



**Conclusions of the *2020 – Moving
Iceland Forward* initiative**

November 2010

Introduction

Dear recipient,

This report presents the principal conclusions of the vast work that has been conducted throughout the country within the framework of the *2020 - Moving Iceland Forward* initiative. More than a thousand people have contributed to this project, which involved inhabitants from all over the country, representatives from independent non-profit organisations, the economy and labour market, as well as personnel from ministries and institutions, municipal authorities, regional associations, members of parliament and ministers. The workshops that were run throughout the country focused on the development of employment and economic activity and tapping the opportunities that are to be found in each region as well as the country as a whole.

These meetings and the volunteer work that so many people put into them are a reflection of one of Iceland's greatest resources and one that will certainly prove the most effective in pulling us safely out of the recession: the people themselves. The processes and accompanying proposals contain a clear vision of the future and effective methodologies for their implementation, as well as recommendations on the key tasks to be tackled immediately. The *Iceland 2020 Policy Statement* and proposals have been annexed to this document as a separate file. Nothing needs to be said about them. They speak for themselves.

Dagur B. Eggertsson

Chairman of the Steering Committee of the *2020 Moving Iceland Forward Initiative*

History and background of the initiative

Origins of the project

The Government Coalition Platform of the Social Democratic Alliance and Left-Green Movement issued the following declaration:

Strategy for the future

The government will arrange broad consultation under the direction of the Prime Minister's office for proactive plans to boost long-term employment and quality of life in all areas of Iceland. The objective is to form a common vision for the future and integrate planning in transport, communications, tourism and regional development, as well as programmes to expand local government responsibilities and various growth agreements, with plans for public works projects which are likely to be revised in the wake of the economic collapse.

Moreover, the collaboration declaration focuses on employment issues and the development of economic activity and under the heading of Economic Activity Planning states the following:

The government will promote the formulation of an integral Economic Activity Plan (EAP) for Iceland, based on equality between sectors, gender equality, sound business practices and green industrial development, in line with the ideology of sustainable development. Moreover, a focus will be placed on the international competitiveness of Icelandic economic activities. The strategy will be formulated in a formal consultation between the state, local authorities, social partners and the academic community.

In a letter of appointment dated 3 June 2009, the Prime Minister established a Steering Committee for the initiative and appointed Dagur B. Eggertsson, the vice-chairman of the Social Democratic Party, as chairman. Other members of the Steering Committee included the Minister of Economic Affairs, Gylfi Magnússon, the director of the Icelandic Association of Local Authorities, Karl Björnsson, the Minister of Education, Science and Culture, Katrín Jakobsdóttir, the Minister for Industry, Katrín Júlíusdóttir, the Minister of Transport, Communications and Local Government, Kristján L. Möller, Akureyri Councillor Sigrún Björk Jakobsdóttir, the Minister of the Environment, Svandís Svavarsdóttir, and the Rector of the University of Reykjavik, Svafa Grönfeldt. Kristinn Tryggvi Gunnarsson, a policy consultant at Expectus was appointed as project manager and the Prime Minister's Office liaison officers on this project were Halldór Árnason and Sigrún Ólafsdóttir. Svafa was transferred to another post after the preparation of the project, and both Gylfi and Kristján left the Steering Committee when they stepped down as ministers. Participation in this Steering Committee and other work conducted under this project was not paid.

Three main pillars

The project was focused on three main pillars: regional plans of action, future vision and competitiveness.

At the beginning of the project an endeavour was made to gain an overview of the objectives of various government strategies. A working group was set up with appointed representatives from all ministries to focus on integrating planning. This group formulated proposals to divide the country into strategic areas and worked on the preparation, organisation and running of the national assemblies that were held in each area.

The work on developing a common vision for the future started with the drafting of a status report by the Institute of Economic Studies and Social Science Research Institute of the University of Iceland. Scenario planning was conducted with the participation of 150 entities from many parts of society under the supervision of Innovation Centre Iceland. The project facilitated the so-called National Anthill Assembly (Þjóðfundur Maurapúfunnar) in Reykjavik's Laugardalshöll, where 1,231 participants came together from all parts of the country to define the values, themes and visions for the future of the nation. The national assembly provided the model for the eight national assemblies that were held at regional level around the country within the framework of *2020 – Moving Iceland Forward*. Part of forming a vision for the future involves forming an Economic Activity Plan (EAP) for the future. A special work group was established for that purpose, and comprised representatives nominated by parties of the stability pact, political party representatives and the chairpersons of the Science and Technology Policy Council.

