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EXECUTIVE SUMMARY

BRICS JOINT FINANCIAL ARCHITECTURE: THE NEW DEVELOPMENT BANK

Luciana Acioly
Planning and research technique at the Directorate of Macroeconomic Studies and Policies (Dimac)/Ipea.
E-mail: <luciana.acioly@ipea.gov.br>.

In September 2008, the international financial crisis emerged along with the difficulty of the institutions responsible for global financial governance. The promotion of reforms regarding the underrepresentation of emerging developing economies in international forums was discussed and approved at the G20. This concern contributed to the creation of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), by the BRICS countries. Announced in 2014 and constituted as a legal entity in 2015. As an instrument of financial cooperation between its founding countries, the NDB is a new international funding mechanism with a complementary role to the efforts of other similar multilateral and regional institutions.

With an authorized capital of US$ 100 billion to fund infrastructure and sustainable development projects, the NDB has an important task to fulfill not only in strengthening the alliance among the BRICS countries, also in narrowing huge shortages of infrastructure investments that already make up a deficit between US$ 1 and US$ 1.5 trillion a year in the developing countries. Thus, in addition to being a global bank led by developing countries, the NDB aims at a contemporary development agenda, seeking to differentiate itself from the post-Second World War financial institutions regarding their focus, performance and governance structure.

This text for discussion addresses the New Development Bank created by the BRICS in its rationale and modus operandi. It presents a synthesis of the motivations that led the group to create its development bank; contextualizes the NDB's role in international financing; analyzes the key aspects of its Constitutive Agreement by raising some counterpoints with the World Bank and, finally, presents the main operations and policies executed by the NDB in its first years of operation.

As a conclusion, with almost three years in operation, the Bank still faces many challenges to fulfill its mandate, to develop operations of global scope, to institute and consolidate new institutional practices in the supply of financing and to avoid the concentration of real power in one or few countries.

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