



# Multilateral Development Banks: U.S. Contributions FY1998-FY2009

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## Summary

This report shows in tabular form how much the Administration requested and how much Congress appropriated during the past 11 years for U.S. payments to the multilateral development banks (MDBs). It also provides a brief description of the MDBs and the ways they fund their operations. It will be updated periodically. Three companion reports provide further information on the MDBs. See CRS Report RS20793, *Multilateral Development Banks: Basic Background*, by Jonathan E. Sanford, CRS Report RS20791, *Multilateral Development Banks: Procedures for U.S. Participation*, by Jonathan E. Sanford, and CRS Report RS22134, *International Financial Institutions: Funding U.S. Participation*, by Jonathan E. Sanford. For further information, see CRS Report RL33969, *The World Bank's International Development Association (IDA)*, by Martin A. Weiss, and CRS Report RS21437, *The Asian Development Bank*, by Martin A. Weiss.

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## **U.S. Participation in the MDBs**

The United States is a member of five MDBs: the World Bank, African Development Bank (AfDB), Asian Development Bank (AsDB), European Bank for Reconstruction and Development (EBRD), and Inter-American Development Bank (IDB). It also belongs to two similar organizations, the North American Development Bank (NADBank) and the International Fund for Agricultural Development (IFAD). For FY2009, the Administration proposed and Congress appropriated funds for U.S. participation in two new World Bank facilities, the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF).

## **The MDBs and Their Programs**

The MDBs have similar programs, though they all differ somewhat in their institutional structure and emphasis. Each has a president and executive board that manages or supervises all their programs and operations. Except for the EBRD, which makes only market-based loans, all the MDBs make both market-based loans to middle-income developing countries and concessional loans to the poorest countries. Their loans are made to governments or to organizations having government repayment guarantees. In each MDB, the same staff prepares both the market-based and the concessional loans, using the same standards and procedures for both.<sup>1</sup> The main differences between them are the repayment terms and the countries which qualify for them.<sup>2</sup>

The MDBs also have specialized facilities which have their own operating staff and management but report to the bank's president and executive board. The World Bank's International Finance Corporation (IFC) and the IDB's Inter-American Investment Corporation (IIC) make loans to or equity investments in private sector firms in developing countries (on commercial terms) without government repayment guarantees. The AsDB makes similar loans from its market-rate loan account. The World Bank's Multilateral Investment Guarantee Agency (MIGA) underwrites private investments in developing countries (on commercial terms) to protect against non-economic risk. At the IDB, the Multilateral Investment Fund (MIF) helps Latin American countries institute policy reforms aimed at stimulating domestic and international investment. It also funds worker retraining and programs for small- and micro-enterprises. The MIF originated as part of President Bush's 1990 Enterprise for the Americas Initiative (EAI.)

The NADBank was created by the North American Free Trade Agreement (NAFTA) to fund environmental infrastructure projects in the U.S.-Mexico border region. The International Fund for Agricultural Development, created in 1977, focuses on reducing poverty and hunger in poor countries through agricultural development. The Global Environment Facility (GEF) funds projects dealing with international environmental problems. The GEF's assistance program is managed by the World Bank.

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<sup>1</sup> The International Development Association (IDA) is the World Bank's concessional loan affiliate. The Asian Development Fund (AsDF), African Development Fund (AFDF), and Fund for Special Operations (FSO) are the comparable programs at the AsDB, AfDB, and IDB.

<sup>2</sup> MDB market-based loans cost a little more than the rate the banks pay to borrow funds commercially. IDA and AFDF charge about 3/4 of 1% annually. The IDB charges 1% to 4% annually, depending on the project and the borrower. Most borrowers from the concessional programs have per capita incomes of less (often much less) than \$900 annually.

## Funding MDB Assistance Programs

The MDBs' concessional aid programs are funded with money donated by their wealthier member country governments. Loans from the MDBs' market-rate loan facilities are funded with money borrowed in world capital markets. The IFC and IIC fund their loans and equity investments partly with money contributed by their members and partly with funds borrowed from commercial capital markets. The MDBs' borrowings are backed by the subscriptions of their member countries. They provide a small part of their capital subscriptions (3 to 5 percent of the total for most MDBs) in the form of paid-in capital. The rest they subscribe as callable capital. Callable capital is a contingent liability, payable only if an MDB becomes bankrupt and lacks sufficient funds to repay its own creditors. It cannot be called to provide the banks with additional loan funds.

