

---

## SSC in Statistics

---

### Emerging Trends in Development Finance from Multilateral Development Banks to BRICS Countries

---



*Sushil Kumar\**

Multilateral development banks (MDBs) provide financial resources to developing countries in the form of loans and grants for promoting socio-economic development. This write-up analyses the commitments of development finance by the New Development Bank (NDB), World Bank, Asian Development Bank (ADB), African Development Bank (AfDB) and Inter-American Development Bank (IDB) to the BRICS nations, namely China, India, Russia<sup>1</sup>, Brazil and South Africa between 2016 and 2020. The combined committed development finance provided by the MDBs to selected countries increased from USD 15.52 billion in 2016 to USD 27.42 billion in 2020 in nominal terms.

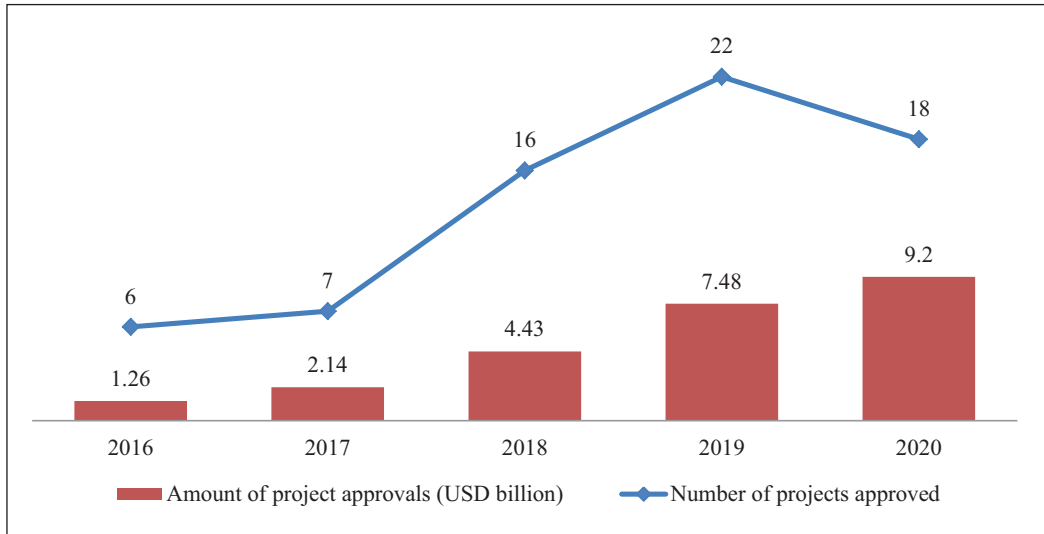
#### Development Finance Commitments by NDB

The NDB has been providing development finance to member countries since 2016. The objective to finance infrastructure and sustainable development projects in BRICS and other emerging economies, including other developing countries (NDB, 2020). However, the fund flow so far has been restricted to only the BRICS countries. Figure 1 shows the cumulative project approvals between 2016 and 2020 totalled USD 24.51 billion for 69 projects in the member countries. It is important to note that NDB also provides development finance to the member countries in their respective national currencies.<sup>2</sup>

---

\* Assistant Professor, RIS. Views expressed are personal.

