BRICS JOINT FINANCE MINISTERS AND CENTRAL BANK GOVERNORS STATEMENT

15 August 2023

1. We, the Finance Ministers and Central Bank Governors of the BRICS countries under the South African Presidency have agreed on the following Joint Finance Statement. This Joint Finance Statement is centred on the priorities that South Africa set under its BRICS Finance Track for 2023, including: the Global Economic Outlook and Multilateral Cooperation; BRICS Task Force on Public-Private Partnerships and Infrastructure; Mutual Cooperation on Customs and Tax; and BRICS Think Tank Network for Finance; Contingent Reserve Arrangement (CRA); and cooperation on other key topics, such as sustainable finance, payment areas and information security.

2. We reaffirm that BRICS countries remain committed to cooperate and contribute to the recovery of the global economy. The global economic outlook remains uncertain amid prolonged high inflation, the impact of the COVID-19 pandemic and geopolitical tensions According to the April 2023 World Economic Outlook (WEO) Update, the International Monetary Fund (IMF) currently forecasts global economic growth to fall from 3.4 per cent in 2022 to 2.8 per cent in 2023, then rebound to 3.0 per cent in 2024. Growth in emerging markets and developing economies (EMDEs) is still resilient at 3.9 per cent in 2023 and is expected to rise to 4.2 per cent in 2024. EMDEs, led by China and India, continue to drive global economic growth and are projected to account for about 80 per cent of global growth in 2023.

3. We note that the cost of fighting persistently high inflation is weighing on the outlook for 2023, reflecting, amongst others, tighter global financial conditions, in particular the interest rates in advanced economies, and increased debt vulnerabilities. Although food and energy prices have declined in recent months, the cost-of-living crisis remains a key

challenge for some of our countries and citizens. Given the risks to the global economic outlook, we believe that multilateral cooperation is essential to limit the risks stemming from geopolitical and geoeconomic fragmentation and intensify efforts on common areas of interest such as trade, poverty reduction, development, climate change, pandemics and debt. We are concerned about the potential impacts of the ongoing banking system crisis in recent stress episodes in the banking sector and rising financial stability risks in some advanced economies. We call on advanced economies to clearly communicate their policy stance to help limit negative cross-country spillovers and preserve financial stability.

4. We reiterate that strengthening the rules-based, non-discriminatory, free, open, fair, inclusive, equitable and transparent multilateral trading system, with the World Trade Organization (WTO) at its core, would contribute to addressing risks associated with trade fragmentation and improving global supply chain stability. Advancing reforms of the WTO is necessary. In particular, we call for restoring of the fully functioning dispute settlement mechanism by 2024, to improve its effectiveness and authority. Open trade in food and other essential items and strengthening relevant WTO principles and rules should be encouraged.

5. We note that high debt levels in some countries reduce the fiscal space needed to address ongoing development challenges aggravated by spillover effects from external shocks, particularly from sharp monetary tightening in advanced economies. Rising interest rates and tighter financing conditions worsen debt vulnerabilities in many countries. We believe it is necessary to address the international debt agenda properly to support economic recovery and sustainable development, while taking into account each nation's laws and internal procedures. One of the instruments, amongst others, to collectively address debt vulnerabilities is through the predictable, orderly, timely and coordinated implementation of the G20 Common Framework for Debt Treatment, with the participation of official bilateral creditors, private creditors and Multilateral Development Banks in line with the principle of joint action and fair burden-sharing.

6. With cascading shocks to the global economy, we believe that using the global financial safety net to its fullest extent is appropriate. In this regard, we welcome reaching the global ambition of voluntarily rechannelling USD 100 billion of the IMF's Special Drawing Rights (SDRs) to countries most in need. We welcome further subsidy and loan pledges to the Poverty Reduction and Growth Trust (PRGT) to ensure that they can meet vulnerable countries' elevated borrowing needs. We support exploring viable options for

enabling the voluntary channelling of Special Drawing Rights (SDRs) through MDBs for long-term structural reforms. We further reaffirm our commitment to a *strong*, *quota-based*, and adequately resourced *IMF* to preserve its role at the centre of the global financial safety net. In this regard, we call for the conclusion of the IMF's 16th General Review of Quotas before the end of 15 December 2023. The review should restore the primary role of quotas and lead to a meaningful quota realignment in favour of developing countries.

7. Multilateral development banks (MDBs) are critical in reducing poverty, providing development finance, and supporting countries to attain the Sustainable Development Goals. We note the discussions on the evolution roadmap of the World Bank (WB) and initiatives of other MDBs to reassess their missions, operational or financial models. We call for the MDBs to continue implementing the recommendations, which should be voluntary within MDBs governance frameworks, from the G20 Independent Review Report on MDBs Capital Adequacy Frameworks to increase their lending capacities, while safeguarding MDBs' long-term financial stability, robust creditor rating, and preferred creditor status.

