

# Institutionalization of the BRICS discourse: How does the NDB embody the group's views on global financial governance?

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## Abstract

The architecture of global financial governance has recently been complemented by emerging economies' efforts to coordinate policies, as exemplified by new coalitions of states and a new set of non-Western international institutions. BRICS, in its turn, has made a significant contribution in this direction by establishing the New Development Bank — an alternative to traditional mechanisms of financing development projects with an emphasis on sustainability. As a representative of the growing cooperation of the BRICS countries in recent decades, the NDB highlights most of the group's views on financial governance. This paper applies a qualitative/analytical approach to the BRICS and NDB Communiqués and practices in order to demonstrate how the bank has managed to successfully institutionalize the group's discourse over time.

**Keywords:** BRICS, global governance, New Development Bank.

**JEL:** F02, F50, F55, O19.

## Introduction

The BRICS<sup>1</sup> countries were once labeled a group of reformist states,<sup>2</sup> given their common dissatisfaction “with the West's geopolitical and geo-economical dominance in the

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<sup>1</sup> The original acronym BRIC was borrowed from an article by economist Jim O'Neill (of Goldman Sachs) in 2001, in which he advised investors to pay close attention to Brazil, Russia, India and China as promising emerging economies for investments. By that time, during the first decade of the 2000s, all BRIC countries were growing rapidly; as an example, from 2000 to 2007 (before the financial crisis), the BRIC states' GDP growth averaged more than 5%. China, in its turn, averaged almost 15% of GDP growth during this period.

<sup>2</sup> According to IR theory, states are usually classified as either *status-quo*, *revisionist* or *reformist powers*. *Status-quo powers* are generally associated with states whose main concern is to maintain their position/

world” (Sergunin, 2019, p. 102), as well as attempts to complement existing structures of global governance (Stuenkel, 2017). Western media, in its turn, accuse BRICS of being “an unwelcome challenge to the established world order as defined by the US-dominated... IMF and the World Bank” (Tisdall, 2012), seeing the group as a potential threat to the West’s dominant position in the international system (Sergunin, 2019).<sup>3</sup> According to Lagutina (2019, p. 8), BRICS is actually fighting against “the hegemonic nature of the current world order and the unfair structure of the world economic architecture,” which is demonstrated by the group’s positions in all its summits and declarations.

On the one hand, as far as analyses of BRICS documents are concerned, it is possible to highlight the following points (including those not analyzed in this paper) regarding the group’s view on international relations: 1) the world should be multipolar, without any form of superpower dominance<sup>4</sup>, and global politics should be defined by multiple centers of economic, political, and civilizational influence; 2) the architecture of financial governance should be reformed in order to empower emerging economies.

Therefore, to attain the aforementioned vision, in 2015, BRICS established the New Development Bank, whose creation, according to analysts, can be explained by BRICS’ “dissatisfaction with the slow pace of reform of existing institutions” (Acharya, 2017), translated into a general perception that it was difficult for established organizations (such as the IMF and the World Bank) to better match/accommodate the interests of rising powers in the system.

*The bank is a materialization in the legal and economic field of a relevant political approximation between these countries, which, despite enormous differences, have similar characteristics in terms of territorial size, large populations and political weight in each of their specific regions* (Fernandes & Freitas, 2020).

With an aim to demonstrate how the NDB came to “embody” the BRICS political approximation and institutionalize the group’s discourse and principles, this paper sets out the following tasks: (1) to describe the general view on the current state of global governance and the claim of emerging powers to greater representation in world politics; (2) to demonstrate BRICS’s role in this debate, as revealed in the group’s declarations, especially with regard to the necessary changes in (and the main criticism of) the Bretton Woods institutions; and (3) to highlight how the NDB incorporates the discourse and principles upheld by BRICS.

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privileges/prerogatives in the system; meanwhile, states dissatisfied with their place in world affairs are often labeled *revisionist*, willing to significantly and sometimes radically change the rules and norms that govern the system to their own benefit; whereas *reformist powers*, albeit also dissatisfied with their place in the overall scheme of things (as revisionist states do), prefer to act on the basis of existing rules/norms, once advocating for gradual reform through negotiations and diplomatic means (Sergunin, 2019).

