Callable Capital Exercise – Shareholder Information Template

(1) Shareholder

United Kingdom (UK)

(2) Shareholding and Callable Capital Commitments

MDBs* (and other DFIs, if applicable)	Shareholding (% of Subscribed Capital)	Callable Capital Commitments (USD billions)
African Development Bank (AFDB)	1.86	$3.4bn
Asian Development Bank (ADB)	2.04	$2.740bn
Caribbean Development Bank (CDB)	8.89	$0.122bn
Inter-American Development Bank (IDB)	0.96	$1.588bn
Multilateral Investment Guarantee Agency (MIGA)	4.83	$0.075bn
International Bank for Reconstruction and Development (IBRD)	4.12	$11.740bn
EBRD	8.59	$2.2bn
AIIB	3.15	$2.4bn

These figures are based on the UK's public accounts. Callable commitments in currencies other than USD are converted into USD using exchange rates correct as of 11th January 2024.

*Note: Following the UK's exit from the European Union, the UK has a unique relationship with the European Investment Bank (EIB) through the Withdrawal Agreement and EIB has therefore not been included in the list above.

(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.

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

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

Background

- Responsibility for the UK's shareholding at the MDBs is shared between the Minister of State for Development and Africa (Foreign, Commonwealth and Development Office, FCDO) and the Chancellor of the Exchequer (His Majesty's Treasury, HMT). The FCDO Minister is the UK Governor at the World Bank Group (WBG), AfDB, AsDB, CDB and IDB. The Chancellor is the UK Governor at the AIIB and the EBRD.
- The process to prepare for a potential disbursement against a call on the UK's callable capital would begin well in advance of any call being made.
- Following a vote to call the Bank's callable capital, discussions with MDB management around the need for a call on callable capital would set expectations for the timing of disbursement – both in terms of the need for the Bank and the process requirements from shareholders.

Response

(3) Processes and Approvals	(4) Timeframes	(5) Responsibilities
Monitoring of risk of call: The UK monitors indicators that could suggest an increase in the risk of a call on callable capital on an ongoing basis.	Ongoing	FCDO and/or HMT, depending on the MDB, and UK Representatives on MDB Boards.
Elevated risk of call: If a call on callable capital becomes probable – i.e. greater than 50% likelihood – the relevant Government Department / Ministry would create a provision using	RAME budget is requested twice annually as part of the Main and Supplementary Estimates and forecasts are	FCDO or HMT Ministers, depending on the MDB, in coordination with the relevant HMT spending team.

non-cash Resource Annually Managed Expenditure (RAME) budget to the expected amount of the call. RAME is specific part of the UK government budget that is spent on items that may be unpredictable or not easily controlled by Government Departments / Ministries.	updated regularly in the year. The provision can be made at any time but the latest opportunity in the UK's financial year (April – April) to request significant additional RAME budget is December. If monitoring indicates that a provision may be needed in the final quarter of the financial year, RAME budget would be requested in December to cover this.	
Expected value of call: If the expected value of a call is of a value that would mean that the relevant Ministry would exceed its expenditure limits, then it would have to seek additional resource as part of the 'Supplementary Estimates' procedure in February of a given financial year. This is debated and voted on by the House of Commons. Once the estimates have been agreed, they are put into legislative form through a Supply and Appropriation Bill. The House of Lords passes Supply and Appropriation Bills without debate. If the expected value of a call is within the relevant Ministry's expenditure limits and no additional funding is sought, then this step can be skipped.	2-3 months, but time frame will depend on the time of year and the urgency of the call.	FCDO or HMT, depending on the MDB, in coordination with the relevant HMT spending team
Disbursement of call: The disbursement of funds would require approval by an order approved by the House of Commons (pursuant to Section 11(4) of the International Development Act	2 – 3 months, but could be expedited.	FCDO or HMT, depending on the MDB, in coordination with the relevant HMT spending

2002). Preparation for this would start as soon as there is recognition of an elevated risk of a call on callable capital. The order requires approval of the House of Commons and the timescales for this process depend on Parliamentary time available and the political priority afforded to the matter. We would usually allow 2-3 months for an order to be approved, however with advance planning for a call and in the case of urgency this can be accelerated.		team and Parliamentary Officials.

(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).

Seeking to make available an amount of callable capital above the size of a call that has been made would require a separate request for funding that would be similar to the process outlined above for seeking financing that exceeds the relevant Department's expenditure limits, and a further legislative process if the size of the call is increased after an order has already been made in respect of the smaller sum.

(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 legislative process can be accelerated - the possibility and timeframe depend on Parliamentary time available and the political priority afforded to the matter.

(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.

No callable capital would be available for immediate disbursement by the UK - any payments in respect of UK callable capital require Parliamentary Approval (see answer to Q10).

(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.

- The UK classifies callable capital as a remote contingent liability due to the assessment that the probability of occurrence being unlikely (no call has ever been made on the IFIs' callable capital stock to date). Therefore, per guidance set out in IAS 37 Provision, Contingent Liabilities and Contingent Assets, there is no requirement to report or disclose the liabilities.
- Under UK Government interpretations and adaptations for the public sector, we disclose callable capital as a remote contingent liability in the Parliamentary Accountability section of the relevant Government Department's Annual Report and Accounts (FCDO / HMT).
- If a call on callable capital becomes probable – i.e., greater than 50% likelihood – the relevant Government Department / Ministry would increase the provision in its non-cash Resource Annually Managed Expenditure (RAME) budget to the expected amount of the call.
- The payment would be recognised as an accrual in the Department's Expenditure Limits (DEL) once it is certain that the capital will be called (and the RAME provision would be released).

(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.

While the contingent liability for callable capital may be noted in the orders which provide the legal basis for the UK's capital subscriptions, payment in respect of callable capital is not pre-approved.
Payment in respect of callable capital amounts to a 'relevant payment' to the MDBs, as defined in s.11(2) of the International Development Act 2002.

Pursuant to s11(4) of the Act the payment may only be made if approved by an order made by or with the approval of HM Treasury, which order must first be approved by the House of Commons (s.11(5)). This is in addition to financial requirements to have sufficient spend permission through the Supply and Appropriation Bills.

(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.

Callable Capital is treated similarly across all MDBs where the UK is a shareholder. EIB is a separate case – see page 1.

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

N/A