



Challenges and Opportunities for Maximizing the Utilization of the New Development Bank in Brazil

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Abstract: Initiating its operations in 2016, the New Development Bank (NDB) disbursed close to US\$ 14.6 billion by the conclusion of 2021. However, Brazil received only US\$ 1.86 billion (12.8%) of this sum, marking it as the recipient of the least funding from the Bank thus far. As the NDB approaches its seventh year of operation, it becomes imperative to assess its lending trajectory to Brazil, scrutinizing both the disincentives and the potential for augmenting loans to the country. With this objective in mind, this article endeavors to delve into the obstacles and opportunities for enhancing the NDB's utilization in Brazil. Our hypothesis suggests that despite the recent surge in operations, there remains room for advancement, particularly in light of the political developments unfolding in Brazil in 2023.

Methodologically, the study hinges on analyzing NDB financial data, conducting interviews with pertinent stakeholders in Brazil, and scrutinizing and contrasting the financing institutional frameworks of the NDB and the Brazilian Development Bank (BNDES). Our findings indicate that: i) access to the BNDES partially offsets the necessity for Brazilian firms to seek loans from the NDB; ii) a rigid institutional framework within the NDB and the Brazilian government impedes project approval and proposition; iii) all loans to Brazil thus far have been denominated in US dollars, diminishing their attractiveness; iv) there has been a lack of encouragement from the Brazilian national government, attributed to the reorientation of Brazilian foreign policy following the 2016 impeachment. Consequently, achieving a more prominent role and usage of the NDB necessitates not only an institutional reassessment of certain approval processes within the Brazilian government but also a more active, assertive, and collaborative stance from the Bank itself.

Keywords: New Development Bank (NDB), BRICS, multilateral banks, development financing, international monetary system, Brazil

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Having started its operations in 2016, the New Development Bank (NDB) disbursed around US\$ 14.6 billion by the conclusion of 2021. Among these disbursements, Brazil received only US\$ 1.86 billion (12.8%), marking it as the recipient of the least funding from the Bank thus far. However, a shift emerges when examining approved projects. In 2020 and 2022, Brazil ranked first and second, respectively, in terms of approved funding amounts. Consequently, it ascended from the lowest to the third position within BRICS¹.

After seven years of operations, it is imperative to undertake an evaluation of the trajectory of the NDB's loans to Brazil, facilitating an analysis of both the disincentives and the potential for increasing lending to this country. Aligned with this objective, this article seeks to explore the obstacles and opportunities for enhancing the utilization of the bank within Brazil. Pursuant to this aim, it is essential to scrutinize the factors contributing to the underutilization of the Bank by Brazil in its initial years, the drivers behind improved performance² in recent periods, and the persistent impediments. The hypothesis is that in recent years, there remains ample room for advancement, particularly in light of the political developments unfolding in Brazil in 2023.

To achieve this objective, the article employs four complementary methodologies: 1) an extensive literature review concerning the role of multilateral development banks (MDBs) in countries of the Global South; 2) an analysis of the NDB's financial data, encompassing approvals and credit disbursements; 3) a comparative examination of the institutional frameworks of the Brazilian Development Bank (BNDES) and the New Development Bank (NDB), aimed at assessing the hypotheses of competition or synergy between these two institutions; and 4) conducting semi-structured interviews with relevant actors associated with the NDB³. These interviewees were selected using a single-case sampling approach within the realm of actors actively engaged in the analyzed environment (Pires 1997). The purpose of these interviews is to enhance the quality and contextual understanding of the investigation, refining and augmenting the research through a nuanced comprehension of the subject matter, rather than merely "explaining" it or inferring external causalities⁴. Employing this array of methodologies enables the paper to provide a comprehensive understanding and explanation of the processes involved in NDB project financing, extending from evaluation to actual loan disbursement.

Besides this Introduction, the article is structured as follows: Section 2 offers a theoretical overview of the evolution of the role and objectives of Multilateral Development Banks (MDBs), particularly focusing on their aims and modes of support

¹ In terms of value, for approved projects since the inception of the bank. Details will be provided in section 3.

² At least in terms of approved projects.

³ We conducted interviews with four high-rank staff of the NDB and the BNDES.

⁴ The interviews were conducted via online meetings, centering around the overarching question: "What are the obstacles hindering a more robust utilization of the NDB in Brazil?" Building upon this central query, the authors sought insights from "insiders" regarding potential strategies to amplify the bank's utilization within Brazil. All interviews were recorded, and to uphold confidentiality, the identities of the interviewees will remain undisclosed.

for countries in the Global South. Section 3 provides a concise analysis of the history, role, and institutional structure of both the NDB and the Brazilian Development Bank (BNDES⁵), acknowledging the necessity of studying the NDB's performance in Brazil within the context of its potential competition and cooperation dynamics with the historically established national bank. Section 4 presents an overview of NDB loans to Brazil, juxtaposed with the total loans extended by the bank. Section 5 compares the lending conditions stipulated by the NDB and the BNDES. Section 6 analyzes the implications of prioritizing the BRICS alliance, and consequently the NDB, by successive Brazilian administrations during recent political cycles. Concluding the article, we offer some final reflections on the opportunities for more extensive utilization of the NDB in Brazil, as well as prospects for enhanced cooperation and alignment of the bank with the BRICS geopolitical agenda of fostering the consolidation of the Global South.

The role of development banks in the global South

In numerous nations, Development Finance Institutions (DFIs) have served as primary sources of funding for capital-intensive investments, including those pertaining to infrastructure, industrialization, and innovation projects. As noted by Chandrasekhar (2016), these institutions played a pivotal role in facilitating the industrialization of late-developing nations, surmounting inherent structural deficiencies within their economies, such as the risk-averse nature of the domestic financial sector.

In the 19th century, the first tier of late-industrializing countries already possessed specific types of financial firms dedicated to directing funds towards long-term investments (Gerschenkron 1962), exemplified by the French *Crédit Mobilier* and the German Universal Banks (*Kreditbanken*). However, it wasn't until the post-war period that these institutions assumed critical importance for the historical development of capitalism. The United States proposal at the Bretton Woods Conference in 1944 to establish the first Multilateral Development Bank (MDB), namely the World Bank⁶, laid the initial groundwork for what would evolve into a global architecture for development banks, encompassing regional and national institutions (Helleiner 2014; Ocampo, Ortega 2022).

The consolidation of DFIs as pivotal institutions driving the expansion and development of capitalist markets stemmed from the inherent inability of these markets to establish a stable and continuous dynamic for accumulation. Indeed, throughout history, private financial markets have consistently fallen short in providing adequate long-term funding for investment projects—a circumstance particularly pertinent

⁵ The acronym in Portuguese for “Banco Nacional de Desenvolvimento Econômico e Social” (BNDES).

⁶ At that time the World Bank was called “International Bank for Reconstruction and Development” (IBRD), as one of its main goals was to support the European reconstruction after the II World War (Ocampo, Ortega 2022).

for peripheral countries, thereby constraining their development prospects (Chandrasekhar 2016; Cunha et al. 2016)⁷. This inadequacy arises from two primary factors: i) conventional market failures; and ii) inherent instability within financial markets.⁸

The orthodox notion of market failures suggests that certain circumstances arise where self-interested rational individual actions yield suboptimal outcomes due to the negative externalities they generate (Ledyard 2018). According to this conventional economic theory, information asymmetry among agents and resulting imperfect competition constitute the primary causes of market failures within financial markets. Such suboptimal outcomes result in an inefficient allocation of resources and funding within the economy. From this perspective, public banks, including development banks, are deemed necessary to address these gaps, albeit as a complementary measure to the private financial sector (Stiglitz 1994).

Heterodox schools of thought in economics offer a broader perspective on the financial market insufficiencies. Within this framework, the role of public banks, including the MDBs, is not merely seen as a complement to the private sector but rather as a driving force for economic stability, growth, structural change, and development (Kregel 2017; Ocampo, Ortega 2022)⁹. This perspective stems from the heterodox assumption of the fundamental economic uncertainty¹⁰, a characteristic of the capitalist system that can consistently frustrate agents' expectations and lead to output fluctuations. Financial markets are not immune to this uncertainty; rather, they can exacerbate or even instigate crises through their own inherent unstable dynamics. This concept is eloquently encapsulated in Minsky's Financial Instability Hypothesis (FIH), which illustrates how credit and other forms of liquidity provision can inherently breed instability and crisis in the real economy, due to the tendency for the excessive indebtedness of agents during the period of "appetite for risk". Consequently, financial markets exhibit a pro-cyclical nature, shaping financial cycles characterized by alternating phases of booms and busts (Minsky 1977).