Countries' voting shares are determined mainly by the size of their contributions. The United States is the largest stockholder in most MDBs. Japan has provided more to the AsDF and AfDF, while Nigeria and Egypt have subscribed larger shares in the AfDB. Periodically, as the stock of uncommitted MDB funds begins to run low, the major donors negotiate a new funding plan that specifies their new contribution shares.

**Table 1** shows the U.S. contribution share and voting share for all MDB programs. In most banks, countries get a few votes because they are members, regardless of the size of their capital subscription. Thus, for banks with a large number of small members, the voting share of large subscribers such as the United States may be a little smaller than their share in providing the bank's resources. Voting shares are the same for both market-based and concessional loans in the AsDB and IDB.

**Table 1. U.S. Contribution and Voting Shares in the MDBs**

	<u>Contribution Share</u>	<u>Voting Share</u>		<u>Contribution Share</u>	<u>Voting Share</u>
<b>World Bank Group</b>			<b>Inter-American Dev Bank</b>		
IBRD	16.8%	16.4%	IDB	30.3%	30.0%
IDA	22.1%	12.9%	FSO	50.5%	30.0%
IFC	24.1%	23.6%	IIC	25.5%	25.1%
MIGA	18.9%	15.1%	MIF	39.4%	29.1%
<b>Asian Development Bank</b>			<b>African Development Bank</b>		
AsDB	15.6%	12.8%	AfDB	6.4%	6.4%
AsDF	12.6%	12.8%	AfDF	12.7%	6.1%
<b>EBRD</b>	10.1%	9.8%	<b>IFAD</b>	13.6%	13.6%
<b>NADBank</b>	50.0%	50.0%			

In IDA, by contrast, the donors have separated the issues of voting power and contributions. In recent decades, they have chosen not to expand their voting share as they contribute new funds to IDA. Thus, while the United States, Canada, Japan, the countries of the European Union, and the wealthy Arab oil states have donated 99% of IDA's resources, they have 65% of the vote. This is more than enough to protect their interests, as decisions are reached by majority vote. The arrangement diffuses possible tensions by giving the developing countries a sense that their voices are heard.

Before 1976, the United States was the only significant contributor to the IDB's Fund for Special Operations. Non-regional countries have since joined the IDB and the FSO has become a much smaller program and the U.S. share has declined substantially. The African Development Bank controls 50% of the vote in the AFDF, though it has contributed only about 1% of the concessional loan program's resources. This maintains a semblance of African control. The interests of the donors are protected by the fact that a three-quarters majority is required to approve AFDF loans.

## **U.S. Appropriations for MDBs**

**Table 2** shows the amounts the Administration has requested and Congress has appropriated (budget authority) annually since FY1998 for U.S. contributions and subscriptions to the multilateral banks. The numbers in parentheses are subscriptions to MDB callable capital. Since 1981, the United States no longer appropriates money to back its callable capital subscriptions to the MDBs. Rather Congress sets annual program ceilings in the Foreign Operations Appropriations Act specifying the amount of callable capital the United States may subscribe in each MDB during the current fiscal year.

**Table 2. U.S. Contributions or Subscriptions to Multilateral Development Banks, Millions of U.S. Dollars**

(Includes recisions)

	1998 <sup>a</sup>	1998	1999	1999	2000	2000	2001	2001
	Request	Approp	Request	Approp.	Request	Approp.	Request	Approp
<b>WORLD BANK GROUP</b>								
Int'l Bank for Reconstruction & Development (IBRD)								
—IBRD capital, paid in	--	--	--	--	--	--	--	--
—(IBRD capital, callable)	--	--	--	--	--	--	--	--
Int'l Development Association (IDA)	1,034.5	1,034.5	800.0	800.0	803.4	775.0	836.0	775.0
Int'l Finance Corporation (IFC)	--	--	--	--	--	--	--	--
Multilateral Investment Guarantee Agency (MIGA)								
—MIGA paid in capital	--	--	--	--	10.0	4.0	16.0	10.0
—(MIGA capital, callable)	--	--	--	--	(50.0)	(20.0)	(80.0)	(50.0)
Global Environmental Facility (GEF)	100.0	47.5	300.0	168.0	143.3	35.8	176.0	108.0
<b>ASIAN DEVELOPMENT BANK</b>								
—AsDB ordinary capital, paid in	13.2	13.2	13.2	13.2	13.7	13.7	--	--
—(AsDB ordinary capital, callable)	(647.9)	(647.9)	(647.9)	(647.9)	(672.7)	(672.7)	--	--
Asian Development Fund (AsDF)	150.0	150.0	250.0	210.0	177.0	77.0	125.0	72.0
<b>AFRICAN DEVELOPMENT BANK</b>								
—AfDB ordinary capital, paid in	--	--	--	--	5.1	4.1	6.1	6.1
—(AfDB ordinary capital, callable)	--	--	--	--	(80.0)	(64.0)	(64.0)	(64.0)
African Development Fund (AfDF)	50.0	45.0	155.0	128.0	127.0	128.0	100.0	100.0

