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The BRICS, World Bank and IMF Quest to Promote Economic Development of Countries: Is it New Wine in the Old Wine Skin?

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Abstract

The term "BRICS" represents a group of five emerging economies of Brazil, Russia, India China and South Africa, which started in 2009. These economies have caught the attention of literally everyone--international financial law practitioners, political scientists, countries, international organizations and other stakeholders. The emergency of a unified geopolitical bloc, started to reframe international financial outlook with a new set of new ideas and values. include reforming the global financial and economic architecture, strengthening the principles and standards of international law in many sectors of their economies. The paper highlights prospects and challenges that lie ahead of BRICS countries to fully realize their mandate and to co-exist with the World

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bank and International Monetary Fund (IMF). The World Bank and IMF have supported economic development of countries since their inception, I however do not see any harm posed by the introduction of more capital from BRICS, it should be received with both hands. There are looming prospects for expansion of BRICS, countries like Argentina, UAE, Mexico, Algeria and Saudi Arabia have indicated their desire to jump on BRICS bandwagon, the current Russian-Ukraine war remains a big challenge, not least that it has threatened to suck in all BRICS members into this war. The paper finds that as global dynamic challenges continue to mutate, nothing should preclude countries from working together to find lasting solutions to their common challenges. Some BRICs Nations are also beleaguered with high levels of corruption in public offices, they will need to seriously address this challenge, if they are to offer a robust development agenda for emerging markets to supplant the Bretton Wood Institutions. This paper was written, guided by three specific objectives: (i) Examine the rationale for launching the BRICS development initiatives and potential conflict with the World Bank and IMF. (ii) Discuss the mandate of the World Bank and IMF in fostering economic development especially developing countries. (iii) Explore potential areas of conflict between the Bretton Wood Institutions and BRICS to co-exist in their varied development mandates towards member countries. The paper has established that while nothing precludes BRICS offering alternative funding mechanisms to their members, they will need time to fully realize their objectives. Establishment of the BRICS signifies that its high time the World Bank and International Monetary Fund (IMF) have adopted desired reforms, if they are to remain influential today.

Introduction

The BRICS (Brazil, Russia, India China and South Africa) in the quest to provide alternative lending mechanism established the BRIC

Development Bank and other initiatives. The name of the Bank has recently been changed to "New Development Bank (NDB)" which is a multilateral development bank established as a result of the Agreement signed by the BRICS member states (Brazil, Russia, India, China and South Africa).[2] The BRICS Bank was established to provide funding for public and private sector projects through loans, guarantees, equity participation and other financial instruments. The NDB "shall cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank.[3] The BRICS Initiative was formed with the aim of fostering long term development objectives of member countries and beyond. These include not least reforming the global financial and economic architecture, strengthening the principles and standards of international and offer to support fledgling countries achieve economic development. In 2009, the combined GDP of BRICS countries surpassed that of the G 7 countries. Given their financial clout, one wonders whether they can continue to play second fiddle in economic development of their members for long? It is important to note that all BRICS countries are also members of the World Bank and IMF and have all drawn on the resources of these institutions. BRICS countries have stepped up their efforts to enhance their collaboration and cooperation in regulatory and policy areas hitherto performed by the World Bank and IMF.

The World Bank and IMF were established to promote economic development, facilitate private foreign investment, and promote long-term balanced growth of international trade and to provide loans to finance development projects in member countries.[4] The IMF was also to help stabilize exchange rates and provide concessionary loans to countries and it has discharged this mandate to-date. On the agenda at Bretton's Conference was the proposition to establish a third Economic Organization to coordinate and promote international trade. International Institutions would not only prevent a reoccurrence of war

[2] See N**DB Official Website,15 July 2014.**

[3] See N**DB Official Website,15 July 2014.**

[4] The World Bank Group was established at Bretton Wood conference in 1944 and is headquartered in Washington, D.C. Detailed information about the World Bank can be accessed at https://www.worldbank.org/

conditions but would also promote peace, harmonious relations and economic growth.[5] The quest to create ITO alongside the World Bank and IMF stalled because of the disagreements between the United States and developing countries representatives and in the interim GATT (1947) was established. [6]

