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Aligning Sovereignty and Sustainability: The Role of BRICS+ Public Financial Institutions

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Policy Brief



1. Introduction

The BRICS+ is composed of eleven member states, bringing together countries with diverse political, cultural, and civilizational outlooks. Brazil, Russia, India, China, South Africa, the United Arab Emirates, Egypt, Ethiopia, Indonesia, Iran, and Saudi Arabia share a genuine commitment to fostering South-South cooperation and advancing a more equitable and multipolar global order.

This Policy Brief seeks to explore the potential of state-owned financial institutions in BRICS+ countries to coordinate broader stakeholder engagement in financing and investing in sustainable assets. In particular, it discusses how institutions with public mandates and long-term orientations, such as Sovereign Wealth Funds (SWFs) and Development Finance Institutions (DFIs), can support the articulation of economic and ecological transformation goals.

With the exception of China – which currently accounts for over one-third of global climate investments (CPI, 2024) – the remaining BRICS+ countries face varying degrees of difficulty in financing their transitions to low-carbon economies. Nevertheless, taken together, these nations manage trillions of dollars through Sovereign Welt Fund (SWFs) and Development Financial Institutions (DFIs), placing them in a privileged position to deploy patient capital for anchoring expectations amid a context of intensifying non-probabilistic uncertainties.

To explore this topic, the paper is structured as follows: Section 2 outlines the challenges of financing in the current context of climate change and

highlights the relevance of SWFs and DFIs in leading sustainable investment efforts. Section 3 provides an overview of these institutions across the BRICS+ countries, presenting concrete examples of their engagement, offering a mapping of opportunities. Section 4 concludes with final reflections.

2. Challenges and Opportunities for Sustainable Finance in the BRICS+

One of the principal challenges facing humanity today lies in mobilising investment for the decarbonisation of economies while advancing a just transition. The key issue is how to enable countries to progress across all dimensions of development while simultaneously reducing emissions. The pressing question that follows is: how can this be financed?

Large-scale transformative projects are heavily dependent on third-party capital—that is, financial actors willing to allocate resources to new investments. However, such funding often fails to materialise as required, a situation further exacerbated by the growing reluctance of private financial institutions to commit capital to long-term assets.

The accelerating pace of climate change has introduced profound uncertainties, which in turn amplify risk aversion and adversely affect financing and investment flows. Moreover, the entrenched reliance on stochastic forecasting models assumes that past data can reliably predict future risks, and that this would allow for the "correct" pricing of investments aimed at reducing greenhouse gas emissions. However, both physical and transition risks related to climate change are characterised by deep uncertainty and non-linearity, rendering conventional pricing tools ineffective (Ryan-Collins, 2019).

In addition, mainstream financial practices generally operate with short time horizons – typically no more than five years – creating a disconnection between investment cycles and the nature and externalities of green investments[1]. This mismatch discourages long-term investment under traditional risk assessments and is further exacerbated by the potential emer-

[1] This phenomenon is known as the "tragedy of the horizon" (Carney, 2015).

gence of so-called “green swans” (Bolton et al., 2020) – unforeseen, high-impact environmental events with profound economic, social, and environmental consequences.

The emerging 'solution' usually lies in the integration of environmental risks into investment and financing requirements through two principal channels: (i) the incorporation of internal project financing criteria and conditionalities; and (ii) the development of tailored financial products and services aimed at attracting investors, including institutional ones. Among the key adjustments made to financial institutions’ operational procedures for climate-related financing are enhanced mechanisms for addressing social and environmental risks, with particular emphasis on mitigating reputational risk[2].

Clearly, these efforts have not been sufficient – particularly in mobilising financial flows to emerging markets. Against this backdrop, we argue that the state must take an active role in inducing and coordinating financial actors, ideally in alignment with public policy objectives. This can be achieved through direct budgetary expenditure or the strategic deployment of indirect instruments such as SWFs and DFIs, which hold considerable potential to mobilise and coordinate private capital, aligning sustainability goals with economic returns and long-term viability.

2.1. The role of the state as a financial asset manager

To advance national sustainable development agendas, state financial institutions must take the lead in shifting financial practices and channeling investments toward transformative outcomes. Compared to traditional fiscal policy tools, these institutions operate with fewer constraints and have increasingly become key instruments adopted by governments worldwide.

Beyond merely addressing market failures, Sovereign Wealth Funds and Development Financial Institutions can act as catalysts for systemic and structural change by providing resources with specific conditionalities, influencing private sector decision-making, and offering technical expertise to

[2] Reputational risk refers to the potential for losses or damage to an organisation’s image and standing as a result of a specific event, decision, action, or omission. Such risk can lead to negative consequences including diminished stakeholder trust, loss of clients or business opportunities, brand devaluation, and adverse impacts on the organisation’s financial performance. In other words, if “brown” investments are identified, the institution may face penalties or corrective actions driven by market self-regulation. Environmental risk assessment is therefore a key issue to be addressed.

support the monitoring and evaluation of investments. Their role extends beyond de-risking or offering guarantees to ensure returns aligned with private sector appetite. Crucially, it entails actively directing resources to advance sustainable development, reflecting the state's capacity to create and shape markets (Mazzucato et al., 2024).