<sup>3</sup> Russia, for instance, in its foreign policy concepts points to the attempts of Western states to maintain their hegemonic position in international relations, represented by the privileges enjoyed by the US and its allies in the Bretton Woods institutions. Therefore, in the 2000s, Russia joined forces with countries such as India and (especially) China in order to better resist the West and protect its national interests.

<sup>4</sup> According to Bijian (2005, p. 24), even China, the most prominent member of BRICS, “does not seek hegemony or predominance in world affairs. It [instead] advocates a new international political and economic order, one that can be achieved through incremental reforms and the democratization of international relations.”

## 1. Modern view on the state of global financial governance

The Bretton Woods institutions were founded in 1944 to provide coordination among countries in order to avoid economic perils that had destroyed the international system during the interwar period (1919–1939) and included the World Bank (initially named the International Bank for Reconstruction and Development) and the International Monetary Fund (IMF). The latter currently consists of 188 member states that contribute to the organization by providing part of their international reserves. Therefore, when necessary, the Fund can allocate these resources by means of loans to help countries facing balance of payments deficits, provided they meet certain requirements/criteria established by the IMF itself.

Organizationally, countries with the largest number of quotas in the IMF are the ones with the largest share of votes and the ability to influence the institutions' decisions and operations. The single most influential IMF state so far is the US with 16.51% of the total vote share. The World Bank, on the other hand, has an organizational structure that also resembles that of the IMF, where voting power is distributed according to each country's participation as a guarantor of the bank's capital. Currently, the members with the most votes are: the United States (with the right to veto any of the bank's decisions), Japan, China, Germany, the United Kingdom, France, and India.

There is a long-term history of negative perception of the Bretton Woods institutions since the mid-1970s when less-developed countries started to interpret the open monetary and financial systems of global governance led by the US and its Western allies as perpetuating their underdevelopment and dependence. In the 1980s, developing nations in debt to the IMF were pressured by industrialized states to meet their commitments to the organization, whereas international aid was “dependent on neoliberal-style adjustment measures,”<sup>5</sup> which led many countries to facing acute economic and political instability (Tkachenko, 2017).

During the 1990s, under the auspices of the United States, the adoption by many countries in the developing world of the so-called Washington consensus, which consisted of a “one-size fits all” development receipt including fiscal discipline, market deregulation, privatization of state assets, financial and trade liberalization, etc, ultimately provoked “less growth... in per capita GDP than in 1950–1980” (Rodrik, 2006, p. 975) in regions such as Latin America, for instance, followed by economic depression, inflation, and social instability. That was due to the fact that loans from both the IMF and the World Bank were “conditional on the adoption of consensus-inspired policy reforms” (Naim, 2000, p. 90), and countries in need of resources from these organizations had no leverage to oppose these requirements.

However, with the coming of the 21<sup>st</sup> century, in part due to dramatic changes in the context of global development in recent decades, many emerging economies have industrialized and urbanized at a pace never seen before in human history,<sup>6</sup> and as a result,

<sup>5</sup> Including reduction of public spending, privatization of state-owned enterprises, floating exchange rates, loosening of price control, and trade liberalization.

<sup>6</sup> <https://www.ndb.int/about-us/essence/mission-values/>

claims for a greater say and representation in the institutions created after World War II have become commonplace in world politics — a situation exacerbated by the limited mobility of states within the system and the difficulty for existing institutions to properly integrate emerging powers in their decision-making processes (Stuenkel, 2018).

Consequently, today both the UN system and the Bretton Woods institutions are facing acute problems of legitimacy, as many countries consider them “too Western-centric” and unrepresentative of the current distribution of power (primarily economic) in international affairs, and this criticism is especially directed towards the IMF and the World Bank. In fact, according to many states, the decades-old traditional system of global governance suits exclusively “the power and purpose of the US and the West” (Acharya, 2017, p. 10).

