

# Can we bank on the NDB?

Brics' New Development Bank is offering more of the same rather than breaking the mould, write **Misheck Mutize** and **Sean Gossel**

**T**HE New Development Bank (NDB) recently held its second annual meeting in the Indian capital of New Delhi to discuss the sustainability of financing development projects in its member states.

The multilateral bank was established by the Brics states of Brazil, Russia, India, China and South Africa. With headquarters in Shanghai, China, it was created to support emerging economies and provide an alternative to the domination of the World Bank and the International Monetary Fund.

But the new bank is already proving to be a replica of the Bretton Woods institutions. This can be seen through the partnerships it is forming as well as its operating posture.

It's also showing bias towards the development of Asian countries. This is evident from its funding patterns and the recent proposed enlargement of the Brics bloc. Proposed additions include Pakistan, Bangladesh, Iran, Nigeria, South Korea, Mexico, Turkey, Indonesia, the Philippines and Vietnam. All except three are Asian.

The proposed expansion of the Brics countries has been justified as a move to strengthen the bloc and fill the void created by rising protectionism in the US.

But it has been met with mixed reactions even among member countries. India has expressed its disapproval that Brics "plus" is China's ploy to cut New Delhi's influence in the group by roping in more pro-China countries.

The NDB's business as usual and its bias towards Asia suggests it will not become an alternative source of finance. It will not address the key areas of needs for emerging economies like human capital development, poverty alleviation and basic health care.

The NDB was set up as an alternative to the World Bank and IMF, which are viewed to be pushing Western agendas. It was to provide a development model sensitive and beneficial to emerging economies.

But it's quickly abandoning this mandate and falling into the trap of operating like the institutions it was created to replace.

In September 2016, the NDB signed partnership deals with the World Bank to co-finance projects. The agreement also aims to facilitate knowledge and staff exchanges. This puts the bank in bed with the institutions it was established to counter.

The bank has also signed memorandums of understanding with the European Investment Bank, European Bank for Reconstruction and Development, the Asian Infrastructure Investment Bank and the Eurasian Development Bank and



Indian and Chinese representatives mark the launch of the New Development Bank.

PICTURE: EPA

the International Investment Bank (IIB). The agreements cover co-financing of infrastructure projects, the bulk of which are in Asia.

Perhaps the foundations of the bank were faulty from the start.

Its original designers were two former World Bank chief economists, Joe Stiglitz and Nick Stern. Given this history, it's possibly never going to challenge the world financial order.

Today, the NDB is pushing the corporate-led development model like the World Bank, the IMF and other Bretton Woods institutions.

Their investments are profit-oriented, which tends to undermine social justice. Thus similar to the World Bank and IMF, the NDB seems more focused on protecting its investments at the expense of saving the interests of the Brics citizens.

Over the past decade, the corporate led model has impoverished many people in emerging economies, particularly in Asia. It has led to farmer suicides, large-scale privatisation, natural resource looting and environmental degradation.

The NDB has so far made loans of \$811 million to entities in four Brics countries towards energy infrastructure. Of this, \$300m went to Brazil, \$81m to China, \$250m to India, and \$180m to South Africa.

For South Africa, the bank has so far not provided any meaningful opportunity to obtain additional finance. The loan of \$180m was given to South Africa's power utility Eskom to develop 670 MW of power generation and 500 MW worth of renewable energy projects involving independent power producers.

This unnecessary loan to an

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inefficient state-owned entity has only contributed to Brics' power over South Africa by adding on to the current contingents liabilities dollar-based loans that the government has guaranteed for the next 12 to 20 years.

There are weaknesses in the way

in which the NDB works that also raise questions about its intent.

First, the bank's activities are often shrouded in secrecy. There are no clear official records available to the public about the bank's activities, decisions and operational guidelines. Analysts have to rely on secondary and tertiary information sources.

