



The Contender's Momentum? COVID-19 and IO Relations in the Regime Complex of Financial Assistance

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Abstract

How do crises affect authority structures in international regime complexes? The international order is characterized by regime complexes consisting of ever more overlapping institutions competing for authority. Most complexes consist of established institutions facing a growing number of more recently created institutional contenders. We argue that crises can alter the competitive structure of regime complexes. From the perspective of states, crisis situations can provide newly created contenders—designed as institutional alternatives—with functional advantages over established institutions. Long-established institutions tend to be highly institutionalized, decreasing flexibility and speed of decision-making. Thus, during crises, states may shift their cooperative activities away from inert institutions and to newly created, more flexible alternatives that are less encompassing. We test the plausibility of our claim by studying the effects of the COVID-19 crisis on the regime complex of financial assistance (FA). The results of a qualitative process analysis of institutional crisis responses combined with a comparative network analysis of the FA complex support our argument. The COVID-19 pandemic provided an opportunity for the Asian Infrastructure Investment Bank and the New Development Bank to position themselves as crisis-proof alternatives for developing countries to established institutions like the World Bank.

Introduction

International crises confront states, international organizations (IOs), and global governance in general with existential challenges and have increased in frequency throughout the last decades. Such crises represent immediate threats for affected populations and entail indirect and potentially lasting consequences for the practical organization of both national and international politics. For example, natural disasters driven by climate change, traditional and novel security threats, pandemics, or financial turmoil “threaten significant harm

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to a country's population or basic values and compel a political response under time pressure and uncertainty."¹

Comparative politics has a long tradition in examining the effects of crisis (or emergency) politics on the separation of powers and the relationship between parliaments and governments.² Due to alleged functional requirements stemming from threat, urgency, and time pressure, authority shifts from the legislative to the executive. This shift of authority is problematic as democracies appear to be susceptible to the normalization of centralized emergency powers.³

International relations scholars observe similar effects of crises on the relations between international institutions and their member states.⁴ Crises positively affect the authority of individual international institutions vis-à-vis their member states by providing structural incentives for states to centralize decision-making and thus enabling institutional self-empowerment.⁵ This literature points to normalization processes comparable to those taking place within democracies, explaining why IO exceptionalism frequently proves to be durable.⁶

While building on these important insights, this article goes one step further. It examines the effects of international crises on entire regime complexes exhibiting inter-institutional competition,⁷ and, more specifically, the relationship between established institutions and their more recently created contenders. Virtually, all domains of global governance are organized in such complexes, arrays of "partially overlapping and nonhierarchical institutions governing a particular issue area."⁸ While many international institutions were created by established powers and thus designed following a "Western," liberal script that allows for encompassing and inclusive cooperation, rising powers have recently created institutional

¹ Phillip Y. Lipsy, "COVID-19 and the Politics of Crisis," *International Organization*, Vol. 74, No. 1 (2020), pp. E98–127.

² Marc de Wilde, "Just Trust Us: A Short History of Emergency Powers and Constitutional Change," *Comparative Legal History*, Vol. 3, No. 1 (2015), pp. 110–30; Bryan Rooney, "Emergency Powers in Democratic States: Introducing the Democratic Emergency Powers Dataset," *Research & Politics*, Vol. 6, No. 4 (2019), pp. 1–7; David Stasavage, "Democracy, Autocracy, and Emergency Threats: Lessons for COVID-19 from the Last Thousand Years," *International Organization*, Vol. 74, No. S1 (2020), pp. 1–17; Kenneth Lowande and Jon C. Rogowski, "Executive Power in Crisis," *American Political Science Review*, Vol. 115, No. 4 (2021), pp. 1406–23.

³ Marc de Wilde, "Locke and the State of Exception: Towards a Modern Understanding of Emergency Government," *European Constitutional Law Review*, Vol. 6, No. 2 (2010), pp. 249–67; Mark McGovern, "The Dilemma of Democracy: Collusion and the State of Exception," *Studies in Social Justice*, Vol. 5, No. 2 (2011), pp. 213–30; Ross Mittiga, "Political Legitimacy, Authoritarianism, and Climate Change," *American Political Science Review*, Vol. 116, No. 3 (2021), pp. 998–1011.

⁴ Christian Kreuder-Sonnen, "International Authority and the Emergency Problematic: IO Empowerment Through Crises," *International Theory*, Vol. 11, No. 2 (2019), pp. 182–210; Christian Kreuder-Sonnen, *Emergency Powers of International Organizations: Between Normalization and Containment* (Oxford: Oxford University Press, 2019); Christian Kreuder-Sonnen and Jonathan White, "Europe and the Transnational Politics of Emergency," *Journal of European Public Policy*, Vol. 29, No. 6 (2022), pp. 953–65; Monika Heupel et al., "Emergency Politics After Globalization," *International Studies Review*, Vol. 23, No. 4 (2021), pp. 1959–87.

⁵ Tine Hanrieder and Christian Kreuder-Sonnen, "WHO Decides on the Exception? Securitization and Emergency Governance in Global Health," *Security Dialogue*, Vol. 45, No. 4 (2014), pp. 331–48.

⁶ Kreuder-Sonnen, "International Authority and the Emergency Problematic".

⁷ Benjamin Daßler, "Good(s) for Everyone? Policy Area Competition and Institutional Topologies in the Regime Complexes of Tax Avoidance and Intellectual Property," *Journal of International Relations and Development*, Vol. 25, No. 4 (2022), pp. 993–1019; Phillip Y. Lipsy, *Renegotiating the World Order: Institutional Change in International Relations* (Cambridge: Cambridge University Press, 2017); Phillip Y. Lipsy, "Explaining Institutional Change: Policy Areas, Outside Options, and the Bretton Woods Institutions," *American Journal of Political Science*, Vol. 59, No. 2 (2015), pp. 341–56; Benjamin Daßler, *The Institutional Topology of International Regime Complexes: Mapping Inter-Institutional Structures in Global Governance* (Oxford: Oxford University Press, 2023).

⁸ Kal Raustiala and David G. Victor, "The Regime Complex for Plant Genetic Resources," *International Organization*, Vol. 58, No. 2 (2004), p. 279; Karen J. Alter and Kal Raustiala, "The Rise of International Regime Complexity," *Annual Review of Law and Social Science*, Vol. 14, No. 1 (2018), pp. 329–49; Karen J. Alter and Sophie Meunier, "The Politics of International Regime Complexity," *Perspectives on Politics*, Vol. 7, No. 1 (2009), pp. 13–24.

contenders that are more specialized and flexible but oftentimes also less transparent and accountable in their policy-making.⁹

Within the resulting regime complexes, states thus can select among a set of institutional alternatives oftentimes differing regarding their design characteristics and functional scope.¹⁰ As a consequence of these state choices, relational structures among established institutions and their newly created contenders emerge.¹¹ Some regime complexes exhibit quasi-hierarchical structures and are characterized by few inclusive and more encompassing institutions at the regime complex's center. Here, states cultivate synergistic and cooperative relations among institutions. Other complexes are more fragmented. In these settings, established institutions and their contenders compete at the eye level and states pursue forum-shopping and regime shifting strategies to make use of contradictory rules, competing mandates, and foundational policies. How do crises affect these inter-institutional authority structures underlying regime complexes?

We claim that the assumption that crises are associated with the strengthening of established institutions,¹² which appears to hold on both the national (shift of authority to executive) and the intra-institutional level (shift of authority to supranational bodies), cannot be transferred to the macro level of regime complexes marked by high levels of inter-institutional competition. In contrast, we argue that crises drive the fragmentation of authority between the institutions in a given regime complex.

Throughout the last century, states have created several encompassing and inclusive institutions, like the World Trade Organization (WTO) in the international trade regime or the World Intellectual Property Organization (WIPO) in the intellectual property complex, assuming that a state's compliance with international institutions correlates with both its perceived legitimacy and efficiency.¹³ They were designed including inclusive, transparent, and accountable decision-making processes that increase institutional output legitimacy and effectiveness during normal times. Under normal conditions, states strive for international institutions with clearly defined mandates and decision-making mechanisms corresponding to power distributions.

⁹ Matthew D. Stephen, "Rising Powers, Global Capitalism and Liberal Global Governance: A Historical Materialist Account of the BRICs Challenge," *European Journal of International Relations*, Vol. 20, No. 4 (2014), pp. 912–38; Matthew D. Stephen, "China's New Multilateral Institutions: A Framework and Research Agenda," *International Studies Review*, Vol. 23, No. 3 (2021), pp. 807–34; Andrew F. Cooper, "The BRICS' New Development Bank: Shifting from Material Leverage to Innovative Capacity," *Global Policy*, Vol. 8, No. 3 (2017), pp. 275–89; Daniel D. Bradlow and Magalie L. Masamba, "The New Development Bank in Africa: Mid-term Evaluation and Lessons Learned," *Global Policy*, Vol. 15, No. 2 (2024), pp. 427–33.

¹⁰ Joseph Jupille, Walter Mattli, and Duncan Snidal, *Institutional Choice and Global Commerce* (Cambridge: Cambridge Univ. Press, 2013).

¹¹ Frank Biermann et al., "The Fragmentation of Global Governance Architectures: A Framework for Analysis," *Global Environmental Politics*, Vol. 9, No. 4 (2009), pp. 14–40; Thomas Gehring and Benjamin Faude, "The Dynamics of Regime Complexes: Microfoundations and Systemic Effects," *Global Governance*, Vol. 19 (2013), pp. 119–30; Yoram Z. Haftel and Tobias Lenz, "Measuring Institutional Overlap in Global Governance," *The Review of International Organizations*, Vol. 17, No. 2 (2022), pp. 323–47; Randall Henning and Tyler Pratt, "Hierarchy and Differentiation in International Regime Complexes: A Theoretical Framework for Comparative Research," 2020, unpublished manuscript, available at https://www.peio.me/wp-content/uploads/2020/01/PEIO13_paper_66.pdf; Christian Kreuder-Sonnen and Michael Zürn, "After Fragmentation: Norm Collisions, Interface Conflicts, and Conflict Management," *Global Constitutionalism*, Vol. 9, No. 2 (2020), pp. 241–67; Tyler Pratt, "Deference and Hierarchy in International Regime Complexes," *International Organization*, Vol. 72, No. 3 (2018), pp. 561–90; Felix Biermann, *The Battle for Authority in European Defence Cooperation* (Cham: Palgrave Macmillan, 2023); Daßler, *The Institutional Topology of International Regime Complexes*.

¹² Hanrieder and Kreuder-Sonnen, "WHO Decides on the Exception?"; Heupel et al., "Emergency Politics after Globalization"; Kreuder-Sonnen, *Emergency Powers of International Organizations*; Kreuder-Sonnen and White, "Europe and the Transnational Politics of Emergency"; Mittiga, "Political Legitimacy, Authoritarianism, and Climate Change".

¹³ Michael Zürn, *A Theory of Global Governance: Authority, Legitimacy, and Contestation* (Oxford: Oxford University Press, 2018).

However, we argue that under the condition of institutional competition, crises have the potential to reshuffle the relationship between established institutions and their more recently created contenders that emerged during normal times as they fundamentally alter the states' *functional requirements for international institutions*. Achieving functional political outcomes under crisis conditions requires dramatically different institutional design features than routine, everyday policy-making. Indeed, the design features that made established institutions attractive for states and thus central in their complex represent functional hindrances for adapting institutional activities to the functional necessities during crises. Crises reinforce sovereignty considerations and induce the need for weakly institutionalized, and hence more informal, *ad hoc* arrangements.¹⁴ Quickly solving the problem becomes more critical than deliberating and weighing alternative solutions. During crises, flexible rather than transparent but Procrustean, effective rather than inclusive but cumbersome institutions are functionally attractive to member states.¹⁵

We argue that the need for quick, effective, and centralized decision-making emphasized by scholars of emergency politics can trigger a dispersion of authority in competitive regime complexes. States shift authority away from established—i.e. transparent, accountable, and encompassing—institutions and use institutional contenders with more flexible and effective design features.

To empirically analyze these claims, we study the effect of the coronavirus disease 2019 (COVID-19) crisis on the authority structure underlying the financial assistance (FA) regime complex. This research design allows for analyzing the effect of an exogenous shock on the relationship between established institutions and their emergent contenders, while controlling for endogenous developments in the issue area.

