

## **BRICS bank 'will boost Africa's infrastructure drive'**

The new BRICS development bank, through its Africa branch in South Africa, will mobilise resources for "transformational" infrastructure development projects that will boost the continent's integration, says Finance Minister Nhlanhla Nene. Speaking to journalists in Pretoria after returning from the sixth BRICS summit in Brazil, Nene said South Africa was not disappointed at not being chosen to host the new bank.

The decision to headquarter the bank in Shanghai had been taken by the five BRICS (Brazil, Russia, India, China and South Africa) leaders collectively, Nene said, and South Africa, as a country that was fighting for African integration, was pleased at being selected to host the Africa branch of the bank.

Nene said the government was excited about the economic potential the BRICS bank would bring to Africa, adding that the regional office - which will open at the same time as the headquarters, before the first loan is made in 2016 - would lead in the implementation of infrastructure projects on the continent.

"What is unique about this bank is that it is established by developing countries who understand development challenges and have demonstrated their ability to tackle such challenges," he said. "So we are excited about this development, and more so what it means for South Africa and the continent as a whole."

Developing countries have long complained that loans from organisations like the World Bank come with unfair strings attached. The BRICS countries constitute one-fifth of the world's economic output and account for half of global economic growth, yet their representation at the International Monetary Fund (IMF) does not match their growing economic might.

The BRICS development bank will have an initial authorised capital of US\$100-billion, and its initial subscribed capital of \$50-billion will be equally shared among the five founding members; Brazil, Russia, India, China and South Africa.

The first chair of the bank's board of governors will be from Russia, the first chair of its board of directors from Brazil, and the first president of the bank from India.

According to the Fortaleza Declaration issued at the conclusion of the BRICS summit, the bank will aim to mobilise resources "for infrastructure and sustainable development projects in BRICS and other emerging and developing economies.

"Based on sound banking principles, the New Development Bank will strengthen the cooperation among our countries and will supplement the efforts of multilateral and regional financial institutions for global development, thus contributing to our collective commitments for achieving the goal of strong, sustainable and balanced growth."

Nene said the bank would cooperate fully with existing development partners and multilateral and regional financial institutions, and complement their efforts by providing an alternate source of financing for global development.

Looking ahead, he said the bank might in the future open regional offices in other parts of the world and look at bringing in shareholders from other developing countries - although the five BRICS partners would always retain the majority 55% shareholding.

Nene dismissed fears of dominance by stronger economies like China, saying that all member countries were committed to maintaining an equal balance. "The shareholding will be equal. We do not foresee any dominance.

*Source : SouthAfrica.info 18/07/2014*