



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

**NASSAU, BAHAMAS**

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*Statement by the Governor for Switzerland*

*Raymund Furrer*

1. On behalf of the Government of Switzerland and in my capacity as the Swiss Governor of the IDB and the IIC, I would like to extend my gratitude to the Government of The Bahamas and the authorities of Nassau for their excellent and generous arrangements and their warm hospitality.

*General remark*

2. Switzerland acknowledges the IDB Group's valuable contribution to the Agenda 2030, its leading role in achieving the Addis agreement on financing for development and its strong commitment to the COP-21 outcomes. The IDB Group is well positioned to play a major role with regard to domestic resource mobilization, enhancing positive impact on development of the private sector, promoting inclusive and sustainable growth, increasing climate change financing and resilient development in the region.

3. The year 2015 has shown why the IDB Group remains an essential player in promoting economic growth and sustainable development in Latin America and the Caribbean: After a decade of significant economic expansion and social progress, the LAC region currently faces important challenges. In 2015, economic growth was lower or negative in most Latin American and Caribbean countries compared to previous years, mainly due to the sharp decrease of commodity prices, the faltering global economic environment as well as political and structural challenges. Crisis prevention, especially in good times, is critical. Crisis response, especially to protect the poorest, is equally important in more difficult times. Hard-earned progress achieved by governments, the private sector and civil society in collaboration with other institutions has to be safeguarded.

4. The IDB Group must continue to play its catalyzing role to in particular create more jobs in Latin America and the Caribbean.

### *Financial Policy Framework*

5. Switzerland congratulates the IDB Management for its continuous improvement of the Bank's financial policy framework since 2013. The IDB has set "best practices" in this area over the past two years. The revised financial policy tools are essential and they are working. The AAA-rating of the IDB is a key factor of the IDB's business model and mandate which has to be preserved at all times.

6. Switzerland commends the Bank's efforts leading to the conclusion of Exposure Exchange Agreements with other MDBs with a view to optimize its balance sheet and utilize its capital more efficiently. It is essential for Switzerland that positive effects on the IDB's capitalization resulting from such optimization are used first to strengthen and maintain the IDB's capital buffer in accordance with the IDB's Income Management Model.

7. Switzerland will carefully assess the proposal to transfer the FSO resources to the IDB's Ordinary Capital. It is essential for Switzerland that the positive effects on the IDB's capitalization resulting from the FSO transfer continue to benefit over-proportionally those countries which are eligible for FSO support. FSO resources must continue to serve FSO purposes. The application of a results- and performance-based framework at country level remains a critical factor.

### *Private Sector Reform and Multilateral Investment Fund (MIF)*

8. The Private Sector Reform has been a major challenge for the IDB Group, and Switzerland would like to congratulate Management and the IIC's new team for achieving the ambitious target of implementing the reform by January 1, 2016 after more than a decade of discussions.

9. Switzerland expects that the reform will stimulate sustainable development and reduce poverty in Latin America and the Caribbean through a strengthened private sector, giving special attention to SME. We also expect the reform to mobilize investments from third parties, to scale up efforts towards achieving the Agenda 2030.

10. One topic of the private sector reform remains unresolved: The status and the future of the MIF. Switzerland supports the proposed roadmap for the MIF with a short, medium and long-term phase. We welcome the submission of options by September 2016 for the future of the MIF, including an assessment of advantages and disadvantages for the integration of the MIF into the IIC.

11. In any case, the MIF's portfolio, its flexibility, agility and innovative work shall be protected. At the same time, we would like the MIF to continue increasing its emphasis on results and development impact, external resources mobilization, diffusion of knowledge and scaling-up.

### *Climate change*

12. Climate change will have a particularly deep impact on ecosystems and human lives in Latin America and the Caribbean. Small Island Countries face especially important challenges. It is necessary to fiercely tackle the issue of climate change, and Switzerland supports the IDB for its engagement and leadership in the areas of climate

change mitigation and adaption, reducing carbon emissions and fostering climate financing.

13. Addressing climate change is a matter of urgency, therefore Switzerland asks Management to prioritize its work accordingly. Switzerland welcomes the Bank's goal to increase the volume of its climate-related financing by 2020 to 30% of its total financing. We expect the Bank to live up to its commitment that climate change needs to be mainstreamed across the institution. This implies that all relevant projects are screened against climate risks and resilience. Inevitably, the Bank's monitoring framework needs also to be adjusted to reflect this goal and to create tracking mechanisms.

14. Switzerland welcomes and financially supports the IDB's longstanding climate-related work through its Sustainable Energy and Climate Change Initiative (SECCI). It is positive to see that the IDB supports National Development Banks in the region with a view to strengthen their capacity to issue Green Bonds.

15. Lastly, we shall not forget that the environment agenda beyond the climate dimension, including water, waste, and biodiversity, remains to be of critical importance to all countries as well. Priorities have to be worked out at the country level, taking into account the work of other bi- and multilateral institutions and applying a results-based approach.

*Concluding remarks*

16. In closing, I would like to thank the IDB's President, Management and staff for their firm commitment and dedicated work to continue building a more efficient and better Bank to the benefit of Latin America and the Caribbean and its people.