

# SWITZERLAND

**Written Statement by**  
**Mr. Johann N. Schneider-Ammann**  
**Minister and Head of the Federal Department for**  
**Economic Affairs, Education and Research**  
**Governor for Switzerland**  
**On behalf of the Swiss Confederation**

1. Switzerland would like to extend its gratitude to the Kingdom of Jordan for hosting this year's Annual Meeting of the European Bank for Reconstruction and Development (EBRD). Jordan and the whole region are bearing the brunt of the war in Syria and the related refugee crisis. We commend Jordan for its efforts in hosting Syrian refugees.
2. We acknowledge EBRD's achievements in 2017 and congratulate staff for the good results. We note that the economic and political environment in some of EBRD's operational regions remains challenging. EBRD produced a record level of annual business volume of €9.7 billion and a continued high score for transition impact. Switzerland applauds EBRD for reaching its green investment target of 40% three years ahead of schedule. EBRD's capital base remains solid, with capacity to support further growth, and it has maintained its AAA rating, which is fundamental to the Bank's financial sustainability. In 2017, EBRD signed a Memorandum of Understanding with Uzbekistan laying the groundwork for more in-depth engagement. It also successfully launched activities in Lebanon and the West Bank and Gaza, expanding its outreach throughout its regions of operations in a short period of time. We urge EBRD to focus on the delivery of results, transition impact and additionality in these countries just as it does in the rest of its countries of operation.
3. These positive figures, nevertheless, mask a number of underlying challenges. The level of the portfolio is stagnating, as is the level of operating assets. EBRD's level of income and the private sector share of its activities are decreasing; and the share of equity investments is extremely low.
4. Furthermore, we note with concern that EBRD's costs continue to rise, whilst its ability to generate income is declining. Going forward, it is imperative that the Bank focuses on controlling costs, strengthening internal efficiency and boosting income in order to avoid a future breach of the revised cost-to-income ratio, in order to maintain the confidence of shareholders in the control parameters of the Bank.
5. We believe that there is considerable room for improvement for the Bank itself as well as in its 37 existing countries of operation. To enable EBRD to fully capture its existing market potential in these countries, we strongly encourage the Bank to conduct a thorough review of the opportunities to deepen the Bank's engagement in its existing regions of operations. The terms and scope of this review have to be agreed with the Board of Directors. The

review's results should be presented and discussed at EBRD's 2019 Annual Meeting, and should form the basis for further strategic deliberations by EBRD Governors for the next Strategic and Capital Framework 2021-2025. The review should also rely on the Bank's local expertise in its Resident Offices and put particular emphasis on equity, product innovation, business development, risk-sharing and private sector mobilisation.

6. A close cooperation and coordination of EBRD together with its fellow MDBs is crucial. In order to contribute meaningfully to the ambitious targets set out in the 2030 Agenda for Sustainable Development, international development organisations must collaborate much more within a system. Such a system has to evolve over time and every institution has to find its place where it can ascertain its own relevance as well as its contribution to the effectiveness and efficiency of the system as a whole.
7. Switzerland is of the view that EBRD should focus first on deepening its engagement in its existing regions of operation. It is premature to consider a possible expansion of the EBRD beyond these regions. The Bank's mission is yet to be completed in its existing regions of operations, where there are still many business opportunities to be tapped and transition gaps to be addressed.
8. Substantial analytical work lies ahead, which will strengthen the Bank's standing as a transition bank with a unique mandate to promote market economics and democratic principles as enshrined in Article 1 of the Agreement Establishing the Bank.
9. To sum up, by tackling challenges related to its income generation capacity and equity business, by strengthening its engagement in its existing regions, by clearly targeting the biggest transition gaps, and by focusing on the thematic areas where it adds greatest value, EBRD can lay solid foundations for the next Strategic and Capital Framework 2021-2025.