# BRICS Countries Development Institutions Working Towards New Values in a Post-COVID World

The world has endured the initial shock of the COVID-19 pandemic and begun treating and restoring the global system. Unfortunately, there have always been and will always be pandemics, both viral and financial, and it is crucial to understand how the world changes after each of them. The primary dilemma is how to preserve public health and ensure optimal rates of economic development in this difficult situation.

The combination of the socioeconomic impact of the COVID-19 pandemic and the challenges posed by sanctions-related conflicts, trade wars, and climate change has made it unlikely to achieve the goal of ending poverty by 2030 without ambitious and coordinated strategic actions by major international, regional, and national development institutions. Due to the coronavirus pandemic and the economic crisis that has followed, the global economy could lose USD 28 trillion over the next five years, International Monetary Fund Managing Director Kristalina Georgieva said in mid-October 2020, and the World Bank has predicted that the number of people living in extreme poverty will grow by 150 million people by 2021 due to the coronavirus pandemic.

Of course, each development institution (hereinafter DI) faces its own specific challenges. However, they all have a mandate to fulfil their countercyclical function amidst a crisis. It is essential to identify specific challenges and places where we can jointly apply our efforts. Reducing poverty, improving the well-being of society, and enhancing the safety of future generations is the ultimate goal of the activities carried out by DIs based on which their effectiveness is determined.

Since the COVID-19 crisis is still ongoing, DIs should consider extending the debt repayment moratorium, interacting more intensively with clients to create customized support packages, and creating an effective mechanism for economic recovery. It is crucial that we learn how to apply innovative technical assistance programmes to clients in terms of adapting their business operations to the crisis and recovery period. Public support for DIs and their additional capitalization in a timely manner is also important.

The response by DIs to the pandemic not only includes traditional activities involving infrastructure projects, but also the creation of new approaches to achieve the UN Sustainable Development Goals (SDGs). This means including such sustainable development factors as supporting equitable and universal access to health care, food, clean water, affordable energy, and other basic services in the criteria used to select projects. This includes rejecting projects that damage the environment and violate the principles of responsible finance.

Just as climate change has forced the World Economic Forum to recognize climate change as a major economic problem, the current pandemic has caused us to rethink the concept of ‘global health’. A September 2020 report from the Asian Development Bank (ADB) identifies healthy lifestyles as a critical factor in post-pandemic economic growth in Asian countries. Wellness policies that promote physical, emotional, and mental health could increase people’s satisfaction and productivity, which would impact global economic growth.

The right to health is one of the fundamental human rights and a prerequisite for sustainable socioeconomic development, thus it requires an appropriate response from DIs. To this end, national DIs are expected to allocate investments in their portfolios for the development of health infrastructure, which will create new great opportunities in public-private entrepreneurship (PPP). In particular, the World Bank has said that developing nations will receive over USD 12 billion for the purchase of a coronavirus vaccine as well as medicines to treat this disease.

The healthcare system in G7 countries has demonstrated its shortcomings. BRICS countries as a whole, and particularly China and the Russian Federation, have done a better job. Their medical and anti-epidemic measures have been effective, and the necessary efforts and funds have been mobilized on time.

The world has encountered a major challenge in 2020. A viral epidemic has been spreading since the start of the year, and its active phase has not even passed yet. In particular, the infection has continued to spread at a record pace in October and November based on daily data on the number of new infections. Countries face the choice of imposing strict quarantine measures to stop the epidemic or saving the economy. China, Japan, and South Korea have managed to limit the scale of the economic recession (China has even managed to achieve economic growth based on the anticipated results of this year) and effectively contain the wave of the pandemic. In the United States and the European Union, as well as India and Brazil, the economic losses from the recession have been quite high, as have the number of cases and the death rate.

Several European countries that dealt with the pandemic in the first half of 2020 are now experiencing second, larger waves of coronavirus and are imposing new quarantine measures. The United States has also seen a massive second wave of coronavirus, with average growth rates at an all-time high, but has not yet imposed restrictive measures. Even though the second wave of the epidemic has been even greater, the protective quarantine measures that several European countries and Russia have imposed are not as stringent as they were during the first wave of the pandemic and lockdowns.

At the same time, many countries that had experienced the active phase of the infection by mid-2020 appear to have overcome or are on the verge of overcoming the peak of the first waves in August, September, and October. However, the number of cases continues to rapidly increase in these countries, for example, in a number of South American countries (Brazil, Chile, and Peru, among others) as well as in India and Israel. A similar situation can be seen in countries that are dealing with another wave of the infection, for example, in several European countries (Czech Republic, Netherlands, Ireland, and Slovakia, among others).

The incidence rate in BRICS countries is lower on average than in many developed nations, but it is strongly polarized within the countries that comprise this association. Specifically, China has virtually no incidence rate, while India and Brazil continue to have among the highest rates in the world. The growing incidence rate of COVID-19 has led to unprecedented isolation measures and restrictions on activities in a number of services and industries. As a result, the global economy has found itself in a severe economic crisis that has been exacerbated by risks and imbalances that have accumulated over the past two decades (cyclical and structural crises that are gaining steam, record growth in global debt, a slowdown in China’s economy, growing problems in the economies of European countries, and trade wars, among other things).

The economic, financial, and social sectors of BRICS countries have also been seriously affected by the virus. This is why DIs in these nations face new enormous challenges, and the response to these challenges could affect the further socioeconomic development of these countries. To this end, collaboration between the development institutions of BRICS countries is particularly important.

## 1. Impact of the COVID-19 pandemic on the global economy and BRICS countries

The global economy proved to be highly vulnerable to the growing COVID-19 pandemic in 2020. This vulnerability was driven by a number of factors, such as:

- the healthcare system’s unpreparedness for a large-scale pandemic and the resulting imposition of stringent quarantine measures in key parts of the global economy;

- the high degree of globalization in the trade of goods and services;

- growth in population mobility in recent decades;

- the high importance of tourism and recreation;

- the growing proportion of the elderly population and population concentration in large cities.

The imposition of quarantine restrictions throughout the world has led to a deep recession in the global economy. There has been a sharp decline in the demand for and supply of key services, production and supply chains have been interrupted, investment has been curtailed, and unemployment has grown significantly across the globe. When opening the session of the 75$^{th}$ UN General Assembly on 22 September 2020, UN Secretary General António Guterres said the COVID-19 pandemic was akin to the fifth horseman of the Apocalypse, as it threatens the whole world (the first four ‘horsemen’ are global geostrategic tensions, the climate crisis, general mistrust, and negative consequences resulting from the active introduction of digital technologies).