Discussion of Theoretical Issues

Theoretically speaking, one can argue that the loans extended to borrowing countries are agreed on unfair terms with lenders and are therefore legally binding on the parties. Fair enough! The reality is that given the vulnerability of the borrower, loans are extended to countries on unfair lending terms devoid of a level playing field between the borrower and the lender. Thus, the dominance of the lender gives him advantage to impose unfair terms on the borrower. The dominance of the World Bank and IMF juxtaposed with vulnerability of the borrower predisposes the latter to accepting loans on poorly negotiated terms on "take or leave it" basis. It must be noted that lack of adequate technical capacity has predisposed developing countries to capacity deprivation, subsequently making them to sign agreements often on unconscionable terms. Developing countries need assistance in core areas where they have struggled to achieve requisite technical capacity. It is high time oversight agencies have appreciated that imposition of regulatory policy measures on countries from the peripheral cannot be the right way forward given the fact that this since model has not been thrifty wherever it has been applied. We therefore argue that desired legal reform programmes should be implemented taking into account conditions of development across countries, not to disorientate development of countries. The World Bank should encourage reforms fostered on the successful models in other countries where they have been introduced and successfully worked. Countries should use therefore comparative law model to promote and adapt desired legal reform programmes that work well for them. For example, driven by

[5] Ibid, n 4
[6] Ibid, n 4

internal both considerations and international influence due to the forces of globalization, Uganda and Kenya have used comparative law as a mechanism for legal reforms. One relevant example is anti-corruption laws. Nigeria has explored numerous avenues to eradicate corruption through consultations, public hearings, and visits to other countries such as Ethiopia, Zimbabwe, Zambia, and Hong Kong. This effort has resulted in countries having to identify defects in anti-corruption legislation and introducing necessary changes such as unifying their anti-corruption laws. In 1997, the IMF and various Nordic countries suspended aid to Kenya because of corruption violations. Donors asked Kenya to introduce robust reform programmes in many areas to address corruption before they would resume their aid programs.[7] This necessitated Kenya's review of their laws in areas of demonopolization, deregulation, privatization, prosecution and governance of enhanced human rights, accountability, and clarification of rules.[77] Since some of the reforms failed to correct the problems, it was also necessary to review why a law may work in one country, but not in another. This is another important goal of comparative law that is useful in the African context.

The World Bank has instigated many structural reform programmes such as privatization to placate development in member countries. It was promoted on the premise that private sector operations outperform their public counterparts. On the converse, privatization of the market economy undermined delivery of services such as hospital care, ambulance services, care of the elderly, services which are priced what the poor can afford. Many governments abandoned trade protectionism and indirect subsidies (for example, directed lending from banks that the state controlled), the firms' losses and inefficiencies became more apparent. It also needs to be noted that privatization has increased the

[7] James Williamson and Margret E. Beare, 'Critical Reflections on Transnational Organised Crime, Money Laundering and Corruption (2005), University of Toronto Press, p. 99. See also Susan Rose Ackerman, "Economics of Corruption in Developed Countries, a Review of Issues", Berkeley: Centre for International and Development Economics Research, February 1996.

cost of accessing basic health services. In negotiating loan agreements, countries in LDCs should have the power to decide areas for privatization and areas that are no go areas (to set red-lines). Whether the pendulum swings in another direction or it does not, the World Bank has done plausible work for which it deserves credit and needs to consolidate but what it mostly needs is a revised mandate reflecting contemporary global changes and challenges. This will enable it to effectively address development challenges of developing countries such as lack of soft loans to ensure that the received financial assistance and other programmes translate into tangible benefits on the ground.

Discussion and Results

We consulted wide ranging data sources on the World Bank, IMF and BRICS to get to know the mandate of these institutions and why they were established. We noted that in addition to other roles, the World Bank and IMF provides technical assistance to strengthen domestic governance of countries in accordance with the expected international standards. It was noted that both institutions use their resources to give advice and training on Open Data strategies, technology and policy best practices to support client countries and in other areas such as international trade. In the final stages of the World War II, a series of conferences took place to discuss ways of preventing a reoccurrence of the economic conditions that had led to the worldwide depression and the rise of Nazis in Germany. The Bretton Woods institutions were to foster economic development of states and to provide a framework for addressing common development challenges. The World Bank would provide long term assistance to economies in need of financial assistance but would also ensure that the funds disbursed are utilized for the purpose it was sought. The *IMF and World Bank* have also worked together to reduce the external *debt* burdens of the most heavily indebted poor countries under the Heavily Indebted Poor Countries. The 1944 Articles of Agreement of the IMF and the World Bank were adopted a few months before the submission of the Dumbarton Oaks

Proposal establishing the General International Organization--the future United Nations in the same year.[8]