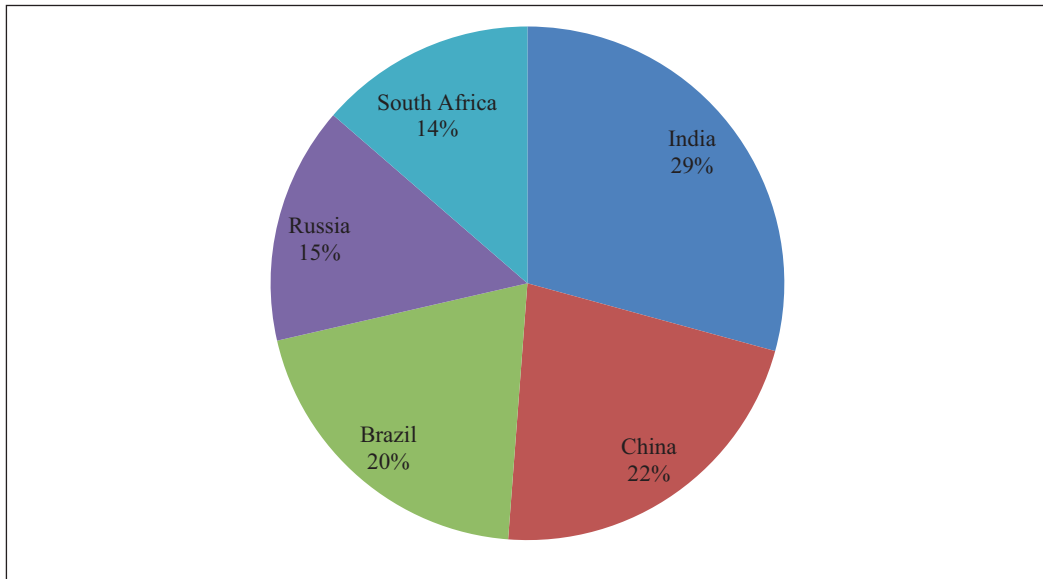
**Figure 1: Value of Projects Financed by NDB (USD billion)**



*Source:* Author's calculation, based on the data from NDB.

Figure 2 shows that India and China account for about 51 per cent share of total project approved by the banks over the period of 2016-20. In terms of values it was USD 12.6 billion.

**Figure 2: Share of BRICS in Total Development Finance from NDB (2016-2020)**

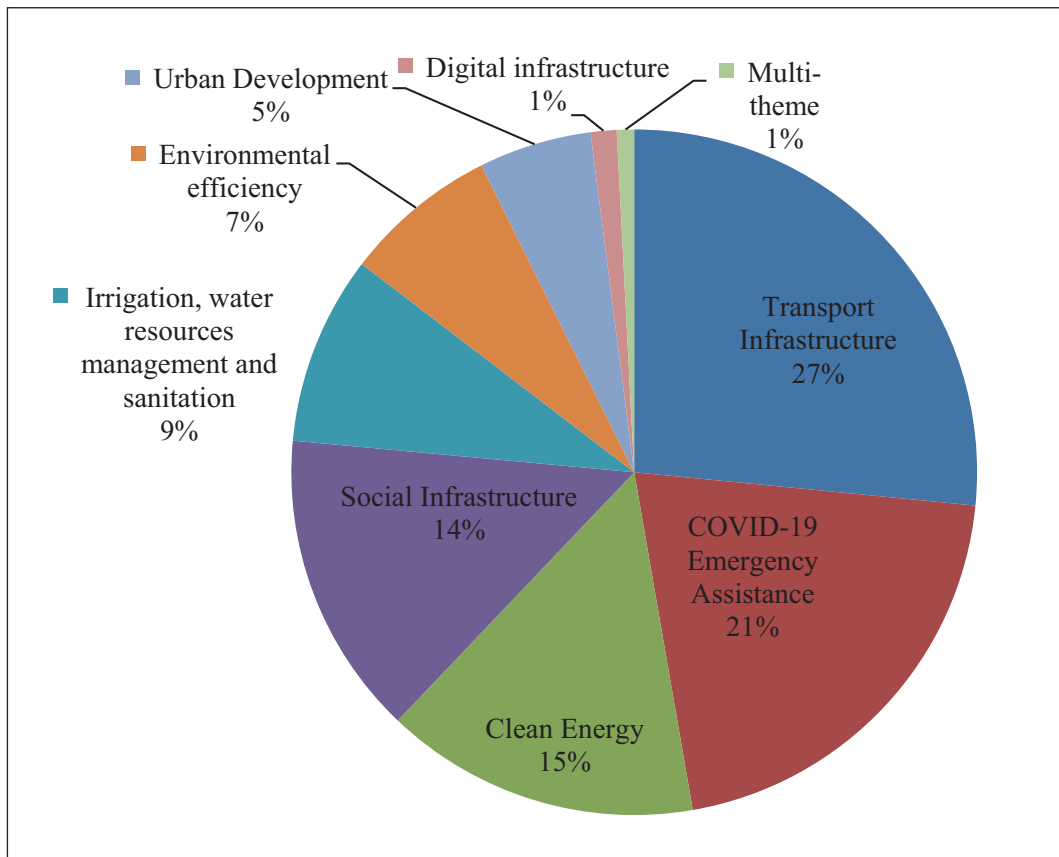


*Source:* Author's calculation, based on the data from NDB.

