



RESTORING ICELAND'S PUBLIC FINANCES

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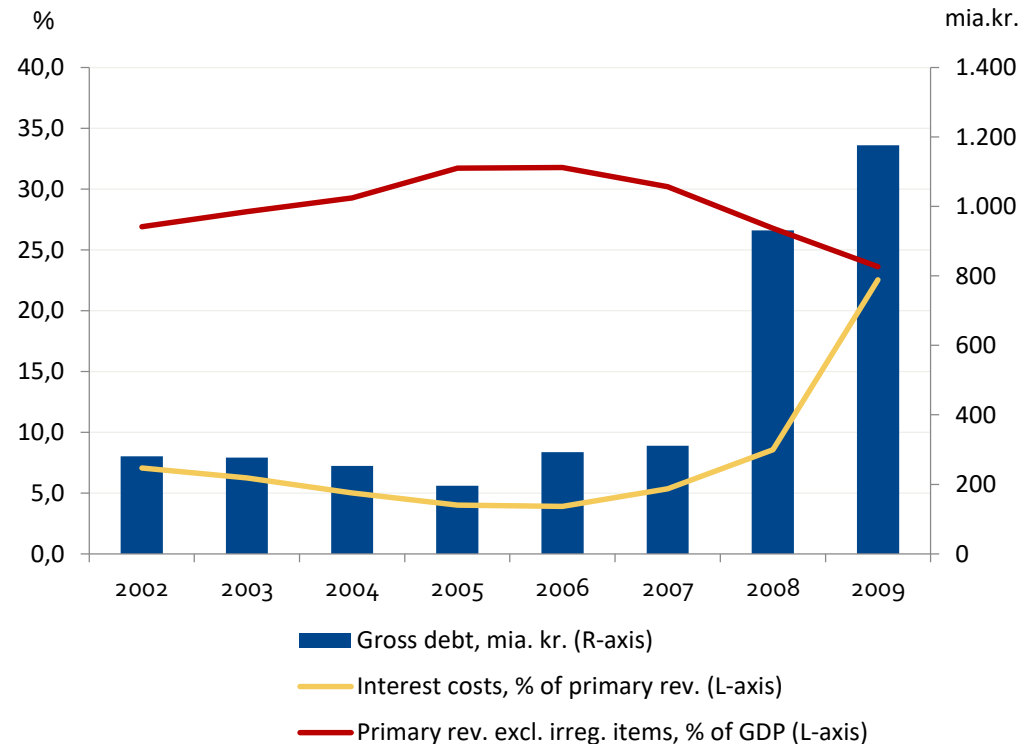
PERMANENT SECRETARY