Quarantine measures and the onset of summer in the northern hemisphere managed to halt growth in the incidence rate. Most countries began gradually lifting quarantine restrictions starting in May 2020, and the global economy began to recover quite quickly. In the second quarter of 2020, China’s GDP was 3.2% higher year-on-year following a decline of 6.8% in the first quarter. By the end of the summer, retail sales in developed nations had topped their pre-crisis peaks. Industrial production in the Eurozone and the United States was rapidly recovering, and unemployment was declining.

In the third quarter of 2020, GDP grew more than it was expected to in almost all countries. In the United States, the decline in GDP growth in the third quarter slowed from 9.0% to 2.9% year-on-year, primarily due to a rebound in demand for durable goods as well as investment in housing and equipment. In the Eurozone, the GDP decline slowed from 15% to 4.3%, significantly exceeding economists' forecasts. China saw economic growth accelerate and reach 4.9% year-on-year in the third quarter, primarily due to increased demand on the domestic market and improvements with investment.

Autumn 2020 marked the start of a new outbreak of the pandemic, and many countries began imposing restrictions on the service sector again. This could slow down the recovery of the world economy, and in some countries lead to a new recession. However, countries are now more prepared for the growing incidence rate than they were in the spring. Thus, we expect that quarantine measures will be significantly less stringent and will mainly involve greater social distancing without closing key businesses. However, the global economic recovery in the fourth quarter will likely be weaker than previously seen.

The recovery process has been aided by unprecedented support measures for businesses and communities that have been affected. The fiscal measures that have been implemented in developed nations significantly exceed the scale of anti-crisis measures in 2008–2009. According to the IMF, as of the start of the fourth quarter of 2020, direct fiscal measures to support the economy in developed nations amount to approximately 9% of GDP (compared with 2019), while monetary measures (overall liquidity support, including the purchase of assets, special loans, and the issuance of guarantees ) account for another 11% of GDP (compared with 2019).

In emerging markets, total fiscal measures over the same period amount to less than 3.5% of GDP (2019), while liquidity support is about 2% of GDP (2019). These measures have helped reduce the number of bankruptcies, mitigate the negative consequences of temporary shutdowns at companies, support the level of income among the population, and reduce growth in the debt burden of the private sector.

In these conditions, the VEB.RF Institute's forecast assumes that the global economy will contract by 4.3% in 2020 and will fully recover next year with growth of 4.5%. This is consistent with most of the forecasts of major investment banks and slightly better than that of international financial institutions. Despite the economic recovery, which will outpace the pre-crisis estimates, the global economy will not reach the levels expected prior to the crisis in the medium term. Stimulus measures will lead to even more imbalances: budget deficits and debt burden, which will further require budget consolidation and limit economic recovery (should Trump win, the ongoing disintegration processes and trade wars will constrain transnational investment, which will also limit opportunities for further development in several countries).

One particular aspect of the current economic crisis is that quarantine restrictions have led to a disruption in supply chains for goods and services and also the discontinuation of established cooperation. The service sector has been affected the most, especially such sectors as tourism, the hotel and restaurant business, air transportation, and trade.

The World Labour Organization estimates that, as of 1 October 2020, work time losses around the world amounted to 17.3% in the second quarter of 2020 compared with the last quarter of 2019, which is equivalent to the loss of 495 million jobs in full-time employment (FTE)[1]. Several countries have adopted massive fiscal packages in response to the crisis, in particular to support household income and businesses. WTO estimates indicate that increasing fiscal stimulus by 1% of annual GDP reduced lost work time by 0.8% on average. In the absence of financial stimulus, the global loss of work time would have been 28% in the second quarter of 2020.

A substantial portion of the population has seen their incomes fall, and tens of millions of people, primarily in Africa, Latin America, and Asia, found themselves in extreme poverty. According to a forecast released by the World Bank on 7 October 2020, as a result of the coronavirus pandemic and the global economic crisis it triggered, the number of people around the world living in extreme poverty will grow by 150 million for the first time in 22 years by 2021.

According to OECD forecasts, by the end of 2021, the total damage to the global economy caused by the coronavirus pandemic will reach USD 7 trillion. This is comparable to the combined annual budgets of the United States (USD 4.1 trillion) and

[1] ILO Monitor: COVID-19 and the world of work. Sixth edition Updated estimates and analysis. https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_755910.pdf

China (USD 3.2 trillion). However, the decline in global trade in 2020 may not be as drastic as previously expected and will amount to 9.2% before rebounding to 7.2% in 2021, according to a forecast by the World Trade Organization, which was updated on 6 October 2020.

The economies that were most heavily impacted in the second quarter of 2020 were the ones that introduced strict quarantine measures and have a large proportion of consumption of durable goods and services, including the export of services, as well as a high degree of population mobility. Countries with a high dependence on the export of oil and raw materials also proved to be vulnerable, but the reserves they accumulated in smooth years have helped them alleviate the decline in exports. Among the first victims were European countries, which immediately had to cope with the coronavirus epidemic following the outbreak in China. In Europe, the economies of Spain, the United Kingdom, and France saw a decline of roughly 20% year-on-year or higher in the second quarter of 2020.

**Table 1. GDP by country**

| % YoY | Jan-Mar 2020 | Apr-June 2020 | July-Sep 2020 | 2020 | 2021 | 2021 / 2019 | COVID-19 incidence, total per 1,000* |
|---|---|---|---|---|---|---|---|
| USA | +0.3 | -9.0 | -2.9 | -4.0 | +3.7 | -0.4 | 28.9 |
| Eurozone | -3.1 | -14.8 | -4.3 | -8.7 | +4.3 | -4.8 | 17.0 |
| UK | -1.7 | -21.7 | | -10.9 | +5.8 | -5.8 | 15.5 |
| Japan | -1.9 | -10.1 | | -5.5 | +2.3 | -3.4 | 0.8 |
| Canada | -0.9 | -13.0 | | -5.8 | +4.6 | -1.5 | 6.3 |
| Australia | +1.6 | -6.3 | | -3.9 | +2.7 | -1.3 | 1.1 |
| South Korea | +1.4 | -2.7 | -1.3 | -1.4 | +3.0 | 1.6 | 0.5 |
| Turkey | +4.4 | -9.9 | | -3.5 | +4.2 | +0.6 | 4.5 |
| Mexico | -1.4 | -18.7 | -8.6 | -9.1 | +3.5 | -5.9 | 7.2 |
| BRICS | -3.2 | -5.2 | -0.3** | -1.8-2 | +6-7.0 | +3.9-6.0 | 3.6 |
| China | -6.8 | +3.2 | +4.9 | +1,9-2.1 | +7.0 | +9.0-9.2 | 0.06 |
| India | +3.1 | -23.9 | | -9.0 | +7.8-8 | -2.0 | 6.0 |
| Russia | +1.6 | -8.0 | -3.5** | -4.0 | +2.3 | -1.8 | 11.5 |
| Brazil | -0.3 | -11.4 | | -5.5 | +3.0 | -2.7 | 26.1 |
| South Africa | +0.1 | -17.1 | | -8.2 | +3.0 | -5.8 | 12.2 |

