Provided that the research endeavors to prove the presence of strong correlation between two independent variables (namely, **UNIDO's presence on the field**, and **effectiveness of UNIDO's projects in the Russian Federation**), this thesis will certainly follow a path of interrelationship studies. To specify even more, it will be a **case study**, in which the researcher will gather information about the present situation and past experiences of Russia's cooperation with UNIDO.

To verify the presence of causal linkage between the degree of UNIDO's representation in Russia and level of successful implementation of its projects in the country, the author would to conduct a small-scale comparative analysis. The Most Similar Systems Design will be applied, so that the countries under investigation have many common characteristics in a given field, except for one, which is the effectiveness of UNIDO's projects in this particular state. The two countries that will take part in this comparative analysis are the Russian Federation and the People's Republic of China. While the choice of the first state is dictated by the research question and the topic of this thesis, second country was selected such as to fit the frameworks of the Most Similar Systems Design.

After careful consideration of related statistical indicators and literature on UNIDO's cooperation with its Member States, the author realized that, in terms of their membership in this UN Specialized Agency, China and Russia have a lot in common. According to description by Department of Policy Research and Statistics of UNIDO, the Russian Federation and PRC belong to the same group of high-income countries, and they are both classified as the states with high level of industrial development (i.e. industrialized countries)²⁴. Apart from similar economic and industry-related characteristics, China and Russia have followed almost the same pattern of relationship with the United Nations Industrial Development Organization. As written in the official

²³ Pandey, P. (2015) «*Research methodology: tools and techniques*», Bridge Center.

²⁴ UNIDO (2016) «*International Yearbook of Industrial Statistics*», pp. 13-14.

UNIDO website, both countries started to expand their partnership with this UN institution at the last stage of the Cold War period. Even the agreements on participation in the Investment and Trade Promotion Offices Global Network were reached there almost simultaneously: in Russia, the ITPO was established in 1989, and only one year later, the same Office started to function in the territories of the People's Republic of China²⁵. More to say, these two industrialized countries belong to the group of the biggest investors of UNIDO projects implemented all around the globe. In the list of China's merits there are funding activities and assistance on the projects in Vanuatu, Tajikistan, Senegal, Ethiopia and China itself, while Russia has largely contributed to the UNIDO's efforts for the Eurasian Economic Community, Latin America and a number of African states²⁶. Despite these vast similarities, there is one thing that drastically changes the entire picture: China and Russia seem to have different attitudes towards the projects that are meant for domestic implementation. Nowadays, every single policy framework that UNIDO elaborated for the improvement of industrial situation in China has reached the status of “operationally completed” projects. We can observe less promising situation in the Russian Federation: most projects turn to be seriously delayed, and the resulting effectiveness of all policies is not as high as it was initially expected. Based on this evidence, the author strives to compare the way in which UNIDO is represented in China and Russia, and identify whether there are significant differences between these two countries. Resulting findings will allow making further interpretations of the initial hypothesis. Taken together, Thesis can be characterized as follows:

- 1) in terms of data analysis, it will be a **secondary research**;
- 2) in terms of the main purpose, it will be a **descriptive, interrelationship analysis**;
- 3) in terms of a scale, it will be a **case-study, with slight reference to casual comparative studies**.

2.4. Methods

Prior to the conduct of research, an individual should define the research method that will be most useful and appropriate in answering his major research question. In their attempts to explain a chosen problem, scientists can use two completely different strategies, namely “qualitative” and “quantitative” research methods. Qualitative research is sometimes also called an “exploratory” approach, because it aims to identify underlying motives, reasons, and opinions behind a discussed subject. This method gives a deeper insight into a certain problem and creates sufficient basis for the future predictions and hypotheses. In contrast, quantitative approach has a more structured and focused research design. It aims to “quantify” the existing opinions and attitudes, and present them in a form of usable and easily interpreted data. Unlike in qualitative research, where scientists have to consider numerous aspects of the same phenomenon, quantitative method focuses on a limited number of variables and tries to explain a relationship between them. At the same time, qualitative research method is much more helpful when there is a need to provide broad textual explanation to a discussed issue. As explained in more details by Mack and others, qualitative approach is employed for interpretation and analysis of non-numerical data, and it can be especially useful in the analysis of complex reality, where a given situation is simultaneously affected by more than one factor²⁷.

Quite often, the use of a single method of inquiry cannot give us a desired full-fledged explanation

²⁵ Official UNIDO website (2017)

²⁶ *Ibid.*

²⁷ Mack, N., Woodson, C., Macqueen, K., Guest, G., and Namey, E. (2005) «*Qualitative Research Method: A Data Collector's Field Guide*», USAID: Family Health International.

of a given research problem. For this reason, a big number of social scientists resort to the use of so-called multi-method, or triangulation, where main characteristics of quantitative and qualitative approaches are brought together. The advantages of such integrated approach are obvious: John Creswell explained that, with mixed methods, researchers have an opportunity to collect and analyze both numerical and textual information, and this will inevitably give them a more comprehensive understanding of an observed phenomenon²⁸. In order to meet the objectives and expectations of the current thesis, its author will refer to mixed method of research. The logic under application of triangulation technique is quite simple: mixed method usually offsets the weaknesses of both qualitative and quantitative approaches. This gives the author a chance to understand broader context in which the cooperation between UNIDO and the Russian Federation takes place (i.e. qualitative approach), and, at the same time, avoid any biased interpretations of the gathered information via use of statistical data on the same issue (i.e. quantitative method). In the first part of her thesis, the writer will mostly rely on the help of qualitative data collection methods, such as content analysis and interview. Content analysis will be useful in the analysis of specific documents and artifacts, such as the text of UNIDO's projects for Russian Federation and the video recordings of speeches delivered by the Director-General of UNIDO and Director of the UNIDO CIIC of Russia. Meanwhile, planned interviews with a number of officials related to the question of UNIDO-Russian dialogue can help to obtain detailed information and personal opinion of authoritative persons on the subject of challenges and perspectives in Russia's current dialogue with the United Nations Industrial Development Organization. The interviews are supposed to be semi-structured, leaving space for new ideas and possible questions based on the answers of the officials. Possible drawbacks of the qualitative method will be counterbalanced by application of the quantitative tools, such as descriptive statistics on industrialization and environmental situation in the Russian Federation.

2.5. Sources

Undoubtedly, the conduct of comprehensive and accurate research study is nearly impossible without reference to already existing findings on the same topic. In their academic writings, most scholars use the information obtained from different sources, and this happens primarily for two reasons. First of all, investigation of earlier generated data can help to substantially improve your knowledge and understanding of the question. Second, the findings produced by other people can become an important evidence and, therefore, help to prove your reasoning. However, with the immense amount of information available to us nowadays, it becomes simultaneously easy and extremely hard to result in having a high-quality research.

Reliance on outside argumentation can help to see the subject of observation from several different perspectives, and this will make your work more balanced and, at the same time, informative and attractive for potential readers. Thanks to the recent technological progress, our search for supporting evidence is no longer just limited to printed books and hard copies of scholarly writings: nowadays, with just one click of a button, we can get access to numerous databases, newspaper articles, electronic versions of books and scientific journals, and many other sources of information. While searching for the data that could possibly improve the quality of his masterpiece, every individual should keep in mind one important rule: before you refer to any kind of information within your own paper, make sure that this information comes from a credible source. As correctly noted by Buttram, the use of unreliable sources may seriously undermine credibility and

²⁸ Porche, M.V. (2011) «Mixed Methods Approach in Research: Using an Example Focused on Gender and Race», Boston University.

persuasiveness of your argumentation²⁹. In order to avoid any future doubts on the validity of her findings, the author of this thesis was very thoughtful in her choice of supportive evidence. All sources to be mentioned below have passed the so-called “threshold of credibility”, because they were tested on the **following five criteria**:

- a) **Currency** (i.e. how up-to-date is this source?);
- b) **Authority** (i.e. who is the author? does he work in a reputable unbiased organization? Does he hold a degree in his field of research?);
- c) **Depth** (i.e. how thorough is the coverage of the information in this paper/book/article?);
- d) **Purpose** (i.e. what was the main objective of the author?);
- e) **Objectivity** (i.e. to what extent this information could be biased? Can this bias seriously affect the findings of thesis?).

Throughout the entire research process, the writer will refer to **both primary and secondary** sources of information. Greater emphasis will be certainly made on the involvement of “authentic”, or primary, sources, because this will allow the author to get closer to “genuine thinking” and get acquainted with the first-hand evidence on the subject of UNIDO-Russian relations. Driven by the purpose of getting a clear-cut understanding of the discussed topic, the author will obtain information from both written and non-written primary sources. Among selected data, **UNIDO’s projects for the Russian Federation** will play an especially important role. Reference to the authentic texts of the documents will allow the author and potential readers of her thesis to gain a better understanding of priorities and expectations that inspired UNIDO for development and implementation of these particular projects.

Overall, there are seventeen projects that the UN agency has proposed and elaborated exclusively for the Russian Federation in the past two decades. Time span between the date of proposal of the very first project and the date of approval of the most recent policy framework is just eight years. This proves that UNIDO has been really active on its part, and the organization is truly interested in the improvement of the overall economic situation of its Member State. Up to nowadays, twelve projects have been finished, and five of them are in the status of “currently ongoing”. As the primary objective of this thesis is to understand why most of UNIDO’s projects failed to bring desired results and were not that effective when put in practice, the writer can examine only those policy frameworks that have been either finished or operationally completed prior to the initiation of this research paper.

Following a brief assessment of the projects, greater attention will be given to the critical overview of the actual process of project implementation. Using the information from mid-term project evaluation papers, the writer will be able to conduct advanced comparative analysis and conclude on why some policy frameworks were more successful than the others. Major focus will be made on the following aspects: **likelihood of meeting the objectives; budget execution; UNIDO’s implementation and management; involvement of stakeholders; and monitoring of the project**. By the end of review, the author expects to find a proof of strong correlation existing between UNIDO’s presence on the field and the progress achieved in terms of different policy frameworks. Both the project document and mid-term evaluation paper are available on the official UNIDO website, what guarantees credibility of this primary source.

Apart from the official text documents of UNIDO’s projects in Russia, there is a plenty of other

²⁹ Buttram, C., MacMillan, D., and Thompson L. (2012) “Source Credibility: How To Select The Best Sources”, UNA Center for Writing Excellence.

primary sources that could improve the quality of planned research. One of them comes in the form of reports issued on behalf of the policy-making organs of UNIDO, such as General Conference (GC), Industrial Development Board (IDB), and Programme and Budget Committee (PBC). With the careful consideration of several reports, we will find out about most significant changes in UNIDO's structure that took place in the past ten years, and, more importantly, see whether these changes have affected the way in which UNIDO communicates with the individual Member States. Speeches of related public figures, such as Director General of UNIDO, Mr. Li Yong, and Director of the UNIDO Centre for International Industrial Cooperation in the Russian Federation (UNIDO CIIC), Mr. Sergey Korotkov, also contain valuable information on the role of UNIDO-Russia cooperation in global industrial development. Word-by-word statements made by these officials are available in the text format, and Director-General's speech can also be accessed via video recordings of the plenary sessions where he had to perform. The final type of primary source that will be used in this thesis is statistical data produced by credible organizations, such as World Bank Group and Statistical Division of the United Nations Industrial Development Organization. Application of numerical information will minimize the risks of biased interpretation of earlier findings and, above all, make the result of this work more generalized and, therefore, useful for future investigations in the same field.

Huge reliance on authentic information does not mean that secondary sources cannot make any significant contribution to this thesis. According to Fion Lau, while primary sources are very useful in the initial steps of research process (i.e. they help to actually "shape" the argument), it is mostly secondary sources that create supportive basis of any argumentation³⁰. After a thorough examination of existing literature on the subject of interest, a person might find out that his thinking correlates with the reasoning offered by some authoritative and knowledgeable scholars. In this case, reference to the words of these respectable writers and social scientist may add significant weight to person's future argumentation. At the same time, mentioning ideas that were earlier proposed by different scholars and academics is necessary if you would like to avoid repetition and produce a truly original research project on a chosen topic.

In terms of this thesis, the author will refer to three different types of secondary data, namely books, scholarly journals and newspaper articles intended for a wider audience. All eight books that were chosen by the researcher (see details in Section 7: Selected Bibliography) are expected to contribute to the future discussions of UNIDO-Russian cooperation from three different perspectives. Works by Robert Keohane and Joseph Nye will allow the author and his readers to see the main subject of investigation through the lens of neoliberal institutionalism and suggest about the role of transnational organizations as main assistants of the modern sovereign countries. Books of Schneider, Granville, and Huang and Korolev can provide us with more detailed information on Russia's place in global economic space and major trends of its industrial and political development in period following the dissolution of the Soviet Union. Finally, international Yearbooks of industrial statistics prepared by the research group of UNIDO will enable us to evaluate Russia's progress for the last few years by using most accurate statistical indicators, such as manufacturing value-added, shares of CO2 emissions, and many others. Most of selected journals are limited publications by UNIDO that discuss general guidelines for industrial development of UNIDO Member States, modern manufacturing trends, and matters associated with the implementation of Sustainable Development Goal number 9.

³⁰ Lau, F. (2013) "Use of Secondary Sources".

CHAPTER 3. SETTING THE CONTEXT

Almost every single phenomenon that exists in our modern world belongs to a broad historical context. Following the definition by Blosser, historical context implies a combination of unique social, economic, political and cultural settings that surrounded an observed concept at some specific time and place³¹. With the passage of time, these settings may significantly change, and, as a result, the old concept can receive a completely different meaning. Yet notwithstanding all new developments, the phenomenon still remains an indispensable part of a long-running situation that keeps a memory of its origins and the very first characteristics. Many scholars hold an opinion that historical context is the building block of any research project, and the observation of all necessary settings can help to clarify author's argumentation and bring his/her paper into life. Failure to provide an appropriate historical contextualization may result in a serious blow to the validity of the author's reasoning. Quoting researchers from the Saylor Academy, "without context, your facts and figures disappear into irrelevant ether; and your argument crumbles into dust"³². For this reason, most up-to-day writings, be it a short research paper or a hundred-page dissertation, rely on historical contextualization.

This thesis will not be an exception: prior to the analysis of major achievements and setbacks of today's cooperation between UNIDO and the Russian Federation, one has to understand the origins of the Organization itself, as well as the background of the UNIDO-Russian cooperation. This Chapter will provide a contextual analysis of the major changes that were taking place in UNIDO's life over the past fifty years. Section 1.1 is responsible for providing a comprehensive overview of conditions in which the very first talks on the creation of a special industrialization body were initiated. Section 1.2 looks at the evolution of the United Nations Industrial Development Organization and explains why and how it received the status of a new specialized agency of the UN. Finally, Section 1.3 describes a modern-day functioning of UNIDO: here, special attention will be given to the priorities, functions and projects of the organizations, as well as to its patterns of cooperation with different Member States.

3.1. The story begins: postcolonialism and initial talks on "rapid industrialization".

The very first roots of the United Nations Industrial Development Organization can be traced back to the 1950s, which apparently was one of the most ambiguous and turbulent decades in the contemporary history. On one hand, the world entered into a phase of quite rapid post-war reconstruction, and a number of countries across the globe, most notably in Europe, enjoyed the "golden age" of economic development. During the United Nations Monetary Conference held in Bretton Woods in July 1944, delegates from 44 allied Nations successfully negotiated a set of rules that now helped to regulate and control international economic relations. Taken together, these rules shaped a completely new financial order, better known as the Bretton Woods system of monetary management³³. Seeking to avoid repetition of the 1930s Great Depression events (which were partly caused by the unsound policies of increased barriers to trade and devaluation of the national currencies), countries agreed on the need to establish an institution that could now supervise international monetary and financial cooperation. The role of an "overseer" went to the

³¹ Blosser, A. (2016) "Putting in Context: Purpose, Process, and Importance of Historic Contexts", sl. 3.

³² Saylor Academy (2015) "Historical Methodology: The Art and Craft of the Historian", Paper 1 "Historical Context", p. 1.

³³ Markwell, D. (2006) «John Maynard Keynes and International Relations: Economic Paths to War and Peace». Oxford: Oxford University Press.

International Monetary Fund (IMF), an organization whose primary purposes were to “facilitate the expansion [...] of international trade” and assist countries in the “elimination of foreign exchange restrictions”³⁴. The institution formally came into existence in December 1945, when 29 countries signed its Articles of Agreement and accepted the requirement of keeping their exchange rates (that is, the values of their national currencies in terms of dollar, and for the USA- value of its dollar in terms of gold) at a constant level³⁵. In its functioning as a new “watchdog” of the global economic order, the International Monetary Fund was accompanied by the International Bank for Reconstruction and Development (IBRD), an institution responsible for providing financial assistance to sovereign states and supporting their projects initiated for the purpose of improvement of situation in various spheres of living (such as education, transportation, infrastructure, domestic politics, environment, healthcare, and so forth).

Ultimately, establishment of the Bretton Woods system helped to turn the pages of unsettling events of the 1930s-1940s and begin a new, more promising chapter in the history of the international economic cooperation. As explained in the 2017 Survey prepared by the United Nations Department of Economic and Social Affairs, the post- World War II decade should rightly be called the “golden age of capitalism”³⁶: indeed, 1950s were the years marked by a huge technological breakthrough and rapidly rising economic prosperity. That decade was especially favorable for the American economy, whose gross domestic product (GDP) increased by almost 150% in period between 1945 and 1960³⁷. In general, Eisenhower era³⁸ was a time of unprecedented economic growth: the United States, being homeland to only 5 per cent of the total world population, produced almost half of globally manufactured goods³⁹. Above all, U.S. dollar has become the major reserve currency, thus making America a very powerful actor of the international relations. Economic situation in other parts of the planet was not that cloudless: unlike the United States, whose lands did not become battlegrounds of the Second World War, Europe and Asia have experienced the horrors of mass destruction and huge life losses. In their policies aimed at the immediate post-war reconstruction, countries from both regions were hugely reliant on the military and fiscal aid from the United States, which, according to the estimates made by the Federal Reserve Bank of St. Louis, ranged from 3.7 to 6 billion dollars⁴⁰. Yet with the passage of time, Europe and Asia managed to narrow their industrial and technological gaps with the United States: already in the 1950s, a number of European economies (including France, Italy, Germany, Finland and Spain) exceeded America’s annual growth rate, which, by that time, was around 3 per cent⁴¹. Clearly enough, the first post-War decade was the period of global economic development and sustainability: not only it was characterized by the unprecedented levels of industrial output, but has also illustrated quite low levels of unemployment across different world countries.

³⁴ United Nations Monetary and Financial Conference (1944) «*International Monetary Fund. Articles Of Agreement*», p.2.

³⁵ International Monetary Fund (2018) «Cooperation and reconstruction (1944-71)».

³⁶ United nations Department of Economic and Social Affairs (2017) “World Economic and Social Survey 2017: Reflecting on seventy years of development policy analysis”, Chapter 2, p. 24.

³⁷ Khan Academy (2018) “The Eisenhower era”.

³⁸ Eisenhower era- time of presidency of Dwight D. Eisenhower, which began with his inauguration in January 1953 and ended by his final televised address to the Nation in January 1961. Very often, his presidency is considered as the years of peace and prosperity, regardless of the Cold War tensions and general anxiety at the international political arena.

³⁹ Patterson, J.T. (1996) “Grand Expectations: The United States, 1945-1974”. New York: Oxford University Press, p. 313.

⁴⁰ Chambers, K. M. (1969) “United States Foreign Assistance”, p. 8.

⁴¹ Groningen Growth and Development Centre (2004) “Levels in 1950, 1973 and growth rates for 1950-73 and 1973-95 refer to West Germany”.

However, this general economic optimism was counterbalanced by quite a worrisome geopolitical situation. Contrary to the common expectations, the 1950s failed to bring enduring peace and stability to the international order: rather, the post-War decade was filled with brutal internal conflicts (like Rwanda's "Wind of Destruction"⁴² and revolution in Cuba) and disastrous inter-state clashes (e.g. Korean War, Suez Crisis, armed conflict in Vietnam, and others) that, one by one, disseminated violence, fear, and animosity across the globe. All the enlisted incidents were happening in the background of much more irreconcilable contradictions between the two opposing ideological camps, namely the Soviet-led communism and American capitalism. It took just a few years for minor disagreements between the former wartime allies to evolve into undisguised antagonism that, in the end, divided the world into two contending blocs of states, namely the Western bloc (countries allied with the United States and NATO) and the Eastern bloc (countries in support of the Soviet Union and the Warsaw Pact). Undoubtedly, breakout of the Cold War in the early 1950s hit a point of "no return" for the old-good perceptions of the international politics. Still, there was another event that has brought significant changes to the traditional pattern of inter-state communications, and that was the process of decolonization.

From 1945 to 1960, more than thirty countries in Asia and Africa dismantled the centuries-long ruling of the European colonial powers and gained the long-awaited status of an independent state. In their attempts to gain political, economic, and cultural sovereignty, these countries were not following the same pathway: some areas reached decolonization quite peacefully, while in other territories people had to fight for their independence. Once liberated, some countries managed to create a stable government almost immediately, whereas other states were suffering under the impact of new oppressive regimes (either military juntas or dictatorship) or because of the enduring and bloody civil conflicts⁴³. One group of newly established countries possessed essential natural resources and raw materials, whilst another group of states were located within strategically important territories. The former colonies differed from each other in many respects, but they nonetheless had one feature in common: due to their uneasy past, new countries in Africa and Asia could not cope with the internal political issues, and, above all, most of them were "desperately poor"⁴⁴. Last year, a group of scholars from Switzerland conducted an in-depth examination of the political, economic, and social features that were inherent in the colonies in the late nineteenth-early twentieth century. Results of their investigations were gathered and summarized in the article "Measuring the Impacts of Colonialism: A New Data Set for the Countries of Africa and Asia"⁴⁵. In this research paper, the authors claimed that all previous studies on colonization neglected the existence of different forms of colonial rule and instead provided a narrowed, one-dimensional view of the issue⁴⁶. As a viable alternative to the "universal" image of colonialism, the scholars came up with a system that differentiated between five levels of domination over the controlled territories. After the careful overview of all available data, the authors concluded that, out of 83 former colonies, only 25 countries exercised the "light" forms of foreign intervention (that is, either semi-colonialism, or colonial regime with little interference in domestic affairs), whereas the majority of

⁴² "Wind of destruction"- another name for Social revolution in Rwanda (1959-1961), which was characterized by severe ethnic contradictions between Tutsi and Hutu. To a great extent, this Revolution laid the foundation of the 1994 Rwandan genocide.

⁴³ United States of America, Department of State (2018) "Decolonization of Asia and Africa, 1945-1960".

⁴⁴ *Ibid.*

⁴⁵ Ziltener, P., Kuenzler, D., and Walter, A. (2017)

⁴⁶ Ziltener, P., Kuenzler, D., and Walter, A. (2017) «Measuring the Impacts of Colonialism: A New Data Set for the Countries of Africa and Asia», p. 158.

states (58) had to live under the direct rule of the Western powers⁴⁷. Logically enough, the greatest deprivation of political and economic freedoms was observed among the inhabitants of the countries with strong external interference. All the same scientists from Switzerland asserted that two-thirds of the former colonies were suffering from the political “oppression”, during which the external forces got rid of the traditional public entities and forcibly instilled a new and completely unfamiliar political culture to the local population.

As a result, for many decades, various countries in Africa and Asia were developing in the conditions of limited political sovereignty and restricted right to self-determination⁴⁸. However, deliberate formation of new political entities was not a sole manifestation of the severe colonial regimes: as argued by a number of historians and social scientists, domination by the European powers was even more clearly observed in the economic sector. Back in the Age of New Imperialism, industrialized countries used every new opportunity for the expansion of their traditional spheres of influence. Given that intra-state activities were no longer sufficient for the desired economic capacity-building, nations of Europe, one by one, made attempts to sell their products abroad. Still, export of domestic goods was not the main reason why industrialized powers strived to maintain control over the unexplored areas in Asia and Africa: above all, these countries had a desperate need for more or less stable sources of cheap labor and raw materials⁴⁹. Apart from the good-old policies of plundering and taxation, imperial powers were now reliant on new and more effective methods of extracting profits from the occupied territories, which, among others, included broadened ownership of plantations, establishment of distortive trade conditions⁵⁰, and excessive exploitation of the natural resources⁵¹. After so many years of carrying this heavy political and economic burden, it is not even surprising that, by the late 1950s, the former colonies emerged as the independent yet very weakened and impoverished states.

As the time passed by, the gap between leading and development-lagging countries became more and more vivid. Even more explicit was the fact that recently emerged sovereign states could not cope with the internal political obscurities and economic difficulties on their own, and getting assistance from more prosperous and industrialized governments was more than just a necessity. The first call for help did not take long to wait: as soon as the former colonies gained a desired independence, they almost instantly joined the United Nations, an institution whose major goals were (and still are) to “achieve international co-operation in solving international problems of an economic, social, cultural, and humanitarian character”⁵² and, most importantly, maintain “the principle of sovereign equality of all its Members”⁵³. With the emergence of a great number of new countries, the entire composition of the UN had been subject to tremendous change: to compare, in

⁴⁷ *Ibid.*: p. 159.

⁴⁸ Ziltener, P., Kuenzler, D., and Walter, A. (2017) «Measuring the Impacts of Colonialism: A New Data Set for the Countries of Africa and Asia», p. 161.

⁴⁹ Tamaqua Area School (2015) «The Age of Imperialism (1870-1914)», p. 146.

⁵⁰ In the context of colonialism, the concept of «distortive trade policies», or distortive trade conditions, implies the situation, in which trade flows of the colonized territories are strongly monitored and regulated by their foreign authorities. Following the assumptions made by Patrick Ziltener, Daniel Kuenzler, and Andre Walter, trade-distorting conditions were most frequently found in the areas with high degree of trade concentration, preferential tariff policies, and strong investment effect (i.e. where 50% and more of total foreign direct investment came from the metropole, or the colonizer).

⁵¹ Ziltener, P., Kuenzler, D., and Walter, A. (2017) «Measuring the Impacts of Colonialism: A New Data Set for the Countries of Africa and Asia», p. 171.

⁵² United Nations (1945) «Charter of the United Nations», Chapter 1, Article 1.3.

⁵³ United Nations (1945) «Charter of the United Nations», Chapter 1, Article 2.1.

