

SPAIN

LONDON, 12 MAY 2016
EBRD ANNUAL MEETING

STATEMENT BY
THE ALTERNATE GOVERNOR FOR SPAIN

Mr. Chair,
Mr. President,
Fellow Governors,
Ladies and Gentlemen,

Let me first thank EBRD Management and the British authorities for the excellent organisation of our Annual Meeting. This year marks the 25th anniversary of the establishment of the Bank; thus, it is a good opportunity to reflect on its contribution to economic progress in our countries of operation.

It is worth emphasising the uniqueness of this institution again, which was already in the founders' mind back in 1991. EBRD has successfully played a formidable role in the promotion of the market and private entrepreneurship in countries where these concepts were simply absent. EBRD has made it possible for these countries to start receiving foreign direct investment and incorporate into the global economy. The creation of new financial systems, the definition of rule of law or the strengthening of institutions are only some examples of the Bank's accomplishment when we look backwards.

Looking into the future, it is true that some aspects of the transition mandate may be refined so as to include new dimensions of the transition goal or some elements that derive from the globalisation process and today's common challenges. But this is also applicable to every country in the world. In essence, the transition mandate is still valid and a lot remains to be done to meet it. For instance, the need to fight climate change and encourage energy efficiency and security, the importance of building strong public institutions which can produce modern legislation and enforce compliance with it or the need to take into account the distribution effects of economic progress are horizontal features which could easily be included in the main strategies of the Bank.

In this respect, let me mention three recent developments that we particularly welcome:

- First, the approval of the Strategy Implementation Plan for a three year period by the Board of Directors last December. The SIP will allow the Bank the sufficient stability to focus on the design and delivery of its main priorities.
- Second, the definition of the Green Economy Transition and the aim to increase the Bank's green financing to around 40% of total EBRD financing up to 2020.
- Third, the approval by the Board of the first Gender Strategy.

Our vision about the last twenty-five years of the EBRD would not be completed without a reference to the completion point of the whole process. In this sense, we reaffirm the principle of graduation as the *raison d'être* of this institution and the best indication of its success. The path towards graduation can be flexible and take into account possible reversals in transition or the emergence of new areas of concern. However, the latter should not be an obstacle for the advanced-transition countries to start considering the design of a credible timetable for their own graduation.

We congratulate the Bank for its delivery in 2015, both in terms of transition impact and financial results. The economic juncture of the countries of operation is more difficult than in previous years. The slump in raw material prices, the geopolitical tensions in some parts of the region and the possibility of a divergence in the orientation of economic policies between the different world areas are having an impact on the availability of financing for projects in emerging economies. Uncertainty and volatility do not positively contribute to companies' long-term strategies. We encourage the Bank to continue to identify the areas where this negative effect may be less pronounced and support the economic fabric of the countries of operation during these difficult times. To this end, the Bank counts on its local presence, a strong network of contacts and its premium financing products.

We welcome the financial results of the Bank for 2015, which reinforce its solid fundamentals. We agree that part of the profits may be allocated to some special purposes as we will decide on the occasion of this Annual Meeting. However, we would like to express a bit of caution for future net income allocations. In the current economic environment the financial strength of the Bank cannot be taken for granted. Not all the financial requests could be met and a prioritisation should take place. The activities more closely linked to the core business of the Bank and its transition mandate should have priority when asking for new income allocations.

We strongly welcome China and Lebanon as new shareholders of the Bank. In the case of Lebanon we look forward to its future status as a country operation. We are sure that EBRD will provide financing and expertise to deepen the private sector in a country which is making such a great effort in the refugee crisis. Lebanon's admission is a natural step in the completion of the Southern and Eastern Mediterranean area after the mandate that EBRD received in 2011.

We are aware of the recent approval by the Board of Directors of the first project co-financed with the Asian Infrastructure Investment Bank. We are convinced that both institutions, working together, could reach a lot of synergies and increase their strength and delivery in their common countries of operation.

Thank you for your attention