

Latin American agency: The New Development Bank, Uruguay's accession and Brazilian influence

Alvaro Mendez^{1,2,3} 

¹ESIC University, Madrid, Spain

²London School of Economics and Political Science, London, UK

³Fudan University, Shanghai, China

Correspondence

Alvaro Mendez, London School of Economics and Political Science, London, UK.

Email: a.mendez@lse.ac.uk

Abstract

This study provides insight into the current evolution of the New Development Bank (NDB). It examines the role of the agency of the global South reshaping intergovernmental organizations (IGOs) in the case of Brazil's influence on the NDB to expand its membership. In that process, this article homes in on the admission of Uruguay to the NDB as a prospective member in September 2021, the first case of NDB expansion into Latin America and the Caribbean (LAC). The study shows that the membership negotiations between Montevideo and the Bank were less rigid and formal than the procedural norms of multilateral development banks (MDBs) of the North, thanks to the collaborative agency by the various LAC actors involved. It makes the case that Uruguay's accession to the NDB will produce numerous win-win benefits for both the country and the Bank. It also argues that the membership will inspire the future accession of other countries in the LAC region to the Bank. The study adds to the scant literature which conceptualizes the mechanics of membership expansion by small or new IGOs. The piece also adds to existing studies investigating how LAC agency has previously shaped and continues to shape MDBs.

1 | PIONEERING A NEW PATH: THE GENESIS AND EVOLUTION OF THE NDB

The New Development Bank (NDB), informally known as 'the BRICS Bank', is a multilateral development bank (MDB) based in China. Along with the Asian Infrastructure Investment Bank (AIIB), the NDB is a non-Bretton Woods organization that was created to address the gaps in governance, infrastructure and finance, particularly in developing countries, left by conventional Western-led MDBs. The first discussions on creating the NDB got started in 2012 when the leaders of the BRICS group (Brazil, Russia, India, China and South Africa) met at their fourth Summit in India. There they decided to conduct a joint feasibility study to determine if the creation of such an institution could succeed. Their analysis proved to be positive, and the findings were presented in the following year (2013) at the fifth

Summit in South Africa. At this point, the BRICS leaders agreed to create the institution with themselves as the sole founding members. The Articles of Agreement were signed a year later at their sixth Summit in Brazil in July 2014 and entered into force in July 2015. The NDB became fully operational when it opened its headquarters in Shanghai in February 2016.

In 2020, the NDB decided to launch a non-founding membership drive after its Board of Governors (BoG) officially gave the green light to Management to start formal negotiations with potential members (NDB, 2020). The plan had been on the cards from the very beginning, as prefigured in Article 2 of the Articles of Agreement (NDB, 2014), which authorized the eventual admission of new members over and above the five BRICS founders. In fact, under the leadership of its first President, K.V. Kamath (2015–2020), the NDB had tried to spark expansion by putting out feelers to a range of countries about their prospects

This is an open access article under the terms of the [Creative Commons Attribution](https://creativecommons.org/licenses/by/4.0/) License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

© 2023 The Author. *Global Policy* published by Durham University and John Wiley & Sons Ltd.

of joining the Bank (Cooper & Cannon, 2022). But expansion proved more difficult than expected, and the Bank's members decided to wait until the founding period of consolidation had come to an end (Nogueira Batista, 2021).

Membership expansion is an institutional adaptation to the evolution of material and ideational circumstances and an admission that new actors and emerging powers have been changing the world (Moschella & Weaver, 2013). This article examines the role of Latin American collaborative agency in shaping international organizations by studying two dimensions of Brazilian influence on the NDB to expand its membership. In the process, I will also analyse the admission of Uruguay to the NDB as a prospective member in September 2021, the first case of NDB expansion into Latin America and the Caribbean (LAC).

I contribute to the scant literature conceptualizing the mechanics of membership expansion by small or new intergovernmental organizations (IGOs) in the global South (Braveboy-Wagner, 2009). I also add to the existing studies investigating LAC's influence on and interaction with MDBs (Helleiner, 2014; Thornton, 2017). I go beyond the academic literature's focus on Bretton Woods institutions to illumine how LAC agency has shaped and continues to shape non-traditional IGOs headquartered in the global South. The remainder of the article is organized as follows. In the next subsection I briefly document what kind of strategy the NDB adopted to recruit new members like Uruguay. In the second section, I detail how Latin American agency and Brazilian entrepreneurship in particular have significantly influenced the inner workings of the NDB and its expansion strategy. In the third section, I detail Uruguay's accession to the NDB. In the final section, I discuss some theoretical and pragmatic implications and I offer concluding remarks.

1.1 | NDB's expansion: Two logics and three-pronged strategy

Expansion of membership is a consequential matter for IGOs and an important element in classical institutional theory (Merton, 1968). An axiom of international law is that IGOs cannot exist without the members that join them (Droesse, 2020). Well-established international organizations like those of the North, which have global reach, have managed to expand without much effort, as they enjoy international prestige that excites countries about joining (Rodrigues Vieira, 2018). With smaller, newer organizations like the NDB, the task is more challenging and requires a clear strategy by the institution to be successful.

Membership enlargement of international organizations is theorized to be driven by *two logics* at least. First is the *logic of prescription*, whereby the

organization publicly announces its preference for certain non-members whom it designates (Wesley, 2003). Here, the impetus for expansion is internal to the organization, whereas the onus of the decision to accede or not falls on the non-member (Mendez, 2022). The second is the *logic of attraction*, whereby the organization's merits attract candidate members without any solicitations. In this case, the impetus to expansion is external to the organization, located within the prospective members, and the onus of the decision to admit or not falls on the organization (*viz.*, its incumbent members) (Wesley, 2003).