1946, there were only 35 Member States of the United Nations, whereas in the 1950s-1960s, more than 90 “third world” nations joined the organization, making the number of its Member States rise to 127⁵⁴. Undoubtedly, such an expansion of the UN's membership could not but affect the balance of powers within this global institution: as mentioned on the official website of the US Department of State, new countries insisted that the international community finally undertook concrete actions in regards with the question of colonial living. Their primary suggestions were the creation of a special “committee on colonialism” and adoption of a resolution that required an independent status for all states that still remained colonized⁵⁵. To a certain extent, the efforts of new sovereign countries were not in vain: already in 1960, the General Assembly (UNGA) accepted the Resolution #1514, which was expected to speed up the enduring process of decolonization.

Box 1.1: United Nations Declaration on Decolonization

In the period between 20 September 1960 and 21 April 1961, the United Nations General Assembly held its 15th session, during which a number of important economic and geopolitical questions were discussed. One of the greatest achievements of this session was the adoption of the Resolution #1514, also known as the “Declaration on the granting of independence to colonial countries and peoples”. Following the text of the Declaration, any form of “alien subjugation, domination and exploitation” was now perceived as a **serious violation of the fundamental human rights** and an obstacle to the gradual promotion of the international peace and co-operation. Moreover, the Declaration acknowledged that powers of self-determination should be transferred to all peoples on the territories that have not yet gained independence, and, from this moment, nothing should prevent people from free expression of their will and desire.

(Original text: UNGA Resolution 1514 (XV) of 14 December 1960 “Declaration on the granting of independence to colonial countries and peoples”).

Indeed, the UNGA Resolution on Decolonization served a perfect impetus for the rise of solidarity and collaboration between the “old” and new members of the international community. It was clear as never before that the centuries-long era of colonialism was coming to its end: no longer could economic, political, or social backwardness be a sufficient reason for deprivation of any nation's independence. Besides, prosperous countries did not seek anymore a direct control over the less developed territories in Africa and Asia. On the contrary, powers of Europe and North America now expressed a great desire to assist the former colonies in their numerous attempts to catch up with the rest of the world and achieve the rapid pace of industrial and social growth. Yet while the establishment of political equivalence of sovereign units was feasible (at least at the formal level), the achievement of economic equivalence was much harder than expected: quoting an American historian Frederick Cooper, by the mid 1950s, the gap between decolonized areas and the former imperial powers has become truly dangerous, and was “more in need of examination than before”⁵⁶. In order to prevent the sudden emergence of any negative consequences of colonialism in the foreseeable future, the United Nations Economic and Social Council (ECOSOC) insisted that the global governance should urgently find the most optimal way to improve the productivity and institutional architecture of the “third world” states. Following its request, the United Nations Secretariat conducted a number of studies on the issue of “rapid industrialization of developing countries”, which, in a short time, inspired the world leaders to talk about the creation of a special

⁵⁴ United States of America, Department of State (2018) “Decolonization of Asia and Africa, 1945-1960”.

⁵⁵ *Ibid.*

⁵⁶ Cooper, F. (2004) «Development, Modernization, and the Social Sciences in the Era of Decolonization: the Examples of British and French Africa», p. 3.

institution that could deal with the questions of gradual economic growth and sustainable development⁵⁷. This is exactly the moment from which the history of UNIDO begins.

3.2. The origins of UNIDO: from the UNGA organ to a specialized UN agency.

As it was briefly mentioned above, the very first roots of the United Nations Industrial Development Organization can be found in the early 1950s, when representatives of the main political organs of the United Nations advocated the establishment of a special body that could subsequently deal with the most pressing industrialization-related matters. However, turned out it was not that easy to turn the ideas of the General Assembly and ECOSOC into reality: back then, a few influential countries strongly opposed the initiative to create such an organization. Following the facts mentioned in one of the UNIDO's publications, some of the United Nations member States strongly doubted that the creation of a special institution would help to make any progress in solving the issues of technological advancement and productivity improvement within the world's most underdeveloped regions⁵⁸. Yet despite the sceptical attitudes among several prominent countries, the UN officials did not give up their intentions, and, after a few years of hard work, the studies on economic growth trends initiated by the ECOSOC have done their trick. In 1956, the United Nations Secretary-General Dag Hammarskjöld announced the launch of a special programme on industrialization, which he was personally supervising for several months⁵⁹. Involvement of the Secretary-General did not only help to attract greater attention to the programme, but also brought more seriousness to the previously negligible talks on the creation of a special organization to cover the topic of manufacturing growth and gradual economic development.

Year by year, the UN's interest towards the questions of global industrialization was only increasing, as was the desire to conduct a substantial institutional reorganization. Prior to the discussions on the establishment of a separate body, all the problems of the Third World development were addressed by the Industry Section of the Bureau of Economic Affairs, one of the numerous departments of the UN Secretariat⁶⁰. As a multifunctioning political organ of the United Nations, the Secretariat had to deal with a huge number of questions from completely distinct areas, starting with the problems of disarmament and ending by the ocean affairs⁶¹. Obviously, in such case, it was really difficult to give an in-depth, careful consideration to every single issue. For this reason, the Secretariat itself, together with other main bodies of the United Nations, strongly endorsed the foundation of an organization that would focus on providing assistance to most underdeveloped countries. Soon enough, their plans were partially implemented: in 1962, the Industry Section of the Secretariat was transformed into the Industrial Development Centre, a separate institution headed by a special Commissioner for Industrial Development⁶². Nevertheless, all the enthusiasm associated with the ongoing changes was overshadowed by one circumstance: at that time, the whole world had already entered the Cold War. Transition to bipolarity implied that the traditional international order was now split into two distinct, ideologically hostile blocs of states. Together with the constantly growing political tensions between the East and the West, their

⁵⁷ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p.25.

⁵⁸ *Ibid.*

⁵⁹ *Ibid.*, p. 25.

⁶⁰ United Nations (2018) «Secretariat».

⁶¹ *Ibid.*

⁶² United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p.25.

contradictions in the sphere of economics were also intensifying. As a result, very often, the newly independent countries found themselves caught in the crossfire between the proponents of capitalism and the adherents of the central planning. Of course, such a rivalry could not but seriously inhibit interstate negotiations on the issue of industrialization. In order to somehow defuse the situation, back-then American president John F. Kennedy proposed the establishment of the Development Decade. In his address to the United Nations General Assembly on 25th September 1961, Kennedy asserted that foundation of the Development Decade would be the very thing that is essential to «lessen the gap between developed and underdeveloped countries, [...], and to release the majority of mankind from poverty»⁶³. This idea was highly appreciated at the international level, and numerous UN officials spoke in favour of the Kennedy's proposal already at the next meeting of the General Assembly.

Box 1.2: United Nations Development Decade

During its 16th Session held from 19 September 1961 to 23 February 1962, the United Nations General Assembly adopted Resolution #1710 on the establishment of the UN Development Decade, in which “Member States and their peoples” were expected to intensify their efforts...to accelerate progress towards self-sustaining growth of the economy...so as to attain in each under-developed country a sustainable increase in the rate of growth”.

With this Resolution, the UNGA requested:

- (a) That the UN Member States designed and adopted policies that would ensure better trade and financial conditions for the less developed countries;**
- (b) That the Secretary-General developed and later presented his proposals for future actions of the United Nations institutions in the spheres of economic growth and social development;**
- (c) That the Economic and Social Council conducted its individual examination on the questions of gradual international development and stimulation of inter-state economic cooperation; and**
- (d) That the Economic and Social Council, above all, transmitted the recommendations of the Secretary-General to the UN Member States and members of specialized agencies during the 17th session of the General Assembly.**

(Original text: UNGA Resolution 1710 (XVI) of 19 December 1961. “United Nations Development Decade. A programme for international economic cooperation”).

Initiation of the Development Decade was one of the most significant breakthroughs of the 1960s, and that, to a certain degree, caused the general feeling of euphoria. However, that feeling did not look like a boundless joy, but rather reminded of a “healthy optimism”: all relevant public authorities and activists perfectly understood that a lot more has to be done in order to overcome the problem of an uneven growth in the global economy. At least, everyone perfectly understood that the capacities of the Industrial Development Centre were extremely limited, and the overall institutional arrangements no longer corresponded with the changing manufacturing realities. To hold a proper discussion of all the viable alternatives to the Development Centre, the UN officials organized the meeting of Advisory Committee of Experts on the Industrial Development Activities

⁶³ Jolly, R., Emmerij, L., and Ghai, D.P. (2004) «UN Contributions to Development Thinking and Practice», pp. 85-87.

in 1963. After several rounds of negotiations, the group of ten experts was ready to offer three different options, namely that: 1) no serious institutional reorganization takes place, and instead the existing IDC is strengthened; 2) a subsidiary body is created within the United Nations System; and 3) a new UN specialized agency is established⁶⁴. Although a number of industrialized countries believed that industrialization-related matters should be covered by an independent, specialized agency, the final decision was slightly different: in 1965, following the recommendations of the Economic and Social Committee, the General Assembly announced its incentive to establish a subsidiary body that would coordinate and promote the worldwide industrial development. Apart from being a new forum for political discussions and share of most recent information, this special organ was supposed to act as a coordinating body within the United Nations System, meaning that it should promote the concepts of industrialization and sustainable growth at all available levels (i.e. national, regional, and international)⁶⁵.

Box 1.3: United Nations Industrial Development Organization

Following the text of Resolution 2152 (XXI) adopted at the twenty-first session of the General Assembly in November 1966, the United Nations Industrial Development Organization was established as **“an organ of the General Assembly”**, and, in fulfillment of its objectives, shall **“function as an autonomous* organization within the United Nations”**.

Subsequently, the document outlines the purpose and structure of the newly established organization, as well as gives the description of its financial arrangements and outlines preliminary scope of functioning. According to Section II of the Resolution, the purpose of UNIDO is **“to promote industrial development [...], and by encouraging the mobilization of national and international resources to assist in, promote and accelerate the industrialization of the developing countries, with the particular emphasis on the manufacturing sector”**.

**Autonomous means with the freedom of political self-governance.*

(Original text: UNGA Resolution 2152 (XXI) of 17 November 1966 “United Nations Industrial Development Organization”).

Despite the fact that the foundation of UNIDO as a special organ was a compromise decision, huge number of countries still believed in the need to create a specialized agency. For instance, the Group of 77⁶⁶ held an opinion that all questions on the worldwide industrial development should be solved by a separate institution, which in turn would have sufficient political and budgetary autonomy (that is, would have independent decision-making organs and would be able to dispose its own budget)⁶⁷. This opinion was also popular among several higher officials, including the eighteen members of the Group of Experts on the Long-range Strategy of UNIDO that was arranged in 1972 at the request of the United Nations Secretary-General⁶⁸. Later on, just a few years full of economic instability and worries for the future were enough to understand that creation of a specialized agency would have been a much more appropriate decision.

⁶⁴ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 27.

⁶⁵ *Ibid.*

⁶⁶ Group of 77 (or «Group of Seventy-Seven») is the world's biggest international union of the developing countries that was designed in 1964 for the promotion of the major economic and political interests of those countries. The Group of 77 operates within the frameworks of the United Nations and its main bodies.

⁶⁷ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 28.

⁶⁸ *Ibid.*

Starting with the early 1970s, numerous countries across the world, one by one, were swept by a global wave of panic that emerged after the sharp and tremendous shortages in the supply of petroleum, a number one source of energy. The strongest blow has been inflicted on the United States and Great Britain, as well as on a number of African economies. According to the data provided in Patterson, by 1973, oil prices in America and several other states have exhibited the unprecedented increase of 378%, reaching the value of \$11.65 per barrel⁶⁹. Of course, economic crises of this magnitude do not arise without serious political overtones, and, this time, all events unfolded amid sharply deteriorating relations between, on one hand, the Arab oil-exporting group, and, on the other hand, several capitalism-oriented states on the West. It all began in October 1973, when the United States sided with Israel in a short yet truly damaging Yom Kippur war initiated by the Egyptian and Syrian forces. Countries in the Middle East already had a grudge against the US because of its decision to devalue the dollar (a major currency used for oil purchases)⁷⁰, so America's position in the Arab-Israeli conflict only added fuel to the already burning fire. Driven by a thirst for revenge, members of the Organization of Arab Petroleum Exporting Countries (OPEC) proclaimed an oil shipping embargo against the USA and several Israel's allies from Europe⁷¹. Even though the embargo was in power for less than half a year⁷², this was more than enough to strike a serious blow to the Western economies, which, back in the 1970s, were heavily dependent on the oil production in the Middle East. According to the estimates provided on the US Digital History website, oil reserves from the Arab nations accounted for one-third of the total US oil imports and for more than 72 per cent of the oil imports by the Western European communities⁷³. In a short-run, embargo managed to cause a large-scale oil crisis with truly devastating economic effects: by 1974, the oil prices quadrupled, what could not but entail severe shortages in the energy consumption among multiple countries⁷⁴. Combined with the consequences of the notorious stagflation⁷⁵, the “first oil shock” had a serious destabilizing effect on the global economy. Once in a long time, millions of people from different parts of the world agreed that the existing model of the inter-state relations was no longer appropriate, and thus it had to be urgently restructured.

Ultimately, in the early 1970s, the shaping of a new, more egalitarian⁷⁶ world order became a number one priority for many international actors, including the United Nations. Shortly after the experienced economic and political turbulences, a number of developing countries introduced their vision of a proper international system through the United Nations Conference on Trade and Development (UNCTAD). Following their proposals, a new order should disregard the fallacious principles of the Bretton Woods system (that, according to some claims, benefitted only to its founding members, especially the United States) and allow greater participation by the Third World countries. At first it seemed like their request were heard; already in May 1974, the United Nations General Assembly adopted the Declaration for the Establishment of a New International Economic Order (NIEO), which called for “interdependence” and “cooperation among all States, irrespective

⁶⁹ Patterson, J. T. (1996) «Grand Expectations: The United States», pp. 784-785.

⁷⁰ Khan Academy (2018) «Stagflation and the oil crisis».

⁷¹ Along with the United States, the initial targets of the OPEC embargo were Canada, UK, Japan, and the Netherlands. Later on, the list was complemented by three more economies, namely South Africa, Rhodesia and Portugal.

⁷² The OPEC members introduced the embargo in October 1973 and removed it in March 1974.

⁷³ Digital History (2016) «Oil Embargo».

⁷⁴ Teshera, C. (2015) «The Energy Crisis of the 1970s».

⁷⁵ The term «stagflation» was first coined exactly in the 1970s, when a great number of countries simultaneously faced a serious slowdown in their economic growth (i.e. stagnation) and a sharp rise in the level of prices for various goods and services (i.e. inflation).

⁷⁶ That is, based on the principle of equality for all people.

of their economic and social systems”⁷⁷. More specifically, the document claimed that, now on, the developing countries were able to set up the organizations of primary commodity producers (like OPEC) and regulate the functioning of international corporations within their boundaries⁷⁸. In addition, the Declaration requested that “the prices on raw materials and goods exported by the developing countries and the prices on the goods imported by those countries were in more or less equitable relationship”, so that greater justice in terms of the global industrial development could finally be reached⁷⁹. However, by that time, the world society had managed to realize one unpleasant thing: if an international organization approves some idea, it does not automatically mean that this idea was endorsed by each and every of its members. Unfortunately, the situation with the UN's acceptance of the Resolution #3201 (aka the Declaration for the Establishment of NIEO) did not become an exception to the rule: rather, the document had caused an extremely ambiguous reaction among the different Member States of the United Nations. Despite the fact that the Resolution #3201 received huge support from the Third World nations (i.e. the developing and least developed countries), it also provoked quite negative attitudes among the more powerful industrialized states. Presumably, it is due to the stark opposition from developed countries that the norms enlisted in the Declaration remained dormant, and the proposal for the establishment of a New International Economic Order became only of the rhetorical value.

Of course, the Resolution #3201 might forever go down in the history as a failed attempt to promote greater equity and collaboration among all members of the international community. However, as the famous English scientist and philosopher William Whewell once stated, “every failure is a step to success”⁸⁰. Similar thing can be said about the Declaration of May 1974: perhaps, the proposal was not very successful in itself, but it definitely attracted greater attention to the issue of the global industrial development. Thanks to the idea of the New International Economic Order, the problem of industrialization soon became an essential topic of several multilateral negotiations, including the UNIDO's second General Conference. Held from 12 to 26 March 1975 in Lima, Peru, the second General Conference adopted the Lima Declaration, and this event can rightly be called a new starting point in the history of the United Nations Industrial Development Organization. Apart from the establishment of a special quantitative target and request for the enhanced cooperation between North and South, the Lima Declaration recommended that, in terms of contribution to the NIEO and general maintenance of the Lima Plan of Action⁸¹, UNIDO was transformed into a specialized agency⁸². Following that recommendation, Kurt Waldheim, back-then Secretary-General of the United Nations, formulated a draft Constitution of UNIDO, and the document was immediately considered by the ECOSOC. Only after a careful and thorough revision, the draft was referred to the authorized UN Conference on the Establishment of UNIDO as a specialized agency. Now, there was one important step left: to decide whether the entire gamble was worth taking. Could the conversion of the United Nations Industrial Development Organization into a specialized agency truly help to fix the existing situation and address the industrialization-related matters in a more coherent manner? After several months of negotiations, the Conference decided to stick to the recommendation by the Lima Declaration, and, during its sixth plenary session held in Vienna in 1979, finally adopted the Constitution of UNIDO⁸³.

⁷⁷ United Nations General Assembly (1974) «Resolution adopted by the General Assembly 3201 (S-VI). Declaration on the Establishment of a New International Economic Order».

⁷⁸ *Ibid.*

⁷⁹ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 28.

⁸⁰ Global Advisors (2018) «Quotes by William Whewell».

⁸¹ The 1975 Lima Declaration included the Plan of Action on industrial development, which specifically outlines that the benefits from the world industry should be redistributed such that developing countries could enjoy 25% of the overall output by 2000.

⁸² United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 29.

⁸³ *Ibid.*

Box 1.4: Constitution of UNIDO

During its second meeting in Lima, Peru, in 1975, UNIDO's General Conference adopted the Lima Declaration on Industrial Development and Cooperation. Apart from other important provisions on the promotion of industry and intensification of the North-South dialogue, the Lima Declaration recommended that the United Nations Industrial Development Organization received the status of a **specialized agency**.

On 8 April 1979, parties of the UN Conference in Vienna adopted the Constitution of UNIDO. The document entered into force six years later, in June 1985, when it was ratified by more than 80 prospective Member States*. As the founding document of a new specialized agency of the United Nations, the Constitution contains all important provisions, including those on organs of the Organization, cooperation with other agencies, legal matters, and, most notably, conditions of membership. **Article 1 of the Constitution** gives the following description of the objectives of UNIDO: **“The primary objective shall be the promotion and acceleration of industrial development in developing countries [...]. The Organization shall also promote industrial development and co-operation on global, regional and national, as well as on sectoral levels”**.

*For Constitution to enter into force, it was required that at least 80 States ratified the document.

(Original text: Constitution of the United Nations Industrial Development Organization, 1979).

Nevertheless, adoption of the Constitution by the UN principal organs was only half a battle: the final conversion of UNIDO into a specialized agency of the United Nations required a large-scale positive reaction from the different world countries. As a rule, the organization can not begin its full-fledged functioning unless the key founding document of that organization is ratified by a required amount of the States. In the case of UNIDO, its Constitution entered into force “when at least eighty States that had deposited instruments of ratification, acceptance or approval” notified the Secretary-General of their agreement for the Constitution to “enter into force”⁸⁴. As indicated in Article 3, any State that endorsed the objectives and principles of the Organization was welcome to become a party to the Constitution, and this allowed them to subsequently be considered for a membership of UNIDO⁸⁵. Yet even in the context of well-defined functions of the Organization and relatively straightforward membership procedure, the countries were not in a hurry to ratify the Constitution of UNIDO: it took more than six years before the requirement of a minimum number of agreed States was finally fulfilled in December 1985. Here, someone could pose a question: what could this time make the various world governments doubt the need to create a legally independent UN institution that would deal with a pressing issue of a gradual industrial development? The answer might seem quite predictable: overall skepticism was produced by the highly unfavourable economic conditions that many nations had to cope with. As generally known, the late 1970s-early 1980s were marked by a sharp decline in the oil production and ensuing economic recessions in different parts of the world, including North America and the United Kingdom. The oil crisis of 1979, better known as the “second oil shock”, occurred amid civil resistance that, for more than a year, was shaking the economic and political stability of Iran, one of the OPEC members. It took only several months for the relatively peaceful demonstrations of October 1977 to evolve into the acts of violence and large-scale protests against the 2,500 years of monarchy under Mohammad

⁸⁴ Constitution of the United Nations Industrial Development Organization (1979) «Article 25: Entry into force», p. 19.

⁸⁵ Constitution of the United Nations Industrial Development Organization (1979) «Article 3: Members», p. 6.

Reza Pahlavi⁸⁶. In January 1979, the enduring Persian monarchy was finally overthrown, and the Shah of Iran fled his country, giving the way to a new Islamic Republic under Ayatollah Khomeini. However, thousands of victims and sharp transformations in the political regime of the country were not the only outcomes of the Iranian Revolution: in fact, the events of 1977-1979 were also responsible for the outbreak of the energy crisis, which, in a short-run, managed to negatively affect the lives of millions of people both within and far beyond the borders of Iran. A number of historians agreed that demonstrations held by the thousands of Iranians greatly destabilized the domestic oil sector, hence causing great shortages in the production and subsequent exports of the Iranian oil. Only in 1978, a single strike by the workers at the oil refineries led to an almost fourfold reduction in the amount of produced oil (a decrease from 6 million barrels per day to slightly more than 1,5 million barrels)⁸⁷. Logically enough, such a severe cut in the Iranian oil production pushed the global prices far high, and the entire world soon faced the same difficulties as they already had in 1973. Seeking to avoid the repetition of all disastrous events that occurred during the first “oil shock”, numerous states tried to limit their dependency on the OPEC oil and instead searched for the alternative energy sources⁸⁸. Although some oil-consuming governments introduced more or less efficient policies (such as switching from oil to natural gas and coal, initiation of research programmes directed at the investigation of all possible alternatives to oil, and a thorough exploration of all non-OPEC oilfields), most of the import-substitution proposals failed, thus bringing even greater harm to the global economy.

Taken together, the second “oil shock” and unsuccessful import-substitution policies generated a new wave of doubts: one by one, countries were gradually retreating from the previously attractive idea of the enhanced industrial development. By the late 1980s, the major part of earlier proposed industrial policies were “unfavoured” even in the most developed world regions. Instead, many governments, including the US and Great Britain, now switched their attention to the ten new prescriptions for development (including the suggestions for trade liberalization, prevention of huge fiscal deficits, privatization, and deregulation), known under the collective term of the Washington Consensus⁸⁹. Apart from the growing skepticism towards the industrial policies, many countries also expressed their doubts about the validity of inter-state cooperation on the questions of development. In the mid-1980s, the Heritage Foundation of America issued a study concluding that the multilateral actions were not always helpful, and, now on, every state should address its national problems and interests individually⁹⁰. Moreover, the USA and other industrialized countries began to seriously question the importance of the United Nations system overall, as well as the usefulness of its specialized agencies. Of course, all these skeptical attitudes significantly delayed the desired ratification of UNIDO. Trying to break the deadlock and dispel all doubts about the need to establish a new specialized agency for industrial development, the General Assembly decided to hold a number of formal discussions between the potential Member States of UNIDO. To everyone's surprise, these consultations were truly productive: all participants of the discussions agreed that the status of UNIDO should be upgraded. On 21 June 1985, a required minimum of eighty States deposited the instruments of ratification/acceptance/approval, and the Constitution of UNIDO finally entered into force⁹¹. Half a year later, on 17 December 1985, the General Assembly adopted Resolution 40/180, which signified the agreement on relationship between UNIDO and the

⁸⁶ Iran Chamber Society (2018) «History of Iran: Islamic Revolution of 1979».

⁸⁷ Time (1978) «Iran. Another Crisis for the Shah».

⁸⁸ Mouawad, J. (2008) «Oil prices pass record set in '80s, but then recede».

⁸⁹ Williamson, J. (2004) «The Washington Consensus as Policy Prescription for Development», p. 1.

⁹⁰ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 31.

⁹¹ *Ibid.*

United Nations. Quoting Article 1 of this Resolution, the UN recognized “the United Nations Industrial Development Organization... as a specialized agency within the United Nations system in accordance with its Constitution...”⁹². No less significant was the GA's adoption of Resolution 41/128 in 1986, which shed the light on the long-debated issue of the right to development. This document affirmed that “all human rights... are indivisible and interdependent”, and that “equal attention... should be given to the promotion and protection of civil, political, economic, social and cultural rights”⁹³. Although being legally contested, the “Declaration on the right to development” basically gave the green light to UNIDO's activities directed at the maintenance and promotion of sustainable industrial development⁹⁴. Many structural changes and reorganizations will take place in the next thirty-three years, but 17 December 1985 has forever marked the most important milestone in the entire history of the United Nations Industrial Development Organization.

3.3. Today's UNIDO: structure, priorities, and cooperation with the Member States.

It is well known that international relations can hardly be attributed to the group of «theoretical disciplines», in which all the information usually complies with the well-defined consistent patterns. Unlike in chemistry or physics, the studies on interconnectedness of various political and economic entities are never stable; as rightly described in the paper by Gül, international relations should rather be called a field of «change and continuity»⁹⁵. As the time is passing by, our world is constantly filled up with the new realities, and, in order to keep their role and status in the global politics, all actors, including multilateral organizations, have to undergo a series of reforms and successfully adapt to these new realities⁹⁶. This rule has not bypassed even the United Nations, an institution that, in its very essence, is resistant to changes⁹⁷. Perhaps, the most substantial transformations of the UN and its specialized agencies occurred in the late 20th century, when millions of people evidenced the fall of the Berlin wall and subsequent collapse of the bipolar international system. Together with various positive moments (that involve discovery of new technologies, increased attention to the concept of individual human rights, improvement of medical services, aspiration to greater equality, intensified cross-cultural communications and so forth), the post-Cold War era prepared several «tricky» surprises, among which was the emergence of a number of independent states. All these brand new sovereign countries aspired to become the full-fledged, competent members of the international community, but they were yet too weak to catch up with the more developed nations on their own. Accordingly, the United Nations and other international bodies faced with a new important task of assisting these newly born states in their development efforts. Here, UNIDO did not become an exception: following the end of the Cold War⁹⁸, around 53 countries joined the Organization (See Appendix 1), and most of those new

⁹² United Nations General Assembly (1985) «Resolution 40/180: Agreement between the United Nations and the United Nations Industrial Development Organization».