⁷ See also: Feil F., Feijó C. A. 2019. Bancos de desenvolvimento como 'braço de política econômica': uma interpretação Minskiana aplicada ao caso do BNDES. *Grupo de pesquisa em Financeirização e Desenvolvimento – Finde, Universidade Federal Fluminense*. 13.11.2019. URL: <https://finde.uff.br/wp-content/uploads/sites/43/2019/11/BDs-Uma-vis%C3%A3o-minskyana.pdf> (accessed 10.02.2024). (In Portuguese).

⁸ According to the theoretical framework of the "currency hierarchy", used in this article, financial instability is inherent in the capitalist system, but it is particularly pronounced in peripheral countries, due to the asymmetries of the International Monetary and Financial System. For details, see De Conti et al. (2014).

⁹ See also: Feil F., Feijó C. A. 2019. Bancos de desenvolvimento como 'braço de política econômica': uma interpretação Minskiana aplicada ao caso do BNDES. *Grupo de pesquisa em Financeirização e Desenvolvimento – Finde, Universidade Federal Fluminense*. 13.11.2019. URL: <https://finde.uff.br/wp-content/uploads/sites/43/2019/11/BDs-Uma-vis%C3%A3o-minskyana.pdf> (accessed 10.02.2024). (In Portuguese).

¹⁰ This fundamental uncertainty is discussed by Keynes (1978/1936) and refers to the fact that the future is not only unknown, but it is also unknowable, and calculations based on probabilities are simply incapable of eliminating these uncertainties.

Therefore, this literature contends that MDBs should assume a broader and more prominent role in the economy than that prescribed by orthodox theory. Within this framework, public banks are deemed crucial institutions, tasked with mitigating the effects of recurrent financial cycles and ensuring a continuous supply of liquidity in the economy.¹¹

Amidst these theoretical debates, the MDBs have undergone a dialectical evolution throughout history. While there is consensus that the *raison d'être* of MDBs is the promotion of development (Humphrey 2014), their conceptualization of “development” and its measures, as well as the strategies and mechanisms employed for its implementation, have continuously evolved over recent decades. In the subsequent section, we will explore two distinct development banks, the BNDES (a national institution) and the NDB (a multilateral entity).

BNDES vs NDB: history, role, institutional structure

Despite Brazil's participation in several multilateral banks¹², the country, like many others, maintains its own national development bank. The BNDE¹³ was established in 1952, under the government of Getúlio Vargas, one of the major figures of the so-called Latin American Developmentalism. The primary objective of the bank was to establish a perpetual source of long-term financing within Brazil, particularly for infrastructure and industrial projects. Throughout its seventy-year history, the bank has adapted its focus in response to evolving economic contexts and the shifting political orientations of different administrations. Nonetheless, its central aim remains the provision of loans under favorable conditions to support investments in the country's economic and social development¹⁴. This is facilitated by the BNDES's privileged access to the Workers' Support Fund (FAT¹⁵ in the acronym in Portuguese), a funding pool comprised of contributions from enterprises and managed by the Ministry of Labor and Employment. FAT is intended to finance salary bonuses for low-income workers and unemployment insurance. At least 28% of this funding is allocated to the BNDES, enabling the bank to offer loans under special conditions, including favorable terms regarding cost and repayment schedules.

¹¹ See: Feil F., Feijó C. A. 2019. Bancos de desenvolvimento como 'braço de política econômica': uma interpretação Minskiana aplicada ao caso do BNDES. *Grupo de pesquisa em Financeirização e Desenvolvimento – Finde, Universidade Federal Fluminense*. 13.11.2019. URL: <https://finde.uff.br/wp-content/uploads/sites/43/2019/11/BDs-Uma-vis%C3%A3o-minskyana.pdf> (accessed 10.02.2024). (In Portuguese).

¹² E.g., the International Bank for Reconstruction and Development (IBRD, the World Bank), the Interamerican Development Bank (IAAD), the Latin America Development Bank (formerly CAF), Fonplata – Development Bank, and the Asian Infrastructure Development Bank (AIIB). For an excellent analysis of the role of Brazil in these banks, see Chiliato (2022).

¹³ Initially, the bank's acronym was BNDE (for “Banco Nacional de Desenvolvimento Econômico”) and the “S” – for “social” – was added in 1982.

¹⁴ In fact, most peripheral countries face – even nowadays – a lack of long-term financing, ending up by heavily relying on external debt.

¹⁵ Fundo de Amparo ao Trabalhador (FAT).

Currently, the bank official statements indicate that it operates in the fields of: infrastructure; industry, commerce and services; agriculture; innovation; exports; education; social issues; micro, small and medium enterprises; culture and creative economy; capital market; environment. Aligning with the global trend spurred by growing awareness of sustainability imperatives, the BNDES is increasingly prioritizing sustainable development, as detailed in Section 4.

After seven decades of operation, the bank has firmly established itself as the primary source of long-term financing in Brazil. At its peak in 2013, the bank disbursed approximately US\$ 88.3 billion¹⁶ (equivalent to 3.9% of the national GDP). However, following the economic and political crisis that unfolded in the country in 2014, and the subsequent shift in the political landscape with the impeachment of President Dilma Rousseff in 2016, disbursements experienced a dramatic decline. By 2021, disbursements had decreased significantly to US\$ 11.9 billion¹⁷ (0.72% of the GDP). Nevertheless, this figure remains considerably higher than the amounts disbursed by any multilateral bank to Brazil.

The bank employs approximately 2 800 individuals, with the majority based at the Rio de Janeiro office, although there are additional offices in Brasília, São Paulo, and Recife. Notably, for large loans, BNDES conducts operations directly with the borrowers, while for smaller loans—comprising the majority—it employs the method of “indirect operations,” wherein loans are intermediated by commercial banks. This approach is essential for ensuring the widespread reach of the bank's operations in a vast country like Brazil.

The New Development Bank (NDB) was established in 2014 during the 6th BRICS Summit in Fortaleza, Brazil, and commenced operations in 2016. While the initial authorized capital was US\$100 billion, only half of this amount was initially subscribed, with US\$10 billion paid-in¹⁸ and US\$40 billion as callable capital. A key principle guiding the NDB is equitable capital distribution among founding members, ensuring equal voting rights. Indeed, a fundamental objective of the NDB is to pioneer a new governance model distinct from the asymmetric administration prevalent in Western-dominated multilateral institutions such as the International Monetary Fund (IMF) and the World Bank (WB).

The headquarters of the bank is located in Shanghai, China, with regional offices now established in all founding member countries. In Brazil, the Latin American Regional Office was inaugurated in 2019, strategically positioned in São Paulo, the nation's economic and financial hub. Additionally, a sub-office was established in Brasília, the capital city. Our interviewees underscored this development as a significant

¹⁶ 190.4 billion in Brazilian Reals.

¹⁷ 64.3 billion in Brazilian Reals.

¹⁸ As of December 31, 2022, the cumulative paid-in capital received by the NDB was US\$ 10.299 billion.

factor contributing to the recent surge in loans to the country. They suggested that the geographical distance from the headquarters, coupled with time zone disparities and intercultural considerations, may have contributed to the initially low loan levels to Brazil. With the establishment of offices in Brazil, the bank can now maintain closer proximity to potential clients, partner institutions (further elaborated below), and policymakers within the Brazilian government. The Brazil-based team is actively engaged in various forums and meetings nationwide to raise awareness about the bank's presence and activities.

In spite of the common reference to NDB as the “BRICS Bank”, the original idea was not to confine the institution solely to BRICS countries. Instead, the aim was to establish a development bank for the broader group of emerging economies and developing countries. While it took some time, Bangladesh and the United Arab Emirates became members in 2021, Egypt, in 2023, and Uruguay is currently in the process of joining.

According to its founding documents, the primary mandate of the NDB is to finance infrastructure and sustainable development. With regard to the former, this stems from the evident observation that emerging countries typically face significant deficiencies in infrastructure, which adversely affect economic competitiveness, regional integration, and even the welfare of the population. Regarding the latter, it represents another distinguishing feature of the bank (Braga et al. 2022). It's true that other multilateral banks have gradually integrated concerns about sustainability into their agendas, but the NDB is unique in that it was initially established with sustainability as one of its foundational pillars¹⁹.

