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25 YEARS SWITZERLAND- WORLD BANK

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Ladies and Gentlemen,

It is my pleasure to welcome you to this celebration of 25 years of Swiss membership in the World Bank. I would like to personally welcome and thank Dr. Jim Yong Kim, President of the World Bank, for being with us today.

President Kim and I have just wrapped up a very productive meeting. We discussed challenges and the future of development finance, as well as the Bank's role in creating jobs and economic opportunities for all. I reaffirmed Switzerland's commitment to a continued strong partnership with the Bank.

The World Bank was founded in the wake of the Second World War with the initial purpose of rebuilding war torn Europe. Over the last 73 years, it has evolved to strengthen the entire global economy, foster growth in developing countries, and lift billions of people out of poverty. It is an incredible legacy of which we are very proud to be a part.

In 1992, we were the first country to join the Bank as well as the International Monetary Fund based on a popular referendum. It contributed to an important change in direction for Swiss foreign policy. The accession, as well as our seat in the executive boards, strengthened Switzerland's international status and gave us an official role in the decision-making process within the organizations.

The onetime discord between proponents and opponents of accession has largely vanished. There is a prevailing consensus that membership was the right decision, particularly at a time when multilateralism was gaining in importance.

Today, I would like to take the opportunity to look back at the political debates in Switzerland in the early nineties; take stock of our longstanding partnership with the Bank; and discuss future collaboration.

Our partnership did not start in 1992.

In fact, it dates back to 1967, when Switzerland made its first contribution to IDA – the fund for the poorest countries. Although we were not yet an official member, we participated in field missions and co-financed projects – for example – to train mechanical engineers in India, build roads in Madagascar, promote economic development and support the health sector in West Africa.

Therefore, becoming an official member of the Bank – not just financially supporting it – seemed the logical next step. Yet, not everyone was convinced that this was the right thing to do.

The Bank did not enjoy a spotless reputation in all development circles. In Switzerland, many NGOs supported a different development path than the so-called Washington Consensus promoted by the IMF and the World Bank. Other stakeholders expressed their concerns about the level of debt in developing countries, which they believed was fueled by the institution's business model.

And I was told that you, Dr. Kim, have not been shy about admitting that you were also a critic of the Bank in those days – even calling for its abolition! So you see, it also took some time for Switzerland to decide if joining was in our best interest. Switzerland had many pros and cons to consider in making this decision and there was also a lively political debate in parliament. Some of the opinions are illustrated well on the posters that are on display in the back of the room.

Let's take a look at some of the arguments.

Opponents argued that the World Bank imposed unreasonable and unfair conditions on developing countries.

Some parliamentarians questioned whether a small country like Switzerland would realistically be able to influence its policy discussions. They called the Bank an undemocratic institution that engaged in predatory lending on behalf of the big powers – and said it was not worthy of support from Switzerland and its humanitarian tradition.

On the other side, proponents argued that multilateral solutions are needed to solve global problems. This requires working with international institutions. And, what better way to promote Swiss principles than as a member of the only economic institution with a truly global character?

Membership would demonstrate Switzerland's willingness to take on international responsibility. As Federal Councillor Otto Stich famously said in 1991, it would draw Switzerland out of our own snail shell, away from the perils of isolationism. The arguments of the opponents did not convince the Swiss voters, who approved accession with just under 56 percent of the vote in May 1992. Together with the Federal Council, the Swiss people were confident that joining the World Bank would formalize the existing relationship and empower us to positively influence the world better than could ever be achieved alone.

Ten years before joining the United Nations, this represented an important shift in our foreign policy.

It was a clear sign of our commitment to multilateralism and solidarity with developing countries.

Needless to say, Dr. Kim, I am very glad that both you and Switzerland came around to recognize the value of the World Bank and to embrace multilateralism. Switzerland's ambition, of course, was not simply to become a member, but also to have a role in the organization's decision-making process.

