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**22.05.2026**

**Closing Remarks**

Conference “Water and financial stability: moving from risks to resilience”

Banco de España. Madrid

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Ladies and gentlemen,

As we come to the close of these two days, let me begin by expressing my sincere thanks to all our speakers and participants — both those who have been with us here in Madrid and those who have joined us online. The quality, openness and depth of the discussions have truly reflected the importance of the topic we set out to address.

I would also like to extend our warmest thanks to our partners — the OECD, the Network for Greening the Financial System, and CDP — for an exceptional collaboration. This Roundtable is a clear example of what can be achieved when analytical rigour, institutional commitment and international cooperation come together.

Over the past two days, we have heard a consistent and compelling message. **Water is no longer a background assumption in economic analysis.** It is a macro-critical variable that shapes productivity, price dynamics, fiscal outcomes and financial stability. The evidence presented shows that water-related shocks are not isolated events. They are recurrent, increasingly localized and often persistent, with effects that propagate through food systems, energy markets, supply chains and, ultimately, financial balance sheets.

Several key takeaways stand out.

First, **water-related risks are already financially material**, even if they manifest differently across sectors and regions. They affect prices that matter for inflation, influence firms' profitability and investment decisions, and shape credit risk through concentration and collateral channels.

Second, **the challenge for financial authorities is not awareness, but translation.** We are becoming better at identifying water stress in physical and economic terms, but we still lack fully developed and consistent ways to translate this information into the prudential metrics that supervisors and financial institutions rely on.

Third, and importantly, **uncertainty is not a reason for inaction.** Central banking and supervision have always operated under imperfect information. What matters is applying judgement, proportionality and a forward-looking approach, while avoiding both complacency and premature rigidity.

Spain has featured prominently in these discussions, and not by chance. Our country illustrates why integrating water into financial analysis matters. Structural water stress, strong reliance on water-dependent sectors and significant regional heterogeneity mean that water management is not only an environmental issue, but a key determinant of competitiveness and resilience. Spain reminds us that water, if well managed, can support economic performance and stability — and if mismanaged, can amplify vulnerabilities.

Looking ahead, this Roundtable is not an end point, but a milestone. There is a shared understanding that the discussions held here will be consolidated into a **working paper**, capturing the core analytical insights, the areas of consensus, and the remaining gaps. This

document will not aim to provide definitive answers, but to offer a robust foundation for further work by central banks, supervisors and policymakers.

Beyond that, we see this effort as contributing to a broader international conversation. By the end of the year, this work should help inform and shape a **constructive and evidence-based dialogue at the United Nations on water**, one in which financial authorities have a clear and legitimate voice — not as water policymakers, but as institutions responsible for understanding and managing systemic risk.

Let me conclude with a final reflection. Financial stability in the coming years will depend not only on how we respond to shocks, but on how well we anticipate and prepare for structural sources of volatility. Water is a defining example of this new landscape. Integrating it into our analytical and supervisory frameworks, within our mandates and with appropriate humility, is not about expanding our role — it is about fulfilling it responsibly.

Thank you once again to all of you for your engagement and contributions. We very much look forward to continuing this work together.

Thank you, lest take a Spanish wine, and safe travels.