One of the main objectives of the *2020 – Moving Iceland Forward Initiative* is for Iceland to become one of the 10 most competitive nations in the world by 2020. A work group was established to analyse competitiveness and make recommendations on what measures need to be taken to improve the country's long-term competitiveness.

Methodology and cooperation

The working methods and procedures of the *2002 - Moving Iceland Forward* initiative were defined by the National Assembly and its values of honour, justice and respect have formed the basis of all the work conducted under this project. A democratic approach to the project is paramount. Each region, each state institution, each municipality, each workplace and each family and individual possesses a vision of opportunities, and the objective of this initiative was to focus on those opportunities, define them and consolidate them, and ultimately use them to put wind into the sails of the nation as it advances towards the future. The project was therefore developed on the basis of a very broad consensus and it is safe to say that well over a thousand people participated in this project in one form or another, by donating their labour and time. Our gratitude goes to all those people for that.

The collaborating partners in regional national assemblies were the regional associations within the municipalities. The associations were responsible for the supervision and organisation of the national assemblies in their respective regions, as well as the formulation of their conclusions. The conclusions were classified under six main themes, which shall provide the guiding light for the integration of public planning in the months ahead. The government will therefore strive to support the specific opportunities that have been identified and discussed in the specific chapters of this report.

The development of a vision from the future was founded on a broad consensus. Some 1,231 Icelanders attended the National Anthill Assembly and participants were randomly selected from the National Registry. Up to one hundred people attended the national assemblies that were hosted in each region and 150 people attended the scenario planning and, as has already been mentioned, the Economic Activity Plan (EAP) was developed in consultation with interest groups.

The recommendations regarding competitiveness were also based on a broad search. Representatives from the World Economic Forum visited Iceland and presented the results of their measurements of competitiveness, students of the University of Iceland conducted practical projects with cluster sectors, and seven expert groups consulted with dozens of specialists.

Economic activity plan (EAP) for Iceland

During the preparatory phase, a broad consensus was reached on the fundamental basis for an Economic Activity Plan (EAP) for the future. These key elements were formulated by trade union representatives and the Confederation of Icelandic employers, and the chairpersons of scientific and technical committees, in addition to parliamentary party representatives. The new EAP for Iceland should be founded on the following elements:

Main objectives

The primary objective of the EAP for Iceland until 2020 is to create new and diversified jobs, which are well paid, generate income, and boost Iceland's competitiveness as a whole or in specific sectors. The basis of the EAP shall be diversification, non-discrimination, healthy business practices, equal rights and the nurturing of green economic activity, in accordance with the philosophy of sustainable development.

Competitiveness of the operating environment

The main emphasis of the government shall be on establishing a good general environment for the economy as well as a reliable framework and market rules. In order to create an environment for growth, one has to ensure the competitiveness and sustainability of the financial and tax environments, access to both domestic and foreign credit, and support more diversified foreign investment, as well as economic and social stability through, among other things, a stable currency, the lifting of currency restrictions, stable prices and healthy competition, in addition to regaining trust and ensuring good governance.

Facilitating the foundation and operation of companies

The appropriate conditions will be created for the foundation and running of companies with simple administrations and regulations, a strong and straightforward innovation environment and a focus on the needs of small and medium enterprises.

Main growth sectors

The main growth sectors are likely to be linked to industry and primary production and services, including the high-tech and knowledge industry, innovative sectors and tourism. It will be the task of the Science and Technology Policy Council to define the areas of growth.

Support for business clusters

The formation of business clusters shall be supported in fields where there are opportunities for responsible growth and an emphasis will be placed on investing in education, science and innovation.

Temporary support for growth sectors

Growth sectors shall be given special support for research and development, education and continuing education, as well as investments in the infrastructure and social framework and support for the marketing of Iceland.

More education opportunities – flexibility and security of the labour market

The labour market and welfare system need to ensure flexibility and security. A special focus will be placed on further study opportunities and on-the-job training for people who are temporarily excluded from the labour market.

