

## THE COVID-19 RESPONSE OF BRICS AND MULTILATERAL DEVELOPMENT BANKS

ROBERTO LUIZ SILVA,

Federal University of Minas Gerais (Belo Horizonte, Brazil)

THIAGO FERREIRA ALMEIDA,

Federal University of Minas Gerais (Belo Horizonte, Brazil)

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*This article conducts an analysis of the BRICS member countries in terms of their national and international institutions, with a special emphasis on how these institutions affect the stability of the global financial system and the promotion of development. To this end, the work was guided by the attributions of national central banks and the role played by the G20 in maintaining international financial stabilization. Additionally, the analysis examines the activities of national development banks and their institutions established within the BRICS nations, such as the Contingent Reserve Arrangement and the New Development Bank. The descriptive method was used to interpret the dynamics of international political and legal relations. The article concludes by recognizing the decreasing significance of multilateral solutions and highlighting the need for the national central and development banks of the BRICS countries to engage in communication with international organizations of financial cooperation.*

*Keywords: BRICS; emerging markets; multilateral development banks; investment law; Contingent Reserve Arrangement; New Development Bank; COVID-19 pandemic.*

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## Introduction

The 21<sup>st</sup> century began with the participation of a new group of actors in the international economic scenario, characterized by strong economic and investment performances and standing out from the group of developing countries, namely the emerging economies.

These countries are recognizable not only by their recent industrialization and relevant economic performance but also by their assertive position in international relations, including representation in the decision-making spheres of international organizations and the creation of institutions and innovative multilateral forums.

The change in the international economic paradigm also results in alterations in field of international investment law, as reflected in recent international norms on investments and the creation of new institutions to deal with long-term investments.<sup>1</sup>

Among the innovations in international relations are the actions taken by the BRICS countries and the forums of the Group of 20 countries (G20) on international economic stability and coordination.

The acronym BRIC (which stands for Brazil, Russia, India and China) was created in 2001 by Jim O'Neill, chief economist of Goldman Sachs, who predicted that these four countries together could surpass the six world's major Western economies in thirty years. In 2010, the BRIC countries approved the inclusion of South Africa into their group, becoming known by the acronym BRICS since then.<sup>2</sup>

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<sup>1</sup> Muthucumaraswamy Sornarajah, *The International Law on Foreign Investment* 67 (2017).

<sup>2</sup> See Jim O'Neil, *Building Better Global Economic BRICs*, Global Economics Paper No. 66, Goldman Sachs (2001) (Jul. 2, 2023), available at <https://www.goldmansachs.com/intelligence/archive/archive-pdfs/build-better-brics.pdf>; Robert Howse, *The End of the Globalization Debate: Continued*, in Susy Frankel & Meredith K. Lewis (eds.), *International Economy Law and National Autonomy* 7 (2010); Tomer Broude et al., *Introduction: Some Observations on the Politics of International Economic Law*, in Tomer Broude et al. (eds.), *The Politics of International Economic Law* 376 (2011); Jose E. Alvarez, *The Public International Law*

In addition to international forums, Multilateral Development Banks (MDBs) are an important instrument for promoting long-term investments, particularly in sectors such as infrastructure, sustainable development and incorporation of technologies, and innovation for developing countries. Its performance and success through loans and donations constitute relevant investments for the public sector of the host countries. Emerging countries, especially the BRICS countries, devote close attention to foreign aid received through the participation of traditional MDBs and the development of new institutions, such as the New Development Bank (NDB), established by the BRICS countries and formerly known as the BRICS Development Bank, and the Contingent Reserve Agreement (CRA), both of which were established at the BRICS Summit in Fortaleza, Ceará State (Brazil), in 2014.<sup>3</sup> Furthermore, the issue of development through infrastructure demands substantial long-term investments. The annual demand for infrastructure in developing countries is estimated at USD 1.1 trillion. Despite the influx of foreign investments in the form of loans by the World Bank and the Asian Development Bank (ADB), this demand for infrastructure is still huge, which is not likely to be adequately met solely by the NDB.

Nonetheless, the New Development Bank allows for greater financial control over the institution's operations.<sup>4</sup> According to available data, the demand for new infrastructure corresponds to 1.3% of the world's gross national product (GNP). Allied to this fact, the need to maintain the existing infrastructure requires reinvestments in the order of 1.2% of the world's GNP.<sup>5</sup> Despite this, the high demand for investments in infrastructure is only marginally met by the current MDBs.<sup>6</sup> The G20 was created in 1999 in response to the series of financial crises experienced by Mexico (1994), the Asian Tigers (1997) and Russia (1998). However, the importance of the forum as the principal gathering to promote finance stabilization came only after the 2008 financial crisis, replacing the G7, which could be associated with the economic performance of the emerging economies since the beginning of the 21<sup>st</sup> century. Notably, the G20 is composed of nineteen countries and the European Union, which collectively represent

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*Regime Governing International Investment* 144–45 (2011); Tafadzwa T. Chitenderu, *Integration of the New Development Bank into the International Financial Architecture*, PhD Thesis, Nelson Mandela University (2018), at 120; Sergio G. Suchodolski & Julien M. Demeulemeester, *The BRICS Coming of Age and the New Development Bank*, 9(4) *Glob. Pol'y* 1 (2018); Thiago F. Almeida & Roberto L. Silva, *The Development Bank of BRICS*, 5(4) *BRICS L.J.* 5 (2018); Andrew F. Cooper, *The BRICS: A Very Short Introduction* (2016); Stephanie Jones, *BRICS and Beyond: Executive Lessons on Emerging Markets* (2012); Oliver Stuenkel, *The BRICS and the Future of Global Order* (2015). Also, to some experts, the period of 2000–2010 is characterized as the BRICS Decade. See Dominic Wilson et al., *Is this the "BRICs Decade"?*, Goldman Sachs (2010) (Jul. 2, 2023), available at <https://www.goldmansachs.com/intelligence/archive/archive-pdfs/brics-decade-pdf.pdf>.

<sup>3</sup> Chitenderu 2018, at 120.

<sup>4</sup> Chitenderu 2018, at 125–6; Suchodolski & Demeulemeester 2018.

<sup>5</sup> Barbara Weber et al., *Infrastructure as an Asset Class: Investment Strategy, Sustainability, Project Finance and PPP* 2–3 (2016).

<sup>6</sup> Suchodolski & Demeulemeester 2018, at 5.

90% of the world's GDP, 80% of global commerce and two-thirds of the world's population. Moreover, eleven of these member countries are considered emerging economies (South Africa, Saudi Arabia, Argentina, Brazil, China, South Korea, India, Indonesia, Mexico, Russia and Türkiye) and all BRICS countries are part of this group.<sup>7</sup>

With the advent of the infectious disease detected in the city of Wuhan, China, at the end of 2019, COVID-19 was recognized as a pandemic on 11 March 2020<sup>8</sup> and triggered profound negative effects on the international economy.

This article, therefore, is intended to investigate the role of multilateral and national development banks in BRICS countries. The analysis focuses on the performance of the G20 in the establishment of policies and programs to combat the negative effects of the COVID-19 pandemic on the global economy. The article concludes with a reflection on the existence of programs aimed at assisting countries most impacted by the pandemic and their effects on the economic systems of these countries.

Even more relevant is the debate as to whether such international measures are truly effective in implementing measures that largely benefit developing countries, which have greater economic fragility and are less equipped to respond adequately to global health crises.

