

# The New Development Bank: Directions on strategic partnerships

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## Abstract

The New Development Bank (NDB)'s partnership and cooperation with other international organizations and other financial institutions has been a key element of the strategic vision, design and institutional development of the Bank. For the NDB 'partnering' and 'partnerships' became part of the agenda of the NDB. But how the NDB would actually do 'partnerships' or 'partnering' was not predetermined. This article examines how the NDB responded to the challenge of strategic partnerships. It asks whether the NDB has developed its own partnership modalities, or to what degree? The main argument is that NDB adopted a varied approach of partnering, with each approach depending largely on the nature of the partner.

## 1 | NDB'S RESPONSE TO STRATEGIC PARTNERSHIPS: PIONEERING A PATH

When the New Development Bank (NDB) led by BRICS (Brazil, Russia, India, China, and South Africa) countries opened its doors in Shanghai in July 2015, one of its immediate challenges was figuring out how to get up and running from zero, and how to begin fulfilling its mandate in an efficient and effective manner.

As stated in the NDB Charter, the purpose of the Bank is to 'mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries' and to do so by 'complementing the existing efforts of *multilateral and regional financial institutions* for global growth and development' (NDB, 2014, para. 7). The NDB Charter further states that the Bank has two main functions in fulfilling its purpose: (i) support public or private projects through loans, guarantees, equity participation and other financial instruments and (ii) *cooperate with international organisations and other financial entities*, and provide technical assistance for projects to be supported by the bank' (NDB, 2014, para. 8, my emphasis).

From the outset, the NDB's partnership and cooperation with other international organisations and other

financial institutions has been a key element of the strategic vision, design, and institutional development of the NDB. For the NDB, as for the other established Multilateral Development Banks (MDBs), 'partnering' and 'partnerships' became part of the agenda of the NDB. But how the NDB would actually do 'partnerships' or 'partnering' was not predetermined. Since the Bank's inception, a vice president was named for 'Strategy and Partnership, Risk and Research' and was handed the responsibility to deliver on forming strategic partnerships as per the Bank's design. The vice president would have asked: Should the NDB merely follow the approach, practices, modalities of others – the established MDBs like the World Bank and the four major regional MDBs, other existing international financial institutions and the traditional Northern bilateral donors? Should it rely instead on the experiences of their own BRICS national financial institutions? Or should the NDB try to innovate and forge new approaches to strategic partnership, or some combination of existing and new modalities?

This article examines how the NDB responded to the challenge of developing strategic partnerships. It asks whether the NDB has developed its own partnership modalities, or to what degree? The main argument is that the NDB adopted a varied approach to partnering, with each approach depending largely on the nature of the partner. The article also examines why despite the NDB having a partnership agreement with the

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European Bank for Reconstruction and Development (EBRD) in 2017, there have been no partnered projects and suggests how this partnership agreement may be applicable for cofinanced projects between the two institutions.

## 2 | ACTION AND PLEDGES

In the 7 years since the start of operations, the NDB has signed more than 35 strategic partnership agreements with other international and national financial institutions, starting with the Bank of China (BOC) and China Construction Bank (CCB) in January and June 2016, the Asian Development Bank in July 2016,<sup>1</sup> and the World Bank Group and the Development Bank of Latin America (CAF) in September 2016. The NDB's first financing project with other MDBs was in 2016 with the lesser-known International Investment Bank (IIB) and Eurasian Development Bank (EDB) to on-lend for a renewable energy project in Russia. A list of multilateral institutions and national institutions referred to in this article is provided in the [Table 1](#). A list of projects partnered by the NDB with international or national institutions referred to in this article is also provided in the [Table 2](#).

These partnerships are elements of the growth and evolution story of the NDB. Below we examine the strategic decisions and paths that the NDB has taken in forming partnerships with other entities, looking at the progression of MOUs signed, and which entities the NDB has actually partnered with to date in co-financing projects.

On its website, the NDB has a list of the 35 partnership Memorandum of Understandings (MOUs) that it has signed with 6 types of entities – or in the language of the Bank, ‘stakeholders in the global development community’ (NDB, [n.d.-b](#)) provided in the Table.