Notes: forecast for 2020–2021 based on the median consensus forecast of international financial organizations, research institutions, and commercial banks
* Incidence rate as of 3 November 2020

** Estimate by the VEB.RF Institute
Sources: VEB.RF Institute, Worldometer (incidence data)

The economies of BRICS countries have had different reactions to the pandemic. India and South Africa were among the worst hit countries in the second quarter of 2020. Their annual decline in GDP will be around 8-10%, which is comparable to the most heavily impacted European countries. Brazil and Russia are seeing a relatively moderate decline that is comparable to the decline in developed nations as a whole. China has been the most successful in enduring the pandemic. Its economy will be the only major one in the world to maintain positive dynamics at the end of the current year. Thanks to China, the overall decline in GDP among BRICS countries will not exceed 2% in 2020.

Going forward, economic recovery will be uneven and fraught with multiple risks. The recovery of a number of sectors, such as tourism and air travel, among others, may drag on through 2021–2022, until the threat of the infection disappears and people see their incomes return. Growth in public debt and increased budget deficits will determine the degree to which anti-crisis measures are rolled back. According to the VEB.RF Institute, GDP could grow as much as 6-7% in BRICS countries in 2021.

**Table 2. Forecast growth rates of leading global economies, %**

| Source | Press release | USA | | Eurozone | | Russia | | Brazil | | China | | India | | South Africa | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| OECD | Sep. | -3.8 | 4.0 | -7.9 | 5.1 | -7.3 | 5.0 | -6.5 | 3.6 | 1.8 | 8.0 | -10.2 | 10.7 | -11.5 | 1.4 |
| IMF | Oct. | -4.3 | 3.1 | -8.3 | 5.2 | -4.1 | 2.8 | -5.8 | 2.8 | 1.9 | 8.2 | -10.3 | 8.8 | -8.0 | 3.0 |
| ADB | Sep. | | | | | | | | | 1.8 | 7.7 | -9.0 | 8.0 | | |
| Global Insight | Sep. | -4.8 | 3.1 | -8.7 | 4.3 | -6.0 | 3.4 | -7.0 | 3.8 | 1.5 | 7.1 | -6.9 | 6.5 | -8.9 | 3.2 |
| VEB.RF Institute | Aug. | -4.0 | 3.7 | -8.7 | 4.3 | -4.0 | 2.3 | -5.5 | 3.0 | 1.9-2.1 | 7.0 | -9.0 | 7.8 | -8.2 | 3.0 |

Notes: the forecast of the VEB.RF Institute (except for Russia) is based on the median consensus forecast of international financial organizations, research institutions, and commercial banks

Sources: IMF, ADB, OECD, Global Insight, and VEB.RF Institute

The recovery of BRICS economies will make an enormous contribution to global economic growth as a whole. BRICS nations currently account for a more than 30% share of the global economy in PPP terms. With economic growth of 6-7% in 2021, all other countries, according to our estimates, will grow by only 4% next year. The IMF predicts that the share of BRICS countries in the global economy will expand in the medium term and exceed 34% in 2025. The total population of BRICS nations exceeds 3.2 billion people (41.5% of the world's population in 2019) and will grow by 0.5–0.6% every year, primarily on account of India.

Among BRICS countries, the economy that was most severely affected by the pandemic was that of **India**, which had demonstrated high rates of economic growth in previous years. However, restrictive measures and plummeting consumption will lead to a significant decrease of more than 10% in India's economy in 2020. In 2021, the economy is projected to grow by 9%, but will not be able to fully restore pre-crisis production volumes.

The pandemic has also severely impacted the economy of **South Africa**, which has a particularly large share of small and medium-sized enterprises. Prior to the crisis, the South African economy had experienced weak growth rates and had even entered into a recession in the last quarter of 2019. The pandemic has exacerbated these negative trends. As of the end of 2020, South African GDP may decline by almost 9%, according to the VEB.RF Institute (Table 2). Given a lack of sufficient budgetary funds, the South African authorities are very limited in their ability to provide effective financial assistance to the country's economy. According to the IMF forecast, it will take several years for the South African economy to overcome the impact of this crisis.

Another country that has suffered heavily from the pandemic is **Brazil**, which ranks third in the world in terms of the number of coronavirus infections. According to the VEB.RF Institute, Brazil could see GDP decline by 5.5% in 2020 (Table 2). Various estimates predict it will take 2–3 years for the economy to recover.

In **Russia**, the impact of the COVID-19 pandemic was exacerbated by falling oil prices and a significant reduction in oil production. However, GDP only contracted by 8% in the second quarter of 2020, which is below most expectations as well as the rate of decline seen in the economies of most of G20 countries (Table 2). By the end of 2020, GDP may shrink by roughly 4%. Planned fiscal consolidation will make it impossible to recover losses from the pandemic in 2021, as the country's GDP is expected to grow by 2.3%.

**China** managed to basically get the epidemic under control by March 2020 as a result of extremely harsh measures and resume production at several enterprises that had previously been shut down due to the imposition of quarantine. China is the only one of the 48 largest economies in which GDP was higher in the second quarter of 2020 than the same period of 2019. However, growth in the Chinese economy may slow to 1.9-2.1% in 2020 largely as a result of a sharp decline in foreign demand for Chinese components and finished products (Table 2).

Autumn has demonstrated that the COVID-19 pandemic is not going anywhere yet. According to the World Health Organization and Johns Hopkins University, as of 21 October 2020, the top ten countries in terms of the number of people infected include three BRICS countries – India (2nd), Brazil (3rd), and Russia (4th). South Africa ranked 12th, while China ranked 49th. BRICS countries account for 38% of cases and 27% of deaths from coronavirus around the world, but these numbers change every day. The spread of the infection will not only have a negative impact on the socioeconomic development of BRICS countries themselves, but also on their key partners around the world.

## 2. Anti-crisis measures taken by BRICS countries

Governments around the world have been actively involved in supporting the economy during the period of quarantine restrictions. As a rule, though, support in developed nations has been much more substantial, both from the fiscal sector as well as from liquidity support measures. In addition, issuers around the world raised more than USD 100 billion in 2020 through the issuance of social and sustainable bonds, most of which aim to fund the response to COVID-19.