Consensus on resources and environmental issues

A broad consensus needs to be reached with regard to resources and the environment, with an emphasis on sustainability and Iceland's leading role on the environmental front.

Simplification of public management and administration

Public management and administrative systems that are linked to economic activity shall be made fully comprehensible, by simplifying the support system for regions, innovation, university and research, and by merging agencies and funds and coordinating procedures.

Emphasis on clear regulations – good governance

There will be a call for discussions and proposed regulations for economic activity and public management and administration.

Competitiveness

The competitiveness of companies refers to their capacity to compete on the market and in the current age of growing globalisation the principal emphasis is on the international market. The competitiveness of Iceland refers to the working business environment in Iceland and how successfully this environment enables companies to compete at international level. Being competitive is not an end in itself, but rather promoting a sustainable and durable enhancement of the general quality of life.

International competitiveness yardsticks have been in use for some time. The most well-known of these is the World Economic Forum (WEF) and the IMD's World Competitiveness Yearbook. A decision was therefore made to use these yardsticks as a starting point, although it soon became clear that these yardsticks are in many ways limited. Seven groups of experts were therefore appointed to analyse and interpret the results of these measurements, and make recommendations on how to protect a good competitive position and systemically work on the aspects of Iceland's competitiveness that need to be improved. The groups also proposed new and/or improved yardsticks for measuring Iceland's competitiveness where they felt they were needed.

The fundamental areas that the groups focused on were:

1. Infrastructure and institutions
2. Infrastructure and technological readiness.
3. Macroeconomic stability.
4. Efficiency and markets, i.e. size of the market, efficiency of the markets, efficiency of the labour force, suitability of financial markets and businesses.
5. Education and science, i.e. basic education, further education and continuing education.
6. Development and Innovation.
7. Quality of life, health and equality.

The expert groups presented their results at an open meeting at the National Museum of Iceland on 5 May 2010. The following is a summary of their proposals:

Infrastructure and institutions

The administration of public funds needs to be improved and this can be achieved by, among other things, conducting more viable evaluations of all large public projects and prioritisations, reducing agricultural subsidies and increasing freedom in the trading of agricultural products, and ensuring that welfare funding reaches those who need it.

The judicial system needs to be strengthened to ensure that it can take on the increased number of cases in the wake of the financial collapse and there is a need to change the processes by which judges are appointed, to boost confidence in the judicial system and generally ensure that the government preserves equitable recruitment procedures.

The weakness of the financial system need to be addressed by ensuring the reliability of auditing companies, the efficient operation of public limited companies and the protection of the interests of small investors. There is also a need to increase the supervision of listed companies, supervisory bodies and companies and institutions that are of national importance.

Last but not least, a proposal has been tabled to turn the country into a single constituency to facilitate more efficient decision making.

Efficiency of the markets

There is an urgent need to restore confidence in the Icelandic financial system by reforming the rules governing the financial market and boosting supervisory bodies to ensure they have the authority to fulfil their functions. There is also a need to restore the equity market and increase the number of foreign investors in the economy. A prerequisite for this will be the establishment of long-term monetary and currency policies to ensure a stable currency environment.

Similarly, the Icelandic Competition Authority needs to be strengthened to prevent the abuse of dominant market positions and to promote competition so as to increase efficiency, lower costs and improve public services. Naturally, competition laws should also apply to agriculture and efforts must be made to ensure that

the banks' participation in the financial restructuring of companies is in accordance with the provisions of competition legislation.

Generally speaking, there is a need to increase production in domestic sectors and to develop an economic development policy that is founded on a sustainable increase in exports. The foundations of energy-intensive industry also need to be strengthened and a focus needs to be placed on, for example, solar cells, carbon fibres, data storage and foil forming.

Economic conditions

Fiscal policy (both state and municipal) needs to be put in order, the financial market needs to be restored and the banking system needs to be in working condition. Currency reserves need to be boosted, capital controls need to be lifted and a path towards sustainable price stability needs to be found. Finally, the foundations of the economy, labour market and educational system need to be reinforced to create the preconditions for diversified economic activity and increased production.

Quality of life, health and equality.