In a nutshell, the NDB claims to be “new” in the three dimensions discussed above, that is, it is a multilateral bank: i) aimed at representing and being functional to the Global South; ii) designed to have a democratic (and less asymmetric) governance – at least for the founding members; iii) created to (allegedly) foster sustainable investments.

However, the bank remains relatively new and small compared to many other multilateral banks. By the end of 2021, it employed only 207 staff members and had a total portfolio of 74 approved projects, amounting to US\$29.1 billion²⁰, with US\$14.6 billion already disbursed. Interestingly, 88% of the approvals were for sovereign loans, with only 11.3% allocated to non-sovereign projects, in addition to 0.7% in equity investments. Nevertheless, the target for the near future is to have at least 30% of non-sovereign investments (a proportion that has already been achieved in Brazil).

¹⁹ Several analyses investigate whether the NDB genuinely adheres to its purported focus on sustainable investments (see, for instance, Braga et al. 2022), but these discussions go beyond the scope of this article.

²⁰ “Portfolio” here refers to the Bank's cumulative approvals net of cancelled and fully repaid loans.

Given its limited size, lack of expertise²¹, and limited reach, the NDB often conducts many of its operations in collaboration with other development institutions in its member countries. This aspect is particularly significant for our discussions, as it is essential to examine whether the BNDES serves as a competitor or collaborator with the NDB in its operations in Brazil.

Brazil at the NDB

The New Development Bank commenced operations during a challenging period in the history of the Brazilian economy. The year 2016 witnessed a political upheaval with the impeachment of President Dilma Rousseff, followed by the vigorous implementation of a fiscal austerity agenda, notably through Constitutional Amendment No. 95, also known as the Expenditure Ceiling²². This amendment further constrained public investments and the granting of sovereign guarantees, which constitute a significant component of projects submitted to the NDB (further details provided below). Additionally, the investment budgets of crucial federal state-owned enterprises, such as Petrobras (oil and gas) and Eletrobras (electricity), had been experiencing successive declines since 2013, contributing to the overall reduction in aggregate investment and demand²³. Consequently, it was reasonable to expect that the initial years of the NDB’s activities would be characterized by Brazil’s low performance in terms of the volume of approved projects. Table 1 presents the evolution of credit approved by the multilateral bank, in terms of amounts.

Table 1. *Approved credit at the NDB, amounts (US\$ million), 2016–2022.*

Country	2016	2017	2018	2019	2020	2021	2022	Total	%
Brazil	300	-	250	400	3.478	540	720	5.688	18,18%
Russia	100	460	840	848	795	1.300	-	4.343	13,88%
India	350	815	1.135	1.783	2.841	80	425	7.429	23,74%
China	379	200	1.601	1.509	1.070	2.505	1.215	8.479	27,10%
South Africa	180	-	500	1.674	2.000	1.000	-	5.354	17,11%
Total	1.309	1.475	4.326	6.214	10.184	5.425	2.360	31.293	100%

Source: authors’ elaboration based on the New Development Bank (NDB) data.

²¹ It is important to highlight, however, that in spite of a lack of “institutional expertise”, many staff at the NDB possess extensive experience gained from employment at other development banks, such as the World Bank or the national banks of the member countries.

²² This Constitutional Amendment determined that the public expenditures should have no increase in real terms for the next twenty years. It has been eliminated in May 2023 by Lula government.

²³ Rossi P., Mello G. 2017. Choque recessivo e a maior crise da história: a economia brasileira em marcha à ré. *Centro de Estudos de Conjuntura e Política Econômica - IE/UNICAMP*. Nota do Cecon, n.1, Abril de 2017. URL: https://www.eco.unicamp.br/images/arquivos/notacecon1_choque_recessivo_2.pdf (accessed 10.02.2024). (In Portuguese).

As illustrated in Table 1, from 2016 to 2019, the total credit approved to Brazil by the NDB amounted to a mere US\$ 950 million, marking the lowest performance during this period and accounting for only 7.13% of the bank's total portfolio at that time²⁴. However, in 2020, the country experienced a significant surge, with US\$ 3.48 billion approved in that year alone, largely attributed to measures implemented to address the COVID-19 pandemic. Nonetheless, a portion of this amount, totaling US\$ 1.48 billion, was directed through other channels. Notably, US\$ 1.2 billion was allocated to the BNDES-NDB Sustainable Infrastructure Project, underscoring the potential for collaboration between these two entities. These additional approvals elevated the country to the third position in terms of approved credit volume, reaching a share of 18.2% in 2022.

Having in mind the amounts, it is also important to examine the sectors targeted by the approved projects, as this provides insight into their potential to stimulate development within the country. Table 2 presents the funding allocated to all 18 approved projects in Brazil, categorized according to the sectors classified by the NDB.

Table 2. Values, in USD, applied by sector of investment in Brazilian approved projects in the NDB.

Projects Areas	Nº of Projects	Value (USD million)	% of Total Value
Multiple Sectors	7	2.293	40,31%
COVID-19 Emergency	2	2.000	35,16%
Water	2	380	6,68%
Energy	1	300	5,27%
Transport	1	300	5,27%
Environmental Protection	1	200	3,52%
Urban Development	3	165	2,90%
Social Infrastructure	1	50	0,88%

Source: authors' elaboration based on the New Development Bank (NDB) data.

Most of the approved projects are categorized as part of the "Multiple Sectors". Taking a deeper look, one by one, all seven projects, totaling US\$ 2.3 billion, refer to investments in sustainable infrastructure, focusing on emissions reduction, transition, and climate adaptation projects. Out of them, US\$ 1.7 billion is related to projects in which the borrower is the BNDES, reinforcing the perception of a pattern of cooperation between the banks. As a consequence, even though all loans were made in US dollars and not in local currency, those which are intermediated by the BNDES leave the exchange rate risk to the Brazilian bank. Considering that 35.2% of the loans approved for Brazil are still tied to the COVID-19 emergency credit line, there is a need for further promotion and diversification of Brazilian projects.

²⁴ Unfortunately, the NDB does not disclose the success rate of the projects submitted to the Bank. Yet, we will argue below that these low amounts of credit approved to Brazil in the initial phase of the bank are not related to bad projects or to a bias of the bank, but rather to the macroeconomic and political context in Brazil, allied to a lack of knowledge about the bank and a rigid format for the provision of public guarantees in the country.

Finally, it is also intriguing to explore whether this diversification pertains solely to the sectors targeted by the projects or extends to the bank's customers. Figure 1 illustrates that out of the US\$ 5.7 billion approved for Brazil since the inception of the NDB, only 8.44% have been allocated to private companies as borrowers. This underscores a potential bottleneck, possibly linked to the conditions of guarantees and financing offered to this sector by the bank²⁵. Sovereign guaranteed financing emerges as the most flexible and accessible modality in terms of interest rates, amounts, and currency type. However, obtaining sovereign guarantees in Brazil is a complex process involving multiple stages of technical analysis by the federal government, subject to approval by the Federal Senate as well (further details are provided in Section 4)²⁶.

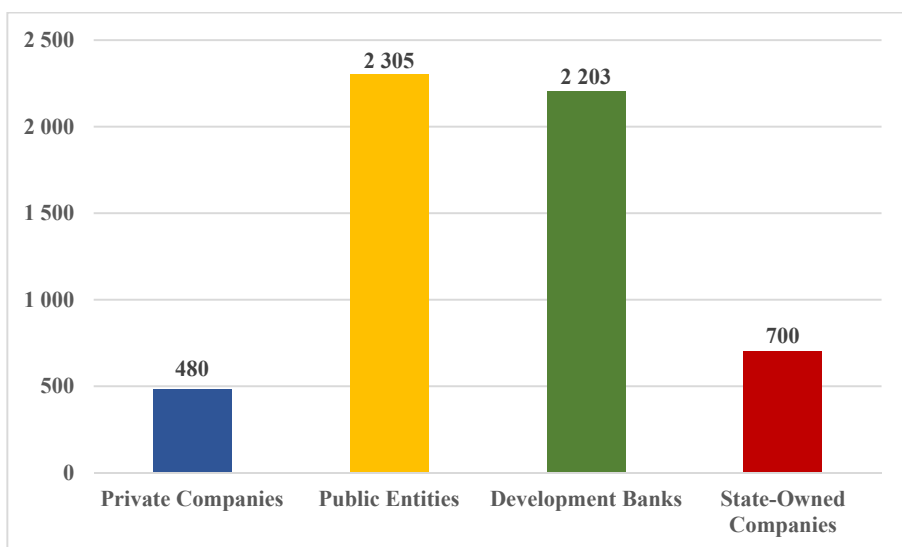


Figure 1. Approved credit for Brazil at NDB (US\$ million) per ownership of the borrower.