It is important to analysis the Bank's portfolio by sectors. As Figure 3 shows, the transport infrastructure represents 27 per cent (USD 6.51 billion) of total approvals,

followed by COVID-19 related emergency projects (21 per cent), clean energy (15 per cent), social infrastructure (14 per cent) and Irrigation, water resources management & sanitation (9 per cent). In 2020 the loan of RMB 7 billion (USD 1.08 billion) to China was the first loan of the NDB to help China in combating the immediate health impacts of COVID-19.

**Figure 3: Key Sectors Provided with Development Finance by NDB to BRICS Countries (2016-2020)**

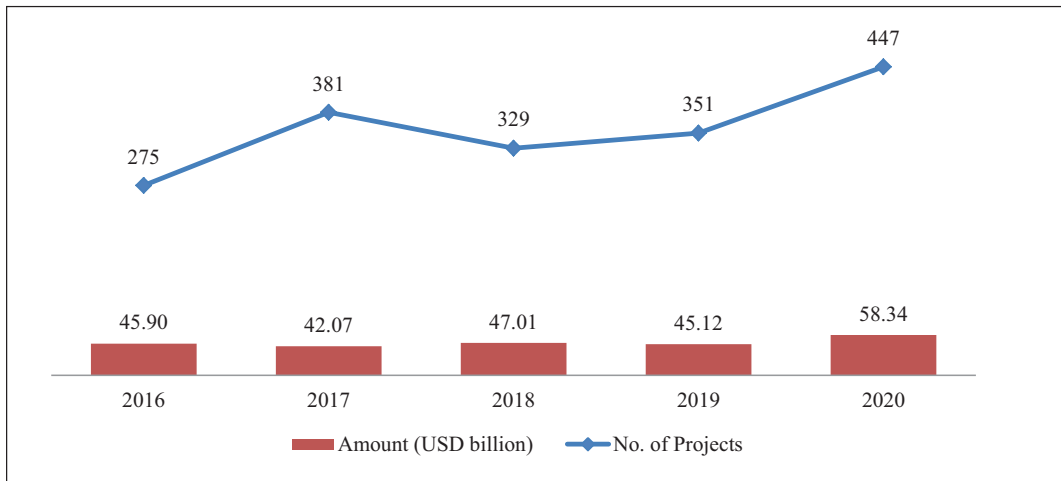


*Source:* Author's calculation, based on the data from NDB.

## Development Finance Commitments by World Bank

World Bank group commits to help the member countries to achieve better development outcomes. It also helped the member states addressing the health and economic impacts of COVID-19.<sup>3</sup> Development finance rose to USD 58.34 billion in 2020, a little above 29 per cent higher than the previous year and the total projects approval also increased from 351 to 447 during the same time period (see Figure 4). Cumulative lending of the World Bank to member countries from 1945 to 2020 was USD 1.77 trillion (USD 0.75 trillion by IBRD and USD 0.42 trillion by IDA).

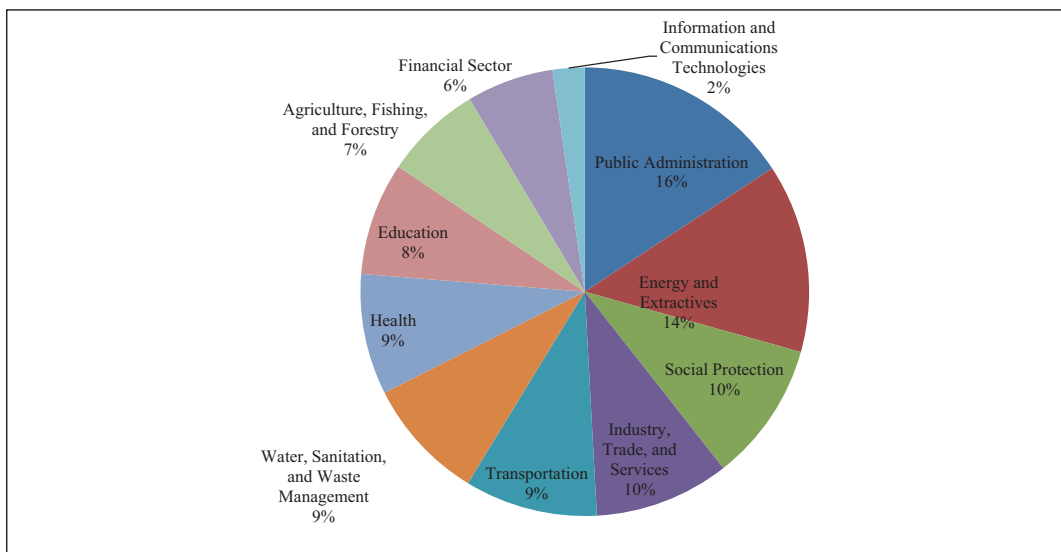
**Figure 4: Development Finance Commitments by World Bank (IBRD & IDA) (USD billion) (Total)**