Furthermore, SWFs and DFIs can play a pivotal role in ensuring that investments align with public social, environmental, economic, technological, and climate-related objectives. In practice, several of these institutions have already taken meaningful steps in this direction in recent years. Nevertheless, further progress is needed to strengthen mechanisms and foster a more coherent and integrated sustainable finance ecosystem.

Globally, SWFs have become increasingly engaged with the climate agenda in recent years (Dixon, 2025). A notable trend has been the creation or adaptation of Strategic Investment Funds (SIFs) with explicit mandates to support transitional objectives, with portfolios progressively directed towards sustainable and resilient projects (The Centre for the Governance of Change, 2024). The use of such mechanisms to attract private investors around development or sector-specific agendas is already yielding promising results (Barbary, 2025).

Regarding DFIs, the allocation of a significant share of their resources to environmentally and socially driven initiatives can establish new precedents in sustainable project finance (FiCS, 2025). Alongside direct financial support, DFIs also play a critical role by offering technical assistance – ranging from environmental impact assessment expertise to project design and planning – empowering regions to implement and manage sustainable initiatives effectively. Increasingly, these institutions have also supported research and development (R&D), particularly in green technologies and sustainable innovation.

3. Mapping BRICS+ Sovereign Wealth Funds and Development Financial Institutions

The Brazilian BRICS+ presidency in 2025 presents a valuable opportunity to highlight the role of Sovereign Wealth Funds and Development Financial Institutions within the climate finance agenda, fostering greater exchange of expertise, cooperation, and joint investment initiatives (Netto et al., 2025). If successful, this effort could further consolidate the bloc's position as a key geoeconomic actor in advancing a just and sustainable energy transition.

The BRICS+ collectively hold at least 64 nationally administered SWFs and DFIs, managing assets totalling more than US$13 trillion. The 22 SWFs and the 42 DFIs (more details in the APPENDIX) possess distinct financial capacities and operating models, which can play complementary roles in promoting sustainable investments within their respective national contexts.

Figure 1. BRICS+ National Level SWFs and DFIs, 2024

Country	Sovereign Wealth Funds	Development Financial Institutions
Brazil	0	3
Russia	2	1
India	1	10
China	6	5
South Africa	0*	4
Saudi Arabbia	2	5
UAE	7	2
Egypt	1	3
Ethiopia	1	1
Indonesia	1	4
Iran	1	4
Total (number)	**22**	**42**
Total (assets US$ bi)	**7.357**	**5.785**

Source: Finance in Common (2025) - DFI database / The Center for the Governance of Change (2024) – self elaboration. * Creation under evaluation by the SA government.

The BRICS+ group encompasses a diverse array of Sovereign Wealth Funds and Development Finance Institutions, each with distinct mandates and capacities. In practice, financial innovations aimed at supporting sustainable and resilient projects – as well as implementing green industrial policies–are already being pioneered by these institutions, offering valuable insights into emerging possibilities.

The cases below illustrate how their operations can become symbiotic and could serve as a basis for deeper discussions within the BRICS+ institutional framework, potentially informing the agenda of forthcoming summits.

BOX 1 – BRAZIL:

Brazil has had a controversial experience with SWFs[3]. However, since 2017, some Brazilian states and municipalities have created at least ten subnational funds using portions of royalties and special participation revenues (Teixeira & Feijó, 2021)[4]. These funds collectively manage around US$1.5 billion, with varying objectives and governance frameworks, and hold significant potential for catalysing sustainable investments tailored to territorial needs. The country also has three national development banks, alongside several regional and state-level institutions. Its largest DFI, the "National Bank for Economic and Social Development" (BNDES), holds US$152 billion in assets (FiCS, 2025) and plays a key role in implementing sustainability-related public policies. Examples include its management of innovative decarbonisation funds such as the Climate Fund and its role as secretariat of the "Brazil Platform for Climate Investments and Ecological Transformation" (BIP), a federal initiative to expand green investment.

BOX 2 – RUSSIA:

Russia has two sovereign wealth funds and one national development bank. The SWFs aim to stabilise oil revenues and undertake co-investments to attract capital to Russian companies, supporting industrial policies. The "National Wealth Fund", Russia's largest one, manages approximately US$136 billion and holds shares in major domestic financial institutions (The Centre for the Governance of Change, 2024). Its "State Development Corporation" manages US$55 billion in assets and is focused on financing the agricultural sector, export promotion, housing, infrastructure, Small and Medium Enterprises (SMEs), and collaboration with government and private entities (FiCS, 2025).