Source: authors' elaboration based on the New Development Bank (NDB) data.

Shifting the analysis to the BNDES, Figures 2 and 3 illustrate that the volumes of operations contracted (in values) and resources disbursed by the bank are significantly greater than those associated with the NDB. However, there has been a substantial decline in the provision of credit by the Brazilian bank over the past decade.

²⁵ An analysis of the share of credit provided by the NDB to private companies in the other BRICS countries would be very interesting, but it goes beyond the scope of this article.

²⁶ Ministério da Economia. 2019. *Manual de financiamentos externos*. URL: <https://www.gov.br/economia/pt-br/centrais-de-conteudo/publicacoes/guias-e-manuais/defeso/manual-de-financiamento-externos.pdf/view> (accessed 10.02.2024). (In Portuguese).

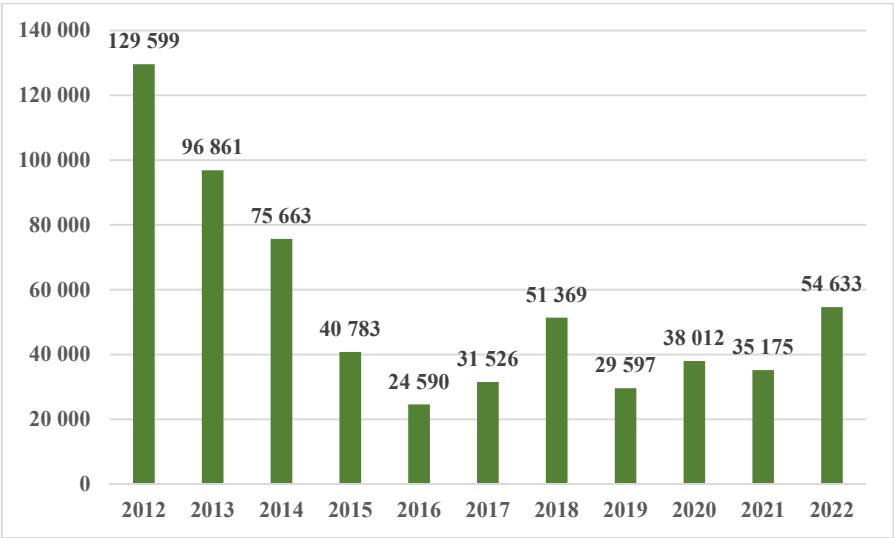


Figure 2. Operations contracted with BNDES, 2012–2022 (Values in BRL billions).
Source: authors’ elaboration based on the Brazilian Development Bank (BNDES) data.

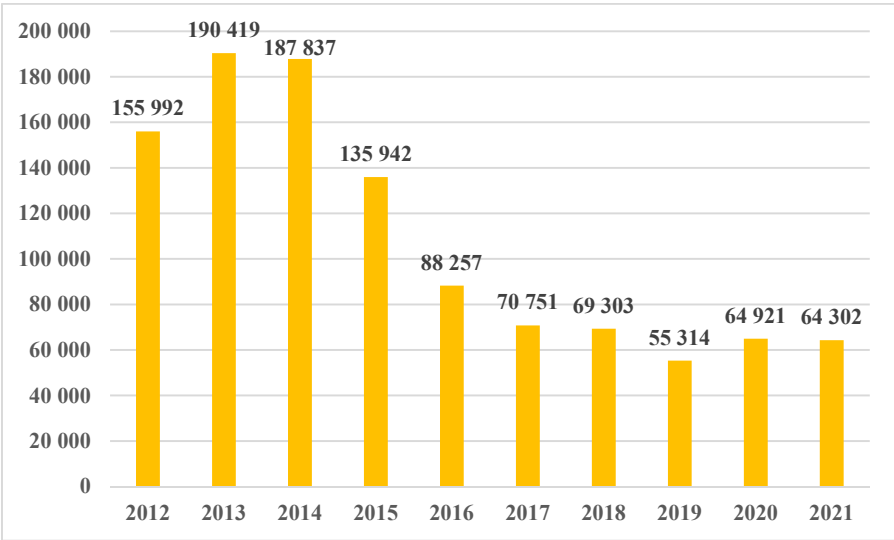


Figure 3. Disbursements made with the BNDES from 2012 to 2021 (Values in BRL billions).
Source: authors’ elaboration based on the Brazilian Development Bank (BNDES) data.

The reduction in the role of the BNDES is not solely cyclical, stemming from the economic crisis of 2015-2016, but also reflects a policy decision embedded in the new economic strategy following the impeachment of Dilma Rousseff. During the Temer administration (2016-18), a reassessment of the BNDES's role was undertaken, resulting in new guiding policies aimed at actively curtailing the bank's lending activi-

ties, leveraging it to stimulate the private capital market. The Bolsonaro government (2019-22) furthered and intensified this approach at the BNDES, prioritizing investments in equity funds.

Returning to the NDB, it is also pertinent to evaluate the proportion of approved credit that has been disbursed, as illustrated in Figures 4 and 5.

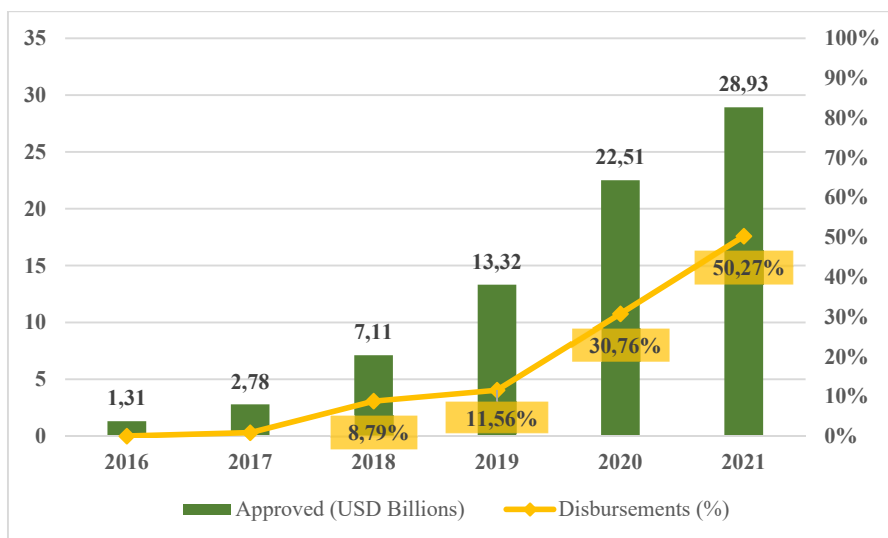


Figure 4. Disbursement amounts as a percentage of the value of total approved projects, NDB, 2016–2021.

Source: authors' elaboration based on the New Development Bank (NDB) data.

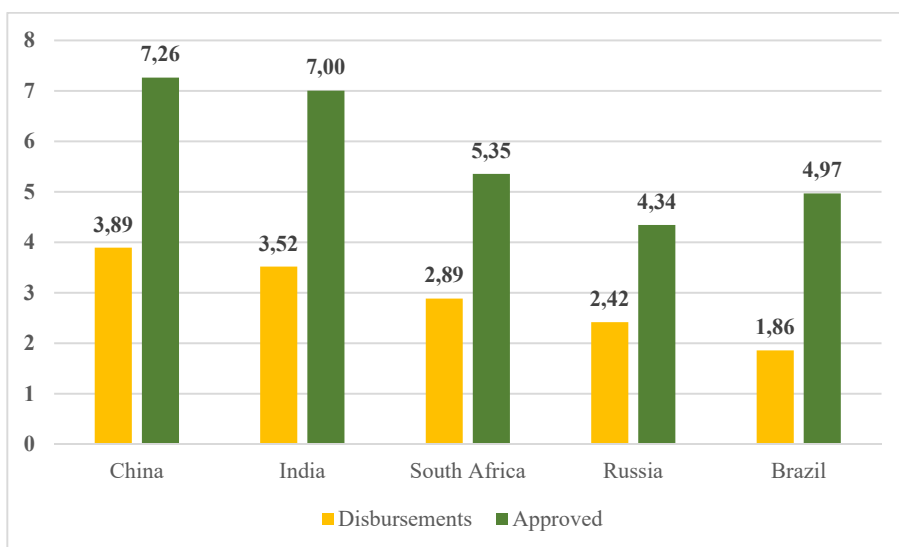


Figure 5. Volume of Cumulative Disbursements compared to Cumulative Approved Projects in the NDB, 2016–2021 (values in US\$ billions).

