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THE ROLE OF THE BRICS NEW DEVELOPMENT BANK IN PROMOTING CLIMATE GOVERNANCE: A SUSTAINABLE FINANCING MECHANISM

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Abstract

Climate change is one of the most pressing global challenges facing humanity today, affecting all countries, particularly vulnerable developing nations. Although international climate finance mechanisms have evolved over the years, their scale and effectiveness remain inadequate to address the growing impacts of the climate crisis. The BRICS New Development Bank (NDB) represents a significant departure from traditional climate finance structures, offering an alternative approach to climate governance through its focus on development and sustainability. Established by Brazil, Russia, India, China, and South Africa, the NDB aims to promote sustainable economic growth by catalyzing investment in renewable energy, green infrastructure, and climate-resilient projects. Grounded in an integrated framework combining global governance theory, climate finance architecture, and systemic ecological pressures, this study examines the NDB's role in reshaping multilateral climate governance. It evaluates the Bank's operational effectiveness in terms of institutional agility, mobilization of nonconcessional and local-currency resources, and alignment with national development priorities, with particular attention to South–South financial cooperation.

Keywords: *climate change, NDB, BRICS, South–South cooperation, climate finance theory.*

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Introduction

Global climate change represents one of the most significant challenges of the twenty-first century. It is causing widespread changes in ecosystems, increasing the frequency of extreme weather events, and exacerbating socioeconomic problems such as poverty, inequality, and migration. Developing countries are particularly vulnerable to these impacts because they have limited resources to adapt to and mitigate the effects of climate change.

Climate finance plays a crucial role in combating climate change. It involves providing financial resources, technologies, and knowledge to implement environmentally sustainable projects. Its primary goal is to support countries struggling to fulfill their commitments under climate agreements, such as the Paris Agreement. However, current funding mechanisms are often insufficient to address the scale of these challenges.[1]

The modern architecture of climate finance encompasses several key areas. First, international funds such as the Green Climate Fund (GCF) support projects that reduce greenhouse gas emissions and help countries adapt to climate change. Second, private sector initiatives can attract investment in renewable energy and sustainable infrastructure. Nevertheless, financing remains below the levels needed, and bureaucratic barriers often hinder vulnerable countries' access to funds.

Improving the effectiveness of climate finance requires a comprehensive approach. This includes increasing the transparency of fund distribution, simplifying access procedures, and strengthening partnerships between developed and developing countries. Only collective action by the international community can minimize the consequences of climate change and ensure sustainable development for all countries.

Institutional Context and Analytical Framework

In 2014, the BRICS countries—Brazil, Russia, India, China, and South Africa—established the New Development Bank (NDB) in response to the inefficiencies and limitations of existing international financial institutions, such as the International Monetary Fund (IMF) and the World Bank. The NDB's primary goal is to meet the needs of developing countries, particularly in the Global South, taking into account their specific socioeconomic and environmental challenges.[2] The analysis of this institutional shift draws on global governance theory, which views international institutions and multilateral mechanisms as essential to coordinating

[1] Natalia L. Smakotina and Maria A. Egorenkova, "Global Governance or Global Regulation?," *Social and Humanitarian Knowledge*, no. 4 (2021): 118–30, in Russian: [Смакотина Н. Л., Егоренкова М. А. "Глобальное управление или глобальное регулирование?" *Социально-гуманитарные знания*, № 4 (2021): 118–130], https://doi.org/10.34823/sgz.2021.4.51636.

[2] Yana V. Leksyutina, "The BRICS Efforts to Modify the International Monetary and Financial System," *Digest Finance* 24, no. 4 (2019): 448–65, in Russian: [Лексютина Я. В. "Усилия БРИКС по изменению мировой валютно-финансовой системы." *Дайджест-финансы* 24, № 4 (2019): 448–465], https://doi.org/10.24891/df.24.4.448.

collective action to address transnational crises. Traditional climate governance structures, particularly the Bretton Woods institutions, have faced substantial academic and political criticism. This critique centers on the entrenched dominance of developed nations in their decision-making processes, which often results in insufficient attention to the vulnerabilities and development needs of the Global South.[3] In the contemporary climate crisis, this structural asymmetry is particularly problematic: developing nations bear disproportionately high socioeconomic and environmental costs despite their limited historical contributions to global greenhouse gas emissions.[4]

