



РАНХиГС
РОССИЙСКАЯ АКАДЕМИЯ НАРОДНОГО ХОЗЯЙСТВА
И ГОСУДАРСТВЕННОЙ СЛУЖБЫ
ПРИ ПРЕЗИДЕНТЕ РОССИЙСКОЙ ФЕДЕРАЦИИ

Center for International
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NEW DEVELOPMENT BANK AND ASIAN INFRASTRUCTURE INVESTMENT BANK: POTENTIAL TO ADDRESS INFRASTRUCTURE FINANCING GAP

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High relevance of NDB and AIIB development forecast:

- Both banks have recently launched their inaugural projects
- Demand for additional investment in sustainable infrastructure over the next 15 years – up to USD 3 trillion per annum
- Need to demonstrate benefits to potential investors and new members

Research objectives:

- Examining NDB and AIIB in terms of mission, values, membership, working principles, governance, capital, mechanisms of selecting and implementing projects
- Comparative analysis for the two banks
- Comparative analysis of new and traditional banks
- Assessing potential for cooperation: NDB-AIIB and NDB/AIIB – traditional MDBs/other financial institutions
- Forecast

Methodology:

- Portfolio growth scenarios based on 23 parameters divided into 4 groups (basic facts, capital, implementation of projects, engagement with other institutions)

Main results:

- Despite similarities in basic parameters, new banks demonstrate differences in governance and working procedures
- New banks declare their intention to build their business models based on learning from and cooperating with traditional development banks
- In 10 years new banks are likely to be able to provide financing volumes comparable to that of traditional MDBs
- Focus on infrastructure was a right choice allowing for greater effectiveness

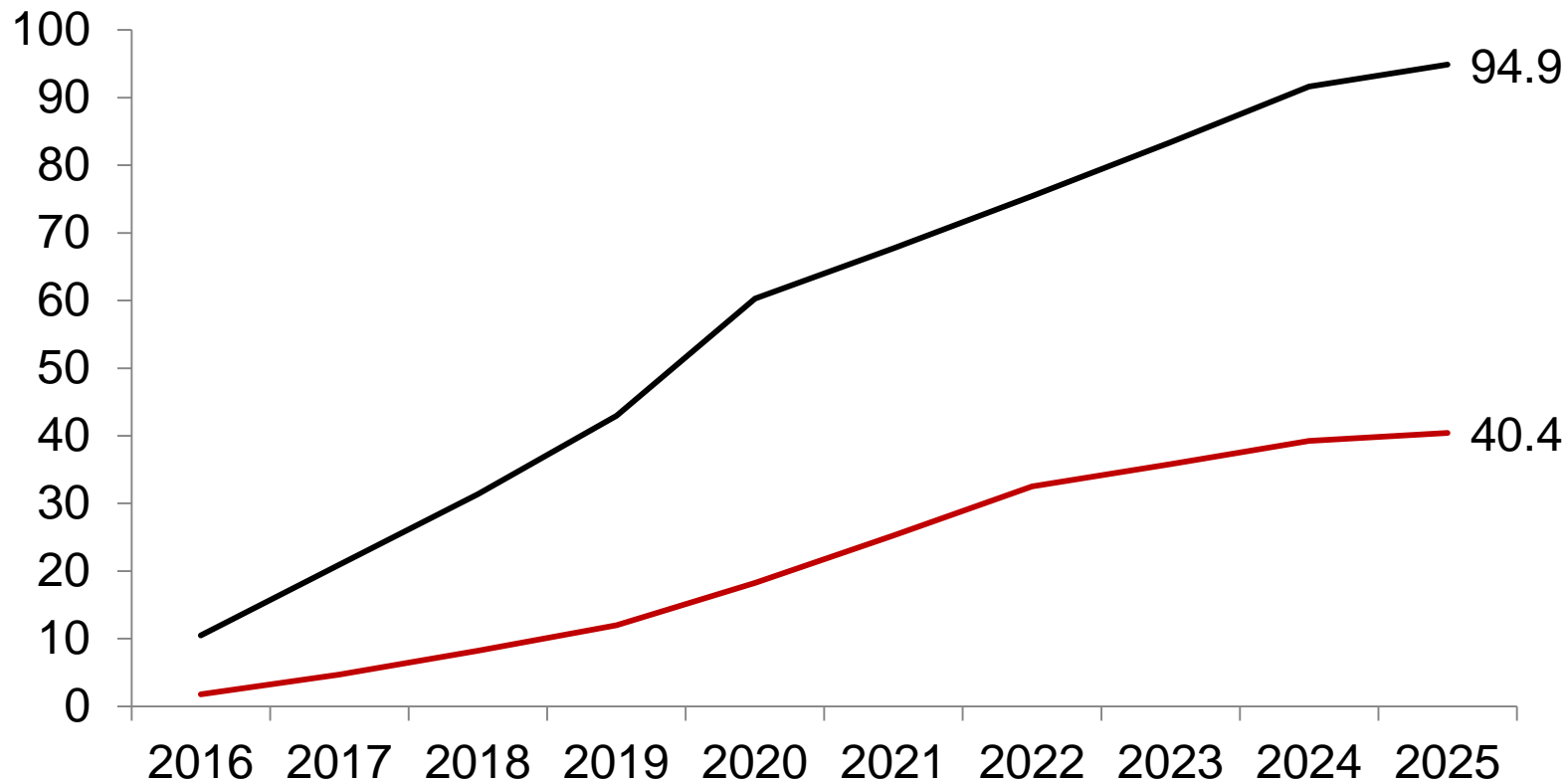
New Development Bank:

- Low sovereign ratings of member countries limit access to capital markets
- No plans for new members in the near future
- Paid-in capital is limited by South Africa's financial capacity
- Quick operationalization
- Governance based on equality of members
- Issuing bonds in national currencies
- Cooperation memoranda with other banks
- By 2025 annual volume of financing (incl. co-financing) to reach USD 10-15 billion

Asian Infrastructure Investment Bank:

- Unbalanced governance
- No clear announced plans of resorting to capital markets Активная политика привлечения новых членов
- High sovereign rating of most member countries
- No «common denominator» in capital
- Access to Chinese liquid capital market and reserves
- Practical engagement with traditional MDBs
- By 2025 annual volume of financing (incl. co-financing) to reach USD 25-30 billion

Lending outstanding forecast, USD billion:



Engagement with traditional MDBs:

- NDB and AIIB – first major MDBs since the boom of 1960-70
- New banks engage with traditional ones and rely on their experience, however, seek for their own niche as south-south institutions
- Despite expected competition between new and traditional MDBs, cooperation turned out to be mutually beneficial
- In future the two groups may become equal partners given the expected growth of NDB and AIIB operations



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Thank you!