

NDB is the only multilateral development institution that contains New in its name. The Bank embodies the idea of a larger role for emerging markets and developing countries in the world and in shaping development finance through international cooperation.

Chapter 1

Our story: a demand-driven institution

**NDB's new headquarters
in Shanghai, while under
construction**



NDB has a unique governance structure, in which the five founding members have equal shareholding power and none of them has veto power over any matter.

To fulfil the original aspirations of its founding members, the Bank has to permanently respond to development challenges by being New every day.

Who we are

The New Development Bank is a multilateral development bank (MDB) established in 2015 by Brazil, Russia, India, China and South Africa (BRICS). Its objective is financing infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries (EMDC).

NDB's work complements the efforts of multilateral and regional financial institutions toward global growth and development. This is in a context where EMDCs continue to face significant financing constraints to address infrastructure gaps and sustainable development needs. NDB is the first MDB envisioned to be of a geographically global scope, founded solely by developing

countries. Its membership is open to all members of the United Nations.

In accordance with its Articles of Agreement (AoA), the initial authorised capital of NDB is USD 100 billion, of which USD 50 billion has been subscribed equally by the five founding members. The Bank's initial subscribed capital is composed of paid-in capital of USD 10 billion and callable capital of USD 40 billion. NDB has a unique governance structure, in which the five founding members have equal shareholding and none of them has veto power over any matter.

NDB is a demand-driven institution and supports projects tailored to the priorities of member countries, within a framework of respect for national sovereignty.

What we do

Our work is centred around maximising the impact of development in an agile, flexible and efficient manner. To catalyse the kind of development we envisage, we are always keen to listen, learn and collaborate with other MDBs, governments, financial institutions and civil society, including non-governmental organisations, academia and think tanks.

To fulfil its purpose, the Bank supports public and private projects through financial instruments such as loans, guarantees, equity participation, and other financial products, within nine Key Areas of Operation. The Bank also provides technical assistance for the projects it supports.

How we operate

NDB's business model relies on the proven model of traditional MDBs of leveraging the capital and knowledge of its members for development purposes. Based on a risk-based, prudent and conservative funding and financial strategy, NDB issues bonds in international markets and in the domestic markets of its member countries. As a multilateral development bank with high credit ratings, NDB is able to access debt capital markets generally at a lower cost of funding than its member countries, mobilising resources at competitive rates for investment in infrastructure and sustainable development.

The Bank relies on local currency lending to the extent feasible to mitigate foreign exchange risks for borrowers. As a supranational institution, NDB operates in accordance with its governance framework and oversight from member countries. While following MDBs' traditional business model, NDB brings a new dimension to the development finance industry. A relationship of equality, mutual respect and trust between NDB and member countries permeates all aspects of the Bank's policies and operations. The Bank follows, whenever possible, nationally defined laws and procedures on project implementation without compromising

quality. NDB aims to be fast, flexible and efficient by designing streamlined project reviews and implementation oversight without unnecessary bureaucracy and with high-quality development impacts.

Our clients

In fulfilling its mandate, NDB can extend loans, guarantees, invest in equity or mobilise resources through innovative instruments such as infrastructure funds. Its loans, guarantees and investments can contribute, in isolation or in collaboration with partners, to a diverse set of financial structures, including syndicated loans, project finance and project bonds, among others. Its clients encompass

- national and sub-national governments,
- international and regional financial institutions,
- international organisations,
- national development banks,
- commercial banks,
- private sector and state-owned companies, and
- financial intermediaries (e.g. infrastructure funds and funds of funds).

The specific facilities must follow the Bank's policies.