To discern the mandate of these agencies, we carried out a scoping review of primary and secondary data sources such as International legal instruments, case law, books websites, journal papers, policy documents and other scholarly source materials and evaluated it in the context of the objectives for undertaking the study. There was also a wealth of online data sources, which was reviewed and analyzed to undertake this study. We examined the mandate of Bretton Woods and BRICS Institutions and how they can inter-relate with BRICS in pursuit of the varied missions globally. It was noted that the Articles of Agreement of the IMF 1944 limited its mandate to facilitation and expansion of balanced growth of international trade, and promotion and maintenance of high levels of employment, real income and the development of resources of all members as primary objectives of economic policy.[9] Article 1 of the Articles of Agreement prescribes the purpose of the IMF as basically twofold: first, to promote International cooperation through permanent institutions which provides the machinery for consultation and collaboration on international monetary problems. Secondly, the IMF was to facilitate expansion and balanced growth of international trade, and towards promotion of high levels of employment and development of productive resources of all member countries. Article IV of the Article of Agreement provides that: the bank and its officers are not allowed to interfere in the internal affairs of any member; nor are their decisions to be influenced by the political character of the member(s) concerned.[10] We noted that the foregoing

[8] The Articles of Agreement of the International Monetary Fund were adopted at the United Nations Monetary and Financial Conference (Bretton Woods, New Hampshire) on July 22, 1944. They were originally accepted by 29 countries and since then have been signed and ratified by a total of 190 Member countries and it has been amended seven times.

[9] **NDB Official Website,15 July 2014**

[10] Before 1945 there was international no monetary system. States and their enterprises traded within one another, currencies were exchanged, and states held monetary reserves—in gold, silver and foreign currencies. By the dawn of the second World II no international legal regime governed the conduct of state.

provision was adopted to prevent the Bank from discriminating against any member given that there are different countries of different political shades and ideologies which constitute membership of the World Bank. The Articles of agreement also mandates the IMF to impose legal obligations on member states not to engage in inward looking practices that had contributed to the great depression of early 1930 and the World War II. The initial mandate of the World Bank (IBRD)[11] was limited to promotion of long-term balanced growth of international trade and maintenance of equilibrium in balance of payments in order to assist its member countries raise productivity, the standards of living and conditions of labour in the territories.[12] It is noted that the World Bank list of borrowing countries comprises largely of developing countries and former communist governments. Even though the facilities of the IMF are made available to all member countries, very few of OECD countries have been subjected to conditionalities.[13] Structural Adjustment Programmes (SAPs) were designed to remove underlying conditions for underdevelopment. SAPS would strengthen economies by addressing economic policy failures, minimize risks and uncertainties invariably faced in form of systemic risks.[14] Since this study sought to establish the impact of BRICS on the World bank and IMF, it was necessary to review wide ranging sources materials to delineate what these institutions do, their mandate and how they are likely inter-relate with this new geo-political bloc.

(a) A Snapshot of the Brics today

We noted that in the prevailing economic and political climate in most BRICs Nations, the pendulum may not be about to swing yet. Russia is

[11] IBRD Articles of Agreement, Article 1(iii), and see also Andreas F. Lowenfeld, *International Economic Law*, International Economic law series, (2003) Oxford University Press, p 502

[12] Margret E. Beare, 'Critical reflections on Transnational Organised crime, Money Laundering, and Corruption, (Toronto University Press 2005): p. 107

[13] Heather Margret, 'Corruption, Politics and development: the Role of the World Bank (2003), available at http://www.worldbank.org (accessed 20th December 2009)

[14] Ibid, n 11

entangled in the Ukraine War (in which it is trying to suck in other BRICS), China is trying to stave off a big slow down, and India, while still of interest to global investors, is struggling to put through the economic reforms that would help it reach its full potential. South Africa has been beleaguered by corruption allegations and political discontent within the ruling ANC under President Jacob Zuma. According to Jim O'Neill (former Goldman Sachs chief economist), the BRICs have quietly closed down its BRIC fund, which had lost 88% of its asset value since 2010, and folded the BRIC investments into its larger emerging market funds. The BRICs nations, what had been hoped would be an alternative regulatory paradigm in emerging markets to Bretton Wood Institutions have been faring badly.[15]

We also noted that there are economic asymmetries among the BRICS countries; while Brazil and China are at the forefront of developing financial market regulation to address environmental and social risk; India and Russia are yet to achieve greater change in this industry. South Africa lacks a robust infrastructure which when coupled with lack of requisite technical capacity makes it less likely to dispense with the World Bank technical and financial assistance. For example, SA lacks robust centralized data registries to process and disseminate data. This makes countries vulnerable to risks and cannot harness robust global regulatory regimes. In banking regulation, South Africa lacks requisite capacity to thoroughly risk assess potential bank clients and achieve a high level of prudence in dealing with banking stakeholders. There are also other challenges such as human rights violations, high levels of illiteracy in SA largely as a result of apartheid policy and prevalence of incurable diseases which have eviscerated requisite capacity development in the majority of LDCs.