It is proposed that national accounts, which measure the quality of life, be expanded and that information needed to calculate the GPI (Genuine Progress Indicator) be collected and followed up on. Other yardsticks that deserve to be monitored are, for example, the Index of Sustainable Economic Welfare (ISEW), Calvert-Henderson Quality of Life Indicators, the Human Development Index of the United Nations and the Invincibility Index. Social capital factors, such as Iceland's ecological footprint, should also rightfully be measured.

The balance between professional and family life needs to be improved and there is a need to ensure that children are not discriminated against on the basis of the financial status of their parents, and that they have access to education, leisure activities and healthcare. The emphasis on prevention and public health needs to be increased and organisational planning should encourage physical exercise and eco-friendly modes of transport. The value of the country's unspoilt nature should be realised and therefore increase Iceland's competitiveness, but there is also a need to prepare the country's sensitive nature so that it can cope with a growing number of visitors in the years ahead in a sustainable manner.

Equality can be increased in society by transforming the country into a single constituency, enabling people with disabilities to participate in the labour market, increasing the flexibility of the retirement age, researching the social and psychological factors behind gender income gaps and offering the recipients of support the personal assistance they need.

Education and innovation

There is a need to improve the performance of the pupils of Icelandic elementary schools to ensure that they have acquired the best possible skills and knowledge by the time they have completed their elementary schooling. There needs to be a focus on their knowledge of Icelandic, as well as reading and mathematical and scientific literacy, as measured by the Programme for International Student Assessment (PISA) and other yardsticks. According to the PISA results, it would seem that the big investment that is made in elementary schooling does not provide a sufficiently good foundation for secondary education, which in turn has an impact on the preparation for higher education with regard to, for example, students' potential to achieve results in technical and scientific studies at university level.

To strike an equilibrium in the basic elements of traditional education, such as reading, maths and Icelandic, focus needs to be placed on skill factors, such as information literacy, independence, initiative, critical thinking, social responsibility, participation or pro-activeness and, last but not least, ethics.

Creativity needs to be emphasised at all school levels with systematic training in practical and artistic creativity. The integration of innovation into all areas of study plays a key role and the training of teachers is crucial, particularly inter-disciplinary training that can provide them with a broader understanding of the diverse disciplines than they have now. Endeavours need to be made to link school work to innovation, e.g. by organising visits from working artists and creative professionals to schools.

It is important to establish a balance and bridges between creative disciplines and mathematics and the sciences. Technical centres need to be set up to attract the attention and interest of children and youths in scientific subjects and stimulate innovation. Attention also needs to be given to teacher training in these areas and increasing the number of vocational teachers.

The flexibility and range of education needs to be broadened at all school levels. There should be more optional elements in all studies and it is important to support outstanding students in their areas of interest, whether they be in the field of studies or the arts. Closer links needs to be fostered between creative disciplines and the sciences to draw attention to different fields and generate interest. Preparatory studies for the matriculation examination (stúdentpróf) could be shortened.

There is a growing demand for people with industrial and technical training in Iceland. Vocational training needs to become a real option in the school system and there needs to be a higher regard for vocational training and working skills. Effective education and career guidance services need to be readily available both on the upper levels of elementary schools and secondary schools.

The dropout rate from secondary schools is still one of the greatest flaws in the Icelandic educational system. There is a need to reduce these dropout rates through both social and academic measures. Strong links between upper secondary schools and vocational training are important. At the same time, access to education and career guidance services needs to become more readily available. Systematic training needs to be bolstered to enable individuals, who may have dropped out of their studies or lost their jobs, to improve their skills and qualifications.

The number of university-educated individuals at undergraduate, graduate and post-graduate level needs to increase, as does the number of foreign students graduating from Icelandic universities. We need to look to our neighbouring countries in this area, since generally speaking a higher percentage of students complete each university year there than they do here. The number of international post-graduates is a good indicator of the quality of university education being offered and is used as a yardstick for measuring the competitiveness of education systems in many parts of the globe. International students also enhance the diversity and scope of universities, as does the research they conduct there.

The support to and quality of university education needs to improve. A key element in this regard will be to use an evaluation system based on recognised international standards.

Any obstacles hindering further collaboration between universities need to be examined. At the same time, there is a need to look into the funding of these institutions and how the various revenues and costs affect the possibilities for cooperation. There is a need to examine the activities of universities in Iceland, including their operational efficiency and education policies, and to subsequently formulate a policy on the number and activities of independent universities.

