

# SWITZERLAND

**Written Statement by  
Governor Guy Parmelin  
On behalf of the Swiss Confederation**

I thank the authorities of Bosnia and Herzegovina for hosting the 2019 Annual Meeting of the European Bank for Reconstruction and Development (EBRD). This year's event allows participants to take a closer look at the Western Balkans region which has faced major political and economic challenges over the last few decades. I welcome the EBRD's support for regional cooperation and integration in the Western Balkans and beyond. I highly appreciate the quality of the long-standing partnership between Switzerland and the EBRD, including in this region. Together Switzerland and EBRD are working together in areas such as municipal infrastructure, private sector support and entrepreneurship and climate-friendly growth.

Switzerland welcomes the strong operational performance of the Bank in 2018 and thanks EBRD management and staff for its dedication and hard work. EBRD not only attained the second highest annual business volume in its history, but more importantly, transition impact continued to be high. I also commend the Bank for its revision of a number of sector strategies and governance policies, in particular the Energy Sector and Local Currency and Capital Market Strategies as well as the Environmental and Social Policy.

Whilst the Bank's operational performance was relatively strong, its financial performance was more mixed. The net profit in 2018 was behind budget which in turn negatively affected the Bank's cost-to-income ratio. Switzerland places a lot of importance on the Bank maintaining high standards of cost control and budgetary management.

The past year has also been marked by analytical work and strategic discussions on how the EBRD can increase its activities in its countries of operation. I welcome the fact that the results of the first phase of the Strategic Review have been reflected in the Bank's business plan for 2019. I regret however that Governors are not in a position to discuss options on how to increase the Bank's engagement in its existing region over the period 2021-2025 at this year's Annual Meeting.

The coming year will be dedicated to the development of the EBRD's next Strategic and Capital Framework. This document will be the centrepiece of the Annual Meeting 2020 in London.

Switzerland supports the Resolution on the Preparatory Work for the Strategic and Capital Framework 2021-2025.

It is, however, crucial that agreement is reached on a well-structured work programme for the Strategic and Capital Framework before work begins on the substance. This is a lesson learned from the past year, when much effort went into strategic papers that did not meet the expectations of a significant number of shareholders. Efficient and effective collaboration between the Bank's Management and shareholders is vital in this regard.

I appreciate that the Resolution presented to Governors on the Strategic and Capital Framework gives due consideration to a number of options rather than focusing solely on geographical expansion. For Switzerland enhancing activities in current countries of operation is a clear priority. We see ample opportunities for the Bank to add value across its region. EBRD has unique experience

in dealing with transition challenges in these countries, a strength that I am keen to safeguard for the years ahead. I remain very sceptical regarding further geographical expansion. It would dilute the Bank's focus and shift resources, including human resources, away from the current countries of operation. Any further expansion would need to be very well justified in the context of the overarching goal of the international financial institutions operating as a single system demonstrating selectivity, complementarity and cooperation.

In fulfilling its mandate, EBRD should focus its efforts on responding to the needs of its current countries of operation in their transition towards open market-oriented economies. In doing so, the Bank should build upon its unique competence in private sector development, sustainable energy, green economy, capital market and financial sector development as well as municipal and environmental infrastructure.