In a first step, we turn to the macro-effects of the global COVID-19 pandemic on the regime complex of FA. We conduct comparative network analyses depicting inter-institutional references in over 25 000 pages of official IO documents and co-occurrences in the reports of over 15 000 news outlets. The results provide evidence that the crisis conditions created by the COVID-19 pandemic have driven the fragmentation of the FA complex's underlying authority structures. Due to their flexibility, institutions at the periphery of the complex, such as the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB), have gained influence, while established and encompassing institutions, such as the World Bank (WB) and the International Monetary Fund (IMF), have lost relative authority based on their rigid mandates.

In a second step, we compare policy responses of the complex's established institutions, the IMF and the WB, to those of two major contender institutions in the issue area of FA, the NDB, and the AIIB. Induced by the crisis, the NDB's and AIIB's non-transparent, less accountable but therefore more flexible institutional designs and low-threshold lending schemes were attractive to states struggling with the negative crisis effects on liquidity. Thus, as states have considerably expanded their mandate, both institutions managed to settle down into the domain of financial stability support, emergency lending, and FA—domains originally reserved for incumbent institutions, such as the WB and the IMF.

The paper proceeds by conceptualizing the different institutional requirements during normal politics and crises and theorizes the effects exogenous crises have on the relationship between established institutions and their contenders. In Research Design section, we present our research design and data basis. The COVID-19 and Authority Shifts in the FA Regime Complex section of the paper showcases our two-step analysis, presenting the findings of our comparative network analysis of the FA complex before and after the outbreak

¹⁴ Felicity Vabulas and Duncan Snidal, "Organization without Delegation: Informal Intergovernmental Organizations (IIGOs) and the Spectrum of Intergovernmental Arrangements," *The Review of International Organizations*, Vol. 8, No. 2 (2013), pp. 193–220.

¹⁵ *Ibid.*

of COVID-19 and providing qualitative evidence for the increasing relevance of regional alternatives to incumbent central institutions. The final section concludes by discussing our findings' implications for the Liberal International Order.

The Contender's Advantage during Crises

Regime complexes have come to be a pervasive phenomenon in global governance. Virtually every issue area is governed by “partially overlapping and nonhierarchical institutions,”¹⁶ with poorly delineated mandates, potentially competing for authority.¹⁷ Regime complexes can emerge as an *unintended consequence* of functional differentiation,¹⁸ institutional mandate expansion,¹⁹ or issue linkages and package deals.²⁰ Yet, we focus on regime complexes resulting from *deliberate state action*.

We share the assumption that boundedly rational states tend to use the available focal institution before they select an alternative forum or attempt to change the rules of an existing institution.²¹ Only under the condition of dissatisfaction with the existing established institutions (for a variety of reasons, such as power shifts, functional deficits, etc.) will states that find the path to institutional change blocked decide to engage in regime shifting or competitive regime building.²² When states have created contender institutions, they can thus decide to which institution they refer a cooperation problem²³ which rules to comply with²⁴ and to which institution they transfer their financial and political capital.²⁵ Thus, regime complexes ensue, which are marked by competition for authority—each state intends to make their preferred institution central in the complex. This battle for authority is especially pronounced in the issue area, in which entry barriers and returns to scale are low and outside options plenty—thus when the focal institutions can relatively easily be replaced.²⁶

States take these choices under the condition of a mixed-motive situation, in which they weigh the long-term utility losses of inter-institutional inconsistencies, duplications, and conflict against the short-term individual gains from forum-shopping and hostage-taking.²⁷

¹⁶ Raustiala and Victor, “The Regime Complex for Plant Genetic Resources,” p. 279.

¹⁷ Alter and Raustiala, “The Rise of International Regime Complexity”; Alter and Meunier, “The Politics of International Regime Complexity”.

¹⁸ Michael Zürn and Benjamin Faude, “Commentary: On Fragmentation, Differentiation, and Coordination,” *Global Environmental Politics*, Vol. 13, No. 3 (2013), pp. 13–24.

¹⁹ Christoph Humrich, “Fragmented International Governance of Arctic Offshore Oil: Governance Challenges and Institutional Improvement,” *Global Environmental Politics*, Vol. 13, No. 3 (2013), pp. 79–99.

²⁰ Valbona Muzaka, “Linkages, Contests and Overlaps in the Global Intellectual Property Rights Regime,” *European Journal of International Relations*, Vol. 17, No. 4 (2011), pp. 755–76.

²¹ Jupille, Mattli, and Snidal, *Institutional Choice and Global Commerce*.

²² Julia C. Morse and Robert O. Keohane, “Contested Multilateralism,” *The Review of International Organizations*, Vol. 9, No. 4 (2014), p. 389; Jeff D. Colgan, Robert O. Keohane, and Thijs van de Graaf, “Punctuated Equilibrium in the Energy Regime Complex,” *The Review of International Organizations*, Vol. 7, No. 2 (2012), pp. 117–43.

²³ Jupille, Mattli, and Snidal, *Institutional Choice and Global Commerce*; Daniel W. Drezner, “The Power and Peril of International Regime Complexity,” *Perspectives on Politics*, Vol. 7, No. 1 (2009), pp. 65–70.

²⁴ Raustiala and Victor, “The Regime Complex for Plant Genetic Resources”; Eyal Benvenisti and George W. Downs, “The Emperor’s New Clothes: Political Economy and the Fragmentation of International Law,” *Stanford Law Review*, Vol. 60, No. 2 (2007), pp. 595–632.

²⁵ Stephanie C. Hofmann, “Overlapping Institutions in the Realm of International Security: The Case of NATO and ESDP,” *Perspectives on Politics*, Vol. 7, No. 1 (2009), pp. 45–52; Stephanie C. Hofmann, “The Politics of Overlapping Organizations: Hostage-Taking, Forum-Shopping and Brokering,” *Journal of European Public Policy*, Vol. 13 (2018), pp. 883–905.

²⁶ Lipsy, *Renegotiating the World Order*; Lipsy, “Explaining Institutional Change”; Daßler, “Good(s) for Everyone?”.

²⁷ Mette Eilstrup-Sangiovanni, “Ordering Global Governance Complexes: The Evolution of the Governance Complex for International Civil Aviation,” *The Review of International Organizations*, Vol. 30, No. 4 (2021), pp. 293–320; Hofmann, “The Politics of Overlapping Organizations”; Gehring and Faude, “The Dynamics of Regime Complexes”; Benjamin Faude and Julia Fuss, “Coordination or Conflict? The Causes and Consequences of Institutional Overlap in a Disaggregated World Order,” *Global Constitutionalism*, Vol. 9, No. 2 (2020), pp. 268–89.

The aggregation of these individual state decisions determines the relative position of both, established and contender institutions within a given regime complex. We thus claim that boundedly rational states' institutional choices, based on functional considerations and power politics, are decisive for the ensuing authority structures underlying a regime complex, our dependent variable of interest. We are hence investigating the effects crises have on states choosing one institution over another.²⁸

(De-) Centralization in Normal Times

The resulting authority structures vary in their degree of centralization. While some complexes are centralized, with one or few established institutions and a closely related periphery, others are highly fragmented and characterized by largely unrelated institutions.²⁹ While the absence of formal-legal hierarchy among institutions is a defining criterion for regime complexes,³⁰ centralized authority structures correspond to quasi-hierarchical authority distributions in a relational sense.³¹ In such a centralized complex, both states and institutional competitors accept and underpin the authority of an established institution by regularly turning to it instead of its contending alternatives. Repeated interaction and deference among institutions and states' decisions to coordinate and harmonize institutional outcomes lead to relatively stable patterns of authority among the institutions constituting a regime complex.³²

Both the power perspective and the functionalist approach presented earlier build their explanations on the assumption of normal politics. States can decide which institution to support under the condition of long time horizons, allowing boundedly rational actors to reduce uncertainty and evaluate their actions' consequences. The power perspective emphasizes exogenous change: Global power shifts stimulate dissatisfaction with established politics as they mirror *ex ante* power distributions, often translating into the establishment

²⁸ Nonetheless, we acknowledge scholarship emphasizing the role IO bureaucracies play as important strategic actors (Vytautas Jankauskas and Steffen Eckhard, "International Bureaucracies as Strategic Actors: How the Better Regulation Reform Strengthens the European Commission," *Politische Vierteljahresschrift*, Vol. 60, No. 4 (2019), pp. 681–99; Maria J. Debre and Hylke Dijkstra, "COVID-19 and Policy Responses by International Organizations: Crisis of Liberal International Order or Window of Opportunity?" *Global Policy*, Vol. 12, No. 4 (2021), pp. 443–54; Leonard A. Schuette, "Why NATO Survived Trump: The Neglected Role of Secretary-General Stoltenberg," *International Affairs*, Vol. 97, No. 6 (2021), pp. 1863–81) using windows of opportunities, such as crises, to expand their scope (Debre and Dijkstra, "COVID-19 and Policy Responses by International Organizations") and may even become de facto veto players pursuing discrete actions (Rafael Biermann, "Designing Cooperation Among International Organizations: The Quest for Autonomy, the Dual-Consensus Rule, and Cooperation Failure," *Journal of International Organizations Studies*, Vol. 6, No. 2 (2015), pp. 45–66). Indeed, IO bureaucracies are part of the causal mechanism, as they co-determine an IO's the functional fit during times of crises (see Figure 1).

²⁹ Biermann et al., "The Fragmentation of Global Governance Architectures," p. 19.

³⁰ Alter and Raustiala, "The Rise of International Regime Complexity"; Robert O. Keohane and David G. Victor, "The Regime Complex for Climate Change," *Perspectives on Politics*, Vol. 9, No. 1 (2011), pp. 7–23.

³¹ David A. Lake, *Hierarchy in International Relations* (Ithaca, NY: Cornell University Press, 2009); Henning and Pratt, "Hierarchy and Differentiation in International Regime Complexes"; Pratt, "Deference and Hierarchy in International Regime Complexes"; Biermann, *The Battle for Authority in European Defence Cooperation*.

³² Faude and Fuss, "Coordination or Conflict?"; Eilstrup-Sangiovanni, "Ordering Global Governance Complexes"; Gehring and Faude, "The Dynamics of Regime Complexes"; C. R. Henning, *Tangled Governance: International Regime Complexity, the Troika, and the Euro Crisis* (Oxford: Oxford University Press, 2017); Pratt, "Deference and Hierarchy in International Regime Complexes". Conflict and thus regime shifting or competitive regime creation remain always possible, e.g. when institutions do not account for global power shifts (Tyler Pratt, "Angling for Influence: Institutional Proliferation in Development Banking," *International Studies Quarterly*, Vol. 65, No. 1 (2021), pp. 95–108; Benjamin Daßler, Andreas Kruck, and Bernhard Zangl, "Interactions Between Hard and Soft Power: The Institutional Adaptation of International Intellectual Property Protection to Global Power Shifts," *European Journal of International Relations*, Vol. 5, No. 1 (2018), pp. 588–612; Christian Kreuder-Sonnen and Bernhard Zangl, "Varieties of Contested Multilateralism: Positive and Negative Consequences for the Constitutionalisation of Multilateral Institutions," *Global Constitutionalism*, Vol. 5, No. 3 (2016), pp. 327–43; Morse and Keohane, "Contested Multilateralism".

of *de novo* bodies which reflect the political principles of their autocratic principals.³³ This literature points to the fragmenting effect of the competitive creation of institutions on the structure of a regime complex by revisionist powers like China, India, or Russia.³⁴ The functionalist perspective, in contrast, highlights incremental and endogenous changes based on efficiency concerns and repeated interaction. Such a change tends toward the coordination of inter-institutional cooperation and thus toward centralization of institutional structures in a given regime complex.³⁵

Taken together, under the condition of normal politics, endogenous forces push authority distributions toward centralization, while exogenous changes, such as power shifts, represent setbacks through the creation of novel institutional competitors.³⁶ Depending on the constellation of these factors, varying structures among established institutions and their contenders emerge. What is more, as states create new institutional contenders in reaction to their dissatisfaction with established liberal institutions, these two types of *formal* institutions tend to differ regarding their institutional design features. Despite both being formal, we argue that there are significant differences in their degree of institutionalization and hence their functional fit to address crisis situations. Thus, it is important to note that our focus therefore is not on differences between *informal intergovernmental organizations* (IIGOs) and *formal intergovernmental organizations* (FIGOs),³⁷ but on design differences within the class of FIGOs.³⁸

Established Institutions

These institutions like the WTO in the international trade regime or the WIPO in the intellectual property complex exhibit (1) *rigid decision-making procedures* marked by (2) *inclusive membership* and many veto points. During normal times, these rules are functional, as they maximize the number of state as well as civil society actors involved in decision-making processes, thereby trying to increase the legitimacy of their decisions.³⁹ Moreover, established institutions are usually marked by high degrees of (3) *rule formalization*. They exhibit clearly defined mandates and “rules of procedure” like accountability and transparency mechanisms. During normal times, these rules are functional as they reduce transaction costs and create stable expectations among a set of highly heterogeneous states and their domestic constituencies. Finally, due to their disposal over huge material resources, most long-established institutions can draw on (4) *large bureaucratic apparatuses*, increasing both policy-making

³³ Keohane and Victor, “The Regime Complex for Climate Change”; Morse and Keohane, “Contested Multilateralism”; Kreuder-Sonnen and Zangl, “Varieties of Contested Multilateralism”.