Number	Entity	Number of partnership MOUs
1	National development banks	5
2	Multilateral development banks	12
3	Commercial banks	10
4	Multilateral institutions and initiatives	6
5	Enterprises	1
6	Academia	1

The NDB's online publication of the MOUs for public access is one example of the Bank's effort to provide some transparency on its operations. In the NDB's ‘strategy’ for 2017–2021, the Bank states that: ‘Secretiveness is not admissible in a 21st-century institution. The Bank is guided by the understanding that

**TABLE 1** Multilateral institutions and national institutions.

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BNDES	Banco Nacional de Desenvolvimento Econômico e Social (Brazilian Development Bank)
BOC	Bank of China
CCB	China Construction Bank
CAF	Development Bank of Latin America
DBSA	Development Bank of Southern Africa
EBRD	European Bank for Reconstruction and Development
EDB	Eurasian Development Bank
NDB	New Development Bank

information concerning its activities will be made available in a timely manner to the public in the absence of an appropriate reason for confidentiality’ (NDB, [2017c](#), p. 32).

Why has the NDB arranged these partnerships? According to the NDB's own explanation on its website, ‘partnerships support the achievement of NDB's mandate by enhancing the Bank's capacity to mobilize resources for infrastructure and sustainable development projects, while also fostering the exchange of knowledge, human resources and information’ (NDB, [n.d.-a](#), para. 2). Through the partnerships, the NDB ‘seeks to complement the efforts of multilateral and regional financial institutions’ to ‘support global growth and development’, and, in building these partnerships, the Bank adheres to SDG 17 on ‘Partnership for the Goals [2030 SDGs]’, to help accelerate the NDB member countries' efforts to strive for sustainable development (NDB, [n.d.-a](#), para. 1).

In terms of moving from pledges of partnership to action, one of the most interesting observations is that the NDB's first co-financed projects were not with fellow MDBs, but with a national-level development bank, Brazil's BNDES, and Chinese financial institutions. In so doing, the NDB took a different approach from the Asian Infrastructure Investment Bank (AIIB), which immediately started operations with large-scale co-financed projects with the World Bank Group and the Asian Development Bank (ADB).

## 3 | NDB'S PARTNERED PROJECTS

Why did the NDB start with partnered projects with national-level institutions? Part of the answer likely lies in the fact that the NDB self-consciously catered first to its BRICS founding member-nations; because the first Vice President for Strategy and Partnerships was a Brazilian national and they would have had preexisting professional connections and contacts with Banco Nacional de Desenvolvimento Econômico e Social

**TABLE 2** Projects partnered by the NDB with international or national institutions.

2016	Financing of Renewable Energy Projects and Associated Transmission (Brazil, BNDES)
2016	Nord-Hydro Project (Russia, IIB and EDB)
2016	Putian Pinghai Bay Offshore Wind Power Project (China, Chinese banks)
2018	Greenhouse Gas Emissions Reduction and Energy Sector Development Project (South Africa, DBSA)
2019	Locomotive Fleet Renewable Program (Russia, Russian Railways)
2019	Development of Renewable Energy Sector in Russia Project (Russia, EDB)
2019	Mumbai Metro Rail Systems Project (India, ADB)
2020	Toll Roads Program in Russia (Russia, EDB)
2020	Water Supply and Sanitation Program in Russia (Russia, EDB)
2020	Delhi-Meerut Regional Rapid Transit System Investment Project (India, ADB, AIIB)

(BNDES), and the NDB head office is located in Shanghai and cooperating with Chinese financial institutions played to locational advantages.

In the period since its opening, the NDB has, in addition to the Brazilian and Chinese institutions above, also entered into partnerships with other entities from Indian, Russian, and South African member countries. These include the State Bank of India (2018), the Standard Bank of South Africa (2016), the Development Bank of Southern Africa (DBSA) (2018), and Russian Railways (2017). The NDB has co-financed projects or partnered projects with the following BRICS entities, which include Financing of Renewable Energy Projects and Associated Transmission (Brazil, 2016, BNDES); Locomotive Fleet Renewable Program (Russia, 2019, Russian Railways); Putian Pinghai Bay Offshore Wind Power Project (China, 2016, Chinese banks); and Greenhouse Gas Emissions Reduction and Energy Sector Development Project (South Africa, 2018, DBSA).<sup>2</sup>

The NDB has worked with other MDBs to provide project financing in Russia, namely with the IIB and the EDB, lesser known MDBs, with links to Russia. But it has not done so with the EBRD, which also has links with Russia. Why has this been so? What stands in the way of the NDB and the EBRD co-financing projects? To answer this question and the larger question of the NDB's direction on strategic partnerships, I discuss the theoretical framework first and then discuss the partnerships and projects cofinanced.