(b) World Bank and IMF

[15] BRICS website at https://brics2023.gov.za

We noted that to promote meaningful economic development of member countries, the World Bank and IMF have gone an extra length to reduce external debt burden of countries, under the so-called "Heavily Indebted Multilateral Debt Relief Initiative (MDRI). These initiatives were included to enhance assistance to low-income countries achieve their development goals while reducing future debt burdens on those countries.[16] In 1999, the IMF and the World Bank launched the Poverty Reduction Strategy Paper (PRSP) approach as a key component of their HIPC Initiative to support concessional lending by the Fund and the Bank. The IMF streamlined its requirement for poverty reduction documentation for programs supported under the Extended Credit Facility (ECF) or the Policy Support Instrument (PSI). They have also instigated the implementation of robust policy measures against financial sector abuse by promoting stronger financial, economic and legal systems within member countries.[17] The World Bank and IMF have encouraged financial sector reform programmes, adoption of robust supervisory standards and legal and institutional frameworks to address financial sector abuse in a member state. The International Monetary Fund Surveillance mandate under Article IV of the Charter of Agreement involves intensive exchange with each member country on its economic and financial systems. The IMF is well resourced to undertake monitoring of countries economic and legal systems of countries; and to identify potential vulnerabilities and to offer advice and corrective policy measures to those countries. The IMF has adopted many initiatives to strengthen the financial stability and to prevent global crises.[20] For instance in 1999, the IMF and the World Bank adopted Financial Sector Assessment Programmes (FSAPs) as a mechanism for inquiring into the financial health and stability of member countries. The foregoing mandate also includes securities, money markets, foreign exchange and payment systems, assessing regulatory, supervisory and legal framework of financial institutions. It

[16] For detailed reading on the countries which fall under Heavily Indebted Poor Countries initiatives, see the IMF website at: www.if.org (accessed 22nd June 2016).

[17] Andreas F. Lowenfeld, *International Economic Law*, International Economic law series, (2003) Oxford University Press, p 500

is the regulatory assessment programme that helps the Bank to diagnose vulnerabilities in the system and devise corrective measures to address them.

The IMF and the World Bank have promoted economic development of member countries since they were first established in 1945.[18] Through its economic surveillance and monitoring of the world economies mandate, the IMF seeks to control national monetary policies. The IMF facilitates national authorities with assistance to strengthen their supervisory and regulatory capacity, which in turn helps to promote the safety and soundness of the financial sector and to create an environment that prevents financial system abuse. In order for states to attract Foreign Direct Investment (FDI), they are required to adopt a robust legal system that guarantees the interests of investors. The International Monetary Fund (IMF) and the World Bank impose conditions on many countries so that they demonstrate a realistic effort to internationalise their economies. Countries will have to implement the Basle Capital Accord in order to qualify for financial assistance and as part of IMF Financial Sector Assessment Programmes (FSAP) and World Bank Financial Sector Adjustment Programmes (FSAP). As part of the package of financial sector reform programmes in less developed economies, global institutions monitor observance of international standards, codes, and best practices in areas of financial supervision, prudential regulation, transparency of fiscal and monetary policies, and data provision and dissemination in order to foster financial and market integrity.[39] Therefore, international financial institutions have encouraged adoption of laws and systems to achieve desired changes within member countries.

The World Bank has supported member countries to identify and correct structural and institutional policy failures, preventing financial market abuse and in addressing other challenges as and when they become apparent from time to time. The World Bank and IMF participate in targeted international efforts to instill financial market discipline within member countries from time to time. The World Bank

[18] Margret, note 12

and IMF have also worked with countries to develop strong economic, financial and legal foundations to reinforce their ability to counter financial sector abuse. The World Bank has assisted countries in reorganizing their customs, institutions; developing transparent and effective treasury departments, spearheading procurement and adopting desired audit reforms. These institutions have also promoted public education efforts and training programmes in investigative journalism, accounting and auditing using the international community support fund operated by the World Bank.[19]

The World Bank has instigated reforms to strengthen legal, judicial and institutional capacity, corporate governance, accounting and auditing and market transparency.[20] The Bank focuses its efforts especially in small states, which are vulnerable to potential financial sector abuse by putting in place the policy and institutional foundations specifically designed to reduce this risk. In relation to money laundering, the Bank supports legislation to do away with anonymous banking accounts, improvement of the 'Know Your Customer mandate', modification of secrecy legislation to verify implementation of the Know Your Customer requirement; and implementation of anti-money laundering regimes. The World Bank has also encouraged and supported the adoption of banking laws and regulation, tax laws and regulation, development of financial management through proper accounting and auditing systems, legal and judicial reforms for policy led lending as well as reforms relating to economic and development issues. In supporting desired reforms, the Bank established Institutional Development Fund to provide grants for projects such as "the preparation of new legislation, public procurement and associated training, or the carrying of studies, which diagnose the problem of civil service or the judiciary."[21] We contend that less developed countries