³⁴ Daniel W. Drezner, “The Tragedy of the Global Institutional Commons,” in Judith Goldstein and Martha Finnemore, eds., *Back to Basics: State Power in a Contemporary World* (New York, NY: Oxford University Press, 2013), pp. 280–310; Benvenisti and Downs, “The Emperor’s New Clothes”.

³⁵ Faude and Fuss, “Coordination or Conflict?”; Henning and Pratt, “Hierarchy and Differentiation in International Regime Complexes”; Pratt, “Deference and Hierarchy in International Regime Complexes”.

³⁶ Keohane and Victor, “The Regime Complex for Climate Change”; Eilstrup-Sangiovanni, “Ordering Global Governance Complexes”; Stacey Goddard et al., “Theorizing Endogenous Contestation in the Liberal International Order,” Working Paper, 2021.

³⁷ Vabulas and Snidal, “Organization without Delegation”; Charles B. Roger, “Informality and the Governance Dilemma: How Institutional Inter-linkages Can Bridge Accountability Gaps,” *Global Policy*, Vol. 15, No. 1 (2024), pp. 114–20; Charles B. Roger, *The Origins of Informality: Why the Legal Foundations of Global Governance Are Shifting, and Why It Matters* (New York, NY: Oxford University Press, 2020); Charles Roger, Duncan Snidal, and Felicity Vabulas, “The Importance of Rational Institutionalism in the Analysis of Informal International Institutions,” *International Politics* (2023), <https://doi.org/10.1057/s41311-023-00483-3>.

³⁸ Vabulas and Snidal, “Organization without Delegation”.

³⁹ Eric A. Posner and Alan O. Sykes, “Voting Rules in International Organizations,” Coase-Sandor Institute for Law & Economics Working Paper No. 673, 2014, https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=1662&context=law_and_economics.

effectiveness and compliance with established rules during periods of normal politics while reducing transaction costs for states.⁴⁰

Contender Institutions

In contrast, contender institutions created at the initiative of states dissatisfied with the institutional *status quo*, such as the Shanghai Cooperation Organization in the international security complex, are marked by comparatively simple, non-transparent but (1) *flexible decision-making procedures*. Contender institutions, created as a response to their founding members' dissatisfaction, are frequently designed in a way that allows for flexible and adaptive policy-making among a comparatively small and (2) *exclusive membership*.⁴¹ Due to their more limited policy scope, legitimacy concerns associated with these decision-making rules are less of a problem for contender institutions than for established institutions with far-reaching, often intrusive policies. What is more, contender institutions are oftentimes marked by comparatively (3) *informal rules* regarding mandate, accountability, and transparency mechanisms. These provide the member states with the ability to adjust to changing policy demands quickly. Finally, due to a lack of abundant material resources in their early years, newly created contender institutions are often equipped only with (4) *small bureaucratic apparatuses* rendering them less effective but more adaptive to changes in member state preferences and thus better to control by their principals.

Crises and Fragmentation of Authority in Regime Complexes

The literature has thus far remained tacit when it comes to analyzing the effects of crises on the authority structures underlying regime complexes. Given the increasing frequency in which such crises occur and, as we argue, the disruptive effects such exogenous shocks have, this is a lacuna that needs to be filled. A growing amount of literature on IO emergency powers rooted in sociological institutionalism⁴² has discussed the effects of crises on intra-institutional decision-making and argues that actors tend to react to crises by centralizing authority. Building on this literature, it would appear sensible to expect similar developments on the level of regime complexes and thus a general tendency toward the centralization of authority within one or few focal institutions during crisis periods.

Let us recall, however, that states have more than one institution at their disposal in a regime complex. Institutional overlap was created either through functional differentiation or deliberate action of dissatisfied states. Consequently, institutional properties differ across institutions in a complex. An institutional complex is characterized by different institutions varying along the lines of (1) rigid vs. flexible decision-making procedures, (2) inclusive vs. exclusive membership structures, (3) high vs. low degrees of rule formalization, and (3) the size and independence of their bureaucracies. States evaluate these institutional properties regarding their functional fit to confront specific governance problems. Under normal conditions, states strive for international institutions with clearly defined mandates and decision-making mechanisms. Following a liberal paradigm, international institutions are most effective in terms of compliance when they are considered both legitimate and efficient by the states bound by their rulings.⁴³

⁴⁰ George Tsebelis, *Veto Players: How Political Institutions Work* (Princeton, NJ: Princeton University Press, 2002); Debre and Dijkstra, "COVID-19 and Policy Responses by International Organizations?"; Biermann, "Designing Cooperation among International Organizations".

⁴¹ Yoram Z. Haftel, Daniel F. Wajner, and Dan Eran, "The Short and Long(er) of It: The Effect of Hard Times on Regional Institutionalization," *International Studies Quarterly*, Vol. 64, No. 4 (2020), pp. 808–20.

⁴² Kreuder-Sonnen, "International Authority and the Emergency Problematique"; Kreuder-Sonnen, *Emergency Powers of International Organizations*; Hanrieder and Kreuder-Sonnen, "WHO Decides on the Exception?"; Kreuder-Sonnen and White, "Europe and the Transnational Politics of Emergency"; Heupel et al., "Emergency Politics after Globalization".

⁴³ Zürn, *A Theory of Global Governance*.

However, under the condition of crisis, the functional requirements and legitimacy considerations change fundamentally from an emphasis on input legitimacy to a decisionist output legitimacy.⁴⁴ Crises threaten the social, economic, and political *status quo* and compel a political response “under conditions of threat, uncertainty, and time pressure.”⁴⁵ Under such conditions, the power and efficiency mechanisms outlined earlier are unlikely to hold. Time pressure and the uniqueness of the situation turn crisis politics into an abrupt sequence of infrequent rather than repeated interactions among states, contracting the shadow of the future.⁴⁶ At the same time, the high and potentially existential threat pushes distributional and ideational considerations upstage and states center around survival and functional responses to the crisis.⁴⁷ Finally, an unprecedented crisis increases uncertainty and stimulates exceptional emergency politics beyond established rules.⁴⁸

While acknowledging member states’ attempts to establish exceptionalist practices within their most favored institution, conditioned by time pressure and uncertainty, states should select those institutions readily available for swift crisis response. As a corollary, we expect states to cooperate through those institutions whose design attributes offer the best *functional fit* with the challenges faced. Indeed, when an exogenous crisis hits in, we expect that the distinct institutional properties characterizing newly created contender institutions (flexibility, exclusive membership, low degree of rule formalization, and small bureaucracies) constitute a competitive advantage over the more rigid, formalized, and inclusive established institutions (Figure 1).

The reason is that crises stimulate a change in state preferences from strong, well-informed (bottom-up) distributive preferences⁴⁹ to sovereignty concerns⁵⁰ and a change from a long-term horizon to a short-term perspective focusing on *ad hoc* arrangements and quick decisions rather than adhering to enshrined practices and deliberations. These changes interact with the institutional properties enshrined in the respective institutions of a complex. As theorized by Vabulas and Snidal,⁵¹ the less formal contender institutions allow states to develop more flexible solutions, maintain more autonomy, and control information more closely, and they promise lower short-term transaction costs as compared to the more rigid established institutions. In crises, states tend to refer to institutions with small but homogenous membership rather than finding consensus in heterogeneous groups. Independent and strong bureaucracies are another hurdle for exceptional and creative solutions deviating from established rules. During crises, flexible rather than transparent and accountable, effective than democratic and inclusive institutions are functionally attractive to member states.

To satisfy their preferences, states thus face incentives to shift their resources and political capital away from established institutions and revert to their contenders. To meet the requirements posed by the unexpected crisis, it is likely that states will take advantage of the more flexible institutions’ mandates or even expand them. These decisions directly affect the authority structure underlying a given regime complex. When member states systematically shift resources and political capital from the established institutions to contenders and expand the mandates of the former while abandoning the latter, this entails a fragmenting

⁴⁴ Lipsy, “COVID-19 and the Politics of Crisis,” p. 8; Kreuder-Sonnen, *Emergency Powers of International Organizations*; Kreuder-Sonnen, “International Authority and the Emergency Problematique”; Mittiga, “Political Legitimacy, Authoritarianism, and Climate Change”.

⁴⁵ Lipsy, “COVID-19 and the Politics of Crisis,” p. 2.

⁴⁶ *Ibid.*, p. 7.

⁴⁷ *Ibid.*

⁴⁸ Kreuder-Sonnen, “International Authority and the Emergency Problematique,” pp. 182–210; Kreuder-Sonnen, *Emergency Powers of International Organizations*; Stasavage, “Democracy, Autocracy, and Emergency Threats”.

⁴⁹ Andrew Moravcsik, “Taking Preferences Seriously: A Liberal Theory of International Politics,” *International Organization*, Vol. 51, No. 4 (1997), pp. 513–53.

⁵⁰ Lipsy, “COVID-19 and the Politics of Crisis”.

⁵¹ Vabulas and Snidal, “Organization without Delegation,” pp. 210–1.

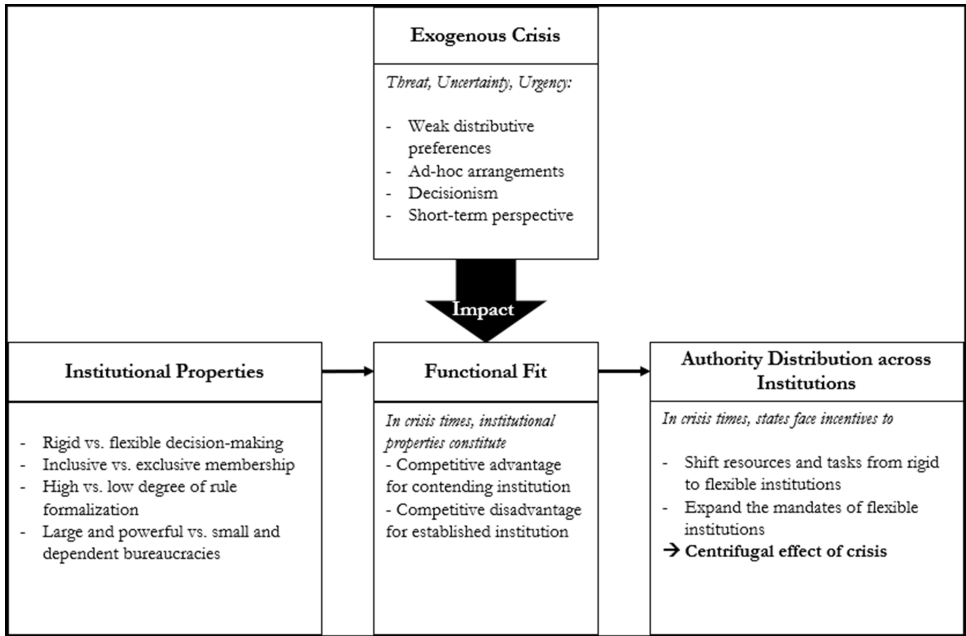


Fig. 1. How Crises Impact the Authority Structures Underlying Regime Complexes

effect. Contender institutions gain relative authority vis-à-vis established institutions. Taken together, we hypothesize that crises have a fragmenting effect on the authority structure underlying a given regime complex.

