

BRICS Bank Foresees 5 Year Ramp Up

By [The Moscow Times](#)

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The BRICS bloc of emerging economies will set up its development bank with a total capital of \$100 billion within five years, but member countries still haven't agreed on their share in the bank's structure, a senior Russian official said on Tuesday.

The bank is being set up by Brazil, Russia, China, India and South Africa to fund infrastructure projects. But it has been slow in coming, with prolonged disagreements over funding and management of the institution.

The start-up capital of \$50 billion would eventually be built up to \$100 billion. Russia has proposed that each member contributes an equal, 20 percent share. Other BRICS officials say their share should depend on the size of their economies, Russia's Deputy Finance Minister Sergei Storchak said.

"Russia's stance is that this is a new development bank, based on new principles, so we vote for equal participation, 20 percent from each," Storchak told journalists.

Establishing the bank was first proposed in 2012. It was approved last year at a BRICS summit in South Africa.

Officials from the group met last weekend in Sydney on the sidelines of a meeting of the finance ministers and central bank governors from the Group of 20 developed and developing nations.

"After numerous attempts, we were able to agree that the process of building up the capital ... will be stretched over time," Storchak said. "We managed to come to an agreement that the period of contributions to the capital's share can be up to five years."

The group has struggled to take coordinated action in the past year, after the scaling back of U.S. stimulus prompted an exodus of capital from their markets. That in turn raised fears about the health of the BRICS economies.

The five-year span allows time for the global economy to improve and for growth in emerging markets to revive, which would help in replenishing domestic budgets, Storchak said.

The location of the bank, another long-debated issue, was not decided in Sydney.

"There are interesting diplomatic negotiations because each country has declared that they will propose their candidates" for the bank's headquarters, Storchak said. "We have reached an agreement that it should be decided through ... consensus."

The group's other project, a \$100 billion fund designated to steady currency markets has also been off to a slow start, awaiting a final approval.

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