NDB's key areas of operation



Clean Energy



Transport Infrastructure



Irrigation, Water Resource Management and Sanitation



Urban Development



Environmental Efficiency



Social Infrastructure



Multi-theme



Digital Infrastructure



COVID-19 Emergency Assistance

5 yrs

NDB became fully operational in 2016

20%

Equal shareholding of each Member State

Read more

NDB Organisational Structure
To view NDB's new organisational structure please scan the QR code



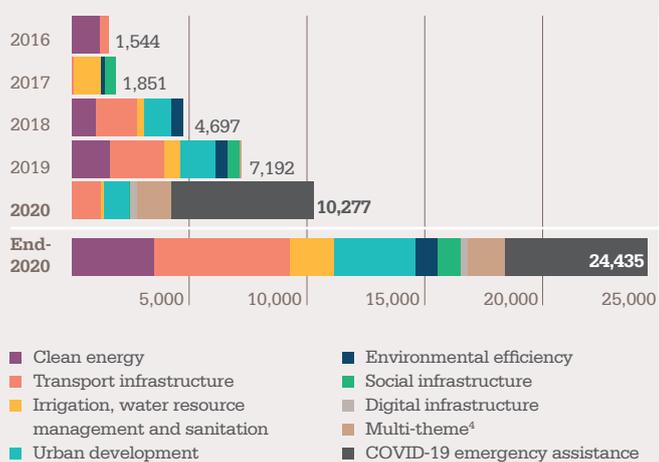
Five years in numbers 2016-2020

End-2020 portfolio of projects^{2,3}

67 projects
USD 24,435 m

Approvals by key area of operation

USD million

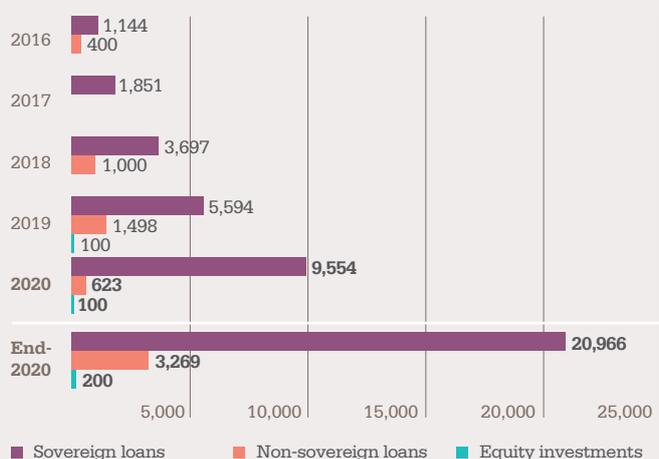


Yearly project approvals

	2016	2017	2018	2019	2020	2016-2020
Number of projects approved	8	6	17	22	19	72
Amount of project approvals (USD million)	1,544	1,851	4,697	7,192	10,277	25,703