Research Design

To provide a first plausibility probe of our theoretical argument, we analyze the case of the regime complex of development finance before and after the outbreak of the global COVID-19 pandemic in early 2020. We posit that this case is ideally suited for such a plausibility probe, given that we deem it to be a “most likely case” for our theory. As mentioned earlier, a crucial scope condition of our argument is the inherent propensity for competition within the policy domain under consideration. We anticipate the causal mechanism of our theory to manifest only in regime complexes underlying policy areas with high or at least moderate propensities for competition. The development finance regime complex is marked by comparatively high propensities for competition.⁵² Consequently, in this issue area, dissatisfaction with pre-existing institutions has led to a “[...] substantial amount of proliferation [...] [where] [s]tates have created dozens of global, regional, and sub-regional multilateral development banks since the World Bank was established in 1944.”⁵³ This density of the regime complex makes it likely that crisis-induced inter-institutional shifts in authority will be observed even in the short period of observation. Moreover, the AIIB and the NDB, which we focus on in the following analysis, can be regarded as true contender institutions. The creation of both FIGOs has its roots in the deeply rooted dissatisfaction of their founding states. Especially China, the leading founding member of both institutions has had a long history in criticizing the WB’s long project approval times, inadequate financing capacity

⁵² Lipsy, “Explaining Institutional Change”.

⁵³ Pratt, “Angling for Influence,” p. 99.

for infrastructure projects, and intrusive policy conditionality. Moreover, with the creation of the AIIB, China openly defied the interests of the WB's most powerful principal, the US, which considered the AIIB and unnecessary rival to the FA complex's pre-existing institutions.⁵⁴ In sum, while testing our theory under these "optimal conditions" does not come with a high a risk of falsification, we argue that it enables us to gain a deeper understanding of the mechanisms through which our theory operates, thereby increasing our confidence in its plausibility.

Moreover, we argue that the COVID-19 crisis is ideal to test how truly exogenous shocks result in shifts in the inter-institutional authority structure underlying regime complexes. The crisis allows us to exploit that the pandemic's causes are completely unrelated to endogenous processes of international financial cooperation. We claim that this truly exogenous and random character of the crisis, combined with two very short periods of observation (2018–19 vs. 2020–21), provides a unique opportunity to isolate the crisis effect on inter-institutional authority. Given the short observation period, we consider it highly unlikely that political, material, or ideological variation *unrelated* to the pandemic can account for a change in the complex's underlying authority structures. This claim is further backed by prevailing assumptions of the institutionalist literature, which conventionally holds that institutional structures are rigid and sticky and that change caused by, e.g. shifts in the relative power among member states or domestic political backlashes against international institutions becomes observable only with a comparatively long time lag.⁵⁵ Observing change throughout a relatively short time frame would thus strongly increase our confidence in the existence of a causally relevant crisis effect on institutional authority structures. To assess our theoretical conjectures, we engage in a three-step analysis.

In the first step, we approach the macro level of the FA complex, i.e. our dependent variable. We compare authority structures among all relevant FA institutions in pre- and post-crisis times through a comparative network analysis that draws on different kinds of original text data. First, we gathered a total of over 25 000 pages of official IO documents for both periods that allow us to compare the complex's underlying inter-institutional reference networks. In line with Pratt, we argue that authority structures among institutions within the same complex are constituted by instances of inter-institutional policy coordination and deference.⁵⁶ These acts of recognition occur in official IO documents. If they explicitly reference another IO governing the same issue area, this constitutes an IO relation and an edge among two nodes of the respective institutional complex's network. The more an institution is referred to by all other institutions of the respective policy field, the more central its position within the institutional complex's reference network, which also affects its position vis-à-vis member states as we share the assumption by the literature that institutions will not act against the interest of (a majority) of its member states.⁵⁷ We argue that shifting patterns of inter-institutional references indicate shifts in the authority relations among established institutions and their contenders.

Additionally, drawing on the encompassing LexisNexis news report database, we searched hundred to thousands of media reports published within both periods of observation to assess changes in co-occurrences of all relevant FA institutions. Measuring co-occurrences of FA institutions in media reports allows observing what is otherwise a

⁵⁴ Jing Qian, James R. Vreeland, and Jianzhi Zhao, "The Impact of China's AIIB on the World Bank," *International Organization*, Vol. 77, No. 1 (2023), pp. 217–37.

⁵⁵ Leonardo Baccini and Soo Y. Kim, "Preventing Protectionism: International Institutions and Trade Policy," *The Review of International Organizations*, Vol. 7, No. 4 (2012), pp. 369–98; Erik Voeten, "Making Sense of the Design of International Institutions," *Annual Review of Political Science*, Vol. 22, No.1 (2019), pp. 147–63; Tine Hanrieder, "The Path-Dependent Design of International Organizations: Federalism in the World Health Organization," *European Journal of International Relations*, Vol. 21, No. 1 (2015), pp. 215–39.

⁵⁶ Pratt, "Deference and Hierarchy in International Regime Complexes".

⁵⁷ Darren G. Hawkins et al., *Delegation and Agency in International Organizations* (Cambridge: Cambridge University Press, 2006).

latent characteristic of social connections among them.⁵⁸ We assume that the more often institutions are mentioned together with other institutions of their respective complex in the same media report, the more central their position within the everyday policy-making process within this period. Thus, besides analyzing *direct* relations among institutions by assessing inter-institutional references, analyzing co-occurrence networks sourced from more than 15 000 international news outlets further allows grasping *indirect* ties among institutions and approaching a perception of the relevance of these ties by the global public.⁵⁹ We argue that combining both measurements allows painting an abstract picture of the FA complex's macro structure and its inter-institutional authority structure, and, most importantly, assessing variation in these structures before and after the unfolding of the Covid-19 pandemic.

In the second step, we trace the processes that led to this shift in authority within the FA complex in favor of the AIIB and the NDB. We show how, during the crisis, these institutions emerged as institutional contenders to the policy field's established institutions, the IMF and the WB. We demonstrate how their functional superiority in times of unprecedented, exogenously caused financial turmoil led states to accept or even openly push for significant mandate and project expansions of the AIIB and the NDB. Adding to qualitative process evidence, we also examine the outcome of the de-centralization mechanism—the expansion of mandate and scope of contender institutions of the AIIB. To that extent, we complement our qualitative analysis with a quantitative assessment of the increase in the AIIB's overall project activities and the expansion of its funding network. To do so, we draw on only very recently available official primary data on the AIIB's funded projects within both periods of observation (2018–19 vs. 2020–21) as well as the specific type and target of this funding.⁶⁰

COVID-19 and Authority Shifts in the FA Regime Complex

Our theory holds that crises trigger a shift toward decentralizing a regime complex's underlying authority structure. Crises provide incentives for states to shift their focus away from established institutions and toward contender institutions marked by more flexible design features. To probe this claim, we analyze how the unexpected outbreak of the pandemic and the ensuing deteriorating financial situation and economic hardship led many states to turn their backs on the established institutions of the FA complex the WB, and the IMF. Due to the WB's and the IMF's rigid mandates and unfavorable lending mechanisms, contender institutions, i.e. the AIIB and the NDB, offered a better functional fit given states' urgent need.

The Big Picture: Structural Change in the FA Complex

In a first step, we assess whether, as expected by our theory, the institutional structure of the FA complex changed on the macro level after the unfolding of the exogenous shock to the international financial system caused by the unprecedented outbreak of the COVID-19 pandemic. Due to the short time frame, we expect such a shift to be neither radical nor fundamental. Still, our theory expects that the crisis dynamics, which have unfolded rapidly since the beginning of 2020, should have triggered observable changes toward more fragmented and decentralized authority structures in the FA complex. Thus, we would consider that our theory falsified if, despite the exogenous shock, there is no trend toward more

⁵⁸ Paasha Mahdavi, "Scraping Public Co-Occurrences for Statistical Network Analysis of Political Elites," *Political Science Research and Methods*, Vol. 7, No. 2 (2019), pp. 385–92.

⁵⁹ Frank Esser, "Mediatization as a Challenge: Media Logic Versus Political Logic," in Hanspeter Kriesi et al., eds., *Democracy in the Age of Globalization and Mediatization* (London: Palgrave Macmillan, 2013), pp. 155–76.

⁶⁰ AIIB, "Project List," 31 October 2023, <https://www.aiib.org/en/projects/list/index.html?status=Approved>.

Table 1. Sample of Major FA Institutions⁶¹

	Institution	Creation
Major financial and development assistance institutions	African Development Bank	1964
	Arab Monetary Fund (AMF)	1976
	Asian Development Bank (ADB)	1966
	AIIB	2015
	Chiang Mai Initiative (CMI)	2010
	NDB/Contingent Reserve Arrangement	2015
	European Bank for Reconstruction and Development (EBRD)	1991
	European Investment Bank (EIB)	1958
	IMF	1944
	Islamic Development Bank (IsDB)	1975
	Latin American Reserve Fund (LARF)	1976
	WB	1944

de-central inter-institutional structures within the crisis period of 2020–21 as compared to 2018–19.

To test our conjecture, we gathered data to construct two different types of networks. Both reference and co-occurrences networks map inter-institutional relationships for both periods of observation. We collected similar types and amounts of text data for both periods to make a robust comparison. To construct our sample, we consulted the extant literature on international and regional institutions' set-up by states to provide FA to their members, summarized in Table 1. All these institutions share the basic task of (re-)allocating financial resources, particularly during economic hardship among their members.

We collected annual reports, policy documentation, financial statements, and statistical reports for this sample of institutions. Whenever an institution is directly mentioned within an analyzed document, we coded it as a referential tie between the mentioned institution and the institution from which the document was sourced. The resulting network graphs indicate the intensity and direction of reciprocal recognition among all relevant institutions of our sample during the period of observation. The co-occurrence network data, to the contrary, were coded non-directional. Ties among institutions are unweighted and undirected. The created socio-matrixes contain cells for each pair of institutions and the number of their shared co-occurrences in the analyzed publications archived in Nexis.⁶² Thus, they indicate the relevance and intensity of news coverage on a respective pair of institutions in the co-occurrence network. These co-occurrence data indicate the respective centrality of institutions in international news coverage in both the observed pre- and post-crisis periods. The following network graphs map both the reference networks and the co-occurrence networks among the FA institutions of our sample. The node size indicates an institution's weighted number of incoming references, while the color shading indicates its respective network authority.⁶³

⁶¹ To construct our sample of relevant and major FA institutions, we consulted i.a. Lipsy, *Renegotiating the World Order*; Margot Schüller and Jan P. Wogart, "The Emergence of Post-crisis Regional Financial Institutions in Asia—With a Little Help from Europe," *Asia Europe Journal*, Vol. 15, No. 4 (2017), pp. 483–501, and Susanne Lütz and Matthias Kranke, "The European Rescue of the Washington Consensus? EU and IMF Lending to Central and Eastern European Countries," *Review of International Political Economy*, Vol. 21, No. 2 (2014), pp. 310–38.

⁶² The Nexis database contains more than 15 000 international news, corporate, and legal sources which we analyzed quantitatively using the advanced search function provided by the software LexisNexis, "Nexis Uni: Akademische Recherche für Digital Natives," 7 December 2021, <https://p.widencdn.net/s52cur/nexis-uni-factsheet-dach>.

⁶³ An institution's network authority based on Kleinberg's HITS algorithm (Jon M. Kleinberg, "Hubs, Authorities, and Communities," *ACM Computing Surveys*, Vol. 31, No. 4 (1999), pp. 1–3) indicates how valuable the respective node is in relation to other nodes based on its connectedness to the most important nodes of the network.

Both post-crisis networks differ from the pre-crisis ones regarding their underlying inter-institutional structure, which corroborates our theoretical expectations. The comparison of pre- and post-crisis networks exhibits structural changes at the expense of established institutions like the IMF, the WB, and the European Union (EU) benefiting contender institutions, such as the AIIB, the CMI, or the NDB. Despite the short period, the reference and co-occurrence networks exhibit less centralized but more decentralized inter-institutional structures in 2020–21 compared to 2018–19 (see [Figure 2](#)). In particular, the CMI, the AIIB, and the NDB gained network centrality and authority with the unfolding of the COVID-19 pandemic. While the WB and the IMF still hold central positions within their network, the overall network structures have become more decentralized, with contender institutions like the AIIB, the NDB, or the CMI gaining centrality. In particular, the relative difference in degree centralities between established and their contenders decreased strongly.⁶⁴ In the reference network, the in-degree centrality of the AIIB increased from 5 to 9, the NDB's from 7 to 8, and the CMI's from 3 to 7. Moreover, all three institutions gained network authority, while the WB and the IMF exhibited smaller authority values in the post-crisis network.

In addition, the global properties of both the reference and the co-occurrence networks indicate shifts toward more de-centralization in the post-crisis period.⁶⁵ The network density, representing the portion of ties in the network that are actually realized, increased from 0.909 to 0.985 (undirected co-occurrence network) and from 0.63 to 0.70 (directed reference network). This indicates an increase in the contender institutions' embeddedness in both reference and co-occurrence networks. De-centralization is also reflected in both networks' decreasing modularity values. Networks with high modularity have dense connections between the nodes within modules and sparse connections between nodes in different modules. Lower modularity values thus indicate equal connectivity among all nodes and fewer clusters.