Among BRICS countries, fiscal support comparable to that of developed nations has been seen in Brazil and India, which are experiencing major economic shocks due to the massive scale of the disease. China managed to cope with the epidemic relatively quickly, including through strict quarantine measures. In Russia, support remains at a relatively low level with a moderate decline.

Highlights of the key anti-crisis measures that all BRICS member states took to combat the consequences of the pandemic:

- Support for the healthcare system: funding of infrastructure projects (construction of hospitals and mobile medical centres) – South Africa, additional incentives paid to healthcare workers – Russia, an increase in the production of essential medical equipment and personal protective equipment – China and India, and the implementation of other anti-epidemic measures;

- ➢ Support for small and medium-sized businesses (primarily export-oriented businesses), including guarantees, sureties, and soft loans and the extension of loan repayment deadlines;
- ➢ Receipt of targeted loans from international and regional development institutions. Issuance of anti-crisis (pandemic) bonds.

In addition, monetary regulators and fiscal authorities took measures to support liquidity and credit through guarantee mechanisms, cut key interest rates and subsidized lending rates, reduce regulatory requirements, and purchase assets.

Development banks that are members of the BRICS Interbank Cooperation Mechanism have been actively involved in the unprecedented response measures to the COVID-19 pandemic taken by their governments (see Table 3).

**Table 3. Comparative cross-country scale of anti-crisis measures**

| Support measures (as of 08.10.2020) | USA | Germany | Brazil | South Africa | China | Russia | India |
|---|---|---|---|---|---|---|---|
| Fiscal (without guarantees), % of GDP | 11.8 | 8.3 | 8.3 | 5.3 | 4.6 | 2.6 | 1.8 |
| Cut in key interest rate since start of 2020, bp | -150 bp (0-0.25%) | - (0.0%) | -225 bp (2.0%) | -300 bp (3.5%) | -20 bp (3.85%) | -200 bp (4.25%) | -115 bp (4.0%) |

Source: IMF Fiscal Policies Database, VEB.RF Institute

The specific goals to be met by the development institutions were set taking into account the country's actual needs in specific areas, thus the primary focuses of the relevant institutions were very diverse.

**Brazil.** The government's anti-crisis fiscal measures include temporary support for the incomes of vulnerable households, support for employment (partial compensation of wages and temporary tax breaks), reducing taxes and import duties on basic medical supplies, and additional federal budget allocations to states and municipalities with a temporary suspension of debt payments. The total budgetary measures are estimated to amount to 8.3% of GDP. In addition, the government provided micro-enterprises and SMEs with credit lines amounting to 1% of GDP. For their part, state-owned banks are expanding credit lines to households and SMEs (5.3% of GDP) in order to cover the costs of wages, working capital, and investments.

The central bank slashed its key interest rate (SELIC) by 225 basis points in mid-February 2020 to an all-time low of 2%. Measures were taken to increase liquidity in the financial system (including through a temporary relaxation of the rules for creating reserves as well as regulatory requirements for reserves). The central bank has intervened on the foreign exchange market on several occasions, and also created a mechanism to provide loans to financial institutions secured by private corporate bonds, modified capital requirements for small financial institutions, and allowed banks to reduce contingent liabilities on the condition that funds are lent to SMEs.

For its part, the **Brazilian Development Bank (BNDES)** provided BRL 61.7 billion (USD 11 billion) in anti-COVID loans and borrowings to help Brazilian companies deal with the COVID-19 pandemic. In addition, the BNDES-managed fund PIS-Pasep transferred BRL 20 billion to the national fund to support SME workers, which enabled people to make emergency withdrawals and spend some of these funds on consumption. This is also expected to help the national economy recover and boost the development of small businesses. Including this amount, the total value of emergency measures implemented by BNDES exceeds BRL 80 billion. The bank expanded lending to micro, small, and medium-sized enterprises through partner banks (BRL 6.9 billion or USD 1.2 billion), provided a loan of BRL 2 billion (USD 356 million) to increase the number of hospital beds and provide equipment and medical supplies as well as guarantees amounting to BRL 30.6 billion (USD 5.4 billion) for more than 35,000 companies under the emergency lending programme, and conducted transactions with financial resources (BRL 40 billion or USD 7.1 billion) for loans to pay salaries. Along with 15 other financial institutions, BNDES has accumulated BRL 14.84 billion (USD 2.6 billion) to provide funding to the electricity sector in an effort to prevent tariff growth. The bank has temporarily suspended repayments on the direct and indirect financing of enterprises (for BRL 19 billion (USD 3.4 billion) and BRL billion (USD 2 billion), respectively) in the following sectors: oil and gas, airports, ports, energy, transport, healthcare, industry and trade as well as the service industry.

**India.** India’s fiscal support measures can be divided into two categories: 1) direct budget expenditures (approximately 1.87% of GDP) combined with compensation for lost or deferred income (roughly 0.23% of GDP); 2) measures to support enterprises and provide loans to individual sectors (about 5.24.9% of GDP). The key direct financing measures include: provision of food and gas; remittances to low-income households; healthcare worker insurance; wage support; and employment for low-paid workers.

Roughly INR 150,360 billion (0.21% of GDP) will be spent on healthcare infrastructure. The country also announced measures to ease tax requirements in a number of sectors. Measures not directly related to the budget aim to provide lending support to enterprises (1.9% of GDP), poor households, especially migrants and farmers (1.6% of GDP), and electricity distribution companies (0.4% of GDP) as well as targeted support for the agricultural sector (0.7% of GDP). India is also planning to implement other support measures amounting to roughly 0.3% of GDP.

Starting from March 2020, the Reserve Bank of India (RBI) cut the key interest rates, announced measures to provide liquidity, and conducted operations on the open market (including the concurrent purchase and sale of government securities), which resulted in a cumulative liquidity injection of 4.7% of GDP over the course of August 2020. The RBI has also provided regulatory relief to both borrowers and lenders, and previously introduced regulatory measures to increase credit flows to the retail sector as well as micro, small, and medium-sized enterprises. Restrictions on investment by non-residents in certain securities issued by the central government have been lifted.

The **Export Import Bank of India (Exim Bank of India)** has implemented projects to combat the virus, such as lending to mask producers Welspun India Limited and Rivatex East Africa Limited. The Reserve Bank of India provided a USD 2 billion credit line for 90 days with an up to one-year rollover to enable Exim Bank of India to take advantage of the dollar swap facility. The moratorium on debt repayment was extended by 3 months for exporters, and the base lending rate was reduced by 40 b.p. The Exim Bank of India staff raised and donated INR 10 million (USD 136,400) to the PM Cares Fund to fight the pandemic.

