CONFERENCE PAPER
International Conference on Economic Sciences and Management in the Changing World 2025

Accepted: September 3, 2025 | **Published:** September 16, 2025 | **Language:** English

FUTURITY PUBLISHING
Pylyp Orlyk International Classical University

BRICS and the Transformation of Global Financial Governance: Challenging the Bretton Woods Institutions

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ABSTRACT: This study critically examines the emergence of BRICS-led financial institutions, notably the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), as a challenge to the Bretton Woods institutions, which Western economic powers have long dominated. Anchored in a Critical International Political Economy (IPE) framework, the research explores how BRICS seeks to reshape global financial governance by promoting a more multipolar and equitable world order. This paper employs a qualitative research methodology, primarily relying on secondary data sources, including policy documents, academic literature, official declarations, and institutional reports. The study reveals that while BRICS institutions are still developing in terms of scale and operational capacity, they symbolise a paradigm shift in international financial architecture, emphasising sovereignty, inclusivity, and alternative development models. The findings suggest that the BRICS' approach constitutes both a critique of and a complement to the Bretton Woods institutions, with long-term implications for the global economic power balance.

KEYWORDS: BRICS, New Development Bank (NDB), Contingent Reserve Arrangement (CRA), Bretton Woods Institutions, Critical International Political Economy (IPE), Global Financial Governance.

How to cite: Oluyemi, O. A. (2025). BRICS and the transformation of global financial governance: Challenging the Bretton Woods institutions. *International Conference on Economic Sciences and Management in the Changing World 2025*, (pp. 21-35). Futurity Research Publishing. https://doi.org/10.5281/zenodo.17160293

Introduction

In July 1944, representatives from 44 nations convened in Bretton Woods, New Hampshire, with a shared vision of reconstructing a war-torn global economy. This historic gathering took place during the final stages of the Second World War, at a time when large parts of Europe, Asia, and Africa were devastated and in urgent need of economic recovery. The central focus of the conference was to design a framework that would reintegrate these regions into the global economy and promote robust and sustained economic growth through deeper international cooperation and trade liberalisation (Helleiner, 2014). Out of this landmark event emerged two pivotal institutions: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), which later became part of the World Bank Group. The IMF, officially established on 27 December 1945, was created to monitor global monetary cooperation and ensure financial stability, while the IBRD was tasked with facilitating the reconstruction of war-affected regions and fostering development through financial assistance (Eichengreen, 2019). To complement these efforts, a comprehensive framework for global trade was developed through the General Agreement on Tariffs and Trade (GATT) in 1947, which laid down the rules for international commerce for nearly half a century before evolving into the World Trade Organisation (WTO) in 1995 (WTO, 2024). These institutions and agreements collectively laid the groundwork for a system of currency convertibility, open trade, and multilateral economic governance. The Bretton Woods system significantly shaped the post-war global economy by advancing economic openness and promoting integration among national economies. The outcomes were evident: between 1950 and 2000, the global economy expanded at a pace substantially faster than in the first half of the 20th century, affirming the success of the vision set forth at Bretton Woods (Kenen, 2020). This era highlighted the significant role that international institutions and cooperation can play in promoting shared prosperity and peace.

Following the end of World War II, global economic recovery initiatives such as those established at the Bretton Woods Conference in 1944 were primarily designed to benefit Western Europe and a few other industrialised nations. Many other regions, especially in Africa, Asia, and parts of Latin America, did not experience comparable economic revitalisation. This disparity was primarily due to the fact that much of the non-Western world remained under colonial domination well into the mid-20th century. European colonial expansion, which began in the 16th century, had by the 19th century absorbed vast territories across the Global South. These colonial regimes not only extracted economic resources but also imposed Eurocentric values and institutions on local cultures (Mazower, 2020). Although the formal colonial empires began to unravel in the wake of World War I, driven by widespread independence movements, many newly sovereign nations found themselves excluded from the immediate benefits of the international economic order established during that era. Institutions such as the International Monetary Fund (IMF) and the World Bank were structured to support the recovery and integration of Western economies. As a result, the post-war economic boom largely bypassed former colonies, reinforcing a system in which the United States and its allies disproportionately shaped global economic policy. This arrangement became known as the Bretton Woods system, characterised by Western dominance in decision-making and a narrow prioritisation of Western economic interests (Helleiner, 2014).