THE MINISTRY OF FINANCE AND ECONOMIC AFFAIRS, ICELAND

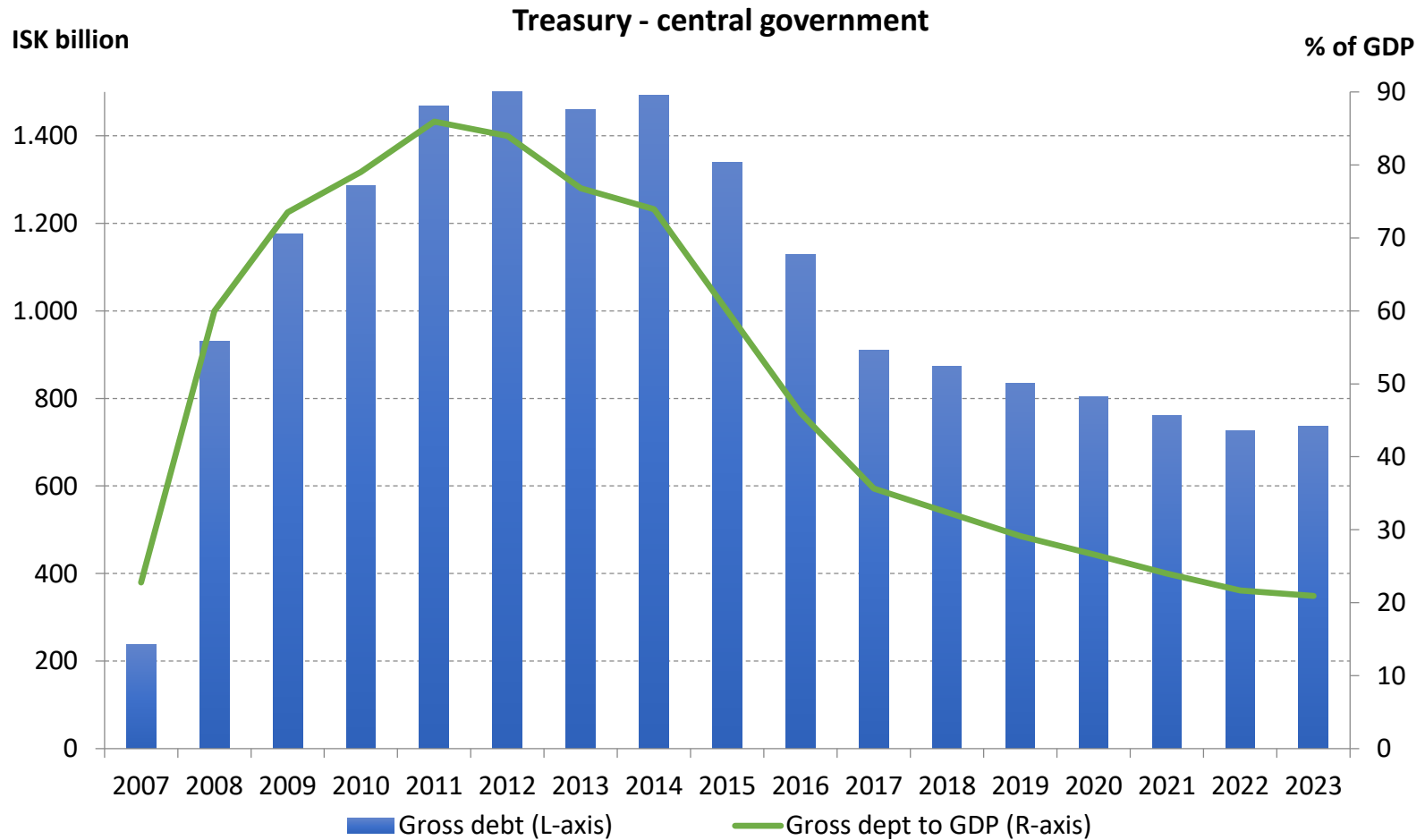
APRIL, 2018

Reversal in fiscal position

- The Treasury suffered a heavy blow to its revenue side: around 5% of GDP
- At the same time expenditures exploded with a massive surge in interest cost from 4,5% of revenues up to 16% and other crisis related expenses, such as unemployment benefits that increased sevenfold
- The Treasury had to shoulder about 1 billion króna of new debt or about 62% of GDP
- Hampered the ability of the authorities to employ fiscal policy to counteract the economic contraction and instigate growth measures

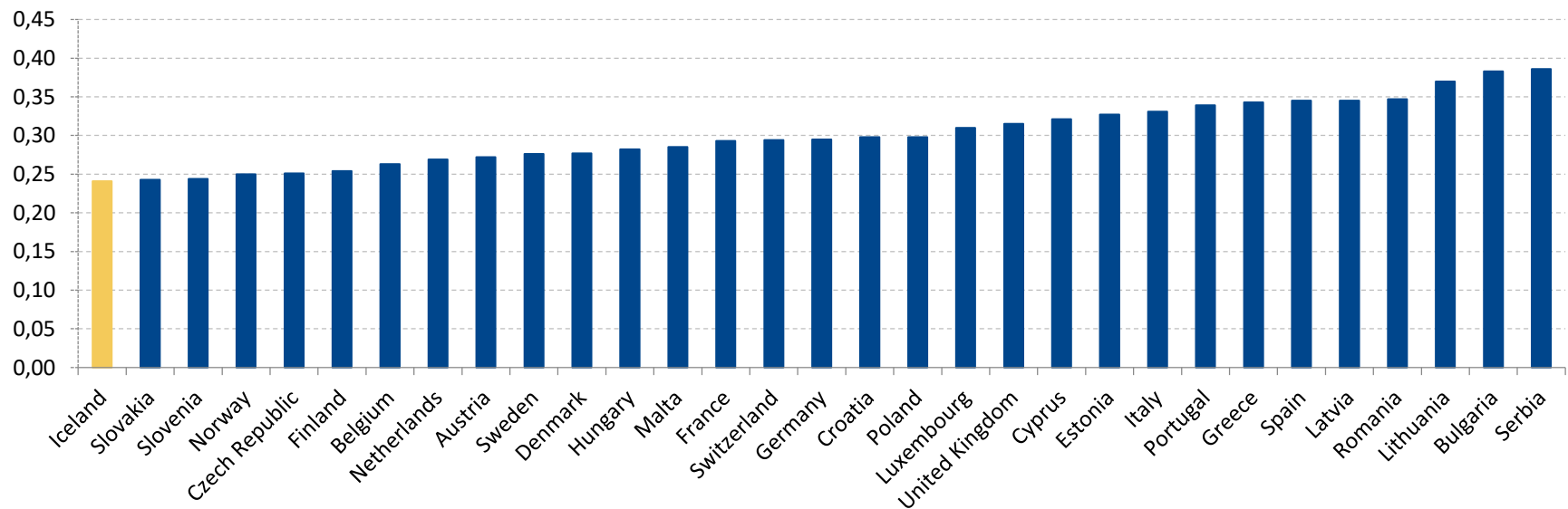


Gross debt and net financial position



Income equality - Gini coefficient in Europe 2016

- The Gini coefficient is based on the comparison of cumulative proportions of the population against cumulative proportions of income they receive. It ranges between zero in the case of perfect equality and 1 in the case of perfect inequality
- With a Gini coefficient of 0.24, Iceland's income inequality after government taxes and transfers is the lowest among the countries in Europe





Thank you