[3] In 2008, the Brazilian Sovereign Fund (FSB) was established as a federal institution with the aim of mitigating the effects of economic cycles, accumulating public savings, investing in assets both domestically and abroad, and supporting projects deemed strategic for national development. However, due to the way it was structured, the fund ultimately played a marginal role within the country's financial system and was officially dissolved (Teixeira and Feijó, 2021).

[4] Following this trend, several municipalities whose revenues are significantly derived from the Financial Compensation for the Exploitation of Mineral Resources (CFEM) have also chosen to establish their own sovereign wealth funds. As a result, at least ten subnational funds are currently in operation or in the final stages of structuring. These include the municipalities of Ilhabela (SP), Maricá (RJ), Niterói (RJ), Saquarema (RJ), Congonhas

(MG), Itabira (MG), Conceição do Mato Dentro (MG), and Curitiba (PR) as well as the states of Rio de Janeiro and Espírito Santo.

BOX 3 – INDIA:

India hosts one sovereign wealth fund and ten national DFIs. The country's SWF, the "National Investment and Infrastructure Fund", promotes infrastructure investments and facilitates the mobilisation of private capital for sustainable and resilient projects – particularly in renewable energy, which has become one of the primary destinations for institutional investors globally (The Centre for the Governance of Change, 2024). Its largest DFI, the "Power Finance Corporation Limited", manages US$125 billion in assets and focuses on infrastructure financing, while the remaining institutions have sector-specific mandates (FiCS, 2025).

BOX 4 – CHINA:

China has six sovereign wealth funds (SWFs) with clearly defined mandates and governance frameworks, alongside five national development financial institutions (DFIs), complemented by numerous subnational entities. Together, these funds control approximately US$3.5 trillion in assets (The Centre for the Governance of Change, 2024). The country's leading SWF, the China Investment Corporation (CIC), was established to manage a significant portion of China's foreign exchange reserves and to support financial system reform. CIC is also expanding its portfolio in renewable energy, reflecting a broader commitment to sustainable finance[5]. Furthermore, according to Shanti et al. (2022), China has created over 1,000 subnational Strategic Investment Funds (SIFs) in recent years to attract investments tailored to local development needs. The country's DFIs collectively manage approximately US$5 trillion in assets (FiCS, 2025), with the largest, the China Development Bank (CDB), holding US$2.6 trillion. CDB focuses on large-scale infrastructure, social development, and strategic industries, fully aligned with national economic policy goals.

[5] Recently, the CIC completed the largest renewable energy acquisition in history: Equis Energy, with over 11 GW of installed capacity in solar, wind, and hydropower, distributed across countries such as Australia, Japan, India, and the Philippines (The Centre for the Governance of Change, 2024).

BOX 5 – SOUTH AFRICA:

South Africa has four DFIs and is considering the creation of a sovereign wealth fund (The Centre for the Governance of Change, 2024). Its largest institution, the "Industrial Development Corporation", manages US$8 billion and supports a range of priority sectors (FiCS, 2025). In parallel with its SWF evaluation, the country is also rethinking its state-owned enterprise coordination and governance system to make it more effective in meeting long-term development objectives (Mazzucato et al., 2024).

In certain BRICS+ countries, the relationship between Sovereign Wealth Funds and Development Finance Institutions is direct – either through shareholding structures or through innovative mechanisms designed to establish structured funds.

For instance, one of the Russian funds, the Russian Direct Investment Fund (RDIF) is structured as an international development fund and is managed through a subsidiary of Russia's state development bank. In the Brazilian context, a similar arrangement exists with the Sovereign Fund of the State of Espírito Santo (Funses), a part of which is managed by the state development bank, Bandes. In practice, such arrangements require effective coordination to avoid competition between institutions, which could lead to inefficiencies, confusion, and duplication. Instead, they must be designed to complement rather than counteract each other (Backer, 2017). Finally, the China Investment Corporation serves as the second-largest shareholder of the China Development Bank, an institution that, by 2023, had financed over 1,300 projects across 118 countries under the Belt and Road Initiative, in addition to supporting various domestic initiatives (Netto et al., 2025).

Certainly, the experiences of other countries could shed light on innovative financial arrangements, contributing to an open and evolving research agenda. Among the possible pathways, strengthening the New Development Bank (NDB) through co-financing and co-investment strategies stands out as a way to enhance its capacity for effective resource allocation.

4. Final reflections

In the current context of climate change, establishing mechanisms to anchor expectations is essential. The US$13.1 trillion in assets under management places BRICS+ Sovereign Wealth Funds and Development Finance Institutions in a privileged position to provide predictability and serve as catalysts for private sector engagement. With their long-term public mandates and diverse areas of expertise, they are well-positioned to lead sustainable investment efforts within the bloc.