It was in response to this perceived imbalance in global governance that the BRIC grouping comprising Brazil, Russia, India, and China was initially formed. Emerging as a forum of leading developing economies, BRIC held its first summit in 2009. The inclusion of South Africa in 2010 led to the formation of BRICS. Over time, this bloc evolved as a counterweight to Western-led institutions such as the IMF, the World Bank, the G7, and even the United Nations Security Council (O'Neill, 2023). In 2024, the group expanded further, adding Egypt, Ethiopia, Iran, and the United Arab Emirates. Though Argentina declined its invitation and Saudi Arabia had not confirmed formal membership as of mid-2025, the newly expanded configuration is often referred to as "BRICS" (Zhao, 2024). At the 2024 Kazan Summit, hosted by Russia, BRICS reportedly explored further membership categories, inviting countries such as Algeria, Kazakhstan, Nigeria, and Vietnam; however, the precise mechanisms of integration remain unclear. From its inception, BRICS sought to coordinate economic and diplomatic strategies among emerging powers and to promote alternatives to the Western-dominated financial order. Central goals have included advancing multilateralism, reforming global governance institutions, rejecting non-UN sanctions, and reducing reliance on the U.S. dollar in international trade (Naím, 2024). Yet, despite these shared objectives, the group faces internal contradictions. BRICS members have varied political systems, economic structures, and foreign policy priorities. Their differing responses to international conflicts such as the Russia-Ukraine war and the Israel-Hamas conflict reflect these complexities. Nonetheless, a common commitment to accelerating economic development and asserting greater agency in global affairs continues to unite the bloc.

A significant achievement of BRICS has been the establishment of the New Development Bank (NDB) in 2014. Designed to offer an alternative source of development financing, the NDB offers loans for infrastructure and sustainable development projects in member states, including clean energy, transportation, and sanitation. Since beginning operations in 2016, it has approved over USD 32 billion in funding across 96 projects. While significant, this figure pales in comparison to the World Bank, which disbursed nearly USD 72.8 billion in fiscal year 2023 alone (World Bank, 2024). Complementing the NDB, the Contingent Reserve Arrangement (CRA) was launched to provide liquidity support during short-term balance of payment crises, serving as a financial safety net for BRICS members. Both the NDB and CRA reflect BRICS' broader ambition to reshape global financial architecture, especially by offering alternatives to what UN Secretary-General António Guterres has described as a system "created by rich countries to serve rich countries" (United Nations, 2023). While the future of BRICS remains uncertain, its growing membership and assertiveness suggest that it may increasingly challenge the influence of Western-dominated institutions. Some analysts argue that BRICS+ could significantly shift the geopolitical balance, especially if plans to introduce a shared currency or new payment systems are implemented. Others remain sceptical, noting that the group's internal diversity and geopolitical contradictions could hinder its ability to form a cohesive alternative to the Bretton Woods order. Nevertheless, this research argues that the expanding role of BRICS, posing a notable challenge to the Bretton Woods institutions, represents a broader push by emerging economies to secure a more equitable and multipolar global order.

Theoretical Framework: Critical International Political Economy (IPE)

The global financial architecture, historically rooted in Western liberalism and dominance, is increasingly being challenged by a coalition of emerging economies, collectively known as the BRICS: Brazil, Russia, India, China, and South Africa. More than just a group of high-growth markets, BRICS has become a political bloc advocating for a more equitable international order. Their efforts to reform global economic governance have manifested institutionally in initiatives such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), both of which aim to serve as counterweights to the established Bretton Woods institutions, namely the International Monetary Fund (IMF) and the World Bank. To adequately interrogate this transformation in global governance, this research adopts a Critical International Political Economy (Critical IPE) framework. Unlike orthodox approaches that often treat markets and institutions as neutral arbiters of economic efficiency, Critical IPE foregrounds the role of ideology, class structures, and historical power dynamics. It provides a lens through which the contestation between BRICS and the Bretton Woods system can be interpreted not only as institutional competition but also as ideological resistance to neoliberal hegemony. Critical IPE emerged as a response to mainstream economic theories that marginalized the role of power, inequality, and historical context in shaping economic outcomes. Drawing from Gramscian and neo-Marxist traditions, Critical IPE emphasises three core dimensions: firstly, ideological hegemony, which argues that global institutions like the IMF and World Bank are not ideologically neutral. They promote neoliberalism, prioritising market liberalisation, deregulation, and fiscal austerity as a universal policy prescription, thereby institutionalising Western capitalist values in the global South's economic governance (Živković, 2024). Secondly, core-periphery reproduction, which argues that financial and development aid mechanisms often reinforce asymmetrical relations between developed and developing countries. Conditionalities imposed by the IMF and World Bank frequently require recipient nations to implement structural adjustment programs that erode sovereignty and embed dependency on Western financial markets. Lastly, agency in resistance whereby critical IPE recognises the capacity of non-Western actors to resist and reshape global norms. Institutions like the NDB represent more than just financial alternatives; they are both symbolic and practical manifestations of the global South's agency, pushing back against neoliberal universality (Luo & Yang, 2021). Through this lens, BRICS emerges not merely as a coalition of economic powers but as an ideological project seeking to reconstruct the rules of global capitalism.

