
15th BRICS Business Summit

BRICS Business Council Leadership Breakfast

Keynote speech

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Distinguished guests, ladies and gentlemen,

Good morning. First and foremost, I would like to thank the organizers for extending the invitation to the New Development Bank. It is a great honor for me to speak here today. Please also allow me to applaud the work of the BRICS Business Council and congratulate, as it celebrates its 10th anniversary this year.

As we reflect on the collective progress made, the achievements of BRICS are manifested on many fronts. Between 2005 and 2020, the growth in the value of trade, for example, within the BRICS increased by over 5 times (5.1 times), while trade between BRICS and advanced economies only doubled (2.1 times) during the same period¹.

Moreover, trade advantages in many emerging markets and developing countries (EMDCs), including the BRICS, are increasingly driven by knowledge and services, instead of low-cost labor, goods and natural resources. In 2020, services accounted for 13% of total trade flows in EMDCs, growing 1.3 times faster than trade in goods during the previous 10 years.

As we gather today, I believe we must have shared the gratitude that we are done with COVID-19 as a pandemic. Nevertheless, we are still living through many of its broad effects. Debt sustainability, inflation, slow economic recovery, and energy security – are just a few of the challenges facing many EMDCs, including the BRICS. Admittedly, the pandemic has fundamentally altered how we produce, consume and live in certain ways. Without doubt, it has disrupted global trade patterns and supply chains. Many believe it has accelerated de-globalization.

¹ Data quoted in this paragraph are sourced from NDB's General Strategy for 2022-2026.

Let me mention another familiar global challenge. Climate change, as manifested globally in extreme heatwaves, floods and wildfires, is having far-reaching implications on our lives and livelihoods. I found the title of a recent FT article - “Baked in Athens and drenched in Delhi” quite evocative.

Extreme climatic events serve as a wake-up call, while scientific evidence proliferates. The Intergovernmental Panel on Climate Change (IPCC) in its most recent assessment points out that about 18% of global GDP would be eroded by mid-century if greenhouse gas (GHG) emissions were left unchecked, risking global average temperature to exceed 3°Celsius².

The world has been calling for more climate finance. To stay on track for the Paris goals, much more is needed to transform sectors like energy systems, agriculture, transport infrastructure and water supply. Decarbonizing these sectors is reckoned to face an annual investment gap of 6.3 trillion US dollars from 2016 to 2030, most of which is required in EMDCs³. According to the International Energy Agency, EMDCs need 1 trillion US dollars alone per year in renewable energy investment by 2030⁴.

The EMDCs have so far relied heavily on domestic public funding. In light of limited public capacity, a gradual shift to more private sources to fund climate projects is inescapable. As estimated by the Independent High-Level Expert Group on Climate Finance, 55% of net-zero investments in EMDCs could be derived from private lenders⁵.

Amidst all the seemingly bleak developments lie bright development opportunities. Every time the world transitioned from one energy system to another, the economy gained traction. Transition towards green energy, low-emission and climate resilient pathways, can't be different. It holds substantial prospects for countries to prosper.

Africa, for example, has vast green energy potentials. The continent is endowed with sunny, spacious deserts, windy coasts and plains, as well as gushing rivers. Its installed solar capacity has almost quadrupled since 2016⁶. Nevertheless, with just 1% of global installed solar and wind capacity, as well as 4% of world's hydropower, there is enormous room for the continent to become a big player in green energy markets.

² <https://earth.org/ipcc-assessment-report/>

³ OECD (2023), Towards Orderly Green Transition: Investment Requirements and Managing Risks to Capital Flows, <https://www.oecd.org/investment/investment-policy/towards-orderly-greentransition.pdf>

⁴ ibis

⁵ ibis

⁶ The Economist. Why Africa is poised to become a big player in energy markets.

To give another example, developing countries with ample raw materials, such as nickel and lithium, may benefit from the low-emission transition. 47% of nickel is produced by Indonesia⁷. “Lithium Triangle” in Latin America is the richest reservoir for lithium. To reduce GHG emissions quickly and move to renewables in a big way, substantial increase in supplies of such minerals will be required.

Esteemed guests, ladies and gentlemen,

I do not need to reiterate the challenges confronting us all. We have gathered here today, I believe, to seek collective solutions. What can the BRICS do to address these issues is worth further exploring.

One challenge is to ensure that electricity is made available to all, particularly those at the bottom of the pyramid. We have to support the millions who aspire to improve living standards and need to be enabled to cook and heat homes without, say, burning charcoal. Not only we need to produce more and more green energy, but transmission grids also need to expand and upgrade much faster. Cross-border grid linkages would help, as we are witnessing in South Asia. Building modern energy infrastructure could be a major area for collaboration.

Another potential area is green technology transfer. This could open up great opportunities among partner countries. Some of the BRICS countries are already playing a pioneering role in green technology development, with China, for example, taking a big stake in EV manufacturing, while India is becoming well-known for its capacity in renewables, especially solar. Brazil has the potential to support in bio-fuels. As such, in tapping into the African energy markets, they have much to offer in terms of knowledge, practices, lessons learnt and, of course, investments.

Furthermore, the BRICS could work jointly on capacity building. In an uncertain world full of unexpected twists and turns, we need to augment our adaptive capacity in a broader sense. This entails continuous learning and accumulation of all sorts of capital, including skillsets that help anticipate and withstand impacts induced by changes.

⁷ Adair Turner. Myths are clouding the reality of our sustainable energy future. The Financial Times.

For the areas of prospective collaboration I have spoken of, NDB could also make contributions.

NDB aims to support global growth and development through financing infrastructure and sustainable development.

We started our operations in 2015, and by now, have cumulatively approved almost 100 projects for about 33 billion dollars. The Bank supports projects that help in the development of clean energy, transport, urban development, water and sanitation, social as well as digital infrastructure.

During its second strategy period between 2022 and 2026, NDB aims to allocate 40% of its total approved financing to support operations and activities that mitigate or help adapt to climate change. The Bank also looks to work more closely with the private sector and strengthen its non-sovereign operations.

Distinguished guests, ladies and gentlemen,

It is a great pleasure for me to be part of today's BBC breakfast deliberations. At NDB, we stand ready to work with all stakeholders to build the capacity for this ever-changing world. We are also ready to provide the platform and act as the conduit to facilitate the exchange of technology, knowledge and practices.

Let me once again thank the organizers. I look forward to a fruitful event.

Thank you!