⁹³ United Nations General Assembly (1986) «Resolution 41/128: Declaration on the Right to Development».

⁹⁴ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 32.

⁹⁵ Gül, M. (2009) «The concept of change and James N. Rosenau: Still international relations?», p. 199.

⁹⁶ Chesterman et al (2016) «*The Law and Practice of the United Nations*», Chapter 17, p. 627.

⁹⁷ As a rule, large membership organizations (similar to the United Nations) face an issue of «vested interest», when certain element of this organization is subject of special interest to some of its members, and thus it becomes really difficult to renew or eliminate this particular element. (Information taken from Chesterman et al (2016) «*The Law and Practice of the United Nations*», Chapter 17).

⁹⁸ Here, the author refers to the period between 1985 and 1997. The year of 1985 was picked up as a starting point, because this exact year is usually considered as a beginning of a final stage of the Cold War (1985-1991). The year of 1997 marks the date of last accession to UNIDO's membership in the 1990s.

members were the states in transition from centrally planned system to a free market economy⁹⁹. Of course, UNIDO, and the United Nations system in general, could not leave this fresh challenge without a proper response: to be able to assist the «economies in transition» in the most effective manner possible, the UN began to considerably reshape its own approach to the questions of international development. In this regard, the first visible success was reached already in 1987, when the Brundtland Commission¹⁰⁰ issued its report containing the analysis of the most pressing global challenges and a call for a return to multilateralism. The report titled «Our common future» illustrated a real breakthrough in general understanding of the surrounding world. In this document, the Commission acknowledged that it was no longer possible «to separate economic development issues from environmental issues», and, in order to attain the desired prosperity and safeguard our fresh air, clean water and natural resources, one should not «attempt to deal with environmental problems...» without having addressed «the factors underlying world poverty and international inequality»¹⁰¹. Still, of much greater significance was the fact that the Brundtland Commission came up with a clear-cut definition to the long-contested phenomenon of «sustainable development». Following its report of 1987, the Commission characterized sustainable development as «a process of change» that keeps in harmony all related processes (starting with the «exploitation of resources» and ending by «institutional change») and «enhances both current and future potential to meet human needs and aspirations»¹⁰².

All these findings by the Brundtland Commission served a perfect impetus for a more thorough examination of the development-related questions among other institutions. In particular, the South Commission endorsed the idea of returning to multilateralism, and concluded that sustainable development was not attainable until there is reconciliation between the conflicting objectives of the North and the South¹⁰³. Following its report from 1990, the Commission proposed a number of strategies for optimizing the joint international response to development issues; among them were recommendations to create an appropriate global energy regime and arrange the transferring of expertise and technologies to the South¹⁰⁴. Various plays at the national, regional, and global levels, - all as one, sought to achieve greater economic, environmental and social sustainability. Soon enough, the events that took place in Rio de Janeiro proved that their efforts were not in vain. Indeed, the United Nations Conference on Environment and Development (aka the «Earth Summit») held in Brazil in June 1992 became one of the most meaningful episodes in the history of the international development. More than 100 national leaders gathered in to express their commitment to the ideas of global sustainability and multilateral cooperation in the fields of science, economics, and environment¹⁰⁵. Negotiations lasted less than two weeks (3-14 June), but their outcomes were truly encouraging: the Earth Summit resulted in several important documents such as the Convention on Biological Diversity, Forest Principles, and the United Nations

⁹⁹ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 32.

¹⁰⁰ Original idea behind the creation of the Brundtland Commission was to nudge the countries to work together and elaborate common strategies for the achievement of sustainable development. In 1983, the United Nations General Assembly adopted Resolution 38/161 «Process of preparation of the Environmental Perspective to the Year 2000 and Beyond», and this document signified an official establishment of the Commission.

¹⁰¹ United Nations (1987) «Report of the World Commission on Environment and Development: Our Common Future», p. 12.

¹⁰² *Ibid*, p. 38.

¹⁰³ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 32.

¹⁰⁴ The South Commission (1990) «The Challenge to the South: the Report of the South Commission».

¹⁰⁵ Meakin, S. (1992) «The Rio Earth Summit: Summary of the United Nations Conference on Environment and Development».

Framework Convention on Climate Change¹⁰⁶. One should not also forget to mention Agenda 21, a non-binding agreement that basically outlined the scope of modern cooperation in all areas of sustainable development.

As a specialized agency whose primary purpose is to promote and maintain industrial development, UNIDO could not but react to such radical changes in the international thinking. Under the impact of the Brundtland Commission's findings, the leadership of the Organization finally realized that all industrialization questions should be addressed in conjunction with the challenges of economic growth and environmental protection. As a result, UNIDO decided to take under consideration two other dimensions of development (namely, social and environmental), what soon allowed it to occupy quite a firm standing on the international arena. Over the next few years, this UN specialized agency took an active part in the promotion of eco-efficiency, cleaner production and rational use of natural resources. As an example, UNIDO played an important role in the implementation of the 1987 Montreal Protocol, a treaty created for protection of the environment and public health by means of phasing-out substances that deplete the ozone layer¹⁰⁷. In fact, the Montreal Protocol received a widespread support across different regions, and many respectful individuals, including the former United Nations Secretary-General Kofi Annan, referred to this treaty as «perhaps the single most successful international agreement to date»¹⁰⁸. To a large extent, this was the merit of the United Nations Industrial Development Organization: as noted in the publication on the intellectual history of UNIDO, by 2012, this specialized agency successfully implemented around 1,200 Montreal projects in more than 90 different world countries¹⁰⁹. No less extensive was UNIDO's contribution to the social aspect of development: as such, the Organization initiated a whole bunch of programmes that, in one way or another, intended to create more equitable and favourable outcomes from industrialization processes¹¹⁰. Nevertheless, all these promising developments were overshadowed by one unpleasant circumstance: no matter how active UNIDO was, it still remained an inherent part of the United Nations system, which, as everyone had already seen, was strongly resistant to change. In their book, Chesterman et al claimed that the United Nations never chose to follow the path of «creative destruction», but rather preferred to keep previously elaborated patterns and allow new duties and priorities to be «layered» on the old ones¹¹¹. As a result of such ineffective accumulation, old and new projects not infrequently coincided with each other, hence causing a duplication in the mandates of the Organization's bodies and institutions¹¹². Conditions of uncompetitive functioning of the UN agencies were complemented by the negative effects of wide-scale economic transition: by the late 1990s, free-market economic models firmly prevailed over the centrally planned systems, and many world countries (among which were the UNIDO Member States) believed that the issues of industrial development could be better addressed by private entities rather than by multilateral organizations¹¹³. Moreover, this time, skepticism about the performance of the United Nations Industrial Development Organization was

¹⁰⁶ United Nations (1997) «Earth Summit: UN Conference on Environment and Development (1992)».

¹⁰⁷ United Nations Development Programme (2018) «Montreal Protocol».

¹⁰⁸ United Nations (2017) «International Day for the Preservation of the Ozone Layer, 16 September».

¹⁰⁹ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 33.

¹¹⁰ Among the projects elaborated by UNIDO one can mention the ideas related to women's economic empowerment and capacity-building in underdeveloped countries. Information taken from: United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 34.

¹¹¹ Chesterman et al (2016) «*The Law and Practice of the United Nations*», Chapter 17, p. 627.

¹¹² *Ibid.*

¹¹³ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 34.

accompanied by quite decisive actions: between 1993-1997, Canada, Australia, and the USA (who, back then, was one of the biggest donors of the Organization) left UNIDO¹¹⁴. Very soon, this small «wave of withdrawals» caused very serious budgetary and staff problems within the agency, and the Organization faced a real threat of closure¹¹⁵. Fortunately, not all governments were so confident about the need to cease the functioning of this UN specialized agency: in 1996, Denmark volunteered to conduct a thorough examination of the usefulness of UNIDO in the context of providing development-related assistance to its members¹¹⁶. Published in May 1997, this evaluation report in a sense became a «life jacket» for the agency: the document clearly stated that the Danish «Review Team has found no justification for abolishing UNIDO» and that there were «clearly identifiable needs for the kinds of services provided by the Organization»¹¹⁷. At the same time, the Danish assessment did not miss an opportunity to mention the issue of «severe budget reductions» in UNIDO and recommended that a number of effective administrative reorganizations were unertaken as soon as possible¹¹⁸. Reassured of the «indispensability» of UNIDO, its Member States decided not to postpone the fulfillment of the task assigned to them: already in June 1997, the countries came up with a Business Plan that was supposed to help with the reorientation of the agency, as well as with profound restructuring of its staffing and budgetary frameworks¹¹⁹. From the first days of its existence and until the very end of the 20th century, UNIDO had been repeatedly criticized by the international community. One after another, the countries hastened to declare about the uselessness of this body... Despite the difficulties, UNIDO successfully continued to function as one of the United Nations specialized agency: in a few months, the Organization will celebrate its sixty-second birthday, and, judging by its fruitful cooperation with the Member States and various private entities, the agency is doing better than ever before. Here, a famous saying by Friedrich Nietzsche comes to mind: «what does not kill you makes you stronger». Perhaps, it is exactly all those cases of the «external pressure» and «internal turbulence» that helped UNIDO to evolve and eventually become an effective and well-performing organization that it currently is.

To a certain extent, the beginning of a new millenium has signified the time of a real «Renaissance» in the international relations. It seemed like the members of the world community regained their faith in the positive impacts of the global cooperation and finally decided to put aside all their earlier doubts and skeptical attitudes. Trying not to repeat the mistakes of the past, numerous governments now sought to provide most favorable conditions for the proper functioning of different multilateral organizations, notably the United Nations. These good intentions were reflected in a number of official documents and agreements, including the UNGA Resolution № 55/2, better known as the «United Nations Millenium Declaration». Adopted on 18 September 2000, the Resolution did not simply prove that the «Heads of State and Government» still considered the United Nations and its Charter essential «foundations of a more peaceful, prosperous and just world»¹²⁰. In addition to that, the Declaration pointed at the presence of collective global responsibility in relation to the questions of widespread peace, human dignity, tolerance and

¹¹⁴ United Nations Industrial Development Organization (2018) «Former Member States».

¹¹⁵ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 34.

¹¹⁶ *Ibid.*

¹¹⁷ Group of 77 (1997) «Vienna Chapter: Danish study hails UNIDO reform».

¹¹⁸ *Ibid.*

¹¹⁹ United Nations Industrial Development Organization (2001) «Ninth Session of UNIDO General Conference 3-7 December 2001, Austria Center Vienna», p. 2.

¹²⁰ United Nations General Assembly (2000) «Resolution adopted by the General Assembly 55/2: United Nations Millenium Declaration», p. 1.

equality¹²¹. Special attention was given to the problem of extreme poverty that, according to approximate estimates, was faced by more than a billion of men, women and children all around the world. In this respect, the national leaders admitted that, since now on, their major task would be to provide special assistance to the less developed countries in their efforts to reduce poverty and, more importantly, to ensure that every state is granted a right to development¹²². Still, the world governments did not forget about the concept of «sustainable development», and they perfectly understood that the issues of underdevelopment and hunger could not be properly addressed «in the vacuum». Together with the aim of poverty reductions, the states outlined a number of other specific goals (ranging from the promotion of gender equality to the protection of environment) that had to be implemented in the foreseeable future¹²³. Very soon, the «Millenium Declaration» was translated into a shorter and more concise guideline that included eight measurable targets, better known as the Millenium Development Goals (MDGs).



Figure 3.4.: *Millenium Development Goals. Source: UN News Centre (2015).*

In the context of newly adopted Goals, all UN specialized agencies, including the United Nations Industrial Development Organization, had to thoroughly reconsider and, possibly, refine their scope of functioning. Based on the provisions of the Millenium Declaration and first visible results of the implementation of the Lima Target¹²⁴, UNIDO decided to slightly redirect its own focus and make greater emphasis on supporting the countries that demonstrate the lowest levels of «industrial activity» (mainly to the African states)¹²⁵. However, this did not automatically mean that the Organization chose to entirely devote itself to solving the issues of underdeveloped counties and neglect the challenges faced by the rest of the world. To the contrary, UNIDO strived to provide its qualified assistance to every single country in need, and for this purpose, it began to follow a more or less universal set of priorities (that is, «trade capacity-building», «poverty reduction through

¹²¹ *Ibid.*

¹²² United Nations General Assembly (2000) «Resolution adopted by the General Assembly 55/2: United Nations Millenium Declaration», p. 4.

¹²³ *Ibid.*, pp. 5-7.

¹²⁴ The original Lima Target of 1975 (which prescribed that the developing countries should possess a 25 per cent share of the global MVA by 2000) was accomplished with a five-year delay, and this was accomplished only thanks to the rapid rise of China; at the same time, numerous least developed countries, including Sub-Saharan Africa, did not exceed even 1 per cent of the total MVA output. Information taken from: United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 36.

¹²⁵ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 36.

productive activities», and energy and environment») outlined in the Long-Term Vision Statement of 2005¹²⁶. As a result, technical and analytical activities of the Organization increased in the number, and the internal budgetary and personnel issues finally became the things of the past. Perhaps, UNIDO, and the United Nations system in general, could continue this «harmonious functioning» for a long time, if not the disastrous consequences of the 2008 financial crisis. In a matter of a few months, a large-scale economic downturn led to severe cuts in budgets of the major industrialized countries, including the USA and Britain, what further provoked a significant shift towards privatization and the return to good-old doubts in the reliability of the international architecture¹²⁷. Moreover, as the human community was slowly approaching the target date of 2015¹²⁸, different national leaders began to realize that the Millennium Development Goals would not produce the exact outcomes that were initially expected. As argued by Gibbs, the entire world was really enthusiastic about the MDGs, and the Goals certainly helped to improve the poverty rates in different regions¹²⁹ (including the most backward region of Sub-Saharan Africa). However, this does not negate the fact that progress on the Millennium Development Goals was very uneven: as such, almost «800 million people continued to live in extreme poverty», and some of the Goals (mainly, the Goal № 3 on the promotion of gender equality) were not accomplished at all¹³⁰. Aiming to identify the major obstacle that prevented a more rigorous and effective implementation of the Millennium Development Goals, the representatives of 192 UN Member States met at the United Nations Conference on Sustainable Development (UNCSD) that was held in Rio De Janeiro between 20-22 June 2012.

During the Rio+20 Conference¹³¹, states admitted that all the issues of global economic and social development required an updated and much more systematic international approach¹³². At the same time, participants of the summit agreed that, regardless of the popular opinion, there was a truly huge potential behind the MDGs, and that the failures of the past should not be a reason to abandon the attempts to create a better future. After several rounds of negotiations, participants of the Conference finally came up with a nonbinding document «The Future We Want», in which they reaffirmed their strong commitment to the ideas of global cooperation and sustainable development¹³³. More importantly, this document contained provisions on the establishment of a new set of targets that could «pick up where the Millennium Development Goals leave off» and ensure the widespread promotion of the long-awaited sustainable development¹³⁴. The decision to move along the previously created path (of course, taking into consideration several significant changes that will be made to that path) was also fostered by the former UN Secretary-General Ban Ki-Moon, who liked to repeat: «We don't have plan B, because there is no planet B!»¹³⁵. However,

¹²⁶ UNIDO General Conference (2005) «Strategic Long-Term Vision Statement: Report by the Director-General following consultations with Member States».

¹²⁷ United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 36.

¹²⁸ The end of 2015 was selected as the target date for all eight Millennium Development Goals.

¹²⁹ Gibbs, D. (2015) «MDG Failures».

¹³⁰ *Ibid.*

¹³¹ Due to the fact that the 2012 Conference on Sustainable Development was held at the same place where the Member States gathered for the Conference on Environment and Development twenty years ago, the event of 2012 is sometimes referred to as Rio+20.

¹³² United Nations Industrial Development Organization (2016) «Building ideas from data and practice: The intellectual history of UNIDO», p. 36.

¹³³ Gerhardt, T. (2012) «Rio+20 Kicks off», *The Progressive*.

¹³⁴ International Centre for Trade and Sustainable Development (2012) «Agreement Reached on Weakened Outcome Text as Leaders arrive for Rio Summit».

¹³⁵ United Nations (2016) «Secretary-General's remarks to the press at COP22».

before the new Goals could come into effect, it was necessary to design an appropriate global framework that would in a sense succeed the United Nations Millenium Declaration. Discussions on the Post-2015 Agenda began in January 2015 and lasted more than half a year, and, as it soon turned out, several months of efforts did not go in vain: on 25 September 2015, based on the results of the UN Sustainable Development Summit, the General Assembly adopted Resolution 70/1 titled «Transforming our world: the 2030 Agenda for Sustainable Development»¹³⁶. Paragraph 54 of this document contains a comprehensive description of 17 Sustainable Development Goals and 169 targets, which are expected to complete everything that has not been achieved with the MDGs by a target date of 2030¹³⁷ (see Appendix B). At first sight it would appear obvious that the new Agenda is very different from its predecessor: in contrast to the Millenium Development Goals, the SDGs are truly «integrated» and «indivisible»¹³⁸, but most importantly, all seventeen Goals and targets are built on a much more comprehensive understanding of the concept of sustainable development. To quote the provision of Resolution 70/1, the Goals were established such as to ensure the «balance» between the «three dimensions of sustainable development: the economic, social and environmental»¹³⁹. Today, the United Nations and its numerous partners continue to spend a lot of time and money for the sake of global prosperity, and millions of people from all over the world are looking forward to that cherished day, when they will finally be able to «reap the fruits» of all these efforts.

Due to such fundamental global changes, UNIDO now had to come up with the strategies that would help to address the new development Agenda in a more profound and accurate manner. The first crucial step in this direction was made during the fifteenth UNIDO General Conference that was held in Lima, Peru between 2-6 December 2013. The Conference brought together a big number of high-level officials, among which were the heads of Member States, delegates from other United Nations organizations, as well as the representatives of civil society and the leaders of several authoritative private entities. Four days of plentiful discussions resulted in the adoption of a new Lima Declaration, the document, which, according to the opinion of UNIDO's Director General Mr. Li Yong, could pave the way for the future functioning of the Organization, and, in particular, help to advance its industrial development activities carried out in the context of the post-2015 Development Agenda and Sustainable Development Goals¹⁴⁰. Overall, the document maintained that, after 40 years of existence, the principles of the first Lima Declaration¹⁴¹ were still very much relevant, and industrialization kept being among the major drivers of development¹⁴². In addition, the 2013 Declaration stated that poverty eradication remained a number one priority for the international community, and that desirable economic growth could be achieved only through the promotion of inclusive and sustainable industrial development (ISID)¹⁴³. To clarify, this new vision of the questions of the gradual international development was composed of two separate concepts: «inclusive» stood for the development that offered equal opportunities and benefits to all

¹³⁶ United Nations Sustainable Development Knowledge platform (2015) «Transforming our world: the 2030 Agenda for Sustainable Development».

¹³⁷ United Nations General Assembly (2015) «Resolution adopted by the General Assembly on 25 September 2015: Transforming our world: the 2030 Agenda for Sustainable Development», p. 13.

¹³⁸ *Ibid.*

¹³⁹ *Ibid.*, p. 1.

¹⁴⁰ ISID Operation Platform (2015) «General Conference, 15th Session, Lima, Peru, 2-6 December 2013».

¹⁴¹ To recap, the first Lima Declaration on Industrial Development was adopted at the Second UNIDO General Conference that took place in Lima, Peru between 12-26 March 1975.

¹⁴² UNIDO General Conference (2013) «Lima Declaration: Towards Inclusive and Sustainable Industrial Development», p. 1.

¹⁴³ *Ibid.*

countries and peoples, whereas «sustainable» implied that industrial development activities should remain environment-friendly and not refer to the excessive use of natural resources¹⁴⁴. Year by year, the organization became more and more decisive in adjusting its numerous projects and programmes to the proposals of the 2013 Lima Declaration, and, as of today, ISID can be considered a real «mantra» of the United Nations Industrial Development Organization.

Box 1.5: Inclusive and Sustainable Industrial Development

Excerpts from the 2013 Lima Declaration:

“While integrating in a balanced way all three dimensions of sustainable development — economic, social and environmental — we believe that the effective measures towards inclusive and sustainable industrial development should encompass enhancing productive capacities in a way that supports the structural transformation of the economy; encourages economic growth and the creation of decent jobs; enhances productivity and development, transfer and absorption of technology on mutually agreed terms, infrastructure and technological innovation; advances trade and development, particularly in the small and medium-sized enterprise sector, micro-industries and other new forms of community-based entities; promotes the sustainable use, management and protection of natural resources and the ecosystem services they provide; and supports related research and development».

(Original text: UNIDO 15th General Conference (2013) «Lima Declaration: Towards Inclusive and Sustainable Industrial Development»), par. 7, p. 2).

In terms of its contribution to the implementation of the 2030 Agenda, UNIDO can rightly be called one of the most diligent and ambitious specialized agencies of the United Nations. As it was mentioned above, all seventeen Sustainable Development Goals are highly interlinked with each other, hence assistance in the implementation of one of these Goals will, in one way or another, positively affect the achievements of other SDGs. Moreover, the adoption of the ISID vision allows UNIDO to organize its own performance in such a way that all industrial development activities are not limited exclusively to the promotion of economic growth, but also provide an adequate response to the questions of human rights, gender equality, and protection of biodiversity. For instance, the Organization encourages to reduce the CO₂ and other harmful industrial emissions, and this policy simultaneously contributes to at least three different SDGs, namely Goal #3 (“Good health and well-being”), Goal #6 (“Clean Water and Sanitation”), and Goal #13 (“Climate action”)¹⁴⁵. Still, the major part of UNIDO's most recent and current activities are structured around the objectives and targets of Sustainable Development Goal #9, which calls to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” (See Box 1.6 for more details)¹⁴⁶. Decision by the United Nations Open Working Group to include the promotion of the ISID into the post-2015 Development Agenda not only proved the validity of provisions contained in the 2013 Lima Declaration, but also reaffirmed that UNIDO's policies were truly relevant to the upgraded global architecture.

¹⁴⁴ ISID Operation Platform (2015) «Inclusive and Sustainable Industrial Development».

¹⁴⁵ UNIDO (2017) «UNIDO's contribution to the Sustainable Development Goals».

¹⁴⁶ United Nations Department of Economic and Social Affairs, Statistics Division (2018) «SDG Goals».

Box 1.6: Sustainable Development Goal #9

17 Sustainable Development Goals were introduced as a part of the 2030 Agenda for Sustainable Development in September 2015. Each separate goal has a set of specific targets to be achieved by 2030. UNIDO, as the key promoter of inclusive and sustainable industrial development (ISID), takes part in activities aimed at successful implementation of the SDGs, especially of the **Goal #9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**

Main targets of the SDG #9 may be summarized as follows:

- Develop quality, reliable, sustainable and resilient infrastructure, [...], with a focus on affordable and equitable access for all;
- Significantly raise industry's share of employment and GDP, [...], and double its share in least developed countries (LDCs.)
- Increase access of small enterprises to key financial services;
- Foster innovations and scientific research in the field of technological capabilities;
- Promote more efficient use of resources and greater involvement of clean and environment-friendly technologies across in various industrial processes;
- Facilitate resilient infrastructure in developing countries by means of greater financial and technological assistance; and
- Increase and maintain universal access to information.

(Original text: UNIDO official website, "UNIDO Focusing on Sustainable Development Goals").

Changes in the international thinking could not but also provoke significant transformations in the internal life of the Organization. First of all, a few words should be said about the membership of UNIDO: from the beginning of a new millennium and up until nowadays, nine countries (namely Belgium, Denmark, France, Greece, Lithuania, New Zealand, Portugal, Slovakia and UK) withdrew from this UN specialized agency¹⁴⁷. When being asked to comment on their decision to leave the Organization, representatives of those governments named one of the two following reasons: either they had to renounce international commitments in order to stabilize the economic situation at home (back then, a number of Western economies were suffering from serious shortages caused by a wide-scale cash crunch), or they were having serious doubts about the way in which some of UNIDO's projects were run¹⁴⁸. Among those pulling out were the United Kingdom and France, two donor countries that together accounted for more than 16 per cent of the Organization's annual budget¹⁴⁹. Soon after Denmark and Belgium decided to follow an example of the Western "comrades" and publicly announced their willingness to quit the agency, several officials and scholars began to express a real concern for the fate of UNIDO. As mentioned in the article by Thalif Deen, the Group of 77 argued that the recent wave of withdrawals did not only cause a significant cut in the core resources of the Organization, but also posed a serious threat to the international prestige and credibility of UNIDO¹⁵⁰. Fortunately, the "domino effect" was not as widescale as originally predicted: only one Member State quit the Organization in 2017, and no

¹⁴⁷ United Nations Industrial Development Organization (2018) «Member States List: Former Member States».

¹⁴⁸ Reuters (2013) «France quits U.N. industry agency, in continuing Western exodus».

¹⁴⁹ *Ibid.*

¹⁵⁰ Deen, T. (2015) «Western Nations, Blaming Cash Crunch, Pull out of UNIDO».

single announcement of the withdrawal has been made ever since. Besides, one should not forget about the positive changes that have occurred in the membership of UNIDO in the past eighteen years. In the specified period of time, ten countries from completely different economic and political backgrounds have deposited the instruments of ratification/acceptance/approval and become the full-fledged Member States of UNIDO¹⁵¹. Desire to join this UN agency was present not only in less developed countries (like Kiribati, Marshall Islands, or Samoa), but also in the states that already belonged to the group of industrialized economies and demonstrated relatively high levels of income (e.g. Monaco). This simple fact can prove two very important things: first, regardless of all earlier doubts and skeptical attitudes, majority of the world governments still believe in a high potential of the Organization; and second, the new mandate of UNIDO is indeed universal, and it can equally well serve the interests of underdeveloped countries and the states with an outstanding industrial performance.

Apart from substantial membership changes, there was another type of modifications within UNIDO, and that has to deal with the internal structure of the Organization. Until very recently, this body had been functioning in its original form (i.e. it kept the same structure as was suggested in December 1985, when UNIDO was converted into the United Nations specialized agency). As such, the Organization was designed in accordance with the most popular pattern, which is departmentation by function. Logically enough, the main co-ordination activities were assigned to the Office of the Director-General (ODG), which in turn was composed of seven independent units, that is:

- a) Chief of Cabinet;
- b) Special Advisor to the Director-General;
- c) Office of Strategic Planning and Coordination (ODG/SPC);
- d) Department of Human Resources Management (ODG/HRM);
- e) Office of Legal Affairs (ODG/LEG);
- f) Office of Independent Evaluation and Quality Monitoring (ODG/EVQ); and
- g) Office of Internal Oversight and Ethics (ODG/IOE)¹⁵².