In this context, when the old post-war order under the leadership of the United States gave way to a more multi-faceted configuration of power, specialists started to write about a “crisis of transition” (Ikenberry, 2018) represented by new coalitions of states (such as BRICS) and new governance institutions (such as the New Development Bank) that had become the most evident signs of a perceived Western decline in world affairs. Especially after 2008, analysts affirm that “the financial crisis laid the foundations for the transformation of the world order and the redistribution of power centers in its structure: from the North and the West to the East and the South” (Lagutina, 2019, p. 5).

With the Western-led financial system of global governance becoming increasingly contentious and suffering from considerable distrust of its rules and norms, emerging economies are coordinating their actions to avoid future crisis, as well as to claim greater participation and responsibility in the world’s economic governance (Maringoni & Ribeiro, 2019). In addition to the above, Chinese President Xi Jinping, during a speech at the World Economic Forum in Davos in 2017, mentioned that although the global economic landscape had “changed profoundly in the past few decades... the global governance system has not embraced those new changes and is therefore inadequate in terms of representation and inclusiveness.”<sup>7</sup>

### **1.1. Criticisms of the Bretton Woods system**

The Bretton Woods institutions are frequently criticized as instruments “used by rich industrialized countries to control poorer ones... shoring up an economic system that benefits the wealthy at the expense of the poor” (Elias & Sutch, 2007, pp. 88, 164). The IMF, for its part, is seen by some government officials in developing countries as a financial institution used to persuade less-powerful states to open up their economies by adopting policies of deregulation and privatization and accepting external interference in their internal affairs (Cooper, 1996). As argued by some, for many years the IMF was pressuring states in the developing world to cut welfare spending in favor of debt repayment, while policies adopted under the auspices of the

<sup>7</sup> <https://america.cgtn.com/2017/01/17/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>

organization's experts promised to bring prosperity and economic stability, which ultimately did not happen.

In this regard, one IMF specialist even reported that the organization had in fact "seriously underestimated the perils of financial liberalization, both domestic and external" (Wolf, 2019), and memories relating to dependence on the IMF and debt repayment had instigated anti-IMF sentiment in many countries of the Global South. Brazil, for instance, was heavily indebted to the IMF in the 1980s and 1990s, which jeopardized the country's national autonomy and deepened its dependency on international creditors.<sup>8</sup> According to the previous Brazilian president, Dilma Rousseff, the country managed to achieve economic growth only when Brazil paid its debt to the IMF, provided it no longer had to accept its policies and recommendations.<sup>9</sup>

Moreover, the number of voting shares enjoyed by the US and a handful of Western allies in the organization is considered one of "numerous examples of U.S. predominance in rule-making bodies that have given the United States competitive advantage" (Mazarr et al., 2014, p. 23). The overall dominance of the G7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) in the IMF is highlighted by their overrepresentation when it comes to their quotas/voting shares in comparison to their share (in %) of global GDP by PPP (purchasing power parity), as well as nominal global GDP (with the exception of the US).<sup>10</sup> The G7 currently holds 41.2% of the voting shares of the IMF (before the 2010 quota reform,<sup>11</sup> this percentage was 43%), while the BRICS countries, on the other hand, hold 13.54% (IMF, 2011) (see Tables 1 and 2).

**Table 1.** IMF Voting Shares and Quotas

Country	Quotas	Voting Shares (%)	% of Global GDP	% of Global GDP by PPP
US	17.46	16.52	23.80	15.2
Japan	6.48	6.15	5.79	4.16
China	6.41	6.09	15.85	18.70
Germany	5.60	5.32	4.65	3.24
France	4.24	4.03	3.23	2.20

<sup>8</sup> Brazil, in particular, as demonstrated by political discourse and documents, adheres to the interpretation of the Bretton Woods institutions in the South-North framework, where the North consists of advanced capitalist economies whose historical dominance jeopardized the development of countries pertaining to the Global South, generally associated with Latin America, Africa and parts of Asia.