**China.** The Chinese government announced anti-crisis fiscal measures amounting to CNY 4.8 trillion (4.6% of GDP). Key measures include: increased spending on preventing and combatting epidemics, manufacturing of medical equipment, accelerated payment of unemployment insurance and its expansion for migrant workers, tax breaks, waiving social security contributions, and public investment.

The People's Bank of China (PBC) adopted the following stabilizing measures: it injected liquidity into the banking system through open market operations (reverse repo and medium-term lending mechanisms); expanded the ability for re-lending and re-discounting by CNY 1.8 trillion to support manufacturers of medical equipment and essential goods; lowered interest rates for micro, small, and medium-sized businesses and the agricultural sector to provide them with support; reduced reverse repo rates by 50–100 basis points for large and medium-sized banks that meet inclusive finance criteria that provide benefits to micro and small businesses; reduced interest rates on excess reserves; expanded the credit line provided by state-owned banks to private firms and small businesses; and introduced new instruments to support small business lending. Restrictions on investment quotas for foreign institutional investors were lifted. The exchange rate can be flexibly adjusted.

The **China Development Bank (CDB)** adopted a COVID-19 Prevention and Control Work Plan to set up a special anti-crisis fund based on a concessional loan provided by the National Bank of China in the amount of CNY 130 billion and USD 5 billion. The fund is designed to finance projects for the production and procurement of medicines, construction of infrastructure for the public healthcare system as well as research and technological modernization.

The CDB issued a total of CNY 438.5 billion (USD 64.6 billion) in anti-COVID loans to resume production, replenish working capital, and help small and medium-sized businesses. The bank restructured receivables, introduced a grace period for debt repayment, and temporarily reduced interest rates on newly issued loans for most projects and key enterprises in the regions and companies most affected by the pandemic. In the near future, the CDB plans to continue using special concessional loans to support SMEs and stabilize employment. The bank will support the creation of new jobs, including through the establishment of a unique value chain in the local agricultural processing industry and by financing enterprises involved in the global supply chains of goods and services. In addition, the bank will devote priority attention to supporting infrastructure projects such as railways, highways, urban rail transit, energy and water supply, and urban housing construction.

Greater financial support will be provided for medical research and the development of new drugs, equipment for the accurate diagnosis and treatment of viral diseases, the construction of hospitals, and the introduction of a system to care for the elderly at home and in the community. The CDB will effectively utilize a special USD 10 billion credit line to support import/export businesses that have been affected by COVID-19 as part of the Belt and Road Initiative.

**Republic of South Africa (RSA).** The South African government provides aid to companies and workers in distress through the Unemployment Insurance Fund and special programmes of the Industrial Development Corporation. Workers with incomes below a certain threshold receive a tax subsidy, while the most vulnerable families receive a temporary increase in social benefits. A new six-month grant was also created during quarantine to pay unemployed individuals, and the amount of food for distribution was increased. Funds have been allocated to assist SMEs, primarily in the tourism sector, as well as small farmers working in poultry, livestock, and vegetable production. Total budget funding is estimated at 5.3% of GDP.

The new loan guarantee programme helps companies with turnover below a certain threshold obtain bank financing to cover their operating expenses. Money is also being allocated to a solidarity fund to help combat the spread of the virus, support the municipal provision of emergency water supplies, improve sanitary conditions in public transport, and provide food and shelter for the homeless. The total amount of the loan guarantees is estimated at 4.1% of GDP. The South African Revenue Service, for its part, has allowed SMEs to defer certain tax liabilities and released a list of essential goods on which customs duties will be completely abolished and no import VAT will be charged.

The South African Reserve Bank (SARB) has slashed its interest rate several times since the start of the pandemic. The rate was last cut by 25 basis points to 3.5% on 23 July. The government has announced the launch of a unified programme that will enable banks to ease the debt burden on borrowers. In addition, the SARB temporarily lowered banks' capital requirements and liquidity coverage ratios to provide additional liquidity and counter risks faced by the financial system.

The **Development Bank of South Africa (DBSA)** has allocated ZAR 150 million (USD 9 million) for the following measures to treat and prevent COVID-19 in the country: projects to purchase medical equipment, provide testing, and create infrastructure to combat the virus. As part of pan-African cooperation, the same amount was allocated for the purchase of personal protective equipment for residents of such countries as Mozambique, Zimbabwe, Zambia, Lesotho, and Swaziland. The DBSA has increased provisions for expected credit losses, raised financing from international development financial institutions and local financial organizations, and is developing a cost reduction strategy.

**Russia.** Since the time the pandemic appeared in Russia, the Russian government has taken a number of measures to support business, including deferring taxes, social contributions, and payments for property rental and loans, imposed a moratorium on tax inspections, and extended licenses and permits. Loans have been issued to SMEs and strategic enterprises at preferential rates.

The anti-crisis measures above all include the following measures that aim to support certain categories of workers and the population: additional payments to doctors and other medical personnel who directly work with coronavirus patients; increased unemployment benefits and sick leave payments; additional payments for children; and subsidizing preferential mortgage rates. Secondly, the measures aim to support entrepreneurship: support for SME employees in the most affected sectors; a reduction in the social contribution rate from 30% to 15% for wages exceeding the minimum wage; providing strategic enterprises with loans at a reduced rate for the replenishment of working capital; sectoral support measures; support for industry-based import substitution programmes; tax and insurance payment write-offs for the second quarter of 2020 for SMEs and individual entrepreneurs in affected industries; support for self-employed individuals; and granting a tax deduction amounting to one minimum wage for insurance premiums to individual entrepreneurs employed in the most affected industries. The fiscal package of anti-crisis measures (excluding guarantees) had an estimated value of RUB 2.8 trillion, or 2.6% of GDP, as of July 2020, while the total volume of the anti-crisis package amounted to RUB 4 trillion, or 3.7% of GDP.

In addition, the Russian government in late September 2020 approved the National Action Plan, which includes a number of measures to ensure the restoration of employment and income, economic growth, and long-term structural changes. The plan was adopted for the period from June 2020 to December 2021 and contains a set of measures valued at a total of RUB 6.4 trillion, or 5.8% of GDP. Considering that RUB 4 trillion worth of anti-crisis support measures has already been provided, the plan has already been more than half way implemented.

The goals of the National Action Plan will be achieved both through Russia's national projects and the key initiatives of the Plan, which aim to increase real incomes; restore effective employment and effective demand; support and develop individual, small, and medium-sized businesses; launch a new investment cycle; improve the business climate; accelerate the technological development of the economy; boost labour productivity, including through digitalization; increase exports; and support import substitution. Industry-specific support measures are designed to ensure the recovery and development of individual industries, enhance the resilience of the socioeconomic system to shocks caused by epidemics, and support the economic development of Russia's regions.