*Source:* Author’s calculation, based on the data from World Bank. Note. Total amount is total amount of grant and loan commitment of IDA and IBRD.

The sector with the highest commitment of development finance by the World Bank over the time period 2016-2020 was public administration, which was USD 37.51 billion (16 per cent) followed by energy and extractives sector, which was USD 32.46 billion (14 per cent), social protection sector was given USD 24.01 billion (10 per cent), industry and trade services was provided USD 23.22 billion (10 per cent), transportation USD 22.85 billion, water, sanitation and waste management USD 21.08 billion and health USD 20.76 billion (see Figure 5).

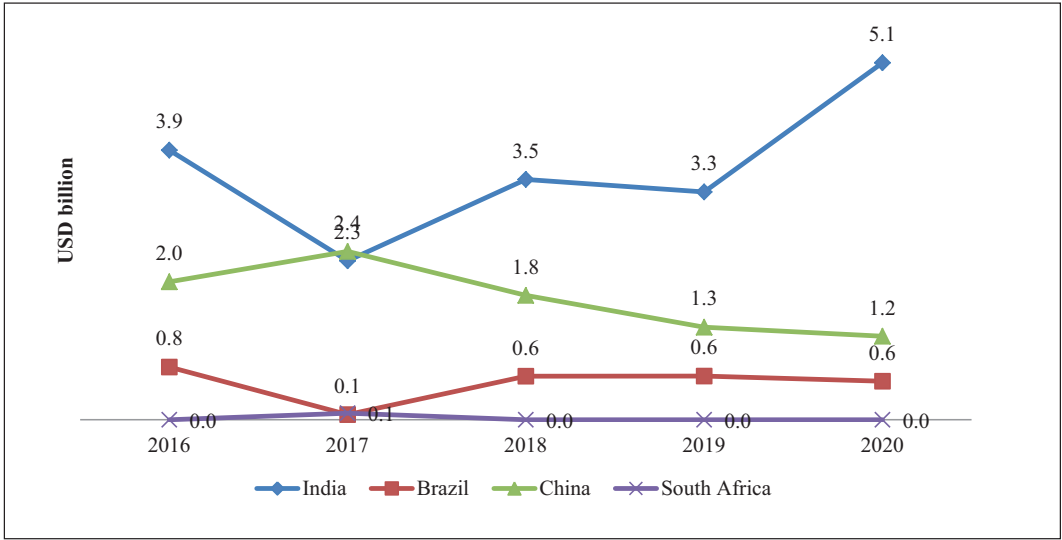
**Figure 5: Key Sectors of Development Finance of World Bank (2016-2020)**



*Source:* Author’s calculation based on the data from World Bank.

Figure 6 shows that lending from the World Bank to Brazil, India, China and South Africa (BICS) together increased from USD 6.6 billion during 2016 to USD 6.9 billion in 2020, which was accounted for 11.82 per cent of total World Bank lending in 2020.<sup>4</sup> Commitments of development finance by World Bank to India have been increased from USD 3.9 billion in 2016 to USD 5.1 billion in 2020. However, decline has been noted in development finance to China from USD 2.2 billion to USD 1.2 billion during the same period.