What is more, the average clustering coefficient in both networks increased while the average path length decreased. While the former indicates how strongly the nodes of a network are integrated into their neighborhood on average, the average path lengths indicate how closely they are connected. The increase in the average clustering thus indicates stronger networking and less centralized and hierarchical relationships between institutions. The smaller average path lengths underlying the post-crisis networks point in the same direction. The overall connectivity among institutions increased while their relative distance decreased. In sum, these indicators clearly show that on the macro level, inter-institutional structures in the FA complex became more decentralized, less hierarchical, and more fragmented since the onset of the crisis. How can these changes in the FA complex's underlying authority structure be explained? In the following second step of the analysis, we trace the process leading to the crisis-induced empowerment and expansion of the AIIB and the NDB.

The Mechanisms: Functional (Mis-)fit: IMF/WB Rigidity vs. NDB/AIIB Flexibility

The founding members, the so-called BRICS group consisting of Brazil, Russia, India, China, and South Africa (NDB) and 10 Asian states surrounding China (AIIB), designed both institutions with comparatively flexible rules and simple decision-making processes. What is more, as compared to most WB and IMF programs, they adopted a “no-strings attached” lending policy that coincides with China's foreign policy and its development finance principle of “non-intervention in other states' internal affairs.”⁶⁶ Both institutions usually do

⁶⁴ Detailed node-individual network statistics can be found in the online [Appendix A.1-A.3](#).

⁶⁵ See also tables of all whole-network-based statistics in the online [Appendix A.1-A.3](#).

⁶⁶ Biddulph Sarah and Biuković Ljiljana, “Who Are the Important Actors in Shaping Good Governance, Transparency, and Accountability Principles?” in Sarah Biddulph and Ljiljana Biuković, eds., *Good Governance in Economic*



Fig. 2. Reference and Co-Occurrence Networks Underlying the FA Complex (2018–19 vs. 2020–21)

not require recipient countries to implement policy reforms like anti-corruption measures or environmental and social standards, which are necessary for most IMF and WB lending programs. Moreover, both institutions refrain from requiring concrete democracy and human rights standards from potential recipient countries. For example, when the WB stopped running FA programs in Myanmar due to human rights concerns with respect to the country’s military junta, the AIIB continued its ongoing project in the country and left the door open for future programs. Referring to its procedures for dealing with “de facto governments,” the AIIB was “not to take a view on the form of government, [...] [but to] go through our checklist.”⁶⁷

In the everyday policy-making process of the pre-crisis period, many potential recipient countries considered the absence of such accountability and compliance mechanisms

Development: *International Norms and Chinese Perspectives* (Vancouver: University of British Columbia Press, 2019), p. 348.

⁶⁷ Edward White and John Reed, “China-Backed AIIB Leaves Door Open to Lending to Myanmar’s Junta,” *Financial Times*, 2 June 2021, <https://www.ft.com/content/cd39eba0-6bfb-4c5e-b68d-bfd00c2d7801>.

problematic and, therefore, frequently shied away from borrowing exclusively from these institutions. They feared legitimacy losses and problems associated with corruption in the context of potential projects. This forced the AIIB and the NDB to tie loans closely to the WB's and IMF's standards and procedures. Consequently, before the crisis, the institutions found their roles "limited to that of a junior partner, who only became involved once a project was ready for financing, and only contributed finance rather than project management or policy supervision."⁶⁸ Thus, in pre-crisis times, the institutional properties of the two newcomer institutions corresponded to functional shortcomings representing hurdles for successful emancipation from the FA complex's established institutions. The IMF and the WB further share an inclusive and transparent decision-making process involving civil society actors.⁶⁹ During normal, non-crisis times, these institutional properties had proven to be a feature, increasing the efficiency of the incumbent institutions' lending practices and their perceived legitimacy by both borrowing countries and civil society actors.⁷⁰

The unexpected and massive financial turmoil that spread across the globe shortly after the outbreak of the COVID-19 pandemic radically altered the playing field for international FA. In March 2020, governments around the globe introduced harsh measures, including lockdowns and shutdowns of entire industries to contain the disease, which led to a worldwide, dramatic contraction of economies. Financial markets panicked, and those developed states obtaining the necessary financial resources introduced giant emergency liquidity programs to secure their national economies. In turn, however, multilateral or bilateral FA programs suffered, as in many cases for developed nations "international assistance has been juxtaposed as directly competing with the resources needed to prioritize domestic relief efforts."⁷¹ Thus, within only a very short time, the liquidity demands, in particular of developing and middle-income countries, increased dramatically, which turned to international FA institutions to receive emergency loans to avoid their national bankruptcy.

The established institutions of the FA complex, the WB and the IMF, immediately announced to shore up their established lending programs to calm financial markets and assure the liquidity of their 189 member states.⁷² However, both institutions' measures and established procedures to implement their liquidity measures soon faced limitations in the deteriorating situation and increasing demands for rapid and unconventional liquidity loans. Their institutional designs made it difficult to pivot to more flexible, low-threshold financing instruments to address the huge demand. For instance, the IMF offered limited debt relief through its "Catastrophe Containment Relief Trust." However, due to its reluctance to adapt the conditions for participation, not all eligible countries agreed to participate, fearing that a debt moratorium from private sector creditors would adversely affect their credit ratings and market access. Consequently, only a very limited amount of debt servicing was suspended.⁷³

⁶⁸ Jeffrey D. Wilson, "The Evolution of China's Asian Infrastructure Investment Bank: From a Revisionist to Status-Securing Agenda," *International Relations of the Asia-Pacific*, Vol. 19, No. 1 (2017), p. 166.

⁶⁹ Susan Park, "Institutional Isomorphism and the Asian Development Bank's Accountability Mechanism: Something Old, Something New; Something Borrowed, Something Blue?" *The Pacific Review*, Vol. 27, No. 2 (2014), pp. 217–39; Susan Park, "Accountability as Justice for the Multilateral Development Banks? Borrower Opposition and Bank Avoidance to US Power and Influence," *Review of International Political Economy*, Vol. 24, No. 5 (2017), pp. 776–801.

⁷⁰ Sarah L. Babb and Bruce G. Carruthers, "Conditionality: Forms, Function, and History," *Annual Review of Law and Social Science*, Vol. 4, No. 1 (2008), pp. 13–29; Mark T. Buntaine, "Accountability in Global Governance: Civil Society Claims for Environmental Performance at the World Bank," *International Studies Quarterly*, Vol. 59, No. 1 (2015), pp. 99–111.

⁷¹ Mark Miller et al., "Multilateral Finance in the Face of Global Crisis," *ODI Policy Papers*, 11 October 2021, <https://odi.org/en/publications/multilateral-finance-in-the-face-of-global-crisis/>.

⁷² IMF, "Confronting the Crisis: Priorities for the Global Economy," 10 December 2021, <https://www.imf.org/en/News/Articles/2020/04/07/sp040920-SMs2020-Curtain-Raiser>; WB, "Press Call on COVID-19 Response with World Bank Group President David Malpass," World Bank Group, 5 March 2020, <https://www.worldbank.org/en/news/speech/2020/03/03/press-call-on-covid-19-response-with-world-bank-group-president-david-malpass>.

⁷³ Miller et al., "Multilateral Finance in the Face of Global Crisis".

Refraining from a more flexible, crisis-adequate response, the IMF stuck to its *modus operandi* of “urging crisis-stricken countries to apply for conventional loans, albeit with greater flexibility in funding—up to \$1 trillion is reportedly available.”⁷⁴ These conventional loans required implementing conditional policies before the money was transferred, an almost unfulfillable task for developing countries amid a global pandemic. Moreover, core to the IMF’s institutional lending practices is the rule that the amount of lending for a specific country is formally linked to its specific IMF quota, its creditworthiness rated by the institution itself, and the loan repaid within 5 years. These practices made it difficult or even impossible for developing nations to receive adequate support. Thus, “while IMF instruments were designed to help meet temporary liquidity needs, they were not set up to help fairly share the burden of responding to global crisis.”⁷⁵

The WB’s crisis responses equally suffered from an institutional design misfit. Most importantly, the institution failed to quickly adapt its financing instruments to make its huge resources rapidly and equally accessible for those states in need. While the WB could have adapted its lending portfolio in favor of its “development policy lending” representing the quickest and most flexible way to initiate liquidity support, “the share of the bank’s loan portfolio routed through development policy lending has been essentially unchanged through the crisis.”⁷⁶ Moreover, even more so as in the case of the IMF, the WB refrained from flexibly waiving its conditionality, allowing for severely hit economies to receive funding without having to *ex ante* implement policy changes quickly. In March 2020, WB President David Malpass made clear that “countries will need to implement structural reforms to help shorten the time to recovery and create confidence that the recovery can be strong.”⁷⁷ Thus, many governments shied away from using the WB’s instruments to avoid having to implement policy reforms domestically, and, despite the great demands, there was no surge in WB budget support since the onset of the global pandemic.⁷⁸

The WB’s sluggish response has been further slowed by its bloated and rigid bureaucratic apparatus consisting of more than 10 000 staff, which, favored by its deeply rooted bureaucratic culture, proved to be resistant to calls for quick and flexible changes in the institution’s lending policy in response to the pandemic.⁷⁹ Most importantly, the WB’s deeply enshrined bureaucratic practices and routines prevented a quick shift away from its everyday policy-making routines. Despite calls for fundamental changes of its “Maximising Finance for Development” approach, which prioritizes the funding of private initiatives instead of investing directly into the public sector of recipient countries via its International Development Assistance programs or its International Bank for Reconstruction and Development, the WB stuck to and even expanded its neoliberal *modus operandi* after the outbreak of the pandemic. To tackle the crisis, the institution kept channeling their funds predominantly through its private sector arm, the International Finance Cooperation “despite little, if any, scholarly arguments in support of such an approach.”⁸⁰ This tenacious organizational

⁷⁴ Alexander Kentikelenis et al., “Softening the Blow of the Pandemic: Will the International Monetary Fund and World Bank Make Things Worse?” *The Lancet Global Health*, Vol. 8, No. 6 (2020), p. 758.

⁷⁵ Miller et al., “Multilateral Finance in the Face of Global Crisis”.

⁷⁶ Scott Morris, Justin Sandefur, and George Yang, “Tracking the Scale and Speed of the World Bank’s COVID Response: April 2021 Update,” Centre for Global Development, 2021, p. 5.

⁷⁷ David Malpass, “Remarks by World Bank Group President David Malpass on G20 Finance Ministers Conference Call on COVID-19,” World Bank Group, 24 March 2020, <https://www.worldbank.org/en/news/speech/2020/03/23/remarks-by-world-bank-group-president-david-malpass-on-g20-finance-ministers-conference-call-on-covid-19>.

⁷⁸ Clemens Landers and Rakan Aboneaj, “World Bank Budget Support in the Time of COVID: Crisis Finance... with Strings Attached,” Center for Global Development Policy, 2021, 31 October 2023, <https://www.cgdev.org/sites/default/files/World-Bank-Budget-Support-Time-Of-COVID.pdf>.

⁷⁹ Morris, Sandefur, and Yang, “Tracking the Scale and Speed of the World Bank’s COVID Response,” p. 1.

⁸⁰ Ourania Dimakou, Maria J. Romero, and Elisa van Waeyenberge, “Never Let a Pandemic Go to Waste: Turbocharging the Private Sector for Development at the World Bank,” *Canadian Journal of Development Studies/Revue canadienne d’études du développement*, Vol. 42, No. 1–2 (2021), p. 231.

behavior further underscores the stickiness of the WB's bureaucratic structures, as well as its inability to adapt to changing demands during periods of crisis and turmoil quickly.

In contrast to the established institutions' institutional rigidity, the flexible AIIB and NDB proved to be attractive for states looking out for emergency funding in the wake of the pandemic. This allowed the two institutions to shore up their project activities and enlarge their mandates. Both institutions' founding purpose was to pool financial resources for infrastructure and sustainable development projects in their member states' jurisdictions, filling a perceived functional gap of existing FA institutions. However, with the outbreak of the COVID-19 pandemic, as compared to the FA complex's incumbent institutions, they both proved to be remarkably flexible and adaptive to their members' demands and even fundamentally altered their broader institutional mandate and lending practices.