Second, the bank is yet to present any socio-economic redress and environmental operational guidelines for communities. This would ensure that its funding does not lead to displacement, evictions, ecological destruction, loss of livelihoods and threats to the basic right to life. These issues have recurred for decades due to projects funded by other multilateral development banks.

Last, as a co-financier with development institutions like the World Bank, the bank's seriousness

about promoting transparency, accountability and probity remains questionable.

To strengthen its relevance to emerging economies, the NDB must review the much criticised, inequitable representation of developing countries, especially from Africa.

It must also focus more on small-scale investments rather than large-scale infrastructure projects. These often lead to the exclusion of people and communities, and aggravate existing vulnerabilities rather than bringing about development. – The Conversation

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## New alliance of the left is needed

Imraan Buccus

COMMENT



**Y**ET again we have had a tumultuous political week. May Day in 2017 turned out to be the most significant May Day in South African history since 1986. Firstly Numsa, and its new federation Saftu, celebrated the day in Durban with a march from Currie's Fountain, where Cosatu was launched in 1985. For the new federation to decide to show its strength in Durban, the heartland of Jacob Zuma's remaining support, was a bold and important act.

At the same time Zuma and his leading allies were booed at Cosatu rallies around the country. We have reached a point at which it has become clear that the organised working class, in and out of the ANC alliance, is implacably hostile to Zuma. Shortly before May Day Abahlali baseMjondolo, the most significant vehicle for the organised poor, held an UnFreedomDay rally in Durban. Thousands attended the event at which Zuma was roundly condemned by speaker after speaker. Before this the EFF had thrown its weight behind the marches against Zuma, particularly in Pretoria.

Now that it has become clear that the organisations of the poor and the working class are showing serious hostility to Zuma it will become very difficult for his propagandists to successfully spin the narrative that opposition to the president is solely a white phenomenon. The EFF, Saftu, Cosatu and Abahlali baseMjondolo are all opposed to Zuma and they all represent large constituencies of working class and poor black people.

Intriguingly, reports from the recent talk by Malusi Gigaba's new adviser, Chris Malikane, hosted by the pro-Gutpa organisation Black First Land First, suggest that it was largely attended by the very rich. The faction of the super-rich that derive their wealth from tenders are in full support of the emerging kleptocracy.

Stand to suffer

This is not surprising. The poor, the working class and the middle class all stand to suffer a real decline in their quality of life and standard of living if the Zuma project continues to turn the state into a vehicle for plunder. But for people whose wealth comes from state tenders Zuma's "radical economic transformation" offers huge opportunities for accumulation. But what comes next for the EFF, Cosatu, Saftu and Abahlali baseMjondolo? These are all mass organisations with real support. If they play their cards right they could become a significant progressive force against both capital and the tenderpreneurs. But for this to happen new ideas, appropriate to the current conjuncture, need to be developed. After the Russian Revolution of 1917 millions believed that workers were going to run a new communist world.

Crude readings of Marx led many to believe that a glorious future based on the rule of the workers was inevitable. But the historical reality is that confidence in the industrial working class as the class that would liberate all of humanity turned to ashes. The Soviet Union degenerated into a highly authoritarian form of state capitalism, ruled by brutal party apparatchiks and not workers. Many more workers crossed the Berlin Wall into the West than vice versa. Moreover, the global domination of finance capital after the end of the Cold War meant that China became the workshop of the world as jobs were moved to where working conditions were most exploitative. There was massive de-industrialisation. We have bled huge numbers of jobs.

Today a radical alternative to neoliberalism and kleptocracy can only come from an alliance of a left party or parties, trade unions and community struggles.

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# The health costs of Boko Haram in Nigeria

Felix Abrahams Obi and Ejemai Eboreime

**S**EVERAL towns in the north-eastern region of Nigeria have been overrun by Boko Haram militants, who are engaged in violent clashes with the authorities. Millions have been displaced and in May 2013, Nigeria declared a state of emergency in Borno, Yobe and Adamawa. Health services in the region have been severely affected. **Felix Obi and Ejemai Eboreime** shed light on the situation.

