

## Changing Directions in Infrastructure Finance and the Role of BRICS+ in Making of a New Global South

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The proposed research will look into the recent developments in the domain of infrastructure finance in the BRICS+ countries in order to explore the possibilities of the making of a new Global South. In a recently concluded BRICS summit in Kazan, Russia, a number of countries from Africa, Asia, Latin America, Europe and the Middle East were invited to participate in a forum by the name 'BRICS and Global South: Building a Better World Together.'<sup>1</sup> Identified as EMDCs (Emerging Markets and Developing Countries), these countries are said to be interested in joining BRICS in the 'Partner Country Category.' The BRICS website as of today shows the flags of not only its primary member countries but also those of Egypt, Ethiopia, Iran, Saudi Arabia, UAE, Indonesia, Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda and Uzbekistan. It is not clear how many of these countries have actually accepted the membership, but a message is clearly being sent that BRICS wants to rise above its initial identity as "a loose economic alliance" to become a "a potentially transformative geopolitical force."<sup>2</sup> The BRICS declaration made in Kazan in October 2024 also notes "the emergence of new centres of power, policy decision-making and economic growth, which can pave the way for a more equitable, just, democratic and balanced multipolar world order."<sup>3</sup> One of the primary research questions, therefore, should be what kind of role infrastructure finance will play in envisioning and realising this ambition.

Infrastructure finance, especially since the COVID outbreak in 2019, has become one of the pivotal sites of sustainable investment for the private sector. A World Bank brief in 2022, for example, estimates an investment gap of 1.3 trillion per year in the EMEs (Emerging Market Economies) and indicates infrastructure as the potential site for reducing this gap.<sup>4</sup> "The international development community acknowledges the increasing need for enhanced participation of the private sector, especially as long-term financier, in infrastructure projects," the brief continues. "Furthermore, with green- and resilience infrastructure needed, this adds a dimension of green-financing that will be critical to meet both infrastructure needs and climate goals."<sup>5</sup> A recent report by Price-Waterhouse-Coopers (PWC) puts it more cogently:

The infrastructure sector sits at a collision point of global disruptions, including shifts in capital availability, evolving social and environmental priorities, and rapid urbanisation. However, the emergence of COVID-19 introduces an altogether new set of challenges. The full impact of the pandemic will take years to play out. Yet in the near term, we believe it will affect governments' ability to finance large-scale projects. Most countries faced a gap between infrastructure needs and financial resources before the pandemic hit; that gap is now larger as a result of it. Successful infrastructure delivery demands close alignment and collaboration between a wide range of participants, each with its own agenda and interest. The result? No single player acting alone can effect real change in the sector.<sup>6</sup>

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<sup>1</sup> [https://www.mea.gov.in/bilateral-documents.htm?dtl/38450/Kazan\\_Declaration\\_Strengthening\\_Multilateralism\\_For\\_Just\\_Global\\_Development\\_And\\_Security](https://www.mea.gov.in/bilateral-documents.htm?dtl/38450/Kazan_Declaration_Strengthening_Multilateralism_For_Just_Global_Development_And_Security)

<sup>2</sup> 'Could BRICS Redefine Asia's Power Balance?' <https://infobrics.org/en/post/47987/>

<sup>3</sup> [https://www.mea.gov.in/bilateral-documents.htm?dtl/38450/Kazan\\_Declaration\\_Strengthening\\_Multilateralism\\_For\\_Just\\_Global\\_Development\\_And\\_Security](https://www.mea.gov.in/bilateral-documents.htm?dtl/38450/Kazan_Declaration_Strengthening_Multilateralism_For_Just_Global_Development_And_Security)

<sup>4</sup> <https://www.worldbank.org/en/topic/financialsector/brief/infrastructure-finance>

<sup>5</sup> Ibid.