Source: authors' elaboration based on the New Development Bank (NDB) data.

As anticipated, the volume of disbursements was initially low for all countries in the first years, attributable to the bank's start-up phase and the typical lead time required for the implementation of approved projects. By 2021, the bank had achieved a disbursement rate of 50.3% (see Figure 4). However, upon closer examination of the data pertaining to Brazil, it becomes apparent that the country ranks last in terms of disbursement volume within the NDB. As of 2021, only 37.4% of the approved credit for Brazil had been disbursed, amounting to US\$ 1.86 billion—still below the US\$ 2 billion capital stock contributed by the country for the establishment of the bank.

Therefore, despite exhibiting improved performance in recent years, Brazil's involvement with the NDB appears to still fall short of its potential²⁷. To delve further into the examination of potential competition between the NDB and the BNDES, the subsequent section will assess the distinct conditions between these two development banks, aiming to comprehend the underlying factors contributing to Brazil's limited participation in the NDB.

Comparative analysis: institutional framework and financing conditions between BNDES and NDB

Although both the NDB and the BNDES share the common objective of promoting economic development, the multilateral background and historical context of the NDB have imposed certain dynamics and goals that are specific to its operational model. The Durban 2013 BRICS Summit Declaration outlines the scope of the bank as an institution aimed at “mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development”²⁸. Therefore, it is evident that the NDB seeks to establish collaboration with other regional and national banks, such as— in the case of Latin America and Brazil— BNDES, FONPLATA, and Banco do Brasil.

When considering the reasons behind the founding of the NDB by the BRICS countries, it becomes apparent that it is only partially fulfilling its goals. In fact, given the current geopolitical conditions, particularly the recent tensions in the International Monetary System (IMS) and the discussions surrounding a potential decline in the hegemony of the dollar²⁹, the NDB's stance has been, at best, conservative.

²⁷ Unfortunately, NDB's targets that are published in its reports are quite vague, so it is not possible to assess if these amounts allocated to Brazil fall short of the internal targets. However, our argument here is that given the scale of the Brazilian economy and its need of long-term credit for investments, there is room for an increase in these amounts. Recently, especially after Dilma Rousseff became the Bank's president, the NDB has started to publish more specific targets.

²⁸ BRICS and Africa: Partnership for Development, Integration and Industrialisation: eThekweni Declaration. March 27, 2013. URL: <http://www.brics.utoronto.ca/docs/130327-statement.html> (accessed 10.02.2024).

²⁹ For details about the recent tensions in the International Monetary System (IMS) and the Russia and China expansion of, respectively, the System for Transfer of Financial Messages (STFM) and Cross-Border Interbank Payment System (CIPS) see: Eichengreen B. 2022. Sanctions, SWIFT, and China's Cross-Border Interbank Payments System. *Center for Strategic and International Studies*. 20.05.2022. URL: <https://www.csis.org/analysis/sanctions-swift-and-chinas-cross-border-interbank-payments-system> (accessed 10.02.2024); and (Xu, Xiong 2022).

Historically, raising funds for governments and companies in peripheral countries has been a challenge. Following the wave of financial liberalization, promoted by multilateral institutions such as the IMF and the WB, these countries gained increased access to international funds, albeit with heightened sensitivity to the various phases of international liquidity cycles. Gabriele et al. (2000) demonstrate that capital flows exhibited a markedly unpredictable pattern for these countries during the 1990s compared to previous decades. Consequently, this form of financial integration of peripheral countries into global markets introduced a high volatility pattern in key macro and micro indicators. Primarily, these fluctuations impact exchange rates, leading to uncertainties regarding inflation and increasing instability in domestic stock markets and firm earnings (Grabel 1995; Felix 1998).

In structural terms, the challenge of raising funds – and especially long-term funding – stems from the thoroughly hierarchical nature of the IMS, with one national currency, the US dollar, playing the role of the world currency, some other central currencies (e.g., the euro, the Japanese yen and the British pound) that also serve as representatives of abstract wealth on the international stage, and a myriad of national currencies lacking any value at the international level (De Conti et al. 2014; Lapavistas 2016).

The position of each currency within this hierarchy shapes the portfolio preferences of international agents, who allocate resources across various countries worldwide based on a trade-off between liquidity and expected profitability. Consequently, they often invest in peripheral countries for speculative purposes, seeking higher yields or returns. This portfolio choice structure, driven by agents, fosters an environment of heightened uncertainty in peripheral countries, particularly when interest rates increase in central countries, leading to what is commonly referred to as a “flight to quality” (De Conti et al. 2014).

Hence, it remains highly challenging for peripheral countries to borrow internationally in their own currencies, a phenomenon described by Eichengreen et al (2005) as the “original sin.” Despite the NDB’s founding principles declaring its intent to provide loans to BRICS countries in domestic currencies, this objective has yet to materialize. Figure 6 illustrates the approved credit by currency, revealing a significant predominance of the US dollar (comprising approximately 69% of the portfolio), with no loans at all granted in Brazilian real (BRL).

This lending pattern cannot be solely attributed to a conservative stance by the NDB, as peripheral countries often require access to and utilization of US dollars. However, many of these loans are not intended for import-dependent investments, thereby exposing borrowers to currency mismatch risks without providing corresponding benefits.

To comprehensively understand the challenges facing the NDB in realizing its vision of becoming a multilateral bank for the global south, it is essential to examine the design and conditions of the bank's financing lines. Table 3 outlines and assesses the primary credit products offered by the multilateral bank.

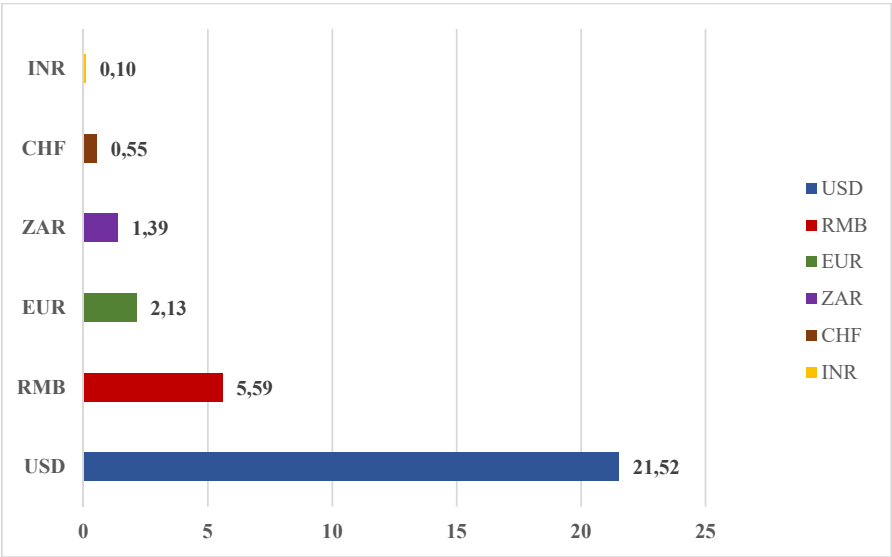


Figure 6. NDB approved credit, by currency (values in US\$ Billions).
Source: authors’ elaboration based on the New Development Bank (NDB) data.

Table 3. Financed activities and conditions established by the NDB.

Scope of Financed Activities	Customer Scope	Guarantee
Sovereign Loans <ul style="list-style-type: none">· Financing of specific operations in projects (construction materials, services and equipment)· Borrowers’ investment programs for sustainable development· Eligible subprojects from financial institutions	<ul style="list-style-type: none">· National, regional and local government entities· National, regional and local development banks· Large-scale companies with sovereign guarantee	<ul style="list-style-type: none">· Sovereign lending· Sovereign guarantee for large scale-companies· Sovereign guarantee for development banks
Non-Sovereign Loans <ul style="list-style-type: none">· Corporate lending, for financing of specific operations in projects and investment programs· Investment on equity funds· Lending for financial institutions (including development banks)· CAPEX financing	<ul style="list-style-type: none">· Large-scale financial institutions (including development banks)· Large-scale real sector companies (including state-owned companies)· Equity and investment funds	<ul style="list-style-type: none">· Financing currency can only be USD· Lending is limited to 25% of total project value· Credit and real guarantees (non-sovereign loans)

Source: authors’ elaboration based on the New Development Bank (NDB) data.

