



SWITZERLAND

Raymund Furrer, Governor

Mr. Chairman,
Mr. President,
Honorable Governors,
Distinguished Delegates,
Ladies and Gentlemen,

On behalf of Switzerland, I would like to extend my gratitude to the Fijian Government and the authorities of Nadi for their excellent arrangements and their warm hospitality.

2018 was a landmark year for the ADB with the adoption of the *Strategy 2030*. Switzerland welcomes the interactive process that prevailed throughout its elaboration and enabled an ambitious roadmap. This corporate strategy paves the way for the Bank to be a catalyzing agent for public and private partners to achieve an Asia and a Pacific free of poverty.

Ten years after the 2008 financial crisis, the world is more multipolar and decentralized, but at the same time more interconnected. Uncertainty is spreading: growth is slowing, its benefits are unevenly shared across regions and people, and risks are rising. It also applies to Asia, a region that has lived five decades of impressive economic and social transition. The latter must however be sustained, in a smart and future-proof way. We need a more inclusive, more sustainability-centered and more effective approach.

Time of implementation

For the ADB, the focus is now on the implementation of the *Strategy 2030*. In this sense, we strongly advocate for the Bank to be selective in its actions. Leadership entails the responsibility to focus on core competencies and to ensure coordination to fill gaps and harness win-win. This includes coordination with other MDBs, the UN, the private sector and civil society. Impact oriented, high quality engagements are also essential to remain a leading development partner and a “SDGs-achieving institution”.

It is our collective responsibility to ensure the welfare of present and future generations. This requires a sound long-term approach, particularly for tackling climate change, disaster risks and environmental degradation. Switzerland welcomes ADB’s ambition. However, we ask the Bank to put a stronger emphasis on renewable energies and to reduce fossil fuels-related projects in the Bank’s portfolio. A revised energy policy should allow the Bank to position itself at the forefront in promoting sustainable development.

Switzerland is a strong advocate for ADB’s ambition to mobilize the private sector as an engine for inclusive and sustainable growth. However, we are concerned by the recent performance of non-sovereign operations. A private sector strategy is essential to guide ADB’s orientation. We strongly encourage a more diversified and granular approach towards concrete development impact, while ensuring additionality and high standards. We also support engagement in countries afflicted by fragility, conflict and violence. To be successful, it will be necessary for the ADB to adapt its operating model taking into account the multidimensional aspects of fragility and to establish reliable partnerships.

Debt accumulation beyond sustainable levels is a threat to development outcomes. As financial conditions tighten, the wind could shift with real impact on people. Debt transparency is crucial to ensure long-term sustainability. More emphasis should be placed on making transparent the debt-implications of public-private partnerships, state-owned enterprises, guarantees and other contingent liabilities, including for large infrastructure projects financed under bilateral deals. Increasing debt management capacity is ever more important. Quality of investment projects is as relevant as quantity. In addition, it is vital to strengthen domestic resource mobilization to generate greater resources for public investment and spending, while enhancing overall governance.

Ensuring relevance in a new era

The fast economic expansion of the Asia and Pacific region, and notably the growing number of countries reaching middle-income status, calls for a reflection on ADB's relevance and role. We encourage a more agile framework with adjusted value proposals, including systematic knowledge sharing and partnerships between the ADB, governments, the private sector, academia and the civil society. We also wish to underline the continuing need for a balanced portfolio approach through which the institution stays engaged with all types of clients to maintain the healthy risk profile of the Bank's balance sheet.

Upper middle-income countries have a key role to play to foster inclusive and sustainable growth across the region. Indeed, poverty alleviation remains an unfinished business and their contribution to the provision of regional and global public goods will be crucial. However, the Bank must continuously adjust its instruments and modalities to remain state-of-the art and tailor-made to the needs of its clients. In this sense, further price differentiation allows a better adjustment of ADB's products to the financial capacities of member countries, strengthening the whole institution.

The Asian Development Fund has to remain focused. Grants must remain the ultimate funding modality and be used to help the poorest, most vulnerable and fragile countries. The risk of moral hazard has to be addressed via more stringent requirements regarding public debt management. We encourage a simplified resource allocation system with a predominantly country-based component and more streamlined set-asides, providing incentives to investments in public goods with positive externalities, and call for harmony across the system to ensure consistency and predictability.

Switzerland attaches great emphasis to the ADB as a regional learning institution of excellence. For this, evaluations, notably performed by the Independent Evaluation Department, accountability mechanisms, high-quality knowledge products as well as Management's open adoption of recommendations, are very important to strengthen development effectiveness of ADB operations.

The ADB represents an efficient, innovative and trustworthy development partner. Switzerland remains therefore committed to continue this collaboration based on mutual trust, open dialogue and determination to succeed.

Switzerland would like to thank President Nakao, ADB Management, staff and the Board for their firm engagement to continue building a better Bank for the benefit of the people of the Asia and Pacific region.