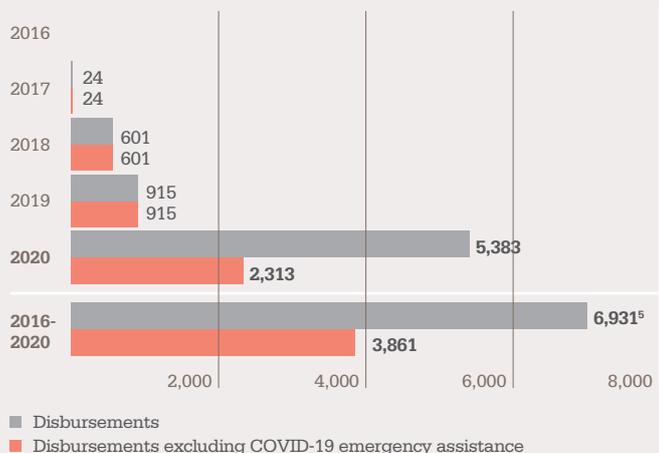
Approvals by type of operation

USD million



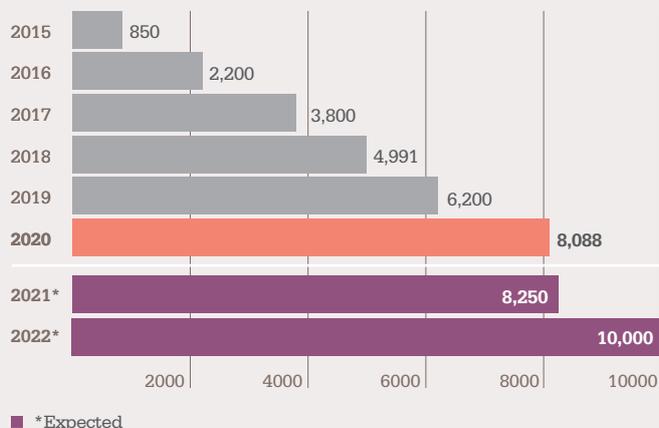
Disbursements

USD million



Cumulative paid-in capital received/expected⁶

As at December 31 USD million



2 Unless otherwise stated, the number of projects in end-2020 portfolio of projects or end-2020 portfolio excludes four projects that were approved and fully cancelled, and one project that was approved and fully repaid. See List of NDB'S Approved Projects in the Annex for details.
3 Unless otherwise stated, the total amount of end-2020 portfolio of projects or end-2020 portfolio are used throughout this report as the sum of project approvals net of the amount of full cancellations, partial cancellations and full repayments, reflecting the amount of NDB's active operations, which thus differ from the sum of yearly approvals and from total approvals in the

period 2016-2020. Differences also reflect exchange-rate effects, because yearly approvals are calculated using end-of-year exchange rate, whereas the cumulative 2016-2020 values and end-2020 portfolio use exchange rates as at December 31, 2020. The total amount of end-2020 portfolio excludes the amount of four full cancellations, one partial cancellation and one full repayment.
4 Multi-theme projects refer to on-lending and investment through financial intermediaries with sub-projects in various key areas of NDB's operations.

Approvals by currency

USD million

	2016	2017	2018	2019	2020	End-2020
INR ⁷	–	–	–	–	100	100
RMB	364	307	901	1,228	1,070	3,664
ZAR	–	–	–	1,235	–	1,183
CHF	–	–	–	516	–	568
EUR	–	–	–	500	541	1,040
USD	1,180	1,554	3,796	3,713	8,566	17,880

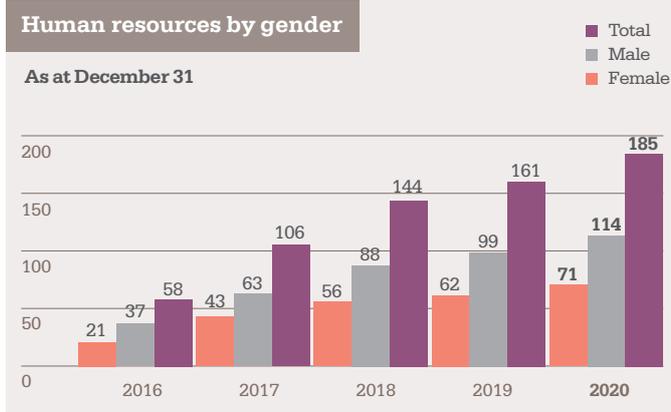
Bond issues

	2016	2017	2018	2019	2020	2016-2020
RMB million						
RMB bonds	3,000	–	–	3,000	7,000	13,000
USD million						
USD bonds	–	–	–	–	3,550	3,550

Balance sheet

As at December 31
USD million

Ratio	2016	2017	2018	2019	2020
Assets	10,054	10,224	10,402	11,821	18,844
Liabilities	448	455	457	1,649	8,511
Equity	9,606	9,769	9,945	10,172	10,333



5 Disbursements for the period 2015-2020 net of repayments totalled USD 6,609 million.
 6 Contributions are due annually on January 3rd.
 7 The equity investment approved was up to USD 100 million equivalent to be converted into INR.
 8 Expected development results are presented for selected projects financed by NDB, irrespective of the proportion of the Bank's financing in the total project cost. The numbers are rounded, and are based on the information available at the time of approval.

Highlights of expected development results⁸

Cumulative as at 31 December, 2020

SDG alignment **Expected output/outcome**



Renewable and clean energy generation capacity to be installed
2,800 MW



CO₂ emissions to be avoided
5.5 million tonne/year



Roads to be built or upgraded
15,300 km



Bridges to be built or upgraded
820



Water tunnel/canal infrastructure to be built or upgraded
1,300 km



Drinking water supply capacity to be increased
159,000 m³/day



Sewage treatment capacity
535,000 m³/day



Urban rail transit networks to be built
230 km



Cities to benefit from NDB's urban development projects
40



Schools to be built or upgraded
58



Governance

The Bank is run operationally by the Management team, which is composed of the President and four Vice Presidents.