## 4 | THEORETICAL FRAMEWORK

I discuss briefly how, in the 21st century, international cooperation by international institutions, including MDBs, has altered conventional theories of

international cooperation and spurred the development of new concepts in international relations. The significant feature of the 21st century with the proliferation of international and multilateral institutions has triggered attention to regime complexity. By regime complexity, I use the definition provided by Henning and Pratt as a set of international institutions that operate on a common area and the (formal and informal) mechanisms that coordinate them. (Hennin & Pratt, 2020) In the post-American international order, the politics of cooperation may increasingly reflect a growing and destabilising competition among different regimes and regime complexes. (Alter & Raustiala, 2018) Another view has been postulated that the balance of power in the shareholder structure of the lending institution could reflect MDB lending preferences and in turn international cooperation and partnerships. (Humphrey & Michaelowa, 2012).

China is a dominant shareholder in both AIIB and NDB and brings with these two institutions, together with other institutions such as the Belt and Road Initiative, a new perspective in regime complexity with China as a superpower against the backdrop of a highly-institutionalised order in the 20th century. My view is that NDB's development is centred on developing partnerships and international cooperation in its vision of going forward and that as a young institution in the MDB community, it takes its cue from learning from past experiences of other institutions, with its unique founding structure of membership of developing countries (BRICS countries) and financing in its member countries. NDB's direction identifies various stakeholders and a strong focus on national development banks in BRICS countries, MDBs, and commercial banks with significantly high numbers is interesting. There is very little in terms of partnerships with academia and far more can be done in terms of having partnerships with other entities including civil society organisations. The founding members have however pursued strengthening relationships with national entities in BRICS countries in furtherance of NDB's purpose to support development projects in BRICS and other emerging economies and developing economies.

## 5 | INTERNATIONAL INVESTMENT BANK

The IIB was established in 1970 to serve the Soviet bloc countries, with Russia as the largest shareholder (47%) and the main champion. The IIB underwent large-scale reforms in 2012 to attempt to lessen the impression that the Bank is Russian-controlled. In 2019, the IIB headquarters was shifted from Moscow to Budapest, Hungary. The IIB has 10 member countries: Bulgaria, Cuba, Czech Republic, Hungary, Mongolia, Romania, Russia, Serbia, Slovakia, and Vietnam. With

an authorised capital of Euro 2 billion, it ‘specialises in medium- and long-term financing of projects’ (IIB, [n.d.](#), para. 6) and refers to itself as a ‘multilateral development institution’ that ‘aims to facilitate connectivity and integration between the economies’ of the Bank’s member states to ‘ensure sustainable and inclusive growth’ and the ‘competitiveness of national economies’, and importantly, ‘backed by the existing historical ties’ of its member states, i.e., former territories and allies of the USSR (IIB, [n.d.](#), para. 1). The IIB notes that it also ‘offers direct financing’ and ‘loans in partnership with other financial institutions’, as well as ‘through partner banks’ (IIB, [n.d.](#), para. 6).

## 6 | EURASIAN DEVELOPMENT BANK

The EDB was founded in 2006 by Russia and Kazakhstan, headquartered in Almaty, Kazakhstan, and has six member countries located in Asia and Europe, primarily in the former USSR: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Russia is the largest shareholder (65.97%), second Kazakhstan (32.99%), Belarus (0.99%), Tajikistan (0.03%), Armenia (0.01%), and Kyrgyzstan (0.01%). The EDB has branch offices in St. Petersburg (Russia), Astana (Kazakhstan), Bishkek (Kyrgyzstan), Dushanbe (Tajikistan), Yerevan (Armenia), Minsk (Belarus), and Moscow. The Bank’s self-declared mission is to ‘facilitate, through its investment activity, the development of market economies, economic growth, and expansion of trade and other economies ties’ (Silk Road Briefing, [2017](#), para. 2) between its members countries. The EDB’s charter capital is US\$7 billion, including US\$1.5 billion as paid-in capital, and US\$5.5 billion of callable capital.