The NDB operates through two main financing lines, primarily distinguished by the type of guarantee provided by the borrower. The credit line for sovereign-guaranteed loans holds the greatest significance in terms of financing capacity, the range of eligible actions, and the variety of currencies in which disbursements can be made. This initial credit line, underpinned by sovereign guarantees, offers a framework characterized by high flexibility and adaptability of NDB products, facilitated by the secure, robust, and stringent nature of these guarantees. As articulated by

IRENA³⁰, “a sovereign guarantee is a government’s guarantee that an obligation will be satisfied if the primary obligor defaults. Usually, sovereign guarantees relate to payment defaults, but they can cover all kinds of obligations and commitments.”

The second type of product offered by the NDB pertains to non-sovereign loans. As the name suggests, these loans are extended without the requirement for such a robust guarantee, although they entail greater restrictions on the financing line. In addition to necessitating credit and tangible collateral attached to the financing (defined during negotiations), the bank also imposes limitations on the credit concession, capping it at up to 25% of the total project value and permitting disbursements only in US dollars. Consequently, the scope of financing for private companies in Brazil is significantly constrained, as the most direct route for this sector to access NDB credit would be through non-sovereign loans. Moreover, the restriction to lending exclusively in US dollars transfers all exchange rate risk to the borrower. Considering the costs of interest rates and the aforementioned potential volatility in peripheral currencies’ exchange rates, this arrangement creates an uncertain scenario for the borrower. While this uncertainty may be mitigated—or even eliminated—through the use of hedging in future markets, these protective mechanisms substantially increase the costs of the loans.

In sum, the structure of the credit offered by the NDB somehow defines the type of client the bank intends to have, which usually are: large, internationalized companies and public entities guaranteed by the highest level of government. Nevertheless, this approach is reasonable, as this multilateral bank aims at large infrastructure projects, especially related to sustainability and energy transition. Thus, what is outside the scope of the NDB can be complemented by regional development banks, such as the BNDES in Brazil.

However, it could be argued that there is scope for a less conservative approach concerning this credit provision, particularly regarding the issuance of loans denominated in domestic currency for Brazil. As previously mentioned, 88% of the approvals granted by the NDB were for sovereign loans, with only 11.3% allocated to non-sovereign ones, along with 0.7% invested in equity. Regarding the approved loans, Figure 7 illustrates that approximately 21% of the credit amount allocated to Brazil was approved through non-sovereign loans, while 79% were secured by sovereign guarantees.

³⁰ IRENA. 2020. Renewable energy finance: sovereign guarantees. *International Renewable Energy Agency*, January 2020. URL: <https://www.irena.org/publications/2020/Jan/RE-finance-Sovereign-Guarantees> (accessed 10.02.2024).

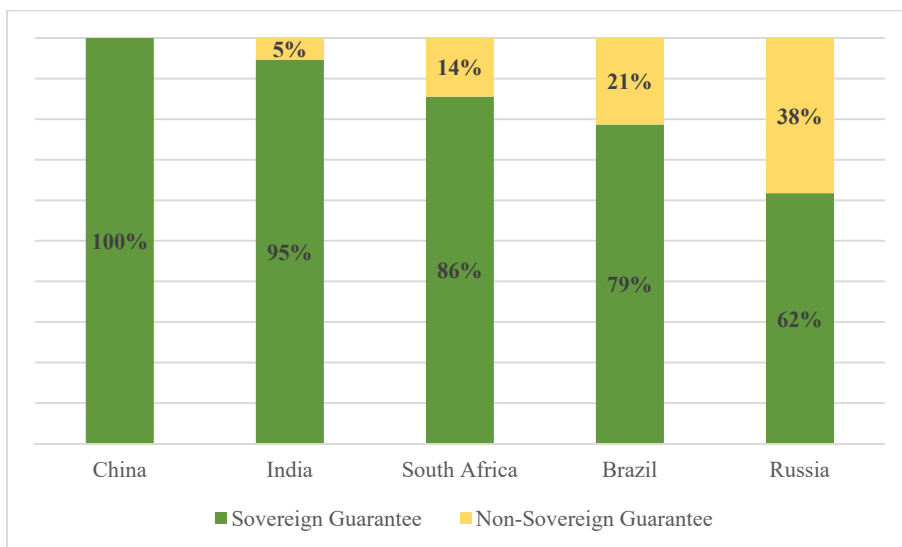


Figure 7. Approvals by type of guarantee (percentage of the values of the total NDB portfolio accumulated in 2022).

Source: authors' elaboration based on the New Development Bank (NDB) data.

The bank maintains a stringent currency risk policy, as it solely provides financing in local currency through bond issuance in the respective domestic market or via swap operations, with a strict net open position policy capped at US\$ 20 million. Moreover, the bank benefits from Preferred Creditor Status (PCS), which grants multilateral development banks (MDBs), including the NDB, priority for debt repayment in the event of financial distress for a borrower. According to Fitch Ratings³¹, “under a broader approach to PCS, MDBs’ sovereign and non-sovereign loan servicing are protected against foreign exchange restrictions.”

Therefore, there is a strict and conservative approach to lending in local currency at the NDB. This reflects a reluctance to share the risk to some extent with the borrowing country, particularly in sovereign lending scenarios. Despite the clear predominance of less risky loans, given that 87.1% of the credit is sovereign guaranteed, the loans are predominantly denominated in major currencies (such as US dollars and euros), comprising as much as 75.6% of the total (see Figure 6).

However, while the absence of loans in BRL may be perceived as an obstacle to greater utilization of the NDB by Brazilian actors, there are additional challenges to consider. One such hurdle pertains to the process of obtaining a sovereign guarantee

³¹ Fitch Ratings. 2018. Preferred creditor status – Special report. 11.10.2018. URL: <https://www.fitchratings.com/research/sovereigns/preferred-creditor-status-11-10-2018> (accessed 10.02.2024).

from the Brazilian state. All requests for external credit necessitating federal government guarantees, as well as those made by state-level and state-owned enterprises, must undergo review by the Commission for External Financing (COFIEX³²).

COFIEX's operational framework entails two stages of technical assessments regarding the project, its rationale, and the contractual cost of the external financing sought. The initial assessment is conducted by the Commission itself upon project submission, while a deeper analysis of the proposal is undertaken by the Technical Group (GTEC³³) throughout the project planning phase until implementation. Concurrently, the borrower must initiate an appraisal request process at the Ministry of Economy³⁴, later renamed the Ministry of Finance, and at the National Treasury.

After completion of the COFIEX review process and validation of all procedures, the project must undergo three additional authorizations. Firstly, the funding agent board, in this case, the NDB, must reaffirm its agreement with the negotiated contractual drafts. Secondly, the Ministry of Finance Attorney's Office (PGFN³⁵) shall submit to the President of the Republic an appraisal statement outlining the ministry's rationale for approving the external credit proposal, requesting his endorsement, and forwarding the statement to the Federal Senate. The Senate Committee on Economic Affairs receives this statement and must deliberate its assent. Finally, the proposal for a sovereign-guaranteed external credit operation undergoes analysis by the plenary session of the Federal Senate. Upon approval in a vote, the project proceeds to publication in the Official Gazette³⁶.

As evident, the process of granting a sovereign guarantee by the Brazilian State is rather lengthy, posing a temporal constraint on the execution and timeliness of projects approved by the NDB. However, this time constraint is due not only to the approval process by COFIEX; it also stems from the necessity to adhere to Brazil's budgetary laws.

Assessment and technical analysis by COFIEX, the Ministry of Finance, and the National Treasury Secretariat also entail evaluating whether the external financing complies with the provisions of Law 101/2000, known as the "Fiscal Responsibility Law." This implies that external financing must be included in the annual budget law (LOA³⁷) approved by the National Congress; otherwise, it would necessitate requesting extraordinary credit, which is always a costly and protracted political process.

³² The acronym in Portuguese for "Comissão de Financiamento Externo" (COFIEX).