As early as February 2020, the NDB announced its readiness to support its members in their financial struggle caused by the COVID-19 pandemic and issued a special Coronavirus Bond, which provided healthcare and local authority budgets for three regions of China within days.⁸¹ Not only were these initiatives rapidly installed, in less than 2 months, but the institution also adapted its institutional rules to enable policies beyond the scope of the usual NDB lending practices by introducing a special case waiver that allowed lending \$1 billion to India in April 2020.⁸² Within no time, the NDB further installed a \$10 billion Emergency Assistance Facility with a "fast-track" procedure to grant liquidity support to its members, which by the end of 2021 has allocated more than \$5.5 billion to the BRICS states for their economic struggle against the pandemic.⁸³ In June 2020, the NDB's Board of Governors unanimously voted in favor of a new "policy on fast-track emergency response to COVID-19" that rendered the need for institutional waivers for future liquidity packages obsolete. In its statement introducing the new policy, the NDB stressed their willingness for flexible, "short-track" initiatives to address the financial turmoil caused by the pandemic:

The immediate nature of demands arising from the COVID-19 impacts requires that such assistance be quick. [...] [T]he response will also need to be flexible to be country specific. Hence, NDB's emergency response will be characterized by speed and flexibility.⁸⁴

The statement illustrates the institution's flexible and high-speed response and its crisis-induced morphism from a pure "low-level" development funding institution to a committed lender of last resort. Due to the absence of veto points, the institutional flexibility, and adaptability also stemming from its comparatively young age, the NDB was able to expand its mandate and project activities to address its borrowers' needs beyond infrastructure. The NDB quickly addressed the financing of relief and social assistance, for which it was not primarily designed.⁸⁵

Similarly, the AIIB's response to the outbreak of the pandemic was marked by speedy decision-making processes and high levels of institutional adaptivity and flexibility. In just the shortest time, the institution morphed from a highly specialized development institution focusing on infrastructure projects on the Asian continent to a fully fledged lender of last resort. Already in early March 2020, the AIIB installed a \$5 billion COVID-19 Crisis Recovery Facility (CRF) to quickly provide struggling member states with FA. Therefore, the

⁸¹ David A. McDonald, Thomas Marois, and Diana Barrowclough, eds., *Public Banks and Covid-19: Combatting the Pandemic with Public Finance* (Kingston: Municipal Services Project, 2021), pp. 367–8.

⁸² *Ibid.*, p. 368.

⁸³ NDB, "New Development Bank Covid-19 Response Programme," 31 October 2023, <https://www.ndb.int/covid-19-response-programme/>.

⁸⁴ NDB, "NDB Policy on Fast Track Emergency Response to COVID-19," 10 June 2020, <https://www.ndb.int/wp-content/uploads/2020/07/Policy-on-Fast-track-Emergency-Response-to-COVID-19.pdf>.

⁸⁵ McDonald, Marois, and Barrowclough, *Public Banks and Covid-19*, p. 368.

institution rapidly widened its lending scope beyond the long-term infrastructure purpose for which it had been originally established. Only 30 days after the installation of its CRF, the demand by member states was so overwhelming that the AIIB doubled its COVID-19 facility to \$10 billion.⁸⁶

This increase was partly possible due to the absence of a rigid bureaucratic apparatus, which could have slowed down the swift implementation of policy measures. Compared to the bloated and rigid bureaucratic apparatus of the WB or the IMF, the AIIB's bureaucratic structure is much leaner. Managed from a single physical head office in Beijing, it cannot draw on a large bureaucracy—the AIIB employs a staff of under 1000, compared to 10 000 in the WB and 2700 in the IMF. According to AIIB President Jin, the founding members sought to minimize bureaucracy and redundancy, allowing for an operating structure that is “flat lean and agile.”⁸⁷ The associated competitive advantage in crisis situations has been recognized even by direct institutional contenders. According to an anonymous senior official of a rival multilateral development bank, “their rules make them a bit more efficient than us. [...] We can be slow in processing matters due to the governance requirements we face in each country. When they make a decision, they move fast. That's a clear difference between them and other IFIs [International Financial Institutions].”⁸⁸

The AIIB used its crisis facility as an institutional instrument to formally expand its lending activities beyond the Asian region, where established FA institutions could not keep up with the exploding demand for liquidity assistance. In April 2020, the Board of Governors further enabled the institution to use the facility to also provide support to countries outside of its “home turf” by deciding that “non-regional members of the Bank are eligible to benefit from financing under the Facility.”⁸⁹ In some cases, projects financed under the CRF are co-financed with the WB or ADB. In these cases, the AIIB has adhered to their policies and standards for project implementation.⁹⁰ However, the AIIB has also used the CRF to fast-track stand-alone projects under the CRF “financing essential COVID-19 emergency health care or urgent expenditure needs”⁹¹ in which case it explicitly disregards these policies and follows its own AIIB Environmental and Social Policy (ESP). Examples include a \$500 million and \$100 million emergency liquidity support fund for Turkey,⁹² a \$50 million “COVID-19 Credit Line Project” for Ecuador,⁹³ a \$75 million emergency fund for Cambodia,⁹⁴ or a \$180 million liquidity package for Sri Lanka.⁹⁵ By using its own project guidelines and frameworks such as the ESP, the AIIB has been able to process projects more flexibly. As found in their comparison of the environmental and social policies of the AIIB and the WB, “(...) compared to existing MDBs, the AIIB has simplified the ESA

⁸⁶ McDonald, Marois, and Barrowclough, *Public Banks and Covid-19*, p. 368.

⁸⁷ Elliot Wilson, “Asia: Could Covid-19 Be the Making of the AIIB?” *Euromoney*, 22 April 2020, <https://www.euromoney.com/article/b119lyrb8ztsqc/asia-could-covid-19-be-the-making-of-the-aiib>.

⁸⁸ Ibid.

⁸⁹ AIIB, “Decisions to Support the AIIB COVID-19 Crisis Recovery Facility,” 31 October 2023, https://www.aiib.org/en/_common/_download/Decisions-to-Support-the-AIIB-COVID-19-Crisis-Recovery-Facility.pdf.

⁹⁰ Ibid.

⁹¹ AIIB, “COVID Crisis Recovery Facility,” 31 October 2023, <https://www.aiib.org/en/policies-strategies/COVID-19-Crisis-Recovery-Facility/index.html>.

⁹² AIIB, “Türkiye: COVID-19 Credit Line Project,” <https://www.aiib.org/en/projects/details/2020/approved/Turkey-COVID-19-Credit-Line-Project.html>; AIIB, “Türkiye: Akbank COVID-19 Crisis Recovery Facility,” 31 October 2023, <https://www.aiib.org/en/projects/details/2020/approved/Turkey-Akbank-COVID-19-Crisis-Recovery-Facility.html>.

⁹³ AIIB, “Ecuador: CONAFIPS COVID-19 Credit Line Project (Previously: Corporación Financiera Nacional COVID-19 Credit Line Project),” 31 October 2023, <https://www.aiib.org/en/projects/details/2020/approved/Ecuador-CONAFIPS-COVID-19-Credit-Line-Project-Previously-Corporacion-Financiera-Nacional-COVID-19-Credit-Line-Project.html>.

⁹⁴ AIIB, “Cambodia: Cambodia PRASAC COVID-19 Response Facility,” 31 October 2023, <https://www.aiib.org/en/projects/details/2022/approved/Cambodia-PRASAC-COVID-19-Response-Facility.html>.

⁹⁵ AIIB, “Sri Lanka: COVID-19 Emergency and Crisis Response Facility,” 31 October 2023, <https://www.aiib.org/en/projects/details/2021/approved/Sri-Lanka-COVID-19-Emergency-and-Crisis-Response-Facility.html>.

[Environmental and Social Assessment] instruments and risk analysis, making things clearer (...)” and their observations “point to innovations introduced by the new bank, mainly its emphasis on infrastructure, loans for projects of various sizes and greater risk, different ESA instruments, and more respect for, and integration with, the borrower’s PPPs, and its reduction in the complexity of the socio-environmental analysis instruments.”⁹⁶

Referring to the funding gap, which had been rapidly growing since the pandemic outbreak, AIIB’s president, Jin, self-confidently declared: “This is the time for us to demonstrate our adaptability, resilience, responsiveness and readiness.”⁹⁷ Within weeks, the AIIB decided upon substantial emergency loan programs to countries outside of Asia like the Fiji Islands and the Cook Islands, Rwanda, Ecuador, Turkey, and Georgia.⁹⁸ The Fiji Islands and the Cook Islands cases are particularly interesting as both countries fell short of credits from the US- and Japanese-backed ADB, which refused to provide more liquidity due to its rigid “country limit” for the small island nations, which had been reached. Despite their fear of greater Chinese influence, both states turned to the AIIB, which appears to be remarkable given their historically and strategically close ties to the West.⁹⁹

Moreover, the crisis-related instruments also allowed the AIIB to broaden its policy mandate into the area of public health support, but most importantly to the IMF’s home turf and liquidity provision. By creating its own on-lending facilities and credit lines to address liquidity shortages, the AIIB staged itself as a lender of last resort for its member state governments that could now officially receive FA from the institution.¹⁰⁰ In its “COVID-19 Crisis Recovery Facility Toolkit” published in 2021, the AIIB made these ambitions explicit. While it declared to shore up its available fund to \$13 billion, which can be requested until April 2022 to finance both public and private sector entities in any AIIB member that faces (or is at risk of facing) serious adverse impacts as a result of COVID-19, the institution further announces that:

“Given the rapidly evolving circumstances, the Facility is designed to be flexible and adaptive to emerging client demand. [...]. [T]he Bank can provide financing to supplement government productive expenditures to support the social and economic response and recovery. This includes not just investments in infrastructure but also social and economic protection to prevent long-term damage to the productive capacity of the economy.”¹⁰¹

Taken together, the institutional responses to the financial turmoil caused by the COVID-19 pandemic by the established institutions of the FA complex and those of the challenger institutions differ significantly. While the IMF and WB responded comparatively slowly and inflexibly to member states’ rapidly growing liquidity demands, the NDB and the WB adapted swiftly to the radically altered financial structure caused by the pandemic. Within a short period, both institutions morphed from specialized, low-scale development funding institutions to ambitious FA institutions that have internalized the core competencies so far reserved for the IMF and the WB. This was only possible due to the challenger institutions’ comparatively flexible design. What was considered a design-related disadvantage

⁹⁶ Apolinário Júnior and Jukemura, “A Comparative Analysis of the Environmental and Social Policies of the AIIB and World Bank,” p. 706.

⁹⁷ Wilson, “Asia: Could Covid-19 Be the Making of the AIIB?”

⁹⁸ AIIB, “Project List”.

⁹⁹ Jonathan Barrett and Praveen Menon, “Pacific Island Nations Turn to Beijing-Backed AIIB as Pandemic Sinks Economies,” *Reuters Media*, 25 January 2021, <https://www.reuters.com/article/china-pacific-cookislands-idINKBN29U01X>.

¹⁰⁰ AIIB, “Background: Impact of Covid 19 and Implications on Infrastructure Priorities,” 25 March 2020, https://www.aiib.org/en/news-events/news/2020/_download/Background-Impact-of-Covid-19-and-Implications-on-Infrastructure-Priorities.pdf.

¹⁰¹ AIIB, “Covid-19 Crisis Recovery Facility Toolkit,” 2021, 31 October 2023, https://www.aiib.org/en/policies-strategies/COVID-19-Crisis-Recovery-Facility/_download/AIIB-CRF-Toolkit.pdf.

throughout normal times led to increased authority and enhanced their position within the FA complex's underlying institutional structure during the crisis. The crisis dynamics and turbulences requiring quick and flexible policy responses allowed the contender institutions to expand their scope and crisis-related activities.

Finally, the AIIB's encompassing project data allow us to trace how the depicted crisis-induced changes of the AIIB's activities rapidly transformed its relationship with states needing FA. Since its creation in 2015, many Western states accused the institution of lacking accountability mechanisms, anti-corruption and good governance policies, and exhibiting non-transparent decision-making processes.¹⁰² We draw on the official AIIB project database¹⁰³ to gather information on all projects funded by the institution throughout the periods 2018–19 and 2020–21 to check for variation regarding the AIIB's project activities and its ego-centric network with states. More specifically, we collected the amount of money allocated within each project and the target country per each of our 2-year periods.

