

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 688 [NW772E]
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688. Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether the Government has already made budgetary provisions (a) to contribute its respective share of equity to the Brics Development Bank and (b) for the planned contingency reserves that have been agreed to by the Brics partners; if not, how does the Government intend to meet its commitments; if so, (i) what amounts are due from South Africa, (ii) by what date must the due amounts be paid and (iii) where will the Government source funds to meet its obligations in this regard?

NW772E

REPLY:

The documents establishing the New Development Bank (NDB) were finalised in Fortaleza, Brazil on 15 July 2014. Currently no budgetary provision has been made for it in the 2014 Medium Term Expenditure Framework (MTEF). It would be premature to budget for the contribution to the bank this year. Several options are being explored for funding, including a budget request for the upcoming 2015 MTEF.

The Steering Committee to take the implementation of the NDB forward is expected to meet within the next 6 months. It is envisaged that the processes of operationalising the Bank will be finalized in the next 24 to 36 months. The Bank's founding documents prescribe that the payment of the US\$2 billion shall be made in 7 installments. The first payment shall be due 6 months after the depository receives the last instrument of ratification.

Under the terms of the Contingent Reserve Arrangement (CRA), countries do not have to contribute any funds until one of the participating countries makes a request for support and the request is approved by the other BRICS countries. Until that time, South Africa's US\$5 billion commitment will remain as part of South Africa's reserves.