The further structure of UNIDO was determined in accordance with three independent areas of activities, namely “Programme Development and Technical Cooperation” (PTC), “External Relations and Field Representation” (EFR), and “Policy and Programme Support” (PPS). Taken separately, each of these three branches was under the supervision of the Managing Director, an official appointed on the basis of a competitive selection process for a limited period of time. In this context, however, the area of External Relations and Field Representation differed from the other two fields: the head of this direction also fulfilled the duties of a Deputy to the Director-General of UNIDO. Finally, the functions of every branch were distributed among the distinct yet highly interlinked departments: more specifically, the “Programme Development and Technical Cooperation” activities were ensured by five unique departments, while the two remaining fields (i.e. EFR and PPS) were each maintained by four of them.

For more than a quarter of a century, the structure of UNIDO remained almost unchanged, and some of its officials were firmly convinced that the Organization could continue to exist in this form for many more years. It was only with the 2010-2016 “wave of withdrawals” that the leadership of the agency began to reveal certain imperfections in the internal arrangements of UNIDO. Following a series of evaluations by the Expert Group, UNIDO's governing authorities concluded that their Organization fell into the typical UN “duplication trap”, and the mandates of several departments

¹⁵¹ United Nations Industrial Development Organization (2018) «Member States List: UNIDO Member States».

¹⁵² UNIDO (2018) «UNIDO: Structure».

indeed significantly overlap with each other. To bring more clarification in the internal life of their agency, high-level officials began to put forward various reform proposals, some of which were included in the final outcome document of late 2017. An upgraded structure of UNIDO was publicly announced in the early 2018, and, up-to-date, its detailed description is available at the official website of the Organization. In short, UNIDO was subject to three different types of structural reforms (visual demonstration of changes is provided in Appendix C):

- a) Conversion of the DG's office: reduction in the number of independent units (from 7 to 4);
- b) Reshaping of three major branches: changes in the names of operation areas (EFR=> EPR) and creation of the common title of “Directorate” for the offices of the Managing Directors; and
- c) Changes in the “content” of the thematic areas: increased number of Departments in the area of “Programme Development and Technical Cooperation” (5=>6) and reshuffling of departments in the remaining two fields¹⁵³.

Someone might claim that such kinds of transformations are too insignificant to somehow affect the overall productivity of such a huge multinational institution. However, it's worth remembering the words of a famous American businessman and politician Matt Bevin: “While it may seem small, the ripple effect of the small things is extraordinary”¹⁵⁴. It can be seen with the naked eye that the “new” UNIDO, albeit having a lot in common with the old version of the agency, now has a much more explicit and logical internal structure. Of course, only time will show whether such modifications were truly helpful or not, but, as for now, one important thing can be said with certainty: UNIDO is not afraid of changes, and it will be ready to undergo a series of reforms again and again, if these transformations promise to make the whole world at least a bit closer to the implementation of the post-2015 Development Agenda.

Today, United Nations Industrial Development Organization continues to assist all Member States in their efforts to establish resilient infrastructure and reach high levels of industrialization at the domestic level. To a greater extent, the agency delivers its help in a form of projects, which comprise a set of unique tools and strategies directed at the elimination of some specific problem. This fact finds approval in the words of the second interviewee, one of the officials working at the Permanent Representation of Russia to the International Organizations in Vienna, who said that “the primary scope of UNIDO's functioning was much broader than it is nowadays, when its activities are predominantly directed at the implementation of various projects” (See Appendix D.1). As indicated at the Open Data Platform, the current portfolio of the United Nations Industrial Development Organization includes around 761 projects, and the overall budget allocated for their implementation amounts to more than \$451 million¹⁵⁵. Specifically, the UN industrial agency places a much greater emphasis on the preparation and subsequent coordination of the “unique” projects, that is, the projects which are elaborated either for an individual Member State or for one specific region. Such “unique” plans of actions account for 82 per cent of the total number of UNIDO's projects, whereas only 18 per cent of the programmes are more or less “universal”, with 14.5% of these projects being global and the remaining 3.5% inter-regional (See Figure 5). If to consider the same plans of actions in terms of their geographical distribution, one can easily notice that more than a half of UNIDO's current projects are intended for Asia and Africa (together, they make up 53,1 per cent, or 404 out of all 761 projects).

Finally, a quick overview of the titles of all these UNIDO's initiatives is enough to understand that

¹⁵³ UNIDO (2018) «UNIDO: Structure».

¹⁵⁴ Brainy Quote (2001) «Matt Bevin Quotes».

¹⁵⁵ UNIDO (2018) «Open Data Platform: UNIDO's programmes and projects at glance».

the projects significantly differ from each other, and their specificity ranges from the encouragement of small and medium enterprises (SMEs) to the provision of vocational training to the local staff and help in transferring to the use of renewable energy resources¹⁵⁶. Despite such a great diversity in their subject focus, all the current projects elaborated by UNIDO are somehow related to one of the three thematic areas envisaged by the Inclusive and Sustainable Industrial Development, namely “creating shared prosperity” (making sure that no one is left behind, and all opportunities are equally distributed among people), “advancing economic competitiveness” (maintaining economic growth and technological progress by means of effective industrial policies), and “safeguarding the environment” (ensuring that industrial growth is reached with the help of environmental-friendly approaches and clean technologies)¹⁵⁷. This year, after the official release of the 2018-2021 Medium Term Programme Framework¹⁵⁸, the aforementioned strategic priorities of the UN industrial agency were complemented by a fourth one, which is about “strengthening knowledge and institutions” within and across the target countries¹⁵⁹. To summarise, UNIDO seems to be an agency that does not simply care about the present and want to assist the countries in their ongoing attempts to create profound industrial foundation; what is more important, this Organization strives to provide billions of people with a decent future and, by transferring its knowledge and expertise to those countries, ensure that sovereign states will soon become more competent and successful in addressing their domestic issues.

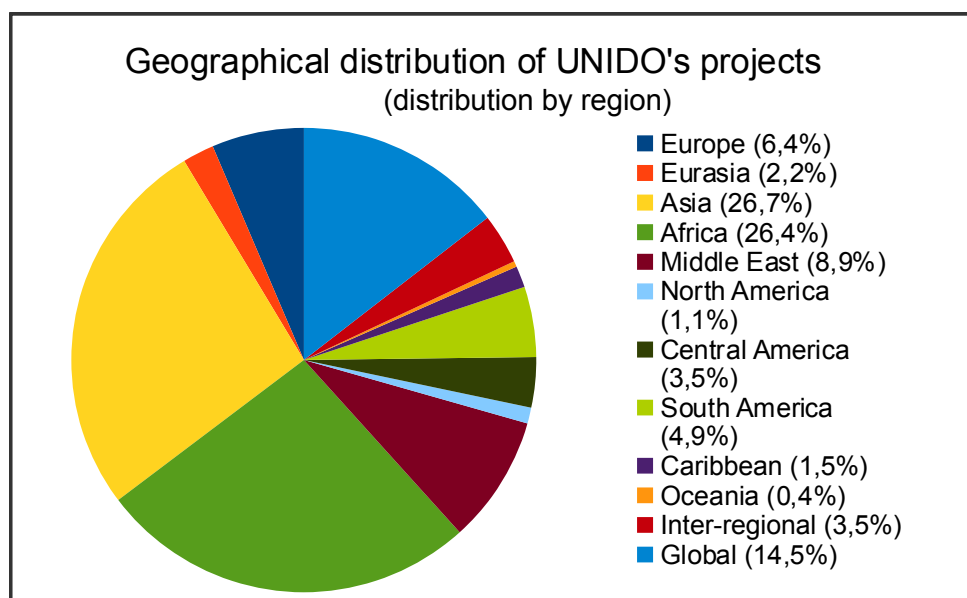


Figure 3.5.: *Geographical distribution of the current UNIDO's projects*¹⁶⁰

Nevertheless, UNIDO's scope of activities is not solely limited to the elaboration of thematic projects and provision of countries with relevant skills and information: apart from being a

¹⁵⁶ *Ibid.*

¹⁵⁷ In the context of the new mandate, UNIDO is supposed to function in such a manner that its activities somehow contribute to the accomplishment of three main aspects of the Inclusive and Sustainable Industrial Development, which are: «advancement of the economic competitiveness». Information taken from: <https://isid.unido.org/about-isid.html>.

¹⁵⁸ At its most basics, the Medium Term Programme Framework implies the four-year guidelines for methods and instruments that should be used by UNIDO in its attempts to implement the Agenda 2030 and, more generally, provisions of the Inclusive and Sustainable Industrial Development.

¹⁵⁹ United Nations Industrial Development Organization (2018) «Our focus: strengthening knowledge and institutions».

¹⁶⁰ This graph was created by the author herself, and the shares of UNIDO's projects in different world regions were calculated with the reference to the data available at the UNIDO Open Data Platform (<https://open.unido.org/projects/C6/projects/140026>).

multinational “expertise and knowledge powerhouse”, the Organization also functions as a global cooperation platform. The UN industrial agency perfectly understands that the modern international community exists in the conditions of interdependence, and that the achievement of desired levels of industrialization is possible only if the members of this community engage into a full-fledge conversation with each other and try to overcome the most pressing issues by means of well-coordinated joint efforts. Therefore, in order to promote global industrial cooperation and help international players in exchanging their knowledge and experience, UNIDO tends to organize various events that bring together Member States, leaders of private entities, and representatives of civil society from all over the world¹⁶¹. These events may come in completely different forms (starting with the regional forums and ending by the meetings of technical experts), and, so far, they have proven to help the organization not only in extending collaboration between actors, but also in partial monitoring of the internal economic and industrial situation at the host country. As a rule, such events are temporary and are arranged on the occasional basis; yet, for those governments wishing to establish more regular cooperation, a number of profound networks and well-structured platforms are available upon selection. Among them, the Investment and Technology Promotion Offices (ITPOs) is the most frequently chosen form of partnership. The first ITPO was introduced in 1986, and its primary purpose was to reduce the development imbalances by means of giving the most recent information on the potential investment opportunities, as well as making updates on the most favourable sources of technologies and manufacturing installations¹⁶². With the passage of time, their scope of activities has been significantly widened, and the original duties of the ITPOs were supplemented with a responsibility to provide knowledge and expertise on the manner in which “business in local environments” can be done¹⁶³. Currently, there are nine Offices functioning across the world, and one of the ITPOs is located in the Russian Federation. At first glance it may seem that, in terms of its basic goals and priorities, the UNIDO Centre for International Industrial Cooperation in Russia¹⁶⁴ resembles all other existing ITPOs. Nevertheless, it is not in vain that numerous official representatives of the UN industrial agency, as well as the members of related research and evaluation teams of the Organization claim that UNIDO representation in the Russian Federation is “special”. The next two chapters will explain why the Russian model of the ITPO is a unique one, and analyze whether this “speciality” has any impact on the current dialogue between the Organization and one of its most faithful Member State.

CHAPTER 4. UNIDO-RUSSIAN RELATIONS: WHAT DO WE NEED TO KNOW?

In this Chapter, the writer offers to slightly move away from the general historical investigation and instead focus on the examination of UNIDO's cooperation with one of its Member States, - the Russian Federation. First few paragraphs comprise a brief yet quite informative observation of the major changes that have affected the Russia-UNIDO bilateral dialogue over the course of the past half a century. This narrative is further complemented by a critical analysis of two separate directions in which the modern cooperation of the Government of Russia (GoR) and the UN industrial agency is taking place.

¹⁶¹ United Nations Industrial Development Cooperation (2018) «Cross-cutting services: partnerships for prosperity».

¹⁶² United Nations Industrial Development Organization (2018) Investment and Technology Promotion Offices (ITPOs)».

¹⁶³ *Ibid.*

¹⁶⁴ Back in the 1960s-1980s, the Soviet leadership refused to adapt the universal terminology, especially in relations to the field of industrial development. For this reason, the office established in Moscow in 1989 has never been officially referred to as the ITPO, but instead was called the UNIDO Centre for International Industrial Cooperation in Russia. Today, the name of CIIC is kept as a sign of continuity of Russia from the USSR.

4.1. Looking through a prism of time: 50 years of the UNIDO-Russian cooperation.

Cooperation between the Russian Federation and the United Nations Industrial Development Organization has been continuously advancing since the very first days of the existence of the UN industrial agency. In fact, the history of this bilateral relationship can be divided into two separate periods, with the first one covering the partnership of UNIDO and the USSR (1966-1991) and the second period referring to the most recent developments in the relations of the United Nations specialized agency with the independent state of Russia (1991-now). As broadly described in the previous chapter, UNIDO was first established as a special organ of the General Assembly on the initiative of several countries, and the Soviet Union was one of them. This fact found confirmation in the words of a second interviewee, who fulfills the duties of a representative of the Permanent Mission of Russia to the International Organizations in Vienna. The official clearly stated that, back in the 1960s, “USSR was among the main initiators of UNIDO's creation, because the Soviet Union greatly encouraged that the questions on industrial improvement were included in the agenda of the general international development”. (See Appendix D.1 “Respondent 1 data”). Equally important was the Soviet's initiative of 1985, when the country proposed to convert UNIDO into a specialized agency. Later that year, the USSR, accompanied by numerous other governments, deposited its instruments of ratification/acceptance/approval and officially became the Member State of the Organization on 21 June 1985. Until its very dissolution in 1991, the Soviet Union was constantly expressing itself as a truly dedicated member of the agency: suffice to mention that the USSR was the second biggest payer to the UNIDO's budget, being surpassed in this regard only by the United States of America. In turn, the Organization was no less enthusiastic about this bilateral relationship: up until 1990, it had time to propose the whole range of activities, which, among others, included specific assistance projects and programmes for training numerous specialists within the Soviet Union. Perhaps, the most remarkable achievement of the late 1980s was the signing of a “Memorandum of understanding”, a document that reaffirmed the desire of UNIDO and USSR to actively cooperate in the area of industrial development. One should not also forget to mention a truly important agreement that was reached between the Soviet Union leadership and the UN industrial agency in December 1989. Back then, both sides decided that the UNIDO Centre for International Industrial Cooperation in the Russian Federation was established¹⁶⁵. The Agreement signed between D. Siazon, the former Secretary-General of UNIDO, and the USSR Council of Ministers Laverov, clearly outlined that the newborn Moscow CIIC became an integral part of the entire UN system¹⁶⁶. In terms of its original mandate, the CIIC More was supposed to function as a scientific platform for cooperation between the USSR and its developed and developing partners¹⁶⁷. Presumably, this intensive strategic collaboration could have brought much more impressive results in the foreseeable future, if not the notorious events of December 1991: immediately after ratification of the Minsk Accords, the Soviet Union ceased to exist, and the history of the USSR-UNIDO collaboration ended as quickly as it began.

Empedocles, a famous ancient Greek philosopher, once said: “Nothing new comes or can come into being; the only change that can occur is a change in the arrangement of the elements”¹⁶⁸. This statement is the best fit to explain the origins of UNIDO's cooperation with the Russian Federation. Following the dissolution of the Soviet Union in the late 1991, Russia became its internationally recognized preemtor, which, among other things, meant that the USSR seat at the United Nations was now transferred to this newborn country¹⁶⁹. Exactly the same principle was applied in

¹⁶⁵ UNIDO Internal Document.

¹⁶⁶ UNIDO (2018) «CIIC History».

¹⁶⁷ *Ibid.*

¹⁶⁸ Famous Scientists (2018) «Empedocles».

¹⁶⁹ Blum, Y. Z. (1992) «Kaleidoscope: Russia Takes Over the Soviet Union's Seat at the United Nations».

addressing the issue of Russia's membership in several UN institutions, including the United Nations Industrial Development Organization. Despite the relative smoothness of the entire «succession process», it still did not go through without certain difficulties: due to the radical policies of «shock therapy» aimed to remove the Soviet centralized planning, the Russian economy was immediately covered by a huge deflationary wave, and the country remained in the state of a severe financial crisis until the very end of the 1990s¹⁷⁰. In the light of such negative economic developments, the country had no other choice but to suspend its donor-related activities and obtain the status of an «economy in transition». Striving to assist the Government of Russia at this difficult time, UNIDO had elaborated a huge number of programmes directed at the promotion of market economy and gradual shift to the environment-friendly technologies within its national boundaries¹⁷¹. No matter how difficult it was back then, both sides of the partnership did not lose faith in the renewal of the good-old mutually beneficial cooperation: as such, the 1986 «Memorandum of Understanding» was replaced by the 1993 «Memorandum on cooperation in the field of industrial development between the Government of the Russian Federation and UNIDO»¹⁷². Yet the most remarkable shift in the UNIDO-Russian cooperation was still ahead: by the end of the 2000s, the Government of Russia could finally restore its status of one of the key UNIDO donors, and now on, following the 2009 agreement, GoR was expected to make, «on an annual basis, a voluntary contribution to the Industrial Development Fund»¹⁷³. The culmination in development of this bilateral dialogue was reached with the agreement of 1992, which explicitly stated that the CIIC shall now fulfill the duties of covering and coordinating the programmes of UNIDO in Russia¹⁷⁴. Nowadays, the partnership of the United Nations Industrial Development Organization and the Russian Federation is developing in various formats: as such, the legal basis of this strategic partnership is created by a joint power of the 2009 «Memorandum of Cooperation between UNIDO and the Eurasian Economic Community» and the 2014 statement on EEC-UNIDO bilateral dialogue. Having remained one of the most faithful Member States of the Organization, the Russian Federation strongly believes in the important role played by the industrialization policies in the process of a gradual economic and environmental development. Furthermore, the state's leadership repeatedly claims that the policies elaborated by UNIDO as an indispensable element of the overall strategy elaborate for an effective implementation of the 2030 Agenda on Sustainable Development.

4.2. Russia as a donor: something to be proud of.

Similar to its predecessor (i.e. the Soviet Union), the Russian Federation continues to occupy the leading positions in the rankings of the largest donor governments of the United Nations Industrial Development Organization. By signing the “Administrative arrangement with regard to a special-purpose contribution to the Industrial Development Fund” in 2009, the Government of Russia officially declared that, together with making mandatory contributions to UNIDO's annual budget, it was now ready to transfer some amount of financial assistance on a voluntary basis. From the moment of signing this agreement and to the present time, this Member State has contributed almost USD 17 million, and the amount of its contribution is constantly growing. This year, the Russian Federation has offered a financial assistance of USD 5,679,204, which is the largest

¹⁷⁰Ellman, M., and Scharrenborg, R. (1999) «The Russian Economic Crisis».

¹⁷¹United Nations Industrial Development Organization (2018) «UNIDO Centre for Industrial Cooperation in the Russian Federation».

¹⁷² UNIDO Internal Document.

¹⁷³ UNIDO (2009) «Administrative Arrangement between the United Nations Industrial Development Organization and the Government of the Russian Federation with regard to a Special-purpose contribution to the Industrial Development Fund», p. 2.

¹⁷⁴ UNIDO External Document.

amount of assessed and voluntary contributions offered to the Organization by this country so far¹⁷⁵. As of 2016, Russia was ranked eighth among the top ten contributors (Figure 3.7.). Moreover, based on the information provided at the UNIDO Open Data Platform, Russia's total assistance in 2016 amounted to USD 5.1 million, what is twice bigger than the contribution made by the fifty smallest donor states together in the same year¹⁷⁶ (See Appendix E for more details).

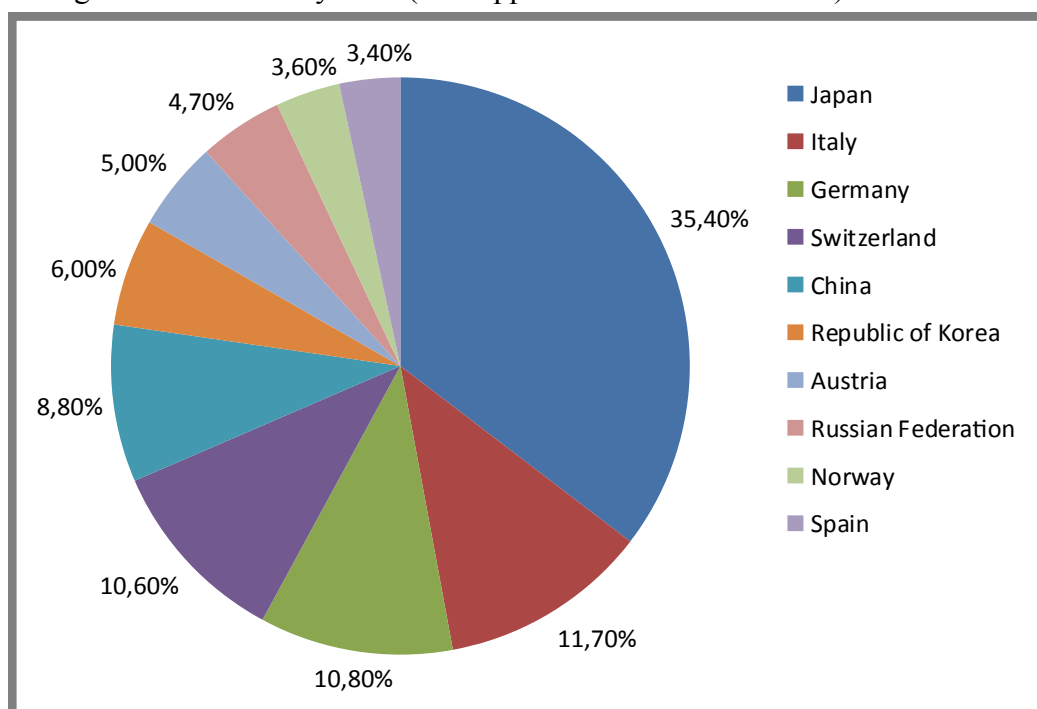


Figure 3.7.: *Share in assessed and voluntary revenues by top 10 government donors (2016, in%).*

Taken together, all the aforementioned statistical data provides a solid confirmation to one simple yet very important fact: since the collapse of the USSR, a lot might have changed in the relationship between UNIDO and the Soviet successor, but what has truly stood the test of the time is Russia's sincere commitment to the interests, aims, and priorities of this United Nations specialized agency. Today's yearly contribution of the Russian Federation to the Industrial Development Funds is around USD 2.6 million, and the greatest part of these funds is spent on the provision of technical and industrial assistance to Russia's closest partners (especially the CIS countries) as well as on the implementation of programmes elaborated specifically for the “lagging” states and least economically developed regions all over the world. Commitment to the result-efficient implementation of various UNIDO project has been repeatedly stated by a number of high-level Russian officials, including Mr Gennady Gatilov who, until very recently, had been fulfilling the duties of the Deputy Minister of Foreign Affairs of the Russian Federation. During his meeting with the Director-General of the UN industrial agency back in 2011, Mr Gatilov stated that Russia was happy to assist UNIDO in the implementation of its projects in Africa and Sierra Leone, and he personally expressed a hope that there will be “even more Russian investments and know-how coming to Africa”¹⁷⁷. Judging by the current course of events, the words of Gatilov turned out to be almost prophetic: currently, the Government of Russia provides financial assistance to twenty projects which are completely diverse both in their geographical destination and thematic area. Following the information from the UNIDO Open Data Platform, four out of twenty ongoing

¹⁷⁵ UNIDO (2018) «UNIDO Open Data Platform: Russian Federation».

¹⁷⁶ UNIDO (2018) «UNIDO Open Data Platform».

¹⁷⁷ UNIDO (2018) «Russia reconfirms commitment to support UNIDO projects in CIS, Mongolia and Sierra Leone».

projects financed by the Russian Federation are global in their location, and the same number of programmes are inter-regional¹⁷⁸. Among the remaining twelve projects, eight are being carried out in the CIS member states (namely, Belarus, Tajikistan, Kyrgyzstan, and Armenia), whereas the remaining four are equally distributed between Cuba, Ethiopia, Austria and the European Union¹⁷⁹. As of their contribution to one of the three major ISID priorities, clear majority of the projects funded by the Government of Russia seek to “advance economic competitiveness” within the target area (67.2%), while “creation of the shared prosperity” and “safeguarding the environment” are covered by 17.2% and 4.9% of the Russia's funded policy frameworks respectively¹⁸⁰.

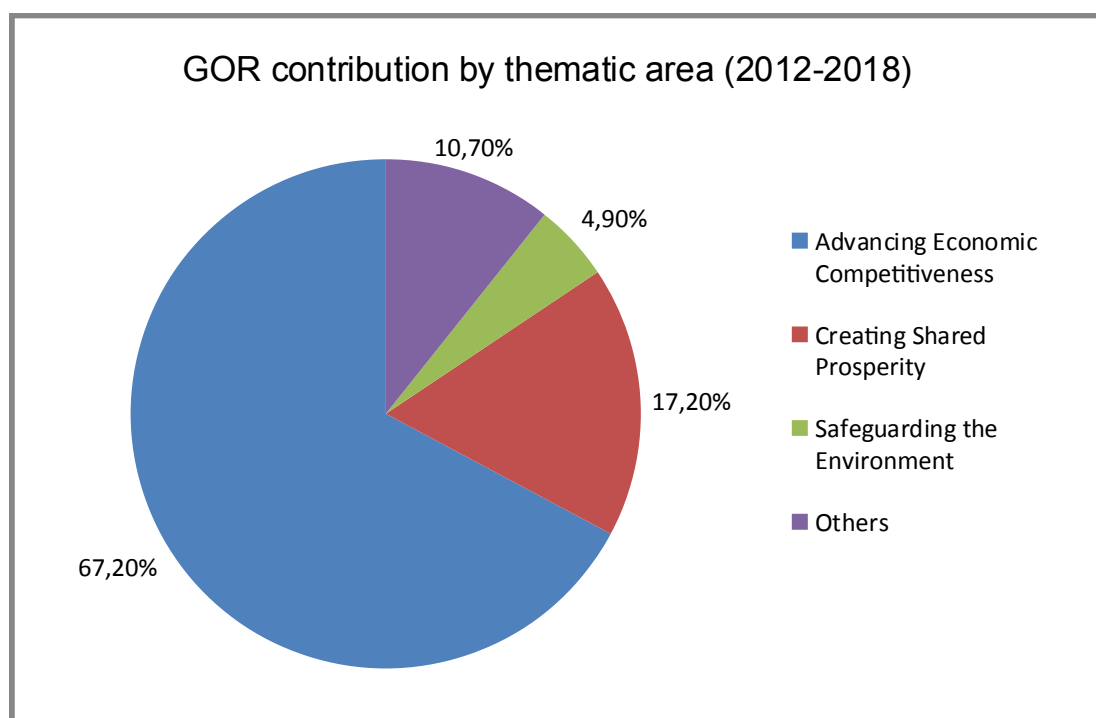


Figure 3.8.: *GOR contribution by thematic area (2012-2018). Source: UNIDO Open Data Platform.*

4.3. Russia as a recipient: is everything as smooth as it seems to be?

Active performance of the Russian Federation as one of the top donor governments of UNIDO nevertheless does not inhibit the country from receiving the relevant financial and technological support both from the Organization itself and various foreign agencies that are ready to invest their financial means into development of Russia's domestic infrastructure and national economic and technological facilities. Recently, the United Nations Industrial Development Organization has radically shifted its focus away from the functions originally prescribes in the Mandate and instead began to implement its interest and priorities in a form of project assistance to those countries in need. Such a significant transformation has not surpassed the long-standing relationship of UNIDO with the Russian Federation: over the past ten years, the Organization has elaborated seventeen projects that, to a greater or lesser extent, intended to promote ISID and positively affect the economic growth at the national level. However, quantity does not mean quality, and this thought

¹⁷⁸ UNIDO (2018) «UNIDO Open Data Platform: Russia».