Overall, the AIIB allocated financial resources in 18 projects in the years 2018–19 compared to 76 projects throughout the years 2020–21. This constitutes an increase in project activity of >400%. At the same time, the financial resources allocated increased significantly from \$7.7 billion in 2018–19 to \$13.8 billion in the years 2020–21, which is an increase of almost 100%. Most importantly, with the unfolding of the COVID-19 pandemic, AIIB activities have morphed from being dominated by development assistance projects with a strong focus on infrastructure financing throughout the pre-crisis years 2018–19 to concrete FA programs aimed at securing member states' financial liquidity and economic resilience as well as their ability to finance their public health sector in the post-crisis period.

While before the crisis, the AIIB's policy portfolio resembled a great extent that of the WB with a more pronounced focus on infrastructure development assistance, with the outbreak of the pandemic, the institution rapidly transformed into a fully fledged FA institution capable and willing to assure the overall financial liquidity of its members, just like the IMF. However, the AIIB, at the same time, also shored up its lending for infrastructure, transportation, and energy-related projects. Thus, the crisis appears to have triggered a strong increase in institutional activity and the AIIB's transformation into a multifunctional financial institution that represents a substitute for the WB and the IMF. Figure 3 summarizes this variation in the AIIB's funding activities before and after the start of the crisis.

In addition to this great variation in financing activities, the state–institution network underlying the AIIB funding practices changed with the onset of the COVID-19 crisis. Since then, the AIIB has expanded its project volume to many already important recipient states like India, Turkey, or Bangladesh. Moreover, the institution has further widened its target state scope during the crisis. During the financial turmoil caused by the COVID-19 outbreak, the AIIB expanded its emergency loans from an exclusive Asia focus in the years 2018–19 to countries in South America, Africa, and even Continental Europe. Among those countries receiving financial liquidity assistance are Georgia, Ecuador, and Rwanda. Moreover, during the crisis period, the AIIB has installed the ISQ Global Growth Markets Infrastructure Fund that explicitly aims at providing liquidity to the Latin American Market.¹⁰⁴

Since the crisis, AIIB recipients also include small but strategically important island states like the Maldives, the Cook Islands, or Fiji and Central Asian states such as Kirgizstan and Kazakhstan. Most importantly, these countries turned to the AIIB as they fell short of short-term liquidity, traditionally provided to them by the US- and Japanese-led ADB.¹⁰⁵ Thus, through its rapidly installed \$13 billion “Crisis Recovery Facility,” which it deployed to

¹⁰² Anders Uhlin, “Legitimacy Struggles in Global Governance: Legitimation and Delegitimation of the Asian Infrastructure Investment Bank,” *SAGE Open*, Vol. 9, No. 3 (2019), p. 6.

¹⁰³ AIIB, “Project List”.

¹⁰⁴ AIIB, “Multi-Country: ISQ Growth Markets Infrastructure Fund,” <https://www.aiib.org/en/projects/details/2021/approved/Multi-Country-ISQ-Growth-Markets-Infrastructure-Fund.html>. Accessed on 31 October 2023.

¹⁰⁵ Barrett and Menon, “Pacific Island Nations Turn to Beijing-backed AIIB as Pandemic Sinks Economies.”

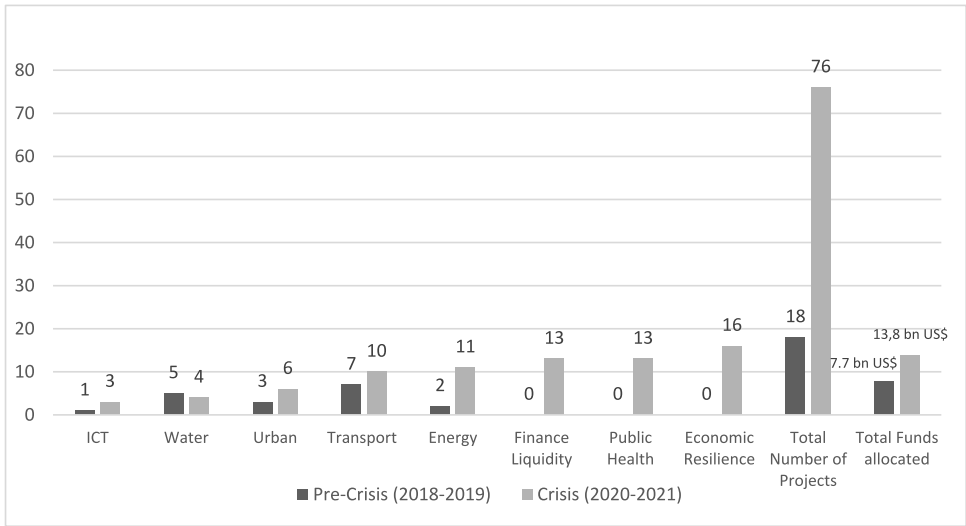


Fig. 3. AIIB Project Funding by Issue (2018–21).

finance immediate health sector needs of members and provide emergency liquidity support for critical sectors, the AIIB broadened its membership scope and geographical activities. Moreover, it bolstered its pre-existing projects within strategically important member countries. In Indonesia, the AIIB almost quadrupled its financing from \$500 million to \$1.96 billion. Figure 4 summarizes this expansion of the funding project network of the AIIB from 2018–19 to 2020–21. The nodes’ size and the ties’ thickness represent the relative amount of money (in million USD) transferred to a respective recipient country.

Conclusion

In this paper, we have argued that crises, as truly exogenous shocks, impact and reshuffle the relatively stable authority structures underlying regime complexes, which emerged during normal times. In day-to-day politics, functional considerations drive coordination among institutional alternatives, which might eventually lead to centralized, quasi-hierarchical structures.¹⁰⁶ However, this functional centralization is levered out when states are—for various reasons—dissatisfied with the extant institutions, find the pathway to reform blocked, create institutional contenders, and drive the fragmentation of the regime complex.¹⁰⁷ Both forces constitute the degree of centralization in a given regime complex, consisting of established and contender institutions.

When a crisis hits in, high threat, urgency, and uncertainty lead states to select institutions that promise *ad hoc* relief—independent of legitimacy concerns, which are highly relevant in normal times. This is to say that the same properties that rendered the established institutions functionally attractive to states in normal times, i.e. inclusiveness, input

¹⁰⁶ Henning and Pratt, “Hierarchy and Differentiation in International Regime Complexes,” pp. 2178–205; Pratt, “Defence and Hierarchy in International Regime Complexes,” pp. 561–90; Felicity Vabulas and Duncan Snidal, “Informal IGOs as Mediators of Power Shifts,” *Global Policy*, Vol. 11, No. S3 (2020), pp. 40–50.

¹⁰⁷ Morse and Keohane, “Contested Multilateralism,” pp. 385–412; Faude and Fuss, “Coordination or Conflict?”; Kreuder-Sonnen and Zangl, “Varieties of Contested Multilateralism,” pp. 327–43; Pratt, “Angling for Influence,” pp. 95–108; Johannes Urpelainen and Thijs van de Graaf, “Your Place or Mine? Institutional Capture and the Creation of Overlapping International Institutions,” *British Journal of Political Science*, Vol. 45, No. 4 (2015), pp. 799–827.

legitimacy, strong bureaucracies, and reliable procedures, prove to be a competitive disadvantage during times of turbulence and turmoil. Rational states revert to the more exclusive, low-threshold, and flexible contender institutions, which offer a better functional fit to meet the requirements posed by the crisis. As established institutions lose authority while contender institutions gain, crises drive the fragmentation of authority in global governance.

This trajectory is visible in the FA regime complex. The COVID-19 pandemic weakened the position of the established institutions, the IMF, and the WB, while contender institutions, such as the AIIB and the NDB, gained a foothold within the institutional structure underlying the complex. The IMF and the WB could not quickly satisfy demands for swift and unbureaucratic liquidity support and did not refrain from regular conditionality principles. The contender institutions proved to be more flexible, and their member states quickly expanded the NDB's and AIIB's mandates to cover tasks, such as liquidity support and non-earmarked lending, which was beyond their scope before the crisis. However, and as emphasized in the beginning of our research design chapter, we consider the FA complex a "most likely case" with optimal conditions for our theoretical mechanism to manifest due to the strong propensity for competition in the field and the high density of available FIGOs. To increase the external validity of the argument, it is crucial to also test the theory across a range of cases, including "least likely" cases, i.e. regime complexes with a low underlying propensity for competition and to also include IGOs to the analysis. One important example might be the issue area of security. Given the low propensity for institutional competition, it will be unlikely that crisis like the war in Ukraine will induce a shift away from focal institutions, like the North Atlantic Treaty Organization (NATO), or the EU, to other security FIGOs. However, we hold that even in these cases, we might observe authority shifts induced by the rigidity and inflexible design of established FIGOs. Yet, due to the absence of credible FIGO alternatives, this shift is likely to occur between FIGOs and closely related or linked intergovernmental organizations (LIGOs),¹⁰⁸ the so-called "Ramstein Format," the informal coordination group for the defense of Ukraine, being a most recent example. Future research should therefore not only focus on shifts between FIGOs in highly competitive issue areas with a high density of formalized institutions but also analyze if and how crises induce shifts between FIGOs and LIGOs.

Further research is warranted as to the long time consequences of such crisis-induced fragmentation. It remains an open question whether the disruptive changes within international regime complexes caused by global crises like the pandemic will persist or if we should expect a reversion.¹⁰⁹ Thus, it remains to be seen, if states return to the liberal institutions, the IMF and the WB, or whether the functional imperative to reap synergies leads to new, less liberal centers of authority. Scholarship is thus called upon to engage more deeply with the interaction of exogenous and endogenous forces shaping the structures of institutional complexes.

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¹⁰⁸ Andrew Lugg, "Re-contracting Intergovernmental Organizations: Membership Change and the Creation of Linked Intergovernmental Organizations," *The Review of International Organizations* (2024), <https://doi.org/10.1007/s11558-024-09533-8>, pp. 1–33; Vabulas and Snidal, "Informal IGOs as Mediators of Power Shifts".

¹⁰⁹ Haftel, Wajner, and Eran, "The Short and Long(er) of It," pp. 808–20.

Conflict of interest statement None declared.

Appendix 1

In this Appendix, we provide descriptive statistics of the network analyses. These include the following sections:

1.1. Reference Network Matrixes

Table A.1.1. Unweighted Pre-Crisis (2018-19)

	WB	IMF	EIB	LARF	NDB	AIIB	AMF	AFDB	ADB	CMI	EBRD	IsDB
WB		46	7	0	0	4	0	11	10	0	2	1
IMF	163		15	2	1	0	4	9	7	1	1	0
EIB	149	114		0	0	0	0	22	1	0	86	1
LARF	8	286	0		19	0	19	0	3	30	0	0
NDB	11	13	1	0		8	0	15	17	0	6	2
AIIB	62	10	7	0	4		0	6	61	0	16	2
AMF	14	52	0	3	1	0		1	0	0	0	4
AFDB	67	68	9	1	0	0	0		4	0	3	9
ADB	245	155	17	0	3	27	0	42		15	33	16
CMI	95	137	0	0	1	2	0	0	41		0	0
EBRD	155	82	38	0	2	19	0	26	34	0		5
IsDB	5	10	0	0	0	0	0	9	2	0	0	

Table A.1.2. Unweighted Post-Crisis (2020–21)

	WB	IMF	EIB	LARF	NDB	AIIB	AMF	AFDB	ADB	CMI	EBRD	IsDB
WB		16	2	0	1	18	0	9	6	0	3	1
IMF	422		4	6	5	17	22	39	36	11	13	13
EIB	92	25		0	1	6	0	12	3	1	57	0
LARF	22	126	0		1	0	13	0	0	24	0	0
NDB	1	34	0	0		4	0	0	2	0	2	0
AIIB	109	66	5	0	2		0	3	98	7	5	7
AMF	49	78	0	2	0	0		2	0	7	0	9
AFDB	16	40	7	0	0	3	0		1	0	3	19
ADB	128	310	1	0	1	7	0	1		270	7	0
CMI	60	344	0	36	21	2	27	1	105		1	2
EBRD	145	94	104	0	24	41	0	38	101	1		6
IsDB	16	5	2	0	0	1	0	3	3	0	2	

Table A.1.3. Weighted Pre-Crisis (2018–19)