In the case of the NDB, the *logic of prescription* has been the main driver behind the expansion at this early stage in the institution's history. Leslie Maasdorp, NDB's Vice-President and Chief Financial Officer, disclosed that they had used a three-pronged selection criterion whereby prospective members had to show the following: (1) a *financial need* for the Bank's funds consistent with the latter's mandate to mobilize resources for sustainable development; (2) a firm *commitment to multilateralism* along with a *sound sovereign credit rating* to warrant the credibility of both its economic and political outlook and (3) a *disentangled political alignment* in world politics which will cause no tensions with a founding member, particularly one in the same region, whose support is required to advance the membership.¹

Following these guidelines, the Bank held talks in early 2021 with Bangladesh, the United Arab Emirates (UAE), Egypt, and Uruguay. Negotiations were successful with all four countries, and in late 2021, they became the first cohort of non-founding members to be admitted into the Bank as new members. Bangladesh, the UAE and Egypt have completed their memberships. Uruguay still has to complete some domestic procedures to advance from prospective to full member. The *logic of prescription* thus permitted the NDB to expand by 80% in one go, in terms of total country members. The following section elaborates on how Latin American agency, particularly Brazilian policy entrepreneurship significantly influenced the inner workings of the NDB and its expansion strategy.

2 | LAC AGENCY IN MULTILATERALISM: A GOLD STANDARD FOR THE NDB

Before looking in detail at the episode of Uruguay, I make the case that LAC has already played a key role in the Bank's expansion efforts. Historically, LAC has been deeply committed to multilateralism, which in the global South is often 'measured in terms of membership' (Braveboy-Wagner, 2009) of IGOs. Unbeknownst to many, the World Bank has well-documented roots in the institutional models and diplomatic initiatives of LAC, including Uruguay (Helleiner, 2017, 2019; Mendez

& Turzi, 2020; Villaseñor, 1941). It is thought-provoking that the NDB can trace some of its own roots back to Latin America. Not only was its constitution signed in Brazil in 2014, but, more importantly, its design, including its provisions for membership expansion, were inspired by the Development Bank of Latin America (CAF). Former NDB President K.V. Kamath acknowledged as much to the author in October 2018 in a pithy and memorable sentence: 'Without CAF we would not have the NDB'.²

CAF's influence not only inspired and informed the NDB from the start but also furnished specific models for its inner workings when the founders were fine-tuning the architecture of the NDB before it opened its doors. According to German Rios, the officer of CAF tasked with advising the NDB, in 2012–13, he was conveying information to the NDB about multiple issues, including the following: (1) the functions of the BoG; (2) credit procedures and (3) membership expansion.³ His advice formed some of the basis for the formulation of certain NDB Articles of Agreement. Now that the NDB's enlargement has commenced, CAF's experience with membership expansion also provided one of the best examples of how to move forward. A number of scholars have documented the impressive development of CAF, including membership growth, since it started up in 1970 with five members, having expanded to its current 21 members since then (Humphrey, 2023; Humphrey & Michaelowa, 2013; Ray & Kamal, 2019; Wang, 2019).

The man who orchestrated this phenomenal growth and membership expansion, CAF's former President, Enrique Garcia, conveyed in an interview that it was no easy task; it took continual effort to build up an international reputation that could support not only the *logic of attraction* of new member states, but also enable CAF to approach prospective ones with a logic of prescription. Garcia believes the NDB is moving in the right direction by inviting Uruguay (and others), but stresses that gradualism and meticulous planning is essential. A hasty, poorly thought-out expansion 'can change the DNA of the institution', with negative effects that may discredit the whole enterprise.⁴ It is a good thing, then, that the founding members took care in crafting a well-thought-out strategy of expansion, in which Brazil has played a pivotal part through its vast experience of international organizations. Scholars have thoroughly documented Brazil's 'entrepreneurial power in world politics' (de Sá Guimarães & De Almeida, 2018), particularly in multilateral affairs.

In consideration of all the foregoing, I argue that two dimensions of Brazilian institutional agency have played already and may be expected again to play a leading role in membership expansion efforts: (1) the Brazilian agency mediated through technocrats in Brasilia and officials at the Bank and (2) the NDB's Americas Regional Office (ARO) in São Paulo.

2.1 | Brazilian agency: Brasilia and the New Development Bank

Despite its tumultuous domestic politics, Brazil has been historically a beacon of multilateralism (Fonseca, 2011; Roy, 2022). With regards to the NDB, Brazilian leadership was first put on display during the Presidency of Dilma Rousseff (2011–2016), whose government, in cooperation with all the BRICS governments, put in place all the financial and legal amendments needed to enshrine the Bank's rules of multinational governance in Brazilian law and facilitate the consolidation of NDB's constitution signed in Fortaleza in 2014 (Abdenour & Folly, 2017; Baumann et al., 2017). This is why the five founding members deposited their instruments of accession with the government of Brazil. As well, new members 'whose membership has been approved [by the Bank]' (NDB, 2014) must deposit their legal instruments of accession with Brasilia in accordance with Article 48 of the Articles of Agreement.