Closer links need to be fostered between the universities and the business world in the fields of research and teaching. Research activities that are focused on the needs of the economy need to be strengthened and conducted by universities, individuals or companies, but under the professional management of experts. In collaborations between universities and the business world, however, care needs to be taken to ensure there are no conflicts of interest.

It is important to ensure that funding is put to the best possible use. Competitive funds need to be increased in the field of innovation and research, since it is recognised that competition improves quality. Greater transparency needs to be ensured in the management of the public funds that go into innovation. There is a need to support diversification and to increase interdisciplinary innovative projects and research and remove any obstacles to interdisciplinary projects (e.g. in competitive funds).

Infrastructure, technological readiness and telecommunications

The status of the infrastructure is generally considered to be good and in some cases exceptionally so, but it is important to ensure this status is maintained. Companies' access to and use of technological innovation is outstanding, although direct foreign investment in technology could be increased. The status of telecommunications is also considered to be good, according to key measurements. Connections with abroad are good, taking into account the country's geographic position and small market, and the core population's access to fibre optics basic internet connections is good, although this could be improved even further. The risk is that Iceland's competitiveness could diminish in the long term if the development of the fibre optics system (in street cable boxes or in homes) becomes a lot slower than in our neighbouring countries (token rings). Access to high-speed connections and mobile phone systems are very good and this needs to be maintained. A very high percentage of the population uses the internet and care must be taken to ensure the supply of net services keeps up with this trend.

The public uses e-services more than in other peer countries, although the range of e-services being offered needs to greatly increase. Increasing the use of electronic administration is a good way of guaranteeing good services and cost-effective savings.

Development and Innovation.

Innovation in active companies needs to be strengthened through systematic supportive measures in the form of expert advice and supportive funding. These measures may be based on increasing research and development work and/or changing the emphasis in the management and supply of products and services. Examples of supportive measures include development projects that are aimed at encouraging the development of new products and services, improving processes or moving into new markets, and the state could contribute by providing consultancy and funding. Another way of boosting innovation in active companies is to increase the emphasis on technology transfer, which entails the transfer of all kinds of know-how and technology from one party to another. This term is often used in connection with the transfer of know-how from one sector of the economy to another, but also entails companies tapping into the knowledge of universities and research institutes and the transfer of technology from a company in one country to a company in another.

There is an urgent need to focus on the development of knowledge centres and clusters in Iceland that are founded on the strengths of Icelandic economic activity, with a special emphasis on growth areas and future value creation. Systematic state measures and support are required to boost collaboration between companies, universities, research institutes and the support framework for innovation, development and research in defined core areas of the Icelandic economy.

It is important to facilitate cooperation between economic activities and universities in practical research and projects based on market-driven innovation. Over the past years, a great deal of emphasis has been placed on the importance of this collaboration and there is a need for clear proposals on the measures that are required to strengthen support for collaborations of this kind.

A dynamic promotion of Icelandic companies on international markets is one of the prerequisites for economic growth, innovation and the restoration of Icelandic economic activity. A lack of knowledge and experience in international marketing and sales is one of the flaws of many Icelandic companies. Because of the depreciation of the Icelandic króna, marketing and promotion costs have risen steeply and this has hindered the promotion of Icelandic companies on the international market. Support for the export activities of technological and start-up companies is an important priority.

The venture capital framework needs to be improved, links between business contacts and start-up companies need to be tightened, the share capital of viable companies needs to be increased, and there is a need to methodically promote international grants that are based on the particular nature of the Icelandic research environment. The tax and legal environment needs to be improved so that some part of research and development costs can be reimbursed and the legal environment should not inhibit innovation. The operations of competitive funds have to be ensured, such as those of the Technical Development Fund and other enterprise investment funds and it is vital to ensure budgets are in place for these projects. At the same time, investment policies and grant facilities need to be reviewed on a continuous basis so that the best financing options can be availed of.

The support framework for economic activity needs to be effective and support should not be contingent upon geographic location. At the same time, the access of companies in the greater Reykjavik area to support projects needs to be balanced. Support projects that are already in place need to be strengthened and it should be noted that there is often more of a need for ingenuity than there is for funding.

