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Callable Capital Exercise – Shareholder Information Template

(1) Shareholder

France

(2) Shareholding and Callable Capital Commitments

MDBs (and other DFIs, if applicable)	Shareholding (% of Subscribed Capital)	Callable Capital Commitments ($ billions)
EIB	18,8%	44,8
IBRD	4,1%	11,6
AfDB	3,6%	6,7
AsDB	2,3%	3,4
IDB	1,9%	3,1
AIIB	3,5%	2,7
EBRD	8,6%	2,0
CEB (Council of Europe Development Bank)	16,7%	0,9
MIGA	4,8%	0,07
BOAD (West African Development Bank)	3,5%	0,05
BDEAC (Development Bank of the Central African States)	0,8%	0,01
Total		75,5

**In the State budget, callable capital is accounted for in EUR. For practical reasons, these amounts were converted in USD based on the average EUR/USD 2022 exchange rate (1 EUR = 1,0538 USD)*

*** These amounts may slightly vary from the amounts expressed in the MDBs' financial statements due to exchange rate different assessment and other accountability contingencies.*

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(3) Processes and Approvals: Describe the process your government would undertake and any approvals it would need to respond to a call on callable capital (or a call that is forthcoming). And, where legislative approval is required to respond to a call on callable capital (or a call that is forthcoming), describe the scope of opportunities for engagement with the legislature to seek this approval.

The procedure involves several departments of the Ministry of the Economy, including the Treasury which will receive the payment order and will monitor the entire procedure, regardless of the scenario (see below).

Capital payments are made only from a special budget account, the "CAS-PFE". All the budget scenarios described below will ultimately involve a payment from this account. This special account, under standard process, is only provisioned through the returns from the State's financial participations in public companies and financial institutions. Under exceptional circumstances, it may benefit from additional resources (see scenarios below).

In case of a capital call, depending on the size of the call and the resources of this special account, several scenarios can be implemented:

Scenario 1 – The CAS PFE has available funds to make the payment

This is the simplest procedure. Once the payment order is received by the Treasury, it is sent directly to the department responsible for the CAS PFE (Agence des Participations de l'Etat –State Participation Agency) for payment. The payment order is prepared by the State Participation Agency, validated by the Treasury, according to the ordinary procedure, and checked by the budgetary and financial controller.

Scenario 2 – Funds (returns or initial credits) are insufficient within the CAS-PFE but the "P110 program" (the budgetary program dedicated to economic and financial official development assistance and managed by the Ministry of the Economy) has sufficient credits to supplement the CAS-PFE

In this case, the Minister of Economy and Finance may decide to transfer some credits from this particular budgetary program to the CAS-PFE.

Scenario 3 –There is no sufficient room in the budgetary program dedicated to economic and financial official development assistance at the time of the call.

In this case, the Budget Act allows transfers from other sections of the budget but within the limits of certain thresholds:

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- **The Prime Minister can issue a "reallocation decree" to transfer funds** from other sections (even from other ministries) to the "P110 program" so that the "P110 program" may feed the CAS-PFE special account. The transfers shall be made after a report is issued by the Prime Minister services and submitted for information to the Finance Committees of the Parliament (National Assembly and Senate).

- **To open new funds, the Prime Minister can issue a "supplemental appropriation decree" to open a new emergency credit line dedicated to funding the callable capital** call in the special account. The new credit line shall not exceed 1% of the total initial Budget Act credits volume and shall be compensated by the cancellation of the corresponding volume of other credits of the Budget Act, or the allocation of other higher-than-expected resources.

This "supplemental appropriation decree" can be issued by the Prime Minister after:

- A formal consultation for approval of the "Conseil d'Etat" (the highest administrative authority that here serves as an advisor to the Government) and the Finance Committees of the Parliament (National Assembly and Senate);
- It is possible to speed up the procedure, in this case: a formal decision by the Council of Ministers after a formal consideration for approval by the "Conseil d'Etat" and a formal information of the Finance Committees of the Parliament (National Assembly and Senate).

Scenario 4 – In case the size of the call requires budget appropriations that cannot be compensated by initial appropriations' cancellation and/or to reallocate more than 1% of the total volume of appropriations in the initial Budget Act (scenario 3), a supplementary Budget Act is necessary to issue new appropriations.

The supplementary Budget Act shall be submitted by the Government (Minister in charge of Finance) to the Parliament and adopted under a standard budgetary approval procedure.

(4) Timeframes: Describe the timeframes associated with these processes and approvals. If the timeframe is conditional upon specific factors, please describe those factors.

The timeframe depends on the scenario and on the size of the call:

- For Scenario 1 the procedure can be relatively short and take only 4 to 5 weeks depending on the payment being made in EUR or USD;
- For scenario 2, it is estimated to take 5 to 8 weeks depending on the internal adjustments to be done within the budgetary program dedicated to economic and financial development assistance;
- For scenario 3, it can be estimated to take 5 to 8 weeks;

- For Scenario 4, it can be estimated to take two to six months (minimum one month for the supplementary Budget act preparation by the government and minimum one month for the assessment and approval by the Parliament).

(5) Responsibilities: Describe where the responsibilities for these processes and approval reside within your government.