The Bretton Woods Institutions as Agents of Neoliberal Hegemony

The International Monetary Fund (IMF) and World Bank, both established in the aftermath of World War II, were initially conceived to foster economic stability and facilitate reconstruction across war-torn regions. Over time, however, these institutions have evolved in both their functions and ideological alignments. From the late twentieth century onward, particularly during the debt crises of the 1980s and 1990s, the IMF and World Bank adopted a distinct neoliberal orientation. Their deployment of structural adjustment programs (SAPs) during this period revealed the extent to which these global financial entities operated not only as technical mechanisms, but also as vehicles for a particular economic orthodoxy that privileged market liberalisation over social equity. One of the primary criticisms of the Bretton Woods institutions, from the lens of Critical International Political Economy (IPE), centres on the erosion of national sovereignty through the enforcement of SAPs. These programs typically mandated borrowing countries to implement a mix of austerity measures, deregulation, and privatisation. While intended to restore macroeconomic balance and facilitate debt repayment, these conditionalities frequently resulted in substantial harm to domestic economies, particularly among the working class. Reduced public spending often translates into diminished access to healthcare, education, and welfare services, contributing to increased poverty and long-term economic stagnation (Živković, 2024). Consequently, SAPs have been criticised not only for their economic ineffectiveness but also for exacerbating social inequality and undermining democratic policy-making.

A second major critique lies in the unequal governance structure within the IMF and World Bank, which continues to favour developed economies. Decision-making power in both institutions is allocated based on financial contributions, granting disproportionate influence to wealthier countries. For instance, the United States maintains veto power in the IMF by holding over 16% of voting rights, a threshold that no major policy decision can surpass without American consent (Luo & Yang, 2021). This imbalance has hindered efforts to democratise these institutions and continues to marginalise the voices and interests of developing nations. As a result, reform efforts have stalled, mainly, reinforcing a governance model that perpetuates the status quo. The third criticism concerns the ideological entrenchment of neoliberalism within the operations of these institutions. Economic liberalisation is often equated with modernisation and progress, sidelining alternative models of development that may better suit local contexts. The IMF and World Bank tend to promote a one-size-fits-all approach that privileges global market integration and downplays indigenous governance structures and economic strategies (Wu, 2016). This ideological rigidity not only limits policy flexibility for borrowing nations but also suppresses the development of diverse economic paradigms tailored to regional needs. In response to these critiques, the emergence of the BRICS coalition signifies a deliberate effort to reimagine global financial governance.

The creation of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) reflects the group's commitment to providing alternative financial institutions that are grounded in the principles of equity and inclusivity. Unlike the IMF and World Bank, the NDB operates on a one-country-one-vote model, rejecting the weighted voting systems that have historically favoured Western powers (Luo & Yang, 2021). This institutional structure not only symbolises a move toward egalitarian governance but also enhances the legitimacy of the BRICS institutions among Global South stakeholders. A notable distinction in BRICS financing mechanisms is the absence of conditionalities commonly associated with Bretton Woods lending. The NDB and CRA offer sovereign-friendly loans that preserve the policy autonomy of recipient countries. This model enables borrowing nations to prioritise domestic development goals without external interference, addressing a long-standing grievance among Global South countries that have been subjected to the intrusive demands of traditional financial institutions (Živković, 2024). Such an approach enables recipient states to maintain control over their economic trajectories while accessing necessary development capital.

Another hallmark of BRICS initiatives is their emphasis on South-South cooperation. Projects funded by the NDB tend to prioritise infrastructure, energy, and regional connectivity, sectors often overlooked by Bretton Woods' institutions, which have traditionally focused on macroeconomic stabilisation and trade liberalisation (Monyae & Matambo, 2021). This shift in focus reflects an understanding of the developmental needs of emerging economies and a commitment to fostering economic integration within the Global South. Ideologically, BRICS represents a pluralistic and multipolar alternative to the prevailing neoliberal order. The group actively promotes diverse development models, cultural autonomy, and inclusive governance structures. These values are embedded in the institutional design and strategic objectives of the BRICS framework, positioning it as a counter-hegemonic force in global affairs (Mugarura, 2023). While some analysts argue that BRICS institutions may eventually complement rather than supplant Bretton Woods bodies, their existence fundamentally challenges the notion that Western-led financial institutions are the only viable model for global development (Pandit, 2019). Summarily, the challenge posed by BRICS to the Bretton Woods institutions is far more profound than a rivalry over financial flows or institutional influence. It represents a contest over the very ideology that underpins global economic governance. Through the creation of parallel institutions rooted in equality, sovereignty, and cultural pluralism, BRICS is reshaping the discourse on development finance. Although the future of these institutions remains uncertain, their emergence marks a pivotal step toward a more inclusive and multipolar world order.