**INTER-AMERICAN DEVELOPMENT BANK GROUP**

—IDB ordinary capital, paid in	25.6	25.6	25.6	25.6	25.6	25.6	--	--
—(IDB ordinary capital, callable)	(1,503.7)	(1,503.7)	(1,503.7)	(1,503.7)	(1,503.7)	(1,503.7)	--	--
Fund for Special Operations (FSO)	20.8	20.8	21.2	21.2	--			
Inter-American Investment Corp (IIC)	--	--	--	--	25.0	16.0	34.0	25.0
Multilateral Investment Fund (MIF)	30.0	30.0	50.0	50.0	28.5	--	25.9	10.0

**EUROPEAN BANK FOR RECON & DEVELOP**

—EBRD paid in capital	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8
—(EBRD capital, callable)	(123.2)	(123.2)	(123.2)	(123.2)	(123.2)	(123.2)	(123.3)	(123.3)

**INTL FUND FOR AGRICULTURAL DEVELOP**

**NORTH AMERICAN DEVELOPMENT BANK**

—NADBank capital, paid-in	56.3	56.3	--	--	--	--	--	--
—(NADBank capital, callable)	(318.8)	(318.8)	--	--	--	--	--	--
<b>TOTAL MDB APPROPRIATION</b>	<b>1,459.9</b>	<b>1,394.8</b>	<b>1,650.8</b>	<b>1,451.3</b>	<b>1,494.4</b>	<b>1,115.0</b>	<b>1,434.8</b>	<b>1,146.9</b>

	2002	2002	2003	2003	2004	2004	2005	2005
	Request	Approp	Request	Approp	Request	Approp	Request	Approp

**WORLD BANK GROUP**

Int'l Bank for Reconstruction & Development

—IBRD capital, paid in	--	--	--	--	--	--	--	--
—(IBRD capital, callable)	--	--	--	--	--	--	--	--
Int'l Development Association (IDA)	803.0	792.4	874.3	844.5	976.8	913.2	1061.3	843.2
Int'l Finance Corporation (IFC)	--	--	--	--	--	--	--	--



<b>Multilateral Investment Guarantee Agency</b>								
—MIGA paid in capital	10.0	5.0	3.6	1.6	4.0	1.1	--	--
—(MIGA capital, callable)	(50.0)	(25.0)	(18.0)	(8.0)	(20.0)	(4.5)	--	--
<b>ASIAN DEVELOPMENT BANK</b>								
—AsDB ordinary capital, paid in	--	--	--	--	--	--	--	--
—(ordinary capital, callable)	--	--	--	--	--	--	--	--
Asian Development Fund (AsDF)	103.0	98.0	147.4	97.2	151.9	144.4	112.2	99.2
<b>AFRICAN DEVELOPMENT BANK</b>								
—AfDB ordinary capital, paid in	5.1	5.1	5.1	5.1	5.1	5.1	5.1	4.1
—(AfDB ordinary capital, callable)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(79.6)	(79.5)	(79.5)
African Development Fund (AfDF)	100.0	100.0	118.1	107.4	118.1	112.7	118.0	105.2
<b>INTER-AMERICAN DEVELOPMENT BANK GROUP</b>								
—IDB ordinary capital, paid in	--	--	--	--	--	--	--	--
—(IDB ordinary capital, callable)	--	--	--	--	--	--	--	--
Fund for Special Operations (FSO)								
Inter-American Investment Corp (IIC)	25.0	18.0	30.3	18.2	30.9	--	--	--
Multilateral Investment Fund (MIF)	--	--	29.6	24.4	32.6	25.0	25.0	10.9
<b>EUROPEAN BANK FOR RECON &amp; DEVELOP</b>								
—EBRD capital, paid in	35.8	35.8	35.8	35.8	35.4	35.4	35.4	35.2
—(EBRD capital, callable)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)	(122.0)	(122.0)	(122.0)