## 7 | EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The EBRD was founded in 1991 to help build a ‘new, post-Cold War era in Central and Eastern Europe’ with a ‘commitment to the market’ and ‘entrepreneurship’ and the guiding mission of ‘furthering progress toward “market-oriented economies and the promotion of private and entrepreneurial initiative”’ (EBRD, [n.d.](#), para. 1). Headquartered in London, the EBRD has members from around the world, and its single biggest shareholder is the United States. Though initially focused on the countries of the Eastern Bloc, the EBRD’s operations have expanded to more than 30 countries across three continents (Europe, Asia, and Africa), with investments in Mongolia through Central Asia; Russia; Central and Eastern and South Eastern

Europe; Turkey; and in the Southern and Eastern Mediterranean region. The Bank is ‘owned’ (shareholders) by 71 countries and two EU institutions. The Bank invests in private enterprises, with commercial partners.

The EBRD and the NDB partnered when the EBRD provided the NDB with organisational information and institutional knowledge when the latter was establishing itself. But what then has stood in the way of the NDB and the EBRD actually moving together on co-financing projects or working together on project financing?

This lack of action is especially noteworthy when considering, on the one hand, that the NDB, IIB, and EDB have already worked on projects together in Russia since 2016, and on the other hand, that EBRD is already involved in joint projects and co-financing with the AIIB. The NDB entered into a MOU with EBRD on 1 April 2017. Interestingly, the NDB also signed partnership MOUs with the AIIB, EDB, IIB, and European Investment Bank on the same day (NDB, [n.d.-b](#)).

It is interesting to note that the title of the NDB-IIB agreement is ‘Memorandum of Understanding between New Development Bank and International Investment Bank on Strategic Cooperation’, and the NDB-EDB signed an ‘MOU on General Cooperation’. In comparison, the NDB-EBRD agreement has the rather generic title of ‘Memorandum of Understanding between the New Development Bank and the European Bank for Reconstruction and Development’.<sup>3</sup>

A sense of urgency or priority can be interpreted from the words “strategic cooperation” in the title of the NDB-IIB MOU and from the wording in the NDB-EDB MOU calling for cooperation on ‘early identification, preparation, co-financing, and other forms of joint participation in financial assistance for sustainable development and infrastructure projects in countries of mutual interest’ (NDB, [2017a](#), p. 3).

## 8 | THE NDB-EBRD MOU

It could be argued that the signing of an MOU between the NDB and the EBRD was given a senior level of priority by the NDB. The NDB-EBRD MOU was signed at the second Annual Meeting of the NDB in New Delhi, India by the presidents of the two institutions. The fact that the MOU was signed by the heads of the two Banks could be interpreted as signifying the high level of importance the two institutions attached to their partnership. In contrast, the other MOUs which the NDB signed the same day, including the NDB-EDB and NDB-IIB MOUs, were signed by its Vice President for Strategy and Partnership.

Representing the NDB at the EBRD-NDB signing ceremony, President K.V. Kamath stated that the MOU ‘formalizes and deepens our [NDB-EBRD] partnership’ and ‘further strengthens our [NDB-EBRD] cooperation, allows the NDB to tap into the expertise of the EBRD and

strengthens the NDB's capacity to assess and implement projects' (Pyrkalo, 2017b, para. 9). Kamath added, the 'EBRD has been working closely with the NDB during its establishment process'. The NDB President noted that it was the responsibility of the Bank to 'provide the best possible products and services to our members' and that 'partnerships with key national and global institutions are essential' (Pyrkalo, 2017b, para. 10).

EBRD President Suma Chakrabarti remarked that EBRD's assistance at the initial stages of establishing the NDB 'came in the form of advice on strategies and policies, governance, business models, evaluation and procurement' (Pyrkalo, 2017a, para. 6). Chakrabarti added, 'As one of the youngest and still growing development banks, the EBRD has always been eager to offer its expertise and support to new partners. With the NDB we share a vision not only of sustainable infrastructure, but also of green energy, which ultimately benefits the global economy' (Pyrkalo, 2017b, para. 8).

According to the EBRD news release, the two institutions also 'agree[d] to maintain a continuous working relationship, including consultations on senior level, exchange of information and potentially staff swaps' (Pyrkalo, 2017b, para. 3). These institutional capacity-building partnership commitments build on the exchange of knowledge and information that the EBRD provided the NDB after the BRICS governments agreed to create the NDB in 2014.