The monetary regulator's anti-crisis support measures include the following: the Bank of Russia has reduced the key interest rate by 200 basis points to 4.25% since the start of 2020. The National Wealth Fund has sold foreign exchange reserves, reflecting the drop in oil prices below the base price contained in the budget, and then due to the government's purchase of Sberbank. The bank also increased the limit on currency swaps, temporarily introduced a long-term refinancing instrument, and eased regulatory requirements for commercial banks to help corporate borrowers and provide more favourable conditions for foreign currency loans issued to certain sectors. Abstaining from creating provisions for restructured corporate loans and SME loans applies to all sectors, not just those affected by COVID. The Central Bank of the Russian Federation has introduced a new credit line for RUB 500 billion for concessional lending to SMEs (in addition to the RUB 150 billion that were already allocated to provide loans to SMEs to support and maintain employment). Another RUB 50 billion will be allocated for similar purposes to borrowers who do not have SME status.

In late September 2020, the Russian government approved a draft National Economic Recovery Plan for the period until 2024. It includes 500 measures with total funding of RUB 6.4 trillion. The main goals of the Plan are to increase the level of people's employment and incomes, ensure GDP growth, and restart SMEs.

In October 2020, the government extended the moratorium on the bankruptcy of companies in industries most affected by coronavirus. It also introduced the 'Social Treasury' system, which includes social support measures at the federal, regional, and municipal levels. One important measure was the digitalization of the labour market, with a transition to working remotely, the expansion of part-time employment and self-employment, and the introduction of electronic personnel workflow. Digitalization will impact all key areas of the economy and public administration on the whole. There are plans in place to switch to the principle of 'Government as a Digital Platform', which involves the comprehensive provision of public services in digital form. The final stage of the National Economic Recovery Plan, which is scheduled for July–December 2021, aims to ensure active growth in both the economy and people's real incomes.

Based on instructions from and with the support of the Russian government, **VEB.RF** took part in an ambitious programme in the first half of 2020 to support Russian business during the COVID-19 pandemic (see Table 4). VEB.RF issued commercial banks a total of RUB 673 billion in guarantees for them to provide soft loans to entrepreneurs at a zero or reduced interest rate. Capital adequacy stood at 18% as of the end of the first half of 2020. VEB.RF is aggressively implementing plans to support projects in infrastructure, industrial development, exports, and municipal economies.

The level of liquidity and capital at VEB.RF enables the bank to successfully perform the functions of a development institution and implement projects of national importance. The Group's capital increased by RUB 170.3 billion, or 39.8%, over the first half of 2020 and stood at RUB 597.9 billion. VEB.RF also created expected credit loss provisions in the amount of RUB 21.1 billion. This amount also includes provisions of RUB 12.1 billion that were created for guarantees from VEB.RF to banks as part of the government's anti-crisis measures.

**Table 4. Credit support by VEB.RF for the Russian economy**

| Measure | Planned amount, RUB bln | |
|---|---|---|
| | Loans | VEB.RF guarantees |
| Support for business | 1 454 | 673 |
| Loans to support employment for enterprises in affected industries | 654 | 228 |
| Preferential lending to SMEs | 350 | 220 |
| Loans to support working capital while maximizing employment for backbone enterprises | 450 | 225 |
| Support for the public | >500 | |
| Preferential mortgage at 6.5% p.a. | >500 | |

Source: VEB.RF Institute

The VEB.RF State Corporation will guarantee at least 75% of interest-free payroll loans for enterprises in industries affected by the coronavirus.

Thus, the development institutions of BRICS countries have been actively involved and continue to be actively involved in the implementation of the government's anti-crisis measures, including in such areas as:

➢ support for SMEs (primarily export-oriented businesses), including guarantees, sureties, and soft loans, and the extension of loan repayment deadlines (VEB.RF, BNDES, and CDB);

- social assistance measures for vulnerable groups of the population (CDB and EximBank);
- support for the healthcare system: funding infrastructure projects (construction of hospitals and mobile health centres), increasing the production of essential medical equipment for the provision of ambulances and personal protective equipment, developing testing, treatment, and vaccination systems, and implementing other anti-epidemic measures (BNDES, EximBank, CDB, and DBSA);
- funding projects to provide the public with food and drinking water and ensure the operation of water treatment and sewerage facilities, mobile power infrastructure, and urban passenger transport (BNDES and DBSA);
- raising targeted loans from international and regional development institutions (BNDES, CDB, EximBank, and DBSA);
- issuance of anti-crisis (pandemic) bonds (CDB);
- investing in promising infrastructure, technological, and green projects that help maintain employment and ensure economic growth (VEB.RF, BNDES, and CDB).

Special mention should be made about the **role of the BRICS New Development Bank (NDB)** when speaking about the anti-crisis measures that are being implemented in BRICS countries. As of the start of the fourth quarter of 2020, this financial institution had approved 64 projects valued at more than USD 20 billion, including four sovereign loans totalling USD 4 billion, which Brazil, China, India, and South Africa have already received as part of a programme to help the bank’s member states combat COVID-19. Another USD 10 billion has been earmarked for projects to combat the pandemic and minimize its impact.

In addition, the NDB has approved the allocation of loans valued at USD 1.03 billion for five new projects. These projects include three in Russia: the development of seaports and fleet renovations in order to expand transhipment, trade, and passenger traffic, the construction of 500 km of toll roads as well as the modernization of water supply and water treatment systems in various cities of Russia. Thanks to the approval of the new projects, the Russian part of the NDB portfolio now has 13 projects with a total value of USD 3.3 billion.

Thus, even though the economic crisis caused by the COVID-19 pandemic caught BRICS development institutions by surprise, they have nevertheless been able to mobilize their capabilities to the utmost to perform their functions. However, their potential could be bolstered exponentially through the coordination of their activities and the development of mutually beneficial cooperation in various areas. In addition, it became clear during the pandemic that development institutions need to boost their assets with respect to the GDP of the respective countries.

### 3. Promising areas for cooperation between BRICS development institutions in the post-pandemic period

The new global challenges arising as a result of the COVID-19 pandemic suggest that development institutions need further bolster cooperation within the BRICS Interbank Cooperation Mechanism. Accelerated urban development, climate change, and digitalization are pushing the government and business to increasingly focus on ways to qualitatively improve investments to ensure the achievement of the UN Sustainable Development Goals (SDGs).