## **1. BRICS: From its Creation at the Beginning of the 21<sup>st</sup> Century until the COVID-19 Pandemic**

Since the announcement of the acronym by Jim O'Neil in 2001, the four BRIC countries have shown significant economic performance. The trajectory of these emerging countries that make up the BRICS, starting from the beginning of the 21<sup>st</sup> century, can be divided into three phases: (a) the period of great economic growth between 2000–2008, observed in each of its member states, which led this period to be known as the “BRICS’ Decade”; (b) the second period of growth, primarily in China and India, with a downward trend in the long term and accompanied by fiscal crises in Brazil, Russia and South Africa, which some experts referred to as IC (India and China);<sup>9</sup> and (c) the current economic scenario characterized by a precipitous drop in the gross

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<sup>7</sup> Fan Xu, *Opportunities and Risk Assessment of BRICs New Development Bank*, 1(1) Macro Mgmt. & Pub. Policies 27, 29 (2019); O Brasil no G20, Brazilian Ministry of Foreign Relations (Jul. 2, 2023), available at <http://antigo.itamaraty.gov.br/pt-BR/politica-externa/diplomacia-economica-comercial-e-financeira/15586-brasil-g20>. It is important to differentiate the G20, created in 1999 and dedicated to cooperation and global financial stability, from the G20 coalition of 23 countries created within the World Trade Organization (WTO) to coordinate the positions of developing countries and press for reforms in the agricultural sector. See Groups in the negotiations, World Trade Organization (WTO), 18 December 2017 (Jul. 2, 2023), available at [https://www.wto.org/english/tratop\\_e/dda\\_e/negotiating\\_groups\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm).

<sup>8</sup> Timeline of the WTO's Response to COVID-19, World Health Organization, 29 June 2020 (Jul. 2, 2023), available at <https://www.who.int/news-room/detail/29-06-2020-covidtimeline>.

<sup>9</sup> Kathryn Hopkins, *Down but Are BRICs Out?*, Raconteur, 10 September 2015 (Jul. 2, 2023), available at <https://www.raconteur.net/business-innovation/down-but-are-brics-out>.

domestic product of all countries, both developed and developing, resulting from the COVID-19 pandemic.

The 2008 financial crisis provided the first evidence showing the positive performance of emerging economies, especially those that comprise the BRICS members. In the years after the 2008 financial crisis, Brazil, Russia and South Africa experienced internal fiscal crises, which compromised their previous trajectory of economic growth.

In 2020, under the effects of the COVID-19 pandemic, there was a sharp fall in the countries' gross domestic products, a drastic reduction in consumption and changes in people's ways of life. According to the 2022 World Investment Report, published by the United Nations Conference on Trade and Development (UNCTAD), the forecast for 2020 was fully in line with the actual trend, indicating a 35% reduction in the flow of foreign direct investments (FDIs) for 2020 compared to 2019. FDI will largely recover by the end of 2022 based on forecasts, which assume an improvement in health (widespread vaccination) and economic situations. The same forecasts point to a financial recovery only after 2022. According to the UNCTAD report of 24 January 2021, the decline in FDIs from emerging economies was 69% in the year 2020 compared to 2019, and for developing countries, it was 12% over the same period. When comparing the drop in the same period between developing regions, Latin America and the Caribbean saw a reduction in FDIs of 37%, Africa of 18% and Asia of only 4%. The relatively smaller decline in Asia is a consequence of the resilient Chinese economy, which took the lead as the top destination for FDIs in 2020. Furthermore, the Investment Trends Monitor of UNCTAD, January 2022, highlighted that Europe will have more than 80% of the increase and the United States will double in flows due to cross-border mergers and acquisitions. FDI flows will increase by 20% in South-East Asia and levels in Latin America and the Caribbean will recover to near pre-pandemic levels.<sup>10</sup>

According to data provided by the International Monetary Fund, in 2020, China increased its GDP by 2.3%, while the United States experienced a decline in its GDP of -3.4%, Europe by -5.6% and Brazil by -4.1%. In addition, the Brazilian Institute for Applied Economic Research (IPEA) revised its country's GDP projection in 2021 to +4.5% and forecasted a meager increase of 1.1% for 2022.<sup>11</sup>

<sup>10</sup> UNCTAD, *World Investment Report 2020* (2020) (Jul. 2, 2023), available at [https://unctad.org/en/PublicationsLibrary/wir2020\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf); UNCTAD, *World Investment Report 2021* (2021) (Jul. 2, 2023), available at <https://unctad.org/webflyer/world-investment-report-2021>; UNCTAD, *Global Investment Trends Monitor*, No. 38, 24 January 2021 (Jul. 2, 2023), available at <https://unctad.org/webflyer/global-investment-trend-monitor-no-38>; UNCTAD, *Global Investment Trends Monitor*, No. 40, 19 January 2021 (Jul. 2, 2023), available at <https://unctad.org/webflyer/global-investment-trend-monitor-no-40>.

<sup>11</sup> Ipea revisa para 4,5% a previsão de crescimento do PIB em 2021, Institute for Applied Economic Research, 22 December 2021 (Jul. 2, 2023), available at [https://www.ipea.gov.br/portal/index.php?option=com\\_content&view=article&id=38810&Itemid=3](https://www.ipea.gov.br/portal/index.php?option=com_content&view=article&id=38810&Itemid=3); Jonathan Cheng, *China Is the Only Major Economy to Report Economic Growth for 2020*, The Wall Street Journal, 18 January 2021 (Jul. 2,

It is noted that the performance of the BRICS at the international level goes beyond the global economic sphere, playing a relevant role in international politics by criticizing the development of international law and moving away from the passive behavior of rule-takers to a context of greater assertiveness (rule-makers).

Among the BRICS countries, China stands out in terms of its assertive behavior. Until the end of the 20<sup>th</sup> century, it presented itself discreetly on the international scene, focusing on its own economic and industrial growth. However, from the 2000s onwards and continuing through the financial crisis of 2008, China's economic growth was fundamental in reducing the negative international impacts. In addition, China presents itself as a prominent member of the developing countries, mainly on the climate change agenda. On the other hand, China's assertive position consists of the country's interest and determination to address the internal and external challenges in relation to the survival of its government regime, economic development, and territorial integrity and sovereignty.<sup>12</sup>

## **2. The G20: The Economic Stabilization Challenge and the COVID-19 Pandemic**

The emerging countries took their first coordinated action in 2008, through the BRICS group and the G20, in which they were essential components of a multilateral response to the international financial crisis.<sup>13</sup> It was a prompt and decisive response that raised the G20 meetings to the level of heads of states and governments.<sup>14</sup> As a result of the joint action of emerging markets, and with their participation, the counterpart of the financial rescue package was the quota division review established at the International Monetary Fund (IMF).

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2023), available at <https://www.wsj.com/articles/china-is-the-only-major-economy-to-report-economic-growth-for-2020-11610936187>; Monitor do PIB sinaliza que economia teve retração de 4% em 2020, Agência Brasil, 19 February 2021 (Jul. 2, 2023), available at <https://agenciabrasil.ebc.com.br/economia/noticia/2021-02/monitor-do-pib-sinaliza-que-economia-teve-retracao-4-em-2020>; Real GDP Growth, International Monetary Fund (2023) (Jul. 2, 2023), available at <https://www.imf.org/external/datamapper>.

<sup>12</sup> Suisheng Zhao, *China: A Reluctant Global Power in the Search for its Rightful Place*, in Vidya Nadkarni & Norma C. Noonan (eds.), *Emerging Powers in a Comparative Perspective: The Political and Economic Rise of the BRIC Countries* 101, 101–02 (2013).

<sup>13</sup> Perhaps prematurely, the solution to the financial crisis in 2009 was announced through the agreement of the G20 to invest a trillion dollars in the world economy. Although the effects of the crisis lasted in subsequent years, the G20 coordination reduced the impact on the international economy. See Andrew Sparrow et al., *Today's G20 Deal Will Solve Financial Crisis, Claims Gordon Brown*, *The Guardian*, 2 April 2009 (Jul. 2, 2023), available at <https://www.theguardian.com/world/2009/apr/02/g20-summit-gordon-brown-hails-deal>.

<sup>14</sup> O Brasil no G-20, Brazilian Ministry of Foreign Affairs (Jul. 2, 2023), available at <http://antigo.itamaraty.gov.br/pt-BR/politica-externa/diplomacia-economica-comercial-e-financeira/15586-brasil-g20>.

