

Financial and Fiscal Commission co-hosts International BRICS Conference, 15 and 16 Oct

13 Oct 2015

The University of the Western Cape (UWC) and Financial and Fiscal Commission (FFC) together with Human Sciences Research Council (HSRC) invite media to attend the International BRICS Conference themed “BRICS Partnership and Multilevel Governance: An Unexplored Dimension”.

UWC, FFC and HSRC are honoured to invite you to the International BRICS Conference “the BRICS Partnership and Multilevel Governance: An Unexplored Dimension”. The international conference seeks to explore how multilevel government – a dominant feature in all five BRICS countries – is impacted on and, in turn, may impact on the BRICS’s economic and social development initiative. Of particular importance is the role of domestic intergovernmental fiscal relations and metropolitan cities.

The conference will be an engagement between academics, think tanks and officials of the BRICS countries. Scholars and officials from BRICS countries will present 15 papers. Ambassadors and representatives of the BRICS embassies or consuls are also expected to attend the conference.

Date: 15-16 October 2015

Time: 9:00 – 16:00

Venue: School of Public Health, University of the Western Cape, Robert Sobukwe Road, Bellville

The BRICS partnership and multilevel government

Brazil, Russia, India, China and South Africa all have constitutionalized systems of multilevel government. The Union of India has been a federal country since independence in 1947, writing into its constitution in 1992 a specific role for local government. The Federative Republic of Brazil, to use its full title, has had a long history of federal governance, and since the 1988 constitution has also established three levels of government – federal, state and local governments. The Russian Federation, as its name suggests, has also included a federal form of government in its 1993 constitution, with asymmetrical assignment of powers to regions. Although a very centralized state in theory, China has a well-developed decentralized system, recognizing in its constitution four levels of government: the central government; at the second level 22 provinces, four cities and five autonomous regions; at the third level, prefectures; and at the fourth, counties. South Africa has a devolved system of government at three levels – national, provincial and local government – in which metropolitan municipalities are emerging as important state actors.

Over the course of the past seven BRICS Partnership Summits, cooperation on domestic matters in a number of sectors has been receiving increasing attention. The sector-focus inevitably brings the multilevel government systems of the member states to the fore.

The First BRIC Summit, held in Yakaterinberg, Russia, on 16 June 2009, with only four members (Brazil, Russia, India, and China), coincided with the global economic crisis of 2008. Although the main focus was on the financial crisis, the implementation of the Rio Declaration on Sustainable Development, and a “more democratic and just multi-polar world order”, the Summit also mentioned enhanced cooperation among the four countries in science and education.

At the Second Summit, held in Brasilia, Brazil, on 15 April 2010, the first steps towards common financial institutions were mentioned in order to promote international economic stability. The members also committed themselves to support poor countries achieving the UN Millennium Development Goals. For the first time, sector cooperation came prominently to the fore. The BRIC ministers of agriculture and agrarian development met where they decided to create an agricultural information base system. Following suite, the Summit welcomed a range of sector meetings planned for the next year, most of them focusing on finance.

The Third Summit, held in Sanya, Hainan, China, on 14 April 2011, welcoming South Africa as a new member, also touched on common domestic issues, through the strengthening of dialogue and cooperation in the fields of “social protection, decent work, gender equality, youth, public health, including the fight against HIV/AIDS” (Sanya Declaration, para. 24). For the first time an Action Plan was formulated, consisting mainly of meetings of ministers and officials in various sectors, mainly international and financial. Of interest was the hosting of the first “BRICS Friendship Cities and Local Government Cooperation Forum” in China, and the hosting of a meeting of the ministers of health.

In the lead up to the Fourth BRICS Summit in Delhi, India, on 29 March 2012, a Fourth BRICS Academic Forum made some important recommendations to the Summit, including the following: First, urbanization is mentioned as “both a common challenge and an opportunity for Brics”, with the emphasis on capacity building through the sharing of knowledge, policies and skills (4th BRICS Academic Forum, Recommendations, para. 12). Key areas for action include “infrastructure development, investment in mass transport and programmes to enable social transformation” (ibid). A further recommendation is the study of the efficacy of members’ education policies “and policies on Affirmative Action in promoting inclusive growth” (para. 13). While the Summit traversed the familiar terrain of previous summits, two new developments were noteworthy. First, the establishment of a new Development Bank was mooted for “mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and development countries” (Delhi Declaration (DD), para. 13). Second, responding to the Academic Forum’s recommendations, it recognized the challenge of rapid urbanization, and commended the first meeting of the BRICS Friendship Cities held in December 2011, a process that would be taken forward with an Urbanization and Urban Infrastructure Forum (DD, para. 44).

The Fifth BRICS Summit, eThekweni, South Africa, on 27 March 2013, focused on the overarching theme of “BRICS and Africa: Partnership for development, integration and industrialisation”. Thus, immediately following the Summit, a retreat with African leaders was held under the theme “Unlocking Africa’s potential: BRICS and Africa Cooperation on Infrastructure”. Significant in this regard was the Summit

agreement of establishing a New Development Bank, with a mandate to mobilize resources for infrastructure development. The eThekweni Action Plan included a strong emphasis on common domestic issues, foreseeing ministers, officials and forums meeting on agriculture, health, population development, local government and urbanisation. Anti-corruption and tourism were among the new areas of cooperation to be explored.