<b>INTL FUND FOR AGRICULTURAL DEVELOP</b>	20.0	20.0	15.0	15.0	15.0	14.9	15.0	15.0
<b>NORTH AMERICAN DEVELOPMENT BANK</b>								
—NADBank capital, paid-in	--	--	--	--	--	--	--	--
—(NADBank capital, callable)	--	--	--	--	--	--	--	--
<b>TOTAL MDB APPROPRIATION</b>	<b>1,230.1</b>	<b>1,194.8</b>	<b>1,492.7</b>	<b>1,288.1</b>	<b>1,534.8</b>	<b>1,386.5</b>	<b>1,492.7</b>	<b>1,219.4</b>

	2006	2006	2007	2007	2008	2008	2009	2009
	Request	Approp.	Request	Approp.	Request	Approp	Request	Approp
<b>WORLD BANK GROUP</b>								
Int'l Bank for Reconstruction & Development								
IBRD capital, paid in	--	--	--	--	--	--	--	--
(IBRD capital, callable)	--	--	--	--	--	--	--	--
Int'l Development Association (IDA)	950.0	909.1	950.0	940.5	1,060.0	942.3	1,277.0	1,262.5
Int'l Finance Corporation (IFC)	--	--	--	--	--	--	--	--
Multilateral Investment Guarantee Agency								
MIGA paid in capital	1.7	1.3	--	--	1.1	--	--	--
Intl Clean Technology Fund	--	--	--	--	--	--	400.0	300.0
Strategic Climate Fund							100.0	75.0
(MIGA capital, callable)	(8.5)	(6.5)	--	--	(5.5)	--	--	--
Global Environmental Facility (GEF)	107.5	79.2	80.0	79.2	106.8	81.1	86.5	86.5
<b>ASIAN DEVELOPMENT BANK</b>								
AsDB ordinary capital, paid in	--	--	--	--	--	--	--	--
(ordinary capital, callable)	--	--	--	--	--	--	--	--
Asian Development Fund (AsDF)	115.3	99.0	115.3	99.0	133.9	74.5	115.3	105.0

**AFRICAN DEVELOPMENT BANK**

AfDB ordinary capital, paid in	5.6	3.6	5.0	3.6	2.0	2.0	--	--
(AfDB ordinary capital, callable)	(88.3)	(88.3)	78.6	(88.3)	--	--	--	--
African Development Fund (AfDF)	135.7	134.3	135.7	134.3	140.6	134.6	156.1	155.0

**INTER-AMERICAN DEVELOPMENT BANK**

IDB ordinary capital, paid in	--	--	--	--	--	--	--	--
(IDB ordinary capital, callable)	--	--	--	--	--	--	--	--
Fund for Special Operations (FSO)	--	--	--	--	--	--	--	--
Inter-American Investment Corp (IIC)	1.7	1.7	--	--	--	--	4.7	4.7
Multilateral Invest. Fund (MIF)	1.7	1.7	25.0	1.7	29.2	24.8	25.0	25.0

**EUROPEAN BANK FOR RECON & DEVELOP**

EBRD capital, paid in	1	1	--	--	--	--	--	--
(EBRD capital, callable)	(3.4)	(3.4)	--	--	--	--	--	--

**INTL FUND FOR AGRICULTURAL DEVELOP**

	18.0	14.9	18.0	14.9	18.1	17.9	30.0	30.0
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**NORTH AMERICAN DEVELOPMENT BANK**

—NADBank capital, paid-in	--	--	--	--	--	--	--	--
—(NADBank capital, callable)	--	--	--	--	--	--	--	--

<b>TOTAL MDB APPROPRIATION</b>	<b>1,333.4</b>	<b>1,242.4</b>	<b>1,329.0</b>	<b>1,273.2</b>	<b>1,491.7</b>	<b>1,277.2</b>	<b>2,194.6</b>	<b>2,043.7</b>
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**Source:** Derived from the annual appropriation legislation and Treasury Department budget presentation documents. Figures in parentheses are callable capital, which is not actually appropriated. (See text.) Dashes show that no U.S. contribution or subscription was requested and/or approved by Congress that year.

- a. The Administration also requested authority to use \$52.5 million and \$52.8 million, respectively in FY1998 and FY1999, in the bilateral Economic Support Fund for contribution to the proposed Middle East and North African Development Bank (MENABANK). Congress did not give it this authority.

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