After a diplomatic marathon, we were able to create a voting group together with Poland, Azerbaijan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan in 1992. Kazakhstan and Serbia joined our group shortly after. Representing this mixed group ensures that our position on the Board reflects views from both developing and developed countries.

This gives us more legitimacy and credibility. Switzerland has brought a strong, substantive personality to the partnership with the World Bank. Please allow me to give four concrete examples.

First, Switzerland has carved out an identity in the Board of Directors as a bridge builder. Representing our diverse voting group has fostered a readiness for compromise that allows us to punch above our voting weight – as others often say. We have become a constructive, critical voice within the organization: committed to effectiveness, efficiency, and transparency.

Second, the career paths of our Swiss executive directors have also been an asset. Switzerland has always nominated someone from the field of development.

Thus, our EDs – all 5 of whom are in the room today – have always been well equipped to discuss strategies or projects in a pragmatic and reality-based manner.

Third, Switzerland has been a pioneer on the issue of debt relief. Multilateral debt relief funds launched by Switzerland and the Netherlands ultimately served as a model for the Bank's "Heavily Indebted Poor Countries Initiative".

While the immediate crisis was overcome in the nineties, debt remains a concern. Today, President Kim and I will sign a program to ensure effective public debt management in developing countries.

Fourth, Switzerland has leveraged the convening power of the World Bank to enable the return of stolen assets in a transparent and accountable way. The Bank has agreed to collaborate with us on individual restitution cases. We believe that each collaboration has presented an opportunity to help further define best practices on asset return for the international community.

Becoming a member has certainly been beneficial to Switzerland as well. The Bank has fulfilled its end of the bargain. It has continually brought its leveraging power to bear, allowing each Swiss franc invested in this partnership to reach more people in more places in greater quantities. This has served as a complement to our bilateral development activities, including in countries and regions where we are not actively involved.

Equally as important is the institution's role as a global center of development expertise. Switzerland has benefited from the Bank's rich knowledge, convening power, and leadership. Our partnership has opened up countless avenues for knowledge exchange.

Without question, both Switzerland and the Bank have grown and evolved over the last 25 years.

We can look back at a quarter century of significant development gains. We have made great strides in job creation, fragile contexts, climate resilience, gender equality, and other fields.

So, where do we go from here? What will we be commemorating on our golden anniversary in 25 years? For Switzerland, the future relevance of the World Bank remains a question foremost of quality. As the world's premier international financial institution, this means leading the way in how development finance is used, including to catalyze investments and mobilize private capital. The Bank should not attempt to address every development issue. This requires selectivity when taking on new activities. The trade-offs of working in so many places on so many topics must be debated rather than ignored. Other development actors and the private sector may have a comparative advantage in some areas.

Collaboration with other financial institutions, including the recently founded Asian Infrastructure Investment Bank is essential. We are counting on the Bank to lead the global public goods agenda.

From climate change to crisis response, we believe the institution is well positioned to foster political support, especially at a time of increased withdrawal from multilateralism in some circles. The Bank can catalyze action and mobilize the resources needed to address these challenges.

Finally, it is important that the World Bank maintain its independence against external political pressures. The Bank fulfills its role best when it represents the interests of all its members rather than only those of the largest economies. It is not only the G7, G8, or G20, but also small, committed countries who should play a significant role in the decision-making of the organization.

Ladies and Gentlemen,

I have had the privilege to serve as Switzerland's Governor to the World Bank for several years. In that time, I have relished the quality and frankness of the debates and I have witnessed the ongoing evolution of the institution. Under your leadership, President Kim, I am convinced we can continue to move the needle in the right direction. Is everything perfect? No.

Do we know what needs to be done? Yes.

Is Switzerland committed to play our part? Absolutely. Now of course, because listening is the most important element of any successful partnership, I look forward to listening to President Kim's thoughts. Before I do, please allow me to raise a proverbial glass and say that it is an honor to have this opportunity to celebrate 25 years of successful partnership with you today.

Thank you.