¹⁷⁹ *Ibid.*

¹⁸⁰ *Ibid.*

perfectly finds approval in the case of Russia's effectiveness in relation to the UNIDO project implementation. In brief, there are five currently ongoing project, and, for obvious reasons, there can not be a rigorous observation of the results of their implementation. Yet there are twelve projects remaining, and their critical assessment is exactly what is needed in terms of this research project.

Among those twelve projects elaborated by UNIDO for the Russian Federation between 2006 and 2013, one should draw a clear line between the “finished” programmes (projects that have expired the estimated timeline and failed to be brought up to the effective implementation) and the “operationally completed” policy frameworks (that is, the projects that have been implemented in due time and without reference to the excessive financial means)¹⁸¹. To specify, here is the list of the discussed twelve project:

1. Finished projects

- 1.1. “Creation of the centre for managing of emergency situations in natural and industrial disasters”, 2006-2009;
- 1.2. “Support and improvement of competitiveness of local industrial enterprises in external markets”, 2006-2010;
- 1.3. “Support for SME’s in production of automotive parts”, 2008-2011;
- 1.4. “Support of innovative and competitive development in the industry of Voronezh”, 2007-2009;
- 1.5. “Development of the “Atlas” of BET and BAP in Environmental Management for big cities”, 2008-2010;
- 1.6. “Detection, evaluation, and gradation of water pollution sources of trans-border basins and ecological clean technologies transfer”, 2010-2011;
- 1.7. “Establishment of a UNIDO Investment and Technology Promotion Office (ITPO) Network in EURASEC Member States”, 2010-2012; and
- 1.8. “Creation of a UNIDO BAT/BEP centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes”, 2010-2013.

2. Operationally completed projects

- 2.1. “Phase out of HCFCs and promotion of HCFC-free energy efficient refrigeration and air-conditioning systems in the Russian Federation through technology transfer», 2011-2017.
- 2.2. «Environmentally Sound Management and Final Disposal of PBCs at the Russian Railroad network and other PBC owners (Phase 1)», 2012-2014.
- 2.3. «PPG for SAP item 120230 Save the Source», 2013-2014.
- 2.4. «Transfer of Environmentally Sound Technologies (TEST) Tatarstan», 2013-2016.

¹⁸¹ United Nations Industrial Development Organization (2018) «UNIDO Open Data Platform».

Seeing such a bad statistics for the implementation of UNIDO projects there cannot but arise the questions: what is that factor that had caused a failure in the attempt of result-effective implementation of the prevailing part (that is, 67 per cent) of the Russia-focused policy proposals?

CHAPTER 5. CLOSER TO THE TRUTH: WHAT'S WRONG WITH THE UNIDO REPRESENTATION IN RUSSIA?

5.1. IR theory in practice: neoliberal institutionalism and the role of modern international organizations in policy-making.

If someone once asked a question: «What research area of political science do you consider to be the most significant and influential?», the vast majority of people would, beyond all doubts, name the International Relations, an academic discipline focused on the examination of interconnectedness between various political and economic entities. The history of the International Relations as an independent field of studies begins in the 20th-century Britain, a country in which the first official IR professorship¹⁸² was formally established in 1919. Rationale behind the initiation of more profound IR studies was that, already for many centuries, countless members of the global society had been existing in the conditions of constant interactions with each other. The first traces of such intercommunications were found as early as in the 3,500 BC: back in the antiquity, a number of the city-states were already trying to establish the most primitive trade and social cooperative linkages¹⁸³. At the same time, several philosophers and historians began to question a kind of connection that existed between, on one hand, the human nature and, on the other hand, the emerging inter-state conflicts. The earliest reflections on that issue were found in the writings by Sun Tzu («The Art of the War», 6th century BC), Thucydides («History of the Pelloponesian War», 5th century BC), and Chanakya («Arthashastra», 4th century BC). In a while, their works were complemented by the Enlightenment publications (such as Machiavelli's «The Prince» and Hobbes' «Leviathan») that aimed to discover the way in which a newborn concept of sovereignty affected the establishment and maintenance of economic and political inter-state linkages. Taken together, all these studies served an impetus for the establishment of realism, the oldest theoretical framework of the International Relations. With the passage of time, alternative approaches were gradually brought into existence, and, at the beginning of a new millenium, the world already had dozens of theoretical frameworks, and all of them could be used in the interpretation of most significant and disturbing events of the international relations.

As of today, the IR discipline has retained its relevance and even seems to have become much more helpful and essential than ever before. The past few decades have demonstrated a tremendous increase in the number of state- and non-state actors, and, on a par with traditional players, all these new sovereign countries, organizations, private entities and corporations have become the full—fledged members of the global community¹⁸⁴. In addition to such quantitative changes, the international political architecture has also been subject to substantial qualitative modifications:

¹⁸² The University of Wales, Aberystwyth, became the first place in the world where the academics began to teach International Relations. Information taken from the official website of the Aberystwyth University: www.aber.ac.uk.

¹⁸³ Buzan, B., and Little, R. (2000) «*International Systems in World History: Remaking the Study of International Relations*».

¹⁸⁴ Gontzes, L. (2014) «Why is the study of International Relations now more relevant than ever?».

under the impact of globalization and cultural homogenization, the world has, in a matter of a few years, witnessed relative erosion of the national borders and unprecedented rapprochement between the inhabitants of different world regions. Among the less pleasant consequences of globalization was the emergence of a whole bunch of problems (like terrorism, global warming, economic instabilities, nuclear proliferation, hunger etc.), the harmful influence of which stretched far beyond the territories of sovereign countries. As rightly noticed at the website of Lehigh University, by the early 21st century, International Relations no longer remained an abstract phenomenon: the world community literally was «permeated» with thousands of diverse transnational linkages, and millions of people now had to cooperate in order to come up with an effective solutions to the new global challenges, which no longer remained within the capacities of the individual states¹⁸⁵. To become a truly «effective» participant of the modern international relations and contribute to the joint decision-making processes, one needs a clear-cut understanding of the principles upon which the complex relationships of the countless global players are built. This is exactly why the IR theories are so important today,- they allow thousands of individuals to have a «firm grasp of reality»¹⁸⁶ that is so necessary in dealing with the most pressing issues of a various scope and nature.

The life of a modern international community is extremely multifaceted, and one scientific framework is obviously not enough to cover all dimensions of the global activities. For this reason, today we have a number of distinct theoretical frameworks, so that any individual involved in the research process can select the most «suitable» one (i.e. the framework that helps him or her to most accurately interpret the observed economic, political, legal, cultural and social events). To a certain extent, IR theories are comparable with the lenses: similar to how lenses allow us to see the same picture in different colors, theories of the International Relations show the same events from diverse conceptual perspectives¹⁸⁷. At the very first stages of the current research process, the author was carefully going through several IR approaches in an attempt to find one single theory that would help her in conducting an accurate and comprehensive analysis of the question of UNIDO-Russian cooperation. Ultimately, the writer decided to choose neoliberal institutionalism, a theory that, in her opinion, is most appropriate for addressing the role of international organization in the development and implementation of the state-focused policies.

When first examining the origins of neoliberal institutionalism, it may seem paradoxical that the roots of this theoretical framework are found both in realism and idealism, the two discrepant and even competing schools of thought. On one hand, we have realism, a theory based on the ideas of inter-state struggles for power, absence of supranational authority and security dilemma¹⁸⁸; on the other hand, there is an idealistic approach that promotes a completely different understanding of the international order (namely that various state and non-state actors can peacefully coexist and cooperate on the basis of the shared human values, such as peace, prosperity and development¹⁸⁹). Yet several political scholars, including Robert Nicol Cross, suggested that, despite their adherence to conflicting assumptions, realism and idealism should never be treated as the mutually exclusive theoretical approaches. The writer went even further to suggest that both theories «belonged to each

¹⁸⁵ Lehigh University, Department of International Relations (2016) «About iR: the Field of International Relations».

¹⁸⁶ Gontzes, L. (2014) «Why is the study of International Relations now more relevant than ever?».

¹⁸⁷ Gold, D., and McGlinchey, S. (2017) «International Relations theory».

¹⁸⁸ Donnelly, J. «The Ethics of Realism», in: Snidal, C.D. (2008) «*the Oxford Handbook of International Relations*», p. 150.

¹⁸⁹ Fernandes, V.R. (2016) «Idealism and Realism in International Relations: an ontological debate», p. 14.

other like the two ends of a stick»¹⁹⁰. With the end of the Second World war, these words of Cross were repeatedly confirmed in practice: over the past seventy years, the global community has witnessed the establishment of several new theories, which, to a greater or lesser extent, embodied a real blend of realism and idealism. Neoliberal institutionalism, the International Relations framework selected by an author of this Thesis, was exactly such type of a theory: indeed, it supported the two most fundamental assumption of the realist school of thinking (namely, that the world is anarchic and that the actions of sovereign states are solely driven by the desire to maximize their own interests), and, at the same time, argued that limited cooperation is possible even in the case of the absence of a well-established supranational institution¹⁹¹. Before the researcher can gradually apply neoliberal institutionalism to her specific case study, it makes sense to briefly consider the key characteristics of this theoretical framework, as well as to understand the way in which it used to explain some of the relevant international events.

It is generally recognized that the history of the creation of neoliberal institutionalism dates back to the early 1980s, the time when numerous scholars began to openly discuss the major flaws of the neorealist perspective and tried to elaborate a more optimistic vision of international politics. In this regard, the most successful attempt was made by Robert O. Keohane and Joseph S. Nye, who were first to admit that the international architecture no longer fitted the conventional Westphalian model, and thousands of actors (including sovereign states, private companies and multinational organizations) from all over the world were strongly interrelated with each other¹⁹². Complemented by the negation of the use of military force in the conditions of interconnectedness, their argumentation gained sufficient amount of public approval and very soon was already referred to as the theory of «Complex Interdependence»¹⁹³. However, Robert Keohane did not intend to dwell on these findings, and, together with two other political scientists (viz. Stephen D. Krasner and John G. Ruggie), he continued to further examine the issue of relationships between the rational players. All three researchers shared a belief that participants of the international relations (most notably, the sovereign states) were self-maximizers and thus always strived to do what best served their personal interest. However, in contrast to the realist/neorealist perceptions of «selfishness», Keohane and his fellows insisted that, exactly due to being rational players, independent states perfectly realized their choices were restricted by a number of external factors (such as partiality of knowledge, limited amount of information or bounded rationality) and thus could not a priori be Pareto optimal (i.e. the most efficient one among all choices available)¹⁹⁴. In such circumstances, sharing the expertise and information with other players was seen as an effective measure against all possible limitations, and states, once acting in the conditions of isolation, were now more enthusiastic about cooperation with each other. On the top of it, Robert Keohane published his own work devoted to the subject of cooperation in the conditions of anarchy: in the book titled «After Hegemony», the author concluded that, regardless of a high possibility of discords, sovereign governments were willing to cooperate on a long-term basis, and their collaboration efforts were effectively supported and coordinated by the numerous regimes and institutions formed as a result of «commitments... by a group of states»¹⁹⁵. To summarise, the basic assumptions of neoliberal institutionalism are as follows:

¹⁹⁰ Cross, R. N. (1945) «*Idealism and Realism*».

¹⁹¹ Stein, A.A. «Neoliberal Institutionalism», in: Smit and Snidal (2008) «*The Oxford Handbook on International Relations*», p. 202.

¹⁹² Keohane, R., and Nye, J. (1989) «*Power and Interdependence: World Politics in transition*», pp. 23-24.

¹⁹³ *Ibid*, p. 23.

¹⁹⁴ Shepsle, A. K. (1989) «Studying Institutions: Some Lessons from the Rational Choice Approach», pp. 138-139.

¹⁹⁵ Keohane, R. (1984) «*After Hegemony*», p. 51.

1. International community exists in the state of anarchy, and there is no credible supranational agency that could impose the rules and maintain global stability and order;
2. Behavior of independent actors (predominantly, these actors are sovereign states) is determined by self-maximization and the desire to satisfy their personal interests;
3. States are rational egoistic players, but they perfectly understand this rationality is limited by partiality of knowledge and skills;
4. Globalization and technological progress have led to the increased interconnectedness between separate countries;
5. Conditions of bounded rationality and mutual interdependence create a room of opportunity for inter-state cooperation, and the countries are interested in long-term benefits vice short-term gains;
6. The absence of global government does not automatically apply the impossibility of arranging the global governance: coordination of inter-state relations will be executed by a number of special norms and institutions.

Robert Keohane and his adherents placed a lot of emphasis on the role that international regimes and institutions played in the ensurance of inter-state cooperation and mediation of conflicts in the conditions of anarchy. First of all, they defined such institutions as the bodies that emerged on the basis of shared interests and habits of affiliated countries in order to promote cooperation and assist in resolving global political and economic disputes¹⁹⁶. Primary rationale behind the establishment of such kind of organizations was to help individual rational players to gain Pareto optimal outcomes in the context of strengthened transnational linkages. As explained in the essay by Whyte, states are perfectly known to be self-maximizers, and, regardless of the circumstances, they will always search for an opportunity to reach the desired payoffs. However, there is one big «but»: under the impact of globalization, all interests of the individual actors have become strongly interrelated, and, now on, achievement of preferred outcomes was not solely defined by the actions of a state in question, but also depended on the behavior of other countries¹⁹⁷. This case is broadly explained by the Game Theory, a study of social interactions that, in its most basic assumptions, resembles realism; in particular, Prisoners Dilemma is a classical example of a game which proves that independent rational-seekers do not trust each other and thus will not cooperate even if it is in their best interests to do so¹⁹⁸ (Figure 3.6.). However, unlike realist thinkers, proponents of neoliberal institutionalism believe that cooperation will be possible if there are special institutions that will serve a platform for states' negotiations and provide both sides of a partnership with information «preventing states from cheating»¹⁹⁹. In other words, neo-liberal believed that institutions like the United Nations and the World Trade Organization were the real «watchdogs»²⁰⁰ of the international regimes, and their policy proposals and recommendations to the member states could significantly reduce the uncertainty and foster conditions of transparency and smooth inter-state cooperation on various economic, environmental, social, and political issues.

Based on the above information, it is now time to see how accurate and plausible theory of neoliberal institutionalism will be in the interpretation of the issue of UNIDO's cooperation with the Russian Federation. Proponents of this IR theoretical framework most likely will begin their analysis with the assumption that every single state has its set of unique interests and priorities in

¹⁹⁶ Wheeler, N. J. (2014) «Transcript: Theories of International Relations- liberalism».

¹⁹⁷ Whyte, A. (2012) «Neorealism and neoliberal institutionalism: born of the same approach?».

¹⁹⁸ *Ibid.*

¹⁹⁹ Whyte, A. (2012) «Neorealism and neoliberal institutionalism: born of the same approach?».

²⁰⁰ Grieco, J. M., and Ikenberry, G.J. (2003) «*State Power and World Markets: The International Political Economy*», p. 116.

terms of industrial development, and that, due to being rational self-maximisers, all independent states would most likely attempt to fulfill their interests by every means possible. Yet in the light of globalization, states do not possess sufficient amount of information about the new international challenges (such as the global warming, environmental degradation and extreme poverty), and exactly due to having a limited understanding of these challenges, countries have much lower chances to reach Pareto optimal outcomes (in the context of industrialization, Pareto efficient results imply achievement of the highest levels of an economic growth, establishment of the most resilient infrastructure, and adoption of the most advanced environmental-friendly technologies).

		Player 1	
		Strategy 1	Strategy 2
Player 2	Strategy 1	\$3K \$3K	\$10K -\$5K
	Strategy 2	-\$5K \$10K	\$8K \$8K

Nash Equilibrium (any unilateral deviation from Strategy 1 will make the opponent better off)

Pareto equilibrium (no one can be made better off without making someone else worse off)

Figure 3.6.: *Prisoners' Dilemma: outcomes of the game explained.* Source: www.researchgate.com.

The best way out of this situation could be an enhanced inter-state cooperation on the questions of industrial development, but since the international realm is anarchic, the governments cannot be entirely confident in the reliability of their potential partners. Hence, there was a clear need for the creation of a special institution that could dispel general fears of cheating and foster the process of information- and skills exchange across national borders. Ultimately, 1966 witnessed the foundation of the United Nations Industrial Development Organization, an independent agency that, until nowadays, has been performing the duties of a «watchdog» of the global industrialization-related matters. The current mandate of the Organization (that is, promotion of the Inclusive and Sustainable Industrial Development) explicitly mentions that, in their attempts to ensure greater economic prosperity and improved environmental standards, the members of the international community are hugely dependent on each other's actions, and thus, all players, starting with the sovereign countries and ending by the private entities, should coordinate their efforts if they really want to accomplish the impressive results²⁰¹. Judging by the scope of its membership and a variety of projects aimed at the improvement of industrial development all across the globe, UNIDO has proven that, despite the anarchy of the international order, inter-state partnership is feasible, and readiness to cooperate on the questions of industrialization would, in any case, constitute a win-win solution.

Desire to encourage the initiatives of separate governments and assist them in achieving the most preferred outcomes, - this is the logic that had always guided and continues to guide UNIDO in its relations with each of the Member States, including the Russian Federation. Although the UNIDO

²⁰¹ United Nations Industrial Development Organization (2015) «ISID Operation Platform: Inclusive and Sustainable Industrial Development».

Statistics Division puts Russia into the category of industrialized economies with a high level of income²⁰², there is still a lot of room for improvement, especially in regards to its infrastructure and environmental sustainability. At the same time, the Russian Federation continues to be a country with one of the greatest industrial potentials, and the «fruits» of its remarkable technological progress could certainly be extremely beneficial to the less developed countries in Asia and Africa. In this case, the proponents of neoliberal institutionalism would most probably claim that UNIDO's cooperation with the Russian Federation should proceed simultaneously in two separate directions: on one hand, the Organization is supposed to help the country to improve its domestic economic and environmental situations, and this in turn can be done both through the development of targeted projects and the involvement of competent experts (equally those from the host country and from abroad); and on the other hand, the agency should support the Russian government in transferring its knowledge, relevant experience and financial means to those states in need. After a quick evaluation of the manner in which UNIDO tries to maintain its current dialogue with Russia, one can make sure that the assumption of neoliberal institutionalists holds true. To recap, the Russian Federation has been one of the consistent and active partners of the UN industrial agency since the very first days of UNIDO's establishment, and their cooperation has been fruitful and truly diverse. On one side, Russia provides a substantial financial assistance to the initiatives and policy proposals of the Organization: in period between 2012 and 2018, this Member State contributed almost USD 17 million²⁰³, and the greatest part of these funds has been used in support of UNIDO's programmes on the development of the industrial potential in different countries, ranging from the Russia's closest partner states to the developing economies in Africa and Latin America. On the other side, the Russian Federation continues to receive a qualified international assistance that is «channeled» via the UNIDO Centre for International Industrial Cooperation. As it has been discussed above, the CIIC in Moscow has a «special» status, because it combines the duties and responsibilities performed by the Investment and Technology Promotion Offices (the platforms that help to guide potential investors by providing them with the latest information on the investment climate and economic situation in the host country) and the UNIDO Country Office, which is responsible for the implementation of UNIDO's projects in Russia. What has also been argued is that only a tiny part of all programmes that the Organization elaborated specifically for the Russian Federation were operationally fulfilled, whereas the rest of those projects were either seriously delayed in the implementation or were not result-efficient upon the time of their completion.

Here, quite a logical question may immediately arise: does that bad statistics on the implementation of the Russia-focused programmes have something to do with the «special» manner in which the State cooperates with the United Nations Industrial Development Organization? Mr. Carlos Chanduvi, a Senior Coordinator at the Climate Technology and Innovations Division of UNIDO, gives a positive response to that question. During our conversation in April 2018, Mr Chanduvi kindly shared his own experience of partnership with the Government of Russia: “For a long period of time, my division was working at the improvement of cooperation between the LAC countries and the Russian businesses. There was a number of constraints in the relations between the two sides of the dialogue... First of all, the Russian system was somehow not international, it was not really organized, there were serious barriers to trade and so forth... We believed that UNIDO could help in that case, ..., and we understood, that, first of all, there is an urgent need to work inside Russia, and our objective was bilateral. We always tried to bring some knowledge to our big partner: we brought some experienced and knowledgeable staff from the Latin America to discuss and elaborate on the networks. In order to articulate that on a daily basis, we needed a proper external platform established and guaranteed by UNIDO, the neutral brokers. **ITPO, on the other**

²⁰² United Nations Industrial Development Organization (2018) «UNIDO Statistics Data Portal».

²⁰³ United Nations Industrial Development Organization (2018) «UNIDO Open Data Platform: Russian Federation».

hand, could not do that, because it is embedded in the internal system of the country. It is there...”. When being asked specifically about his opinion on the performance of the Moscow CIIC, the official answered that “they [the ITPO in Russia] cannot show right now that they are the bridge between UNIDO and the Russian Federation, and this is what is needed most: a solid and reliable bridge for bringing knowledge both inside and outside of the country...”. In this regard, Mr Chanduvi compared the Russian case with those of the Latin America countries and subsequently claimed that, “in cooperation between UNIDO and the LAC countries, we try to bring the know-how to the Latin America, and for this purpose, we mobilize UNIDO representatives in some activities. **There is an obvious interest from the LAC side, but I would unfortunately say that the situation with Moscow is much harder**”. His opinion on Russia's performance as the donor of UNIDO was no less critical: “Even if to speak from another perspective.. when there is a donor country, and when they give the money to UNIDO, those donors would like to ensure that the companies are involved in the prescribed activities. In the case of Russia, it is not happening: they give the money to UNIDO, and the productive sector of the country does not benefit from this technical assistance. This should have been like in other Member states: for example, when there is a project for Japan, UNIDO provides the capacities to Japanese companies! This cannot be a case in Russia, probably because **the project managers have problems with approaching the ITPO in Moscow**”. When concluding, Mr Chanduvi asserted that Russia is indeed an important partner of UNIDO, both as a donor and as a recipient country, but there have also been the issues with mapping the innovations and challenges of this Member State. Quoting the official, “**there is an obstacle to properly examine the Russia's internal situation, and even the ITPO does not help a lot in this respect**”. (Full text of an interview may be found in the Appendices section, under the title “Appendix D.1. Respondent 1 Data”).

To summarise, theory of neoliberal institutionalism is truly accurate in describing various events of the international relations, including the issue of UNIDO's cooperation with the Russian Federation. As it was originally suggested, the UN industrial agency strives to assist one of its most trustworthy partners in a number of donor- and recipient- related activities, and the ITPO was established specifically for that purpose. However, their cooperation cannot be considered a full-fledged, because the CIIC in Moscow has become an integral part of the national system, and potential investors as well as the UNIDO project managers do not have a proper access to the internal situation. Example with the Latin American countries made by Mr Chanduvi helps to understand that approachment of the national structures is not always a problem: rather, it is directly related to the willingness of the target countries. Anyway, the above analysis of UNIDO's cooperation with Russia, supplemented by the reasoning of the respected UN official, is more than enough to verify the first premise of this research project: indeed, an improper representation of UNIDO on the country level inhibits all types of its cooperation with that particular country, including the results-efficient implementation of its targeted projects. Now, before the central hypothesis of this Thesis could finally be considered valid, there is one step left: to prove the soundness of the second premise, namely that the United Nations Industrial Development Organization has an improper representation within the borders of the Russian Federation.

5.2. From one field of political science to another: comparative politics, its importance and relevance.

Back in the ancient times, people were already very much concerned with the question of hierarchy in social relations. Around 2,500 years ago, a number of famous philosophers wrote their first studies, in which they attempted to use philosophical approaches for the analysis of the «newborn»

political systems (like oligarchy, tyranny, aristocracy, and democracy) that, one by one, were practiced in the ancient Greek city-states. Among them, Plato's «Republic» (a book containing Socratic argumentation on the topic of personal and political justice²⁰⁴) and Aristotle's «Politics» (a real masterpiece of political thought composed of eight separate books) became the most popular writings that basically served a foundation for all future developments in the field of political philosophy. In parallel with that, several Eastern philosophers like Chanakya and Confucius were thoroughly examining the issues of stability and political unity. From century to century, studies of the political life of human society had been keeping the form of ordinary assumptions and philosophical reasoning, and this remained unchanged up until the early mid-16th century. A truly radical shift in the entire perception of the subject of politics occurred at the turn of two significant epochs, namely the Renaissance and the Enlightenment. It was exactly during this period of time that an Italian philosopher, diplomat, politician and humanist Niccolo Machiavelli wrote «The Prince», perhaps the most influential writing of all time. In his book, Machiavelli argued that both good and evil means can be used for the preservation of a desired regime, and in this sense the author resolutely opposed Scholasticism and Catholic doctrines, which proposed the application of idealist models in the analysis of political and ethical issues²⁰⁵. The arguments laid out in «The Prince» were truly innovative: as such, the book called its readers to abandon the good-old abstract ideals and instead adopt a more realistic view on the events taking place around them. For such a pragmatic approach to the studies of politics, Machiavelli is often referred to as the «father of modern political science», and, back in the epoch of Renaissance, his unprecedented judgements about the empirical observation of political governments and institutions caused a genuine interest among his followers. «Evolution» of political thinking continued throughout a second half of the 16th century and culminated in the early 17th century, when completely new interpretations of the reality and human essence began to emerge one after another. Due to having backgrounds in natural and technical sciences, most of the Enlightenment authors and thinkers treated scientific progress as the way towards a long-awaited freedom of thought and emancipation from the «fetters» of traditional authorities. This «scientific worldview» indeed had a very strong spillover effect on the general political reasoning of that time: in their publications, writers like Jean-Jacques Rousseau, Voltaire, Locke and Montesquieu repeatedly criticised the concept of the divine right of the kings and instead proposed that the phenomena of «state» and «government» were separated from each other. Another famous opposer of the divine authority was Thomas Hobbes, who, in his social contract theory, explained that the establishment of some form of the government was nothing else but the conclusion of a contract between, on one hand, the individuals that agreed to surrender some parts of their freedom, and, on the other hand, members of the selected government, which now were responsible for the protection of the remaining freedoms of those individuals²⁰⁶. Despite such a remarkable breakthrough in the understanding of power relationships, political science still remained highly interlinked with the ancient Greek and Roman works. It was only with the coming of the Industrial revolution in the early 19th century that political science could finally detach itself from political philosophy and become an independent field of studies of an individual behavior and government institutions.