The technocrats and policy-makers in Brasilia have been encouraging membership expansion for a long time. This is exemplified by the *Alexandre de Gusmão Foundation* (FUNAG), which is linked to the Brazilian Ministry of Foreign Affairs (Baumann et al., 2015). As early as 2015, their experts were discussing and highlighting the benefits of enlargement for the NDB:

Expanding membership to new countries will further strengthen the bank's financial standing and enhance both its operational capacity and access to capital markets. New members will also help position the bank as a global player with a higher profile as they contribute to the NDB's credit rating and diversify the bank's sphere of operation to more countries, thereby expanding opportunities to find good projects and improving the quality of the bank's portfolio. A bank with an expanded membership will also gain the experience of other countries in areas such as project design and implementation. It is important that the admission of new members ensure geographic distribution and an adequate mix of countries (Baumann et al., 2017, 153; see also Baumann et al., 2015).

These recommendations did not stay only on paper but became an ideational force inside the NDB in Shanghai, where Brazilian officials were making an impression on the direction of the enlargement effort despite strong objections from other founding members, particularly Russia and India (Trajber Waisbich & Borges, 2020). An important pioneer in the expansion effort was Paulo Nogueira Batista Jr., a Brazilian economist, who was the

Vice-President of the Bank's until late 2017. At the first NDB Annual Meeting in Shanghai in July 2016, he highlighted the need 'to start working on expanding to new members' (Murray, 2016). It is reported that between 2016 and 2017 the NDB (under the leadership of Nogueira) reached out to 70 countries to find out if they were interested in joining the Bank (Nogueira Batista, 2021). This overture was well received by a good number of countries, then the Bank officially announced in its 5-year plan for 2017–2021, that it would be 'designing criteria and a strategy to expand membership to new countries' (NDB, 2017, 4). Shortly thereafter the NDB drew up a formal accession policy in April 2017 in anticipation of inaugurating the expansion in 2018 (NDB, 2020); however, by then expansion was proving more of a challenge than expected, and the plans were put on hold.

Nogueira left the Bank in 2017, but after his departure, other high-ranking Brazilian officials such as Sergio Sucholdolski continued to argue the importance of expansion. Sucholdolski made the case that enlargement would enhance the NDB's 'international standing, increase its capital base and bolster its financial capacity' (Sucholdolski & Demeulemeester, 2018, 585). The same enthusiasm was exhibited by the Bank's second president, Marcos Troyjo, a Brazilian national, who soon after taking office in 2020 announced that membership expansion would be one of his top priorities (NDB, 2020). Putting words into action, he implemented a *logic of prescription-type* strategy that has already gotten results. This is not to say that officers from other members have not favoured expansion. Former President K.V. Kamath (from India) also leaned toward expansion, only he took a more cautious approach to it (Mendez, 2022). China, too, started out cautiously, but its views on the issue evolved over time, and it is now fully supportive of the expansion plans (Zhu, 2022). The following section narrates the second instance of Brazilian institutional agency, which may play a key role in membership expansion.

2.2 | New Development Bank's Americas Regional Office in Brazil – Institutional agency

In July 2018, the NDB and Brazil signed an agreement in South Africa to locate its ARO in São Paulo and put a representative unit in Brasília (NDB, 2018). The decision to open this office was part of a larger plan for institutional expansion, and it came after the Bank had already opened the African Regional Centre (ARC) in South Africa in August 2017, as envisaged in Article 3 of the Bank's constitution (Bradlow & Masamba, 2022). The accord for the ARO underwent all the usual domestic procedures, including approval by the Brazilian Congress on 14 July 2020, officially validating the agreement (Senado Federal, 2020a).

An NDB official has informed the author that regional offices have no mandate to start discussions on membership in the regions where they operate (as in South Africa where it has another regional office) and underscored that all this is within the purview of the Shanghai Headquarters. Be that as it may, the actual accord establishing the Brazilian regional office is silent, seemingly leaving the door open to undertake any 'functions and activities pursuant to provisions of the [Articles of] Agreement on the New Development Bank' (NDB, 2018), which does not exclude, potentially, dealing with membership issues.

That said, we should beware of overestimating the impact that the ARO will have on LAC. Scholars evaluating the African regional centre, for instance, have concluded that the 'optimism generated by the creation of the ARC may have been overstated' (Bradlow & Masamba, 2022). It is still too early to measure ARO's impact, as it was officially approved only in 2020, but we argue that there is plenty of scope for effect in the near future. As the country farthest away from Shanghai, Brazil in hosting the ARO commends the idea of 'devolving' to São Paulo some functions previously performed in Shanghai, like hiring employees on the terms of Brazilian labour law (Senado Federal, 2020b) or for that matter, taking enquiries about membership from countries in the LAC region.

The ARO could also facilitate the NDB in eyeing new projects in Brazil, not only by prospecting investment opportunities in LAC but also raising funds in the Brazilian financial market; financing projects in local currencies such as the Brazilian real and Uruguayan peso to lower the NDB's foreign exchange risk (Clbrief, 2020). This is important because, in the first 5 years of the NDB's operations, Brazil has only had nine projects approved (on a par with South Africa and Russia). Since the agreement for the regional office was ratified in July 2020, the number of projects approved in Brazil has increased substantially (NDB, 2023).