In contrast to these established institutions, the NDB occupies a distinctive position. One of its defining features is the consensus among its founding countries; each initially held an equal share of votes, preventing a single country from dominating the agenda. This approach promotes an inclusive model of international cooperation and ensures that all members' interests are taken into account.[5] From the perspective of global governance theory, the NDB exemplifies a polycentric approach to international relations—a system in which governance is decentralized and conducted through interactions among multiple actors.[6] The NDB seeks to correct historical imbalances in international financial flows by offering more inclusive financing approaches, including flexible credit lines and loan conditions adapted to local contexts. By supporting infrastructure projects that promote sustainable development and reduce carbon footprints, the Bank aligns its operations with the Paris Agreement and the UN 2030 Agenda. Global governance theorists emphasize that institutions like the NDB serve as alternative funding sources and help shape normative standards and institutional practices oriented toward fairness, sustainability, and a more multipolar, balanced system of international cooperation.[7]

Alongside this governance perspective, the research draws on climate finance theory. This field focuses on financial flows, architectures, and mechanisms aimed at mitigating climate change and enhancing adaptive capacities in vulnerable regions. The NDB addresses the climate finance gap, which remains especially acute in emerging economies, through innovative financial approaches. A cornerstone of this approach is the issuance of green bonds. These instruments channel investment

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[3] Alena O. Stepanova, "Analysis and Prospects of the New BRICS Development Bank," *Skif. Questions of Student Science*, no. 1 (77) (2023): 29–39, in Russian: [Степанова А. О. "Анализ и перспективы нового банка развития стран БРИКС." *Скиф. Вопросы студенческой науки*, № 1 (77) (2023): 29–39], https://sciff.ru/analiz-i-perspektivy-novogo-banka-razvitija-stran-briks/.

[4] Kathryn Hochstetler, "The BRICS and Global Climate Governance," in *The BRICS and Coexistence: An Alternative Vision of World Order*, ed. Cedric de Coning, Thomas Mandrup, and Liselotte Odgaard (London: Routledge, 2015), 138.

[5] Jiejin Zhu, "The New Development Bank and Its Institutional Innovation," *Fudan Journal of the Humanities and Social Sciences* 12, no. 1 (2019): 112.

[6] Matthew D. Stephen, "Rising Powers, Global Capitalism and Liberal Global Governance: A Historical Materialist Account of the BRICs Challenge," *European Journal of International Relations* 20, no. 4 (2014): 915, https://doi.org/10.1177/1354066114523655.

[7] Andrew F. Cooper, *The BRICS: A Very Short Introduction* (Oxford: Oxford University Press, 2016), 84.

into renewable energy generation, energy efficiency, sustainable transport, and water resource management. Beyond providing capital, green bonds raise investor awareness of sustainable development and use structural safeguards to minimize financial risks, encouraging long-term private investment in environmentally significant public projects.[8]

This study combines three complementary theoretical dimensions: global governance, climate finance, and systemic ecological pressure. Global governance theory explains the shift toward a multipolar system and equal voting rights, while climate finance theory details the tools—such as de-risking investment and concessional loans—needed to close the Global South's investment gap. Connecting these dimensions is systemic ecological pressure, which pushes emerging economies to decarbonize while maintaining economic growth. Together, these frameworks provide three criteria for evaluating the NDB. The first is institutional autonomy: whether the Bank respects national policy space by using domestic "country systems" instead of imposing rigid external conditions. The second is financial mobilization: the NDB's ability to attract private capital and provide local-currency lending. The third is climate impact: whether the Bank's investments deliver measurable, context-specific results in mitigation and adaptation across its diverse member states.

Complementing the green bond framework, the project loans provided by the NDB are tailored to the macroeconomic conditions of developing nations, taking account of their financial constraints and development trajectories. With flexible repayment terms and extended maturities, these loans make climate capital accessible to countries with limited sovereign resources. Such mechanisms are indispensable for financing large-scale, capital-intensive climate adaptation initiatives.[9]

Since its establishment, the NDB has used these financial tools to approve numerous projects supporting economic growth and sustainable development in member countries. For example, it has financed solar energy projects in India, modernized transport infrastructure in Russia, and supported water resource development in Brazil.[10] The effectiveness of these instruments is evaluated by their capacity to attract additional investment from private sector entities and international donors.[11] By working closely with national governments to ensure that projects

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[8] William Daldegan and Vitória de Borba, "The Development Concept in BRICS: An Analysis of Projects Financed by the NDB," *International Organisations Research Journal* 18, no. 4 (2023): 7–33, in Russian: [Далдеган У., де Борба В. "Концепция развития БРИКС: Анализ проектов, финансируемых НБР." *Вестник международных организаций: образование, наука, новая экономика* 18, № 4 (2023): 7–33], https://doi.org/10.17323/1996-7845-2023-04-01.

[9] Andrey V. Shelepov, "The Role of the NDB and AIIB in Catalyzing Private Infrastructure Financing," *Vestnik RUDN. International Relations* 18, no. 3 (2018): 656–72, in Russian: [Шелепов А. В. "НБР и АБИИ как катализаторы частных инвестиций в инфраструктуру." *Вестник РУДН. Серия: Международные отношения* 18, № 3 (2018): 656–672], https://doi.org/10.22363/2313-0660-2018-18-3-656-672.