<sup>9</sup> <http://www.itamaraty.gov.br/pt-BR/discursos-artigos-e-entrevistas-categoria/presidente-da-republica-federativa-do-brasil-discursos/4667-discurso-no-encerramento-da-reuniao-de-chefes-de-estado-e-de-governo-do-encontro-iberoamericano-de-alto-nivel-em-comemoracao-do-ano-internacional-dos-afrodescendentes-salvador-19-11-2011>

<sup>10</sup> Although in terms of quotas/voting shares, the US is slightly underrepresented when it comes to its share of nominal global GDP, the country is overrepresented in the IMF compared to the country's share of global GDP by PPP.

<sup>11</sup> The most significant increase after the 2010 quota reform occurred in China, whose voting power increased from 3.8% to 6% after 2010 (IMF, 2011).

**Table 1.** Continued

Country	Quotas	Voting Shares (%)	% of Global GDP	% of Global GDP by PPP
United Kingdom	4.24	4.03	3.29	2.24
Italy	3.17	3.02	2.41	1.77
India	2.76	2.64	3.17	7.69
Russia	2.71	2.59	1.93	3.09
Brazil	2.32	2.22	2.17	2.49
Canada	2.32	2.20	1.99	1.37

Source: <https://www.imf.org/external/np/sec/memdir/eds.aspx> /<https://databank.worldbank.org/data/download/GDP.pdf>

**Table 2.** Voting Shares and Quotas: Comparison of G7 and BRICS

Group	Quotas	Voting shares ((%)	Nominal GDP	GDP by PPP*	% of Global GDP	% of Global GDP by PPP
G7	43.51	41.27	(38.76 billion USD)	40.67 billion USD	45.16	30.18
BRICS	14.20	13.54	(19.83 billion USD)	43.24 billion USD	23.12	31.97

Sources: IMF, World Bank. Table elaborated by the author.

Non-Western countries such as China and India (both important BRICS members), for instance, are underrepresented in terms of quotas/voting shares in the IMF compared to their actual share of global GDP by PPP and nominal global GDP. This comparison regarding shares and quotas in the IMF between the countries of the Western bloc and BRICS is important, because, unlike the UN General Assembly, where decisions are made on the “one-country one-vote” principle, the IMF follows a corporative decision-making model, whereas the US (in particular) and the G7 (more generally) have a managerial advantage over this institution.

On this note, speaking at the UN in 2014, former Brazilian President Dilma Rousseff drew attention to the imperative of eliminating “the disparity between the growing importance of *developing countries* in the global economy and their insufficient representation and participation in the decision-making processes of international financial institutions,” which reflected Brazil’s (as well as BRICS’) perception of the lack of legitimacy of the IMF and the World Bank.<sup>12</sup> For example, as part of their political coordination in the IBSA group, Brazil, India, and South Africa (three of the five current BRICS members) declared that an IMF reform “must effectively reduce the serious imbalance between the ample majority of voting power now held by *advanced economies*

<sup>12</sup> <http://www.itamaraty.gov.br/en/speeches-articles-and-interviews/president-of-the-federative-republic-of-brazil-speeches/5836-statement-by-the-president-of-the-federative-republic-of-brazil-dilma-rousseff-at-the-general-debate-of-the-69th-general-assembly-of-the-united-nations-new-york-september-24th-2014>

and the unsatisfactory participation of developing countries.”<sup>13</sup> Chinese leader Xi Jinping also added that:

*Countries, big or small, strong or weak, rich or poor, are all equal members of the international community. As such, they are entitled to participate in decision-making, enjoy rights and fulfill obligations on an equal basis. Emerging markets and developing countries deserve greater representation and voice.*<sup>14</sup>

Overall, as Barnett and Duvall (2005, p. 51) remind, “long-standing institutions represent frozen configurations of privilege” limiting the choices and mobility of other [less privileged] states within the system. According to the authors, structural power generally involves “hierarchical and binary relations of domination that work to the advantage of those structurally empowered” (Barnett & Duvall, 2005, pp. 5–6), while privileged members of the international community believe they are the only ones entitled to deal with matters of “global” significance. This perception, however, is contradicted by states that are dissatisfied with the lack of representation and voice in international decision-making mechanisms, states located as they are at the outer rings of “power.” In this context, the political coordination undertaken by Brazil, Russia, India, China, and South Africa in the framework of BRICS provides an important platform for these states when it comes to voicing their discontent and positions about the unfair nature of the Western-led global financial architecture.