It is time for public entities in all areas of services and management to establish a policy for innovation. Public procurement can be an important source of innovation and an emphasis needs to be placed on e-administration and information technology. It is natural for the state to participate in innovative projects and encourage the development of products and services.

Research priorities are a major factor that can strengthen the foundations of specific areas of research and activity, which Icelanders can specialise in and be at the international forefront of. This includes, for example, the health sector, Arctic research, marine resources, eco-friendly technology, renewable energy and sustainable transport. With clear priorities and concerted efforts, defined policies in this area will boost Icelandic economic activity and provide a guide for the priorities and investments in future economic activities in Iceland. It is important that these priorities be reflected in policy-making decisions at all levels of the administration.

Regional national assemblies

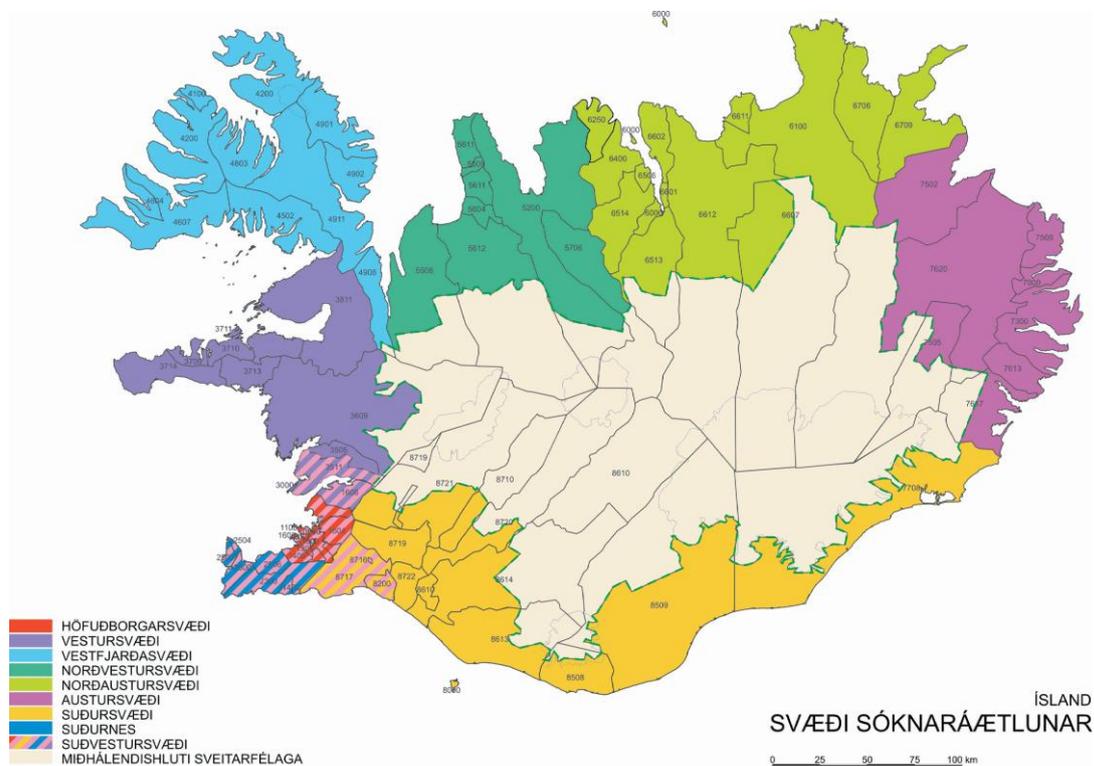
Tapping opportunities in each region

This chapter will examine how each region sought to identify potential opportunities and how the results of their findings can be used.

Regional distribution

Part of the process in preparing the 2020 – *Moving Iceland Forward* initiative was to convene national assemblies throughout the country. A decision was made to divide the country into eight areas, i.e. the capital area, Western Fjords, Northland West, Northland East, Eastland, Southland and Southern Peninsula. A decision was also made to specifically examine a joint plan for the south-western area (the greater Reykjavik area) which encompasses the entire southern corner of the country, i.e. from Borgarbyggð in the west to Árborg in the south. The basis for the regional division was established by a group of project managers from the ministries that were the most familiar with the aspects of public planning, administration and services that are based on the division of the country into regions. This was done in consultation with the Icelandic Association of Local Authorities and other regional associations. The regional divisions are therefore based on the latter's recommendations and largely reflect their current areas of responsibility.