In 2010, the IMF Executive Board<sup>15</sup> approved the largest redistribution of quotas, which included a notable increase in the percentage allocated to emerging markets, mainly for the BRIC countries (Brazil, Russia, India and China).<sup>16</sup> Despite the approval of the quota reform in 2010, in the context of the 2008 crisis, the reform did not become effective until 2016, following approval from the United States Congress.<sup>17</sup> With the implementation of this reform, China became the third-largest country with voting power, along with all of the BRIC countries, among the top ten voting members. Additionally, China has experienced a notable increase in its voting percentage from 3.8% to 6.08%, while Brazil obtained a voting percentage of 2.22%, India gained 2.63% and Russia secured 2.59%. The reform came about as a result of an increased role on the part of emerging economies, especially China. Together, the BRIC group now accounts for 13.52% of the votes. And when including South Africa's voting power in the IMF (0.64%), which was not considered for an increase in the 2010 reform, the BRICS countries total voting percentage corresponds to 14.16%.

As a result of the reform that took place in 2010, the United States reduced its percentage from 16.7% to 16.5%, nevertheless still maintaining a quota higher than any other member country of the IMF and retaining its exclusive veto power on important IMF decisions. Any important decision taken by the IMF,<sup>18</sup> such as the provision of financial aid in case of an imbalance of payments (the stand-by arrangements),<sup>19</sup>

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<sup>15</sup> The International Monetary Fund (IMF) was created with the International Bank for Reconstruction and Development (IBRD) by the Bretton Woods Agreement in 1944. Both institutions, placed in Washington, D.C., are subjects (international organizations) of international economic law.

<sup>16</sup> "This historic agreement is the most fundamental governance overhaul in the Fund's 65-year history and the biggest ever shift of influence in favor of emerging markets and developing countries to recognize their growing role in the global economy," IMF Managing Director Dominique Strauss-Kahn said after the Executive Board's decision. See IMF Executive Board Approves Major Overhaul of Quotas and Governance, Press Release No. 10/418, International Monetary Fund, 5 November 2010 (Jul. 2, 2023), available at <https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr10418>.

<sup>17</sup> BRIC members took the position of the ten largest quota holders in the IMF, with China taking the third position. This decision took place at the 14<sup>th</sup> General Review of the Fund's Quotas. See IMF Member's Quotas and Voting Power, and IMF Board of Governors, International Monetary Fund, 16 November 2023 (Jul. 2, 2023), available at <https://www.imf.org/en/About/executive-board/members-quotas>.

<sup>18</sup> The history of the International Monetary Fund is marked by numerous criticisms from developing countries, especially those in a situation of fiscal crisis. The Fund was created to promote the financial stability of member countries in periods of a short-term imbalance of payments. Members are permitted to carry out automatic withdrawals (swaps) from a certain percentage of each member state's quota. Only when the amount is large does the Fund's Board of Governors need to approve a contract, called a stand-by arrangement. The approval of a large financial recovery package depends on the member states' votes, including the United States. See IMF, Articles of Agreement of the IMF, adopted at the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, 22 July 1944; amended and effective 26 January 2016 by the modifications approved by the Board of Governors in Resolution No. 66-2, adopted 15 December 2010.

<sup>19</sup> IMF Stand-By Arrangement (SBA), International Monetary Fund, 21 October 2021 (Jul. 2, 2023), available at <https://www.imf.org/en/About/Factsheets/Sheets/2023/Stand-By-Arrangement-SBA>.



requires 85% of the votes. This implies that aid can be granted only with the approval of the United States (16.5%).<sup>20</sup>

By comparison, despite having the second-largest economy in the world, China only has a slightly higher percentage than Italy. The twenty-seven European Union countries and the United Kingdom account for 29.6% of the voting power in the IMF, despite representing only 16.7% of the world's GDP, while the BRICS countries account for 31.4% as of 2017. In the voting power structure of the World Bank, the BRICS group accounts for 12.9% of the voting power, even though their proposal for reform was not even discussed here.<sup>21</sup>

According to the 11<sup>th</sup> BRICS Summit (2019) Final Declaration, in Brasília, there was a strong recognition of the failure to increase the number of quotas for emerging and developing countries, which remain underrepresented in the IMF.<sup>22</sup> In addition, the IMF's Executive Board presented a report on 16 January 2020, to the Board of Governors proposing that they adopt the Resolution of the 15<sup>th</sup> General Review of Quotas, which does not approve the increase or re-division of the percentage for emerging economies and instead refers the matter to the 16<sup>th</sup> General Review of Quotas.<sup>23</sup>

Therefore, there is a clear lack of political will on the part of developed economies, which hold the highest percentages of quotas in the Fund (mainly the United States, which holds 16.5%) to seek greater balance in the IMF core decision-making process, responsible for global economic stability. The impossibility of consensus, alleged in the report of the IMF Executive Board, keeps the BRICS members and other

<sup>20</sup> The financial recovery package approved for Argentina, worth US\$57 billion during the Macri government's tenure in 2018, was the largest in the IMF's history. However, the package is conditional on the state's commitment to carrying out structural reforms in the economy and society, such as controlling inflation and reducing the fiscal deficit. It is observed that the decision for granting the financial package was also based on political issues when the Fund gave a hand to this neoliberal government. The IMF's post-grant evaluation report recognized later that the package did not promote the expected objectives. IMF Executive Board Discusses the Ex-Post Evaluation of Argentina's Exceptional Access Under the 2018 Stand-By Arrangement, Press Release No. 21/401, International Monetary Fund, 22 December 2021 (Jul. 2, 2023), available at <https://www.imf.org/en/News/Articles/2021/12/22/pr21401-argentina>. Solutions not restricted to the traditional fiscal austerity package must be considered viable to promote economic recovery and long-term development. For positions other than austerity and criticism of the neoliberal agenda, see Joseph E. Stiglitz, *Globalization and its Discontents* (2002); Barry Eichengreen, *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System* (2011); Joseph E. Stiglitz, *Argentina's COVID Miracle*, Project Syndicate, 10 January 2022 (Jul. 2, 2023), available at <https://www.project-syndicate.org/commentary/argentina-covid-economic-miracle-by-joseph-e-stiglitz-2022-01>.

<sup>21</sup> Chitenderu 2018, at 120; Suchodolski & Demeulemeester 2018, at 3–4.

<sup>22</sup> The failure occurred in the IMF's 15<sup>th</sup> General Review of Quotas. See Declaração da 11ª Cúpula do BRICS, Brazilian Ministry of Foreign Affairs (Jul. 2, 2023), available at <http://brics2019.itamaraty.gov.br/2-uncategorised/108-declaracao-da-11-cupula-do-brics>.

<sup>23</sup> Fifteenth and Sixteenth General Reviews of Quotas, Report of the Executive Board to the Board of Governors, International Monetary Fund, 13 February 2020 (Jul. 2, 2023), available at <https://www.imf.org/en/Publications/Policy-Papers/Issues/2020/02/13/Fifteenth-and-Sixteenth-General-Reviews-of-Quotas-Report-of-the-Executive-Board-to-the-Board-49049>.



emerging countries away from a more equitable representation in the multilateral decision-making *fora*. This negative attitude simply fails to recognize the new economic situation marked by the repositioning of emerging countries in the global scenario.

As the quotas were only recalculated due to the fierce pressure from emerging countries, led by the BRICS countries, it is imagined that another approval is likely to happen again only when the developed economies are in a situation of financial fragility.

