




# Shareholder Statement on the MDB Callable Capital Exercise

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**Issued by:** United States, Japan, Germany, France, United Kingdom, Italy, India, Republic of Korea, Spain, Australia, Netherlands, Switzerland, Belgium, Denmark, and New Zealand

The G20 Independent Review of Multilateral Development Banks' (MDB) Capital Adequacy Frameworks (G20 CAF Review) provided thoughtful recommendations for boosting MDB financial capacity by stretching existing resources and pursuing innovative measures. The G20 Presidencies of Italy, Indonesia, and India were all key to launching and driving forward the G20 CAF Review. The implementation of several of its recommendations by the MDBs has already generated significant additional MDB financing capacity.

In a strong demonstration of our support for the MDBs<sup>[1]</sup>, shareholders have collectively committed a combined \$796 billion in callable capital to these institutions, which can be drawn on or “called” in the extremely remote scenario that an MDB is unable to meet its financial obligations. In the 80 years since the Bretton Woods Conference, there has never been a call on the callable capital of the MDBs due in part to their preferred creditor status. The G20 CAF Review found that the processes for these institutions making and shareholders responding to a call are not well-understood. The G20 CAF Review also recognized that clarifying these processes has value, and this clarity is an important part of implementing the review’s recommendation on callable capital.

Over the last six months, shareholders accounting for over half of the callable capital at the MDBs worked with the institutions themselves to clarify the processes for the MDBs making and shareholders responding to a call on callable capital (in the highly unlikely event a call were ever necessary). Through this work, the MDBs have shown how unlikely a call on callable capital would be, and we have demonstrated strong shareholder capacity to respond to a call if ever necessary. We have also demonstrated the strong legal foundations upon which our callable capital subscriptions rest, and we have reaffirmed our full recognition of and strong backing for those subscriptions (see links to [AfDB](#), [ADB](#) , [EBRD](#), [IDB](#) , and [IBRD](#)  callable capital reports).

Based on the work done, we see scope for additional efforts that involve outreach on the results of this exercise and exploration of ways to possibly reflect the value of callable capital in MDB financial policies, in collaboration with the MDBs and independent experts.

Shareholders participating in the exercise had the following comments about the results:

## **JANET YELLEN, TREASURY SECRETARY, UNITED STATES**

“Based on this important work, shareholders and the MDBs have gained a fuller understanding of their callable capital subscriptions and appreciation for their value. We firmly stand behind our callable capital commitments, which are backed by the full faith and credit of the United States.”

## **SUZUKI SHUNICHI, MINISTER OF FINANCE, JAPAN**

“Japan praises the progress of this important work to uncover the value of the callable capital in line with the G20 CAF review recommendations. As one of the major shareholders of the MDBs, Japan firmly stands behind our callable capital commitments and calls on all stakeholders to continue dialogue to better reflect the value of the callable capital in the financial capacity of the MDBs based on this exercise.”

## **SVENJA SCHULZE, FEDERAL MINISTER FOR ECONOMIC COOPERATION AND DEVELOPMENT, GERMANY**

“Germany is and always will be a strong partner of the multilateral banking system. We stand firmly behind our commitments on callable capital.”

## **JEREMY HUNT, CHANCELLOR OF THE EXCHEQUER, AND ANDREW MITCHELL, MINISTER OF STATE FOR DEVELOPMENT AND AFRICA, UNITED KINGDOM**

“We fully support the continued implementation of the G20 CAF Review including the recommendation on callable capital, which will increase MDB lending volumes to achieve further progress against the Sustainable Development Goals. The UK continues to stand behind our callable capital commitments, an important component of our support to the MDBs.”

## **NIRMALA SITHARAMAN, FINANCE MINISTER, INDIA**

“As called upon by the G20 leaders in their New Delhi Declaration 2023, India is committed to the MDBs’ exercise on callable capital. This can facilitate MDBs to become better, bigger and more effective in meeting the development financing needs of low income and developing economies.”

## **SANG MOK CHOI, DEPUTY PRIME MINISTER AND MINISTER OF ECONOMY AND FINANCE, REPUBLIC OF KOREA**

“The Republic of Korea appreciates the work done in the callable capital exercise, which led to shareholders and MDBs gaining better understanding of the value of callable capital and confirming their capacity to respond to calls.”

## **CARLOS CUERPO, MINISTER OF ECONOMY, TRADE, AND BUSINESS, SPAIN**

“Spain is honoured to participate and contribute towards a better understanding of callable capital in Multilateral Development Banks, and stands firmly behind its commitments of subscribed capital in MDBs.”

## **GUY PARMELIN, FEDERAL COUNCILLOR, SWITZERLAND**

“Switzerland strongly supports the very important work done to better understand the value of callable capital and how shareholders may respond to a call.”

## **VINCENT VAN PETEGHEM, DEPUTY PRIME MINISTER AND MINISTER OF FINANCE, AND CAROLINE GENNEZ, MINISTER OF DEVELOPMENT COOPERATION AND OF MAJOR CITIES, BELGIUM**

“Belgium strongly supports the very important work done to better understand the value of callable capital and how shareholders could respond to a call.”

## **DAN JØRGENSEN, MINISTER FOR DEVELOPMENT COOPERATION AND GLOBAL CLIMATE, DENMARK**

“We need to move from billions to trillions and deliver on much needed climate and development finance. The MDB’s have made impressive progress so far in delivering increased finance and Denmark will continue our strong support for the MDB’s in their continued efforts. The callable capital exercise and the continued implementation of the CAF recommendations are instrumental in reaching our joint goal of delivering on bigger, better and bolder banks.”

## **NICOLA WILLIS, MINISTER OF FINANCE, NEW ZEALAND**

“New Zealand welcomes the MDB Callable Capital Exercise. This exercise is important as it provides stakeholders with a greater understanding of the process around callable capital and its potential value to boost MDBs’ financial capacity. New Zealand stands behind our callable capital commitments to the MBDs we are shareholders of.”

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[1] Throughout this statement, the MDBs refer to the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction (EBRD), Inter-American Development Bank (IDB), and International Bank for Reconstruction and Development (IBRD).