Most importantly, the ARO may serve to draw the Bank closer to LAC. If it wants more members, such proximity should bridge the vast distance between the Bank's headquarters in Shanghai and the countries of LAC. In conversation, Gustavo A. Valderrama, former Deputy Minister of Economy of Panama, told me that in 2017 on a visit to China he spoke with officers of the NDB and the Asian Infrastructure Investment Bank (AIIB) but concluded both MDBs were too remote from LAC to understand its needs or its political dynamics.⁵ Despite the phenomenal growth of the China trade with LAC, the sense in the region is often that the Chinese remain on the other side of the world. Thus, the regional office should effect the NDB's *nearness* to policy-makers and civil society in LAC. One is reminded of the Colombian adage, 'The face of the saint makes the miracle happen'. Eventually, nearness may trigger the *logic of attraction* leading

countries to approach the NDB without any prior solicitation such as was made to the four new members of 2021. The next section studies the case of Uruguay's accession to the NDB.

3 | THE NEW DEVELOPMENT BANK AND URUGUAY - A WIN-WIN DEAL

This section analyses the admission of Uruguay as a prospective member of the NDB. It is divided into two sections. First, I provide a brief analysis of how Uruguay fits the NDB criteria like hand in glove, while simultaneously discussing the actual implications of NDB membership for Montevideo. In the second section, I discuss the accession negotiation process, highlighting the key role of the agency of both the NDB (via Brazil) and Uruguay.

3.1 | Fitting into the glove – Uruguay and the New Development Bank's three-prong strategy

Membership of the NDB is providing Uruguay with an important new multilateral platform from which to *amplify its international voice* in matters of international finance across the global South among developing countries and emerging economies. As noted above, membership expansion in IGOs is driven by the two logics of prescription and attraction. In the case of Uruguay joining the NDB, we can see both logics working simultaneously. The NDB publicly announced its preference for Uruguay as a candidate (prescription), while Uruguay found the NDB appealing at the same time (attraction).

Uruguay also matched the three-pronged criterion of the NDB Task Force on membership as mentioned above (Section 1.1). Uruguay has a demonstrated *financial need* for the Bank's funds; Uruguay's antiquated infrastructure hinders its ambition to become a regional trade and investment hub, the 'gateway to South America' (Lacalle Pou, 2022), and urgently needs overhaul and development. Such substandard infrastructure stems from low levels of public investment: just 1.41% of GDP per annum (INFRALATAM, 2022). The latest Inter-American Development Bank (IDB) recommendation, by contrast, is for annual public investment in LAC of 3.12% of GDP at the very least (IDB, 2021). For Montevideo, increasing its public investment in infrastructure on that scale is not a viable option, unfortunately; its public indebtedness and fiscal deficits are both too high (Fitch, 2021) and have driven successive Administrations to adopt very conservative public debt management policies.

Uruguay relies heavily on public–private partnerships (PPPs) to fund infrastructure, as the IMF has

noted (IMF, 2016). MDBs like the New Development Bank foster PPPs by offering concessional loans incentivizing private investors to 'crowd-in', as lower interest rates contribute to de-risking megaprojects (Mendez & Houghton, 2020).

Uruguay has also demonstrated a firm *commitment to multilateralism* along with a *sound sovereign credit risk rating*. Uruguay has a long history of leadership and commitment to MDBs in particular. It joined the World Bank as early as 1946, and in 1959 became a founding member of the Inter-American Development Bank (IDB). It was one of the five founding members of FONPLATA-Development Bank in the early 1970s, and, again, of CAF in 2001. In April 2020 Uruguay became a full member of the AIIB (Mendez, 2022). Complementing its commitment to multilateralism, Montevideo has a sovereign credit risk rating of BB, denoting a capacity to honour debt obligations (EIU, 2022). Uruguay is one of LAC's most stable economies and one of the strongest democracies in the world. These governance traits, relatively low levels of corruption, and a robust political culture make Uruguay a country of low political and policy risk and an ideal candidate for membership of the NDB (Mendez, 2022).

Finally, Uruguay is a country with a *disentangled political alignment* that will not antagonize any NDB founding member. Montevideo has excellent relations with all members, particularly China and Brazil. Relations with China matter a great deal, of course, and Uruguay's could not be better: China has been Uruguay's largest trading partner since 2013, and a 'strategic partner' since 2016 (Fornes & Mendez, 2018). Montevideo endorsed the Belt and Road Initiative (BRI) in 2018 (Alden & Mendez, 2023). But relations with Brazil are what matter most of all in this case. Candidates must have the support of the founding member of the region wherein they are located.

Fortunately for Uruguay, Brasilia has an outstanding relationship with Montevideo; in fact, the formal invitation to join was not seconded by Brazil but came from it first, in the summer of 2021. Brazil is Uruguay's second-largest trading partner (Presidencia-Uruguay, 2022), while Uruguay is the main political ally of Brazil in Mercosur, the political-economic bloc founded in 1991 that comprises Argentina, Brazil, Paraguay and Uruguay. Brazil expresses public support for Uruguay's long-standing ambition to conclude a Free Trade Agreement (FTA) with China; an aspiration Argentina objects to vehemently, citing the prohibition on bilateral trade agreements by members of Mercosur, while raising the spectre of the FTA letting cheap Chinese products be dumped on the Southern Cone (CFR, 2021). At the most recent Mercosur Summit the Argentine foreign minister stated that 'Uruguay needs to choose if it is with Mercosur' (Elliott, 2022) as far as free trade is concerned.

3.2 | Latin collaborative agency: Uruguay and Brazil at the New Development Bank

In this final section, I identify the process by which the NDB admitted Uruguay as a prospective member as an instance of what some scholars have called *collaborative agency*, which is built on spontaneous connections between people (policy-makers in this case), who 'choose to work together in dedication to the common good' (Raelin, 2016, 139). Here, Brazilian and Uruguayan policy-makers, with no formal agreement to aid one another, chose to collaborate under the NDB auspices to advance Montevideo's accession. Such collaboration is consistent with LAC's personal entrepreneurship in multilateral organizations, as outlined before. This instance is interesting because regional cooperation has not historically been LAC's *forte*, as I have previously documented (Mendez et al., 2020b, 27–49).

