

**BRICS SEMINAR ON GOVERNANCE 2021**  
**Building Consensus and Confidence for BRICS**  
**Cooperation with a shared future**

**Intervention by Paulo Nogueira Batista Jr.**  
Professor of the Celso Furtado Chair at the Federal  
University of Rio de Janeiro, former Vice-President of the  
New Development Bank

**Parallel Session 2, November 3, 2021**

**Improving People's Well-being and Promoting Common  
Development and Prosperity for All Countries**

I ask the organizers of this event to accept my sincere gratitude for inviting me to present my views on “Improving People’s Well-being and Promoting Common Development and Prosperity for All Countries”. I will address the theme from the angle of the BRICS grouping that has been operating continuously since 2008.

The BRICS countries, Brazil, Russia, China, India and South Africa, are well placed to make a significant contribution to this noble and fundamental goal. This is true, I believe, for a number of reasons.

**First**, *size* – economic, demographic, and territorial. The five nations are among the largest in the world. Brazil, Russia, India, and China are among the ten largest countries in terms of area, population and GDP. South Africa is the one of the largest African nations. We can thus operate at scale when engaging in an effort to bring prosperity to all countries.

**Second** – we are emerging market nations, middle-income nations. From the point of view of development, economic and social, we are at a *mid-point*. This helps us understand somewhat better the predicament and special problems of developing countries, including low-income countries. We have a keener understanding, based on our not so distant past, of the special difficulties that these countries face – for instance, in having their needs and demands taken on board by international organizations such as

the IMF and the World Bank, institutions created by the West and still largely under their control.

I make these comments not only based on studies or reading, but also largely on the basis of my actual experience in Washington DC as Executive Director for Brazil and other countries, as Brazilian delegate to G-20 and BRICS and, later, as one of the founding members of the NDB.

As a Brazilian, I have a vivid recollection of the challenges that we faced when we depended on IMF balance of payments financing or World Bank program loans in the 1980s and 1990s. We know, at least some of us do, what it means to be subjected to the good intentions and reformist zeal of Washington technocracies. Conditionalties, control over policies, recommendations, sometimes appropriate, often not. Not to speak of the crude exercise of power over less favored nations.

**Third.** A third factor in our ability to help bring prosperity to all is the fact that the BRICS nations, but especially China and India, have been extraordinarily successful in improving the well-being of their own populations and eradicating or reducing poverty in their national territories. Thus, many countries can benefit from the smashing success of these Asian experiences. Even Russia, Brazil and South Africa, countries that have been less dynamic, being as they are relatively developed when compared to most developing nations, have much to contribute in terms of South-South cooperation.

**Fourth.** If our five countries *join forces*, our capacity to make a difference in terms of promoting development for all countries is of course much greater. This reflects inter alia the diversity of the BRICS, a wealth of experience that can be brought to bear fruits in many countries all over the world.

In my understanding, this is the one of the fundamental reasons why the BRICS created their own multilateral development bank, the New Development Bank - NDB, better known as the BRICS bank, headquartered in Shanghai. This was a momentous decision – of great potential impact. I need only mention the size of the bank we created. The NDB is large – paid-in capital as high as USD 10 billion, deposited over 7 years. And payments are on schedule thus far, with the exception of Brazil that has, unfortunately, accumulated some arrears in its payment of capital shares. In any case, the

NDB is well advanced in terms of capital accumulation and has been leveraging its capital, as MDBs do, by borrowing in international capital markets as well as in China. Indeed, the NDB has issued a number of bonds successfully, including green bonds and bonds in Chinese currency.

It might be useful to briefly recall why the NDB was created. I believe that it is safe to say that the NDB would not exist were it not for the fact that the BRICS were disappointed in their expectation of international governance reform after 2008. Resistance to change in Washington D.C., reluctance of traditional powers to accept the need to make existing institutions more reflective of 21<sup>st</sup> century realities led us to go our own way, creating not only a development bank but also a monetary fund of the BRICS, named BRICS Contingent Reserve Arrangement, a reserve pooling arrangement among the five central banks. We remain of course active members of the IMF, the World Bank and other multilateral banks, but have decided to open our own path. I discuss these matters in a recently published book *The BRICS and the financing mechanisms they created: progress and shortcomings*, by Anthem Press.

The NDB has the good luck of being headquartered in the great city of Shanghai. It has benefitted considerably from the support of the host country. By that I mean not only the national government in Beijing, but also the municipal government of Shanghai. Despite this strong support, the NDB has a mixed record. In its first six years or so, the bank has been relatively disappointing in a number of areas.

For example, the NDB was supposed to gradually become a global bank, beyond BRICS. This means attracting membership, especially of other emerging market and developing countries, from all over the world. This has hardly happened. After more than six years, only very recently, in 2021, was it announced that three countries –Uruguay, Bangladesh, and United Arab Emirates – were joining the NDB. Membership expansion has been proceeding at snail's pace.

The bank has been operating only in BRICS for six years now, since mid-2015. Even here the footprint is relatively weak. Project implementation has been slow and patchy. Why? One factor were the weak choices for the presidents and vice presidents of the NDB, unfortunately. Another factor were some macro political issues, for example the political and economic decline of Brazil, tensions between China and India, among

others.

It is a long story, I refer to my recently published book, where all these matters are discussed. But I would like to draw the attention of the Chinese, Russian, Indian and South African specialists participating today in this event to obstacles ahead for the BRICS. We, as BRICS, will have to take a long hard look at the bank we created and give it a restart as soon as possible. If we want it live up to its founder's expectations and ambitions.

More broadly, the BRICS formation itself needs to be permanently invigorated lest we fall into routine and fail to fulfill our potential as an international grouping. We should not lose sight of the big picture – our determination as nations to contribute to the well-being and prosperity of all countries, to use the bank we created to make true and efficient innovations, to allow for the gradual emergence of a new pattern of development finance, to contribute to a new understanding of development, especially sustainable developments, based on the needs and priorities of the borrowing countries themselves and not on some blueprint conceived somewhere in Washington, New York, London or Frankfurt.

The world is really changing and the 21<sup>st</sup> century will look nothing like the 20<sup>th</sup> century and not even like its own first decades. Let us then brace ourselves, take courage and rise to the task that History is placing before our five nations – and that the organizers of this event so aptly suggested as the theme of our discussion today.