[10] Daldegan and de Borba, "Development Concept in BRICS."

[11] New Development Bank, "All Projects," accessed September 28, 2026, https://www.ndb.int/projects/all-projects/.

respond to local needs, the NDB demonstrates how institutional financial innovations can bridge gaps left by traditional climate finance arrangements that have historically prioritized high-income jurisdictions.

To examine these theoretical propositions and empirical developments, this study employs a qualitative research design combining document analysis and a comparative institutional approach. Its primary methodological objective is to assess the NDB's integration into the global climate finance architecture and evaluate the effectiveness of its financial mechanisms. Data were collected from a range of primary and secondary sources. Primary sources include official NDB policy documents, notably the *General Strategy for 2022–2026*, the *Environment and Social Framework* (ESF), annual reports, project summary documents, and BRICS summit declarations.[12] These documents provide the empirical basis for examining the Bank's strategic priorities and its implementation of international sustainable development objectives.[13]

These primary data are complemented by peer-reviewed academic literature, policy briefs from international think tanks, and reports from financial monitoring organizations. This literature was subjected to thematic analysis to identify and interpret academic debates about the NDB's geopolitical and economic position relative to the Bretton Woods institutions. The analysis uses the global governance and climate finance frameworks to interpret how the NDB navigates the complexities of South–South cooperation.

Finally, the study uses targeted case studies to connect its theoretical frameworks with implementation. It examines NDB-financed projects in renewable energy expansion in India, sustainable infrastructure modernization in Russia, and climate adaptation in Brazil. This approach enables a grounded evaluation of how the NDB's financial instruments, including green bonds and project loans, function in practice. This methodological triangulation provides the empirical basis for the study's conclusions.

Institutional Evolution and Strategic Paradigms of the NDB

The establishment of the New Development Bank represents an important innovation in international development finance, designed to give borrowing nations substantial autonomy over their economic trajectories amid deepening global financial integration. The NDB was conceived to bridge development financing gaps without imposing the restrictive structural conditions that have historically constrained borrowers' policy space. The Bank positions itself as a complement to the established global financial system. Its creation reflects a pragmatic response to changes

[12] New Development Bank, *Environment and Social Framework* (Shanghai: New Development Bank, 2016), 5, https://www.ndb.int/wp-content/uploads/2017/02/ndb-environment-social-framework-20160330.pdf.

[13] New Development Bank, *General Strategy for 2022–2026: Scaling Up Development Finance for a Sustainable Future* (Shanghai: New Development Bank, 2022), 14, https://www.ndb.int/wp-content/uploads/2022/07/NDB_StrategyDocument_Eversion-1.pdf.

in the international political economy and its member states' objective of navigating the global system without provoking institutional friction.[14]

The NDB's origins can be traced to the 2012 BRICS summit in New Delhi, followed by the adoption of the Agreement on the New Development Bank and the Treaty for the Establishment of a BRICS Contingent Reserve Arrangement (CRA) at the 2014 Fortaleza summit.[15] Its founding treaty states:

> The Bank shall mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development.[16]

This mandate dispelled early speculation that BRICS institutions were designed to supplant the IMF or the World Bank. Instead, the NDB pursues South–South cooperation within the broader multilateral system. This complementary approach is reinforced by the CRA, a $100 billion liquidity mechanism that requires a prior agreement with the IMF before any member state can access funds exceeding 30 percent of its designated maximum access limit.[17]

The NDB has pursued institutional integration by signing memoranda of understanding with other financial institutions. Partnerships with the Asian Development Bank (2022), the European Bank for Reconstruction and Development (2017), the Asian Infrastructure Investment Bank (2017), and the World Bank Group (2016) underscore this collaborative approach.[18] The NDB's successful operation signaled a structural shift, demonstrating that emerging markets' aspirations for greater influence over global economic governance would no longer be marginalized or channeled exclusively through established institutions.[19]

The NDB's operations are governed by principles that prioritize sustainable development beyond purely economic measures. The Bank integrates social and environmental sustainability into its decision-making. Central to this agenda is inclusive development: ensuring that the benefits of economic growth reach disadvantaged groups, including low-income populations, women, children, and ethnic minorities. This commitment is linked to the Bank's recognition of gender equality as a prerequisite for sustained macroeconomic resilience.[20]

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[14] Bas Hooijmaaijers, "The New Development Bank and Its Role in Global Economic Governance," *Journal of Global Governance Studies* 29, no. 2 (2021): 75–92.