The Evolving Role of BRICS in a Shifting Global Order

As of January 1, 2024, the BRICS coalition, originally comprising Brazil, Russia, India, China, and later joined by South Africa in 2010, has expanded to include five additional countries: Egypt, Iran, the United Arab Emirates

(UAE), Ethiopia, and Saudi Arabia. While Saudi Arabia currently participates as an observer rather than a full member, this expansion highlights the growing geopolitical significance of the group and its increasing appeal to emerging economies seeking alternatives to Western-led institutions (Zhao, 2024). BRICS has steadily positioned itself as a counterbalance to entities such as the International Monetary Fund (IMF) and the World Bank, which are widely perceived to reflect Western priorities. The coalition now encompasses approximately 45% of the global population (roughly 3.5 billion people), covers a third of the world's landmass, and accounts for 44% of global oil production. With a collective gross domestic product (GDP) nearing USD 29 trillion, BRICS has overtaken the G7 in terms of purchasing power parity, indicating a dramatic shift in global economic influence (Naím, 2024). Russian President Vladimir Putin has emphasised the rapid economic momentum within the BRICS bloc, noting that its share of IMF quotas has surged from 8.4% in 2001 to 25.8% in 2022. During the same period, the G7's quota dropped significantly, from 64.6% to 42.9%, further illustrating the global rebalancing of power (IMF, 2023). BRICS has found a natural partner in the Shanghai Cooperation Organisation (SCO), with both groupings sharing a common agenda to challenge what they see as a neo-colonial economic order dominated by the United States and its allies. While SCO has geopolitical weight, BRICS adds financial and developmental muscle. Together, they aim to create a more balanced global system, particularly through the process of de-dollarisation, which involves gradually reducing dependency on the U.S. dollar in trade and finance. Efforts toward this de-dollarisation strategy are becoming increasingly evident. Russia, for instance, now conducts around 75% of its foreign trade in currencies other than the U.S. dollar. Countries in Southeast Asia, including Malaysia, Thailand, and Vietnam, are similarly exploring non-dollar trade arrangements. Notably, 60% of trade between Russia and Vietnam is now conducted in alternative currencies. Thailand, in particular, is expected to gain BRICS membership at the upcoming 2024 Kazan Summit in Russia (Repnikova & Chen, 2023).

The BRICS bloc has received expressions of interest from over 30 nations, including Mexico, Nigeria, and Bangladesh, which see in the coalition a path to greater economic autonomy. BRICS has broadened its focus beyond economic cooperation to include initiatives in science, health, technology, education, and cultural diplomacy. Through deeper engagement in these areas, the group hopes to strengthen South-South collaboration and foster collective development across the Global South (Zhao, 2024). Moreover, there is growing sentiment within the bloc that the path to true economic sovereignty for developing nations lies in dismantling the legacy structures of economic colonialism. One concrete step has been the gradual replacement of the U.S. dollar in oil transactions with local or regional currencies, signalling a pushback against the longstanding dominance of Western financial mechanisms. The expulsion of French influence from resource-rich West African nations, such as Niger, which once supplied uranium to France at undervalued rates, also underscores a broader decolonisation effort (United Nations, 2023). Despite its expanding influence and ambitious goals, BRICS still lacks the institutional cohesion seen in more formal international organisations. The issue of internal governance and structural formalisation is expected to be a central theme at the Kazan Summit. Under the Russian presidency, the summit is reportedly expected to prioritise efforts to enhance institutional development within BRICS, potentially transforming it into a more unified and strategically organised actor on the global stage (O'Neill, 2023).