The AoA stipulate that the BoD shall appoint any committee it deems advisable in carrying out the general operations of NDB. The BoD has approved the establishment of four committees to assist it in fulfilling its oversight and decision-making responsibilities:

- the Audit, Risk and Compliance Committee (ARC),
- the Budget, Human Resources and Compensation Committee (BHRC),
- the Credit and Investment Committee (CIC), and
- the Finance Committee (FC).

NDB has a lean governance structure, with the Board of Governors (BoG) as its highest decision-making authority. The non-resident Board of Directors (BoD) is responsible for the general operations of the Bank and exercises all the powers delegated to it by the BoG.

Board of Governors (BoG)

Main responsibilities

Responsible for deciding on admitting new members and determining the conditions of their admission, increase or decrease of the capital stock, suspending a member, amending the AoA, deciding appeals from interpretations of AoA given by the Directors, authorising the conclusion of general agreements for cooperation with other international organisations, determining

the distribution of net income of the Bank, deciding to terminate the operations of the Bank and to distribute its assets, deciding on the number of additional Vice Presidents, electing the President of the Bank, approving a proposal by the BoD to call capital, and approving the General Strategy of the Bank every five years, among other duties. The BoG meets at least annually.

Board of Directors (BoD)

Main responsibilities

Responsible for the conduct of the general operations of NDB, including decisions on business and country strategy, loans, guarantees, equity investments, borrowing, operational policies and procedures, technical assistance and budget review and

approval. Provides strategic direction to the Management to achieve the Bank's organisational objectives and oversees the development of its operation. The BoD meets at least quarterly and may convene meetings electronically as needed.

Committees comprised of Board members

ARC

BHRC

Committees comprised of the Management

CIC

FC

Management

Main responsibilities

Under the leadership of the President as chief of the operating staff, Management is responsible for running the ordinary business of the Bank, including implementing the operational, financial, strategy, risk and administrative policies.

The President shall be responsible for the organisation, appointment and dismissal of the officers and staff, and recommendation of Vice Presidents to the Board of Governors.

Composition of NDB's Board of Governors



Mr. Paulo Guedes
Minister of Economy
Federative Republic
of Brazil



Mr. Anton Siluanov
Chairperson of the BoG
Minister of Finance
Russian Federation



**Mrs. Nirmala
Sitharaman**
Minister of Finance
Republic of India



Mr. Kun Liu
Minister of Finance
People's Republic
of China



Mr. Tito Mboweni
Minister of Finance
Republic of
South Africa

Consists of one Governor at ministerial level and one alternate appointed by each member country. The current Chairperson of the BoG is the Governor for Russia, Mr. Anton Siluanov, from April 20, 2020 to March 30, 2021.

The 5th Annual Meeting of the BoG was held virtually on April 20, 2020.

Composition of NDB's Board of Directors



**Mr. Roberto Fendt
Junior¹**
Deputy Minister for
Foreign Trade and
International Affairs
Federative Republic
of Brazil



Mr. Sergei Storchak
*Chairperson
of the BoD*
Adviser to the
Minister of Finance
Russian Federation



Mr. K. Rajaraman
Additional Secretary,
Department of
Economic Affairs
Ministry of Finance
Republic of India



Mr. Zhongjing Wang²
Director-General of
Center for Evaluation
of the World Bank
Loan Projects
Ministry of Finance
People's Republic
of China



**Mr. Enoch
Godongwana**
Head of the
African National
Congress's
Economic
Transformation
Committee
Republic of
South Africa



Mr. Marcos Troyjo
President of NDB

Each of the founding members appoints one Director and one alternate for a term of two years. Directors may be re-appointed. The Chairperson of the BoD is appointed by the BoD for a period of four years. The current Chairperson of the BoD is the Director for Russia, Mr. Sergei Storchak, starting from July 21, 2019. The President is also a member of the BoD, but shall have no vote except for a deciding vote in case of an equal division. The BoD functions as a non-resident body. This format enables a swift, flexible and cost-effective decision-making process. The Rules of Procedures of the Board of Directors provides that the BoD may convene meetings electronically as needed.

In 2020, seven BoD meetings and one Board workshop were held (all in virtual format), and 39 inter-sessional decisions were taken.

