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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Press Statement

New Development Bank First Annual Meetings 20-21 July 2016

Minister of Finance, Pravin Gordhan, led a delegation of the South African Government to the First Annual Meetings of the New Development Bank (NDB), in Shanghai, China on 20 to 21 July 2016. The BRICS¹-led institution utilized this event to take stock of its first year of operations; celebrating its achievements, whilst charting a course for the future.

The NDB was established in 2014, and became operational in July last year. Its creation was first mooted at the Fourth BRICS Summit in New Delhi; with the subsequent Ethekewini Summit, in 2013, marking the start of official negotiations.

The NDB has moved at an unprecedented rate in pursuit of its mandate to “mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development.”

In its first year the Bank has:

- i) appointed an executive management team led by, internationally renowned banker, K.V. Kamath;
- ii) finalised its core operational policies;
- iii) processed its first set of loans – including a US\$180 million facility for Eskom; and
- iv) issued a renmimbi denominated green bond (mobilizing approximately US\$448 million in the process).

The South African delegation was party to discussions on the Bank’s Five Year Strategy, the role and scope of the Africa Regional Centre, as well as preliminary discussions on the expansion of the NDB’s membership. Additionally, the Bank’s Board of Governors² (where South Africa is represented by the Minister of Finance) considered member countries’ – development – aspirations, against the backdrop of an increasingly challenging global economic context.

¹ Brazil, Russia, India, China, South Africa

² The New Development Bank’s highest decision making body





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The NDB aims to challenge existing Multilateral Development Bank convention in support of policies. Accordingly, the NDB wishes to distinguish itself – as a bank for and by developing countries – through the:

- i) swift approval of loans;
- ii) effectiveness of country systems in the implementation of projects; and
- iii) the provision of development support in domestic currency.
- iv) local currency bonds as much as possible, obtaining a credit rating to reduce cost of borrowing, sharing of knowledge and expertise
- v) aimed at reducing the bureaucratic hurdles to financing

In the year to come, the Bank will continue on its ambitious path, including the: recruitment of staff, launch of the ARC, mobilization of additional resources in the capital markets, and expansion of its investment programme.

Minister Gordhan, and delegation, will remain in China to attend the G20 Meetings in Chengdu.

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