[19] In 1998 the IMF and World Bank wrote off UGX 2.4 trillion ($650million) to Uganda. However, this was just a drop in the Ocean given Uganda debt stock rose from UGX 37.2 ($ 10.2 billion) in December 2017 to UGX 42.7 trillion as of December 2018.

[20] See the report "Strategy for the Financial Sector: Draft Report (R2000-169) August 19, 2000", in a paper by the World Bank Board of Executive Directors on 19th October 2000. It is available at www.worldbank.org (accessed on 20th December 2007).

[21] Lowenfeld, note 12

should be given financial support in form of grants and not loans to support the development of an effective infrastructure which is non-existent as of now. At the moment a one-size-fits-all approach plays in favour of developed countries which are naturally endowed with an environment where the envisaged AML/CFT standards can be easily implemented.[22] The World Bank supported reform programmes are resented in some countries as intrusive and paternalistic of national economies as they are introduced through the back door of lending conditionalities. In the World Banks view, structural adjustment reform programmes are essential to strengthen institutional capacity to ensure that economies are properly managed.[23]

The World Bank has spearheaded development programmes in several areas to ensure that there is a conducive environment for good governance and economic development of member countries.[24] The World Bank has worked with other agencies such as the IMF to promote good governance and to facilitate desired policy changes in borrowing member countries.[55] Good governance includes promotion of transparency and accountability in stakeholder countries to ensure that borrowed funds are properly utilised.[56] Although the World Bank has a limited mandate[57] to enforce the application of the required laws or norms in a member country, it nevertheless ensures that soft law obligations are applied to stem the problem of corruption. In 1997 to demonstrate its commitment to fighting corruption, the International

[22] Mugarura Norman, *The Global Anti-Money Laundering Regulatory Landscape in Less Developed Countries*, (Ashgate 2012): pp. 337. Under the existing Fund policies, anti-money laundering issues other than those relating to financial sector regulation and supervision are covered under surveillance and conditionality, as with other governance matters. See the 1997 Guidance Note on Funds Experience in Governance Issues (Executive Board Meeting 01/14 February 2001) available at **www.imf.org** (accessed on 26th April 2007)

[23] Lowenfeld, note 12

[24] P. Van Dijck en G. Faber (eds.) Challenges to the New World Organisation (The Hague: Kluwer Law International, (1996), pp. 13-16).

Monetary Fund went as far as warning member countries that funding could be withdrawn unless they adopted measures against it.[25]
In 1992, the Bank issued a report on good governance and development in which it established that good governance was central to creating and sustaining an environment, which fosters strong, equitable development and good economic policies.[26] This marked a change in attitude towards corruption and henceforth the Bank would address corruption as a governance challenge to be addressed by a country.[27] The World Bank has since expanded its mandate to include fighting corruption under its flagship programme on good governance and promoting public financial management.[28] It has supported more than 600 lending and nonlending activities in approximately 90 countries aimed at placating institutional reforms needed to reduce corruption and strengthen governance. These include, for example, adaptable programme loans and technical assistance operations designed to enhance capacity and reform incentives in the civil service (including employee of financial regulatory service), reforms in public sector, management systems; and in tax and customs administration, strengthened legal, judicial and regulatory reforms as well as encouraging reforms to establish mechanisms for combating public sector corruption.[29]

In 1995, the World Bank enacted internal staff rules, requiring annual financial disclosure of all assets and financial transactions by senior staff, disclosure of adverse family interests that affect the World Bank's dealings, and provides guidelines for how employees are to behave in

[25] Ibid, n27

[26] See, worldbank at https://elibrary.worldbank.org.

[27] To date, debt reduction packages under the HIPC Initiative have been approved for 36 countries, 30 of them in Africa, providing $76 billion in debt-service relief over time.

