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## OUTCOMES OF G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS MEETING

(APR. 17-18, WASHINGTON D.C.)

*- DPM Choi called on G20's macroeconomic and financial policy coordination  
in dealing with the increasing global uncertainty -*

Deputy Prime Minister Choi Sang-mok attended the 2<sup>nd</sup> Group of Twenty(G20) Finance Ministers and Central Bank Governors Meeting on April 17 to 18, in Washington D.C. The meeting consisted of two sessions: Sustainable Finance (Session 1) / International Financial Architecture (Session 2).

In Session 1, which discussed climate change transition including carbon neutrality, DPM Choi emphasized three forms of collaboration for climate financing: ❶private sector, ❷multilateral climate funds, and ❸developing countries.

First, he emphasized the need to actively utilize private capital in securing climate funds, stressing the importance of improving private investment systems as well as incentives such as risk sharing. Second, he pointed out the necessity to enhance the efficiency of multilateral climate funds and expand their funding scale. Third, in light of the significance of developing countries' voluntary efforts to reduce carbon emissions, he called for advanced countries to encourage capacity building in developing countries by sharing their experiences and technology transfer.

In particular, he noted that Korea will mobilize a 'venture capital' of 23 trillion won for the clean energy sector aiming to share the risks in the private sector, and pledged ongoing and active support for multilateral climate funds going forward, following last year's declaration of a \$300 million contribution to the Green Climate Fund (GCF). He also highlighted that the government would assist developing countries to strengthen their capacity to reduce carbon emissions and bridging the knowledge gap through the expansion of Carbon Free Alliance and Knowledge Sharing Program (KSP).

In Session 2 debating on the reform of the international financial architecture, DPM Choi, as co-chair of the session, stressed three solidarity pillars in his keynote address: ❶development, ❷inclusiveness, and ❸financial stability; as part of an effort to advance developing countries<sup>❶</sup>, he emphasized the importance of multilateral development banks' (MDBs) role and called for cooperation among G20 to establish a roadmap for MDB reform; with regard to the solidarity towards inclusiveness<sup>❷</sup>, he asked for a swift implementation of debt relief for vulnerable countries and the allocation of Special Drawing Rights (SDR) by the International Monetary Fund (IMF); in order to achieve financial stability<sup>❸</sup>, he requested the proactive management of global risks and policy coordination for market stabilization, while underscoring the voluntary efforts of developing countries in financial market reform.

Especially, he called for G20's policy coordination to minimize the negative spillover effects on the global economy in response to increased global uncertainty due to recent widening interest rate differentials among major economies as well as geopolitical tensions. He also introduced the Korean government's Corporate Value-up program and initiatives to improve market structure, including the extension of foreign exchange trading hours.

Next, DPM Choi had a meeting with Giancarlo Giorgetti, the Finance Minister of Italy, the G7 Presidency in 2024. Minister Giorgetti officially extended an invitation to DPM Choi for the G7 Finance Ministers' Meeting to be held in Stresa, Italy from May 23 to 25, and explained the agenda of the meeting. In response, DPM Choi promised active cooperation from Korea.

Meanwhile, in terms of scaling up lending capacity of MDBs being pursued by the G20 International Financial Architecture Working Group (IFA), major MDBs and G20 member states have been making endeavors to clarify the conditions and procedures for the disbursement of callable capital.<sup>1</sup> DPM Choi announced a joint statement in support of these efforts with major countries<sup>2</sup> on April 16.

\*Should further information on the joint statement be required, please refer to the attached.

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<sup>1</sup> Unlike paid-in capital that member countries have fully contributed, callable capital refers to the capital that MDBs can call upon member states to contribute in case of urgency such as defaults.

<sup>2</sup> 15 nations including the United States, Japan, Germany, the United Kingdom, France, and Italy.

## **Shareholder Statement on the MDB Callable Capital Exercise**

**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, 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 Cuerdo, 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.