**Figure 6: Development Finance Commitments by World Bank to BICS Countries (USD billion) (Country-wise)**

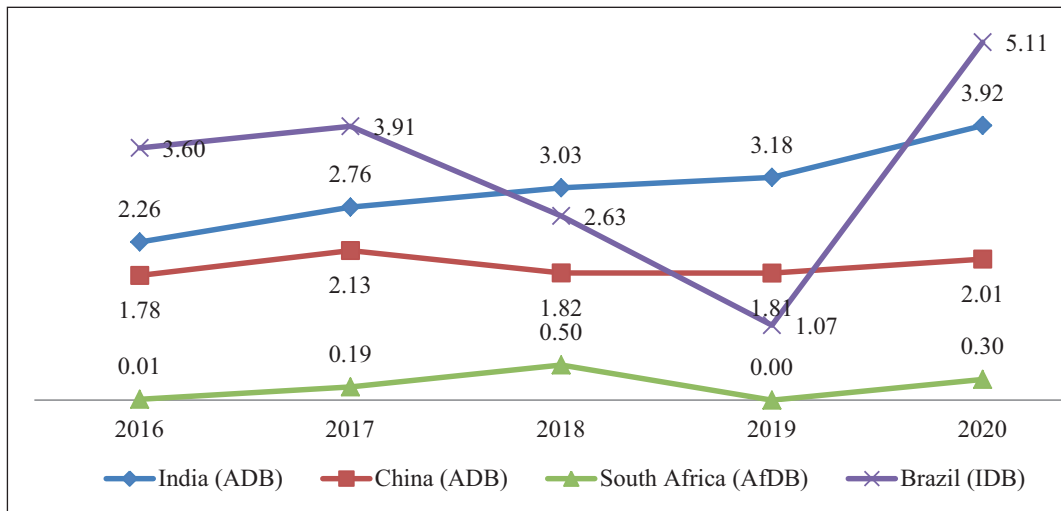


*Source:* Author’s calculation, based on the data from World Bank. Note. Total amount is total amount of grant and loan commitment of IDA and IBRD.

**Development Finance Commitments by RDBs**

Figure 7 shows the commitment of development finance by Asian Development Bank, African Development Bank and Inter American Development Bank to India, China, South Africa and Brazil over the period 2016-2020.<sup>5</sup> The ADB assistance to India commenced in 1986 (MoF, 2020). In 2020, annual lending of ADB to India increased to USD 3.92 billion including a USD 1.5 billion support to COVID-19 Active Response and Expenditure Support (CARES) program to support the health sector and provide social protection for more than 800 million people (MoF, 2020). Since 1986, ADB has committed cumulative loan totalling USD 39.2 billion to China.<sup>6</sup> In 2020, ADB committed more than USD 2 billion loan for development projects in China (see Figure 8).

**Figure 7: Development Finance Commitments by Regional Development Banks to BICS Countries (USD billion)**



Source: Author's calculation, based on the data from Regional Banks.

In 2020, IDB has committed USD 5.11 billion loan to Brazil including USD 0.75 billion loan for financial sustainability and promote the economic recovery of micro, small and medium sized enterprises to support employment and tackle the COVID-19 crisis.<sup>7</sup>

