

ICELAND

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**EBRD Annual Meeting – Nicosia
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**Written Statement by
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I would like start by congratulating the President, The Management and the entire Bank's staff on the results achieved in 2016 both on financial metrics and on the delivery of transition impact. The results are especially good taken into consideration the difficult operating environment in many of the countries of operation, both in economic terms but also in the context of political challenges.

Iceland places strong emphasis on the political mandate of the bank and urges the bank to be vigilant but also practical when assessing possibilities to make systematic impact in a country of operation. In that respect having transitional impact through the private sector and fostering changes to a sustainable market economy in its countries of operation should be a core aim of the bank - and its differentiator compared to other IFIs.

Iceland wants to stress that even though the bank works mostly with the private sector to achieve its mandate it is a public institution owned by governments who want to see it deliver selective impact. Financial health and sustainability is very important but the goal is not to maximise profits. Quality should be as important as quantity. Clear impact and outcome driven goals and then a robust results framework to follow up on execution are essential for shareholders as performance is evaluated. We understand that the results framework is being updated and look forward to see that evolving in near future.

In light of this Iceland welcomes the new approach to defining transition that clarifies better how the EBRD should fulfil its mission of developing strong competitive market economies. Guided by the revised transition concept the Bank's activities can help countries become more *competitive, better governed, greener, more inclusive, more resilient* and better *integrated*. These six qualities should guide all investment decisions and policy dialogue engagements for the bank going forward. We also believe that the bank should be focused on supporting its countries of operation in implementing universally agreed agendas such as the Sustainable Development Goals and commitments of the Paris climate agreement.

This year the discussions at the annual meeting are focusing on Targeting green and inclusive growth. This harmonises well with Iceland's emphasis for the Bank towards *environmental sustainability and renewable energy, economic inclusion* and *gender equality* as the fundamentals for achieving sustainable competitive market economy.

On green growth and sustainable environment Iceland wishes to underline the importance of developing renewable sources of energy in the banks countries of operation. Along with wind and solar-power there is a great opportunity in some of the countries to develop geothermal and hydropower that should be explored further. We welcome the achievement in 2016 to have 32% of the Annual Bank Investment in the area of Green Economic Transition and thinks that the bank could do even more in this field going forward and should not see the 40% target for 2020 as ceiling.

On economic inclusion Iceland's opinion is that everyone regardless of their gender, religion, age, colour or sexual orientation should be able to have the opportunity to work and contribute to the societies they live in. In this respect private sector is important as the driver of growth and innovation and it can't always sit and wait for the state to take action to move things forward. Excluding a big part of the population such as women from working does not make any economic sense for companies that want to succeed in the 21 century. We believe that EBRD can make impact in this area and whole heartily support the Banks new Economic Inclusion Strategy that is being introduced at this annual meeting.

Iceland also supports the aims put forward in the Capital Strategic Framework 2016-2020 to mainstream gender and inclusions in all banks operation. The Strategy for the Promotion of Gender Equality, by which projects will be assessed for their potential to promote equal opportunities, should be a flagship policy of the bank. We challenge the Bank to demonstrate through its fieldwork that promoting gender equality constitutes an intelligent economic policy for countries and companies to pursue.

The bank has a particularly important mandate to fight gender discrimination and to pursue an aggressive and ambitious gender agenda in areas where women are hindered in realising their potential through economic means. The bank has a responsibility to act as a catalyst for change, not a protector of an order that puts women at a disadvantage.

At this Annual meeting we are amongst other things discussing approving the setup of trust funds to facilitate EBRDs engagement in West Bank and Gaza. Iceland supports this effort and hopes to see some viable private sector projects there that hopefully can contribute to a brighter future for the people as part of the SEMED region.

In general though, Iceland urges the bank to be cautious both when it comes to further geographic expansion and when contemplating sectorial expansion. One of the key strengths of the EBRD is its local presence and deep sectorial knowledge. People on the ground in countries of operation working with private sector and financial institutions and engaging in policy dialogue with governments are an asset that gives the Bank huge leverage. This is also important when trying to mobilise a much needed foreign direct investment into the regions where the bank is active. The Bank should also strive for a more cooperation with other IFIs in delivering meaningful results. Iceland as a shareholder in many of those institutions would welcome better coordination.

Finally Iceland would like to express its gratitude to the Cypriot authorities and the EBRD for having arranged the Annual Meeting 2017.

Benedikt Jóhannesson