Uruguay's courtship of the NDB began during the period of K.V. Kamath's Presidency. Brazilian officials like Nogueira and Sucholdolski were especially keen to admit states from LAC, knowing first-hand that the region retains a keen interest in multilateral institutions capable of scaling-up funding for infrastructure development. As mentioned above, between 2016 and 2017, the NDB sounded out many countries about joining. Uruguay was one of them and they were keen on it. At that moment, Montevideo had just demonstrated an interest in the AIIB. Both MDBs were put on Uruguay's map by its astute and seasoned Ambassador to China, Fernando Lujris, who had been his country's ears and eyes inside the corridors of power since 2015.

When the expansion of the NDB was put on hold in 2017, the Uruguayan government focused on the AIIB, which it joined as a full member in April 2020.⁶ But Uruguayan diplomats continued to keep watch for an opening to the NDB, staying in touch with its officials.⁷ Membership expansion would remain dormant for two more years until the arrival of Marcos Troyjo of Brazil, as the second Bank's President, in July 2020. Soon after taking office and in line with what Brazilians had been favouring for years, he announced that membership would be a top priority (NDB, 2020).

As a former high-ranking Brazilian government negotiator, the upcoming NDB President Troyjo had worked closely with Uruguayan officials before, and he was seen as 'a good friend of Uruguay' willing to help the case for Montevideo's membership.⁷ Uruguayan policy-makers wasted no time after Troyjo became the NDB president. Azucena Arbeleche, Uruguayan Minister of Finance and Economics (MEF) personally telephoned Troyjo to congratulate him on the appointment, and the conversation led to an impromptu 'heart-to-heart' discussion about Uruguay's interest in joining the NDB.⁷ The support from Troyjo and Arbeleche behind the

scenes, and the Uruguayan government's interest in joining the NDB meant that the latter in early 2021 once again identified Uruguay as a potential, even an ideal member of the NDB. Uruguayan policy-makers responded enthusiastically to this news and started working on it right away.

The accession process commenced with informal unstructured talks (sometimes even via WhatsApp) and official consultations between representatives of NDB, Uruguay and Brazil in the first quarter of 2021.⁷ This effective combination of informal and formal channels proved the ideal negotiating environment, created by the spontaneous *collaborative agency* between Troyjo and Arbeleche. In mid-May 2021 the NDB conveyed to Montevideo through Uruguayan Ambassador Fernando Lujris that it was ready to issue an official invitation to Uruguay to join, if Uruguayan authorities would submit a formal written letter of expression of interest, addressed to the BoG of the NDB. Uruguay wasted no time, submitting the letter, signed by Arbeleche, on 31 May 2021. Just days later, on 3 June 2021, the Bank responded via Brazil with an official invitation stating, 'We are confident that both Uruguay and the NDB would benefit from the new partnership'.⁷

The final leg of these fast-track negotiations ironed out the indicative terms and conditions of the membership accord, and how much capital stock (paid-in and callable) Uruguay would subscribe and the voting member-share it would hold in the NDB. This negotiation ended on 5 August 2021 when NDB's BoG approved the formal accession of Uruguay as a prospective member.⁷ The exact amount of Uruguay's subscription has yet to be announced. But on 2 September 2021 Troyjo and the Uruguayan government, represented by Arbeleche, issued a joint *communiqué* that announced Uruguay's prospective membership. Once domestic procedures are finalized, which include legislative approval, Uruguay will join the Bank as a full member.

4 | CONCLUSIONS

This article has contributed to the conceptualization of the process of membership expansion by small and new IGOs in the global South. Potentially emblematic of new global South norms of multilateral membership, the negotiations between the NDB and Uruguay were not as rigid as the procedural norms in the multilateral institutions of the North, thanks to the entrepreneur-like agency carried out by various actors involved.

In the final analysis, I believe that Uruguay's accession to the NDB will produce numerous win-win benefits for both the Bank and the country. To the NDB's benefit Uruguay is likely to help expand its base level of funding; extend its financial influence; and raise the Bank's global profile, as envisioned from the very beginning by

the Brazilians in the Bank. To Uruguay's benefit is the expansion of cooperation with the NDB's founding members, particularly Brazil and China, and the facilitation of access to funding for interconnectivity projects to effect deeper regional integration and to enhance cross-border capital flows and investment. In this sense, Uruguay's new membership as a classic win-win deal.

While Brazil's support was crucial, it is important to note that accession was also forged thanks to Uruguayan career professionals' ability to construct a diplomacy of coherence and continuity. By doing this, Montevideo has shown cooperative agency in a region where the ubiquitous tendency is to act in the short term for the sole benefit of current officeholders, and to neglect the long-term planning that may not gratify those who hold power over short-term electoral cycles.

As the first case of NDB expansion into LAC, I also believe that Uruguay's accession can have a beneficial impact on LAC as a whole. The comprehensive involvement of Brazil in Uruguay's candidacy has brought the NDB closer to the region, potentially making its ARO, opened in São Paulo in 2020, a bridge to Shanghai for the expansion of South–South multilateralism into LAC. Furthermore, Brazil's collaborative agency coupled with Uruguay's long history of commitment to MDBs may also inspire the future accession of other countries in the region to the NDB.