**Figure 8: Share of MDBs in total Development Finance (2016-2020)**

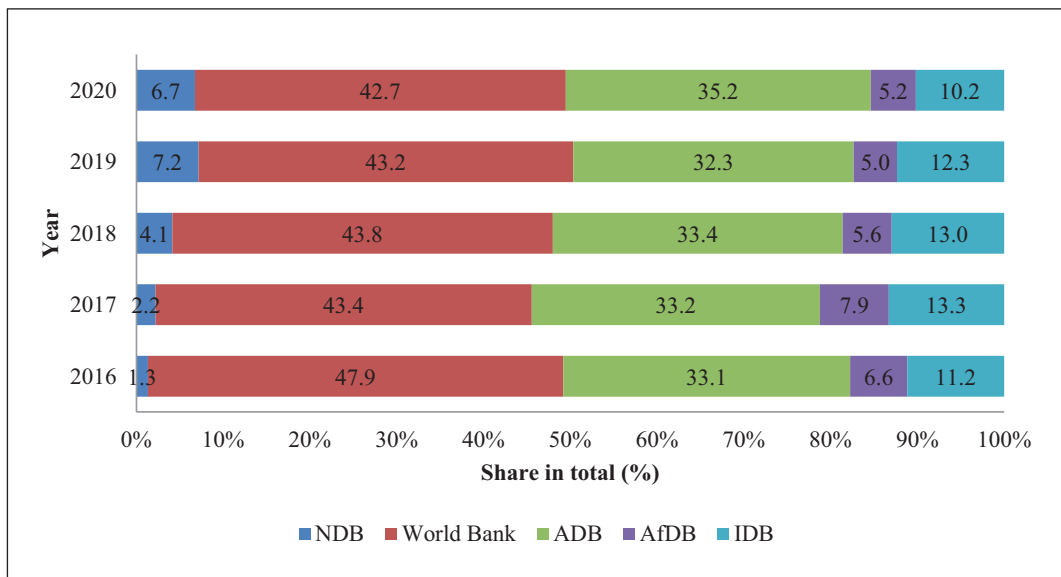
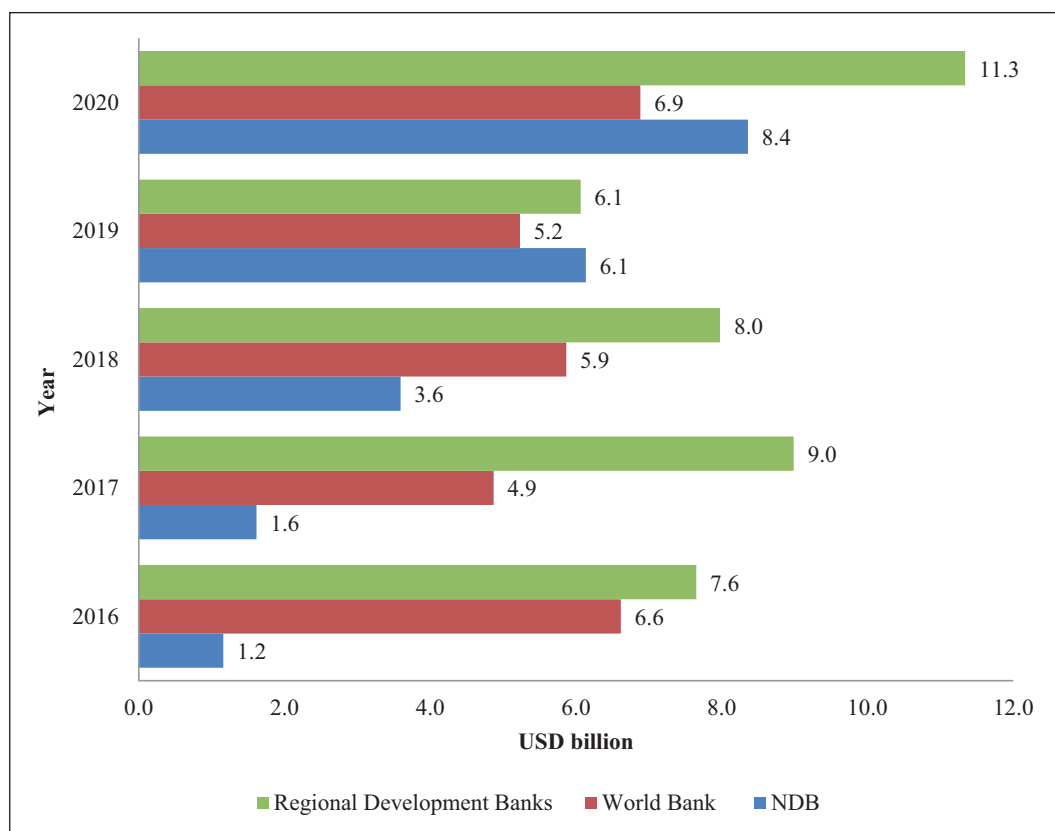


Figure 8 shows that share of NDB and ADB in total development finance increased from 1.3 per cent and 33.1 per cent in 2016 to 6.7 per cent and 35.2 per cent in 2020, respectively.