It may well be, however, that it will prove more suitable to divide the country in other ways. Thóroddur Bjarnason has pointed out that, when one examines transportation, population and demographic changes, three delimited geographic growth areas can be distinguished in Iceland in the period between 2001-2010. The number of inhabitants in these areas amounts to 294 thousand, which is about 93% of the population. It is important to strengthen these economic and service areas by tightening the transport network within them and improving connections to and from other areas. At the same time there is a need to place a special focus on rural areas where local population clusters are small and diversified employment and services cannot be maintained. About 7% of the nation's population lives in areas of this kind and special protective plans need to be developed for them by, for example, strengthening the largest local population cluster or by connecting these areas with the nearest employment and service area, where possible.¹



¹ Thóroddur Bjarnason. (2010). *Demographics, transportation and settlement development*. Akureyri: University of Akureyri.

Democratic approach through national assemblies

National assemblies were convened in each region with the participation of many Icelanders: inhabitants, interest groups and representatives from the local municipalities of the eight regions. The meetings endeavoured to identify the unique features of each region in the estimation of the local community. To be more precise, to identify potential opportunities in the field of employment, education and public services that were perhaps more unique to their region than to others. In order to give participants a deeper overview of their own region and assist them in their evaluations, reports with numerical data on the relative region were made available to them. The aim of each meeting was to produce ideas and proposals linked to the unique features that could be the focus of the regional action plan. These plans were to be aimed at tapping the greatest opportunities in the fields of employment, education and public services. Finally, representatives from the local municipalities of each region went over the results and submitted reports to the Steering Committee of *Moving Iceland Forward* in the spring of 2010.

Conclusions of the regional national assemblies

The conclusions of the regional national assemblies revealed that the eight regions had a lot more in common than they had differences. In fact, it was quite difficult to find special features in each region that were not shared by at least a number of others. It emerged that most regions emphasised the uniqueness of their tourism services and the development of research and knowledge centres. These emphases also emerged in the so-called growth agreements for the development of economic activity, which the Ministry of Industry has entered into with regional representatives and private entities.

The participants at the meetings highlighted particular features such as beautiful and unspoilt nature, energy resources (geothermal energy and hydropower), agricultural supplies and marine products. Ideas and proposals for specific projects were presented in different forms. What follows is an attempt to classify the proposals that many regions had in common under six themes, which it is appropriate to emphasise for the country as a whole. In the wake of the national assemblies, regional associations of local authorities have continued to work on the defined themes and other ideas and many have delineated specific projects (one or more), which each region has emphasised for the follow-up of the strategy in the relative region. In this context, it is clear that considerably better results can be achieved if the regions can work together on making headway in certain key areas, e.g. through cooperative clusters. At the same time, regional representatives need to agree on the division of tasks in joint projects to avoid overlaps or duplication.

The uniqueness of Iceland as a whole

The action plan proposals and special features of each region are presented below as examples of the uniqueness of Iceland as a whole. They are classified under 6 themes, as previously mentioned, but they are not presented in order of importance.

1. Tourism services – related to nature and culture

There is potential for tourism services throughout the country and existing services can be enhanced and various kinds of services can be marketed both domestically and abroad. Ideas included, for example, so-called geocamps in the Southern Peninsula and West Skaftafell and the Rangárvellir district, boosting the marketing of stallion reserves in Northwest Iceland, improving access to rocks in the West Fjords and the marketing of deer hunting in Eastland. Throughout the country natural hot springs, pools and spas can be developed and the capital can be marketed as an eco-friendly “countryside within the city” since having a capital city so close to unspoilt nature is quite rare in the world. Historical and cultural tourism has also been on the increase and there is therefore a growing interest in that trend.

2. Health and wellbeing

Thermal water and unspoilt nature provide good support for a variety of health-enhancing activities. Changes in the management of health institutions in rural areas offer the possibility of using part of their facilities to supply both domestic and foreign visitors with various types of treatment and operations. Health baths can be used both as post-operation therapy, but also as luxury health treatment. In the Southern Peninsula, activities of this kind are already well developed with the Blue Lagoon, which offers treatment for psoriasis. There are also other places in the country that can use thermal water and develop activities around it, e.g. health spas could be developed in Deildartunguhver in Western Iceland. Representatives at the national assembly in Vesturland pointed out that the Ministry of Health and the Ministry of Industry could establish a common policy for the development of health education and services with the objective of turning it into a powerful

sector nationwide. There is a need to focus on joint promotion and development so as to enhance quality and optimise the know-how and resources of the country as a whole.