Contemporary political science is classified as a social science that strives to examine various types of political thoughts and activities within the specifically predefined theoretical frameworks. When trying to give a comprehensive description to the concept of political science, the Writing Centre of the University of North Carolina noticed a very interesting thing: although political scholars are

²⁰⁴ Hendrik, L. (2009) «Ancient Theories of Soul».

²⁰⁵ Bireley, R. (1990) «*The Counter-Reformation Prince: Anti-Machiavellianism or Catholic Statecraft in Early Modern Europe*».

²⁰⁶ Gough, J.W. (1936) «*The Social Contract*», pp. 2-3.

very much inclined to all kinds of disputes and dissensions, they try very hard to imitate the objectivity and methodological accuracy that are typically present at the so-called «hard» sciences like chemistry and physics²⁰⁷. For this reason, political science is usually considered to be a genuine science, and political scholars are treated as the real «scientists» that strive to investigate the complex relationships underlying different political activities, and, based on their findings, create more general principles for the analysis of a huge political world²⁰⁸. Being an intellectually rigorous discipline, political science accounts for a big number of subfields, among which one can find an area of research that is commonly known under the name of «comparative politics». Like the origins of an overall modern political science, the very first roots of comparative politics can be traced back to the Renaissance and, more specifically, to the works of Niccolò Machiavelli. We all have learnt from the history books that the Renaissance was a period of history when the long-standing natural law was in a serious decline, and thousands of people began to shift their focus to the provisions of a positivist approach. During that period of time, numerous scholars began to view the state as a «work of art» (i.e. something that was created rather than something that existed per se), and due to the fact that separate governments were created in different conditions (that is, by different groups of people and with reference to different methods of distribution of power), the state was, in itself, a perfect subject for «reflection and calculation»²⁰⁹. As a result, the ongoing wide-scale examinations of political events were complemented by a more narrow investigation of specific experiences (e.g. overview of the processes that occurred in a single government), and, taken together, these two approaches formed the basis for a very first version of comparative political studies.

Unlike Machiavelli, who perceived any government as a product of the human nature, the great minds of the Enlightenment (most notably, Montesquieu) believed that the state was a «governmental structure» that emerged in the confluence of specific sociological and ecological circumstances²¹⁰. In his paper titled «The Spirit of the Law», Baron de Montesquieu listed several factors upon which structures of the governments could be significantly conditioned, and those included economic aspects (trade, commerce, poverty rates etc.), ecological factors (such as soil, climate, and population), as well as social and cultural features (morals, religion, «relations between the sexes» and so forth)²¹¹. Someone familiar with the recent comparative approach would now realize how much Montesquieu's idea about the «conditionality» of political systems resembles the principles that lie at the heart of the modern comparative politics. The last but no less important strokes to comparative political studies were added during the two revolutions of the 20th century, namely, the behavioral revolution, which began immediately after the end of the Second World War and lasted until the mid-1960s, and the scientific one, which emerged in the 1980s and, according to some opinions, has not finished yet. While behavioralism made comparative analysis more susceptible to the influence of theoretical frameworks from other areas (especially to that of sociology) and extended the scope of empirical observations from traditional European countries to newly independent states in Asia and Latin America²¹², the second scientific revolution successfully complemented the ideas of comparativists with a more profound conceptualization of the research methodologies (that is, quantitative and qualitative ones) and provisions of the rational choice theory²¹³. As one can see, not only political science itself, but also its subfields have a centuries-old

²⁰⁷ University of North Carolina, Writing Center (1999) «What is scientific about political science?».

²⁰⁸ *Ibid.*

²⁰⁹ Eckstein, H. (1991) «*Regarding Politics: Essays on Political Theory, Stability, and Change*», p. 68.

²¹⁰ *Ibid.*, p. 68.

²¹¹ *Ibid.*

²¹² Munck, G.L. (2006) «The Past and Present of Comparative Politics», p. 11.

²¹³ *Ibid.*, p. 21.

history, and comparative politics, in particular, had to overcome a long way full of constant modifications before it could finally acquire its current form.

Today, comparative politics represents an important subfield of political science that focuses on a thorough examination of various political, economic, and social phenomena by means of a consistent inter- and intra-state comparisons. Arend Lipjhart, one of the most well-known political scientists of the modernity, contrasted comparative politics to the other areas of political studies (such as international relations, public choice or political economy); he argued that, unlike the rest of the fields, which tend to focus on the object of their observations, comparative politics makes an emphasis on the methodology, i.e. on the «how of its research», and does not specify the «what of the analysis»²¹⁴. In other words, comparative politics helps to carry out empirical observations of different institutions and policies on the basis of a single technique, which is called a comparative method. Similar to other three types of the scientific inquiry- which are statistics, experiment, and case study,- comparative method can be used for testing the hypothesis, or, in other words, for checking the relationships that exists between two or more variables while all other concepts are held constant²¹⁵. When trying to verify or refute the validity of certain theoretical propositions, the researchers may employ one of the two strategies that are most frequently used in terms of comparative studies, basically known as the Most Similar Systems Design (MSSD) and the Most Different Systems Design (MDSD).

To expand, MSSD, also known as Mill's Method of Difference, implies a comparison of two or more very similar cases, in which only the dependent variable is different. In order to understand what causes such a difference in the outcomes, the scholar who decided to adopt the Most Similar Systems Design begins with the observation of a set of similar characteristics (also called the «control variables») while all other irrelevant variables are held constant so that they do not bring greater uncertainty and confusion in the ongoing process of investigation²¹⁶. Prior to the adoption of the MSSD and selections of cases, the researcher has an opportunity to decide whether he/she prefers a strict application (i.e. to examine the cases that are extremely similar in terms of control variables and differ only in the dependent variable) of this strategy or rather chooses a looser application of it (that is, to choose countries that share similar characteristics, but those characteristics do not strictly correspond with a set of control variables)²¹⁷. Unlike the MSSD, the second strategy (MDSD, or Mill's Method of Similarity) brings into comparison that have nothing else in common but the outcome (i.e. the dependent variable), and the main task of a scholar will be to identify what other factor (or the independent variable) these dissimilar cases have in common. A number of political scientists share an opinion that the Most Different Systems Design was elaborated in order to counterbalance the drawbacks of the MSSD, which was proven to be of a limited applicability (meaning that, in practice, there are not so many cases that will perfectly share a set of control variables). In contrast, John Stuart Mill, the very founder of the comparative strategies, gave priority to the Method of Difference, arguing that the Most Similar Systems Design possessed a much more reliable evidence for making conclusions on the observed causal relationships²¹⁸. Regardless of all their possible shortcomings, both comparative strategies are equally often used in the analysis of various economic, social, religious, political and cultural

²¹⁴ Lipjhart, A. (1971) «Comparative Politics and the comparative method», p. 684.

²¹⁵ Lipjhart, A. (1971) «Comparative Politics and the comparative method», p. 683.

²¹⁶ Carsten, A. (2008) «On the Applicability of the Most Similar Systems Design and the Most Different Systems Design in Comparative Research», pp. 392-394.

²¹⁷ *Ibid.*

²¹⁸ Newton et al (2009) «*Foundations of Comparative Politics*», p. 407.

developments. For instance, the Most Similar Systems Design was once used for the examination of revolutionary movements in six separate Latin American countries that were similar in all control variables but not the type of the key peasant groups²¹⁹. In turn, the Most Different Systems Design was applied to the investigation of the cause of large-scale ethnocentrism in several highly distinct Nordic countries²²⁰. There were even situations when the scholars consistently applied both comparative strategies: as such, in their investigations of democratic transitions, Linz and Stepan first used the MSSD to check the fluctuations of democracy within the four regions (namely, Europe, Eastern Europe, Southern Europe and South America) and then adopted the MDSD in order to observe democratic consolidations across the same regions²²¹. Judging by a number of recently published comparative studies, both strategies have stood the test of the time and can be easily applied to various types of political inquiries.

5.3. Adopting the Most Similar Systems Design: UNIDO in Russia VS UNIDO in China.

In the paragraphs above, the researcher has clearly proved that, up to date, comparative politics continues to be one of the most important and useful fields of political science. After the careful consideration of the popular scholarly opinions on the accuracy and validity of the findings generated by a comparative method, the author decided that reference towards one of the methods of comparative politics could be truly helpful in terms of this research project for two different reasons. Firstly, the primary purpose of a comparative political approach (to recap, it is the examination of a causal linkage between the two or more variables) perfectly corresponds with the main objective of the paper (which is to prove that there is a strong positive correlation between the model of UNIDO's representation at the country level and effectiveness of the implementation of UNIDO projects and policy proposals within the same country). Secondly, incorporation of the Russian case study within comparative frameworks will help the writer (and her readers as well) in gaining a more objective visual understanding of the problems that the United Nations Industrial Development Organization regularly encounters within the national boundaries of its biggest Member State.

Logically enough, the performance of a more or less rigorous and consistent assessment requires that the researcher first selects an appropriate comparative strategy (either MSSD or MDSD) and chooses at least two countries that would be most «convenient» in terms of the planned analysis. In response to the first requirement, the author had to keep in mind the fact of «uniqueness» of the manner in which the Organization is represented in Moscow. Due to its special status, the Centre for International Industrial Cooperation does not resemble any other ITPOs; hence, the adoption of the Most Different Systems Design is highly ineligible for a type of research that seeks to prove a causal effect of a specific type of UNIDO's representation on the implementation of its projects. Hence, the writer's choice fell on the **Most Similar Systems Design**, because at least it sounded feasible to find a country that would share several common features with the Russian Federation in terms of their membership in the UN industrial agency. Among the rest eight states that also host the Investment and Technology Promotion Offices, the **People's Republic of China** is most suitable for being compared and contrasted to the Russian case: the two countries do not simply coincide in terms of the set of controlled variables (which will be discussed a bit later), but they are also quite similar in respect with several disregarded/uncontrolled factors (such as geographical locations and structure of domestic political systems). Finally, the writer decided to conduct a strict

²¹⁹ Wickham-Crowley, T. (1993) «*Guerrillas and Revolution in Latin America*».

²²⁰ Anckar et al (1993) «Comparative Research in the Nordic Countries: Overcoming Ethnocentrism?».

²²¹ Linz, J.J., and Stepan, A. (1996) «*Problems of Democratic Transition and Consolidation*».

application of the MSSD and thus has predefined six control variables (they are: level of country's industrialization; level of income; membership in UNIDO; form of cooperation with the Organization; model of UNIDO's representation at the country level; and separation of functions between different UNIDO institutions present at the country level), among which only one (that is, separation of functions between different forms of UNIDO's representation at the country level) will not be similar across the two observed states.

Last but not least thing to be checked before the comparison could finally be made is whether the cases of the Russian Federation and the People's Republic of China differ in terms of dependent variables (that is, in terms of the effectiveness of the implementation of UNIDO's projects at the country level). Quite a lot has been already said about the «poor» statistics of the project execution within Russia: as explicitly stated in Chapter 3.3, out of all twelve UNIDO programmes so far elaborated for the Government of Russia, less than 30 per cent have been «operationally completed», whereas eight others either failed to meet the due date or were implemented with a seriously exceeding amount of fiscal assistance. In terms of the very same process of the project implementation at the country level, the situation with China seems to be much more promising. According to the data available at the UNIDO Open Data Platform, four diverse projects have been offered to the Chinese leadership by the UN industrial agency in period between June 2009-October 2017, and ALL four projects have received the status of operationally completed ones, without exceeding either the proposed budgetary limit or the estimated timeline²²². This remarkable progress (100% implementation effectiveness) is complemented by most recent achievements: as of today, China has 28 ongoing projects, with some of them proposed to be completed by 2021; among these programmes, several of policy frameworks have been already half implemented²²³. Perhaps, these findings would be sufficient to realize that the Russian Federation and China are completely different in terms of the result-efficient project implementation process.

A concise summary of the results of the comparative analysis is set out in the Table 1. As we can see, both Russia and the People's Republic of China belong to the group of 168 Member States of the United Nations Industrial Development Organization. More to say, these two countries were among the first eighty governments that stood in favour of UNIDO's conversion from a special organ of the General Assembly to a specialized agency of the United Nations. Accordingly, both China and the Russian Federation deposited their instruments of ratification/acceptance/approval on 21 June 1985 (See «Appendix A: Member States of UNIDO»). A lot of similarities have also been detected in terms of the economic and industrial development of the selected case studies. To clarify, UNIDO's classification of countries by level of industrialization is made on the basis of a common measure,- the manufacturing value-added (MVA), which stands for a total net-output produced by all manufacturing entities within a specific country²²⁴. In other words, MVA per capita implies the volume of the national industrial output «deflated» to the size of the state's population²²⁵. Over the past several years, the MVA per capita has been constantly used in the number of statistical publication on industrial development, and it continues to be the main indicator on the basis of which the Statistics Division of UNIDO categorizes the countries in four different groupings (namely, industrialized economies; emerging industrial economies; other developing economies; and least developed countries (LDCs)²²⁶. In particular, the Statistics

²²² United Nations Industrial Development Organization (2018) «UNIDO Open Data Platform: China».

²²³ *Ibid.*

²²⁴ United Nations Industrial Development Organization (2016) «What is Manufacturing value-added?».

²²⁵ United Nations Industrial Development Organization (2013) «Country Grouping in UNIDO Statistics», p. 5.

²²⁶ *Ibid.*, p. 8.

Division claimed that, in order to be classified as the industrialized economy, the State has to either exceed the MVA threshold of USD 2500²²⁷. Both China and Russia seem to have easily fulfilled the criteria necessary for getting into the ranks of industrialized economies. As of 2016, People's Republic of China possessed the MVA per capita equivalent to 2999 US, and its GDP annual growth rate exceeded 6.5 per cent²²⁸. In the same year, Chinese economy was placed third out of 148 states in terms of the Competitive Industrial Performance Index²²⁹. Although the Russian Federation had not demonstrated significant progress in terms of the manufacturing value-added (in 2016, Russia's MVA per capita was only USD 1410 instead of a required minimum of USD 2500), it nevertheless appeared in the top-35 developed countries, what could not but allow it to be classified as the industrialized Member State of UNIDO²³⁰. Not much difference has been either detected between the levels of income in these two countries: following the same Competitive Industrial Performance Indexes, both Russia and China belonged to the category of countries with the upper middle income levels²³¹. Now, after half of the set has been checked through, there are three other control variables that have to be examined: form of state's cooperation with UNIDO, presence of the Organization at the country level and, most importantly, the way in which all UNIDO institutions present at the country level manage to divide their duties and responsibilities.

A lot has been already said before about the two major directions in which the Russian Federation carries out its collaboration with the United Nations Industrial Development Organization. Nevertheless, for the sake of the integrity of the ongoing comparative analysis, it makes sense to provide this information here once again. Nowadays, the Russian Federation is among top ten donor governments, and, in the past nine years, its annual voluntary contribution to the Industrial Development Fund amounted to more than USD 2.5 million. However, being one of the largest UNIDO donors does not prevent Russia from receiving qualified technological and industrial assistance from the Organization: over the past eighteen years, sixteen different projects have been thoroughly elaborated and proposed by the UN industrial agency. Interesting fact is that all of the five projects currently ongoing within the territory of the Russian Federation are focused on the fulfilment of the third ISID priority, that is, «safeguarding the environment»²³². Above all, the Government of Russia continues, with great pleasure, to host numerous UNIDO's events that are, to a varying degree, related to the general process of the accomplishment of the Post-2015 Agenda. Ultimately, we can conclude that today's Russia combines the statuses of a successful donor and an enthusiastic recipient of UNIDO's knowledge and expertise in the field of industrial development and manufacturing. Practically the same things can be said about the present cooperation between the United Nations Industrial Development Organization and the People's Republic of China. Like the Russian Federation, Chinese government appears in the top ten donors of the Organization in 2016: more specifically, it occupied the sixth place, with its shares in the total budgetary and voluntary contributions exceeding 8.5 per cent (see Figure 3.7). In period between 2014 and 2018, China has contributed more than USD 14 million, and, as it may have already been guessed, the greatest part of its financial assistance is spent on the implementation of numerous projects (as of today, PRC has funded 32 UNIDO programmes) across all over the world²³³. Simultaneously, China does not mind getting technical and industrial support from the Organization, and this assistance mostly comes in a form of the good-old country-specific, inter-regional or relevant global projects. As of today, 28 projects are being implemented within the People's Republic of China,

²²⁷ *Ibid.*

²²⁸ United Nations Industrial Development Organization (2018) «UNIDO Statistics Data Portal».

²²⁹ UNIDO (2016) «Competitive Industrial Performance Index: China».

²³⁰ UNIDO (2016) «Competitive Industrial Performance Index: Russian Federation».

²³¹ *Ibid.*

²³² United Nations Industrial Development Organization (2018) «UNIDO Open Data Platform: Russian Federation».

²³³ United Nations Industrial Development Organization (2018) «UNIDO Open Data Platform: China».

and, exactly like in the case with Russia, most of these policy frameworks are directed at «safeguarding the environment».

Two final control variables left without consideration are related to UNIDO's representation at the country level. To recap, Section 3.3 of the Chapter 3 provides a brief yet quite explicit observation of different forms in which the Organization is eager to support state's industrialization-related initiatives and also attract the potential investors from the abroad. One of such opportunities is offered by the Investment and Technology Promotion Offices (ITPOs), and this is exactly a type of partnership that has been selected both by the Government of Russia and the People's Republic of China. Despite the obvious difference in their official names (the UNIDO Centre for International Industrial Cooperation in the Russian Federation versus the UNIDO ITPO China in Beijing), both Offices strongly resemble each other in terms of the duties originally assigned to them. Exactly like the Moscow CIIC, the ITPO in Beijing is supposed to provide most recent information on the technological facilities and help with the management of the potential sources of investment, be it a foreign direct investment or financial support from the national entities²³⁴. Furthermore, both ITPOs have been established roughly at the same time, with the UNIDO CIIC Moscow being founded in 1989 and the Chinese ITPO origins dating back to the 1990²³⁵.

However, UNIDO's capacities of integration at the country level are not just restricted to the regional forums, networks and platforms like the Investment and Technology Promotion Offices. As indicated at the official website of the UN industrial agency, the Organization has a huge number of options with which it can ensure itself a more durable and coherent presence at the field. Among such options are the UNIDO Country Offices (COs), UNIDO Focal Points and UNIDO Desks²³⁶. This is where the first drastic difference between the Russian Federation and People's Republic of China is revealed: as such, UNIDO does not explicitly maintain either the Country Office or the Desk within the territories of Russia, whereas both of these models are present at China²³⁷. However, this is exactly the moment to remember that the UNIDO Centre for International Industrial Cooperation in the Russian Federation has received a «special» status. According to the report conducted by the UNIDO Evaluation Group, since the very first days of its establishment, the Moscow CIIC possessed a slightly wider mandate than those of the typical Investment and Technology Promotion Offices: with the passage of time, the mandate has been subject to fundamental modifications, what ultimately led to granting the Director of the Centre the status of the UNIDO National Focal Point, as well as allowed for the Moscow ITPO to be recognised as a de-facto CO of the UN Industrial agency²³⁸. As a result, even though there is no effective UNIDO Country Office in Moscow, and the duties of the Focal Point are executed by Mr. Korotkov, the Director of the UNIDO CIIC, we still would have to follow the internationally accepted version and admit that the United Nations Industrial Development Organization has established three models of presence within the Russian Federation.

Nevertheless, even if we could not find a fault with the form in which the United Nations Industrial Development Organization is currently being represented within the Russian Federation, we could surely point at the inadequate separation of functions between those «overlapping» models. According to the opinion provided by the UNIDO Evaluation Group, the Director of the Moscow

²³⁴ United Nations Industrial Development Organization (2018) «ITPO China (Beijing): General information».

²³⁵ *Ibid.*

²³⁶ United Nations Industrial Development Organization (2018) «UNIDO offices worldwide».

²³⁷ UNIDO (2018) «China: Regional offices China».

²³⁸ UNIDO Evaluation Group (2014) «*Independent UNIDO Country Evaluation: Russian Federation*», p. 2.

CIIC has to simultaneously fulfill the duties and responsibilities that would have been otherwise separately carried out by three distinct and well-established UN offices and subsidiary bodies. Yet as the Russian Investment and Technology Promotion Office is also asserted to function as the National Focal Point and the UNIDO Country Office, the CIIC leadership (which is fulfilled by a single person, namely Mr Korotkov) has to deal not only with the coordination and monitoring of UNIDO's projects, but also to control the mobilisation of funds and perform as an effective representative of the Organization²³⁹. Another negative effect of such «overlap» in functions is the complete isolation of the Moscow ITPO from the external support and UNIDO itself, which prevents the access of foreign experts as well as limits the opportunities for training of the local staff. When being asked to express his opinion on the institutional representation of UNIDO at the Russian national level, one of the interviewees explicitly stated: «In order to articulate the necessary transferring of knowledge on a daily basis, we needed a proper external platform established and guaranteed by UNIDO, the neutral brokers. ITPO, on the other hand, could not do that, because it is **embedded in the internal system of the country**. It is there. But due to the complicated geopolitical situation, especially nowadays, the **official would prefer to go through the external platform**, while the ITPO could work more at the promotion of internal knowledge and expertise... I would not blame only the ITPO in this situation. Perhaps, this is a sort of unawareness of what UNIDO can offer. Anyway, most of the ITPOs work in the same manner. If you look at the ITPO in Bahrain, it is completely independent. They have a local staff, they have their own money, and if (if!) they manage to get a contact with the UNIDO experts, of course they will use it. It's not mostly a matter of the ITPO, it's a matter of the ability to send the information about the services and methodologies that UNIDO has to offer to the country in a reasonable manner, so that the state is aware of that.... I would say that it's an issue of the organization of the ITPO itself. Majorly, it is an obstacle for UNIDO getting inside there and systematising everything. If, for instance, I was there, I could localize certain areas of knowledge there, or I could work at making the partnerships between the foreign units and the Russian universities more effective, with the regular flow of students working at particular topics. This all is a matter of systematizing. The ITPO in Moscow is not working because there is no proper arrangement within the Office» (See Appendix D.1).

In stark contrast to the situation within the Russian Federation, there is no such type of a “confusion” between the performance of the implementing and executive UNIDO agencies in China. As broadly explained in the publication on UNIDO-Chinese cooperation, each of the three models of the Organization at the country level are performing exactly those duties and functions that were originally prescribed by their mandates and Terms of Reference. As such, the UNIDO Country Office is responsible for the monitoring and coordination of UNIDO projects and activities within the national boundaries²⁴⁰, National Focal Point carries out the functions of UNIDO's representation within the state, and, finally, the Investment and Technology Promotion Office is doing what it is actually supposed to do, - namely, providing an updated information on the technological facilities and industrial developments, as well as coordinating potential sources of investment²⁴¹. To summarise, UNIDO's representation at the Russian country level proves to be an improper one, as there is an obvious absence in the clear-cut separation of responsibilities that should be otherwise fulfilled by three separate bodies. Finally, there is a strong basis for the acknowledgement of the validity of the main hypothesis: indeed, it is an improper representation of UNIDO on the Russian national level that inhibits all types of its cooperation with this particular country, including the results-efficient implementation of its targeted projects.

²³⁹ UNIDO Evaluation Group (2014) «*Independent UNIDO Country Evaluation: Russian Federation*», p. 50.

²⁴⁰ UNIDO (2016) «Marking the 50th Anniversary: UNIDO and China», p. 79.

²⁴¹ *Ibid*, p. 80.

	Russian Federation	People's Republic of China
Level of industrialization	Industrialized	Industrialized
Level of income	Upper middle	Upper middle
Member State of UNIDO	Yes	Yes
Form of cooperation	Donor + recipient	Donor + recipient
UNIDO's presence at the country level	Country Office, Focal Point & ITPO	Country Office, Focal Point & ITPO
Separation of functions between the UNIDO institutions at the country level	No	Yes
Effectiveness of project management	Low effectiveness	High effectiveness

Table 1: *Using Most Similar Systems Design (MSSD) to explain differences in the effectiveness of UNIDO's projects implementation in two different Member States.*

CHAPTER 6. CONCLUSION.

6.1. Interpretation of the findings.

At the very beginning of the research process, the author clearly stated that his primary purpose was to prove the presence of a strong causal relationship between the two separate concepts. In particular, the aim was to demonstrate that the improper representation of the United Nations Industrial Development Organization at the Russian national level was responsible for the extremely bad statistics in regard to the implementation of UNIDO projects targeted at the improvement of economic, social and environmental situation within the territories of Russia. Certainly, the author had accomplished his goal and have proved that significant confusion in the responsibilities of the Investment and Technologies Promotion Office of Moscow prevents the national as well as foreign qualified experts from a desired results-efficient implementation of the UNIDO projects. Due to a well-structured pattern of reasoning (to remind, the central hypothesis was a logical outflow of the deductive reasoning, which in turn was based on two premises). When consulting Chapter 2 of the current Thesis, it is quite obvious that an author chose to follow a deductive logic and, in his argumentation, to follow from the relatively general ideas to more specific conclusions.