**Figure 9: Development Finance from Multilateral, Regional Development Banks and NDB to BICS Countries, (USD billion)**

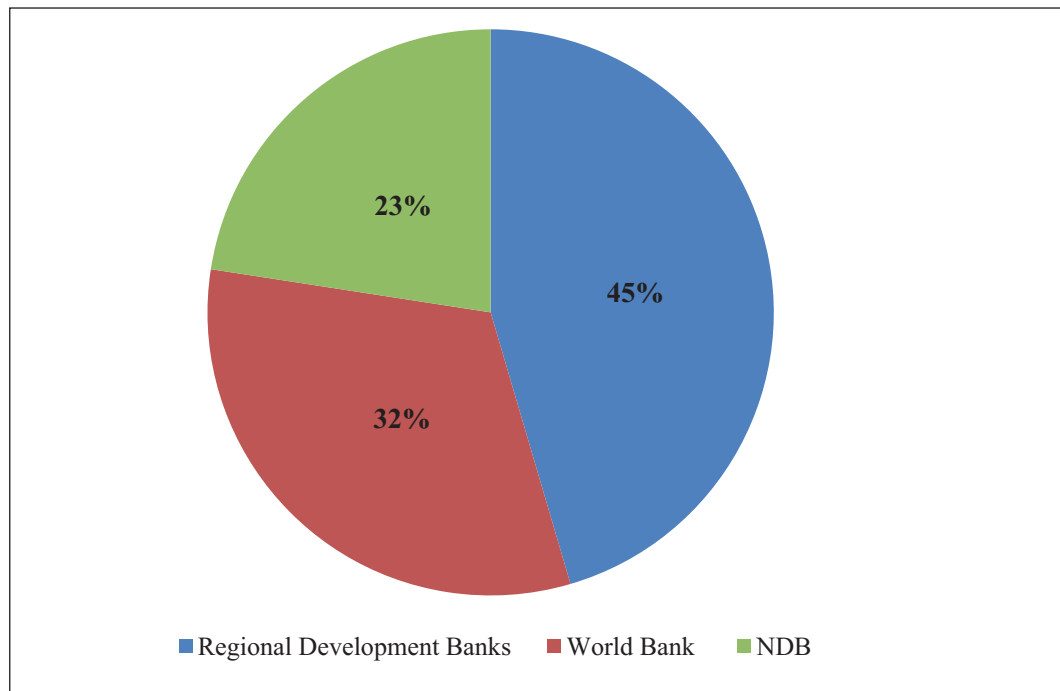


*Source:* Author's calculation, based on the data from World Bank, Regional Development Banks and NDB. Regional Development Banks are ADB (India and China), AfDB (South Africa) and IDB (Brazil)

Collectively, the MDBs (World Bank, NDB, ADB, IDB and AfDB) committed USD 15.42 billion to India, Brazil, China and South Africa in 2016, which increased USD 26.58 billion in 2020. The share of development finance of regional banks (ADB, AfDB and IDB) in total MDBs commitment to selected countries has declined from 49.59 per cent in 2016 to about 43 per cent in 2020. On the other hand, the share of NDB in total lending of MDBs has increased from 8 per cent to more than 31 per cent during the same time period. In case of World Bank's share in total MDBs commitment of development finance to BICS countries declined from 42.88 per cent in 2016 to 26 per cent in 2020. It is important to note that in absolute terms commitment of development finance by all MDBs has increased (see Figure 9).

Figure 10 show that regional development banks account the largest share in the total commitment of development finance to the member countries from 2016 to 2020.

**Figure 10: Share of Multilateral, Regional Development Banks and NDB in total Development Finance (2016-2020) to BICS Countries**



*Source:* Author’s calculation, based on the data from World Bank, Regional Development Banks and NDB. Regional Development Banks are ADB (India and China), AfDB (South Africa) and IDB (Brazil)

**Endnotes**

- <sup>1</sup> Data available from NDB
- <sup>2</sup> As NDB (2020) mentioned that 75 per cent of its cumulative approval’s project in China were made in RMB and 27 per cent cumulative approval’s projects in South Africa were made in ZAR.
- <sup>3</sup> Amount approved by board.
- <sup>4</sup> Russia did not receive any development finance from the World Bank group since 2013 (<https://projects.worldbank.org/en/projects-operations/projects-list?os=0>). So flows to BICS countries refer to development finance committed to Brazil, India, China and South Africa.
- <sup>5</sup> India was a founding member of the Asian Development Bank (ADB) in 1966.