The importance of the Sixth BRICS Summit, Fortaleza, Brazil, on 15 July 2014, was the establishment of the New Development Bank with initial capital of US\$50 billion and the creation of a Contingency Reserve Arrangement (CRA) of US\$100 billion. The general theme of the Summit was “Inclusive Growth: Sustainable Solutions”, suggesting a twin focus: first, on growth of all BRICS members, and second, on inclusive growth in each country. The Summit signalled progress from the BRICS original objectives of “peace, security, development and cooperation” to new areas of “a comprehensive cooperation and a closer economic partnership to facilitate market inter-linkages, financial integration, infrastructure connectivity as well as people-to-people contacts” (Fortaleza Declaration (FD), para. 4).

On the theme of sustainable development, “the central and overarching objective” is poverty eradication (FD, para. 54). Integral to achieving sustainable development, the Summit identified the following areas: First, BRICS recognized “the strategic importance of education for sustainable development and inclusive growth” (FD, para. 56). It expressed its commitment to accelerating progress to attain MDG education goals and the furthering of those goals beyond 2015 “to ensure equitable, inclusive and quality education” (FD, para. 56). Intra-BRICS cooperation should be strengthened and it encouraged the establishment of the BRICS Network University. In terms of the Fortaleza Action Plan for the incoming year a meeting of BRICS ministers of education had to be held.

Second, collaboration on population related matters is promised, including on such matters as population aging, mortality reduction, population growth, social issues such as gender inequality, youth, and sexual and reproductive health (FD, para. 57). In terms of the Fortaleza Action Plan for the incoming year a meeting of BRICS ministers of health must be held, as well as by the ministers or senior officials responsible for social security. In addition there was to be a BRICS seminar of officials and experts on population matters.

Third, cooperation on agriculture matters is urged, including information about strategies for “ensuring access to food for the most vulnerable population, reduction of negative impact of climate change on food security and adaptation of agriculture to climate change” (FD, para. 61). The agricultural focus is thus linked to broad international concerns relating to the environment, including climate change, and clean and renewable energy. In the Fortaleza Action Plan for the incoming year a meeting of BRICS ministers of agriculture and agrarian development was envisaged.

Fourth, a clear link is drawn between culture and sustainable development, not only within a country but also between countries to promote understanding between peoples. To this end, cooperation between BRICS countries on cultural matters is encouraged. The “relevant authorities responsible for culture” were thus requested to

explore areas of practical cooperation, including the drafting of an agreement on cultural cooperation (FD, para. 59).

Fifth, with regard to governance, there is also recognition that corruption negatively affects sustainable growth, poverty reduction, and financial stability (FD, para. 58). This led to the commitment to combat corruption both at a national and international level. In the Fortaleza Action Plan the mention of sub-national government structures is to be found: there was to be meeting of the BRICS Friendship Cities and Local Government Cooperation Forum, as well as a meeting of the BRICS Urbanisation Forum.

At the Summit the members signed the Agreement establishing the New Development Bank (Bank), the purpose of which is to mobilise “resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries” (FD, para. 11). It is foreseen that the Bank could finance any undertaking in a member country, provided that such member (the central government) does not object (art.21.ii). This broad ambit would certainly include projects in and by subnational governments. However, the Agreement is cautious about possible political implications of any regional support. Article 21.iii provides that “in preparing any country program or strategy, financing any project or by making designation or reference to a particular territory, or geographical area in its documents, the Bank will not deem to have intended to make any judgment as to the legal or other status of any territory or area.”

The Seventh Summit, held on 9 July 2015 at Ufa, Russia, celebrated the establishment of the New Development Bank, which held its inaugural meeting of the Board of Governors on the eve of the Summit. It is expected that the NDB will approve its first investment projects in 2016. In the context of existing and new development finance institutions, the Summit declared that the NDB will cooperate closely with such institutions, including the Asian Infrastructure Investment Bank, the backbone of China's Silk Road and Belt Initiative. Although the main focus was economic matters, including inter-country trade, the Summit noted the progress made in the preceding year on matters that have a subnational impact, including in the fields of health and education. An agreement on cooperation in the field of culture was also signed at the Summit.

For the first time a BRICS Parliamentary Forum was held in June 2015. As the national Parliaments of Brazil, Russia, India, and South Africa comprise two houses, one of which representing subnational regions or governments, subnational interests have become part of the BRICS debate. It is worthy to note that the South African parliamentarians were led by the Chairperson of the National Council of Provinces and the Deputy Speaker of the National Assembly. Looking forward the depth of cooperation on domestic matters is striking. Under Russia's chairpersonship meetings at ministerial and official level will be held in the areas of health, labour, population matters, education, agriculture, and disaster management. Finally, as the second item on the Ufa Action Plan of “areas of cooperation to be explored” is the establishment of “the BRICS Council of Regions”. While no details are provided, it may suggest an institution through which subnational governments of member countries could engage with the BRICS process.

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