[15] BRICS, "Treaty for the Establishment of a BRICS Contingent Reserve Arrangement," Fortaleza, July 15, 2014, https://www.gov.br/mre/pt-br/canais_atendimento/imprensa/notas-a-imprensa/atos-assinados-por-ocasiao-da-vi-cupula-do-brics-fortaleza-15-de-julho-de-2014.

[16] BRICS, "Agreement on the New Development Bank," Fortaleza, July 15, 2014, art. 1, https://www.ndb.int/wp-content/themes/ndb/pdf/Agreement-on-the-New-Development-Bank.pdf.

[17] Stephany Griffith-Jones, "The BRICS Development Bank: Challenges and Opportunities," *Global Policy* 6, no. 3 (2015): 30.

[18] Hooijmaaijers, "New Development Bank and Its Role," 80.

[19] Gregory T. Chin, "The BRICS-Led Development Bank: Purpose and Politics beyond the G20," *Global Policy* 5, no. 3 (2014): 368, https://doi.org/10.1111/1758-5899.12167.

[20] New Development Bank, *Environment and Social Framework*, 5.

Alongside social inclusion, the NDB emphasizes ecological integrity. Its project financing frameworks address climate change mitigation and adaptation and promote the transition to a green economy. By conserving natural resources, such as water and energy, and advancing sustainable land and urban management, the Bank seeks to ensure that infrastructure investments remain climate-resilient and environmentally viable over the long term.[21] The NDB also distinguishes itself through its reliance on "country systems."[22] By using and strengthening borrowers' domestic regulatory frameworks and corporate governance structures, the Bank enhances local ownership, accountability, and institutional capacity. This decentralized approach is balanced by adherence to the precautionary principle, which requires proactive measures to prevent potential social and environmental harm.

The NDB also serves as a hub for knowledge exchange and collaboration. By harmonizing assessment protocols, monitoring standards, and environmental management requirements with partners in cofinanced projects, it improves capital efficiency and supports technical exchange and capacity building across the Global South.[23]

Strategic Mechanisms of NDB Climate Finance

The NDB's climate strategy relies on financial mechanisms designed to mobilize capital for sustainable development across BRICS member states. Green bonds are a key instrument for financing renewable energy generation, low-carbon infrastructure, and sustainable resource management. By allocating funds exclusively to projects that meet environmental criteria, the NDB ensures operational transparency. This approach strengthens investor confidence and diversifies climate finance by attracting institutional and international investors, encouraging private sector participation in sustainability initiatives.[24]

Alongside its capital market activities, the NDB uses project loans and blended finance to address funding gaps in large-scale climate adaptation and mitigation projects. Recognizing developing economies' budget constraints and risk profiles, the Bank provides project loans with flexible repayment terms and extended maturities. These funds support resilient infrastructure and energy-efficient technologies, reducing the burden on public finances while accelerating the transition to sustainable development.[25]

To amplify the impact of public resources, the NDB uses blended finance mechanisms. By assuming a share of project risks, the Bank de-risks climate in-

[21] T. Namwani, "The Role of BRICS Development Bank in Sustainable Financing," *Journal of International Economics and Development*, no. 2 (2023): 48.
[22] Sergio Gusmão Suchodolski and Julien Marcel Demeulemeester, "The BRICS Development Bank: An Alternative to the Bretton Woods Institutions?," *Review of International Political Economy* 25, no. 4 (2018): 618.
[23] Mzukisi Qobo and Mills Soko, "The Rise of Emerging Powers in the Global Development Finance Architecture: The Case of the BRICS and the New Development Bank," *South African Journal of International Affairs* 22, no. 3 (2015): 282, https://doi.org/10.1080/10220461.2015.1089785.
[24] Namwani, "Role of BRICS Development Bank," 50.
[25] William Daldegan and P. Carvalho, "The BRICS New Development Bank: Assessing Its Impact on Global Financial Governance," *International Journal of Economic Policy* 18, no. 3 (2022): 108.

vestments and makes them more attractive to private capital. Collaboration among states, multilateral organizations, and private investors has supported projects in energy grid modernization, carbon capture, and resilient transport, with socioeconomic benefits including job creation, economic growth, and improved living standards.[26]

These financial instruments are embedded in South–South cooperation. The NDB promotes mutually beneficial cooperation focused on the equitable distribution of resources and the exchange of technical expertise across the Global South. By responding to developing nations' needs, the Bank designs interventions in renewable energy, sustainable agriculture, and transport modernization that reduce carbon footprints and strengthen macroeconomic stability.[27]

Beyond providing capital, the NDB supports knowledge transfer through joint research and capacity-building platforms that disseminate climate solutions. This cooperation also promotes regional integration, enabling member states to pool resources for transboundary initiatives, such as joint energy grids and shared water resource management. Climate finance can thus support broader economic cohesion among emerging powers.