[28] Ibid, n 12

[29] William, Holder, "The international Monetary Fund's Involvement in Combating Money Laundering and Financing of Terrorism", (2003), 6(4) *Journal of money Laundering control,* p 383

their dealings inside and outside of the World Bank.[30]The IMF provides advice and technical assistance on governance in areas within the IMF mandate and expertise (mostly legal and institutional reforms), collaborating with other institutions particularly the Work Bank, to co-ordinate their complementary areas of expertise.[31] It does this by assisting member countries economic policies through building policy making institutions and improving accountability of the public sector. There is no doubt that the World Bank has played a plausible role in promoting an environment of good governance within member countries.[32] The Bank has used sanctions regime as a quasi-judicial administrative process to adjudicate instances in which individuals or companies may have engaged in sanctionable misconduct in relation to the World Bank-financed contracts. Under the Bank's guidelines, such misconduct includes fraud, corruption, collusion, obstruction, and coercion. The World Bank does not have any power to impose criminal or civil sanctions on member countries—this is in exclusive jurisdiction of domestic countries. Instead, the Bank's primary method of sanctioning entities is debarment, making the individual or company ineligible to receive contracts financed by the World Bank for a stated period of time. As noted, individuals or companies debarred by the World Bank may also be subject to cross debarment by other multi-development banks. The World Bank may also sanction entities through a Negotiated Resolution Agreement ("NRA"), which is negotiated between and the sanctioned entity. Under the World Bank sanctions system, the Bank identifies and investigates matters of alleged misconduct.

The World Bank's mandate includes, among other things, to provide long term infrastructural development, technical assistance and

[30] Worldbank website, n 22

[31] Holder, n 27

[32] For more detailed information on the banks governance, anticorruption, and public sector reform programs, See Helping Countries Combat Corruption: Progress in the Bank since 1997, September 2000, and Reforming Public Institutions and Strengthening Governance: a World Bank Strategy paper, November 2000, available on the world bank website at http://www.worldbank.org (last visited on 20 December 2008).

corrective reform programmes in many developing countries.[33] The World Bank and IMF have also provided financial assistance to placate development in borrower countries. Loans are sought from the World Bank and other donor agencies by countries to meet their development and recurrent budget shortfalls. The loan-based assistance, depending on its size has undermined economic development of recipient countries but the reality is that they are still perform a pivotal role in economic development of economies and they are not about to fizzle away just because a new geopolitical bloc has come up. Secondly, we propose that least developed countries should be assisted in grants and loan on favourable trade terms.[34] There is anecdotal evidence that the loans-based assistance to countries has frustratingly failed to improve the plight of recipient countries for a long time, which does not reflect well on their importance to stimulate development in poor countries.

(c) Is the pendulum about to swing yet?

We were able to deduce from the reviewed literature that economic stagnation, among other things, in many developing countries was the precursor for emergence of BRICS to establish possible alternative funding mechanisms to placate fledgling less developed economies.[35] The BRICS NDB has been accused that it is a clone of the World Bank and IMF using their initiatives to scramble for markets in Africa, Asia and other countries. China has become Africa's largest trade partner, and Africa is now one of China's major import sources and fourth largest investment destination. There have been initiatives such as "Forum on China-Africa Cooperation (FOCAC)" designed to bring together China and African leaders to discuss important economic

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[33] See, worldbank website, note 21
[34] Ibid, n 27
[35] More information on establishment of BRICS can be found at https://economictimes.indiatimes.com/opinion/et-commentary/brics-bank-should-not-be-a-clone-of-imf-or-world-bank/articleshow/38473201.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst**,** accessed 15th April 2020.

issues.[36] Developing countries are increasingly forging co-operation in ways that seek to displace the dominance of The World Bank and IMF in developing countries. The fastest growing countries such as China and India have demonstrated that they cannot play second fiddle in areas of international trade and regulation of markets for long. For instance, the sixth BRICS Nations have established a New Development Bank and reserve currency pool that brought their co-operation to fundamentally new heights.[37] At the G20 meeting in Brisbane, the group announced the creation of a temporary board of directors for the bank, the head of which will be appointed prior to the organisation's seventh summit, to be held under Russia's chairmanship. As noted in the preceding sections of this paper, the BRICS countries have already established a New Development Bank to extend loans, guarantees and to mobilise resources for infrastructure and sustainable development projects of Least Developed Countries.[81] It is worth noting that from the outset, the BRICS committed to the adoption of transparent processes, environmental and social policy measures to ensure stability of markets. These measures would help communities become involved in the development projects, invest in schemes that communities actually want, and ensure that its investments benefit the most marginalised people. The bank's rules have proposed to prohibit investment in activities that would cause, contribute to, or exacerbate human rights violations. It should promote human rights protection in all of its activities and avoid or mitigate its adverse impacts.[38]

