

# ICELAND

**Annual Meeting – London –May 2016**  
**Written Statement by**  
**Mr Guðmundur Árnason – Permanent Secretary, Ministry of finance and economic affairs,**  
**Alternate Governor for Iceland**

We would like to congratulate the EBRD, its shareholders and staff, on the occasion of its 25th year anniversary, and we thank Bank Management and Staff for the warm welcome and hospitality.

The anniversary gives us a good platform for looking back and discussing the Bank's evolution and progress – has it lived up to expectations? – and whilst an open and frank discussion on the Bank's past achievements, and failures or shortcomings, is necessary and valuable *per se* the ultimate objective of such an exercise would be to prepare for the future and make the Bank better able and equipped to deliver results on the basis of its declared mission. Hence, the theme *Influencing Change – the Next 25 Years* is both relevant and well timed: The Bank has to be forward-looking.

The world and Europe has changed since the inception of the EBRD. The Bank was created against a background of profound historical changes taking place in Europe, when the people of Europe, east and west, aspired to ending an era of division and animosity. The mission of the Bank was to help realize objectives which were of a distinct political nature by promoting economic integration and growth and to further cooperation across the region as a whole. Much has happened since. Geopolitical developments have been unexpected in many ways. The process toward integration - toward reforming and aligning political and economic structures – in the Bank's areas of operation has been asymmetrical and in many instances disappointingly slow. The task at hand for the Bank is to adapt the operations of the Bank to a geopolitical scenario which is characterized by a high degree of political ambiguity and financial volatility, recognizing a general inability to predict or influence - let alone steer – political and economic development. However, the Bank has demonstrated resilience and agility in the face of uncertainty, and its stance and contribution matters, as evidenced in the conflict in Eastern Ukraine and in the SEMED-region, where the Bank has acted swiftly and effectively.

In the view of Iceland the present situation and the outlook provide new challenges for the EBRD. The Bank has in many respects been successful in adapting its policies and operations to an evolving scenario. It has been a strong promoter of the market economy, of business and investments, and it has striven to promote the essential values of environmental sustainability, gender equality, healthy business practices and good governance and ethics. Financially the Bank has done well, and we take this opportunity to congratulate Sir Suma Chakrabarti, the Management and Staff of the Bank on the excellent financial and operational results in 2015.

The Bank has done well, and as it stands to review and to some extent redefine the transition mandate, Iceland welcomes the expressed emphasis “to support the move towards a competitive, well-governed, sustainable and inclusive market economy”. We believe that EBRD should focus even more on achieving a sustainable and inclusive market economy and growing investment volumes, as set out in the Strategy Investment Plan 2016-2018, offer even further opportunities.

Let us underline, however, that the ultimate success or failure of the EBRD will not be decided on lending volumes or profits or by how far its operations extend geographically. It is imperative that the Bank be focused. Confining the Bank's activities both in terms of geography and sectors may be a challenge. It is therefore important for EBRD to keep having a clear agenda for investments regarding frameworks and strategy with an emphasis on quality and transition impact.

With the Bank going forward Iceland wants to see an even more strengthened commitment towards environmental sustainability, towards social inclusiveness and towards the promotion of gender equality.

1. We wish to underline the importance for the Bank to give priority and an even clearer focus on harnessing and developing renewable sources of energy. There are great opportunities in further investment in geothermal and hydropower development across the region. Therefore we are pleased to see that in 2015, EBRD started implementing a new Green Economy Transition approach which seeks to boost the amount of investment in sustainable and environmental projects to 40% of the EBRD's total annual financing by 2020.
2. We believe that promoting Social Inclusion should be another priority area for the Bank. The Bank is in a unique position among financial institutions to intertwine economic and financial objectives and promote investment in social equity. In this regard the Bank ought to place emphasis on assisting early transition countries, while also addressing the needs of advanced transition countries.
3. On gender equality, the Constituency of Estonia, Iceland and Sweden has time and again underscored that the promotion of equal opportunities for men and women is not only a democratic and a moral objective, it is also smart economics. We welcome that the Bank has introduced a new Strategy for the Promotion of Gender Equality by which projects will be assessed for their potential to promote equal opportunities. Let us be clear that gender equality is not about providing peace of mind to policy makers – or consenting to political correctness. It is about ensuring equal basic rights and broad and equitable social and economic participation. We challenge the Bank to demonstrate through its fieldwork that combating discrimination and promoting gender equality also constitutes an intelligent economic policy.

Looking back over the last quarter of a century we believe that the Bank has performed well. In spite of geopolitical uncertainties, protracted economic growth and financial volatilities the Bank is now in a unique position to do even better. That will require the Bank to build on its strength as a multilateral financial institution backed by a broad and strong ownership.