

SPAIN**RAMON GUZMAN, Head of Delegation**

It is for me a pleasure to address this 38th Meeting of ADB Governors on behalf of Spain. I should first like to express our thanks to the Government of the Republic of Turkey for the excellent arrangements in the preparation of this Annual Meeting and for the cordial hospitality extended to us in this magnificent city of Istanbul.

I also take this opportunity to reiterate our support to Mr. Kuroda after his first months as President of the Asian Development Bank. Spain looks forward to a fruitful partnership with ADB under your leadership.

Mr. Chairman will believe that in spite of the risks involved in the current level of commodity prices, as well as in the prospect of interest rates hikes, the region has proven that rapid growth is sustainable over long periods of time, even outpacing major industrialized economies. We believe ADB has a relevant role promoting sound policies and continued market and institutional reforms, enabling an improved environment for the development of the private sector, and contributing to an open and cooperative system of economic relations within Asia.

Yet poverty is still widespread in Asia, and unfortunately, the region is also prone to suffering natural calamities. The tragedy caused by the Tsunami was the worst disaster in recent memory. I would like to recognize here the prompt response and the leadership in the involvement of ADB management and staff in the rehabilitation and reconstruction of the Tsunami affected areas.

Mr. Chairman we support you in your commitments to continue with the reform agenda adopted in 2004 under the leadership of your predecessor President Chino. We hold high expectations about expedite action in the human resources strategy in particular, together with the move towards greater transparency and accountability and the establishment of a culture of management for results.

Overall, to increase the chances of growth and to attain the Millennium Development Goals in the region ADB has to face important challenges. Allow me now to address some issues we consider of importance for the future of the Bank:

(First,) the Bank has started to work on a new framework for an enhanced relationship with the Middle Income Countries. This is a welcome strategic move that needs to be made in concerted action with other multilateral agencies but taking into consideration the specificities of the region. In spite of growing lending headroom, it is symptomatic that the level of lending has remained stable in recent years. Together with large advanced repayments of previous loans, this has resulted in negative net transfer of resources to its DMCs. The new framework will provide ADB with more opportunities to support growth and poverty reduction efforts.

(Second,) the interaction of ADB with its clients requires the highest standards of analysis and policy recommendation, and the provision of knowledge products in a strategic manner. To enhance its advisory role we believe the Bank could improve its research capability to act as a real provider of advanced policy oriented strategic thinking.

(Third,) We support the increased relative prominence of private sector operations in the past two years in the Bank. There are great opportunities and clear demand in the region for private sector promotion. We however believe on the need to integrate risk management of private sector activities in the bank's overall credit risk management through an independent unit as you announced yesterday.

Spain is closely engaged in the recent thinking on a renewed strategic multilateral agenda for development. Our contribution is based on the conviction that to achieve the MDG a greater political commitment and financial effort must be put forward. On this ground my country is prepared to increase its overall level of ODA to 0.5% of GNI by 2008, almost doubling our development assistance in four years.

Mr. President, ADB has an important role to play in Asia and the challenge of building on progress achieved. Spain has already proven in recent years its commitment to the goals and operations of ADB. Notwithstanding our limited share in the capital of ADB, we have become one of the largest European donors to the Asian Development Fund and a significant contributor in grants for technical assistance through our trust fund.

Allow me to close my intervention by reaffirming that Spain will remain clearly involved with ADB and will remain committed in this partnership. I am confident that as ADB moves into its first year of operations under your presidency, this cooperation will build on and reinforce the successes of the past.

Thank you.