## 2. BRICS discourse on global financial governance

An example of coordination of emerging economies with an aim to improve their position in the international system is the BRICS group, established in 2009 after the financial crisis and attesting to the tendency in world politics “toward convergence and interaction of states located thousands of kilometers away from each other” (Lagutina, 2019, p. 51). In effect, BRICS’ “common aversion to the dominant power of the G7, [and] particularly the United States” (Cynthia et al., 2018, p. 1) motivated the group to look for ways to shift the current system of global governance from a Western-centric model towards a more inclusive [one] (Lagutina, 2019), where emerging countries could play a greater role in decision-making.

BRICS, on the one hand, defines itself as “an important force for incremental change and reform of current institutions towards more representative and equitable governance,”<sup>15</sup> representing 41.5% of the world’s population today. The group’s discourse often refers to the necessity to “reform the *obsolete international financial and economic architecture* which does not take into account the increased economic power of emerging market economies and developing countries”<sup>16</sup> – a criticism that is constantly directed against the World Bank and the IMF, as shown in the previous sections of this paper.

<sup>13</sup> [http://www.ibsa-trilateral.org/images/1st\\_summit\\_declaration.pdf](http://www.ibsa-trilateral.org/images/1st_summit_declaration.pdf)

<sup>14</sup> <https://america.cgtn.com/2017/01/17/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>

<sup>15</sup> <http://www.brics.utoronto.ca/docs/120329-delhi-declaration.html>.

<sup>16</sup> <http://static.kremlin.ru/media/events/eng/files/41d452b13d9c2624d228.pdf>



In its very first joint statement, the group declared its commitment “to advance the reform of international financial institutions, so as to reflect changes in the global economy,”<sup>17</sup> which at that time represented a shift in wealth and economic power in favor of developing economies. The 2009 Declaration also criticized the procedures according to which the Heads of the World Bank and the IMF were chosen, suggesting instead that they should be appointed “through an open, transparent, and merit-based selection process.”<sup>18</sup> The Head of the IMF has historically been a European citizen, whereas the World Bank has always been headed by an American. Thus, according to BRICS, a “merit-based selection process” should not take into consideration a specific nationality (or “regionality”) to occupy the top positions in the Bretton Woods institutions.<sup>19</sup>

Moreover, BRICS acknowledges that:

*Reforming these institutions’ governance structures requires first and foremost a substantial shift in voting power in favor of emerging market economies and developing countries to bring their participation in decision making in line with their relative weight in the world economy.*<sup>20</sup>

As the group advocates a “comprehensive review of the quota formula to better reflect economic weights,”<sup>21</sup> BRICS opposes the West’s overrepresentation in the IMF, while calling on the World Bank’s leadership to *shift its focus from a North-South cooperation paradigm to equal partnership among its members*, thus overcoming “an outdated donor-recipient dichotomy”<sup>22</sup> and moving away from a historical top-down (rich state – poor state) approach to development aid.

Thus, most of the aforementioned BRICS views on the current state of financial governance will materialize with the establishment of the New Development Bank (also known as the BRICS Bank), whose principles and organizational structure are scrutinized in the next section of our paper.

### 3. The New Development Bank as an embodiment of BRICS principles

During the first official BRICS summit in Yekaterinburg (Russia) in 2009, the group readily laid out a plan to create an investment bank to complement institutions such as the World Bank and the IMF (Labbé, 2018). Six years later, the group finally established the New Development Bank (NDB), whose goal is to finance sustainable development projects not only in member states, but also in other emerging countries. The bank’s goal,

<sup>17</sup> <http://en.kremlin.ru/supplement/209>

<sup>18</sup> Ibid.