<sup>6</sup> <https://www.pwc.com/gx/en/industries/capital-projects-infrastructure/publications/infrastructure-trends/global-infrastructure-trends-financing.html>

It seems that BRICS is trying to combine this growing demand for private interest in infrastructure development with the ambition of emerging as an influential power bloc by opening its doors to strategic partners and devising institutions and instruments, which will initiate a new financial order bypassing the dollar dependency. The Kazan Declaration, in a section titled ‘Fostering Economic and Financial Cooperation for Just Global Development,’ emphasises the need to “limit the risks stemming from geopolitical and geo-economic fragmentation and commit to intensify efforts in areas of mutual interest, including but not limited to, trade, poverty and hunger reduction, sustainable development, including access to energy, water and food, fuel, fertilizers as well as mitigating and adapting to the impact of climate change, education, and health, including pandemic prevention, preparedness and response.”<sup>7</sup> In the same section, it recognises “that the use of blended finance is an effective way to mobilize private capital to finance infrastructure projects.”<sup>8</sup> In this context, it notes the important role played by the multilateral development banks and development finance institutions in fostering the efficacy of “blended finance” and achieving the Sustainable Development Goals. Setting up the stage, it then introduces the plan to develop the New Development Bank (NDB) into “a new type of MDB [Multilateral Development Bank]” with expanded membership and in liaison with BRICS Interbank Cooperation Mechanism (ICM).<sup>9</sup> The plan is not only to raise investment in physical infrastructure but to support financial infrastructure in the member countries, devise new instruments, increase transactions in local currencies so as to avoid dollar and make way for digital economy.

Founded in 2014, the NDB has been quite active in fulfilling its mandate of financing infrastructure in its member countries, which include, apart from Brazil, Russia, India, China and South Africa, Bangladesh, UAE, Egypt and Algeria. Each of the BRICS countries holds 18.9 percent of the share and the other countries have the rest. Its general strategy for 2022-26 is described in the website as “scaling up development finance for a sustainable future,” for which it intends to mobilise private capital, co-finance with other MDBs, expand non-sovereign and local currency operations, issue thematic bonds, and focus on specific areas like clean energy, transport, water and sanitation, environment protection and social and digital infrastructure.<sup>10</sup> Since its inception, it has funded multiple projects, many in collaboration with private contractors and financiers. The following is a list of some of its approved/proposed projects in India in the last couple of years:

<b>Name of the project</b>	<b>Implementing/borrowing entity</b>	<b>Budget</b>	<b>Status</b>
Piramal Finance Affordable Housing Project	Piramal Finance	USD 75 million	Proposed
Shriram Finance Sustainable Transport Project	Shriram Finance	USD 125 million	Approved
SAEL 300MW Renewable Energy Project	SAEL Solar MHP1 Private Limited	USD 63 million	Approved

<sup>7</sup> [https://www.mea.gov.in/bilateral-documents.htm?dtl/38450/Kazan\\_Declaration\\_Strengthening\\_Multilateralism\\_For\\_Just\\_Global\\_Development\\_And\\_Security](https://www.mea.gov.in/bilateral-documents.htm?dtl/38450/Kazan_Declaration_Strengthening_Multilateralism_For_Just_Global_Development_And_Security)

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> <https://www.ndb.int/about-ndb/general-strategy/>

Madhya Pradesh State Highways Improvement Project	Republic of India	USD 490 million	Approved
Shimla Innovative Urban Transportation Project	Republic of India	USD 152.95 million	Approved
Assam Bridge-II Project	Republic of India	USD 333.80 million	Approved
Gujarat Rural Road Programme	Republic of India	USD 500 million	Approved

**Courtesy:** [https://www.ndb.int/projects/all-projects/?country=india&key\\_area\\_focus=&project\\_status=&type\\_category=&pyearval=&#paginated-list](https://www.ndb.int/projects/all-projects/?country=india&key_area_focus=&project_status=&type_category=&pyearval=&#paginated-list)

The other countries including China show a similar trend of bended finance of sovereign and non-sovereign infrastructure projects. It must be mentioned that this is not a new trend. What is novel is how a multilateral network of financial institutions and mechanisms is being forged to envision a power bloc in the name of the Global South. The proposed research will try to engage with this new ambition and explore whether this marks a point of departure in our understanding of finance and infrastructure.