³³ Portuguese acronym for "Grupo Técnico" (GTEC).

³⁴ Ministério da Economia. 2019. *Manual de financiamentos externos*. URL: <https://www.gov.br/economia/pt-br/centrais-de-conteudo/publicacoes/guias-e-manuais/defeso/manual-de-financiamento-externos.pdf/view> (accessed 10.02.2024). (In Portuguese).

³⁵ Portuguese acronym for "Procuradoria-Geral da Fazenda Nacional" (PGFN).

³⁶ The official government publication to give voice of law and federal execution to approved actions.

³⁷ Portuguese acronym for "Lei Orçamentária Anual" (LOA).

Given that the annual budget law, which delineates the scope of federal government funding for the current year, is typically ratified in the second half of the preceding year, projects sanctioned by COFIEIX must also undergo the political negotiation process in the National Congress. Consequently, it is customary for Brazilian sovereign-guaranteed submitted to the NDB to undergo an additional waiting period of approximately six months following validation by the Commission, before political approval and publication of the LOA in the Official Gazette. Only then the effective concession of credit and execution of the project become possible.

Hence, it is evident that the process of securing sovereign guarantees for Brazilian projects financed by the NDB can result in missed opportunities, including potential political shifts and the subsequent abandonment of projects initiated by previous administrations (further elaborated below). Non-sovereign guaranteed credit once again emerges as a feasible option to facilitate and broaden Brazilian access, despite being constrained by the absence of concessions in domestic currency.

Given this context, it is evident that cooperation with BNDES credit lines for loan provision is paramount. Table 4 outlines the primary activities financed by the development bank in Brazil.

Table 4. Major financed activities and conditions established by the BNDES.

Scope of Financed Activities	Customer Scope	Guarantee
BNDES Finem <ul style="list-style-type: none"> · Acquisition of national capital goods and services · Working capital · Imported goods and services (with restrictions) · Investment projects · Civil works · Financial operations (financial and corporate restructuring, funding loans) 	<ul style="list-style-type: none"> · Large-scale real sector companies (including state-owned companies) 	<ul style="list-style-type: none"> · Real or personal guarantees, defined in negotiation
BNDES Finame <ul style="list-style-type: none"> · Acquisition of national capital goods and services 	<ul style="list-style-type: none"> · Large-scale real sector companies (including state-owned companies) 	<ul style="list-style-type: none"> · Real or personal guarantees, defined in negotiation
BNDES Exim <ul style="list-style-type: none"> · Financing of the national production of goods destined to be exported · Financing of the exporting of national goods and services 	<ul style="list-style-type: none"> · Trading companies · Commercial exporters · Large-scale exporting companies 	<ul style="list-style-type: none"> · Real or personal guarantees, defined in negotiation · Export credit insurance
BNDES Automático <ul style="list-style-type: none"> · Investment projects · Civil works · Installations of furniture, utensils and equipment · Pre-operational expenses · Acquisition of national capital goods and services · Working capital (restricted to 15%) 	<ul style="list-style-type: none"> · Real sector companies (without restrictions related to revenue) · Rural producers · Public entities · Cooperatives and foundations 	<ul style="list-style-type: none"> · Limit of R\$ 150 million · Real or personal guarantees, defined in negotiation · Other forms of bank guarantees, defined in negotiation
Fundo Clima <ul style="list-style-type: none"> · Investment projects and activities related to the reduction of greenhouse gas emissions and to climate change adaptation 	<ul style="list-style-type: none"> · Companies of any sector with headquarters and administration in Brazil 	<ul style="list-style-type: none"> · Limit of R\$ 80 million (a year) · Real or personal guarantees, defined in negotiation

<div>Pronaf and Pronamp</div> <div><div><div>· Construction, remodeling or expansion of permanent improvement, facilities and crops (irrigation, clearings and reforestations)</div><div>· Acquisition, recovery or renovation of rural machines and equipment</div><div>· Qualification and improvement of services and rural cooperatives</div><div>· Investment projects and activities related to reducing greenhouse gas emission</div><div>· Other forms of bank guarantees, defined in negotiation</div></div></div>	<div>· Rural producers (small and medium sized farmers by revenue)</div>	<div>· Real or personal guarantees, defined in negotiation</div>
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Source: authors' elaboration based on the Brazilian Development Bank (BNDES) data.

The BNDES demonstrates a broader scope of financing activities compared to the NDB, covering operations ranging from working capital and pre-operational expenses to export facilitation and crop renewal. Loan conditions are also more favorable to Brazilian companies, suggesting that competition would not be advantageous for the multilateral bank. Cooperation appears to be the most promising approach, aligning with the objectives of the NDB.

The key agenda for expanding development opportunities lies in aligning objectives, procedures, and risks. This can be accomplished through the establishment of a cooperative framework between the two banks, aimed at enhancing Brazilian involvement in NDB projects and disbursements. Such a mission should not be confined to contractual monitoring and negotiation activities but should also explore the feasibility of NDB offering loans denominated in BRL in collaboration with BNDES.

The NDB's financing options and target audience partly overlap with those of the BNDES. However, its sustainability-driven vision, emphasizing the green transition and social development, inherently places a greater emphasis on sustainable infrastructure projects. This focus tends to appeal to clients beyond the immediate scope of the BNDES.

Political dynamics and the Brazilian government's impact on the NDB

In addition to the institutional analysis developed above, it is crucial to consider that institutions are managed differently depending on the national government in office. In the case of Brazil, this is particularly significant due to the political shifts that have occurred in recent years. From 2003 to mid-2016, the country was governed by the Workers' Party, with Luís Inácio Lula da Silva serving as president from 2003 to 2010, followed by Dilma Rousseff from 2011 to mid-2016. During this period, Brazil's foreign policy aimed to strengthen the country's role in the multilateral arena, particularly by deepening relations with the Global South. This involved enhancing economic and political ties with Latin American, African, and Arab nations, as well as providing

strong support for the establishment of the BRICS and its associated institutions³⁸. Symbolically, the New Development Bank (NDB) was established at the 2014 BRICS Summit in Brazil.

Nevertheless, following the 2016 turmoil mentioned above, Michel Temer assumed office, and the foreign policy underwent a reversal, returning to the historically defined prioritization of the United States and Western Europe. This shift reached its peak during the government of Jair Bolsonaro (2019 to 2022), characterized by explicit conservatism and complete alignment with the USA under Donald Trump.

Aligned with the global trend of right-wing parties, Bolsonaro's government adopted a discourse that opposed nationalism to "globalism," emphasizing the reaffirmation of nationalist principles in Brazil. This entailed defending "Western principles" and conservative Christianity. "According to this version of national identity, everything that represents diversity and plurality in society seems like a menace for the prosperity and the longevity of the humankind. All of that is labelled as 'globalism'" (Paiva et al. 2020).

Extremely emblematic was a speech of Bolsonaro's Minister of Foreign Affairs (Ernesto Araújo), when he claimed that "[we] will return to ourselves, and in this return to ourselves, Brazilian people want to recover their roots, want to live again as part of the West, as part of the great adventure that begins there with the Greek and Romans" (cited in: Paiva et al. 2020: 147). Setting aside the issue of historical accuracy, this allusion to the "Western" identity of Brazil was a direct contradiction to the country's previous orientation toward the African continent, Arab nations, and notably, the BRICS. Aligned with this nationalist discourse, as well as with the stances of Donald Trump and other right-wing leaders, Bolsonaro's government repeatedly voiced its opposition to multilateralism, offering sharp criticisms of the United Nations and the World Health Organization, particularly during the COVID-19 pandemic.

Unsurprisingly, the approach of the Bolsonaro government toward BRICS diverged significantly from that of Presidents Lula and Rousseff. Clearly, there were no benefits in causing any ruptures with the bloc, particularly given China's significance to the Brazilian economy, notably the agribusiness sector, a key supporter of Bolsonaro. For pragmatic reasons, therefore, Bolsonaro's government maintained regular and formal relations with BRICS. However, its primary objective was evidently to bolster business and economic ties within the bloc, sidelining geopolitical elements that had previously been integral to the group's formation. Consequently, some meetings during Bolsonaro's tenure were marked by tensions, such as Brazil's resistance to criticize "unilateralism" at the 2019 Summit in Brasília, or the withdrawal of eleven years' repeated support of the BRICS' declaration for including new permanent members in the UN Security Council at the 2020 virtual Summit.