<sup>19</sup> According to an IMF expert, in order for an institution “to be credibly global, its top job cannot be permanently left in the hands of a European, however admirable some of those Europeans have been” (Wolf, 2019).

<sup>20</sup> <http://www.brics.utoronto.ca/docs/100415-leaders.html>

<sup>21</sup> <http://www.brics.utoronto.ca/docs/120329-delhi-declaration.html>

<sup>22</sup> Ibid.



in turn, somewhat resembles the experience of Brazil, India and South Africa (within IBAS) in the early 2000s, when these countries jointly created a common fund to finance human development projects and fight against poverty and hunger in developing nations around the globe. This initiative was considered as a unique political move to enhance South-South cooperation (and a precursor of further BRICS political formation), providing an alternative framework – led by emerging economies – for global financial governance.

For instance, according to the NDB's general strategy document:

*The creation of the Bank is an expression of the growing role of BRICS and other emerging market and developing countries (EMDCs) in the world economy, and their greater willingness to act independently in matters of international economic governance and development.*<sup>23</sup>

By establishing the NDB, BRICS expected to have an influence on “the international financial architecture and global practices by being a fundamentally new kind of development institution based on mutual respect and reflecting the evolution of the world economy in recent decades.”<sup>24</sup> Since its inception, the NDB has approved more than 53 loans totaling about USD 15 billion to finance projects related to renewable and clean energy, transport, infrastructure, sanitation, sustainable development, etc.<sup>25</sup> In BRICS view, the NDB supplements “the existing efforts of multilateral and regional financial institutions for global growth and development”<sup>26</sup> by playing a complementary role to the Bretton Woods institutions. On the one hand, while the NDB does not directly challenge the post-World War II financial order, it demonstrates BRICS dissatisfaction with the fact that global economic decision-making resides in the hands of a handful of Western powers (Maringoni & Ribeiro, 2019).

The bank, therefore, can be considered as a materialization of the BRICS discourse over the years, represented by the adoption of a “no conditionality approach” – whether political, social, or otherwise – tied to its loans (Barone & Spratt, 2015), differentiating itself from the practices of the IMF and the World Bank and upholding the principle of “non-interference” in the internal affairs of recipient countries. This approach is in line with the one taken, for instance, by China, where the bank's headquarters are located (Shanghai), since Chinese leaders believe “that every nation should have the freedom to choose its own strategy and policies for building its economy” (Xin Li et al., 2010, p. 303).<sup>27</sup> Moreover, instead of a simplified “one size fits all” formula for achieving economic development, as advocated by the IMF (and discussed in the previous section of this paper), the NDB projects are “tailored to individual country needs” (Maringoni & Ribeiro, 2019), based on “democratic decision-making and inclusivity of all

<sup>23</sup> <https://www.ndb.int/wp-content/uploads/2017/08/NDB-Strategy.pdf>

<sup>24</sup> Op. cit., p. 26.

<sup>25</sup> <https://www.ndb.int/wp-content/themes/ndb/pdf/Agreement-on-the-New-Development-Bank.pdf>

<sup>26</sup> <http://www.brics.utoronto.ca/docs/120329-delhi-declaration.html>

<sup>27</sup> The author goes on to add, “when it comes to international aid, China's no-strings-attached approach is in sharp contrast to that of the Western powers which includes strict aid conditionality” (Xin Li et al., 2010, p. 304).

stakeholders,”<sup>28</sup> placing borrowers and the bank itself on the same level of participation and promoting a dialogue of equals.

