Callable Capital Exercise – Shareholder Information Template

(1) Shareholder

Switzerland

(2) Shareholding and Callable Capital Commitments

MDBs (and other DFIs, if applicable)	Shareholding (% of Subscribed Capital) As of December 31, 2022	Callable Capital Commitments ($ billions)
AfDB	1.44	2.00
AsDB	0.58	0.78
AIIB	0.73	0.57
EBRD	2.30	0.58 (EUR billions)
IDB	0.47	0.78
IIC	1.33	NA
MIGA	1.49	0.02
IFC	1.70	NA
IBRD	1.53	3.47
CEB	0.983	0.043 (EUR billions)

(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.

Callable capital subscriptions are approved together with paid in capital subscriptions by Parliament and committed under separate commitment credits. However, while callable capital is authorized, it is not yet appropriated and parliamentary appropriation is therefore needed in case of a call.
The Federal Department for Economic Affairs, Education and Research (EAER) would formulate a credit request in coordination with the Federal Department for Foreign Affairs (FDFA) as part of the regular budgeting process for the forthcoming year or for a

supplementary credit under the current budget. The credit request would be dealt with in accordance with the rules set out in Switzerland's budgetary law (Art. 33/34, SR 611.0 - Bundesgesetz vom 7. Oktober 2005 über den eidgenössischen Finanzhaushalt). In case of a request for a supplementary credit either the regular or the urgent procedure would apply. Requests for supplementary credits are assessed according to the criteria of necessity, non-predictability, urgency, and inability to compensate within existing appropriations. In any case, the supplementary credit would have to conform with Switzerland's debt brake rules (Art. 126 Federal Constitution and Art. 13-18 of the Federal Budget Law).

Under the regular procedure, following submission of the request by the responsible department and consultation and material review by the Federal Department for Finance (FDF), the Federal Council submits the request for a supplementary credit to Parliament as part of an omnibus supplementary credit bill.

Under the urgent procedure the Federal Council decides itself on the request, following consultations with the Finance Delegation of Parliament, and asks Parliament for approval afterwards during the next regular session. The urgent procedure is used only in exceptional circumstances, subject to demonstrating a very high level of urgency and necessity.

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

The regular budgeting process for the forthcoming year takes 12 months, starting in January and concluding in December of the current year. The regular procedure for a supplementary credit for the current budget year takes around 3-5 months, the urgent procedure 1 to 3 months. Under the regular procedure, there are two rounds for supplementary credits requests to be considered: the first in the summer (concluding in June, request to be submitted by February) and in the winter (concluding in December, request to be submitted by August) parliamentary sessions.

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

The responsibilities to adopt a credit under the regular budgeting process, vested within the Federal Council and the Parliament, are described here: Procédure budgétaire (parlament.ch)

The table below provides the details of the supplementary credit request procedure.

Procedural Step	Timeframe	Responsible Entity
Receive notice from the MDB on call on callable capital		EAER
Draft of preliminary recommendation for a supplementary credit, including specifics on the procedure to be followed (regular vs. urgent)	3-5 weeks	EAER, FDFA
Consideration of the preliminary recommendation		FDF

1) Regular procedure for supplementary credit		
Drafting and formal submission of supplementary credit request	3-6 weeks	EAER, FDFA
Material review of supplementary credit request		FDF
Consideration of credit request as part of omnibus supplementary credit bill	1-2 weeks	Federal Council



If Federal Council approves

Consideration by Parliament either in June or December	4 weeks	Parliament



If Parliament approves

Release of funds and information to EAER	2-3 weeks	FDF
Processing of payment request		EAER, FDFA, Swiss National Bank (SNB), FDF

2) Urgent procedure for supplementary credit		
Drafting and formal submission of supplementary credit request	2-3 weeks	EAER
Material review of credit request		FDF
Consideration of credit request under urgent procedure	1 week	Federal Council



If Federal Council approves

Consideration of credit request (in case of refusal, the credit request would be considered under the regular procedure)	1-2 weeks	Finance Delegation of Parliament



If Finance Delegation approves

Release of funds and information to EAER	2-3 weeks	Finance Delegation, FDF
Processing of payment requeset		EAER, FDFA, SNB, FDF

(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).

As long as the total amount requested remains within Switzerland's total existing callable capital commitment to the MDB, process and timeline would be as per answers given to Q3-5. For calls above the amount already committed, the Parliament would have to approve a commitment credit and appropriate the required funds.

(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).

The urgent procedure may be adopted (cf. Q3 & Q5). The responsible department following consultation with the FDF determines on a case-by-case basis if there is scope to follow an urgent procedure in place of the regular procedure.

(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.

Switzerland does not hold callable capital immediately available for disbursement.

(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.

Switzerland classifies callable capital as a contingent liability in accordance with IPSAS 19 as it represents a promise of a possible future payment/equity participation. Switzerland considers that callable capital does not fulfil the conditions of a guarantee based on IPSAS accounting rules (IPSAS 29), since it lacks some features of a guarantee (e.g. no defined termination date, no market value). Switzerland does not provide other contingent liabilities or guarantees to MDBs.

In accordance with internal risk management guidelines issued by the Swiss Federal Finance Administration provisions should be made for guarantees or contingent liabilities if the probability of loss is greater than 50%. We carry out qualitative risk assessments for a capital call on an annual basis. However, we do not carry out quantitative risk assessments. The stock of callable capital is value adjusted (mainly to account for exchange rate fluctuations, since there is no market value) on an annual basis and reported in the Federal consolidated financial statements (admin.ch).

(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.

Switzerland's subscription to callable capital rests on the Federal Act of 19 March 1976 on international development cooperation and humanitarian aid (available here in French) as well as, in the case of the World Bank, on the Federal Act of 4 October 1991 on Switzerland's participation in the Bretton Woods institutions (available here in French).

(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 are no differences in the way Switzerland treats callable capital it holds in MDBs.

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

None.