With Dilma Rousseff, former Brazilian President, now serving as the third President of the NDB, her leadership and experience could further strengthen the Bank's presence and influence in the region. This may include the future accession of Argentina, which has expressed an interest in joining the Bank since President Alberto Fernandez visited China in February 2022, when his country also officially endorsed the BRI. Argentina's expression of interest has already been welcomed by China and Brazil. Fernandez was invited to the virtual 14th BRICS summit in June 2022, where he had an opportunity to confirm his country's genuine desire to join the Bank (Niebieskikwiat, 2022).

Argentina has been invited to attend these summits before, in 2014 and 2018 (Haran, 2022), so this does not ensure accession, but just Argentina's interest in the NDB (like Uruguay's) makes up part of a regional multilateralist tradition of proactive initiative in IGOs; attesting to LAC's capacity to act independently in foreign affairs. More of this entrepreneurial agency, which Heine (2022) has called 'non-active alignment', is needed in LAC so as to contend with the challenges posed by current geopolitical realities.

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to Gregory T. Chin and Eva-Maria Nag for their invaluable guidance throughout the writing process. Their constructive

feedback and collegial support greatly contributed to the readability and clarity of this piece. I am also grateful to the policymakers who kindly shared their perspectives, enriching my analysis. I dedicate this article to the beloved memory of my father, Prof. Alvaro Mendez Peñaranda, who will always remain my dearest friend, mentor, and whose love is a source of inspiration all the time.

CONFLICT OF INTEREST STATEMENT

The author declares that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

DATA AVAILABILITY STATEMENT

The author confirms that the data supporting the findings of this study are available within the article.

ORCID

Alvaro Mendez  <https://orcid.org/0000-0002-0919-5081>

ENDNOTES

- 1 Interview by author with Leslie Maasdorp, NDB's Vice President and Chief Financial Officer: London & Shanghai (via Zoom), January 2022.
- 2 Personal communication with K.V. Kamath, former President of the New Development Bank: Shanghai (in person), October 2018.
- 3 Interview by author with German Rios, former Director of CAF in Uruguay (2017–2019): London & Madrid (via Zoom), February 2022.
- 4 Interview by author with Enrique Garcia, former President of CAF (1991–2017): London & La Paz (via telephone call), March 2022
- 5 Interview by author with Gustavo A. Valderrama, former Deputy Minister of Economy of Panama: Panama City (in person), May 2018.
- 6 Interview by author with a senior ranking Uruguayan diplomat involved in the membership negotiations with the AIIB: Undisclosed location (via Zoom), February 2022.
- 7 Interview by author with Fernando Ligris, Uruguayan Ambassador to the People's Republic of China since 2015: London & Beijing (via Zoom), May 2022

REFERENCES

- Abdenour, A.E. & Folly, M. (2017) The new development bank and the institutionalization of the BRICS. In: Baumann, R., Damico, F., Abdenour, A.E., Folly, M., Cozende, C.M. & Flores, R.G. (Eds.) *BRICS studies and documents*. Brasília: Fundação Alexandre de Gusmão, pp. 77–111.
- Alden, C. & Mendez, A. (2023) *China and Latin America: development, agency and geopolitics*. London, UK: Bloomsbury Academic.
- Baumann, R., Damico, F., Abdenour, A.E., Folly, M., Cozende, C.M. & Flores, R.G. (Eds.). (2015) *BRICS Estudos e Documentos*. Brasília: Fundação Alexandre de Gusmão.
- Baumann, R., Damico, F., Abdenour, A.E., Folly, M., Cozende, C.M. & Flores, R.G. (Eds.). (2017) *BRICS studies and documents*. Brasília: Fundação Alexandre de Gusmão.
- Bradlow, D. & Masamba, M. (2022) *What is the NDB African Regional Center and Its Impact in Africa*. *Global Policy*:

- Emerging Global Governance Project*. Available from: <https://www.globalpolicyjournal.com/blog/04/05/2022/what-ndb-african-regional-center-and-its-impact-africa>. [Accessed 20 March 2023].
- Braveboy-Wagner, J.A. (2009) *Institutions of the global south*. Abingdon, UK: Routledge.
- CFR. (2021) *Mercosur: South America's fractious trade bloc. Council on Foreign Relations: Background*. Available from: <https://www.cfr.org/background/mercosur-south-americas-fractious-trade-bloc>. [Accessed 17 December 2021].
- Clbrief. (2020) *Creation of BRICS Bank regional Office in Brazil Approved. China-Lusophone Brief*. Available from: <https://www.clbrief.com/creation-of-brics-bank-regional-office-in-brazil-approved/>. [Accessed 15 July 2020].
- Cooper, A.F. & Cannon, B.J. (2022) *The United Arab Emirates and the new development Bank: meeting in the middle. The Emerging Global Governance (EGG) Project*. Available from: <https://www.globalpolicyjournal.com/blog/14/04/2022/united-arab-emirates-and-new-development-bank-meeting-middle-edn5>. [Accessed 14 April 2022].
- de Sá Guimarães, F. & De Almeida, M.H. (2018) Brazil's entrepreneurial power in world politics: the role of great powers and regional politics for successful entrepreneurship. *International Journal*, 73(4), 518–534.
- Droesse, G. (2020) *Membership in international organizations: paradigms of membership structures, legal implications of membership and the concept of international organization*. The Hague, Netherlands: T.M.C. Asser Press.
- EIU. (2022) *Country report: Uruguay (1st quarter)*. Economist Intelligence Unit Country Reports (22 May):1–42.
- Elliott, L. (2022) *Uruguay's global ambitions shake up Latin America's Mercosur trade bloc. Financial Times*. Available from: <https://www.ft.com/content/1d8834b4-b531-4263-b435-6354128a1a9d>. [Accessed 26 December 2022].
- Federal, S. (2020a) *Aprovada criação de representação do banco do Brics no Brasil. senadonoticias. (14 June 2020a)*.
- Federal, S. (2020b) *Decreto Legislativo No. 134, de 2020. Diário Oficial da União. (15 June 2020b)*. Available from: <https://pesquisa.in.gov.br/imprensa/jsp/visualiza/index.jsp?jornal=515&pagina=8&data=16/07/2020>. [Accessed 20 February 2023].
- Fitch. (2021) *Uruguay rating report. FitchRatings*. Available from: <http://deuda.mef.gub.uy/innovaportal/file/30193/1/fitch-uruguay---2021-06-18.pdf>. [Accessed 18 June 2021].
- Fonseca, G. (2011) Notes on the evolution of Brazilian multilateral diplomacy. *Global Governance*, 17(3), 375–397. Available from: <https://doi.org/10.1163/19426720-01703007>
- Fornes, G. & Mendez, A. (2018) *The China-Latin America Axis: emerging markets and their role in an increasingly globalised world*, 2nd edition. New York: Palgrave Macmillan.
- Haran, J.M. (2022) *Could Argentina join the BRICS? The Diplomat*. Available from: <https://thediplomat.com/2022/06/could-argentina-join-the-brics/>. [Accessed 23 June 2022].
- Heine, J. (2022) *Un no alineamiento activo. El Clarín*. Available from: https://www.clarin.com/opinion/alineamiento-activo_0_XKHw61X7nK.html. [Accessed 14 August 2022].
- Helleiner, E. (2014) *Forgotten foundations of Bretton woods: international development and the making of the postwar order*. Ithaca, NY: Cornell University Press.
- Helleiner, E. (2017) *The Latin American origins of Bretton woods*. In: Margulis, M. (Ed.) *The global political economy of Raúl Prebisch*. Abingdon, UK: Routledge, pp. 78–94.
- Helleiner, E. (2019) Multilateral development finance in non-Western thought: from before Bretton woods to beyond. *Development and Change*, 50(1), 144–163. Available from: <https://doi.org/10.1111/dech.12465>
- Humphrey, C. (2023) *Financing the future: multilateral development banks in the changing world order of the 21st Century*. OXFORD University Press.
- Humphrey, C. & Michaelowa, K. (2013) Shopping for development: multilateral lending, shareholder composition and borrower preferences. *World Development*, 44, 142–155. Available from: <https://doi.org/10.1016/j.worlddev.2012.12.007>
- IDB. (2021) *THE INFRASTRUCTURE GAP IN LATIN AMERICA AND THE CARIBBEAN*. Available from: <https://publications.iadb.org/en/infrastructure-gap-latin-america-and-caribbean-investment-needed-through-2030-meet-sustainable>. [Accessed 15 December 2022].
- IMF. (2016) *Uruguay: staff report for the 2015 article IV consultation*. IMF Staff Country Reports. Available from: <https://doi.org/10.5089/9781475515039.002.a001>. [Accessed 24 February 2016].
- INFRALATAM. (2022) *Public Investment in Economic Infrastructure as a percentage of GDP*. Washington, DC: IDB, CAF, ECLAC. Available from: <http://infralatam.info/en/home/>. [Accessed 24 January 2023].
- Lacalle Pou, L. (2022) *Uruguay, a reliable gateway to South America – opportunities in green finance*. London, UK: Canning House. Available from: <https://www.canninghouse.org/canning-insights/uruguay-a-reliable-gateway-to-south-america-opportunities-in-green-finance>. [Accessed 2 January 2023].
- Mendez, A. (2022) *The new development Bank and Uruguay: a win-win Deal. Global policy: emerging global governance project*. Available from: <https://www.globalpolicyjournal.com/blog/13/06/2022/new-development-bank-and-uruguay-win-win-deal>. [Accessed 13 June 2022].
- Mendez, A. & Houghton, D.P. (2020) Sustainable banking: the role of multilateral development banks as norm entrepreneurs. *Sustainability*, 12(972), 1–20. Available from: <https://doi.org/10.3390/su12030972>
- Mendez, A. & Turzi, M. (2020) *The political economy of China–Latin America relations: the AIIB membership*. New York: Palgrave Pivot.
- Merton, R.K. (1968) *Social theory and social structure*, Enlarged edition. New York: The Free Press.
- Moschella, M. & Weaver, C. (Eds.). (2013) *Handbook of global economic governance: players, power and paradigms*. Abingdon, UK: Routledge.
- Murray, L. (2016) *The BRICS bank looks to open its vault for new members. Financial review*. Available from: <https://www.afr.com/world/asia/the-brics-bank-looks-to-open-its-vault-for-new-members-20160724-gqcmh5>. [Accessed 24 July 2016].
- NDB. (2014) *Articles of Agreement on the New Development Bank*. Available from: <https://www.ndb.int/wp-content/themes/ndb/pdf/Agreement-on-the-New-Development-Bank.pdf>. [Accessed 24 March 2022].
- NDB. (2017) *NDB's General Strategy: 2017–2021*. Available from: <https://www.ndb.int/wp-content/uploads/2017/07/NDB-Strategy-Final.pdf>. [Accessed 30 April 2022].
- NDB. (2018) *Agreement between the Federative Republic of Brazil and the New Development Bank on the Hosting of the New Development Bank America's Regional Office in The Federative Republic of Brazil*. edited by The Federative Republic of Brazil and New Development Bank.
- NDB. (2020) *Meeting ever-evolving development challenges. Annual Report*. Available from: https://www.ndb.int/wp-content/uploads/2021/07/NDB-AR-2020_complete_v3.pdf. [Accessed 15 April 2022].
- NDB. (2023) *List of all projects*. Shanghai, China: New Development Bank. Available from: <https://www.ndb.int/projects/list-of-all-projects/>. [Accessed 16 January 2023].
- Niebieskikwiat, N. (2022) *En la cumbre de los BRICS con Vladimir Putin, Alberto Fernández no condenó a Rusia*. El Clarín. (24 June 2022). Available from: <https://www.clarin.com/politica/alberto-fernandez-pidio-lideres-brics-incorporen-argen>