¹ Mr. Roberto Fendt Junior was appointed as the Director for Brazil, effective from 2 December 2020, replacing Ms. Yana Dumaresq, who was appointed as the Director for Brazil in October 2019.

² Mr. Zhongjing Wang was appointed as the Director for China on June 28, 2020, replacing Mr. Wencai Zhang, who was appointed as the Director in January 2019.

Committees comprised of Board members

Audit, Risk and Compliance Committee (ARC)

The ARC assists the BoD to fulfil its corporate governance responsibilities including, among others, assessing the integrity of the financial statements and reporting procedures, reviewing reports from the internal and external auditors, ensuring the existence of adequate and effective internal controls and approving the risk management framework. It comprises all members of the BoD and meets at least four times a year. In 2020, the ARC held four meetings, all in virtual format. Among other matters, the ARC has satisfied its responsibilities in compliance with its terms of reference in 2020, including the following duties:

- The ARC has reviewed the audited financial statements with the Management, including a discussion of the quality of the accounting principles as applied, and significant judgments affecting the Bank's financial statements;
- The independent auditors have discussed with the ARC their judgments of the quality of those principles as applied and judgments referred to above under the circumstances;
- The members of the ARC have discussed among themselves, without the Management or the independent auditors being present, the information disclosed to the ARC as described above;
- The ARC, in reliance on the review and discussions conducted with the Management and the independent auditors pursuant to the requirements above, believes that the Bank's financial statements are fairly presented in conformity with International Financial Reporting Standards (IFRSs) in all material respects;
- Review of the risk management reports with the Management. The ARC considers that all the Bank's business is well within the risk limits;
- Review of the updates on compliance issues with the Management; and
- Review of the internal audit reports with the Internal Auditor

The current Chairperson of the ARC is the Director for India⁹.

Budget, Human Resources and Compensation Committee (BHRC)

The purpose of the BHRC is to assess the approval of the budget and human resources and compensation-related activities. It comprises all the members of the BoD and meets at least quarterly, or as needed. In 2020, the BHRC held five meetings, all in virtual format. The BHRC has satisfied its responsibilities in compliance with its terms of reference in 2020, and three inter-sessional decisions were taken, including the following duties:

- Preparation and execution of budgets in accordance with organisational objectives;
- Preparation of and revisions to the human resources policies;
- Preparation of and revisions to associated policies related to compensation and benefits; and
- Undertaking the functions as provided for under the Code of Conduct for Board Officials.

The current Chairperson of the BHRC is the Director for China.

⁹ The Director for India replaced the Director for South Africa in November 2020.

Committees comprised of the Management

Credit and Investment Committee (CIC)

The CIC was established to assist the BoD in fulfilling its responsibilities regarding the credit and investment activities of the Bank and to make appropriate project recommendations to the BoD. It comprises the President and the four Vice Presidents and meets monthly, or as needed. In 2020, the CIC held six meetings. The Chairperson of the CIC is the Bank's President. The CIC has satisfied its responsibilities in compliance with its terms of reference in 2020.

Finance Committee (FC)

The purpose of the FC is to provide oversight responsibility on financial and risk-related matters pertaining to operations and treasury. The FC is also responsible for the oversight of and recommendations to the BoD in the areas of financial policies and guidelines, financial operations including loan loss provisioning, asset and liability management and financial risk management. It comprises the Bank's President and the four Vice Presidents and meets monthly, or as needed. In 2020, the FC held four meetings. The Chairperson of the FC is the Bank's President. The FC has satisfied its responsibilities in compliance with its terms of reference in 2020.

Management and New Organisational Structure

The President and each Vice President serve for a five-year term, non-renewable, except for the first term of the first Vice Presidents, who may exercise a six-year mandate.

There is at least one Vice President from each founding member except the country represented by the President. Vice Presidents exercise such authority and perform such functions in the administration of the Bank as determined by the BoD. There are four Vice Presidencies: Operations, Finance, Strategy and Risk and Administration.

On December 15, 2020, the BoD approved a new organisational structure for the NDB (see Annexe). The new structure will allow the Bank to better deliver on its mandate taking into account the evolving challenges and in tune with the industry's best practices. It clarifies responsibilities, promotes synergies and prepares the organisation for: delivering more complex and sophisticated operations; enhancing the NDB's external profile; strengthening the Bank's governance; transforming the NDB into a talent-intensive institution.