In the MOU, the two Banks recorded that 'the two institutions share the objectives of promoting sustainable development and investment in infrastructure in their countries of operation' and acknowledged 'the benefits for their countries of operations of investment and co-financing by multilateral development banks and international financial institutions' (NDB, 2017b, p. 2). They further emphasised their like-mindedness by noting their shared belief on 'the importance of establishing strong cooperation in common areas of interest and in common countries of operation' and welcomed the 'positive impact of developing a strategic framework for collaboration, knowledge sharing and for regular high-level consultations' (NDB, 2017b, p. 2). The two Banks stated that they believe that 'promoting cooperation' would 'enhance each Party's ability to achieve its purpose and carry out its functions' (NDB, 2017b, pp. 2–3).

As further stated in the MOU, the purpose of the EBRD-NDB partnership is to 'promote collaboration in areas of mutual concern and common interest' (NDB, 2017b, p. 3). Despite the wording in the MOU that the two Banks are 'determined to promote cooperation and in so doing, to enhance each Party's ability to achieve its purpose and carry out its functions' (NDB, 2017b, p. 3), the empirical reality is their lack of actual co-financing of projects, which leaves one to question whether the EBRD-NDB partnership actually lacks a determination or will to

act. Regardless of their self-declared like-mindedness, shared approaches, and pledges of cooperation, the NDB and EBRD have yet to work together on any projects in 'common countries of operation'.

The EBRD has made no new investments in Russia since the annexation of Crimea in 2014. Geopolitics, specifically US and EU sanctions on Russia starting in 2014, would have put a damper on the ambitions of the EBRD in the partnership with the NDB, and the same sanctions would also have caused the NDB to proceed with caution if any potential project activity or investment touches US and EU sanctions. This cautiousness appears to be reflected in the hedging language in the EBRD-NDB MOU, such as 'will endeavor to identify' and 'could potentially' under the 'areas of cooperation': 'The Parties will endeavor to identify projects and activities on which they could collaborate and which they could potentially co-finance in common countries of operation...' (NDB, 2017b, p. 3).

In contrast, the EBRD and the AIIB have partnered already on projects, starting in 2016, the AIIB's first year of operation. The EBRD and the AIIB each co-financed US\$27.5 million in 2016 in the Dushanbe-Uzbekistan Border Road Improvement Project in Tajikistan (Pyrkalo, 2016). This EBRD news release dated 24 June 2016 refers to the EBRD and the AIIB considering other joint projects. In April 2021, the EBRD and the AIIB entered into a new co-financing framework agreement, building on the previous EBRD-AIIB MOU in 2016, to streamline their cooperation to promote economic development and investment across countries where both institutions are active (AIIB, n.d.-a). Since the EBRD-AIIB MOU of 2016, both Banks have provided over US\$2.4 billion of funding to common projects in the energy and transport sectors, as well as Covid-19 pandemic response. In June 2021, the AIIB co-financed US\$100 million in the Sirdarya 1500MW Combined-Cycle Gas Turbine Power Project in Uzbekistan, which was also co-financed by the EBRD by a loan of up to US\$200 million (AIIB, n.d.-b).

## 9 | OBSTACLES IN THE WAY OF NDB AND EBRD

In considering the potential obstacles that stand in the way of the NDB and the EBRD actually moving, operationally, to co-lending or working together on projects, we can start by considering the 'common countries of operations' of the two Banks. Three of the five NDB founding members are also member states of EBRD: Russia, since 1992, as a donor and borrower country; China, since January 2016, as a non-borrower; and India, since July 2018, also as a non-borrower.

Neither China nor India is looking to borrow from the EBRD. The EBRD website states that 'China will not receive EBRD funding', 'but we [EBRD] encourage

Chinese companies to become involved in our investments and to apply for procurement and consultancy opportunities associated with our projects' (EBRD, [n.d.-a](#), para. 1). The EBRD also notes that Indian consultancies were awarded contracts worth more than Euro 15.2 million from 2015 to 2019 (EBRD, [n.d.-b](#)). So the non-borrower status of China and India is an obvious obstacle to NDB-EBRD co-financed or jointly financed project lending in China or India. This leaves Russia as the other 'common country of operations'.

Interestingly, as stated above, the NDB's first project in Russia, in 2016 – the construction of two hydropower plants in Karelia – included partnering with, and assistance from the IIB and the EDB (NDB, [2019b](#)). The NDB agreed to lend US\$100 million for the Nord-Hydro Project to increase energy supply in Karelia region through renewable energy projects, specifically the construction of a small dam, two hydroelectric generation plants and 10 km of power transmission lines. Under this project, the NDB provided \$50 million each to the IIB and the EDB as borrowers.