- [tina-miembro-grupo-lideran-china-rusia_0_MjH1FeaKPH.html](#). [Accessed 10 January 2023].
- Nogueira Batista, P. (2021) *The BRICS and the financing mechanisms they created: Progress and shortcomings*. London: Anthem Press.
- Presidencia-Uruguay. (2022) *Exportaciones uruguayas de bienes crecieron 43% en 2021 y alcanzaron los 11.549 millones de dólares*. news release, 4 January. Available from: [https://www.gub.uy/presidencia/comunicacion/noticias/exportaciones-uruguayas-bienes-crecieron-43-2021-alcanzaron-11549-millones#:~:text=China%20fue%20otra%20vez%20el,%2C%20y%20Egipto%20\(4%25\)](https://www.gub.uy/presidencia/comunicacion/noticias/exportaciones-uruguayas-bienes-crecieron-43-2021-alcanzaron-11549-millones#:~:text=China%20fue%20otra%20vez%20el,%2C%20y%20Egipto%20(4%25)). [Accessed 15 June 2022].
- Raelin, J.A. (2016) Imagine there are no leaders: reframing leadership as collaborative agency. *Leadership*, 12(2), 131–158. Available from: <https://doi.org/10.1177/1742715014558076>
- Ray, R. & Kamal, R. (2019) Can South–South Cooperation Compete? The development bank of Latin America and the Islamic Development Bank. *Development and Change*, 50(1), 191–220. Available from: <https://doi.org/10.1111/dech.12468>
- Rodrigues Vieira, V. (2018) Who joins counter-hegemonic IGOs? Early and late members of the China-led Asian infrastructure investment Bank. *Research & Politics*, 5(2), 205316801877003. Available from: <https://doi.org/10.1177/2053168018770031>
- Roy, D. (2022) *Brazil's Global Ambitions*. Council on Foreign Relations. Available from: <https://www.cfr.org/backgrounder/brazils-global-ambitions>. [Accessed 19 September 2022].
- Suchodolski, S.G. & Demeulemeester, J.M. (2018) The BRICS coming of age and the new development Bank. *Global Policy*, 9(4), 578–585. Available from: <https://doi.org/10.1111/1758-5899.12600>
- Thornton, C. (2017) Voice and vote for the weaker nations: Mexico's Bretton woods. In: Scott-Smith, G. & Simon Rofe, J. (Eds.) *Global perspectives on the Bretton woods conference and the post-war world order*. Cham, Switzerland: Palgrave Macmillan, pp. 149–165.
- Trajber Waisbich, L. & Borges, C. (2020) International development assistance and the BRICS. In: José, A. (Ed.) *Puppim de Oliveira and Yijia Jing*, 149–187. Palgrave: Singapore.
- Villaseñor, E. (1941) The inter-American Bank: prospects and dangers. *Foreign Affairs*, 20(1), 165–174. Available from: <https://doi.org/10.2307/20029137>
- Wang, H. (2019) The new development Bank and the Asian infrastructure investment Bank: China's ambiguous approach to global financial governance. *Development and Change*, 50(1), 221–244. Available from: <https://doi.org/10.1111/dech.12473>
- Wesley, M. (2003) Membership expansion and change. In: Wesley, M. (Ed.) *The regional organizations of the Asia Pacific: exploring institutional change*. Basingstoke, UK: Palgrave Macmillan, pp. 97–116.
- Zhu, J. (2022) *Why China supports NDB membership expansion*. Global Policy: Emerging Global Governance Project. Available from: <https://www.globalpolicyjournal.com/blog/16/05/2022/why-china-supports-ndb-membership-expansion>. [Accessed 16 May 2022].

AUTHOR BIOGRAPHY

Alvaro Mendez is the Director of the Global South Unit at the London School of Economics and Political Science (LSE). He is an Associate Fellow at the Geneva Centre for Security Policy, as well as a Foreign Expert and Adjunct Professor at Fudan University in Shanghai. He is the author of numerous books and articles. His latest book is *China and Latin America: Development, Agency, and Geopolitics* (Bloomsbury, 2023). Prof. Mendez has published articles in such journals as *Geopolitics*, *Global Policy*, *Asia Business and Management*, *Sustainability*, *Journal of Business Research*, *The China Journal*, *Asia Pacific Business Review*, *Finance Research Letters* and *Foreign Policy Analysis*.

How to cite this article: Mendez, A. (2023) Latin American agency: The New Development Bank, Uruguay's accession and Brazilian influence. *Global Policy*, 00, 1–9. Available from: <https://doi.org/10.1111/1758-5899.13214>