The Institutional Genesis of the BRICS Bank: NDB and CRA

The institutional architecture of the BRICS Bank was established through a dual initiative: the formation of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). Together, these mechanisms reflect a shared aspiration among BRICS countries to reshape global financial governance and reduce dependence on the Bretton Woods institutions. The CRA functions as a pooled reserve fund of $100 billion, designed to provide liquidity support during balance of payments crises among BRICS members. Contributions to the CRA are asymmetrical: China provides the most significant share at $40 billion, followed by Brazil, India, and Russia at $18 billion each, with South Africa contributing $10 billion. It is structurally agreed that China's share will not exceed 50% of the total fund. The purpose of the CRA is not to replace the IMF entirely but to serve as a strategic buffer that ensures short-term stability during currency or liquidity shocks among member states (Luo & Yang, 2021; Bond, 2019). However, compared to the IMF, which had expanded its lending capacity from $250 billion pre-2008 to over $1 trillion by 2014, the CRA remains limited in scale and scope (Pandit, 2019). Moreover, some mechanisms within the CRA still require IMF participation, especially after 30% of a member's quota is drawn, thereby revealing continued entanglement with the existing global order (Bond, 2016).

In tandem with the CRA, the NDB was launched to finance large-scale infrastructure and sustainable development projects in BRICS and other emerging economies. The founding members committed an initial capital of $50 billion, with equal contributions of $10 billion per country. The bank's governance structure, comprising a Board of Governors and Executive Board, mirrors that of the World Bank. Still, with key reforms, all five founding nations hold equal voting shares, regardless of GDP weight, which counters the disproportionate influence wielded by developed nations in the Bretton Woods institutions (Luo & Yang, 2021; Aleksia & Bakhtiar, 2023). The rationale behind the NDB's creation lies in the chronic underfunding of infrastructure in developing countries. Existing institutions, such as the World Bank, are seen as overly bureaucratic and slow in disbursing funds. In contrast, the NDB is designed to be more responsive and to provide funding in local currencies, reducing dependency on the U.S. dollar and mitigating exchange rate volatility (Gennari et al., 2024).

The dissatisfaction among BRICS members with the reform inertia of the IMF and World Bank was palpable during the aftermath of the 2008 financial crisis. Repeated G20 summits, including the 2009 London and 2010 Seoul meetings, failed to implement agreed reforms regarding quota and voice adjustments. This stagnation led to increasing frustration, especially from China and India, whose economic clout was not reflected in their voting power at the IMF (Krasavina, 2019). This impasse culminated in the 2013 Durban Summit, where BRICS announced their intention to create both the CRA and the NDB, formalising these plans at the 2014 Fortaleza Summit. According to official statements and high-level BRICS diplomats, these institutions were conceptualised not to abandon the Bretton Woods system but to create leverage for reform through competition (Suchodolski & Demeulemeester, 2018). One of the distinguishing features of the BRICS financial architecture is the emphasis on equality.

In contrast to the IMF and World Bank's weighted voting systems, the NDB and CRA operate on principles of equal shareholding and consensus-based decision-making. This structure reflects a deliberate attempt to avoid the dominance of any single member, particularly China, and to maintain a more balanced distribution of power (Luo & Yang, 2021). The Fortaleza Declaration explicitly acknowledged that while BRICS remains committed to reforming Bretton Woods's institutions from within, the creation of the NDB and CRA serves as both a practical alternative and a symbolic critique of the existing global financial architecture (Aleksia & Bakhtiar, 2023). In essence, the establishment of the NDB and CRA by BRICS represents a two-pronged strategy: engaging with traditional institutions while simultaneously building new ones to exert pressure for reform. Though these initiatives do not pose an existential threat to the IMF or World Bank, they reflect the shifting contours of global financial governance, signalling a gradual move toward a more multipolar system (Mugarura, 2023).

BRICS Bank and Its Challenge to the Bretton Woods Institutions

The launch of the New Development Bank (NDB) in 2015 by the BRICS nations, Brazil, Russia, India, China, and South Africa, signalled more than the creation of another multilateral financial institution. It marked a symbolic and practical departure from the dominance of the Bretton Woods institutions, namely the International Monetary Fund (IMF) and the World Bank. Frustrated by structural inequalities and Western-centric governance models, the BRICS countries envisioned the NDB as a tool to reshape global financial governance. The formation of the New Development Bank (NDB) represents a significant realignment in the global financial architecture. Emerging as a counter-narrative to the long-standing influence of the Bretton Woods institutions, namely, the International Monetary Fund (IMF) and the World Bank, the NDB positions itself as a proponent of a more inclusive and equitable model of international development finance. This institution offers a distinct vision that champions sovereign policy autonomy, regional ownership, and development tailored to local priorities (Brutsch & Papa, 2023). Unlike the IMF and World Bank, which have often attached stringent policy conditions to their financial assistance, conditions criticised for fostering structural dependence and limiting domestic decision-making, the NDB advances a development framework that respects the sovereignty of its members. It refrains from enforcing neoliberal structural adjustment programs, which many countries in the Global South have found detrimental to their economic and social well-being (Ramos & Adeoye, 2024). Instead, the NDB aligns itself with the aspirations of these nations by offering financing with fewer political strings and by focusing on mutual respect and cooperation. A defining feature of the NDB is its emphasis on infrastructure and sustainable development. This focus addresses the acute developmental needs of emerging economies, where investments in energy systems, transportation networks, and urban infrastructure are essential for long-term growth and resilience. By prioritising strategic, long-horizon projects over short-term fiscal stabilisation, the bank offers a development model that addresses structural challenges and builds capacity from the ground up (Zhao, 2024).