In this regard, BRICS development institutions under the presidency of VEB.RF prepared the **Principles of Responsible Financing of the BRICS ICM** in 2020. The eight principles aim to create a system for assessing social, environmental, and economic risks in development institutions when providing funding. Based on the key international standards of the OECD, UN, and World Bank, these Principles will contribute to increased investments in infrastructure, joint projects, the development of intercountry trade, and a reduction in non-tariff barriers between BRICS countries, and also strengthen the image of BRICS on international capital markets. As part of further cooperation with BRICS development institutions on responsible financing, a proposal has been made to sign the proposed draft Principles of Responsible Financing of the BRICS ICM in November 2020, endorse recommendations for the implementation of the Principles by the end of 2020, and continue cooperation on responsible financing issues in 2021 during India's presidency in BRICS.

Support for the green economy is a major focus around the world, including in BRICS countries, which account for a significant portion of the world's emissions of harmful substances into the air and water as well as greenhouse gases. Each of our countries faces the challenge of enhancing resource and energy efficiency, providing the population with clean drinking water, transitioning to clean energy and transport with near-zero emissions, and developing infrastructure that is resistant to climate change. This is what the citizens of our countries want, and our government's aim to accomplish it.

To achieve these goals, each of our countries has embarked on the path of developing its own system of green financing that focuses on achieving national strategic priorities. Some BRICS members have already made significant progress on this path, while others are just starting out. We are confident that we will be able to create shared infrastructure for such a system that is based on the best achievements in the world and is focused on solving the specific problems that our association faces.

This is precisely why **green financing** should be considered one of the priority areas of cooperation between BRICS countries. In our opinion, the national development institutions of BRICS countries and the BRICS New Development Bank should play a leading role in achieving this goal. To this end, it would be advisable to organize joint work within the framework of the BRICS ICM to collect and analyse information and develop a coordinated approach to organizing a system of green financing.

The priority objectives facing this group are to compare and draw up proposals on how to coordinate approaches in terms of the criteria used to classify projects as ‘green’, the green financing instruments that are used, their effectiveness for solving various problems, drawing up and approving the methodology used to verify green projects, developing proposals on state support measures for green projects, and attracting resources from national and international banks to implement the priorities of BRICS nations in this regard.

Based on the results of this work, common criteria for BRICS countries could be developed for green projects, proposals have been made on creating an effective mechanism for their support, a roadmap has been developed to harmonize financing instruments for green projects used by national development institutions, proposals have been prepared to systematize information on the green projects that are being implemented and are planned to be implemented as well as the exchange of such information, and a common approach has been developed on the scope and analysis of ESG information requested from companies implementing green projects.

We could continue work to create credit lines in national currencies and launch pilot projects, establish direct contacts between key dedicated units with similar ones at partner banks, make BRICS more green, and support green cooperation within BRICS, particularly as regards green technologies, green infrastructure, green financing, green economy, etc. in order to meet the needs for achieving the UN SDGs by 2030, promote the development of the BRICS bond market, create a sustainable investment and financing model within BRICS, and explore opportunities for using the digital economy in investment and financing.

**Global climate change** is one of the biggest challenges facing mankind in the 21$^{st}$ century. Changes in the environment, such as rising temperatures, coastal erosion, droughts, floods, hurricanes, and rising sea levels, are causing major transformations in the socio-political and economic landscape of numerous countries, and that is why we believe that funding projects to adapt BRICS economies to climate change and combat this phenomenon should be a priority for the BRICS ICM.

Climate change can lead to greater credit, market, and operational risks and have a negative impact on companies' financial results. An increasing number of international organizations and national regulators have been speaking about the need to develop measures to assess climate risks and stimulate green financing. Russia's ratification of the Paris Agreement, VEB.RF's membership in the UN Global Compact, the transition of multiple countries to low-carbon production methods, and the spread of new environmental standards around the world require us to pay close attention to climate risks and challenges.

The specifics of VEB.RF's work as a long-term investor compels us to study these processes for the next 5–10–15 years, and to further look at the need to monitor the development of priority sectors of the economy for us. We have asked ourselves questions about how climate change will affect the investment activities of VEB.RF and its subsidiaries, whether we have passed the critical point in global warming or if it is a reversible process, and what impact climate change will have on global transport corridors. Clearly, it is essential to take into account climatic risks in the risk management policy, when evaluating and conducting expert examinations of investment projects, and when developing an investment strategy.

Global actions to limit climate change and to decarbonize production and consumption, the transition to a sustainable low-carbon development model, the related challenges and opportunities for BRICS countries, and the role of development institutions in ensuring economic restructuring based on these trends are all important issues that need to be studied within the association. We believe that the transition to low-carbon development must be inclusive for BRICS and correlated with other sustainable development goals, such as reducing inequality and improving people's access to energy.

Another important issue for our states is to assess the impending reforms in industry related to the achievement of the goals of the Paris Agreement as well as the impact of the European Green Deal programme (decarbonisation of the European economy within 30 years) on the export flows of BRICS countries. To this end, we believe that, in an effort to further study these problems, it would be advisable to create an appropriate working group under the auspices of the BRICS ICM with the working title BRICS Climate Change Adaptation Task Force that would be in charge of the following areas of work: drafting a methodology for assessing climate risks and incorporating their results into international standards and regulatory rules that may have an impact on investment, export activities, the ratings of development institutions, and their clients and partners; defining the rules for providing financing to customers with a carbon footprint; improving the methodology for issuing and verifying climate bonds; studying and summarizing the best practices and methodology for calculating greenhouse gas emissions; and creating a regulatory framework for financing projects that seek to adapt to environmental changes.

**Development of climate resilient infrastructure.** This is already an important focus of the activities of BRICS development institutions. We believe it would be advisable to devote significant attention to collaboration when preparing and implementing projects to develop social, transport, utilities, energy, and public administration infrastructure as well as projects for the integrated development of territories.

**Modern urban environment.**

Giving the existing experience in this regard, we believe that BRICS ICM members could consider a wide range of mutually beneficial cooperation in the following two areas:

**Smart Cities** involves the creation of urban management tools, including through the processing and analysis of data based on a digital city model that makes it possible to detect problems in the improvement and maintenance of a city as well as build risk models for regional development projects that are being implemented with the support of national development institutions.

**Urban Tech** – urban digital services that help to improve services for the population and business and enhance the sustainability of the urban economy in such areas as the development of human capital (healthcare and education), transport, housing and utilities, and the removal, processing, and disposal of household waste, among other things.

Jointly searching for optimal solutions to modern urban problems by BRICS institutions with the involvement of the NDB could have a tangible effect on improving the living standards of the urban population and not only transform the appearance of cities, but also contribute to creating a diversified, balanced, and sustainable economy in such cities based on the most modern information and telecommunication technologies – an economy that relies on a layer of small and medium-sized enterprises that produce competitive goods and services, including those intended for export.