The examples presented in this paper highlight the presence of SWFs and DFIs with varied goals, capacities, and operational models. These institutions can contribute in different ways to mobilising investment, particularly through innovative instruments geared towards sustainable development. While many operate within specific market niches, they are increasingly integrated into broader and more ambitious strategies aimed at attracting capital to their countries' sustainable projects.

In this context, it would be highly beneficial for BRICS+ to initiate a broad dialogue among its members to explore how such institutions can contribute to the development of sustainable finance ecosystems within their respective territories and, where appropriate, through collaborative initiatives across member countries. This could constitute a major contribution of the Brazilian presidency and a promising pathway for deepening South–South cooperation.

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Appendix

Country	Sovereign Wealth Fund	US$ billion
Brazil	None*	0
Russia	National Wealth Fund	135
	Russian Direct Investment Fund	28
India	National Investment and Infrastructure Fund	5
China	China Investment Corporation	1.332
	State Administration of Foreign Exchange	1.098
	Hong Kong Monetary Authority	513
	National Social Security Fund	414
	China-Africa Development Fund	10
	Hong Kong Investment Corporation (HKIC)	8
South Africa	None**	0
Saudi Arabia	Public Investment Fund	978
	Saudi Arabian Monetary Authority	469
UAE	Abu Dhabi Investment Authority	993
	Investment Corporation of Dubai	360
	Mubadala Investment Company	302
	ADQ	249
	Emirates Investment Authority	91
	Dubai World	80
	Dubai Holding	72
Egypt	The Sovereign Fund of Egypt	2
Ethiopia	Ethiopian Investment Holdings (EIH)	46
Indonesia	Indonesia Investment Authority	10
Iran	National Development Fund	162
Total	**22**	**7.357**

Source: The Center for the Governance of Change (2024) – self elaboration.

* At least 10 subnational SWFs.

** Creation under evaluation by the SA government.

Country	Development Financial Institution	US$ billion
Brazil	National Bank of Econonomic and Social Development	152
	Bank of Northeast Brazil	13,5
	Bank of Amazon	9,5
Russia	VEB.RF – State Development Corporation	53,5
India	Power Finance Corporation Limited	124,6
	National Bank for Agriculture and Rural Development	97,8
	Small Industries Development Bank of India	67,2
	Rural Electrification Corporation	65,7
	Export-Import Bank of India	23
	National Housing Bank	12,2
	The Housing and Urban Development Corporation Limited	11,2
	Indian Renewable Energy Development Agency Limited	7,5
	National Cooperative Development Corporation	3,6
	National Cooperative Development Corporation	2,3
China	China Development Bank	2.628,4
	Agricultural Development Bank of China	1.404
	The Export-Import Bank of China	900
	China Export & Credit Insurance Corporation	27,8
	Silk Road Fund	51
South Africa	Industrial Development Corporation	8,2
	Development Bank of Southern Africa	6,3
	Land and Agricultural Development Bank of South Africa	1,5
	Small enterprise Finance Agency	0,4
Saudi Arabbia	Saudi Industrial Development Fund	28
	Saudi Agricultural Development Fund	5,7
	Real Estate Development Fund	NI
	Social Development Bank	NI
	Saudi Export-Import Bank	NI
UAE	Emirates Development Bank	4,7
	Abu Dhabi Fund For Development	NI
Egipt	Export Development Bank of Egypt	3,8
	National Investment Bank of Egypt	NI
	The Egyptian Industrial Development and Workers Bank	NI
Ethiopia	Development Bank of Ethiopia	2,9
Indonesia	PT Sarana Multi Infrastruktur	7,5
	Indonesia Eximbank	3,3
	Madani National Capital	3,3
	PT Credit Guarantee Indonesia	2,1
Iran	Bank of Industry & Mine	52
	Export Guarantee Fund of Iran	0,6
	Bank Maskan - Housing Bank	NI
	Export Development Bank of Iran	NI
Total	**42**	**5.785**

Source: Finance in Common (2025) DFI database (https://www.nse.pku.edu.cn/dfidatabase/) – self elaboration. NI: Non-informed.

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About the author

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About FFSB

The Forum of Brazilian Sovereign Wealth Funds (FFSB) is a partnership between the Fluminense Federal University (UFF) and the Jain Family Institute (JFI), a nonprofit applied research organization based in New York, together with the subnational sovereign wealth funds of Niterói (RJ), Maricá (RJ), Ilhabela (SP), Itabira (MG), Congonhas (MG), Conceição do Mato Dentro (MG), and the states of Espírito Santo and Rio de Janeiro.

The FFSB serves as a permanent platform for knowledge exchange and collaboration among experts, academia, and fund managers. Its mission is to monitor, guide, and promote best practices in the management of financial resources, grounded in an agenda focused on sustainable local development.

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