From a governance perspective, the NDB introduces a more egalitarian approach. Each founding BRICS member, Brazil, Russia, India, China, and South Africa, holds equal voting power, in contrast to the weighted voting mechanisms of the IMF and World Bank that disproportionately favour wealthier nations. This governance model sends a strong signal to the Global South: it is possible to construct financial institutions that uphold principles of fairness, equity, and shared leadership (Ghosh, 2023). Strategically, the NDB symbolises the broader geopolitical objective of BRICS to foster a multipolar world order. The bank not only seeks to redistribute financial influence but also to challenge the normative dominance of Western-dominated institutions. In doing so, it provides an alternative avenue for countries seeking to diversify development partnerships and reduce dependence on the U.S.-led financial system (Chin, 2023). Its growth also reflects a deepening commitment to South-South cooperation and regional self-determination. However, the NDB's transformative promise faces several hurdles. In operational terms, the bank still lags behind the IMF and World Bank in terms of capital capacity, global reach, and institutional experience. With around $32 billion approved for projects since inception, a modest figure compared to the World Bank's lending of $72.8 billion in fiscal 2023 alone, its scale remains limited (World Bank, 2024). The future efficacy of the NDB will hinge on its ability to expand its project portfolio, strengthen its internal coordination, and adapt to the complex and evolving needs of its growing membership.

The New Development Bank (NDB) positions itself as an alternative to the Bretton Woods institutions by promoting equality, sovereignty, and South-South solidarity. Unlike the IMF and World Bank, where developed countries hold disproportionate voting power (Mao, 2024), the NDB grants equal rights to all founding members and avoids attaching political conditions to its loans (Amaral et al., 2024). Its emphasis on infrastructure and sustainable development, including renewable energy, transportation, water management, and digital connectivity, addresses gaps often left by traditional lenders (Zhou & Biswas, 2023). Additionally, the NDB's use of local currency lending reduces reliance on the U.S. dollar, limiting exposure to currency risks and supporting broader de-dollarisation in global finance (Zhang, 2024). Collectively, these innovations provide Global South countries with greater autonomy in shaping their development strategies. At the same time, the NDB reflects a geopolitical shift as emerging economies assert themselves in global governance. It provides BRICS states and their partners with financial alternatives that reinforce sovereignty and mutual respect, in contrast to the conditionality-driven approach of the IMF and World Bank (Waisbich & Borges, 2019). However, the NDB's influence remains constrained by its relatively small capital base, operational limitations, and internal asymmetries among BRICS members (Tsaurai, 2023). With the IMF's trillion-dollar lending capacity and long-standing institutional reach, the NDB currently functions as a complement rather than a replacement (Ye, 2018). Yet, by introducing competition and offering an alternative development paradigm, the NDB exerts pressure on Western-led institutions to adapt their practices to the needs of emerging economies.