The first argument that had to be proven was that, in general, international organizations, like the United Nations and the WTO, have a serious impact on the domestic policy-making process. In order to prove this premise, the write chose to rely on the assumptions of a neoliberal institutionalist theoretical framework. Being a relatively new IR approach, neoliberal institutionalism provides quite a rigorous and comprehensive interpretation of the current realities: in particular, its assumptions on the possibilities of cooperation in the conditions of an anarchic international realm seem to coincide very much with the events that we evidence in the day-to-day modern global politics. Specifically, the role of the United Nations Industrial Development Organization as a “watchdog” of an international industrial development now becomes indisputable. Accordingly, the author adopted the logic of comparative method in order to check the validity of her second premise, namely that UNIDO is improperly represented within the territories of the Russian Federation. This has been done with the help of Most Similar Systems Design, which tends to compare two or more case studies that share a lot of common features except for an independent variable (or the “cause” factor). After having conducted a thorough and explicit comparative analysis, the researcher concluded that both cases of

comparison were truly alike in terms of their membership in UNIDO, but what was different is the separation of functions between the various models of UNIDO's representation at the country level. As both premises proved to be sound, the author could finally verify her initial hypothesis.

However, a profound work done by the author of this Thesis allows her readers to gain a much more comprehensive understanding of the important role played by the UN industrial agency in the contemporary international relations. Prior to the initiation of her basic analysis, the researcher preferred to gain a full-fledged understanding of how the United Nations Industrial Development Organization came to exist, how has it been evolving over time, what challenges it had to face, and in what way the events of the past have affected today's Organization. Trying to get the most accurate and, at the same time, detailed information about UNIDO, the author was consulting a huge number of various resources, and subsequently combined most important pieces of data into a full-fledged, consistent image. As such, the sources range from international publications of UNIDO and the official documents from the meetings of UNIDO's principal organs and political bodies (such as the General Conference and Programme and Budget Committee) to the relevant newspaper articles and speeches given by the authorities both on behalf of the UN industrial agency and the Russian Federation.

First of all, it should be noticed that, since the very first day of its establishment as a special organ of the General Assembly, UNIDO has been subject, not once and not twice, to a serious criticism on behalf of industrialized countries. Despite a huge skepticism in the usefulness of a special industrial agency and considerable doubts in the necessity of having a multilateral industrial policies per se, the Organization has firmly stood the test of the time and proved its adherence to the global political realm. The 1985 conversion of UNIDO into a United Nations specialised agency was reached with “sweat and blood”, but just a few years later, the Organization's mandate has been considerably widened, and previous skeptics were not the most enthusiastic ones about the policies that UNIDO offered in regard to the implementation of concept of sustainable development.

Hardly anyone would deny the fact that, today, the United Nations Industrial Development Organization can be considered one of the most active and creative proponents of the Sustainable Development Goals. Striving to contribute to the implementation of the Post-2015 Development Agenda by the target Date of December 2030, the Organization attempts to intensify its cooperation with the other global players, starting from the private entities and ending by the sovereign countries. In regard with the latter, the UN industrial agency has been offering its Member States to host a number of regional forums and meetings of the technical experts. However, as some of the governments claimed for the more durable forms of cooperation, UNIDO began to offer a number of diverse networks and platforms, including the most popular option of the Investment and Technology Promotion Offices. This specific form of a dialogue was also selected by the Russian Federation, one of the greatest donors and simply a faithful companion of the UN industrial agency.

Back in the late 1960s, the Soviet Union was one of the major supporters of the establishment of an industry-specific organ of the General Assembly. The country showed its adherence to the idea of a global industrial cooperation in the 1980s, and its partially upon the initiative of the Soviet leadership that UNIDO was transformed into the sixteenth specialized agency of the United Nations. Many years have passed, but the UNIDO-Russian dialogue does not weaken: on the contrary, year by year, both sides of the dialogue find new areas for cooperation with each other. Similar to its predecessor, the Russian Federation continues to support the wide-scale initiatives the Organization with considerable amounts of assessed and voluntary contributions. In its turn, the UN industrial agency is eager to provide technical assistance and knowledge to the Government of Russia, as well as to help it with attractive potential investment sources via the old-good CIIC.

Despite resembling the most basic features of the typical ITPO, the UNIDO Centre for the International Industrial Cooperation in the Russian Federation had a much broader scope of functioning than the similar Offices established all across the world. Besides, the Office did not seem to be very successful at the coordination and monitoring of the UNIDO projects specifically designed for Russia. Trying to examine

whether the inability of ensuring the results-efficient project implementation, the author held a comparative analysis, during which the cases of the Russian Federation and the People's Republic of China were gradually analysed with the help of a special set of control variables. In the end, the application of the Most Similar Systems Design has proven to be a right decision: the analysis has proven that Russia and China share a lot of common in terms of their membership at the UN industrial agency. The only distinct feature detected was the way in which the models of UNIDO representation at the country level were carrying out their duties. While in China there was a clear-cut separation of responsibilities between the Country Office, ITPO and the Focal Point, the functions assigned to all three types of UNIDO representation within the Russian Federation were actually covered by one single person. Such a confusing overlap between the executive and implementation agencies not only inhibited a proper implementation of the numerous target projects, but also created a serious obstacle for proper cooperation between the Russian Federation and its potential partners. In itself, the CIIC Moscow no longer corresponds with the shifting political and economic realities, and, if not addressed in the foreseeable future, this situation could become a real obstacle to the desired implementation of the Sustainable Development Goals and long-awaited achievement of the Inclusive and Sustainable Industrial Development.

6.2. Instructions for use: what is the helpfulness of the research done?

Day after day, millions of people face the escalation of the global tensions. Thousands of TV programmes and newspapers repeatedly notify about the new reasons for contentions in the seemingly stable and promising inter-state communications. We have to admit that the second decade of a new millenium is overloaded with the events that, in one way or another, tend to check the durability of a multinational dialogue, and, however sad it may sound, the international architecture does not prove to be as stable and unshakeable as it seemed to be just a few years ago. One of the main reasons for concern is an obvious deterioration of a dialogue between the Western hemisphere and the Russian Federation: although their relations could have never been called the “friendly” ones, and both sides always had the deep-rooted cultural, historical, and social discrepancies, there have surely been “glimpses of hope” for the reapproachement of the long-standing rivals in the early 21st century. To a greater extent, their sudden desire to put numerous controversies to the background and try at least to listen to each other was explained by the recognition of the unavoidability of interdependence, and hence inability to provide an adequate response to the rising global challenges without a proper international consideration of those challenges. There is a famous Russian saying: “nothing brings people together so much as their common failures and misfortunes”. Either fortunately or unfortunately, but this thought most certainly finds reflection in the Western-Russian dialogue of the early 2000s: the disastrous attacks of 9/11, the 2004 Indian Ocean tsunami, hurricane Cathrine, instabilities in the Middle East, climate change,- the impacts of these events have been unevenly distributed across the globe, but they all have equally caused serious disturbances across different members of the world community, and, ultimately, made them realize that preparation of an effective global joint response could no longer be kept on the back burner.

Beyond any doubts, the period 2000-2010 has been very fruitful in terms of deals and agreements reached between the “victims” of an enduring rivalry, the West and the Russian Federation. However, starting with the early 2010s, the overall atmosphere of this bilateral conversation does not seem anymore to be that cloudless as it was hoped for. Dispute on the legality of the annexation of Crimea followed by the rounds of sanctions and restrictive political measures in respect of each other's officials already brought huge amount of instability in the international dialogue. Yet with the passage of time, it became clear that the Crimea-related events were only “for the starters”, and the real culmination of the Western-Russian dialogue was still ahead. The ongoing notorious events in Syria, banning of the Russians from the 2018 winter Olympics, Skripal poisoning, expulsion of

Russian diplomats from the USA, UK, and several European countries,- this all has come to demonstrate that the apple of discord is no longer attributed to one specific area of cooperation, and political disagreements have spilled over to the field of economics, culture and sports, what has been, presumably, least expected up-to-date.

The most disturbing fact around all this situation is that, although the Russian Federation and its Western counterparts cease to cooperate, the challenges that they have to address by means of a joint effort not only do not disappear in themselves, but also seem to increase in their amount and scale of impact. Ultimately, there seems to be nothing left but to find the strongest and most durable “points of contact”, which will, in the foreseeable future, serve an impetus for a resumption of the process of gradual rapprochement. As of today, such “point of contact” could certainly be an issue of poverty elimination and gradual industrialization all across the world. In comparative terms, both the Western hemisphere and the Russian Federation seems to possess necessary amount of knowledge and expertise such as to assist, if not each other, but those countries most in need, including the least developed economies of Africa and Asia. Still, the immediate connection cannot be established at once, especially between the two sides that, throughout the past few decades, have been subject to serious contradictions with each other. Instead, there is an obvious need for a well-defined, clearly established, neutral international platform that would become a kind of a bridge” between the competing but equally influential and thus indispensable parts of the international community. Over the course of the past 60 years, notwithstanding a lot of challenges in terms of its membership, scope of functioning and set of activities, UNIDO has proven to be such kind of a bridge. We cannot obviously deny that the United States of America, the UK and some other Western countries are no longer the Member states of this UN industrial agency, each of them for their specific reasons. Nevertheless, the obvious majority of Western states are still faithful to the mandate and programmes of the Organization, as well as the Russian Federation is.

Being quite a “hard” player of the international community to collaborate with, the Government of Russia, nevertheless, proves quite the converse in terms of its membership in the United Nations Industrial Development Organization. Nowadays, the country continues to be one of the greatest donors of the agency, having contributed almost 6 million dollars only in this year. To dispell all doubts about the solely “political” intentions behind its financial and technical support to the institution, it is enough to say that the projects assisted by Russia are very diverse in their geographical scope, ranging from Ethiopia to the CIS states and Latin American countries. The willingness to help the millions of people across the world seems to be relatively “innocent” in its essence, and this is a crucial signal that the Russian Federation can be, and certainly should be cooperated with. Moreover, judging by the comments provided by several UNIDO officials, it would be quite hard to deal with any international issues without a proper coordination with Russia, and this is not solely limited to the industry-related challenges. Indeed, we can no longer ignore the fact that the Russian Federation is a too important player to be ignored. This was one of the primary intentions of this paper, - to prove that, however complicated and unreachable it may seem to be, but gradual and mutually beneficial cooperation with the “isolated” Russia is possible, and the UNIDO-Russian relations are a perfect example of it.

Of course, none of the phenomenon can be purely “black” or purely “white”, and there are always two sides of the same coin. UNIDO-Russian relations are not an exception: although Moscow seems to be a perfect partner in terms of its contribution to the foreign activities, it still proves to be not so eager to let in the international assistance and experts from the abroad to its internal affairs. It

is perfectly understood what excuses would the Russian authorities provide if once posed a question of admission of an international staff to their domestic issues: no one would even try to undermine the fact that, despite a rise of interconnectedness and considerable impact made by the transnational communications, the sovereign states still continue to be the major players of global politics, and provisions of the Westphalian order are still very much in force. Perhaps, the results of the above findings will make some relevant officials less resistant in their perception of the international relations and finally help to realize that one-way track is not the best choice for today, and once, unwillingness to adjust your own concerns to a global political architecture may seriously shaken your sacred domestic principles.

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APPENDICES

APPENDIX A. MEMBER STATES OF UNIDO

Today, 168 countries are Member States of the United Nations Industrial Development Organization. Among them, there are 72 first Member States that deposited the instruments of ratification, approval and acceptance on 21 June 1985, i.e. on the day when Constitution of UNIDO entered into force.

Member State	Date of membership
Afghanistan	21. 06.1985
Albania	19.04.1988
Algeria	21.06.1985
Angola	09.08.1985
Argentina	21.06.1985
Armenia	12.05.1992
Austria	21.06.1985
Azerbaijan	23.11.1993
Bahamas	13.11.1986
Bahrain	04.04.1986
Bangladesh	28.06.1985
Barbados	21.06.1985
Belarus	21.06.1985
Belize	27.02.1986
Benin	8.08.1985
Bhutan	23.08.1985
Bolivia (Plurinational State of)	21.06.1985
Bosnia and Herzegovina	01.10.1992
Botswana	21.06.1985
Brazil	21.06.1985
Bulgaria	21.06.1985
Burkina Faso	16.07.1985
Burundi	09.08.1985

Cabo Verde	21.06.1985
Cambodia	18.09.1995
Cameroon	21.06.1985
Central African Republic	09.01.1986
Chad	22.08.1991
Chile	21.06.1985
China	21.06.1985
Colombia	30.07.1985
Comoros	09.01.1986
Congo	12.07.1985
Costa Rica	26.10.1987
Côte d'Ivoire	21.06.1985
Croatia	02.06.1992
Cuba	21.06.1985
Cyprus	21.06.1985
Czech Republic	22.01.1993
Democratic People's Republic of Korea	24.06.1985
Democratic Republic of the Congo	08.07.1985
Djibouti	20.08.1991
Dominica	27.11.1985
Dominican Republic	21.06.1985
Ecuador	21.06.1985
Egypt	21.06.1985
El Salvador	29.01.1988
Equatorial Guinea	20.01.1986
Eritrea	20.06.1995
Ethiopia	21.06.1985
Fiji	30.12.1985
Finland	21.06.1985
Gabon	06.08.1985
Gambia (The)	12.06.1986

Georgia	30.10.1992
Germany	21.06.1985
Ghana	30.07.1985
Grenada	16.01.1986
Guatemala	21.06.1985
Guinea	21.06.1985
Guinea-Bissau	21.06.1985
Guyana	19.07.1985
Haiti	05.08.1985
Honduras	21.06.1985
Hungary	02.07.1985
India	21.06.1985
Indonesia	21.01.1980
Iran (Islamic Republic of)	09.08.1985
Iraq	27.06.1985
Ireland	21.06.1985
Israel	21.06.1985
Italy	21.06.1985
Jamaica	21.06.1985
Japan	21.06.1985
Jordan	28.10.1985
Kazakhstan	03.06.1997
Kenya	21.06.1985
Kiribati	09.02.2016
Kuwait	30.06.1985
Kyrgyzstan	08.04.1993
Lao People's Democratic Republic	03.09.1985
Lebanon	06.08.1985
Lesotho	21.06.1985
Liberia	10.05.1990

Libya	08.08.1985
Luxembourg	21.06.1985
Madagascar	21.06.1985
Malawi	19.07.1985
Malaysia	21.06.1985
Maldives	10.05.1988
Mali	17.07.1985
Malta	21.06.1985
Marshall Islands	16.03.2015
Mauritania	09.08.1985
Mauritius	21.06.1985
Mexico	21.06.1985
Monaco	23.01.2003
Mongolia	21.06.1985
Montenegro	22.11.2006
Morocco	30.07.1985
Mozambique	13.11.1985
Myanmar	12.04.1990
Namibia	21.02.1986
Nepal	08.08.1985
Netherlands	21.06.1985
Nicaragua	01.07.1985
Niger	21.06.1985
Nigeria	21.06.1985
Norway	21.06.1985
Oman	21.06.1985
Pakistan	21.06.1985
Panama	21.06.1985
Papua New Guinea	10.09.1986
Paraguay	18.07.1985

Peru	21.06.1985
Philippines	21.06.1985
Poland	21.06.1985
Qatar	09.12.1985
Republic of Korea	21.06.1985
Republic of Moldova	01.06.1993
Romania	21.06.1985
Russian Federation	21.06.1985
Rwanda	21.06.1985
Saint Kitts and Nevis	11.12.1985
Saint Lucia	19.11.1985
Saint Vincent and the Grenadines	30.03.1987
Samoa	11.12.2008
Sao Tome and Principe	14.04.1986
Saudi Arabia	21.06.1985
Senegal	21.06.1985
Serbia	06.12.2000
Seychelles	19.08.1985
Sierra Leone	15.08.1985
Slovenia	11.06.1992
Somalia	15.11.1985
South Africa	24.10.2000
Spain	21.06.1985
Sri Lanka	21.06.1985
State of Palestine	17.05.18
Sudan	28.06.1985
Suriname	24.12.1985
Swaziland	03.04.1986
Sweden	21.06.1985
Switzerland	21.06.1985

Syrian Arab Republic	21.06.1985
Tajikistan	09.06.1993
Thailand	21.06.1985
The former Yugoslav Republic of Macedonia	27.05.1993
Timor-Leste	31.07.2003
Togo	25.06.1985
Tonga	13.08.1986
Trinidad and Tobago	15.07.1985
Tunisia	21.06.1985
Turkey	21.06.1985
Turkmenistan	16.02.1995
Tuvalu	13.09.2011
Uganda	05.12.1985
Ukraine	21.06.1985
United Arab Emirates	01.08.1985
United Republic of Tanzania	21.06.1985
Uruguay	21.06.1985
Uzbekistan	26.04.1994
Vanuatu	17.08.1987
Venezuela (Bolivarian Republic of)	21.06.1985
Viet Nam	19.07.1985
Yemen	29.07.1985
Zambia	21.06.1985
Zimbabwe	21.06.1985

APPENDIX B. SUSTAINABLE DEVELOPMENT GOALS.

The box below illustrates a thorough description of all 17 Sustainable Development Goals in the original format (i.e.as they were explained in Paragraph 54 of the General Assembly Resolution 70/1 of 25 September 2015).

Sustainable Development Goals

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts*

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

* Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

APPENDIX C. STRUCTURAL CHANGES IN UNIDO

Year by year, the life of the global community is complemented by the dozens of new realities, and, to be able to keep up with the time, various players, starting from the sovereign countries and ending by the private entities, have to reconsider their role and status in the international politics. This also applies to the NGOs and multinational organizations: in order to provide and adequate and effective response to fresh challenges, these institutions are periodically subject to a number of transformations, among which there is a review of their internal arrangements. This appendix offers a visual demonstration of the major structural changes that took place within the United Nations Industrial Development Organization in the past few years. The first picture illustrates how the Organization looked in the early 2016 (i.e. when the very first proposals for its reshaping were just appearing), whereas the second image shows the current internal structure of UNIDO (that is, the structure after a series of reforms that were held between the late 2017 and early 2018).

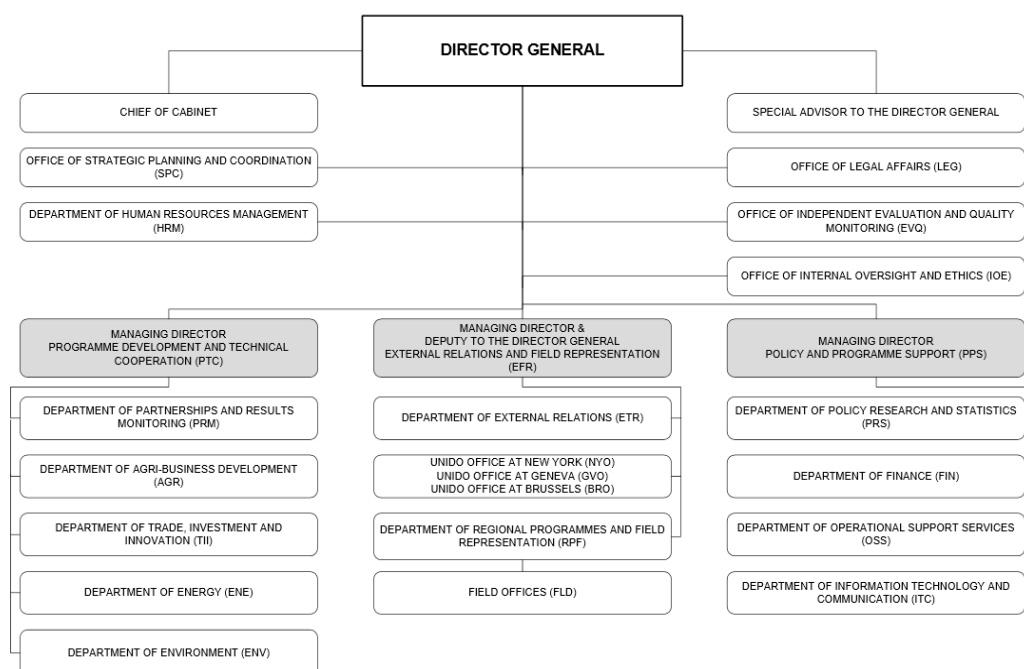


Figure C.1: Internal structure of UNIDO (as of February 2016). Source: www.unido.org

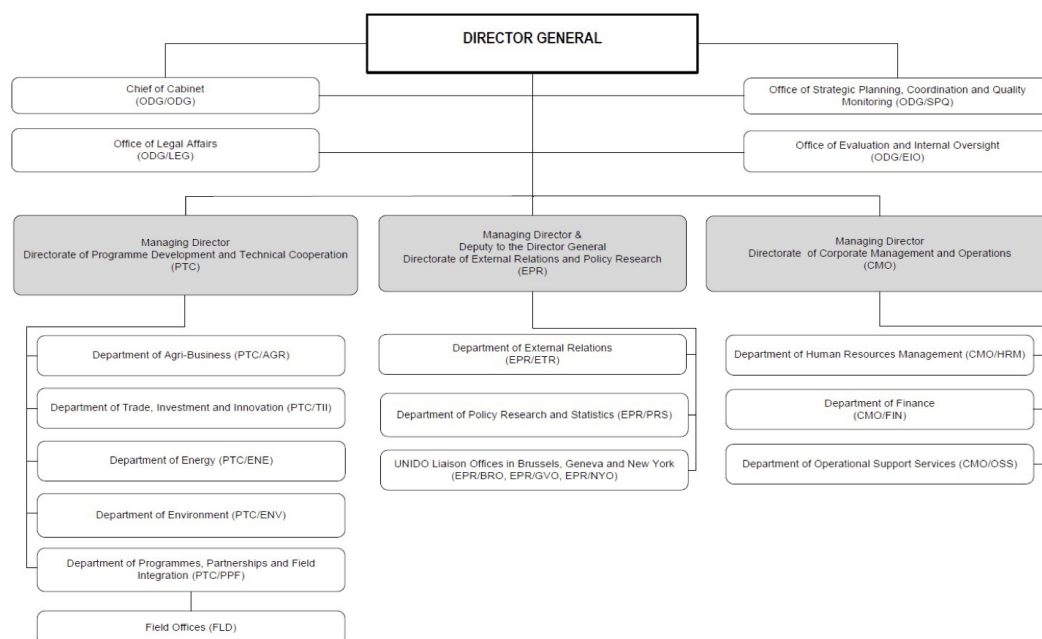


Figure C.2: *Internal structure of UNIDO (as of May 2018).* Source: www.unido.org

APPENDIX D. INTERVIEWS

This appendix contains detailed transcripts of two interviews that were conducted within the frameworks of the current Thesis. All interviews followed the same pattern of a *semi-structured* inquiry, meaning that, while the researcher had a list of specific, pre-defined questions (the so-called «interview guide»), she still left some space for an open discussion and explored new topics during her conversation with the respondents. The interviews were conducted between 13-20 April, 2018, and all of them took place within the official building of UNIDO, at the Vienna International Centre (VIC). The dates and location were not chosen spontaneously: the author was interested in having a fruitful discussion with the people who were very knowledgeable and experienced in this particular area of research (namely, the question of UNIDO's cooperation with its member States, and, particularly, with the Russian Federation). Thus she used an opportunity to meet with the officials while she was fulfilling the duties of an intern at the United Nations Industrial Development Organization from January to April 2018. One of the interviewees is working at specific divisions of UNIDO and, to a certain extent, embodies the interests and priorities of this organization. The second candidate that agreed to take part in the conversation holds a no less important position, because he/she represents the Russian Federation to a number of influential international institutions, including the United Nations. Such a choice of candidates can be easily explained: the researcher did not want to draw her conclusions from the biased opinions. In order to avoid the problem of subjectivity, she invited the individuals that would provide distinct and, maybe, even contradicting answers to the similar questions. The researcher is confident that the selected strategy (i.e. the two-sided approach) will help to gain a deep and comprehensive overview of the issue of UNIDO's cooperation with Russia.

Throughout the research process, the author was trying to complete each separate task with the greatest efficiency possible, and the interview was of no exception. All three conversations were planned in advance, and the interviewer came to the meetings with prepared sets of diverse yet very logical and interconnected questions. Wishing to avoid any misconceptions in the future, the researcher asked the candidates to fill in the consent form, a special document that should be signed prior to the beginning of the dialogue with the researcher. Each respondent could choose one of the three forms of an interview, depending upon the level of confidentiality that he or she preferred to have. One of the interviewees asked that their names or workplace affiliation were not enlisted in the bibliography, and that the session itself was not recorded. The other candidate agreed to audiotaping the conversation and allowed to associate his name with his own comments and remarks. Regardless of the chosen levels of confidentiality, every single respondent willingly answered all questions posed to him/her. Overall, the interview process went quite smoothly: the researcher was confident and inspired, and the candidates were very knowledgeable, open and friendly.

APPENDIX D.1 RESPONDENT 1 DATA

The first interview was scheduled for 10.30 am on April 13, 2018. Like the first conversation, this interview took place in the UNIDO building at the Vienna International Centre, while the researcher was still working there as the intern. However, in contrast to the other two participants, this official allowed that our conversation was audiotaped. Moreover, he gave a permission to mention his name and workplace both in the text of this Thesis and in the list of references. So, the second individual who agreed to give an interview was Mr. Carlos Chanduvi-Suarez, Senior Coordinator at the Climate Technology and Innovations Division of UNIDO. Prior to this position, Mr. Suarez was a Chief of the LAC (Latin America and the Caribbean) Regional Division of the United Nations Industrial Development Organization. For many years, the leadership of the LAC Division was working hard to implement a number of policies, among which was strengthening the economic and political partnership of numerous Latin American states with the Russian Federation. In this regard, Mr. Chanduvi was an active participant of several events devoted to the promotion of business links between Russia and the LAC countries.

Interview with Mr. Chanduvi-Suarez differed from the other conversations by two criteria, namely by the chosen form of discussion and the overall length of the dialogue. While both interviews were planned as the semi-structured inquiries, this particular conversation looked more like a non-directive interview (i.e. an interview without prearranged questions and any specific format). Nevertheless, holding a relatively informal discussion did not prevent the researcher from finding out a lot of useful information on her topic of interest. Being an outspoken and competent official, Mr. Chanduvi-Suarez provided a very interesting and broad description of his personal experience in the efforts of broadening UNIDO's cooperation with the Russian Federation. Our conversation lasted around 45 minutes, and this particular interview served a great impetus for author's deeper examination of the selected topic.

(Interview coded as follows: I=Interviewer; Mr. Chanduvi = Respondent #1, aka Mr. Carlos Chanduvi-Suarez.)