To this end, we believe that it would be useful for BRICS development institutions to draft, endorse, and adopt an appropriate methodology for calculating the BRICS Urban Environment Quality Index. Such an indicator would help clearly track the positive changes occurring as a result of the implementation of the urban development projects that are being implemented with the support of BRICS development institutions.

**Cooperation among BRICS development institutions in achieving the UN Sustainable Development Goals (SDGs).** These goals are universal in nature and are intended for all countries. The UN strategy for financing the SDG programme was adopted in September 2018, and a three-year roadmap of actions and initiatives for financing the implementation of the SDGs for the period until 2030 was approved in September 2019. UN members are expected to independently develop their own sustainable development strategies, plans, and programmes, taking into account the recommendations of the UN Secretary General. In doing so, the SDGs will serve as a benchmark, thus enabling countries to align their plans with their global commitments.

The annual investment deficit required to finance the UN SDGs, which is currently estimated at USD 2.5 trillion in developing nations alone, will only grow as a result of the pandemic.

**Creating new values for BRICS development institutions**

The wave of the COVID-19 pandemic that has swept across the world has shown that not a single country is properly prepared for natural disasters and outbreaks of deadly infectious diseases. Numerous international organizations and DIs proved to be powerless in the face of this shared plight. The economic lockdown led to a moral knockdown, as neighbouring countries that are part of blocs and have always emphasized close, if not fraternal ties, completely shut down their borders (such as USA-Canada and EU countries).

At the same time, BRICS countries made individual efforts to help each other as well as other countries around the world.

For example, China has maximized its production capacity to manufacture and provide personal protective equipment to other BRICS countries as well as partners in the Belt and Road Initiative as part of its own ‘Health Silk Road’ humanitarian assistance programme. China is also actively sharing the experience it gained from combatting COVID-19 with all interested parties. Russia has launched an aid mission called ‘From Russia with Love’, as part of which it has flown medicines and essential equipment, including makeshift hospitals and ventilators, to other BRICS countries as well as the United States, Italy, and Serbia, among others. India is providing free pharmaceutical support to almost 85 countries in an effort to tackle the pandemic. South Africa and Brazil are helping the hardest-hit countries in Africa and South America, respectively.

However, BRICS countries have basically been fighting COVID-19 on their own and not within the framework of well-coordinated measures. In this regard, it would be advisable to unite the efforts of BRICS development institutions and possibly develop a corresponding BRICS ICM Roadmap to deal with the consequences of the pandemic for BRICS economies. This document could provide for a wide range of cooperation, from the exchange of experience in implementing anti-crisis measures to the joint financing of the most important projects for our countries.

Developing ways to expand the use of national currencies in BRICS countries, primarily when providing lending for joint projects, also appears to be a promising opportunity. This is particularly important given the well-known trend of growing instability on world markets and in international relations.

The pandemic has not only exposed the fragility of national economies, but also human life. This crisis could lead to a shift in values that would require rethinking sustainable development priorities. The concept of ‘sustainability’ implies the trinity of the environmental, social, and corporate governance (ESG) dimensions of development. However, we believe that the importance of each of these factors largely depends on specific historical conditions.

Today, as the COVID-19 pandemic rages on, the social aspect of sustainable development that focuses on meeting the most basic human needs – for health, food, housing, and work – is of particular importance. We believe that DIs are not yet fully meeting these benchmarks. To this end, in an effort order to strengthen the ‘horizontal’ macro-regional approaches of BRICS countries, we believe it would be useful, along with the traditional assessment of indicators tied to GDP parameters, to introduce individual-oriented indices, for example, the Human Development Index (HDI), as a combined indicator that describes human development in countries and regions around the world.

The COVID-19 pandemic has clearly demonstrated that healthcare should be extremely important in the system of industry-specific priorities of the world's economies. In particular, such issues as the sufficiency of the development and quality of national healthcare systems and their ability to respond to new challenges and solve problems caused by mass viral diseases that are unprecedented in terms of their scale have been firmly placed on the agenda. In this context, the need for interaction between different countries in healthcare issues and the serious problems existing in this area due to various objective and subjective reasons has become especially pronounced.

The role of BRICS development institutions seems to be significantly increasing in this regard. As an effective tool of the state, they are able to interact with each other in the healthcare sector and solve complex issues concerning the development of the industry – issues that commercial structures often cannot deal with or are not interested in addressing.

In particular, it would be advisable to ask the BRICS NDB to start financing projects in the healthcare sector. The NDB's support for the creation of the BRICS Vaccine Research and Development Centre would not only speed up the implementation of the relevant decisions made at this international association's summits in 2015 and 2018, but also eliminate current risks to public health safety. This Centre could regularly publish publicly available research and testing results, thus facilitating the exchange of experience and better coordination between the ministries of emergency situations, environmental protection and nature, and public health of BRICS countries in matters concerning vaccination and immunization.

In addition, the NDB's leading role in coordination with VEB.RF would make it possible to create new financing mechanisms for the production of Russian vaccines in BRICS countries based on appropriate permits and certificates that are recognized in all BRICS nations.

Moreover, in terms of individuals, the role of DIs in shaping the value system for young people should be taken into account. COVID-19 has made it even more clear that the millennial generation tends to be less motivated to join the workforce, marking the first time in 300 years that a new generation could potentially be worse off in terms of standard of living and quality of life than previous generations. This problem will likely become an increasingly urgent one for BRICS countries in coming years.

We believe that the new BRICS medium-term development strategy should proceed from the international obligations of each member of our organization to the UN based on the unity of the social, economic, and governance spheres (ESG development), which is fully reflected in the UN SDG Programme until 2030. However, at any event, the implementation of such a strategy should be based on the experience of BRICS countries in financing relevant projects.

In this regard, we can take a look at specific proposals to improve the work of the BRICS ICM in this area:

1. Preparation of the joint BRICS ICM Annual Report (White Book) on the work carried out by development institutions on the UN sustainable development goals.
2. Preparation and introduction by BRICS development institutions of their own responsible financing standards.

The BRICS ICM could also establish a prize for sustainable development, including such nominations as: green financing projects, projects to combat and adapt to climate change, projects to develop the urban environment as well as projects related to clean water, clean air, low-carbon energy, education, science, and healthcare, among other things.

With this mind, the DIs of BRICS countries evidently already need to become key players today in formulating new national development strategies based on the priority of human capital without waiting around for the end of the second wave of the pandemic. There needs to be a clearer definition of the parameters of investment projects implemented by the NDB and national DIs in terms of their impact, primarily on the health and quality of life of people who have enduring value for the future. This approach will undoubtedly help strengthen integration processes not only within BRICS countries, but also within the entire civilized world by attracting partners who are ready to share such values of a universal human nature.