The Rise of BRICS: A Counterweight to Western Hegemony

Since the early 2000s, the BRICS bloc, comprising Brazil, Russia, India, China, and South Africa, has evolved into a formidable coalition representing over 40% of the world's population and approximately a quarter of global GDP. Despite their wide-ranging political systems and economic models, BRICS countries are united by a shared dissatisfaction with the post-World War II financial order, dominated by the Bretton Woods institutions, particularly the International Monetary Fund (IMF) and the World Bank (WB). According to BRICS critics, these institutions have consistently failed to adapt to the shifting global economic landscape and continue to entrench systemic inequalities in global finance and governance structures (Živković, 2024). In response, BRICS has established alternative frameworks to contest Western dominance and advocate for a multipolar world. Central among these initiatives are the New Development Bank (NDB), established to finance infrastructure and sustainable development, and the Contingent Reserve Arrangement (CRA), which provides liquidity support to members during balance-of-payments crises. These institutions are intended not merely as supplements but as ideological and structural alternatives to the IMF and World Bank (Hofman & Srinivas, 2024). The evolving landscape of global financial governance has witnessed the growing prominence of the BRICS countries as a counterbalance to the longstanding dominance of the Bretton Woods institutions. Among the key issues raised by the BRICS bloc is the question of institutional legitimacy and equitable representation. The International Monetary Fund (IMF) and the World Bank, central pillars of the Bretton Woods system, continue to reflect the power hierarchies of the post-World War II era. Despite their economic ascendancy, emerging economies such as China and India remain underrepresented. For instance, even after the delayed implementation of the 2010 IMF quota reforms in 2016, China holds less than 7% of the IMF voting power, compared to over 16% held by the United States, which retains adequate veto power (Mangani, 2024). In stark contrast, the New Development Bank (NDB) established by BRICS in 2015 adopts an egalitarian governance structure wherein each founding member holds an equal 20% share of voting rights and capital (Živković, 2024). This model stands in direct opposition to the weighted voting systems entrenched in the Bretton Woods institutions.

A critical point of divergence between BRICS-led institutions and the IMF/World Bank framework lies in the imposition of conditionalities. Historically, the IMF and World Bank have attached stringent policy conditions to their lending, often requiring austerity measures, deregulation, and structural reforms. These conditionalities, especially prominent during the debt crises of the 1980s and 1990s, are widely criticised for infringing on national sovereignty and deepening social inequalities. In response, BRICS established the NDB and the Contingent Reserve Arrangement (CRA) with a commitment to sovereign-friendly financing. These mechanisms provide financial assistance in a manner that respects domestic development priorities and avoids politically intrusive conditions (Živković, 2024). As a result, BRICS institutions have emerged as attractive alternatives for countries seeking to maintain policy autonomy while addressing their financial needs. Beyond the institutional structures and lending terms, the BRICS alliance represents an ideological and structural reorientation of the global financial system. Rather than adhering to the neoliberal prescriptions typically associated with Bretton Woods institutions, BRICS advocates for a multipolar financial order grounded in mutual respect, cultural pluralism, and inclusive governance. This ideological divergence is operationalised through the NDB and CRA, which emphasise sustainable development, South-South cooperation, and democratic decision-making (Mangani, 2024). Furthermore, the expansion of BRICS to incorporate nations such as Egypt, Ethiopia, and Iran signifies a strategic effort to broaden its global reach and amplify its collective bargaining power within existing international forums (Kaushik et al., 2024). This expansion reflects the bloc's commitment to reshaping global economic governance in a manner that accommodates diverse developmental paradigms.

The establishment of the NDB also offers a practical alternative to the World Bank in the realm of development finance. While the World Bank has been a key actor in international development, it has increasingly faced criticisms concerning inefficiencies, political interference, and a lack of contextual sensitivity. The NDB, in contrast, seeks to operate with greater agility, particularly by financing large-scale infrastructure and sustainability projects. A distinguishing feature of the NDB's operational model is its preference for disbursing loans in local currencies, thereby minimising borrowers' exposure to foreign exchange volatility and reducing dependence on the U.S. dollar (Hofman & Srinivas, 2024). This approach not only enhances financial sovereignty but also aligns more closely with the development aspirations of recipient nations.

Furthermore, the NDB's commitment to equal voting rights reinforces its credibility among developing countries, which often view the World Bank's governance as disproportionately favouring Western interests (Perepelitsa, 2024). Monetary and currency reform constitute another critical arena in which BRICS is actively challenging the Bretton Woods orthodoxy. The bloc's advocacy for de-dollarisation stems from concerns over the strategic vulnerabilities associated with U.S. dollar dependence, including its use in imposing unilateral sanctions. In response, BRICS countries have promoted initiatives to facilitate intra-group trade in national currencies and have explored the creation of a common currency, informally referred to as "R5" (Rezbayev, 2024). Although establishing such a currency remains a long-term goal, hindered by the absence of macroeconomic convergence and institutional harmonisation, the political symbolism of these efforts is profound. By issuing bonds in local currencies and utilising CRA liquidity through currency swaps, BRICS nations are laying the groundwork for a multipolar monetary order that challenges the IMF's centrality in global liquidity management (Proroković, 2024). These initiatives signal a broader aspiration to democratise the global financial system and diminish the hegemonic role of the U.S. dollar. Collectively, the BRICS bloc's institutional innovations, normative challenges, and strategic expansions represent a multifaceted effort to transform global financial governance. While the future impact of these initiatives remains contingent on political will, institutional coherence, and global economic shifts, their significance as a counter-hegemonic force is undeniable. BRICS offers a vision of development that prioritises equity, autonomy, and pluralism principles that resonate deeply across the Global South.