Additionally, during the 2008 financial crisis, the G20 created the Financial Stability Board (FSB), an international forum to monitor and present recommendations on the international financial system and promote the system's financial stability. The FSB was established in April 2009 as a successor to the previous Financial Stability Forum (FSF), created in 1999 by the G7.<sup>24</sup> By early January 2013, the FSB was officially established as a non-profit association based in Basel, Switzerland. Similar to how the G7 was replaced by the G20, the FSB replaced the FSF on the grounds of ensuring greater representation and institutional reinforcement in its operations.<sup>25</sup>

The FSB's structure is defined in its Letter of June 2012,<sup>26</sup> the provisions of which are not legally binding. Its constitution as a non-profit association is provided for in the Articles of Association of the Financial Stability Council of January 2013.<sup>27</sup>

In the backdrop of the effects of the COVID-19 pandemic on the international financial system, the FSB sent a letter<sup>28</sup> and report<sup>29</sup> to the G20 meeting of Ministers of Finance and Governors of Central Banks, on 18 July 2020, to advocate the inclusion of the economic effects of the pandemic in the discussions of financial stabilization. The letter brings together measures aimed at maintaining the stability of the financial system during COVID-19, including (a) assessing vulnerabilities caused during the pandemic crisis; (b) strengthening the resilience of non-bank financial

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<sup>24</sup> The G7, created in 1975, is an informal group formed by the United States, Japan, France, the United Kingdom, Germany, Italy and Canada, to debate global economic issues. Its composition represents the major developed economies at the time of its creation. The European Union also participates in the group's meetings. See G7, European Commission (Jul. 2, 2023), available at [https://ec.europa.eu/info/food-farming-fisheries/farming/international-cooperation/international-organisations/g7\\_en](https://ec.europa.eu/info/food-farming-fisheries/farming/international-cooperation/international-organisations/g7_en).

<sup>25</sup> History of the FSB, Financial Stability Board (Jul. 2, 2023), available at <https://www.fsb.org/about/history-of-the-fsb/>.

<sup>26</sup> Financial Stability Board, *Charter of the Financial Stability Board* (June 2012) (Jul. 2, 2023), available at <https://www.fsb.org/wp-content/uploads/FSB-Charter-with-revised-Annex-FINAL.pdf>.

<sup>27</sup> Financial Stability Board, *Articles of Association of the Financial Stability Board (FSB)*, 28 January 2013 (Jul. 2, 2023), available at <https://www.fsb.org/wp-content/uploads/FSB-Articles-of-Association.pdf>.

<sup>28</sup> Financial Stability Board, *FSB Chair's Letter to G20 Finance Ministers and Central Bank Governors*, 14 July 2020 (Jul. 2, 2023), available at <https://www.fsb.org/wp-content/uploads/P150720-1.pdf>.

<sup>29</sup> Financial Stability Board, *COVID-19 Pandemic: Financial Stability Implications and Policy Measures Taken*, Report submitted to the G20 Finance Ministers and Governors, 15 July 2020 (Jul. 2, 2023), available at <https://www.fsb.org/wp-content/uploads/P150720-2.pdf>.

intermediation;<sup>30</sup> and (c) identifying and evaluating responses to economic and financial public policies.

At the last G20 meeting, held virtually under the coordination of Saudi Arabia in November 2020, the declaration only recognized the impacts on health and the global economic system due to the COVID-19 pandemic.<sup>31</sup> However, despite multilateral efforts, it is observed that the non-binding statements issued by the G20 have resulted in minimal pragmatic outcomes in terms of effectively coordinating the conduct of countries in the face of the pandemic.

Allied to the lack of multilateral engagement in the implementation of the measures proposed by the G20, an expansion of protectionist measures was observed during the period of the Trump administration in the United States (2017–2020). As an example, the United States and Israel officially withdrew from the United Nations Educational, Scientific and Cultural Organization (UNESCO) on 1 January 2019. In addition, the Trump administration blocked the appointment of judges of the Appellate Body (the permanent arbitral tribunal) of the World Trade Organization (WTO), thereby preventing the WTO dispute settlement system from acting in the resolution of conflicts over international trade. These steps were taken as a result of the Trump administration's understanding that multilateral action in the trade sphere would limit the United States' ability to oppose China's trade practices.<sup>32</sup>

<sup>30</sup> For example, the People's Bank of China outperformed the U.S. Fed in encouraging non-banking institutions. See China's Central Bank Has Better Stimulus Options than the Fed, *Financial Times*, 19 July 2020 (Jul. 2, 2023), available at <https://www.ft.com/content/85224d6e-a80b-477a-a7fd-a692316830aa>.

<sup>31</sup> Declaração de Líderes do G20 da Cúpula de Riade, Brazilian Ministry of Foreign Affairs, 22 November 2021 (Jul. 2, 2023), available at [https://www.gov.br/mre/pt-br/canais\\_atendimento/imprensa/notas-a-imprensa/2020/declaracao-de-lideres-do-g20-da-cupula-de-riade-2013-16-e-17-11-2020](https://www.gov.br/mre/pt-br/canais_atendimento/imprensa/notas-a-imprensa/2020/declaracao-de-lideres-do-g20-da-cupula-de-riade-2013-16-e-17-11-2020).

<sup>32</sup> The WTO Appellate Body is defined in Article 17 of the "Understanding on Rules and Procedures Governing the Settlement of Disputes" (DSU), and it exclusively analyzes questions of law decided by the panels, consisting of seven members, three of which are assigned to a particular case. Despite the fact that about 90% of the Appellate Body's decisions are complied with, the United States blocking the approval of the reappointment of Seung Wha Chang's second term raises questions about the need to review its structure. See Appellate Body, World Trade Organization (WTO) (Jul. 2, 2023), available at [https://www.wto.org/english/tratop\\_e/dispu\\_e/appellate\\_body\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/appellate_body_e.htm); See also Jeffrey L. Dunoff & Mark A. Pollack, *O Trilema Judicial* 97–99, 123 (Lucas C. Lima & Lucas M. Felipe trans., 2021); Ernst-Ulrich Petersmann, *CETA, TTIP, and TiSA: New Trends in International Economic Law*, in Stefan Grillier et al. (eds.), *Mega-Regional Trade Agreements: CETA, TTIP, and TiSA: New Orientations for EU External Economic Relations* 17, 22–23 (2017); Keith Johnson, *How Trump May Finally Kill the WTO*, Foreign Policy Report, 9 December 2019 (Jul. 2, 2023), available at <https://foreignpolicy.com/2019/12/09/trump-may-kill-wto-finally-appellate-body-world-trade-organization/>; WTO Judge Blockage Could Prove "The Beginning of the End," DW News, 10 December 2019 (Jul. 2, 2023), available at <http://www.dw.com/en/wto-judge-blockage-could-prove-the-beginning-of-the-end/a-51613082>; A Quick Guide to the US-China Trade War, BBC News, 16 January 2020 (Jul. 2, 2023), available at <https://www.bbc.com/news/business-45899310>. It is important to highlight that during the Biden administration, there is no signal that the United Nations will end the blockage of the WTO Appellate Body. See Sarah Anne Aarup, *'All Talk and No Walk': America Ain't Back at the WTO*, Politico, 23 November 2021 (Jul. 2, 2023), available at <https://www.politico.eu/article/united-states-world-trade-organization-joe-biden/>.

The individual state responses of the various nations ultimately prevailed in approving economic recovery plans and vaccine purchases, leading to situations in which developed countries ended up with stocks larger than the number of their inhabitants. The reduction of multilateral efforts on topics of global importance was accentuated by the COVID-19 pandemic, which has been demonstrated by the countries closing their borders in an attempt to contain the entry of the virus into their territories,<sup>33</sup> approving economic recovery packages in developed regions<sup>34</sup> and contracting in advance large stocks of vaccines. Such measures have been adopted by the United States,<sup>35</sup> the European Union,<sup>36</sup> Germany, France, Italy and the Netherlands.<sup>37</sup> Specifically, Canada has secured vaccine contracts to inoculate a total of 154 million people, with a population of less than 40 million.<sup>38</sup> This reality is opposed to what happened in the 2008 financial crisis, during which multilateral cooperation was the single most important solution adopted by the G20.

The adopting individual measures by each of the states was not restricted to just the developed countries. In China, where the pandemic began to spread even as early as 2019, the government also acted by closing borders, implementing severe quarantine measures in the most affected cities, restricting displacement and ordering the closure of businesses.<sup>39</sup> In spite of this, what is observed is the perpetuation of the economic division that exists between developed and developing countries,

<sup>33</sup> Coronavirus: EU Urges Closing External Borders until Mid-June, DW News, 8 May 2020 (Jul. 2, 2023), available at <http://www.dw.com/en/coronavirus-eu-urges-closing-external-borders-until-mid-june/a-53374798>.

