

The New Development Bank

LOGO:



Founded: July 2014 (Brazil)

HQ: Shanghai

First and current president: K.V. Kamath

What is it: A multilateral development bank established by BRICS

What is a multilateral organization: keeps globalization at its heart - obtain funding from multiple governments and spend it on projects in various countries - brings in different kinds of professions

What is its goal: To support public and private projects through loans, guarantees, equity participation, etc. (Has improved Shanghai) / help developing countries through sustainable development - not poverty alleviation

What is it guided by: International organizations and other financial entities

Primary capital: "The initial authorized capital of the bank is \$100 billion divided into 1 million shares having a par value of \$100,000 each. The initial subscribed capital of the NDB is \$50 billion divided into paid-in shares (\$10 billion) and callable shares (\$40 billion)."

NDB and the world: the bank is a physical expression of the desire of emerging markets to play a bigger role in global governance; helped funding gap between BRICS countries; multilateral banks have provided most of their financing in foreign currency

What makes NDB different from other Development Banks: Hard to approve loans in a feasible time - NDB "streamlined" technique - all loans approved in six months

Positives for the NDB:

Speed and efficiency - because - bank works closely with borrower countries' own development banks and agencies and tends to use local standards rather than international ones in terms of social and environmental safeguards

Impressive credit rating - AAA (Japan Credit Rating) - because it is new

Challenges:

"The bank has only disbursed 7 per cent of the loans it has approved, according to its latest annual report. That is a "warning sign that it may be rushing projects to approval without sufficient preparation", said Chris Humphrey, a development finance researcher at the Overseas Development Institute in London. However, the move to lend more in local currencies should be

welcomed, as “too many developing countries borrow excessively in foreign currency, which leads to dangerous FX risk exposure”, he added.”

Main objectives:

Promote infrastructure and sustainable development projects with a significant development impact in member countries.

Establish an extensive network of global partnerships with other multilateral development institutions and national development banks.

Build a balanced project portfolio giving a proper respect to their geographic location, financing requirements and other factors.

What is NDB’s structure like:

1. Board of Presidents
2. Board of Governors
3. President and Vice President

Projects: (2017-2021) Project aimed at supporting sustainable infrastructure - gives priority to projects aimed at renewable energy - promote green finance; most of the funding that the NDB has provided has gone toward “renewable energy, water and urban renewal.”

News: Investigation conducted on NDB by Shanghai Party Secretary - found that NDB “approved more than 50 investment projects with a cumulative amount of more than US\$15 billion.”

BRICS involved in NDB by shares:

“It’s ownership structure is unique, as the BRICS countries each have an equal share and no country has any veto power.”

COUNTRY	NUMBER OF SHARES	SHARE HOLDING (% OF TOTAL)	VOTING RIGHTS (% OF TOTAL)
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 BRAZIL	100,000	20	20
 RUSSIA	100,000	20	20
 INDIA	100,000	20	20
 CHINA	100,000	20	20
 SOUTH AFRICA	100,000	20	20
UNALLOCATED SHARES	500,000	–	–
GRAND TOTAL	1000,000	100	100

Map of Influence:



Brazil · Russia · India · China · South Africa



Population
2.998 bn
41.6% Share of world's total

GDP
\$15.8 tn
19.8% Share of world's total

Exports Imports
\$3.19 tn + \$2.95 tn

Total trade
= \$6.14 tn
16.9% Share of world's total

The group of BRICS emerging economies that includes Brazil, Russia, India, China and South Africa is the **world's largest market.**

Their combined GDP **grew more than 300 percent** in the last decade, developed world grew 60 percent.

Source: Y1 BRICS Summit website,
<http://brics10.itamaraty.gov.br/>

