

New Development Bank Eighth Annual Meeting
SUMMARY NOTES: Flagship NDB Governor Seminar

“Innovation Driving Global Development”

June 1, 2023

The New Development Bank (NDB) held its Flagship Governor Seminar on May 30, a key event during the Eighth Annual Meeting of the Board of Governors.

Focusing on “Innovation Driving Global Development”, governors and alternate governors of NDB, the NDB President, and renowned scholars discussed innovative solutions responding to mounting development challenges the world is facing, such as new development thinking and policies, emerging forms of global partnership for development, innovative funding and financing mechanisms, and new opportunities brought by digital technologies.

In her opening remarks, H.E. Ms. Dilma Rousseff, President of the NDB, highlighted that, for emerging economies and developing countries (EMDCs), achieving a high degree of industrialization, overcoming poverty, and maintaining significant economic growth with social justice all require exploring a new model which leads to higher value-added production sectors based on quality education, better job creation, and scientific and technological breakthroughs. According to President Dilma Rousseff, “it is through innovation and economic development that we foster inclusive and sustainable growth.” Meanwhile, President Dilma Rousseff pointed out that promoting innovation for high-quality industrialization and utilizing the opportunities brought by the digital era requires the determination of governments in strengthening internal markets, fighting against poverty and inequality, and making economies inclusive for millions of citizens.

Prof. Abhijit Banerjee, Professor of Economics at Massachusetts Institute of Technology and Nobel Laureate in 2019, and Prof. Justin Yifu Lin, Dean of Institute of New Structural Economics of Peking University and former Senior Vice President and Chief Economist of the World Bank, delivered keynote speeches at the Flagship NDB governor seminar.

In his video speech, Prof. Banerjee pointed out three global crises, a simmering debt crisis, an impending climate crisis, and an evolving AI crisis, and innovations are needed to cope with them. For the debt crisis, he thinks public awareness and information on borrowers and lenders are vital to providing early warnings. For the climate crisis, Prof. Banerjee regards that rich countries are still more carbon intensive than others after recalculating emissions embedded in their consumption that are produced offshore in developing countries. Thus, fair and implementable policy responses should be explored to help people affected by climate change. For the AI crisis, he reminds us that emerging digital technologies may significantly affect jobs in the middle- and low-income economies, and innovative policy instruments, including taxing capital, are needed to mitigate such potential negative impact.

Prof. Lin delivered his keynote speech on-site. He highlighted that countries in the Global South must catch up in achieving the United Nations 2030 Sustainable Development Goals. He pointed out three observations on development based on his research on New Structural Economics. First,

industrialization is the foundation for achieving the UN 2030 agenda. Second, pragmatic industrial policies based on comparative advantages are essential for countries in the Global South to achieve successful industrialization. Third, multilateral development banks (MDBs) play a crucial role in helping EMDCs achieve successful industrialization through investing in infrastructure, green development, and pandemic prevention. More importantly, MDBs, especially those rooted in EMDCs, such as the NDB, should generate good and effective ideas for the Global South based on the successful experiences of developing countries.

In the following panel discussion moderated by Ms. Xin Liu, Anchor of China Global Television Network (CGTN), governors and alternate governors of the NDB shared their perspectives on exploring innovative solutions to jump-start global development and the role of the NDB in this regard.

H.E. Mr. Fernando Haddad, Minister of Finance of Brazil and Governor to NDB, highlighted that innovation is the key to underpin the new path towards prosperity and sustainability. He pointed out that there is a clear need for a strong global pact to support ecological transition, connect development and climate change, and bridge social and climate imperatives. He shared that Brazil is supporting bioeconomy in the Amazon, which can provide a unique opportunity for development and create a new model of development that preserves natural reserves.

H.E. Mr. Vladimir Kolychev, Deputy Minister of Finance of Russia, pointed out that there have been emerging opportunities to achieve growth, especially in some new international systems. He emphasized the importance of mutual respect and benefit, and highlighted that NDB as a new form of partnership is important to carry out development cooperation in a non-political context. He also believes that the NDB can play a key role in better mobilizing resources for effective loans and other productive collaboration.

Ms. Manisha Sinha, Additional Secretary of Department of Economic Affairs, Ministry of Finance of India and Temporary Alternate Governor to NDB, highlighted that the world needs to pay more attention to infrastructure that encourages an innovative, startup, entrepreneurial mindset. She shared that India has put together important initiatives, such as Startup India, Digital India, Pharma Innovation, Startup 20 Engagement Group, to put the country on an innovation system. She also emphasized on explorations in new areas of innovation which have the potential to radically transform people's lives.

H.E. Mr. Dongwei Wang, Vice Minister of Finance of China and Alternate Governor to NDB, highlighted that innovation is the decisive factor for social and economic development, and it provides solutions to cope with mankind's common challenges. He emphasized that EMDCs should foster an open economy, strength macroeconomic policy coordination, and share opportunities and benefits in the process of opening-up. He pointed out that EMDCs should unite

to build a more balanced global partnership, improve their representations in the global economic governance system, and push for deeper and more pragmatic bilateral and multilateral cooperation.

H.E. Dr. David Maseko, Deputy Minister of Finance of South Africa and Alternate Governor to NDB, pointed out that industrialization is the foundation for sustainable development, poverty reduction, and health enhancement, and that growing the economy is the most sustainable way to end a debt crisis. He emphasized that the just transition to a low carbon economy is indispensable in coping with climate change, and the Global South has the potential to contribute to carbon reduction by industrializing to produce components, batteries, and other critical manufactures related to low-carbon economies for the world.

H.E. Ms. Sharifa Khan, Secretary of the Economic Relations Division, Ministry of Finance of Bangladesh and Alternate Governor to NDB, pointed out that many developing countries are facing challenges in utilizing innovation driving development, while the NDB and other multilateral development banks can play an instrumental role by investing both in public and private sectors of developing countries with concessional financing and adopting technologies.

H.E. Mr. Younis Haji Al Khoori, Undersecretary, Ministry of Finance of the United Arab Emirates and Alternate Governor to NDB, highlighted that innovation is a key element in making a change, and it is important for developed countries to pass some of the knowledge to low-income countries. He also emphasized that the NDB and other multilateral institutions has a role to play in providing crucial financing for the future.

H.E. Ms. Rania A. Al-Mashat, Minister of International Cooperation of Egypt and Alternate Governor to NDB, pointed out that innovation is not only about technology, but also policy design, partnership, and finding complementarities between countries. She emphasized that there are plenty of room for NDB member countries to exchange knowledge on how to move their infrastructure agenda in a way that is conducive to growth, while NDB can play a key role in this endeavor.