<sup>34</sup> The United States and the European Union announced major economic recovery plans, worth US\$ 1.9 trillion and €1.8 trillion, respectively, without any mention of an increase in investment supply or recovery plans for Third World countries. See President Biden Announces American Rescue Plan, United States Government, 20 January 2021 (Jul. 2, 2023), available at <https://www.whitehouse.gov/briefing-room/legislation/2021/01/20/president-biden-announces-american-rescue-plan/>; Recovery Plan for Europe, European Commission (Jul. 2, 2023), available at [https://ec.europa.eu/info/strategy/recovery-plan-europe\\_en](https://ec.europa.eu/info/strategy/recovery-plan-europe_en).

<sup>35</sup> US to Buy 100m Doses of Moderna's Potential Covid-19 Vaccine for \$1.5bn, Financial Times, 11 August 2020 (Jul. 2, 2023), available at <https://www.ft.com/content/b2b05819-ea85-46aa-8e35-c5ebad8aa6dd>.

<sup>36</sup> EU Strikes Deal with Sanofi for Supply of Potential COVID-19 Vaccine, DW News, 1 August 2020 (Jul. 2, 2023), available at <http://www.dw.com/en/eu-strikes-deal-with-sanofi-for-supply-of-potential-covid-19-vaccine/a-54398972>.

<sup>37</sup> Italy, Germany, France and Netherlands Sign Contract with Astrazeneca for COVID Vaccine, Reuters, 13 July 2020 (Jul. 2, 2023), available at <https://www.reuters.com/article/health-coronavirus-vaccines/italy-germany-france-and-netherlands-sign-contract-with-astrazeneca-for-covid-vaccine-idINL8N2DQ0A1>.

<sup>38</sup> Canada Has Reserved More Vaccine Doses Per Person Than Anywhere, Bloomberg, 7 December 2021 (Jul. 2, 2023), available at <https://www.bloomberg.com/news/articles/2020-12-07/canada-has-reserved-more-vaccine-doses-per-person-than-anywhere>.

<sup>39</sup> Desheng D. Wu & David L. Olson, *Pandemic Risk Management in Operations and Finance: Modeling the Impact of COVID-19* 4 (2020).

particularly in terms of taking measures to reduce the health and economic effects of the pandemic.<sup>40</sup>

### 3. BRICS National Development Banks

On the subject of promoting development, each of the BRICS countries maintains national development banks committed to investments in infrastructure, industrial development and services with advantageous and subsidized interest rates offered by the respective state bodies.

In Brazil, the National Bank for Economic and Social Development (BNDES) is a state-owned company whose main objective is to provide long-term investments in different economic sectors, including infrastructure, industry, commerce and services. It was initially created by Federal Law No. 1,628 of 1952,<sup>41</sup> and later framed as a federal public company (Federal Law No. 5,662 of 1971).<sup>42</sup> The BNDES operates in structuring equity and granting non-reimbursable financing for projects involving social, cultural and technological development.<sup>43</sup>

The China Development Bank (CDB), created in 1994, promotes long-term financing to consolidate and develop the Chinese economy through the allocation of resources to infrastructure, industry, urbanization, health, agriculture and education.<sup>44</sup>

In turn, the Bank for Development and External Economic Relations (Vnesheconombank – VEB) aims to diversify the Russian economy by increasing investments in infrastructure, innovation, environmental protection and the exportation of national products.<sup>45</sup> The regulatory system of VEB, as a Russian state bank, was established by the Russian Federal Law in 2007 (amended in 2020). According to Article 3(1), the VEB aims to facilitate the long-term socio-economic development of the Russian Federation, create conditions for sustainable economic growth and improve the efficiency and expansion of investments in the Russian economy through the undertaking of localized projects on Russian territory as well as in other countries, focusing on areas such as infrastructure, industrial production, innovation,

<sup>40</sup> Wu & Olson 2020. The issue of global inequality, accentuated by the COVID-19 pandemic, was the central theme of the World Economic Forum in 2021. See COVID-19 has shown us the true extent of global inequality. In 2021, let's commit to ending it, World Economic Forum, 25 January 2021 (Jul. 2, 2023), available at <https://www.weforum.org/agenda/2021/01/covid19-inequality-virus-report-oxfam/>.

<sup>41</sup> Brazil, Federal Law No. 1.628 of 1952 (Jul. 2, 2023), available at [https://www.planalto.gov.br/ccivil\\_03/leis/1950-1969/L1628.htm](https://www.planalto.gov.br/ccivil_03/leis/1950-1969/L1628.htm).

<sup>42</sup> Brazil, Federal Law No. 5.662 of 1971 (Jul. 2, 2023), available at [https://www.planalto.gov.br/ccivil\\_03/leis/l5662.htm](https://www.planalto.gov.br/ccivil_03/leis/l5662.htm).

<sup>43</sup> Brazilian National Bank for Economic and Social Development, BNDES (Jul. 2, 2023), available at <https://www.bndes.gov.br/wps/portal/site/home>.

<sup>44</sup> China Development Bank (CDB) (Jul. 2, 2023), available at <https://www.cdb.com.cn>.

<sup>45</sup> Vnesheconombank (VE) (Jul. 2, 2023), available at <https://www.veb.ru>.

special economic zones, protection of the natural environment, energy efficiency and promotion of exports of Russian industrial products. Furthermore, according to Article 5 of the Russian Federal Law, the VEB assets constitute the property of the profits and assets received by the reorganization of the Bank of Foreign Economic Affairs of the Soviet Union. The authorized capital of VEB, according to Article 7, is 70 billion rubles.<sup>46</sup> Based on the allocation of investments across sectors, approximately 54% goes to infrastructure and almost 22% to environmental projects.<sup>47</sup>

In 2010, VEB created the Russian Direct Investment Fund (RDIF) as a Russian sovereign wealth fund with capital reserves of ten billion dollars<sup>48</sup> to raise foreign capital for the Russian economy and operate in high-tech sectors.<sup>49</sup>

In terms of the COVID-19 pandemic, the RDIF was the financial body responsible for financing the production of the Sputnik V vaccine in Russian territory and in other countries such as Brazil, China, South Korea, India and Iran. Thus, the Sputnik V vaccine was developed by the Gamaleya National Research Institute of Epidemiology and Microbiology and funded by this Russian Fund.<sup>50</sup>

The Export-Import Bank of India (Eximbank) was established in 1982 to integrate the Indian economy with the foreign market, with the goal of promoting exports and investments.<sup>51</sup>

Lastly, the Development Bank of Southern Africa (DBSA) was established in 1983 to further the economic development of both South Africa and its surrounding southern region. In 1997, the bank was qualified as a development finance institution, remodeling its institutional strategy to provide financial support for infrastructure development in African markets.<sup>52</sup>

On 16 November 2020, through the BRICS Inter-Bank Cooperation Mechanism (BICM), the five national development banks of the BRICS countries and the NDB signed the Declaration of Principles for Responsible Financing. Its instrument is a consolidation of principles for financing with more careful socio-environmental, governance, integrity and fair market standards. Specifically, with regard to the

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<sup>46</sup> VEB's Regulatory and Legal Framework, Vnesheconombank (Jul. 2, 2023), available at <https://вэб.рф/en/about-us/legal>.

<sup>47</sup> VEB Projects, Vnesheconombank (Jul. 2, 2023), available at <https://вэб.рф/en/projects/>.

<sup>48</sup> Russian Direct Investment Fund (RDIF) (Jul. 2, 2023), available at [https://rdif.ru/Eng\\_About/](https://rdif.ru/Eng_About/).

<sup>49</sup> Banco de Desenvolvimento e Assuntos Econômicos Internacionais (VEB), BRICS Policy Center (November 2017) (Jul. 2, 2023), available at <https://bricspolicycenter.org/banco-de-desenvolvimento-e-assuntos-economicos-internacionais-veb/>.