For example, the NDB states that “projects will be most successful when borrowing countries are in charge of their own development path,”<sup>29</sup> without any pre-determined prescriptive policy concerning regulatory and/or institutional reforms to be undertaken by borrowing states. Another distinguishing factor surrounding the institution is its shareholding and voting rights structure. In the NDB, all BRICS countries own 20% of the voting shares, thus avoiding a situation when any single member can control the bank’s operations and decision-making (Bueno, 2019), which is one of the main criticisms directed, for example, against the IMF and the World Bank.<sup>30</sup>

As regards the general perception of American/European centrism in matters related to holding high posts in global financial institutions such as the World Bank and the IMF (one of the main reasons undermining their legitimacy) that link the selection process with a certain nationality/region, the President of the NDB, on the contrary, is elected from among the BRICS members on a rotational basis, accompanied by at least one Vice President from each of the other states.<sup>31</sup>

Finally, in line with the difficult developments surrounding the COVID-19 pandemic crisis worldwide, when the BRICS countries are particularly hard-hit,<sup>32</sup> the NDB approved USD 3 billion in loans to Brazil, India and South Africa in 2020 to support the public health and social safety sectors of the economy and emergency assistance programs to combat the virus. This (among other things) demonstrates dynamism, flexibility, and adaptability of the NDB to prospective as well as circumstantial changes within its member states and around the world in a situation of crisis, providing an example of how the bank embodies the BRICS discourse and principles not only in regard to certain aspects of global governance in particular, but also in terms of international cooperation in general.

## Conclusion

According to some analysts, BRICS is a group whose inception was largely motivated by the desire to provide a counterbalance to Western (and ultimately American) hegemony in international affairs, and whose goals include shifting from a Western-centered paradigm of global governance to a more inclusive arrangement where emerging countries could play an important role in decision-making. In this context, the establishment of the BRICS

<sup>28</sup> <https://www.ndb.int/about-us/essence/mission-values/>

<sup>29</sup> <https://www.ndb.int/wp-content/uploads/2017/08/NDB-Strategy.pdf>

<sup>30</sup> However, if voting rights at the NDB were to match the relative economic size of each BRICS member in terms of GDP, then China would become the uncontested *hegemon* of the institution, holding around 67% of all voting rights as of 2018.

<sup>31</sup> <https://www.ndb.int/wp-content/themes/ndb/pdf/Agreement-on-the-New-Development-Bank.pdf>

<sup>32</sup> 3 BRICS members (Brazil, India, and Russia) are currently among the top 10 countries in the number of COVID-19 cases.

New Development Bank in 2015 demonstrated not only the first successful attempt to institutionalize the group, but also the embodiment of the BRICS discourse and views on how financial governance should be tackled.

While, on the one hand, BRICS alludes to the asymmetric and unequal nature (pertaining to the North-South paradigm) present in the relationship between donor and recipient countries embedded in projects undertaken by both the World Bank and the IMF, the NDB promises “a new mindset of partnership,” engaging “in a dialogue of equals” with its borrowers and putting recipient countries “in charge” of their development projects.

Indeed, one of the main reasons for criticism of the Bretton Woods institutions revolve around the IMF practices, according to which borrowing states must meet certain requirements/criteria established by the Fund in order to obtain loans, frequently involving the adoption of harsh economic austerity measures that ultimately hinder domestic stability. In fact, a number of countries have unpleasant memories of the times when they were in debt to the Fund, such as Brazil, for instance. The NDB, on the other hand, promises to be a non-prescriptive institution that respects other countries’ sovereignty in regard to their sustainable development goals. Thus, instead of a “one-size fits all” approach to projects intended to stimulate economic development, the NDB emphasizes the necessity to adapt to each country’s specifics and unique domestic circumstances.

Moreover, its shareholding structure, in which each BRICS member has 20% of the voting rights, enables all countries (in theory) to have an equal voice within the institution, without any single authority that can influence the decisions and operations of the NDB without the consent of others. The bank’s approach in this regard is in sharp contrast with practices still in place at both the World Bank and the IMF, where a handful of Western states hold most of the decisive power in spite of all the other members. All the above demonstrates that the NDB’s declarations and practice not only complement the current architecture of global financial governance, but also represent an institutionalized embodiment of the BRICS discourse and principles.

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