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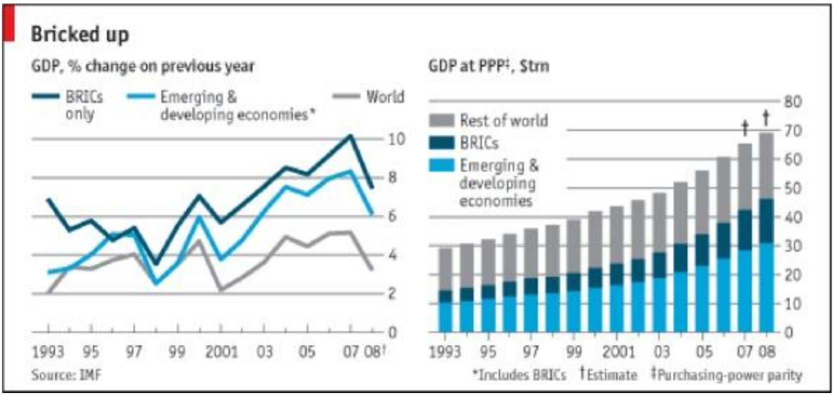
[36] At the recent African Submit held in Africa between China and African Leaders, China pledged $60billion to Africa and which is normally given on generous terms.

[37] he Times Higher 20th June 2012. Jim O'Neill, the then Chairman of Goldman Sachs Asset Management, coined the term BRICS in 2001 which refers to Brazil, Russia, India, China and South Africa. O'Neill suggested that the four rapidly developing countries would lead world policymakers to rethink their relationship with emerging markets in international trade and services

[38] Too often communities have been displaced by infrastructure projects, inadequately compensated for the losses they endure, and pushed further into poverty.

The World Bank Group's private lending arm (the International Finance Corporation (IFC)), has been criticized for ignoring adverse human rights impacts of its activities. While IFC is taking steps to address the foregoing problem, very little progress has been made and it still has a long way to go. BRICS countries have embarked on improving their collaboration and co-operation in regulatory and policy areas. They have now surpassed the G 7 countries in terms of Gross Domestic Product and coupled by the influence of China on the World stage, the status quo cannot remain the way forward. Graph 1 here below offers insights into the BRICS Nations GDP and how it compares to the rest of the World.



Graph 1 *taken from the economist Magazine of 20th June 2009*

BRICs have initiated a number of practical projects, the New Development Bank and the reserve currency pool of $200bn of combined financial capital. New opportunities for joint lending will make it possible to expand trade and investment ties within BRICS. Members of this group have helped prepare a project to protect the Russian internet. The project is less concerned with cyber espionage than with fears that the Russian section of the internet could be closed down or subject to cyberattacks intended to disrupt it. The project has been given added impetus by proposals from British officials in August that sanctions could lead to Russia being disconnected from the international payments system, Swift. So far, there are a total of 23 forums for joint work within the BRICS countries. These include regular ministerial level meetings, including the heads of diplomatic and financial departments, as well as the leaders of national security councils and ministries responsible for general economic development, industry, agriculture, health care and education. The annual BRICS summit is preceded by an academic forum where members of think-tanks formulate priorities for the group, later presented to national leaders. There are councils representing commercial interests in BRICS markets. There is a wide range of BRICS initiatives, but the gulf between ideas and implementation is wide. “It is clear the political will of the participating countries’ leadership has yet to materialise.”

The BRICS Nations have instituted a regulatory framework to deal with sustainability challenges—an issue which the IFC (lending arm of World Bank) has been accused of overlooking when lending to member countries. They have developed initiatives such as the issuing of Green Credit Guidelines by the China Banking Regulatory Commission and the Brazil Central Bank resolution requiring mandatory environmental and social policies for all banks under its jurisdiction show that some key BRICS countries are taking significant steps to address concerns the World Bank and IMF have not taken seriously. They have adopted benchmarks to assess the Environmental and Social Risk (ESR) caused by risk of default in credits or other financial instruments due to environmental or social events. They have adopted other measures to reduce exposure to ESR risks, for example, by introducing a consideration of these risks into the standard credit risk process, to reduce adverse environmental and social impacts and encourage long-term investment resilient to ecological and social systems. While it is still too early, it is plausible that BRICS nations have created initiatives to ensure that decision makers in emerging economies increasingly recognize the role of financial actors on environment social impact on the society.” At the global level, the BRICS are also joining forces for new multilateral initiatives such as the recently established New Development Bank (also known as the “BRICS Development Bank”), with further opportunities to pursue sustainable finance at a global level.[39] The BRICS nations could complement the World Bank in facilitating economic development of countries to ensure loan-based assistance helps to improve the standards of living of recipient countries. In my view the BRICS Bank should complement the World Bank by plugging funding shortfall and addressing other developed challenges in some countries. For instance, China has committed $75bn (£48bn) on aid and development projects in Africa in the past decade. Though still less that estimated $90bn the US committed over that period, countries tend to find Chinese soft term loans and its less paternalistic approach endearing. While aid from OECD countries has stagnated or been dwindling due to constrained budgets and an increasingly skeptical public, China has stepped it up. While one may argue that China commits huge financial resources in Africa because of its thirst for natural resources and investment projects, others argue that it desperately needs to build good will and influence in the continent.[89] It is not clear how far, in the long run, the BRICs will be affected by a big rise in the size of the government and large state-owned firms.