**Which areas are being affected by Boko Haram and how many people are at the centre of it?**

The Boko Haram insurgency, which began in 2009, has mostly affected people living in Nigeria's north-eastern states.

One of them, Borno state, has been at the epicentre of the insurgency.

To date more than 20 000 people have been killed and over two million people have fled their homes. There are over seven million people in need of humanitarian assistance in Borno, Yobe and Adamawa states – and more than half are children.

**What effect is this having on health services?**

Even before the insurgency, north-east Nigeria had some of the worst health and socio-economic indices in the country. This is against the backdrop of a weak health system marked by inadequate health facilities and a dearth of skilled health workers.

There's also little donor support compared with other regions of Nigeria.

The insurgency has compounded these problems and also disrupted what health services there were. In-



A camp for people displaced by Boko Haram insurgents in north-east Nigeria.

PICTURE: FLICKR/IMMANUEL AFROLABI

surgeons have destroyed 788 health facilities in the region. In Borno 48 health workers have been killed and over 250 injured. The state has lost up to 40% of its facilities and only a third of those left in Borno state remain functional.

Attrition rates of health workers have also played a role.

Over the past two years Borno state has lost 35% of its doctors to other states.

Insecurity in the areas occu-

ried by the insurgents also make planning and delivering essential health interventions difficult. Resources in camps for internally displaced people have been overstretched, with humanitarian agencies providing most of the health services.

**What impact has this had on people?**

There are several health consequences. Over two million people have been displaced due to the con-

flikt and live in camps for internally displaced people scattered across the north-east. Some have gone as far as Abuja and beyond to southern states like Edo.

Overcrowding and poor hygiene in the camps have made them potential spots for recurrent outbreaks of diseases like cholera. There are also many cases of acute malnutrition. Deaths from malnutrition occur frequently.

And two years after Nigeria cele-

brated its last case of polio in 2014, new cases of the disease have resurfaced in the region. This is due to the fact that insurgents occupying villages and towns prevented the polio vaccine being brought into the area.

There has been an outbreak of cerebrospinal meningitis in north-west Nigeria in the states of Zamfara, Sokoto, Kebbi, Katsina and Niger. There are fears that the epidemic could spread to the north-east because the health system is so fragile.

**What are the long-term consequences?**

One direct health consequence will be an increase in infant and maternal mortality cases. But there will also be a range of other socio-economic consequences that will affect people's health. These include:

● The disruption in agricultural activities, which means food insecurity has worsened which obviously has consequences for people's health

● A plunge in access to education, particularly for girls. Research has shown that there's a link between women's education levels and infant and maternal mortality.

● Worsening poverty and inequality in what is already one of Nigeria's most impoverished regions.

● Financial implications. The massive destruction of homes and social amenities means that the government will be faced with rebuilding infrastructure, while individual households grapple with rebuilding communities.

**What is the Nigerian government doing to rebuild the north-east's health system?**

The government has flagged sev-

eral initiatives to rebuild the health systems of the affected states in the north-east.

This includes the Presidential Initiative for the North-East, an economic redevelopment plan for affected states.

President Muhammadu Buhari has been eager to reconstruct the area and launched a plan that includes resuscitating health services. The plan estimates that the cost of damaged health facilities is about \$147 million (R1.9 billion). The reconstruction process will require huge investments over the short and long term.

The government also plans to use \$20m from the Global Financing Facility to support essential services in the north-east. The Global Financing Facility partnership is a World Bank and UN initiative that finances interventions to improve the health of women, children, and adolescents.

There are also efforts to expand the Nigeria State Health Investment Project – another World Bank-supported initiative which encourages the delivery and use of maternal and child health interventions and improve the quality of care at health facilities – to the remaining north-east states.

It remains to be seen how these initiatives will significantly change the health landscape and reverse north-east Nigeria's poor health indices. – The Conversation

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