³⁸ Three high-ranking Brazilian policymakers were instrumental in the creation of the NDB: Celso Amorim (then Minister of Foreign Affairs), Paulo Nogueira Batista Junior (then representative of Brazil and ten other countries at the International Monetary Fund) and Luciano Coutinho (then President of the Brazilian Development Bank).

The culmination of this disregard for the BRICS occurred with the failure of the government to fulfill its obligations regarding the NDB. As discussed in Section 2, the initial subscribed capital of the bank was set at US\$ 50 billion, evenly distributed among the founding members. Of this, US\$ 40 billion constitutes callable capital, while US\$ 10 billion is paid-in capital, to be paid in seven installments. In 2021, the Brazilian government only paid US\$ 58 million of the US\$ 350 million owed, resulting in a default of US\$ 292 million. The national government claimed that it lacked authorization from the National Congress to make the payment. However, in reality, when the budget was being approved at the end of 2020, the Bolsonaro administration opted to divert most of the owed amount to fund projects led by his political allies. This underscores the lack of priority given to the BRICS and its institutions. As the National Congress was in recess at the beginning of 2021, it took three months for the Brazilian government to rectify the situation and regain its “performer” status. According to our interviews, this incident posed significant challenges for Brazil within the bank, contributing to the low rate of project approvals for the country in 2021. Moreover, it undermines the government's and the country's credibility within the bank and other multilateral institutions.

In addition to the overt disregard shown by the Bolsonaro administration toward the NDB, there are other factors that warrant attention regarding the potential influence of the National Government on the NDB's performance. According to our interviews, given the multitude of development banks operating in Brazil (including multilateral, national, and regional banks), there is a consensus on the importance of coordinating their actions, as discussed earlier. The objective would not be to curtail the autonomy of these banks but rather to guide potential clients toward the most suitable institution based on their characteristics and project scope. As suggested by the interviewees, this coordination could fall under the purview of the Ministry of Planning and Budget, which was reinstated in 2023 following its dissolution during the Bolsonaro administration.

Finally, there are impediments to a smoother advancement of the NDB operations that relate more broadly to the Brazilian political regime instead of any particular administration. According to our interviews, the project structuring cycle in Brazil typically spans around two years, during which time changes in government at the state or city level can result in project abandonment³⁹. Moreover, the process for obtaining sovereign guarantees is notably slow, as discussed in Section 4.

Undoubtedly, there is widespread anticipation across various sectors that with the new government inaugurated in January 2023, led by President Lula, many of the issues discussed in this section will be mitigated, at the very least. Moreover, given Lula's role as one of the founding members of the BRICS, there are expectations that he will once again prioritize this bloc and its institutions, potentially heralding a new era in

³⁹ After all, many of the projects approved in Brazil have been so far for the public sector.

Brazil's relations with the BRICS countries and its involvement with the NDB. The appointment of Dilma Rousseff as the new president of the NDB serves as a clear indicator of the priority accorded by Lula's administration to the BRICS initiative.

Final remarks

From its inception until the end of 2021, the NDB disbursed approximately US\$ 14.6 billion in loans. However, Brazil's participation during this period was relatively low, with the country receiving the smallest share of these loans (12.8%). It is important to note that Brazil's economy experienced a recession from 2014 to 2016. Although there was some growth in 2017–18, albeit at modest rates, there was still no significant increase in the NDB's loans to Brazil. Nevertheless, in recent years, the approval of projects in Brazil has shown a substantial increase, with the country moving from last to third position within BRICS in terms of approved loan amounts.

The primary reason for the improved performance in recent years is undoubtedly the establishment of a regional office in São Paulo and a sub-office in Brasília in 2019. The presence of senior staff in the country serves as a catalyst for enhancing the visibility of the bank and increasing awareness among potential borrowers regarding the credit lines offered by the institution, which is still relatively new. Apparently, the geographical distance of the headquarters, coupled with significant time zone differences and typical intercultural challenges, naturally hindered the expansion of loans to Brazil during the initial years of the bank's operation.

Furthermore, it is crucial to consider that Brazil already possesses a significant development institution, namely the Brazilian Development Bank (BNDES). Established in 1952, this bank enjoys a stellar reputation, serving as the principal source of long-term funding for investments within Brazil. Understandably, most entities in Brazil seeking investment funds prioritize the BNDES and its available credit lines. However, since its inception, the NDB has consistently emphasized in its institutional statements that it was not established to compete with any existing institution—either national or multilateral—but rather to complement them. In the Brazilian context, it is evident that synergy with the BNDES could greatly benefit the NDB, given the expertise and extensive reach of the national bank. Nevertheless, in recent years, potential cooperation between these institutions has been hindered by a lack of coordination from the Bolsonaro administration. Therefore, there remains ample opportunity for progress in fostering collaboration between these entities.

Additionally, there is a significant disincentive in Brazil for obtaining loans from the NDB due to the currency in which the operations are denominated. Despite declarations that the NDB would provide credit in the national currencies of the BRICS countries, the majority of loans are still in US dollars, and to date, not a single operation has been conducted in BRL. This situation poses a considerable obstacle to the expansion of credit to Brazil, given the risks associated with currency mismatch and

the costs of hedging. Moreover, the volatile nature of the BRL exchange rate makes it highly risky for Brazilian entities to hold external debt in a hard currency. The provision of credit in BRL by the NDB could be facilitated if the bank were to internalize the exchange rate risk—a practice currently prohibited by the institution's regulations, as it could pose financial risks—or if it were to raise funds in BRL from the Brazilian capital market. While the latter option is theoretically viable, it is challenging to implement in practice due to the high cost of obtaining long-term funding in Brazil. Nevertheless, there is some room for such policies. For example, Brazil's largest pension funds are associated with public companies and have historically directed resources to areas deemed priorities by the national government. These pension funds could potentially invest in bonds issued by the NDB in the Brazilian market, thereby encouraging private companies and groups to do the same. Alternatively, the NDB could increase operations intermediated by national banks—such as BNDES—under the condition that these banks assume the exchange rate risk, as they are better equipped to manage their assets and liabilities to mitigate the effects of exchange rate fluctuations.

Last but not least, it is evident that the political stance of national governments regarding the BRICS can significantly influence the utilization of the NDB by different countries. Technical challenges can be overcome with political will. In this regard, it was unfortunate that the bank commenced its operations in the year of Dilma Rousseff's impeachment. However, the beginning of Lula's third term as Brazilian president suggests that Brazil may reassume a leading role within BRICS, potentially enhancing the utilization of the NDB by Brazilian actors.

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Препятствия и возможности для активизации деятельности Нового банка развития в Бразилии

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Начав свою деятельность в 2016 г., Новый банк развития (НБР) к концу 2021 г. предоставил кредиты на сумму почти 14.6 млрд долл. США. Из них только 1.86 млрд долл. США получила Бразилия (12,8%), что является самым низким показателем среди всех стран – членов Банка. Отталкиваясь от данного факта, мы исследуем причины низкой активности НБР в Бразилии. Методология основана на анализе финансовых отчётов НБР, интервью с релевантными субъектами принятия решений в Бразилии, а также на сравнении институциональной структуры и условий предоставления финансирования НБР и Бразильского банка развития (BNDES). Полученные выводы свидетельствуют о многообразии причин недостаточно активного финансирования бразильских проектов со стороны НБР. Во-первых, доступ к Бразильскому банку развития (BNDES) в определённой степени снижает потребность бразильских компаний в кредитах от НБР. Во-вторых, и со стороны НБР, и со стороны правительства Бразилии существуют жёсткие правила, усложняющие и удлинняющие процедуры предложения и утверждения проектов. В-третьих, несмотря на предусмотренную возможность для НБР предоставлять кредиты в национальных валютах, все кредиты Бразилии до сих пор выделялись в долларах США, что снижает их привлекательность. В-четвёртых, в связи с переориентацией внешней политики Бразилии после импичмента 2016 г. на сотрудничество с «традиционным Западом», правительство Бразилии не стимулировало использование НБР внутри страны. Таким образом, для активизации финансирования Новым банком развития проектов в Бразилии требуется как пересмотр некоторых процедур согласования со стороны правительства Бразилии, так и более активная и кооперативная позиция самого Банка.

Ключевые слов: Новый банк развития (НБР), БРИКС, многосторонние банки, финансирование в целях развития, международная валютная система, Бразилия

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