BRICS Countries will need to adopt robust anti-corruption measures in order for their development agenda not to get derailed. Since the late 1990s, a number of empirical studies have been carried on corruption in emerging markets and they all point to the fact that corruption derails economic development of countries. Corruption flourishes in an environment where legal institutions and the rule of law have broken down, dysfunctional and not able to foster desired anti-corruption policy environment. The causes, consequences of corruption, and the solutions to reduce it, tend to be intertwined. There is a correlation between the effectiveness of legal institutions and their effectiveness on the law to fight corruption, money laundering and other forms of financial crimes. We argue that a country is as developed as it is its legal system such that the more developed a legal system of the country is, the more effective it is, in terms of safeguarding against corruption and

[39] It was based on a study carried out in 2014 focusing on decision-makers from central banks, private, development and state-owned banks, banking associations and regulators in the BRICS countries

other forms of crime. Thus, future research studies will focus on understanding the nexus between corruption and its economic development of countries.

Conclusion And Recommendations

The paper has evaluated the mandates of the World Bank and IMF and how these institutions have extended financial and technical assistance to member countries since 1945. It was evident that financially assisted (recipient countries) have been getting poorer with no significant impact of the funds received. These agencies will need to undertake further reforms especially in fighting corruption and other forms of human rights violations—these two evils combined have derailed the ability of developing countries to achieve their development goals. They should also step up their role in promoting good governance, facilitating education and research initiatives in member countries as they are essential linchpins for economic development of countries. Introduction of World Bank, IMF policy measures should be preceded by global-wide consultations to ensure they are properly aligned in member countries. Member countries should be consulted and where possible co-opted in all preliminary meetings through which reform programmes are agreed before they are introduced formally into countries. Lack of adequate representation of constituent member countries in evolution of regulatory regimes undermines cooperation of some member countries in implementing engendered regimes. The constitution of AML/CFT Committees should be broad enough to represent participating countries. This can potentially help to ensure that engendered regulatory rules are elevated to the status of customary international law in the long run.

BRICS countries and prospect of more expansion should be welcomed since their mission is to promote economic development of countries is aligned to the mission of the World bank and IMF. Individual BRICS countries will need to first address institutional and policy failures, fight corruption and stop reckless zeal for wars that derail their mission.

Most BRICS countries such as Brazil and South Africa are currently experiencing low economic growth that can negatively impact their quest to compete with Bretton Woods Institutions.[95] There is less Foreign Direct Investment (FDI) flowing into emerging markets nations due to political turmoil in countries in Russia, Brazil and South Africa. The implications of this shift are striking, because economic momentum demonstrated by BRICS in 2012 has since waned. The challenges to BRICS nations have been fueled by negative economic growth in China—which has hurt big commodity prices in Russia, Brazil and some countries West Africa and the Middle East. China has been the biggest contributor to the global growth since the 2008 financial crisis and what happens there matters more than ever within the global context. It very much looks that the status quo is not about to change and the pendulum is not about to swing yet. The economic challenges faced by the BRICs countries reinforce the need for countries to work together in pursuing their common interests despite its negative externalities on national self-interests for some time. South Africa as well as other African countries are deficient in a robust development infrastructure framework and are susceptible to criminal exploitation.

Based on the current economic and social outlook in the BRICS countries, one can surmise that the pendulum may take some time before it swings yet. Brazil and Russia are in an economic environment of near recession which has been compounded by the fact that the latter is under American and European sanctions because of its intervention in Ukraine. China has been trying to stave off a big slow down since 2014 and India, while still of interest to global investors, has been struggling to institute the desired economic reforms to achieve her full potential. As noted earlier, South Africa has been beleaguered by corruption allegations against the former President of South Africa Jacob Zuma and the current political discontent in the ruling ANC government. This does not augur well for economic stability of the Country. Is it a case of New Wine in an Old wine skin, in a sense that they seem to be duplicating the role of the World Bank and IMF or it is too early to judge? Let us wait and see!