



55th ANNUAL MEETING

26–30 SEPTEMBER 2022

SWITZERLAND

Dominique Paravicini, Governor

Mr. Chairman,

Mr. President,

Honorable Governors,

Distinguished Delegates,

Ladies and Gentlemen,

On behalf of Switzerland, I would like to extend my gratitude to ADB for hosting the 55th Annual Meeting.

We commend ADB for the swift actions taken in response to the multiple crises that impact many countries in the Asia and Pacific region. The past year has presented ADB member countries with unprecedented challenges. The lingering consequences of the COVID-19 pandemic, climate change related natural hazards such as the devastating floods in Pakistan, the looming food and energy crisis resulting from the Russian invasion of Ukraine and the worsening debt situation adversely affect the lives of millions in the Asia and Pacific region. ADB's immediate crisis response to address the detrimental repercussions of natural hazards, conflict and related humanitarian emergencies as well as public health emergencies has mitigated the most immediate negative consequences and supported member countries in their recovery.

The current challenges call for a renewed effort to make MDBs work better as a system. Considering the rapidly changing and increasingly fragmented development landscape, a more effective multilateral system is needed based on strong partnerships and a common understanding of how to address global development challenges in a coordinated manner. ADB must work strategically and systematically in close cooperation with other bilateral and multilateral partners, such as other MDBs, the UN systems and the IMF to support countries in their crisis preparedness and to shape a more resilient and inclusive future.

Ensuring ADB strategic focus to build sustainable long-term resilience

In light of the open-ended nature of the ongoing crises, we urge ADB to switch gears from short-term crisis response to longer-term investments to build sustainable resilience to future shocks. The consequences of the COVID-19 pandemic and the spillover effects of the Russian invasion of Ukraine have triggered an increased demand for immediate crisis response, particularly in the form of budget support. While such crisis response is essential in the short term, building resilience and spurring sustainable and inclusive development requires longer-term investments in line with ADB's core mandate and cannot be achieved by budget support. Building on ADB's competitive advantages and addressing the infrastructure deficit in the region through innovative and impactful projects needs to become center stage again.

ADB interventions must be underpinned by a continuous assessment of borrowing countries' debt sustainability and good governance. The ongoing crises have exacerbated pre-existing governance issues and sovereign debt challenges. ADB should support borrowing countries in managing public resources in a prudent and transparent manner in close coordination with the IMF and the World Bank Group to mitigate the risk of debt distress.

Addressing climate change must be a priority going forward

We expect ADB to deliver on its ambitious climate finance targets and fulfill its promise to take on the role of the region's climate Bank. We support ADB's commitment to deliver impactful climate projects in its developing member countries in the cumulative amount of USD 100 billion until 2030. This is critical to support their transition from fossil fuels to renewable energies and increased adaptation finance. We call on ADB to accelerate on delivering these targets, including by mobilizing the private sector, while ensuring the highest standards and impact.

We commend ADB for its progress toward Paris Alignment. A restrictive and forward-leaning perspective to financing fossil fuel projects in line with the Paris Agreement and the 2050 net zero target is essential to avoid the negative impact of lock-in effects and stranded assets in ADB's developing member countries. We expect ADB to develop unequivocal Paris Alignment criteria and proactively advise clients towards achieving and increasing the ambition of their NDC targets. This needs to be underpinned by significantly strengthened internal climate expertise to support the climate portfolio shift and the assurance of management accountability for achieving climate targets across sectors and regions.

Maintaining ADB's financial sustainability

Sound financial management must remain at the heart of ADB's development response. We are concerned about ADB's deteriorating Capital Utilization Ratio and rapidly decreasing lending headroom. We urge ADB to take a pro-active approach to risk management and explore options to optimize its capital base. This is critical to continue to play a relevant role in addressing the region's development challenges and avoid premature capital depletion. In that regard, we welcome the upcoming review of the ADB's Capital Adequacy Framework (CAF) and encourage ADB to take into account the recommendations of the G20 Independent Review for MDB's CAFs and best practices of other MDBs. ADB budgets must remain cost efficient and consistent with the Strategy 2030. This entails taking into account the financial and staffing implications of the ongoing Organizational Review.

Compliance with and continuous improvement of environmental and social standards

We welcome ADB's comprehensive review of its Safeguard Policy Statement. We encourage ADB to adopt standards that go beyond a do no harm approach, help to strengthen borrower capacity and are harmonized with other MDB's policies. We call on ADB to continue its efforts to eliminate forced labor risks in critical supply chains such as the solar photovoltaic value chain, to embed climate, to rule out the use of all forms of asbestos and to systematically integrate digital privacy and regulatory risk elements in the updated Safeguard Policy. ADB must allocate sufficient staff, knowledge and budgetary resources to mitigate risks on entry, monitor compliance and deal with complaints.

We thank ADB staff and management for their outstanding engagement over the last year.

The extraordinary circumstances prevailing due to the COVID-19 pandemic, the humanitarian emergencies in Afghanistan and Sri Lanka, and the spillover effects of the Russian invasion of Ukraine presented the Bank's staff with an immense workload. To overcome the challenges lying ahead and make a lasting impact by building resilience, ADB must make certain that the well-being of staff is guaranteed and that its interventions continue to be highly effective, results-oriented and compliant with the highest environmental, social and governance standards. Switzerland looks forward to the continued close cooperation with ADB. Thank you.