But the biggest obstacle to the EBRD and the NDB working together on projects in Russia appears to be the US and EU sanctions. Russia appears to be a non-starter for the EBRD, which has made no new investments in Russia since 2014, in response to the annexation of Crimea. Due to conflict with Ukraine, starting in 2014, Russia was cut off from access to prominent global and regional external sources of long-term multilateral financing, including the EBRD and the World Bank (Batista Jr., [2022](#), p. 54).

The last EBRD Strategy for the Russian Federation for 2013–15 (Russia), which was approved by the EBRD's Board of Directors in December 2012, noted that the EBRD was a strong and longstanding partner for Russia, and that Russia was the largest country of operations for the Bank since its inception in 1991 (EBRD, [2012](#)). The 2013–15 Strategy further recorded that Russia continued to be the largest country of the EBRD's operations, accounting for 32 percent of the Bank's annual business volume in 2011. By the end of June 2012, Russia accounted for 31 percent of the Bank's operating assets and 28 percent of its portfolio.

With the war in Ukraine as on February 2022, the EBRD and the NDB formally suspended existing and potential operations in Russia. In March 2022, the EBRD Board of Directors recommended that the Bank suspend all operations in Russia (and Belarus) (EBRD, [n.d.-c](#)). In April 2022, the EBRD Board of Governors decided to suspend Russia's access to the Bank's resources under Article 8.3 of the EBRD Charter (EBRD, [2013](#)), though Russia could continue to be a shareholder. The EBRD closed its offices in Moscow and Minsk.

In March 2022, the NDB similarly issued the following statement, under Article 21 of the NDB Charter, Operational Principles: 'In light of unfolding uncertainties and restrictions, NDB has put new transactions in Russia on hold. NDB will continue to conduct business in

full conformity with the highest compliance standards as an international institution' (NDB, [2022](#), para. 2–3). The 'statement' is couched in somewhat cryptic terms referring to 'unfolding uncertainties and restrictions' in contradistinction to the EBRD's definitive decisions by invoking its charter provision of suspension of Russia's access to the Bank's resources, and closing its offices in Russia.

## 10 | CONCLUSION

The preliminary codification of the partnership between the NDB and the EBRD has been put in place, but it must be acknowledged that the existence of the MOU has not yet led to any co-financing arrangements between the NDB and the EBRD or partnering on a project – unlike the case of the NDB and the IIB and the EDB. A contrast can also be drawn with the EBRD and AIIB partnership, which moved onto co-financing projects as early as mid-2016, during the first year of the AIIB, and the level of partnership is described by AIIB as 'exemplary' (Konstantinov, [n.d.](#)).

The preference instead, initially, for the NDB was to co-finance or partner projects with national development banks and national commercial banks of the BRICS countries. However, the new NDB 'General Strategy' for 2022–2026 lists one of its main targets to co-finance 20% of projects (in numbers of projects) with partner MDBs over 2022–2026. In the period from 2022 to 2026, there are expected to be about 80 approved projects, which means about 15 co-financed projects by the NDB with partner MDBs in this period. This co-financing is distinct from the modality used by the NDB with the IIB and the EDB. These institutions are borrowers – not co-financiers – under the Two Loans to EDB and IIB for Nord-Hydro project (NDB, [2016c](#)). The NDB provided two loans to support EDB and IIB, as borrowers, to on-lend to renewable energy projects, with Nord Hydro Bely Porog as the implementing agency.

As the NDB turns to working more on co-financed projects with other MDBs, one wonders what stands in the way of such initiatives, especially in the area of renewable energy projects in the NDB member countries or PPPs? Partnering with the EDB as borrower, on-lender, and project implementing agency has been the route for other NDB's projects with Russia, given the geopolitics, such as the Development of Renewable Energy Sector in Russia Project; the Toll Roads Program in Russia; and the Water Supply and Sanitation Program in Russia.<sup>4</sup> In the Toll Roads Program, the EDB will use the funds to finance sub-projects meeting the selection criteria agreed with the NDB, and these sub-projects, which typically will be structured based on public-private partnership arrangements, will involve the construction of new toll roads or upgrade of existing toll roads in the Russian Federation (NDB, [2020a](#)).

There is little doubt that the current situation of Russia's invasion of Ukraine starting in February 2022 further hinders any plans for co-financing projects in Russia for the NDB and the EBRD. In terms of other possibilities for NDB–EBRD co-financing, it is useful to note that in late 2021, the NDB admitted new members, Bangladesh, the UAE, Uruguay, and Egypt.<sup>5</sup> Among these countries, Egypt is the lone 'common country of operations' for the NDB and the EBRD. In other words, Egypt's new membership in the NDB could open the way for the first NDB-EBRD co-financed projects in the future.