Empirical Evidence: Case Studies of NDB Climate Finance Projects

Examining projects across BRICS nations helps assess the operational impact of the NDB's climate finance mechanisms. These case studies illustrate the Bank's capacity to translate global climate objectives into infrastructure and energy solutions adapted to the socioeconomic conditions of the Global South.

Under the *General Strategy for 2022–2026*, the NDB committed to directing at least 40 percent of its total financing approvals toward climate mitigation and adaptation.[28] By the end of 2024, the Bank's approved project portfolio exceeded $34 billion and comprised more than 100 projects.[29] Evaluating these financing mechanisms requires distinguishing a project's intended strategic impact, expected *ex ante* results, and actual *ex post* outcomes. Strategic impacts involve broader goals such as fulfilling nationally determined contributions (NDCs), whereas *ex ante* results include emissions reductions projected during appraisal. Because many NDB-financed projects remain in implementation or early operation, reported climate metrics primarily reflect these forecasts. Anticipated generating capacity and estimated emissions reductions are projections; verifying environmental benefits will therefore require long-term post-completion audits.

India's transition to a low-carbon economy requires substantial capital, which the NDB has sought to provide. Its collaboration with Canara Bank and financing of the SAEL 300 MW solar project support renewable energy generation. Through targeted loans, the NDB facilitates the expansion of India's solar grid, contributing

[26] Shelepov, "Role of the NDB and AIIB," 660.
[27] Daldegan and de Borba, "Development Concept in BRICS."
[28] New Development Bank, *General Strategy for 2022–2026*, 4, 21.
[29] New Development Bank, *Annual Report 2024*, "Overview," accessed November 12, 2026, https://www.ndb.int/annual-report/2024/overview/.

to the country's NDCs on reducing carbon intensity. The SAEL solar project is expected to add 300 MW of capacity to the national grid and demonstrates the effectiveness of the NDB's blended finance models. By mitigating early-stage investment risks, the NDB attracts private sector participation, accelerating India's green energy transition while generating local employment and reducing reliance on fossil fuels.[30]

Beyond renewable energy, the NDB recognizes sustainable infrastructure's role in reducing emissions, as illustrated by its financing of Russia's Toll Roads Program. This initiative addresses traffic congestion and inefficient logistics as contributors to greenhouse gas emissions. Investment in these transport corridors incorporates sustainable construction technologies and aims to improve traffic flow. By reducing vehicle idling and improving logistical efficiency, the project is intended to reduce transport-related carbon dioxide emissions. Smart road technologies and environmentally resilient pavement materials also reflect the Bank's commitment to protecting infrastructure against extreme weather. Alongside energy and transport mitigation, the NDB addresses adaptation, particularly the disproportionate impact of climate change on water security.[31]

In Brazil, the NDB has prioritized water resource management, demonstrating a commitment to adaptation alongside mitigation. The Bank has financed projects to modernize sanitation infrastructure, improve water distribution networks, and strengthen drought resilience across vulnerable municipalities. These efforts are particularly important in regions facing prolonged dry spells and increasingly irregular rainfall. Through project loans for municipal water management, the NDB supports the preservation of ecosystems, public health, and agricultural productivity. This approach reflects its commitment to inclusive and sustainable development and addresses affected populations' immediate climate vulnerabilities.[32]

Contribution to Global Climate Governance: Alignment with International Frameworks

The New Development Bank operates within international climate and development frameworks, including the Paris Agreement and the Sustainable Development Goals (SDGs), aligning its activities with international standards and climate objectives. It directs resources toward projects that support BRICS member countries in adapting to climate change and fulfilling their emissions reduction commitments.

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[30] New Development Bank, "Canara Renewable Energy Financing Scheme Project," project summary for public disclosure, financing approved April 13, 2016, accessed November 8, 2026, https://www.ndb.int/wp-content/uploads/2017/01/Canara-Cancelled.pdf; New Development Bank, "SAEL 300MW Renewable Energy Project," financing approved December 27, 2024, accessed November 8, 2026, https://www.ndb.int/project/sael-300mw-renewable-energy-project/.

[31] New Development Bank, "Ufa Eastern Exit Project," financing approved November 20, 2017, accessed November 8, 2026, https://www.ndb.int/project/ufa-eastern-exit/.

[32] New Development Bank, "SABESP Investment Program," project summary for public disclosure, financing approved July 18, 2022, accessed November 8, 2026, https://www.ndb.int/wp-content/uploads/2017/01/SABESP-Water-00085.pdf.