- <sup>6</sup> ADB. (2021). ADB’s Work in the People’s Republic of China. *Asian Development Bank Fact Sheet*. Available at <https://www.adb.org/countries/prc/overview>
- <sup>7</sup> IDB. (2021). Brazil to boost digital transformation with IDB support. *Inter-American Development Bank News Releases*. Available at <https://www.iadb.org/en/news/brazil-boost-digital-transformation-idb-support>

**References**

ADB. (2021). ADB’s Work in the People’s Republic of China. *Asian Development Bank Fact Sheet*. Available at <https://www.adb.org/countries/prc/overview>



- IDB. (2021). Brazil to boost digital transformation with IDB support. *Inter-American Development Bank News Releases*. Available at <https://www.iadb.org/en/news/brazil-boost-digital-transformation-idb-support>
- IDB. (2020). *Inter-American Development Bank: Annual Report 2020*. Available at <https://publications.iadb.org/publications/english/document/Inter-American-Development-Bank-Annual-Report-2020-The-Year-in-Review.pdf>
- New Development Bank. (2017). *NDB's General Strategy: 2017 - 2021*. Available at: <https://www.ndb.int/wp-content/uploads/2017/08/NDB-Strategy.pdf> [Accessed on 24, June, 2021].
- New Development Bank. (2020). *Annual Report 2020-21: Meeting ever-evolving development challenges*. Available at <https://www.ndb.int/annual-report-2020/>
- Ministry of Finance, GOI. (2020). *Annual Report 2020-21*. Ministry of Finance, Government of India. Available at <https://dea.gov.in/sites/default/files/Annual%20Report%202020-2021%20%28English%29.pdf>

## TRIANGULAR COOPERATION OF INDIA WITH UN WFP IN ZIMBABWE FOR CLIMATE RESILIENT AGRICULTURE

With the aim of strengthening resilience to climate change and to address the challenge to ensure the Agenda 2030 benefits all, India has contributed almost US\$ one million to the United Nations World Food Programme (WFP) for climate resilient agriculture in Zimbabwe through the India-UN Development Partnership Fund. Such a project of climate change mitigation will stand as an example of successful triangular cooperation. Zimbabwe relies primarily on agriculture for their livelihood with 70 percent of its population invested in agriculture. This contribution comes at a crucial time when the country has been struggling with consecutive years of drought, cyclones, and unpredictable weather patterns. The contribution is aimed towards 5200 smallholder farmers in Chiredzi and Mangwe districts and will help in ensuring social protection and resilience of smallholder farmers. The project led by WFP Zimbabwe will provide expertise through its Smallholder Agricultural Market Support (SAMS) programme to strengthen the resilience and capacity of selected smallholder farmers and will promote the cultivation of drought-tolerant small grains and legumes in an effort to reduce the negative effects of recurring droughts in Zimbabwe.

“This project is focused on increasing small grains production and market access. It will provide a good opportunity for successful Southern practices to be tested and scaled, improving the lives of rural Zimbabweans,” said Mr Adel Abdellatif, Director of the United Nations Office for South-South Cooperation. WFP will build on existing collaboration with partners to combine relevant expertise, alongside the United Nations Food and Agriculture Organization (FAO), the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement, and the Department of Agricultural Technical and Extension Services (Agritex). Partners will procure small grain seeds and fertilizers from in-country producers and deliver these inputs to selected smallholder farmers in identified districts – along with providing technical support and training to enhance production.

WFP and partners have supported 60,000 smallholder farmers - female-headed households accounting for 70 percent of the total - across 30 rural districts through small grain production activities in Zimbabwe between the years 2020 and 2021.

**Source:** APO Group (WFP). (2021, August 24). India Extends up to a Million USD for Climate Resilient Agriculture in Zimbabwe. African News. Available at <https://www.africanews.com/2021/08/24/india-extends-up-to-a-million-usd-for-climate-resilient-agriculture-in-zimbabwe/>