<sup>50</sup> Henry Foy & Max Seldon, *Russia's COVID Vaccine Faces Global Production Hurdle*, Financial Times, 17 February 2021 (Jul. 2, 2023), available at <https://www.ft.com/content/316b77c1-e640-4d53-8dec-547b1b5651d8>.

<sup>51</sup> Export-Import Bank of India (EXIMBANK) (Jul. 2, 2023), available at <https://www.eximbankindia.in>.

<sup>52</sup> Development Bank of Southern Africa (DBSA) (Jul. 2, 2023), available at <https://www.dbsa.org>.

COVID-19 pandemic, there were no effective aligned measures taken between the national development banks of the BRICS member states.<sup>53</sup>

#### **4. The New Development Bank and the Contingent Reserve Arrangement**

At the 2014 BRICS Summit in Fortaleza, the Contingent Reserve Arrangement (CRA) was approved to ensure a reserve fund to be used in cyclical events of payment imbalances.

The CRA is similar to the Chiang Mai Initiative (CMIN), which is a regional arrangement among ten Asian nations that is designed to prevent periodic fiscal crises and provide immediate resources to address payment imbalances. The CRA allows the withdrawal of only 30% of the country's quota, while the remaining 70% can be granted upon approval by the International Monetary Fund (IMF).<sup>54</sup>

Compared to the IMF or CMIN, the CRA's distinguishing feature lies in its particular organizational structure. Each BRICS member country maintains separate deposits in its own respective central bank account. This organizational structure is not conducive to the creation of an easily accessible depository fund. Rather, the BRICS central banks hold the resources that could be used in case of a payment imbalance. The CRA, therefore, is afforded greater flexibility to permit quick responses in the event of a crisis related to a payment imbalance.

The creation of the Contingent Reserve Arrangement is commonly misunderstood as an institution created to replace the International Monetary Fund. The CRA itself is subject to the fund's approval if a member state needs more than 30% of the reserves. In addition, the amount available in the CRA is extremely lower than that offered by the IMF.

Under the terms of the arrangement, China can, without being on an IMF program, borrow up to \$6.2 billion; Brazil, Russia and India may borrow \$5.4 billion; and South Africa may borrow up to \$3 billion. But this is chicken feed compared to Russia and Brazil's crisis-related borrowing from the IMF over the past twenty years. For instance, the IMF approved a total lending of \$38 billion (SDR 24.786 billion) to Russia just in the 1990s. In 2002 alone, the IMF approved a 15-month standby credit arrangement of about \$30 billion for Brazil. Net private financial flows to emerging markets today are approximately ten times what they were in 2002, meaning that the size of the loans necessary to address balance of payments financing problems would be even larger now.<sup>55</sup>

<sup>53</sup> BNDES assina Declaração de Princípios de Financiamento Responsável do BRICS, Brazilian National Bank for Economic and Social Development, 16 November 2020 (Jul. 2, 2023), available at <https://bndes.gov.br/wps/portal/site/home/imprensa/noticias/conteudo/bndes-assina-declaracao-de-principios-de-financiamento-responsavel-do-brics>.

<sup>54</sup> Stuenkel 2015, at 115.

<sup>55</sup> Benn Steil & Dinah Walker, *Is the BRICS Contingent Reserve Arrangement a Substitute for the IMF?*, Council on Foreign Relations, 6 August 2014 (Jul. 2, 2023), available at <https://www.cfr.org/blog/brics-contingent-reserve-arrangement-substitute-imf>.

Although the CRA's structure was created to help countries facing a balance of payments crisis, its resources were, ironically, not used during the COVID-19 pandemic.

On the other hand, the New Development Bank (NDB),<sup>56</sup> created concurrently with the CRA, at the Sixth Summit of the BRICS, which took place in Fortaleza, 2014, has its headquarters in Shanghai, an identical initial capital of US\$ 50 billion for each of the BRICS member countries and a total capital of US\$ 100 billion. In addition, the presidency of the Bank changes every five years among the BRIC countries, starting with India.

The division of voting power within the NDB is equitably distributed among the five founding members. If other states wish to join the bank, the five countries will maintain a share of at least 55% of the votes. If a developed country wants to join NDB, it can only participate as a non-borrower and have a maximum voting power of up to 20%. In this way, the decision-making power of its five members is ensured, just as the United States maintains control of the decision-making power in the World Bank and IMF.<sup>57</sup>

Among the NDB's financial innovations is the issuance of green bonds in China by the NDB in 2016, by means of which it allows the use of credit from finance infrastructure and sustainable development projects. Moreover, the use of loans issued in local currency offers the opportunity to reduce the percentage of interest on the project, and the NDB already applies the renminbi currency to four of the three projects approved in China in 2017. Another notable innovation corresponds to the criteria for the approval of infrastructure projects, which encompass economic, social and environmental components in order to ensure the implementation of sustainable infrastructure. It is important to highlight the NDB's commitment to using the domestic systems of the borrowing countries, which represents a stark departure from the traditional position of the MDBs in imposing conditionalities and the application of their own rules. The adoption of local legislation and systems allows for a deeper development of local administrative structures. The NDB's performance is based on cooperation, which is observed in its partnership with twenty other international institutions, such as the ADB. Finally, its existence has the potential to reduce the dependence of its member countries on the dollar in international transactions.<sup>58</sup>

In 2019, Brazil hosted the 11th Summit in Brasília. At that time, the official declaration mentioned the creation of regional offices of the New Development Bank in Russia and India.<sup>59</sup>

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<sup>56</sup> New Development Bank (NDB) (Jul. 2, 2023), available at <https://www.ndb.int>.

<sup>57</sup> Chitenderu 2018, at 129; Suchodolski & Demeulemeester 2018, at 2.

<sup>58</sup> Chitenderu 2018, at 132–5; Suchodolski & Demeulemeester 2018, at 5–7.

<sup>59</sup> Declaração da 11ª Cúpula do BRICS, Brazilian Ministry of Foreign Affairs, 14 November 2019 (Jul. 2, 2023), available at <http://brics2019.itamaraty.gov.br/2-uncategorised/108-declaracao-da-11-cupula-do-brics>.



At the 12<sup>th</sup> Summit in Saint Petersburg, held in Russia in 2020, the main topic of discussion was the COVID-19 pandemic. The official statement declared the NDB's efforts to provide financial resources to countries in light of the effects of COVID-19, through the Emergency Assistance Program, which would provide up to USD 10 billion in emergency loans to its partners.<sup>60</sup>

According to the NDB, in March 2020, the amount of 7 billion renminbi was approved for China and a similar amount of 1 billion USD for India the following month, with the aim of helping the respective governments fight the pandemic. In June 2020, the NDB launched bonds in the capital market with a total value of 1.5 billion dollars, with the objective of financing the development of sustainable activities in its member countries, including providing emergency assistance to national banks. In the same month, South Africa was considered for a USD 1 billion loan through the Emergency Assistance Program and in the following month, a loan was approved for Brazil in the same amount.<sup>61</sup> In September 2020, the NDB launched new bonds in the capital market with a total value of USD 2 billion in financial aid against the pandemic.

In December 2020, the NDB Board of Directors approved five sustainable infrastructure projects in member countries, including three in Brazil. In the same month, the NDB approved an additional USD 2 billion for Brazil and India, under the Emergency Assistance Program.<sup>62</sup>

There are more than twenty multilateral development banks in operation around the world. The creation of the NDB and CRA can be attributed to the recognition of the inadequate representation of BRICS and other emerging countries in the current organizations that are part of the international financial system. This reality confirms the lack of commitment of traditional economic institutions to adapt to the new global context of the presence of emerging countries and the urgent need for investment in infrastructure and sustainable development.<sup>63</sup>

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<sup>60</sup> Declaração de Moscou da XII Cúpula do BRICS, Brazilian Ministry of Foreign Affairs, 17 November 2020 (Jul. 2, 2023), available at [https://www.gov.br/mre/pt-br/canais\\_atendimento/imprensa/notas-a-imprensa/2020/declaracao-de-moscou-da-xii-cupula-do-brics](https://www.gov.br/mre/pt-br/canais_atendimento/imprensa/notas-a-imprensa/2020/declaracao-de-moscou-da-xii-cupula-do-brics).