3. "Pure" food and water

In many rural areas there are food processing and fishery activities, and although these cannot be considered features that are unique to each region since they are to be found throughout the country, Icelandic agricultural and marine products are clearly a unique feature of the country as a whole. More emphasis could be placed on developing these into fully finished products and marketing them abroad as luxury goods thus generating more added value. In Vesturland there were ideas for the development of new products such as sun or freeze-dried seaweed and scurvywort, goat cheese, goat paté and many more.

4. Finished food products

As has been mentioned, food and marine products can be processed further and marketed as luxury goods and additional products could be processed to increase value creation and the development of products. In Northland West and in many other areas the production of tanned and sea leather could, for example, be increased and new markets could be found, while in Hvalfjordur and in Eastland aluminium and metallic products could be developed.

5. Knowledge and research centres

Icelanders possess an expert knowledge of the use of energy and marine products. This expert knowledge is naturally evolving further and being applied. A suggestion emerged from the West Fjords to set up a university oceanic institution to develop education and research in relation to the fisheries industry and fishing, since representatives at the national assembly believed that conditions are ideal to develop an international centre for education, science and research in marine-related sciences. In the Southern Peninsula there is an international airport and facilities in Ásbrú for international flying courses and a security academy. North-eastern Iceland offers good conditions for winter sports and regional associations there wanted to market Akureyri as a sports resort. The north-eastern region also wanted to, for example, highlight the Arctic element in connection with the University of Akureyri. Ideas for an international rescue school came up both in connection with the Rescue school in Gufuskálar and also in the Reykjavik area.

6. Use of renewable eco-friendly energy (hydropower, geothermal energy)

In many regions there are renewable energy sources that could be further exploited. In South Iceland, for example, suggestions were to make use of the energy for a silicon factory, paper mill, data warehouse and crops under glass. Similar ideas emerged for the geothermal district of Thingeyri. In the Southern Peninsula there was a suggestion to exploit the drainage water from the geothermal power plant of Reykjanes for fish breeding, e.g. tilapia and seaweed culture and the development of new products, such as salt prawns. In Northland West the focus was on hydropower and people spoke about the possibility of expanding the Blönduvirkjun power plant and also of the fact that there is an ample supply of geothermal water in the region that could be exploited. There were also discussions on tapping minerals such as basalt and limestone and it was pointed out that energy could be used to create new companies in the field of, for example, carbon fibre plants, lime algae processing, data warehouses, crops from geothermally heated glasshouses etc.

Next step – Iceland 2020

This report is a brief summary of some of the elements that have been the focus of the *2020 - Moving Iceland Forward initiative* and a governmental policy statement and proposals have been submitted as a basis for this work under the title of *Iceland 2020*. With this report, detailed summaries on the project's new website and the attached governmental policy statement and proposals, the work of the *2020 – Moving Iceland Forward initiative* is considered to have drawn to an end.

Over twenty projects under the responsibility of various ministries are being pushed forward within the framework of *Iceland 2020* so that measures and reforms that facilitate results can immediately be taken. Once they have been discussed by the government, they are expected to be submitted to special consultative fora which will bring together representatives from the political parties, the Icelandic Association of Local Authorities and representatives of the labour market. These forums will be designed to make headway on specific tasks covered by *Iceland 2020* and the Economic Activity Plan for Iceland, not least in the areas of employment development and labour market issues.

The *Iceland 2020 Governmental Policy Statement* establishes 15 social objectives and 5 economic and development objectives that will be measured on a regular basis to assess the progress that is being made in moving towards a better society. The plan is for the Prime Minister's Office to be responsible for the maintenance of *Iceland 2020* and monitoring the progress of its objectives, but that it will be implemented by a broad range of bodies, such as ministries, institutions, municipalities and private entities.

All of the material that has been produced and collected within the *Moving Iceland Forward initiative* will be accessible on the Prime Minister's Office's website.