Under the Paris Agreement, which calls for keeping global warming well below 2°C above preindustrial levels and pursuing efforts to limit it to 1.5°C, the NDB supports emissions reduction and the transition to low-carbon economies. It finances renewable energy, energy-efficient technologies, and sustainable infrastructure, contributing to national commitments to climate neutrality.[33]

The NDB also supports the SDGs, particularly Goal 13 on combating climate change. It provides financial and technical support for projects that promote sustainable growth, protect ecosystems, and reduce vulnerability to climate risks. The Bank thus helps integrate climate objectives into national strategic planning.[34]

The NDB also facilitates member countries' implementation of their NDCs under the Paris Agreement, enabling each nation to adapt its strategies to its particular climate conditions. The Bank assists developing countries in attracting finance and taking a scientifically grounded approach to climate challenges.[35]

Partnerships with Multilateral Institutions

The NDB's collaboration with multilateral institutions, including the GCF and the United Nations Framework Convention on Climate Change (UNFCCC), enhances its contribution to global climate governance and efforts to address climate challenges in developing countries.

The Green Climate Fund, a key financial mechanism of the Paris Agreement, mobilizes funds for countries most vulnerable to climate change. The NDB cooperates with the GCF to channel resources into mitigation and adaptation projects. This partnership combines their efforts to finance sustainable initiatives in renewable energy, sustainable agriculture, and water resource management, supporting international climate commitments.[36]

The UNFCCC, the primary framework for coordinating international efforts to combat climate change, is also an important partner for the NDB. Through this collaboration, the Bank supports projects aligned with the Paris Agreement's standards and objectives. This partnership connects national climate strategies with international efforts and strengthens the NDB's role in international climate finance.[37]

Cooperation with multilateral institutions promotes knowledge exchange and the sharing of best practices, helping the NDB improve its climate initiatives. It also opens access to additional funding and strengthens the Bank's capacity to implement ambitious climate projects in member countries.

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[33] United Nations Framework Convention on Climate Change (UNFCCC), "Adoption of the Paris Agreement," decision 1/CP.21, annex, art. 2(1)(a), FCCC/CP/2015/10/Add.1, January 29, 2016, https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf.

[34] New Development Bank, *General Strategy for 2022–2026*, 18.

[35] Adriana Erthal Abdenur, "Climate and Security: BRICS and the Global South," *SAGE Open* 7, no. 3 (2017): 5.

[36] Abdenur, "Climate and Security," 8.

[37] Hochstetler, "BRICS and Global Climate Governance," 140.

Promoting Equity and Accessibility

The NDB works to ensure equity and accessibility in climate finance for vulnerable countries. This involves providing resources and ensuring access for countries that suffer most from climate change but have limited capacity to mobilize financing.

The NDB supports Global South countries that face shortages of climate finance and technical expertise. It allocates funds to adaptation, ecosystem protection, and sustainable infrastructure projects. Reducing vulnerability to rising sea levels, droughts, floods, and other extreme weather events is particularly important.[38]

Equity and accessibility also inform the NDB's financial mechanisms, including project loans and grants. These resources are provided on terms suited to developing countries' economic capacities and climate risks, enabling them to implement large-scale climate projects without placing an excessive burden on public budgets.

The NDB also promotes public–private partnerships to increase the funding available to vulnerable countries. By attracting private investment, these partnerships help accelerate climate initiatives and support sustainable development where resources are limited.[39]

The NDB improves access to technical expertise, training, and knowledge exchange among member countries to increase the efficiency of climate resource use. These efforts include platforms for sharing best practices, joint research, and initiatives to implement innovative climate solutions.

Institutional Comparison and Critical Discourse

Assessing the NDB's approach to climate finance requires comparing it with established international financial institutions (IFIs), such as the World Bank, and newer institutions, such as the Asian Infrastructure Investment Bank (AIIB). This comparison examines shareholding, environmental safeguards, and lending currencies. The World Bank's voting system is tied to capital contributions, whereas the AIIB's structure gives China a *de facto* veto. At the NDB's founding, each founding member was allocated twenty percent of votes. The World Bank applies prescriptive environmental and social frameworks, while the NDB relies on "country systems," using national regulations to guide and accelerate project approvals. Finally, the NDB promotes local-currency lending to protect borrowers from exchange rate fluctuations, departing from the historical dominance of the dollar in the Bretton Woods system.[40]

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[38] New Development Bank, *Environment and Social Framework*, 8.
[39] Shelepov, "Role of the NDB and AIIB," 662.
[40] Hongying Wang, "The New Development Bank and the Asian Infrastructure Investment Bank: China's Ambiguous Approach to Global Financial Governance," *Development and Change* 50, no. 1 (2019): 221–44, https://doi.org/10.1111/dech.12473.

Table 1 compares the institutional and climate finance governance frameworks of the NDB, World Bank, and AIIB.