<sup>61</sup> Emergency Assistance Program in Combating COVID-19, New Development Bank, 20 July 2020 (Jul. 2, 2023), available at <https://www.ndb.int/emergency-assistance-program-in-combating-covid-19-brazil/>.

<sup>62</sup> NDB Board of Directors Held 29<sup>th</sup> Meeting in Virtual Format Approved Five Projects, New Development Bank (Jul. 2, 2023), available at [https://www.ndb.int/press\\_release/ndb-board-directors-held-29th-meeting-virtual-format-approved-five-projects/](https://www.ndb.int/press_release/ndb-board-directors-held-29th-meeting-virtual-format-approved-five-projects/).

<sup>63</sup> Suchodolski & Demeulemeester 2018, at 2.

## 5. Other Multilateral Development Banks

In the field of international organizations,<sup>64</sup> the institutions for financial cooperation provide technical and financial assistance to projects aimed at promoting development, increasing infrastructure, improving public management and reducing socioeconomic inequalities.

However, when considering the Bretton Woods paradigm, the traditional international organizations created at the end of World War II, such as the International Bank for Reconstruction and Development (IBRD),<sup>65</sup> International Monetary Fund (IMF), the Inter-American Development Bank (IDB)<sup>66</sup> and the Asian Development Bank (ADB)<sup>67</sup> now face the challenge of a multipolar international scenario. In addition, their organizational structures are only able to partially address the need for investments in developing countries.<sup>68</sup>

In turn, new financial institutions bring forth innovations, such as the ability to present alternative solutions and greater flexibility in granting investments. The possibility of lending in local currencies (which reduces the cost of foreign exchange transactions) and the more equitable division of quotas are examples of changes observed in the new international organizations of economic cooperation.<sup>69</sup> The NDB,<sup>70</sup>

<sup>64</sup> An international organization can be defined as an association of states, constituted by a treaty, endowed with a constitution as well as common institutions, and having a legal personality distinct from that of the member states. Fitzmaurice apud Nguyen Dihn et al., *Public International Law* 1512 (Vitor M. Coelho trans., from the original *Droit International Public*, 2003).

<sup>65</sup> The Bretton Woods agreement of 1944 created the IMF and the IBRD. The latter is also known as the World Bank, as it was the first institution of the World Bank Group, which consists of a set of five international organizations: the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Center for Settlement of Investment Disputes (ICSID). Both the IMF and IBRD have 189 member states and, because they were jointly founded, are known as the Sister Institutions. See World Bank Group (Jul. 2, 2023), available at <https://www.worldbank.org>.

<sup>66</sup> The IDB was created in 1959 and operates in Latin America. See Inter-American Development Bank (IDB) (Jul. 2, 2023), available at <https://www.iadb.org>.

<sup>67</sup> The ADB was created in 1966 and operates in Asia. See Asian Development Bank (ADB) (Jul. 2, 2023), available at <https://www.adb.org>.

<sup>68</sup> The procedures of action vary from institution to institution, on the basis of which borrowers adopt different regulations according to internal rules and obligations defined by the contract. The lack of uniformity generates legal fragility in the processes of acquisitions and implementation of projects, lacking transparency and accountability in the domestic control bodies of borrower states, like in Brazil. See Thiago Ferreira Almeida, *A Natureza Jurídica dos Empréstimos por Organizações Internacionais de Cooperação Financeira: As Licitações Brasileiras realizadas com Normas Internacionais* (2021). See also Henry G. Schermers & Niels M. Blokker, *International Institutional Law* (2018).

<sup>69</sup> James Ransdell, *Institutional Innovation by the Asian Infrastructure Investment Bank*, 9(1) Asian J. Int'l L. 125 (2019).

<sup>70</sup> In addition: "[b]ut a closer look at the two banks [NDB and AIIB] shows that this would be unwise. They are roughly as busy as each other. The NDB has approved \$5.7bn in loans, a touch more than AIIB's \$5.3bn.

the Asian Infrastructure Investment Bank (AIIB)<sup>71</sup> and the current configuration of the Latin American Development Bank (CAF)<sup>72</sup> can all be considered compelling evidence of the shift in the international development agenda. In addition, these organizations were created essentially by emerging countries, thus constituting a window of opportunity for greater transparency and flexible rules, knowledge sharing and technology transfer, as well as financial alternatives to traditional models.

The African Development Bank (AfDB)<sup>73</sup> was established in 1964 to mobilize resources for the economic and social development of Africa through technical and financial assistance to its member countries. The bank's head office is in Abidjan, Ivory Coast, and encompasses thirty regional offices. Between the years 1967 and 2011, the AfDB approved a total of 3,661 loans and grants worth approximately USD 100 billion in a variety of economic and social sectors, public-private partnership projects and structural adjustment programs, in addition to being the signatory bank of the Paris Convention on Aid Effectiveness (2005) and the Accra Agenda (2008)<sup>74</sup>. On the other hand, the AfDB has a high percentage of overdue loans, resulting from the financial difficulties faced by borrower countries.

In the context of the COVID-19 pandemic, the AfDB held a seminar in 2020 titled "Policies for Inclusive Health in Post-COVID-19 Africa," which placed the discussion of this issue on the African regional agenda. By identifying that the health policies of most African states were not focused on the "production of health" but on the "destruction of disease," an approach identified as a colonial principle that would be more concerned with "health care" as in the management of disease outcomes rather than "public health service delivery" that would prioritize health inclusiveness and well-being from conception to the end of life, it was found that pandemics impacted African countries disproportionately compared to other regions of the world. In this context, experts call for a radical shift in Africa's health policy away from the focus

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The AIIB has more full-time employees – 180 to NDB's 120 – but both are adding to their ranks by the week. They both now have international credit ratings, making it easier for them to issue bonds. The three big rating agencies awarded the AIIB triple-A scores last year. In August, the NDB received AA+ ratings, just a notch lower than S&P and Fitch. (...) The NDB is even managing to win some admirers. "Why do we need another World Bank? The AIIB looks a lot like what's out there. The NDB is looking more innovative," says Gregory Chin, a specialist in economic diplomacy at York University in Canada.

"The BRICS' walls are shaky these days. Their bank looks more solid." The Beleaguered BRICS Can Be Proud of Their Bank, *The Economist*, 29 September 2018 (Jul. 2, 2023), available at <https://www.economist.com/finance-and-economics/2018/09/29/the-beleaguered-brics-can-be-proud-of-their-bank>.

<sup>71</sup> Asian Infrastructure Investment Bank (AIIB) (Jul. 2, 2023), available at <https://www.aiib.org>.

<sup>72</sup> Apesar de constituído em 1970, o CAF ampliou os seus países-membros constituindo-se como o Banco de Desenvolvimento da América Latina na década de 2000, sendo membro o Brasil. See Development Bank of Latin America (CAF) (Jul. 2, 2023), available at <https://www.caf.com>.

<sup>73</sup> African Development Bank (AfDB) (Jul. 2, 2023), available at <https://www.afdb.org>.