	WB	IMF	EIB	LARF	NDB	AIIB	AMF	AFDB	ADB	CMI	EBRD	IsDB
WB		9,2	1,4	0	0	0,8	0	2,2	2	0	0,4	0,2
IMF	32,6		3	0,4	0,2	0	0,8	1,8	1,4	0,2	0,2	0
EIB	8,94	6,84		0	0	0	0	1,32	0,06	0	5,16	0,06
LARF	8	286	0		19	0	19	0	3	30	0	0
NDB	6,05	7,15	0,55	0		4,4	0	8,25	9,35	0	3,3	1,1
AIIB	44,02	7,1	4,97	0	2,84		0	4,26	43,31	0	11,36	1,42
AMF	6,16	22,88	0	1,32	0,44	0		0,44	0	0	0	1,76
AFDB	14,74	14,96	1,98	0,22	0	0	0		0,88	0	0,66	1,98
ADB	36,75	23,25	2,55	0	0,45	4,05	0	6,3		2,25	4,95	2,4
CMI	25,65	36,99	0	0	0,27	0,54	0	0	11,07		0	0
EBRD	51,15	27,06	12,54	0	0,66	6,27	0	8,58	11,22	0		1,65
IsDB	3,3	6,6	0	0	0	0	0	5,94	1,32	0	0	

Table A.1.4. Weighted Post-Crisis (2020–21)

	WB	IMF	EIB	LARF	NDB	AIIB	AMF	AFDB	ADB	CMI	EBRD	IsDB
WB		1,28	0,16	0	0,08	1,44	0	0,72	0,48	0	0	0,08
IMF	29,54		0,28	0,42	0,35	1,19	1,54	2,73	2,52	0,77	0,91	1,04
EIB	2,76	0,75		0	0,03	0,18	0	0,36	0,09	0,03	1,71	0
LARF	22	126	0		1	0	13	0	0	24	0	0
NDB	0,25	8,5	0	0		1	0	0	0,5	0	0,5	0
AIIB	10,9	6,6	0,5	0	0,2		0	0,3	9,8	0,7	0,5	0,56
AMF	10,78	17,16	0	0,44	0	0		0,44	0	1,54	0	0,72
AFDB	1,12	2,8	0,49	0	0	0,21	0		0,07	0	0,21	1,52
ADB	7,68	18,6	0,06	0	0,06	0,42	0	0,06		16,2	0,42	0
CMI	4,2	24,08	0	2,52	1,47	0,14	1,89	0,07	7,35		0,07	0,16
EBRD	15,95	10,34	11,44	0	2,64	4,51	0	4,18	11,11	0,11		0,48
IsDB	3,68	1,15	0,46	0	0	0,23	0	0,69	0,69	0	0,46	

1.2. Co-Occurrence Network Matrixes

Table A.2.1. Co-Occurrences Pre-Crisis (2018–19)

	WB	IMF	EIB	LARF	AFDB	NDB	AIIB	AMF	CMI	ADB	EBRD	IsDB
WB		51688	3845	30	2855	684	1965	95	5401	16150	5795	2687
IMF	51688		676	33	2621	230	260	135	3714	6927	2862	837
EIB	3845	676		9	1197	101	304	1	0	1128	4891	581
LARF	30	33	9		0	0	2	8	22	0	1	0
AFDB	2855	2621	1197	0		112	154	7	89	2628	700	893
NDB	684	230	101	0	112		568	3	111	268	71	31
AIIB	1965	260	324	2	154	568		5	306	1261	285	144
AMF	95	135	1	8	7	3	5		99	20	19	36
CMI	5401	3714	0	22	89	111	306	99		2648	85	0
ADB	16150	6927	1128	0	2628	268	1261	20	2648		3559	1931
EBRD	5795	2862	4891	1	700	71	285	19	85	3559		1238
IsDB	2687	837	581	0	893	31	144	36	0	1931	1238	
Total	91195	69983	12753	105	11256	2179	5254	428	12475	36520	19506	8378

Table A.2.2. Co-Occurrences Post-Crisis (2020–21)

	WB	IMF	EIB	LARF	AFDB	NDB	AiIB	AMF	CMI	ADB	EBRD	IsDB
WB		62187	2945	27	7396	671	3018	116	5487	15762	3947	1630
IMF	62187		718	46	1159	774	700	107	4249	6225	1875	446
EIB	2945	718		11	1338	102	358	14	11	795	3304	256
LARF	27	46	11		0	11	9	28	22	15	11	6
AFDB	7396	1159	1338	0		86	305	18	109	79	1113	1066
NDB	671	774	102	11	86		188	17	83	354	74	70
AiIB	3018	700	358	9	305	188		12	152	1817	177	254
AMF	116	107	14	28	18	17	12		443	52	15	40
CMI	5487	4249	11	22	109	83	152	443		3114	67	9
ADB	15762	6225	795	15	79	354	1817	52	3114		1787	861
EBRD	3947	1875	3304	11	1113	74	177	15	67	1787		411
IsDB	1630	446	256	6	1066	70	254	40	9	861	411	
Total	103186	78486	9852	186	12669	2430	6990	862	13746	30861	12781	5049

1.3. Descriptive Network Statistics

Table A.3.1. Individual Institution Centralities of the Reference Network Pre-Crisis (2018–19)

ID	In-degree	Out-degree	Degree	Weighted in-degree	Weighted out-degree	Weighted degree	Closeness centrality	Harmonic-closeness centrality	Betweenness centrality	Authority	Hub	Modularity class	Page ranks	Eigen centrality
WB	11	7	18	237.359999	16.2	253.559999	0.733333	0.818182	0.047511	0.406491	0.291448	0	0.122705	1
IMF	11	9	20	448.03	40.599998	488.629999	0.846154	0.909091	0.187576	0.406127	0.294238	1	0.125727	1
ADB	10	9	19	83.610002	82.95	166.560002	0.846154	0.909091	0.079329	0.367798	0.345153	0	0.121794	0.97719
AFDB	9	7	16	39.09	35.42	74.51	0.733333	0.818182	0.043723	0.351515	0.286457	0	0.111022	0.924604
IsDB	8	4	12	10.57	17.16	27.73	0.611111	0.681818	0.001515	0.32437	0.200067	0	0.092905	0.802339
EIB	7	6	13	26.99	22.38	49.369999	0.6875	0.772727	0.001299	0.294369	0.279852	0	0.088001	0.803954
NDB	7	8	15	23.86	40.150001	64.010001	0.785714	0.863636	0.032359	0.261409	0.344535	0	0.06962	0.569546
EBRD	7	8	15	26.029999	119.130001	145.16	0.785714	0.863636	0.016753	0.28655	0.341252	0	0.090822	0.803954
AfIB	5	8	13	16.06	119.280001	135.340002	0.785714	0.863636	0.01	0.200716	0.352462	0	0.063057	0.51037
CMI	3	5	8	32.45	74.520001	106.970001	0.647059	0.727273	0.004091	0.111116	0.214512	1	0.041844	0.316105
LARF	3	6	9	1.94	365	366.94	0.6875	0.772727	0.015909	0.107518	0.211436	1	0.042161	0.293358
AMF	2	6	8	19.8	32.999999	52.799999	0.6875	0.772727	0.00539	0.06604	0.242577	1	0.030342	0.180718

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Table A.3.2. Individual Institution Centralities of the Reference Network Post-Crisis (2020–21)

ID	In-degree	Out-degree	Degree	Weighted in-degree	Weighted out-degree	Weighted degree	Closeness centrality	Harmonic-closeness centrality	Betweenness centrality	Authority	Hub	Modularity class	Page ranks	Eigen centrality
WB	11	7	18	108.86	4.24	113.1	0.733333	0.818182	0.035087	0.380446	0.264478	1	0.110974	1
IMF	11	11	22	217.26	41.290001	238.550001	1	1	0.158961	0.369086	0.357846	1	0.115524	1
AFDB	9	7	16	9.55	6.42	15.97	0.733333	0.818182	0.01381	0.333963	0.269841	0	0.093253	0.88421
ADB	9	8	17	32.61	43.500001	76.110001	0.785714	0.863636	0.017446	0.329678	0.305037	0	0.103369	0.945777
AIIB	9	9	18	9.32	30.06	39.38	0.846154	0.909091	0.022749	0.325808	0.336851	1	0.104484	0.945777
NDB	8	5	13	5.83	10.75	16.58	0.647059	0.727273	0.008874	0.295554	0.206612	1	0.084892	0.797262
EBRD	8	9	17	4.78	60.759999	65.539999	0.846154	0.909091	0.019177	0.293146	0.340825	0	0.092167	0.834291
EU	7	8	15	13.39	5.91	19.3	0.785714	0.863636	0.010238	0.262074	0.313263	0	0.084939	0.787248
IsDB	7	7	14	4.56	7.36	11.92	0.733333	0.818182	0.010779	0.257605	0.279131	0	0.075414	0.692216
CMI	7	10	17	43.350001	41.95	85.3	0.916667	0.954545	0.059697	0.24705	0.340808	1	0.070108	0.62421
LARF	3	5	8	3.38	186	189.38	0.647059	0.727273	0.002273	0.110144	0.170072	1	0.032041	0.234877
AMF	3	6	9	16.43	31.08	47.51	0.6875	0.772727	0.004545	0.105696	0.206628	1	0.032836	0.234877

Table A.3.3. Individual Institution Centralities of the Co-Occurrence Network Pre-Crisis (2018–19)

Institution	Degree	Weighted degree	Closeness centrality	Harmonic-closeness centrality	Betweenness centrality	Authority	Hub	Modularity class	Page ranks	Eigen centrality
WB	11	182.390	1	1	0.015115	0.310044	0.310044	1	0.090681	1
IMF	11	139.966	1	1	0.015115	0.310044	0.310044	1	0.090681	1
AiIB	11	10.528	1	1	0.015115	0.310044	0.310044	0	0.090681	1
AMF	11	856	1	1	0.015115	0.310044	0.310044	1	0.090681	1
EBRD	11	39.012	1	1	0.015115	0.310044	0.310044	0	0.090681	1
EIB	10	25.486	0.916667	0.954545	0.010823	0.286641	0.286641	0	0.0834	0.92442
AFDB	10	22.512	0.916667	0.954545	0.004293	0.291395	0.291395	0	0.08311	0.93967
NDB	10	4358	0.916667	0.954545	0.004293	0.291395	0.291395	0	0.08311	0.93967
ADB	10	73.040	0.916667	0.954545	0.004293	0.291395	0.291395	0	0.08311	0.93967
CMI	9	24.950	0.846154	0.909091	0.007792	0.260149	0.260149	1	0.076238	0.839037
IsDB	9	16.756	0.846154	0.909091	0	0.267993	0.267993	0	0.075814	0.864089
LARF	7	210	0.733333	0.818182	0.00202	0.207294	0.207294	1	0.061816	0.668623

Table A.3.4. Individual Institution Centralities of the Co-Occurrence Network Post-Crisis (2020–21)

Institution	Degree	Weighted degree	Closeness centrality	Harmonic-closeness centrality	Betweenness centrality	Authority	Hub	Modularity class	Page ranks	Eigen centrality
WB	11	206372	1	1	0.001818	0.292344	0.292344	1	0.084453	1
IMF	11	156972	1	1	0.001818	0.292344	0.292344	1	0.084453	1
EIB	11	19704	1	1	0.001818	0.292344	0.292344	0	0.084453	1
NDB	11	4860	1	1	0.001818	0.292344	0.292344	0	0.084453	1
AIIB	11	13980	1	1	0.001818	0.292344	0.292344	0	0.084453	1
AMF	11	1724	1	1	0.001818	0.292344	0.292344	0	0.084453	1
CMI	11	27492	1	1	0.001818	0.292344	0.292344	0	0.084453	1
ADB	11	61722	1	1	0.001818	0.292344	0.292344	0	0.084453	1
EBRD	11	25562	1	1	0.001818	0.292344	0.292344	0	0.084453	1
IsDB	11	10098	1	1	0.001818	0.292344	0.292344	0	0.084453	1
LARF	10	372	0.916667	0.954545	0	0.269583	0.269583	0	0.077735	0.922091
AFDB	10	25338	0.916667	0.954545	0	0.269583	0.269583	0	0.077735	0.922091

Table A.3.5. Network Characteristics of Reference Networks

	Pre-crisis (2018–19)	Post-crisis (2020–21)
Average degree	6917	7.667
Average path length	1371	1303
Density	0,629	0,697
Modularity	0,252	0,087
Average clustering coefficient	0,702	0,766

Table A.3.6. Network Characteristics of Co-Occurrence Networks

	Pre-crisis (2018–19)	Post-crisis (2020–21)
Average degree	10	10 833
Average path length	1091	1015
Density	0.909	0.985
Modularity	0.075	0.038
Average clustering coefficient	0.925	0.985