Table 1. Comparative Institutional and Climate Finance Governance Framework

Evaluation Criteria	World Bank (IBRD/IDA)	Asian Infrastructure Investment Bank (AIIB)	New Development Bank (NDB)
Shareholding and Decision-Making	Weighted by capital subscription; asymmetric voting structure with US veto power over major charter amendments.	Weighted voting, but China holds effective *de facto* veto over major institutional resolutions (approximately 26.6% voting power).	Egalitarian parity at founding: equal shareholding and voting power (20% for each founding member); no single-state unilateral veto.
Membership Base	Universal global membership (189 countries), historically dominated by G7 donor nations.	Broad international membership (more than 100 members), encompassing developed and developing non-regional states.	Compact sovereign core (founding BRICS plus select expanded emerging market members).
Environmental and Social Safeguards	Top-down, prescriptive Environmental and Social Framework featuring strict *ex ante* conditionalities.	Hybrid framework heavily influenced by international best practices and multilateral cofinancing standards.	Relies on domestic "country systems," using the borrowing country's own environmental and social regulations to streamline project approvals.
Climate Targets and Strategic Focus	35% average climate finance target for 2021–2025; established carbon-pricing criteria; focus on governance conditionality.	Target of 50% climate financing by 2025; high volume of cofinancing with traditional Western MDBs.	Target of 40% of financing approvals for climate mitigation and adaptation (2022–2026); focus on national sovereignty.
Local Currency Lending	Historically dominated by USD/EUR sovereign borrowing facilities.	Primarily USD denominated, with cautious, incremental local currency expansion.	Target of 30% of total financing in members' national currencies over 2022–2026.

Source: Compiled by the author.

As Table 1 shows, the NDB's institutional distinctiveness lies in its rejection of policy conditionality and emphasis on borrower sovereignty, alongside its green debt instruments. Proponents argue that this approach respects sovereignty, reduces

bureaucratic delays, and accelerates climate finance disbursement. It embodies South–South cooperation free from the conditions historically imposed by the Bretton Woods institutions.[41] Critics, however, warn that reliance on national systems can dilute environmental safeguards where regulations or enforcement remain weak.[42] Western critics therefore raise concerns about "greenwashing": labeling projects sustainable without meeting the World Bank's environmental and social standards.[43]

The NDB's operational capacity must also be considered in its geopolitical context. Unlike the AIIB, which has more than 100 members, including major Western economies, the NDB's capital base is concentrated among the core BRICS nations. This concentration creates liquidity risks and increases its exposure to geopolitical shocks. Sanctions targeting member states, for example, can complicate the Bank's fundraising on international capital markets and its dollar-denominated transactions. This encourages a shift toward local-currency lending, consistent with the BRICS agenda of financial multipolarity, but also introduces exchange rate risks that the Bank must manage.[44]

To strengthen its position in global climate governance, the NDB must balance its noninterventionist, borrower-friendly approach with environmental safeguards that are robust, verifiable, and capable of delivering sustainable development.

Structural Challenges and Institutional Limitations

Despite its transformative potential, the New Development Bank faces interrelated financial, governance, and political limitations. Foremost is its restricted financial capacity. Although its objectives emphasize sustainable development and climate finance, its capital base remains constrained compared with established institutions such as the World Bank or specialized entities such as the Green Climate Fund. This limits the Bank's ability to expand sustainability initiatives and finance large-scale adaptation projects in highly vulnerable regions. Addressing this constraint requires diversifying funding sources through private institutional investment, international climate grants, and cofinancing with other multilateral development banks.[45]

The NDB's operational efficiency is also constrained by differences in policy, economic structures, and regional conditions among its members. BRICS countries have divergent macroeconomic structures, climate vulnerabilities, and environmen-

[41] Kevin P. Gallagher and Richard Kozul-Wright, *The Case for a New Bretton Woods* (Cambridge: Polity Press, 2022), 92.
[42] Peter Kragelund and Pádraig Carmody, "BRICS' New Development Bank and the 'New' Financial Architecture," *Review of African Political Economy* 43, no. 149 (2016): 492.
[43] Susan Park, "Institutionalizing Environmental Norms in the Multilateral Development Banks," *Global Environmental Politics* 14, no. 4 (2014): 125.
[44] Gallagher and Kozul-Wright, *Case for a New Bretton Woods*, 92.
[45] Stepanova, "Analysis and Prospects," 35.

tal priorities.[46] These differences complicate coordination and the formulation of a common climate strategy, slowing project implementation.[47]