Much more likely, however, is the NDB partnering with its sibling institutions in Asia such as ADB and AIIB. An example is the new partnering between the NDB and the ADB. In June 2022, the ADB and the NDB signed a new MOU as it allowed both parties to be clearer in their needs to renew their partnership from the initial five-year term. The new MOU is significant because it identifies opportunities (beyond the elusive language of consulting on areas of collaboration in the earlier MOU) to collaborate on early identification, preparation, co-financing, and other forms of joint participation in financial assistance for infrastructure and sustainable development projects in countries of mutual interest. It creates the potential to have a wider coverage of countries beyond India, China, and Bangladesh, as the NDB plans to continue expanding its membership under its current General Strategy and could admit other countries that are also members of the ADB.

There is evidence for the NDB co-financing or partnering projects in India, together with the ADB and the AIIB. Although India is not an EBRD 'country of operations', it has a long history of borrowing from the ADB, and is *the* leading country-borrower from the AIIB. It appears that India could be the 'comfortable zone' for the NDB to work together with other MDBs from within the Asian region to pursue co-financing. This has so far been demonstrated with the NDB co-financing with the ADB in the Mumbai Metro Rail Systems Project in 2019 (the NDB financing US\$260 million and the ADB financing US\$926 million) and the NDB co-financing with the ADB and the AIIB in the Delhi-Meerut Regional Rapid Transit System Investment Project in 2020 (the NDB financing US\$500 million, the ADB financing US\$1049 million, and the AIIB financing US\$500 million).<sup>6</sup>

In summary, the NDB has created its own space from the plethora of partnership MOUs with its 'stakeholders in the global community' by finding different modalities to suit the partnership. These modalities include co-financing (joint or parallel), borrowing by the partner with other roles as on-lender, and implementing agency. NDB's actions in charting out its path on strategic relationships are dictated by the uniqueness of the institution, founded by BRICS countries and now

by other countries, with investment in developing countries and their local institutions.

NDB is as new as AIIB, both were established less than 10 years ago, with one major difference. In AIIB, 5 of the G7 countries are shareholders and they play a major role in shaping AIIB direction and policies, while in NDB, the founding members are distinctly developing countries. However, more can be done by the NDB on having partnerships with civil society organisations (CSOs) in deepening engagement with them as they are important development actors under the Accra Agenda for Action (2008). This adds a further dimension to regime complexity in development finance from the 20th-century matrix of international institutions governed by the Western model of development finance to the present 21st century. In this new era, geopolitics play an increasingly critical role with the rise of new superpowers particularly China in addressing the challenges of development finance in this century.

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## DATA AVAILABILITY STATEMENT

Data sharing is not applicable to this article as no new data were created or analyzed in this study.

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## ENDNOTES

- <sup>1</sup> See ADB (2016) Memorandum of Understanding between the Asian Development Bank and the New Development Bank on General Co-operation.
- <sup>2</sup> See the following Project Summaries: 'Financing of Renewable Energy Projects and Associated Transmission' (2016); 'NDB' (2016a, 2016b); 'Locomotive Fleet Renewal Program' (2019); 'Putian Pinghai Bay Offshore Wind Power Project' (2016); 'Greenhouse Gas Emissions Reduction and Energy Sector Development Project' (2018); 'NDB' (2018).
- <sup>3</sup> See NDB (2017b) Memorandum of Understanding between the New Development Bank and the European Bank for Reconstruction and Development.
- <sup>4</sup> See the following Project Summaries: 'Development of Renewable Energy Sector in Russia Project' (2019); 'NDB' (2019a, 2019c); 'Toll Roads Program in Russia' (2020); 'Water Supply and Sanitation Program in Russia' (2020); 'NDB' (2020b).
- <sup>5</sup> For the press release on Egypt as a new NDB member, see NDB (2021) NDB Admits Egypt as New Member [Press release]. 29 December.
- <sup>6</sup> See 'Proposed Loan India: Mumbai Metro Rail Systems Project' (2019); 'ADB' (2019); 'Proposed Multitranchise Financing Facility India: Delhi-Meerut Regional Rapid Transit System Investment Project' (2020); 'ADB' (2020).

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