<sup>74</sup> Itai Mukuvuri, *Learning Across Projects in the African Development Bank*, Master's Dissertation, Nelson Mandela Metropolitan University (2014).

on medical outcomes and towards the broader concept of inclusive health, which would entail ensuring quality health care for all people and identifying the urgency of a robust plan, similar to the Marshall Plan, to address health policy challenges in Africa in a unified and inclusive way.<sup>75</sup>

The situation of African countries in the face of the COVID-19 pandemic is critical, given the current high rates of morbidity and mortality as well as low public spending on health in Sub-Saharan Africa, already at levels below 5.2% of the Gross Domestic Product (GDP). In addition, the region forecasts a decrease to 5.1% over the next ten years, reflecting a total financing deficit of approximately USD 66 billion per year. Moreover, approximately 22% of total African public health expenditure comes from Official Development Aid (ODA), and in some countries, such expenditures are dependent upon financial donations. The closing of borders and the adoption of protectionist policies by nations in response to fighting COVID-19 resulted in lower health assistance to African countries during the pandemic. On the other hand, the migration of qualified African professionals (brain drain process) generates a loss of about USD 2.1 billion per year for African countries, and the lack of investment in pharmaceutical research in African biomes that have a rich diversity demonstrates the challenges of a health system and advanced research development on the continent.<sup>76</sup>

With this in mind, during the COVID-19 pandemic, the AfDB instituted 38 projects divided into three programs: (a) the Emergency Response Support Program (ERSP), to strengthen the health system of African states, restrain the effects of COVID-19 and mitigate the socio-economic impacts, like the project submitted by Sudan on 13 January 2021;<sup>77</sup> (b) COVID-19 Response Support Program, to finance projects to support the fight against the pandemic, as the project submitted by South Africa on 5 August 2020;<sup>78</sup> and (c) the COVID-19 Crisis Response Budget Support Program, to support the health system in the face of the COVID-19 crisis and mitigate its socioeconomic impact on families and businesses, through increasing public resources for the health sector and the resilience of the most vulnerable communities, and maintaining productive capacity, in order to facilitate the rapid

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<sup>75</sup> Kevin Chika Urama et al., *Policies for Inclusive Health in Post-COVID-19 Africa*, Summary Outcomes of the African Development Institute (ADI) Global Community of Practice (G-CoP) e-Seminar, 22 and 23 June 2020 (Jul. 2, 2023), available at [https://www.afdb.org/sites/default/files/post-g-cop-seminar\\_summary\\_report-inclusive\\_health\\_policies\\_in\\_post-covid-19\\_africa.pdf](https://www.afdb.org/sites/default/files/post-g-cop-seminar_summary_report-inclusive_health_policies_in_post-covid-19_africa.pdf).

<sup>76</sup> *Id.* at 75.

<sup>77</sup> Sudan – Emergency Response Support Program (COVID-19 ERSP) – Project Appraisal Report, African Development Bank (AfDB), 13 January 2021 (Jul. 2, 2023), available at <https://www.afdb.org/en/documents/sudan-emergency-response-support-program-covid-19-ersp-project-appraisal-report>.

<sup>78</sup> South Africa – Covid-19 Response Support Programme (SACRSP) – Appraisal Report, African Development Bank (AfDB), 5 August 2020 (Jul. 2, 2023), available at <https://www.afdb.org/en/documents/south-africa-covid-19-response-support-programme-sacrsp-appraisal-report>.

economic recovery of African states, as the project submitted by Gabon on 24 June 2020.<sup>79</sup>

The Inter-American Development Bank (IDB) is one of the main sources of official assistance in Latin America. One of the key organizations in Latin America that is a major provider of official assistance is the Inter-American Development Bank (IDB). It was created in the 1960s. The first announcements regarding the financing programs available during the COVID-19 pandemic, were made in March 2020. The resources that were made available through the Bank and its Fund (BID Invest) were directed to four areas: (a) immediate response to public health; (b) safety nets for vulnerable populations (via existing transfer programs, pensions and subsidies, as well as extraordinary transfers); (c) economic productivity and employment for small and medium-sized companies, providing financing and guarantees for short-term liquidity; and (d) fiscal policies to alleviate economic impacts, in support of countries in their fiscal measures spent during the health crisis. The Bank is actively working to redirect its portfolio of health projects to face the crisis, as well as indicating an additional USD 3.2 billion dollars to the program.<sup>80</sup>

The Asian Infrastructure Investment Bank (AIIB) established the Crisis Recovery Facility to support its members in reducing the economic effects of the COVID-19 pandemic. The mechanism lasts for 18 months, from April 2020 to October 2021, in which up to USD 13 billion were offered for public and private financing in three key areas: the health system, the infrastructure and production capacity of countries and certain productive sectors. Specifically for low-income countries, the AIIB established the Special Fund Window (SFW).<sup>81</sup> The Asian Development Bank (ADB), in turn, announced the availability of USD 17 billion to Asian countries.<sup>82</sup>

Finally, in July 2020, in response to the COVID-19 pandemic, a joint declaration was issued by the WTO, ADB, AfDB and other MDBs, guaranteeing the provision of financial assistance for international trade.<sup>83</sup>

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<sup>79</sup> Gabon – Budget Support Programme in Response to the Covid-19 Crisis (PABURC) – Appraisal Report, African Development Bank (AfDB), 24 January 2020 (Jul. 2, 2023), available at <https://www.afdb.org/en/documents/gabon-budget-support-programme-response-covid-19-crisis-paburc-appraisal-report>.

<sup>80</sup> Grupo BID anuncia áreas prioritárias de apoio aos países afetados pelo COVID-19, Inter-American Development Bank (IDB), 16 March 2020 (Jul. 2, 2023), available at <https://www.iadb.org/pt/noticias/grupo-bid-anuncia-areas-prioritarias-de-apoio-aos-paises-afetados-pelo-covid-19>.

<sup>81</sup> COVID-19 Crisis Recovery Facility, Asian Infrastructure Investment Bank (AIIB) (Jul. 2, 2023), available at <https://www.aiib.org/en/policies-strategies/COVID-19-Crisis-Recovery-Facility/index.html>.

<sup>82</sup> ADB COVID-19 Policy Database, Asian Development Bank (ADB) (Jul. 2, 2023), available at <https://covid19policy.adb.org>.

<sup>83</sup> World Trade Organization (WTO), *Joint Statement by Heads of Multilateral Development Banks and the WTO on Supporting Trade Finance During the COVID-19 Crisis*, 1 July 2020 (Jul. 2, 2023), available at [https://www.wto.org/english/news\\_e/news20\\_e/trfin\\_01jul20\\_e.pdf](https://www.wto.org/english/news_e/news20_e/trfin_01jul20_e.pdf).

## Conclusion

This article emphasized that the BRICS countries have certain characteristics in common, such as openness to global markets, global insertion, a sizeable domestic market and a number of national central and development banks. Another important achievement of its members was the creation of the New Development Bank and the Contingent Reserve Arrangement, which serve as alternative international organizations to the current global financial system, positioning themselves as new sources of funds for investments in infrastructure, development as well as for the purpose of combating the negative effects of COVID-19.

The context of the NDB is allied to that of other multilateral development banks and national development banks in providing long-term credit for projects of public interest. In this way, there can be seen a recognizable growth in the role of emerging countries in the global economy, and consequently, in international relations. However, the participation of these countries in global political decisions is still limited, particularly in international bodies such as the IMF and the World Bank.

The fiscal crises of some of the BRICS member countries in the aftermath of 2008 and the effects of the COVID-19 pandemic have partially reduced the international influence of these five countries, as well as the efforts of multilateral solutions to guarantee international financial stability and the flux of resources needed to promote development. To this end, it is acknowledged that the central and development banks of these countries can act in a coordinated manner, promoting alternatives to maintain the monetary stability of their economies and financing mechanisms for infrastructure, industry and services. Nevertheless, due to the constant demands and contemporary challenges, such as armed conflicts and climate change, the demand for resources offered by MDBs is well above their current offers. The use of alternative mechanisms for financing made available by MDBs in conjunction with national development banks as well as government policies could boost projects to promote development and reduce short-term negative impacts, such as those caused by the COVID-19 pandemic.

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### Information about the authors

**Roberto Luiz Silva (Belo Horizonte, Brazil)** – Professor, Federal University of Minas Gerais (100 Av. João Pinheiro, Belo Horizonte, 30130-180, Brazil; e-mail: [roberto-silva@ufmg.br](mailto:roberto-silva@ufmg.br)).

**Thiago Ferreira Almeida (Belo Horizonte, Brazil)** – Specialist in Public Policy, Development Bank of Minas Gerais (1600 Rua da Bahia, Belo Horizonte, 30160-017, Brazil; e-mail: [almeida.thf@gmail.com](mailto:almeida.thf@gmail.com)).