1

President from one of the founding member countries

4

Vice Presidencies (Operations, Finance, Strategy and Risk and Administration), each representing the remaining founding member countries

The new organisational structure will be implemented in a phased manner in the course of 2021.

Important new features are, among others: the creation of a new Private Sector and Non-Sovereign Guaranteed Transactions Department under the Operations' Vice Presidency; the creation of an ESG Department under the Strategy and Risk's Vice Presidency; the creation of a Partnerships Division and a Financial Institutions and Markets Division; the creation of a new Internal Audit Department, uplifting the existing Internal Audit Division; and the creation of a Talent Management Division.

Management transition

On May 27, 2020, during a Special Meeting of the Board of Governors, Mr. Marcos Troyjo was elected to succeed Mr. K.V. Kamath as President of the Bank, for a five-year mandate beginning on 7 July 2020. The BoG also appointed Mr. Anil Kishora as Vice President for Strategy and Risk. The Bank has initiated its first leadership-change cycle in a smooth and timely manner, to be concluded during 2021 with the appointment of three new Vice Presidents.

The new structure will allow the Bank to better deliver on its mandate taking into account the evolving challenges and in tune with the industry's best practices.

Thank you



Acknowledgement to former President Mr. K.V. Kamath

NDB would like to express its appreciation for the significant contribution made to the Bank by its first President Mr. K.V. Kamath, who was a Board member and led NDB's Management team since its establishment on July 7, 2015 until July 6, 2020. During Mr. Kamath's mandate, NDB was built from the original blueprint agreed by its founding members into a full-fledged MDB of global standing. Under his leadership, a solid foundation was laid for NDB to continue to expand its impact in emerging markets and developing countries through innovative projects, diversified instruments and risk-based operations.

Read more

About NDB

To learn more about NDB please scan the QR code



2020 in review and the years ahead

In 2020, NDB was the first MDB to respond to its members in combating the COVID-19 pandemic and it was fully operational throughout the entire financial year.

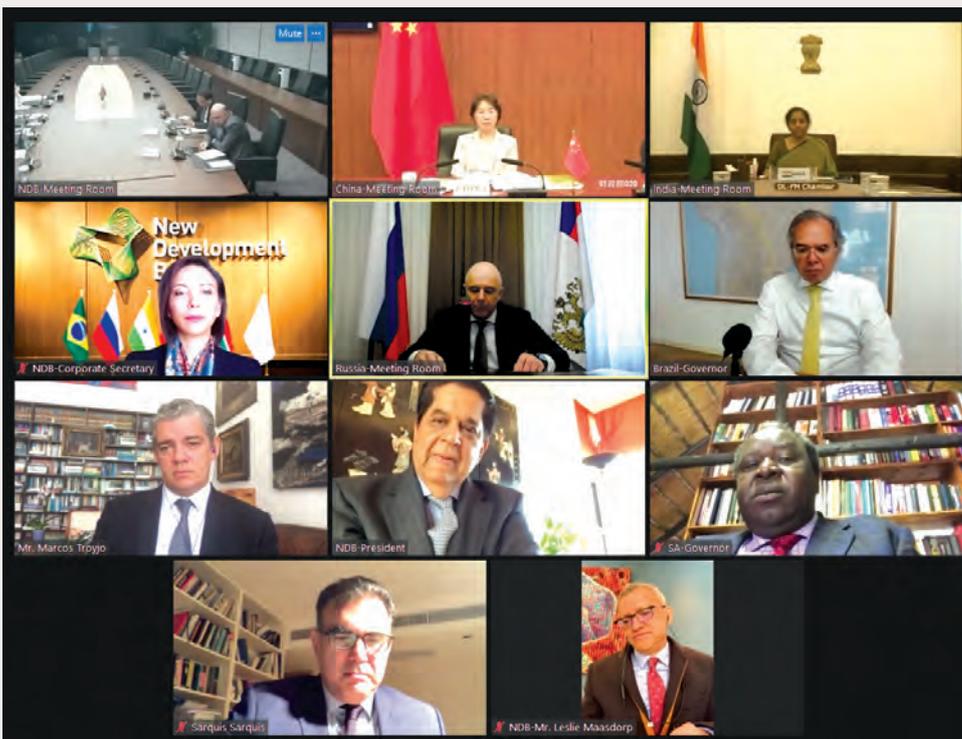
The Bank approved 19 new projects with a total value of USD 10.3 billion, including substantial COVID-response programmes. The Bank's portfolio at end-2020 reached USD 24.4 billion spread across 67 projects¹⁰.

