

ICELAND

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**EBRD Annual Meeting – Sarajevo
May 7 - 9, 2019**

**Written Statement by
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I would like to start by congratulating the President, Management and the entire Bank's staff on the results achieved in 2018. We are especially pleased with the operational results and constant delivery of transition in the Bank's countries of operation.

Iceland appreciates that the GET approach has become so central to the Bank's activity. The Bank has established clear areas of expertise in energy efficiency, renewable energy, green banking, and mobilising climate finance. We encourage Management to continue to focus on GET projects and especially renewable energy and energy efficiency to tackle climate change in line with the goals set out in the Paris Climate Agreement.

Iceland sees big opportunities to scale-up investment in renewables and to increase their share in the energy mix. We therefore welcome the increased emphasis on renewables in the Bank's new Energy Sector Strategy; and on the flip side, the clear commitment not to finance coal projects. Iceland leads Europe in terms of renewables as a share of total energy production and consumption and is eager to assist EBRD countries using our long experience and highly developed expertise especially in hydropower and geothermal power.

In light of this emphasis, we are supportive of the strategic thrusts put forward in the Management background paper on the Medium-Term Directions for the next Strategic Capital Framework (SCF) period that is very much focused on the green agenda. We believe that in the coming years the Bank is especially well equipped to address climate change by accelerating low carbon transition, promoting sustainable and smart cities and applying and deploying new technologies in that field. We would like to see those thrusts developed further into clear goals and priorities for the SCF period 2021-2025.

The work that will take place leading up to the Annual Meeting in London, and is stipulated in the resolution that we discuss in Sarajevo, is important for the future directions of the Bank. EBRD is well capitalised and we think that its surplus capital should be deployed within its remit to deliver transition of emerging economies towards a market economy that is competitive, well-governed, green, inclusive, resilient and integrated. We do not think that it would be put into better use by returning the capital and redistributing it to other / maybe less efficient institutions.

Therefore, we welcome the Strategic Implementation Plan 2019-2021 as the first step in on a path towards more ambitious use of the surplus capital to do more quality investments in countries of operation. We look forward to the next steps along the way and to receiving the roadmap and progress report guiding the work on the next SCF. We have high hopes for a well-functioning Board and Management co-operation in developing a new SCF that will set out the plan for a highly effective Bank that makes a difference where it operates and uses its capital wisely to achieve results.

Iceland believes that the Bank can do more when it comes to mobilisation of foreign direct investment than what is being done today. EBRD, with its strong presence on the ground and deep sector knowledge should be active as a catalyst deal-maker. EBRD needs to be innovative and think of new products to attract investors into its regions. The mandate and business model of the Bank is interesting to institutional and impact investors all over the world and the brand needs to be strengthened and marketed. EBRD should be the obvious partner when private actors embark on sustainable and climate-friendly investments in its countries of operation.

In relation to the feasibility of EBRD as partner for companies to work with when investing into the Bank's countries of operation, the high standards that Bank adheres to are important. In light of that, Iceland wants to welcome the revision done this year of EBRD's governance policies (Environmental and Social Policy, Access to Information Policy and Project Accountability Policy). We think that on all three of the policies, major improvements have been made and that the policies were strengthened by a robust consultation process that should be emulated regarding other EBRD policies when they come up for renewal.

Iceland thinks that the EBRD continues to be very relevant in the context of the IFI system with its private sector focus; with its extensive experience in supporting small and medium enterprises; in its selective ability to engage with the public sector to unlock opportunities for private sector development and private finance; with its deep local presence and in its ability to mobilise private finance. EBRD should continue to be an integral part of a well-functioning system of International Financial Institutions.

These aspects of EBRD's work should be strengthened going forward. In the upcoming SCF work, the EBRD should aim to go deeper into its core capabilities in its countries of operation instead of risking spreading itself too thinly and adding too many new sectors into its portfolio – regardless of whether or not the Bank decides to widen its geographical scope. These strengths should also be the backbone of the analysis of exploring the relevance of a future limited and incremental expansion of its geographical scope. The EBRD has to be additional wherever it works and strive for high impact, work in collaboration with other actors and never lose sight of the goal of delivering quality transition.

Finally, Iceland would like to express its gratitude to the Authorities of Bosnia and Herzegovina and the EBRD for having arranged the 2019 Annual Meeting in Sarajevo.

Bjarni Benediktsson