8. While supporting the broad goals of the evolution of the MDBs, we call for the WB, New Development Bank (NDB) and other regional development banks to maintain their core mandate on poverty reduction and development, prioritize development programmes, and inclusive growth, including integrating climate change, gender equality and pandemics into their development agenda. We also call for the WB to explore all options to increase its financial strengths. We look forward to the 2025 Shareholding Review of the International Bank for Reconstruction and Development (IBRD). Additionally, we note the discussion on a new global financial pact to address the challenges of today and tomorrow in a BRICS spirit of cooperation and solidarity.

9. We recognise the key role of the NDB in promoting infrastructure and sustainable development of its member countries and welcome the appointment of Ms Dilma Rousseff as the President of the NDB. We expect the NDB to provide and maintain the most effective financing solutions for sustainable development, a steady process in membership expansion, and improvements in corporate governance and operational effectiveness towards the fulfilment of NDB's General Strategy for 2022-2026. We welcome and look forward to close collaboration with the three new members of the NDB; Bangladesh, Egypt and United Arab Emirates.

10. We recognise that infrastructure investments provide dedicated support to human, social, environmental, and economic development. We note that the demand for infrastructure is growing, with a greater need for scale, innovation and sustainability. We highlight that BRICS countries continue to offer excellent opportunities for infrastructure investment. In this regard, we further recognise that leveraging governments' limited resources to catalyse private capital, expertise and efficiency will be paramount in closing the infrastructure investment gap in the BRICS grouping.

11. We continue to support the work of the Task Force on Public-Private Partnership (PPP) and Infrastructure in sharing knowledge, good practices and lessons learnt on the effective development and delivery of infrastructure for the benefit of all member countries. Task Force meetings were convened to showcase examples of the successful adoption of a programmatic approach and highlight key guiding principles underpinning the approach in infrastructure development and delivery. To anchor the discussion, a case study template was developed by South Africa and completed by all member countries for consolidation into a report. In addition, we look forward to convening the **Infrastructure Investment Symposium** later this year for a discussion with BRICS governments, investors and financiers on ways to work with the private sector to promote the use of green, transition and sustainable finance in infrastructure delivery.

12. While noting that in a few member countries, customs and tax authorities do not reside within the jurisdiction of the ministry of finance, we support continuous cooperation by BRICS customs and tax authorities, to constantly boost trade security and facilitation amongst our countries and protect revenue. In this regard, progress is being made by the Customs working groups to develop and finalise the text for the BRICS Mutual Recognition Arrangement (MRA) of the Authorised Economic Operator programme at the earliest including working on Joint Enforcement activities aimed at tackling non-compliance in cross border trade amongst the Members. We are committed to focus on BRICS Tax Authority cooperation on the sharing of good practices on people, data and technology. The good practices will not only benefit BRICS countries, but other developing countries also.

13. We welcome the establishment of the BRICS Think Tank Network for Finance last year and efforts to operationalise the Network. We will work towards the identification and designation of the lead Think Tanks from member countries. We endorse the Operational Guidelines for the BRICS Think Tank Network for Finance developed under South Africa's

Presidency, which provides guidance on how the Network will operate in terms of governance, delivery of outputs and funding of the BRICS Think Thank for Finance.

14. The BRICS Contingent Reserve Arrangement (CRA) continues to be an important mechanism for mitigating the effects of future crises, complementing existing international financial and monetary arrangements, and contributing to the strengthening of the global financial safety net. We reiterate our commitment to the continued strengthening of the CRA and look forward to the successful completion of the sixth Test Run later in 2023. We also support progress made to amend the outstanding technical issues on the Inter-Central Bank Agreement and endorse the proposed theme of the 2023 BRICS Economic Bulletin 'Challenges in a post-COVID-19 environment'.

15. We welcome the continued cooperation on topics of mutual interest on sustainable and transition finance, information security, financial technology, and payments, and look forward to building on work in these areas under the relevant work streams. We endorse the proposed study on leveraging technology to address climate data gaps in the financial sector and support the proposed initiatives aimed at enhancing cyber security, including the sharing of knowledge and experience in this area. Moreover, ongoing rapid information sharing on detected cyberattacks would strengthen BRICS countries' financial sector cyber resilience.

16. We recognise the widespread benefits of fast, cheap, transparent, safe, and inclusive payment systems. We look forward to the report by the BRICS Payment Task Force on the mapping of the various elements of the G20 Roadmap on Cross-border Payments in BRICS countries. We welcome the sharing of experience by BRICS members on payment infrastructures, including the interlinking of cross-border payment systems. We believe this will further enhance cooperation amongst the BRICS countries.