Treating BRICS or the Global South as homogeneous overlooks important structural differences. China and India, for example, prioritize decarbonizing power grids and expanding renewable energy while balancing economic growth with emissions control. Brazil's priorities include sustainable land use, forest conservation, and adapting agriculture to changing water cycles. Resource exporters such as Russia and South Africa face the socioeconomic challenges of a "just transition," seeking to reduce reliance on fossil fuels without destabilizing industrial regions. This diversity requires the NDB to adapt its financing instruments to distinct national conditions.[48]

These differing national needs create strategic and logistical challenges for the NDB. The Bank can struggle to reconcile transnational priorities, distribute limited funds equitably, and establish common measures of project success. More flexible, regionally responsive management could address these problems. Closer operational ties with national and local governments could reduce administrative delays and improve decision-making.[49]

Unequal political influence compounds these financial and administrative challenges. Although equal voting shares were designed to prevent any single nation's dominance, differences in members' geopolitical and economic power can undermine this formal parity. More powerful members could direct climate finance toward projects serving their own national interests or geopolitical agendas, at the expense of less developed regions with acute climate vulnerabilities. Such an imbalance would undermine the goal of equitable, sustainable development. To reduce the risk of political capture, the NDB must strengthen democratic decision-making and broaden participation in strategy and capital allocation, safeguarding its integrity and ensuring a balanced, needs-based distribution of resources.[50]

Strategic Prospects and Policy Recommendations

To strengthen its contribution to global climate governance, the NDB must expand climate finance, improve institutional governance, and deepen cooperation across sectors. Diversifying capital sources is essential to increasing its climate impact. Private institutional investment can help finance large-scale climate infrastructure, but mobilizing it requires the Bank to refine and diversify its financial instruments. Expanding green bond issuance, tailoring concessional loans, and developing blended finance mechanisms could de-risk sustainable projects and attract investors. Integrating these mechanisms into long-term strategy would support sustained capital mobilization. Partnerships with the World Bank, Green Climate Fund, and

[46] Abdenur, "Climate and Security," 4–6.
[47] Brigitte Schulz, "BRICS and Global Climate Governance," *Journal of Environmental Policy & Planning* 19, no. 5 (2017): 605–8.
[48] Abdenur, "Climate and Security," 4–6.
[49] Qobo and Soko, "Rise of Emerging Powers," 280–82.
[50] Hooijmaaijers, "New Development Bank and Its Role," 88.

regional development banks could also expand resources and improve coordination.[51]

The NDB's long-term effectiveness and legitimacy also depend on stronger internal governance. The Bank must prioritize transparent decision-making and rigorous, verifiable project monitoring. Transparency in resource allocation and disbursement is essential to maintaining trust among members, investors, and external partners. This must be accompanied by greater inclusion. Local communities, grassroots nongovernmental organizations, and private sector participants should be involved in designing and implementing climate projects. Institutionalizing their participation would make interventions more responsive to diverse interests, strengthen legitimacy, and reduce socioeconomic tensions associated with large development projects.[52]

The NDB can increase its global influence by expanding cooperation with international and local partners. Closer ties with the UN, World Bank Group, and Green Climate Fund would help integrate its initiatives into the global climate agenda, widen access to finance, and improve coordination of mitigation and adaptation. Partnerships with subnational governments, domestic enterprises, and local academic institutions are equally important for implementation suited to regional vulnerabilities. Connecting international climate objectives with local action can help expand climate initiatives and support sustainable development in the regions most exposed to the climate crisis.

Conclusion

The New Development Bank has emerged as a transformative institution in global climate finance, addressing deficiencies in traditional global governance. Its polycentric model challenges the dominance of the Bretton Woods institutions and redefines South–South cooperation. The Bank advances a mutually beneficial partnership model that prioritizes the Global South's socioeconomic conditions and development needs. It thus offers a model for more equitable, inclusive, and democratic international climate governance.

The Bank's use of green bonds, tailored project loans, and blended finance provides a pragmatic response to the climate finance gap. Its investments in India's renewable energy grids, Russia's sustainable transport infrastructure, and Brazil's water management systems translate multilateral commitments into local ecological resilience. These interventions highlight its capacity to balance climate mitigation and adaptation with economic stability and inclusive growth across developing nations.

The NDB's future and legitimacy will depend on its ability to address its structural, financial, and geopolitical limitations. Priorities include mobilizing private institutional investment, strengthening transparency, and deepening partner-

[51] New Development Bank, *General Strategy for 2022–2026*, 22.
[52] Daldegan and Carvalho, "BRICS New Development Bank," 112; Oliver Stuenkel, *The BRICS and the Future of Global Order* (Lanham, MD: Lexington Books, 2015), 115.

ships with international institutions and local stakeholders. Reconciling its noninterventionist, borrower-centered approach with verifiable environmental safeguards would enable the Bank to reshape development finance and advance a sustainable, equitable climate future for vulnerable nations.

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The author affirms this research did not involve human subjects.

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