Conclusion

The evolution of BRICS as a coalition of emerging economies presents a profound challenge to the global economic governance established by the Bretton Woods institutions. Through the creation of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), BRICS has offered alternative frameworks that confront the structural and ideological biases inherent in the International Monetary Fund (IMF) and the World Bank. These BRICS-led institutions not only provide financial resources without the burden of neoliberal conditionalities but also symbolise a shift toward a more multipolar and equitable global order. Using the lens of Critical International Political Economy (IPE), this research has demonstrated how the BRICS acts not merely as a financial counterweight but also as an ideological alternative to Western dominance. Critical IPE's emphasis on the hegemony of neoliberalism, the reproduction of core-periphery relations, and the potential for agency and resistance offers a robust framework for understanding the more profound implications of the BRICS challenge. This challenge is rooted in a broader critique of the post-war economic order, one that has historically marginalised the Global South through coercive lending practices, unequal governance structures, and a rigid economic orthodoxy. Although the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) are still in the relatively early stages of institutional development, particularly when compared to the decades-old Bretton Woods institutions, their emergence marks a critical inflexion point in the transformation of global financial governance. The true significance of these BRICS-led institutions lies not necessarily in their current financial size or global penetration, but rather in their explicit ambition to democratise international finance and empower the voices of developing countries that the Western-centric economic order has long marginalised. The NDB, in particular, represents a purposeful shift away from the conventional development model historically championed by the International Monetary Fund (IMF) and the World Bank. Unlike these institutions, which have often linked financial support to strict conditionalities such as austerity measures, privatisation, and structural adjustment programs, the NDB prioritises national sovereignty and policy autonomy. It seeks to support member states in implementing infrastructure and sustainable development projects that align with their own strategic priorities rather than externally imposed economic orthodoxies.

Additionally, one of the NDB’s most noteworthy innovations is its commitment to lending in local currencies. This approach is not merely a financial mechanism; it carries profound symbolic and practical implications. By reducing dependency on the U.S. dollar, the NDB helps borrowing countries mitigate exchange rate volatility and external debt pressures, factors that have historically exacerbated economic vulnerability in the Global South. This practice supports broader BRICS efforts toward "de-dollarisation," a deliberate strategy to reduce the dominance of the U.S. dollar in international trade and finance and to enhance monetary sovereignty across emerging economies. Furthermore, the governance model of the NDB, which is rooted in equal shareholding and consensus-based decision-making among founding members, contrasts sharply with the weighted voting systems of the IMF and World Bank. These Bretton Woods institutions have long been criticised for disproportionately favouring the interests of advanced economies, particularly the United States, which retains adequate veto power over key decisions.

In contrast, the NDB's governance structure reflects a more egalitarian philosophy, signalling an ideological commitment to fairness, mutual respect, and equitable representation in the global financial system. In this broader context, BRICS institutions are not merely parallel financial entities; they serve as vehicles of resistance and reform. They symbolise the desire of emerging powers to reclaim agency over their development pathways and to challenge the hegemonic norms that have governed international finance since the mid-20th century. Through the establishment of the NDB and CRA, BRICS countries are not only providing alternative sources of funding but also promoting regional cooperation and development. Still, they are also crafting a counter-narrative to the neoliberal consensus that has shaped global economic relations for decades. In essence, while their financial reach remains limited compared to the IMF and World Bank, the NDB and CRA embody a new vision for global finance, one that seeks to rebalance power, restore sovereignty, and foster a more inclusive and multipolar international order.

Nevertheless, the BRICS faces internal contradictions, ranging from political heterogeneity and economic asymmetries to limited institutional capacity, which may hinder its ability to supplant the IMF and World Bank fully. Moreover, many BRICS members continue to engage with Bretton Woods institutions, suggesting a strategy of reform from within rather than wholesale rejection. In this light, BRICS should be seen not as a revolutionary force but as a reformist coalition that pressures the existing system to become more inclusive and representative. Ultimately, the emergence of BRICS as a challenger to the Bretton Woods institutions reflects a pivotal moment in the reconfiguration of global power. It embodies the aspirations of the Global South for a more just and multipolar world, where development is guided by equity, sovereignty, and mutual respect rather than by external dictates. Whether BRICS can sustain this momentum and institutionalise its vision remains to be seen. Still, its impact on global discourse and its role as a catalyst for reform are already unmistakably clear.

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