I: Good afternoon, Mr. Chanduvi! I'm very glad to have this conversation with you today!

Mr. Chanduvi: Thank you for approaching me (smiling). So, how can I help you?

I: I'm currently working at my Thesis project, which is devoted to the question of UNIDO's cooperation with the Russian Federation. After the thorough examination of this issue, I concluded that UNIDO and Russia could have a much more efficient partnership, but it cannot be guaranteed within the currently existing institutional frameworks. I mean, the ITPO in Moscow no longer corresponds with the realities of the modern world, and that a more coherent institutional representation of UNIDO at the country level could help to foster their beneficial collaboration with each other.

Mr. Chanduvi: I would like to begin with telling you about my personal experience with the Russian Federation. For a long period of time, my division was working at the improvement of cooperation between the LAC countries and the Russian businesses. At the very beginning, we tried to help Latin American countries to understand more what's happening in Russia. There was a number of constraints in the relations between the two sides of the dialogue. We began to address the most basic issue, which was related to the regulatory frameworks (i.e. certification of the dialogue). A bit later, we started to deal with the problem of harmonizing the cooperation. We realized that, of course, there is a potential for the big companies that are doing trade (e.g. coffee producers) to go to Russia. In contrast, the potential for the SMEs was quite limited for a number of reasons. First of all, the Russian system was somehow not international, it was not really organized, there were serious barriers to trade and so forth. The limited potential to trade was not the fault of the Latin American side, it were the constraints in Russia itself. We believed that UNIDO could help in that case: from our perspective, Russian actions were quite well-organized at the regional level (particularly, in Eurasia), and the top-level discussions were harmonized, whereas most of the efforts for trade facilitation were not implemented within the country (there was no alignment with the international standards, poor certification procedure conducted etc.), so it needed internal work. So we understood, that, first of all, there is an urgent need to work inside Russia, and our objective was bilateral. We always tried to bring some knowledge to our big partner: we brought some experienced and knowledgeable staff from the Latin America to discuss and elaborate on the networks. In order to articulate that on a daily basis, we needed a proper external platform established and guaranteed by UNIDO, the neutral brokers. ITPO, on the other hand, could not do that, because it is embedded in the internal system of the country. It is there. But due to the complicated geopolitical situation, especially nowadays, the official would prefer to go through the external platform, while the ITPO could work more at the promotion of internal knowledge and expertise. In fact, ITPO should act as both: it should promote inbond and outbond. So it could be a service to provide the knowledge inside the organization, and that is the main role I see for it: being a bridge between the country and the organization. So, moving in that direction, we tried to conduct a more profound analysis of the Russia's internal situation. For this reason, we came to St. Petersburg to the forum. The idea was to strengthen the alliances and bring the Latin American knowledge to Russia (on how to promote exports from the LAC countries to Russia, such that to open the gaps created by the complex geopolitical situation). After this visit, we realized that Russia has a special policy in this regard, like: "Yes, we want the cooperation, but our policy is predominantly the import substitution". But we did not come to claim anything about buying or selling, we were talking about the need to strengthen alliances and creating joint opportunities! However, the main mistake of the Russian side is that they did not have the proper mechanism that could promote their national companies abroad. And UNIDO was exactly who could help in that regard! Another issue at stake was the question of internal certification. So we tried to insist on our standpoint and persuade the Russian side to discuss the possibility of strengthening the bilateral cooperation, so that both sides could benefit from that (a "win-win situation"). So, we said: you have to move on the higher platform, which implied the innovation through cooperation with other countries. You have to join the alliances. At that moment, we really felt that UNIDO could bring all

relevant perspectives to the Russian economy (in terms of market regulation, innovation, partnership, and so on). We made a special emphasis on a number of sectors (like robotics, biopharmacy, agrobusinesses), in which both sides could gain some benefits. Through this regional cooperation, the basic idea is that UNIDO can help Russia to benefit (to get new ideas, knowledge, instruments), and this organization can help to support SMEs of the country, as well as to endorse Russia in the efforts to internationalize its economy, and create joint value chains, and making more efficient productive structures within the country. In order to implement all these goals, you need someone neutral, who could put people together. This could be UNIDO. And here comes the story about the ITPO: the major role is to help with all the necessary contacts, such as to help Russia to extend its links with the rest of the world, and help experts from abroad to get involved. Of course, the ITPO can be a good contact point, but they could become more systematic in their functioning. They cannot show right now that they are the bridge between UNIDO and the Russian Federation, and this is what is needed most: a solid and reliable bridge for bringing knowledge both inside and outside of the country. UNIDO offices have another, much bigger role to play. This is what we are still trying to do in the cooperation between UNIDO and the LAC countries: we try to bring the know-how to the Latin America, and for this purpose, we mobilize UNIDO URs in some activities. There is an obvious interest from the LAC side, but I would unfortunately say that the situation with Moscow is much harder. Even if to speak from another perspective [about the donors, not the recipients], when there is a donor country, and when they give the money to UNIDO, those donor would like to ensure that the companies are involved in the prescribed activities. In the case of Russia, it is not happening: they give the money to UNIDO, and the productive sector of the country does not benefit from this technical assistance. This should have been like in other Member states: for example, when there is a project for Japan, UNIDO provides the capacities to Japanese companies! This cannot be a case in Russia, probably because the project managers have problems with approaching the ITPO in Moscow. Of course, there are certain limitations in Russia, but there are also innovations, like in agriculture, and we [here: UNIDO] should be able to map that, as we are helping the country. We cannot, because there is an obstacle to properly examine the Russia's internal situation, and even the ITPO does not help a lot in this respect.

I: Wow, thank you very much for such a wide response. This corresponds with my major idea of ITPO being not really efficient in terms of being a link between UNIDO and the Russian Federation. In my Thesis, I try to argue that improper representation of UNIDO within the country is a serious obstacle for the result-effective implementation of the projects elaborated exclusively for Russia.

Mr. Chanduvi-Suarez: There is a slightly different issue that should be raised here then. I would not blame only the ITPO in this situation. Perhaps, this is a sort of unawareness of what UNIDO can offer. Anyway, most of the ITPOs work in the same manner. If you look at the ITPO in Bahrain, it is completely independent. They have a local staff, they have their own money, and if (if!) they manage to get a contact with the UNIDO experts, of course they will use it. It's not mostly a matter of the ITPO, it's a matter of the ability to send the information about the services and methodologies that UNIDO has to offer to the country in a reasonable manner, so that the state is aware of that. I see, ITPO has a role of a knowledge bridge: it should bring the knowledge both from UNIDO to the country, and from the country to UNIDO. So, it's a matter of strengthening this bridge, the knowledge provider, because only then you will have a desired efficiency.

I: And do you think that there is some more or less explicit obstacle for strengthening this knowledge bridge, the ITPO?

Mr. Chanduvi-Suarez: Sure. I would say that it's an issue of the organization of the ITPO itself.

Majorly, it is an obstacle for UNIDO getting inside there and systematising everything. If, for instance, I was there, I could localize certain areas of knowledge there, or I could work at making the partnerships between the foreign units and the Russian universities more effective, with the regular flow of students working at particular topics. This all is a matter of systematizing. The ITPO in Moscow is not working because there is no proper arrangement within the Office, and it is not only the problem of this particular ITPO, it's the issue of almost every single ITPO.

I: Do you agree that Russia is really one of the greatest funders/investors among the UNIDO Member States?

Mr. Chanduvi: Sure, it is, especially for those projects elaborated and implemented within the region of Europe and Central Asia.

I: And if Russia is such a great funder of the numerous projects, don't you think that the ITPO is a bit... not outdated, let's say, but it does not fully correspond with all the opportunities of the cooperation between UNIDO and the Russian Federation?

Mr. Chanduvi: Of course, I think that cooperation between Russia and UNIDO could be more active, it could be more focused on knowledge transferring, which is so essential nowadays. However, any cooperation is always about the readiness and the willingness from the both sides. I am sure that the dialogue between Russia and UNIDO could be more strengthened, but it's not the matter of this specific ITPO itself. I would say this is the issue of the ITPOs at work in general. ITPO has a number of activities, but don't forget that it also has limited funds. They have a number of projects to be implemented, and they do not contact UNIDO, because UNIDO is expensive. However, if we talk about the functions, we should also raise the topic of mechanisms that would help to fulfill those functions. ITPOs certainly have numerous functions, but it also needs mechanisms for their fulfillment. And the mechanisms miss.

I: And why do you think that, if Russia is an industrialized country and, moreover, such a great donor to UNIDO, why is there no any active attempt to send the UNIDO Representative in the country, or to establish the Field Office there?

Mr. Chanduvi-Suarez: It's the matter of the Russian side. UNIDO will not move on that direction. If there is a request, they will do it. It's all only about the interest.

I: And do you think if you send experts from the side of UNIDO, try to establish more favourable conditions for knowledge transferring, etc... Do you think that such measures could improve the efficiency of projects, both of those projects that Russia invests in, and of those [policy proposals that are implemented within the Russian Federation?

Mr. Chanduvi: Of course. This is exactly what we are trying to achieve. But you have to approach such issues systematically, and, unfortunately, today's cooperation of the Russian Federation with UNIDO lack systematism. In Russia, there are so many advanced technological centres, there are so many universities doing great jobs. In our [UNIDO's projects], we try to make aware of all these opportunities and capacities that exist on the territory of the Russian Federation. You can be really systematic in bringing the knowledge, in bringing the experts, in making the local structure more efficient, and only then you will have sustainability. But it's exactly the problem in Russia, it cannot be reached due to the absence of systematism. I will possibly repeat right now, but I want to say that you need a systematic approach in order to deal with the issues that exist within the boundaries of such a big country. You [Russia] have twenty-eight provinces. You cannot simultaneously deal with the issues in Moscow and Vladivostok if there is no systematism. However, I feel that the Russian

counterpart still has to realize that. If they want to do more things and want to do them more efficiently, they need to have systematism. They have to sit down with the ITPO and reflect on the network. Moscow is a big city, with a lot of cities, and, however unfortunate it may sound, the person from UNIDO cannot do a lot in Russia, even though he wants to. He does not have enough power to coordinate everything. He would have power if only UNIDO supported him as an organization. So, to summarize, I would argue that, nowadays, Russia has become an active and quite influential international player, however, it is missing an important thing: it does not take an advantage of the knowledge opportunities and best practices that can be provided via the channels of UNIDO. This problem can be overcome only if the Russian side understands that it needs to involve more actors in this cooperation with UNIDO, as well as to promote certain networks with the technology providers across the regions. The extension of Russia's dialogue with our organization is quite hard to implement right now, as there is an obvious absence of internal systematism. Only when you accomplish this systematism, then you can reach a higher level in external cooperation, because then you will already know where to get the information. I will give you a simple example: for instance, you would like to implement the textile project within the country or even somewhere abroad. There are many good textile experts in Russia, but by the time you find and hire someone in Russia, it is much easier to involve someone from the outside. As a result, you spend the Russian money to hire an international expert. And the Russian iFederation is only a bank...

I: Thank you so much! It was really great to listen to you. I have found out many new things today, and also I have understood that my thoughts about the UNIDO's representation within the Russian Federation were not incorrect. I knew that I should not focus exclusively on the ITPO, but my general understanding was that there could be an opportunity of improving the UNIDO-Russian cooperation if there was more systematism in this partnership.

Mr. Chanduvi: Yeah, that's correct. You are moving in the right direction, the whole question is about systematism. The issue is totally there. It's not particularly the fault of the ITPO, it's all about the system. And it's also a lack of willingness from the Russian side, they could be more active I believe.

I: I completely agree with your opinion. On one hand, Russia is a very powerful external player and an industrialized country, but on the other hand, it requires more knowledge for its own internal affairs.

Mr. Chanduvi: Absolutely. It needs more knowledge. And UNIDO is exactly the organization that possesses necessary knowledge and could help the Russian society a lot. Yet for providing any help within the country, we [UNIDO] need an accreditation from the Russian side. A good question is: why to give money to Kyrgyzstan or other projects, if there could be a much more result-effective money investment? Russia does not benefit from those projects, although it could if there were more experts, more knowledge and so forth. So, Russia could put a condition: in all those projects that we invest in, we need to have a Russian component, we need the Russian capacity-building. They can easily do that. But then there is another matter, - an internal matter, the problem that prevents Russia from doing so.

I: I totally agree with you. Thank you once again for this perfect conversation, and I wish you a nice day!

Mr. Chanduvi: Thank you and good luck with your Thesis!

APPENDIX D.2

RESPONDENT 2 DATA

The second and final interview was held at the Vienna International Centre on April 20, 2018 at 3 pm. The respondent preferred to meet at the Cafeteria, which is located on the 4th floor in the UNIDO building. Due to a very busy executive schedule of the interviewee, our conversation was limited to 20 minutes. Prior to any discussions on the topic of Russia's cooperation with UNIDO, the researcher preferred to settle all formalities and kindly asked the respondent to choose the most preferable form of an interview among those offered in the consent form. The interviewee asked that his/her name and job position were not listed in the bibliography, as well as that his/her personal details were not associated with the comments and remarks made during our talk. At the same time, the official stated that the name of his/her organization could be mentioned in the text of this Thesis, and thus asked that his/her arguments were referred to as the arguments made by one of the representatives of the Permanent Mission of Russia to the International Organizations in Vienna. Finally, the respondent said that he/she would feel more comfortable if our talk was not audiotaped, and the researcher chose to keep track of the official's comments in a written form. The author began with a short description for the purpose of her paper and explained why she was interested in the observation of the selected topic. The interviewee was truly excited with the choice of the question, and he/she proved to be truly inspired throughout the entire conversation. Despite the obvious time pressure, the comments made by the official were very thought-provoking, and the overall discussion helped to shed the light on many uncertainties. In contrast with the first interview, this conversation was held in Russian, and the researcher took a responsibility to translate it into English in such a manner that the original essence of the dialogue was not lost.

(Interview coded as follows: I= Interviewer; R2= Respondent #2)

I: First of all, I would like to thank you for your agreement to contribute to my research and answer a couple of questions regarding the issue of UNIDO's cooperation with the Russian Federation. I am sure that your comments will serve a perfect impetus for my further investigations on this topic.

R2: The pleasure is mine.

I: Now we can begin our interview, and the first question is relatively straightforward. Could you please briefly describe the duties of the Permanent Mission of Russia to the International organizations in Vienna, particularly in terms of its cooperation with UNIDO?

R2: In terms of cooperation with UNIDO, our responsibilities do not significantly differ from the general duties and responsibilities of the Permanent Representation of the Russian Federation or the Embassy of the Russian Federation in the country of residence. Accordingly, everything related to the functioning of the Permanent Mission or the Embassy is also related to our performance. Traditionally, the list of duties include: maintenance of the dialogue with the Secretariat, participation in the work of the international organization [here:UN]; preparation of the session of the governing bodies; participation in the sessions and all other activities arranged by UNIDO, both here, in Vienna, and in the Third World countries; coordination of the Secretariat's performance; overseeing the general situation within the organization; and, of course, updating Moscow on the most recent changes and achievements within the United Nations, and, in particular, within UNIDO. So I would say that most of our responsibilities are defined in accordance with the documents that regulate the diplomatic mission of the Russian Federation in Vienna, and they are

very similar with the duties that are performed by other relevant institutions. Yet in the recent past, when Russia became the donor country and began to provide its voluntary contributions to the IDF, our list of responsibilities was complemented by one additional task, which is coordination of the progress reached during the implementation of the relevant projects. In fact, right after our conversation, I'm heading to the project manager to find out about the latest achievements in the fulfillment of one of the projects. I would say that project coordination makes up the greatest part of our job here. We [Russia], as one of the Member States of UNIDO, should understand how this international organization is functioning, because it is exactly the Member States that are responsible for the performance of an institution. For this reason, we try to stay updated with any minor changes that are happening within the organization. Another important question addressed by our Permanent Mission on the platform of UNIDO is, of course, the issue of industrial development. But I would say that this is more related to the project activities that are nowadays arranged and implemented by UNIDO. For your understanding, I should explain more: in its original form, this specialized agency was more balanced, and it devoted much greater attention to the questions of industrial development, not like nowadays, when UNIDO is just about the projects. Nowadays, we [Russia] are trying to fix this situation, and help UNIDO to overcome the boundaries of the project-focused agency.

I: This is perfect that you began to talk about a big transformation in the UNIDO's scope of functioning, because my second question is exactly about this,- the changes. How was UNIDO's cooperation with the Russian Federation evolving over time, [accordingly from the very first day of Russia's membership in this organization], and how can you characterize the current status of this relationship?

R2: Back in the 1960s, USSR was among the main initiators of UNIDO's creation, because the Soviet Union greatly encouraged that the questions on industrial improvement were included in the agenda of the general international development. The USSR was not only the second biggest payer to the UNIDO's budget [right after the USA], but it also supported the whole range of activities, which, among others, included specific assistance projects and programmes for training numerous specialists within the Soviet Union. Later on, in 1985, the USSR was also among the greatest supporters of a proposal to convert UNIDO into the UN specialized agency. With the dissolution of the Soviet Union in 1991, the Russian Federation became its follower in the United Nations, and, particularly, in the United Nations Industrial Development Organization. However, the 1990s was a period of quite limited capabilities for our contribution to the international activities: due to a number of structural economic reforms undertaken right after the collapse of the USSR, Russia had to significantly reduce its contribution to UNIDO's general budget, as well as to cease its support for the projects in developing countries. Nevertheless, there are always two sides of the same coin, and even the worst-case scenarios may result in some positive outcomes. Similar things could be said about the events of the 1990s: despite having provoked serious inter-state imbalances, the economic downturn was exactly the reason why UNIDO intensified its performance within the boundaries of the Russian Federation. Starting with 1992, when the resigning of the 1989 agreement on the Moscow center [here: the modern ITPO in Moscow] took place, the organization was constantly offering a number of methods to intensify the investment activities, enhance the national economic productivity, and promote entrepreneurship at the domestic level. It is important to note that, in accordance with the agreement of 1992, UNIDO's Centre in Moscow was seriously empowered in its functioning, so it actually filled up the ranks of the Investment and Technology Promotion Offices (ITPOs) that already existed in different parts of the globe. Here comes the most interesting fact: even though UNIDO's Centre in Moscow was recognized as a full-fledged ITPO, it was never referred to as the ITPO. The whole point is that, back in the 1960s-1980s, the Soviet leadership never affirmed the use of the universal terminology on investment and technological development,

hence the Centre of UNIDO in Moscow was called the Centre for International Industrial Cooperation in the Russian Federation (CIIC). As a continuity, Russia decided to keep Soviet name of the Centre, and nowadays, we continue to refer to this institution as the CIIC. With the passage of time, Russia's partnership with the United Nations Industrial Development Organization became more and more effective. Up until nowadays, UNIDO has elaborated a big number of projects specifically for the Russian Federation, and those projects were prepared for various industries in completely different regions of the country. Moreover, there were two or even three comprehensive programmes on the UNIDO-Russian cooperation signed by the representative of the Russian leadership and the Director-General of UNIDO. In terms of industrial development, the past decade can well be called a time of prosperity for the Russian Federation: thanks to its closer collaboration with the Western world and numerous international organizations, Russia again becomes an influential economic player and finally reclaims its status of a donor country of UNIDO. In 2009, Russia signs an administrative agreement on assessed voluntary contributions to the International Development Fund, and this event, as I believe, marked a culmination point in the history of modern relationship between UNIDO and our country. The very first contributions were fully spent on Russia and its partner countries, but this did not last for long: as the Russian Federation was slowly deviating from the position of a recipient country, most part of its financial assistance was now targeted at the countries with the weakest industrial base. Today, assistance to developing and least developed countries (especially to the CIS countries) remains a number one priority of Russia as a member State of the United Nations Industrial Development Organization.

I: Thank you for your detailed response. The next question is about an overall assessment of the progress achieved in terms of UNIDO's cooperation with the Russian Federation. Do you believe that, over time, there were more successes than failures? And would you say that this partnership is a “win-win” solution, or rather that the results of the UNIDO-Russian collaboration are uneven, and one side of the dialogue benefits more than another?

R2: Well, this is quite a hard question to answer, it should be considered in a broader and more comprehensive manner. What I am going to say right now is my personal opinion on that. In general, there is a perfect and quite effective bilateral dialogue between UNIDO and the Russian Federation. We [here: Russia] have always claimed that our cooperation with UNIDO illustrated an example of a “win-win” solution, and that Russia is truly satisfied with the projects elaborated by the organisation. Yet in my opinion, when such questions are at stake, one should look at the very roots of the matter. In the case of UNIDO's cooperation with the Russian Federation, the entire assessment should begin with the thorough overview of the UNIDO's mandate, because this document contains a detailed description of what is the major aim of the organization, what was the institution created for and etc. If we take a look at the mandate, we will find out that the primary scope of UNIDO's functioning was much broader than just the activities directed at the implementation of various projects. At first, it was planned as a powerful institution that could help to solve the issues of gradual industrial development across the world. In this regard, I would say that, nowadays, UNIDO operates at around 30 per cent. Of course, this number is just abstract, but what I wanted to argue here is that the United Nations Industrial Development Organization does not realize its potential to the fullest, and many member States, including our country, do not receive that amount of benefits that we potentially desired to receive. Certainly, as a donor, Russia is quite satisfied with everything: we give the money, UNIDO responds with the relatively effective implementation of the projects. However, as a member State, we [Russia] would like to gain much more than we currently do. I believe that this is pretty much the situation with every other Member States, and not exclusively with the Russian Federation.

I: Thank you for your perfect comments, in fact they have partially answered my fourth question,

which is on Russia's support of UNIDO's initiatives. Why, in your opinion, is the Russian side interested in the successful implementation of its projects in other parts of the world? What is the greatest motivation for Russia in this case?

R2: So, the greatest motivation for our country is the feeling of responsibility [smiling]. Up until nowadays, the Russian Federation has achieved certain success in terms of the economic development. As any other country that has reached success and shifted from the status of the “recipient” country to the “donor” member State, Russia now has to provide assistance to less developed and less industrialized countries. Recently, the Russian Federation, along with other Member States, signed the Agenda 2030, the document that clearly outlines that, apart from the responsibility before their own people, the most developed and sustainable countries were now responsible for providing assistance to those states that have a limited amount of resources and capacities for the gradual economic development. Again, we [Russia] provide this assistance via the bilateral channels, and there are diverse mechanisms for doing so. One of such mechanisms is the debt cancellation. Very often, Russia cancels the debts to many countries all around the world, the most recent examples are Cuba and several African countries. Another option for offering support is the initiation of exchange programmes for students from underdeveloped countries. Apart from working through the bilateral channels, Russian also provides assistance through the international organizations, like the United Nations. Our country actually considers the UN and its institutions an essential mechanism in solving various international issues, and, for this reason, we usually refer to these institutions (like the WHO and UNIDO) as the channels that can transfer our help to other, less developed world regions. If to speak exclusively about UNIDO, the greatest motivation for Russia is the help to underdeveloped part of the globe via assistance to the real economic sectors, which would, in the long-run, help to improve socio-economic situation within the country.

I: We have agreed earlier that the Russian Federation is one of the main donors among the UNIDO Member States. Its financial contribution is especially significant for the region of Europe and Central Asia. Could you possibly provide more information about the latest achievements of Russia as the donor of UNIDO's projects in that particular region?

R2: Recently, there has been a large number of really good projects with the tangible positive results, the projects that Russia and UNIDO can be both proud of (smiling). In terms of these projects, Russia has not only provided a great part of financial assistance, but also has contributed a lot of its own time and efforts. There were several good projects particularly in Armenia and Tajikistan, which were related to the job creation and attraction of additional investment. There are also good indicators regarding the project in Belarus, you can find all this information in the UNIDO internal publication devoted to the overall assessment of the Russian projects. Another interesting project that I can mention is the programme on women entrepreneurship: although being more like a forum event, this project was truly promising and effective, in my opinion.

I: As well known, the Russian Federation is not only a donor country, but, to a certain extent, it is also a recipient: over the past twenty years, UNIDO has exclusively elaborated twelve projects for Russia that were intended to help improve its industrial development and minimize the risks of its environmental degradation. Do you think that the projects initiated by the United Nations Industrial Development Organization helped to somehow stabilize the situation?

R2: There was a whole bunch of projects elaborated by UNIDO exclusively for our country. In my personal view, some of them brought truly positive results, and they helped to address many internal problems related to industrial development and environmental degradation. However, for a better acquaintance with the achievements of the projects, you could read the overall evaluations of those

projects made by the ministry of industrial development. They can be all found online.

I: Perfect, thank you! Now comes one of the most important questions of our today's conversation, as it is directly related to my research topic. This question is regarding UNIDO's representation within the Russian Federation. Today, Investment and Technology Promotion Offices (ITPOs) is one of the few forms in which UNIDO is ready to cooperate with its Member States, and Russia is among the States that have chosen this form of partnership. Given the fact of constantly expanding frameworks of Russia's dialogue with this UN specialized agency, don't you think that the ITPO is a bit “outdated” form of cooperation?

R2: Well, there is quite a complicated situation with the ITPO in Moscow. On one hand, there was first an agreement between UNIDO and the Russian Federation, which prescribed the foundation of the office of the United Nations Industrial Development Organization in our country. Yet a few years later, UNIDO and the Russian Federation signed a new agreement on the creation of a special focal point of the organization in Moscow. With the passage of time, UNIDO's centre and the focal point merged into a single structure. We cannot say for sure whether such merging has led to a successful outcome or not: different people do usually come up with different opinions. However, the UNIDO research group once conducted a really detailed examination of the CIIC, and their conclusion was that the ITPO in Moscow was not a truly good option. In this case, I would agree with the evaluations made by the UNIDO research group.

I: Thank you! And here comes my final question: do you think that a more coherent and structured representation of UNIDO within the Russian Federation (i.e. its better institutional representation) could greatly contribute to the dynamics of UNIDO's cooperation with our country?

R2: Yes, absolutely. I would not say that another form of representation of UNIDO at the country level, I mean, the UNIDO Representative or the Field Office would 100% guarantee a greater cooperation or more effective implementation of the projects. However, I am confident that more clarification within the current ITPO structure, greater understanding of the separation of functions, could help to improve the situation.

I: This was my last question to you, and I would like to once again thank you for our interesting and truly fruitful discussion! I wish you a lot of success in your work!

R3: Thank you! Wish you good luck for you project! Goodbye.

APPENDIX E. FINANCIAL CONTRIBUTION BY THE UNIDO DONORS, 2016.