Procedural Step	Timeframe	Responsible Entity
Scenarios 1, 2, 3 and 4 - Initial examination of the claim	Less than 1 week	Minister in charge of Finance
Scenario 1 – Direct payment from the CAS-PFE	Approximately 3 to 4 weeks (depending on EUR/USD payment)	Minister in charge of Finance
Scenario 2 – Payment after CAS-PFE refunding	Approximately 4 to 7 weeks	Minister in charge of Finance
Scenario 3 – Prime Minister decree	Approximately 5 to 8 weeks	In this order: - Minister in charge of Finance - (3.a: Minor modifications) Reallocation decree issued by the Prime Minister after informing the Finance Committees of the Parliament (National Assembly and Senate). - (3.b: Significant modifications) Reallocation decree issued by the Prime Minister (formal consultation for approval of the “Conseil d’Etat” -Council of State- and the Finance Committees of the Parliament (National Assembly and Senate)); or Reallocation decree decided at the level of the Council of Ministers if the situation is considered as an emergency after a formal consideration for approval by the “Conseil d’Etat” -Council of State- and a

		formal information of the Finance Committees of the Parliament (National Assembly and Senate)
Scenario 4 – Supplementary Budget Act preparation	Approximately two to six months	- Minister in charge of Finance: preparation of the Budget bill preparation / supplementary budget bill - Parliament: Consideration and vote on the Budget bill - Possible referral to the Constitutional Council. - Promulgation of the Budget Act by the President of the Republic. - Minister in charge of Finance

(6) Size of Call Response: Describe your government's potential to make available an amount of callable capital above the size of a call that has been made (or is forthcoming), and the associated processes and approvals for the same (if different from the above).

The process is similar to the answer for question 3 with scenario 1, 2,3 and 4 to allocate the resources to the CAS-PFE and make them available for a potential additional call within the limit of the callable capital commitment towards the institution, as recorded in the budget (see question 1 for the amounts).

(7) Accelerated Processes: Describe your government's potential to undertake accelerated domestic processes and approvals in response to a call on callable capital (or a call that is forthcoming), including what these processes and approval entail (including any conditions that must be met), their associated timeframes, and whether there are any limitations on the amount of callable capital available through them (recognizing that the existence of these accelerated processes has no effect on the circumstances under which callable capital may be called).

Although there is no fast-track procedure as such, the use of the regulatory provisions under scenario 3 on the "supplemental appropriation decree" is likely to enable a faster transfer of the funds to respond to a capital call, if deemed necessary. Accelerated procedures for the adoption of budget bills also exist.

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(8) Callable Capital Available for Immediate Disbursement and Process/Timeframe: Describe any amounts of callable capital that are currently available for immediate disbursement in response to a call on callable capital (including, where applicable, funds that have already been made available through existing or previously approved budgets), and the processes, approvals, and timeframes associated with disbursement of such amounts.

The special account does not have any initial credit line dedicated to a call on callable capital. The procedure to respond to such a call is described in question 3.

(9) Accounting and Budgeting Procedures: Describe the accounting treatment your government employs when accounting for callable capital, and how callable capital is treated in your government's budget.

France's callable capital commitments at MDBs are classified as unfunded contingent liabilities under the regime of State guarantees as per "loi organique n° 2001-692" and its administrative circular from the 22d of July, 2003 (directorate of the budget) precising "A State guarantee is an insurance given by the State to a third party, most often to another State, an international organization, a company, a national company, an administrative entity, a public establishment or a banking organization, or even a natural person, to pay on his behalf, in the event of the materialisation of risks (debtor default, appearance of a deficit, capital loss, etc.), the sums necessary for the successful completion of the operation (debt settlement, interest services, reimbursement of amortization deadlines, guarantee of liabilities, loss on an investment, etc.)."

France's callable capital commitments to MDBs are classified in the General State Account - Annex to the budget review bill in the section "assessable off-balance sheet commitments" and under the budget line "Commitments to multilateral development banks (MDBs) and European Financing Union institutions". With reference to the General State Account 2022 (accessible here, page 11 for the general commitment, page 150 for the breakdown per institution) EUR 71,656 Bn were dedicated to this line in 2022.

The General State Account duly takes into account the callable capital commitments to MDBs made by France.

(10) Legal Status of Callable Capital Subscriptions: Describe the legal status of your government's callable capital subscriptions, including the legal basis upon which those subscriptions rest.

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a) In case of initial capital subscription to an MDB, the distribution between the called and callable capital shares has been provided by its statutes and commits the State's finances once it's ratified by the Parliament (as per article 53 of the Constitution[1]).

b) In the case of callable capital increase, occurring after the initial capital subscription already carried out following the terms of the previous paragraph a), the procedure according to domestic law requires a letter of subscription from our Minister of Foreign Affairs. The callable capital subscriptions will be classified in the General State Account (annex of the law on the results of management and approval of the accounts for the year).

(11) Cross-MDB Differences: Describe any differences in the way your government treats callable capital from an accounting, legal, or process for responding to a call perspective across the different MDBs.

There is no different treatment of callable capital across the different MDBs.

(12) Other Factors: Cite any other factors affecting your government's ability to promptly respond to a call on callable capital.

N/A

[1] Under the terms of article 53 of the French Constitution, "Peace Treaties, Trade agreements, treaties or agreements relating to international organization, those committing the finances of the State, those modifying provisions which are the preserve of statute law, those relating to the status of persons, and those involving the ceding, exchanging or acquiring of territory, may be ratified or approved only by an Act of Parliament".
An international treaty or agreement is defined, according to customary law, as "any agreement concluded [in writing] between two or more subjects of international law, intended to produce legal effects and governed by international law". Furthermore, within the meaning of article 53 of the Constitution, Treaties committing the finances of the State are those "which create a certain and direct financial burden for the State".

Authorization for ratification or approval of a treaty or international agreement under Article 53 is obtained through the adoption of an *ad hoc* ordinary law (law dedicated to this purpose), so called "loi de ratification".