In its Fifth Annual Meeting, held in virtual format on 20 April 2020, NDB's BoG issued a Statement on Response to the COVID-19 outbreak. Governors welcomed the Bank's target to provide up to USD 10 billion in crisis-related assistance through emergency assistance programmes, including support for member countries' economic recovery.

In responding to global financial volatility in 2020, the Bank maintained considerable liquidity throughout the year. To support its funding needs, the Bank tapped for the first time into international capital markets in US dollars. It also issued the first-ever RMB-denominated COVID-19 Combating Bond in the Chinese local market. By end-2020, total accumulated bond issues reached USD 3.6 billion and RMB 13 billion. In 2020, the Bank started its LIBOR transition project by setting up working groups and committees to ensure efficient coordination for a smooth transition throughout 2021.

¹⁰ Portfolio differs from the sum of yearly approvals because it is net of cancellations and full repayments and also incorporates exchange-rate effects (See footnote 1).

NDB's Fifth Annual Meeting 2020



NDB's Fifth Annual Meeting was held virtually on April 20, 2020.



Read more
For more information about the Virtual Annual Meeting of NDB's Board of Governors, please scan the QR code



New headquarters

With the strong commitment and support of Shanghai Municipal People's Government, great progress has been made in the construction of NDB's Headquarters Building over the past year in spite of COVID-19. In December 2020, the construction was completed with commencement of the commissioning and testing of mechanical and engineering systems for the ultimate delivery of the building to NDB in the second half of 2021.

The building adopts advanced, green energy technologies, which include

- solar photovoltaic panels,
- rainwater harvest system,
- green drip irrigation system,
- automatic sun tracking system, and
- automatic wind extraction system, among others.

NDB's Headquarters Building achieved high recognitions for the project design and quality, receiving China's three-star green and healthy building ratings in 2020.



Putian Pinghai Bay Offshore
Wind Power Project, China

The years ahead: A new cycle

As the Bank concludes the transition to a new management cycle, special efforts in the next five years will be dedicated to:

Elevated profile

Raising the profile of the Bank in the international development community, voicing the aspirations and ambitions of the BRICS and other EMDCs

Gradual expansion

Expanding its membership, in a gradual and responsible way



More offerings

Expanding the Bank's ability to employ more sophisticated instruments and structures, such as project finance, guarantees and syndicated loans, so as to crowd-in funding from other public and private investors

Innovation

Placing innovation at the core of NDB's culture to ensure that the Bank will expand the share of groundbreaking projects in its portfolio, including in areas such as smart infrastructure and distance education



Local currency

Continuing to enlarge the provision of loans denominated in local currencies



Quality of projects

Enhancing the quality of the Bank's projects, working with clients to add value in the project preparation stage and to promote the adoption of innovative solutions

Innovative financial instruments

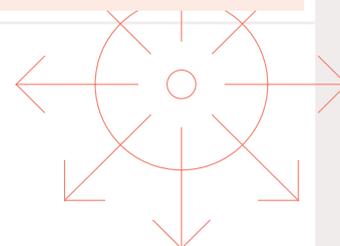
Further diversifying its treasury investment portfolio as well as funding sources in order to reduce related risks and increase returns in the global environment of low interest rates and potential market turbulence due to the COVID-19 pandemic crisis

Organisational structure

Implementing the new organisational structure, supporting the Bank's efforts to expand its role in operations with the private sector and mainstreaming ESG considerations in all projects

Talent

Attracting, nurturing, and retaining talents so as to continue building NDB into a talent-intensive institution



Diversified portfolio

Continuing to strengthen the governance and transparency mechanisms of the Bank, including through streamlining financial planning processes, implementing systems for enhanced access to information, among others