

THE ICELANDIC REGIONAL DEVELOPMENT INSTITUTE ACT

Act no. 106 of 27 December 1999, with subsequent amendments

Entry into force 1 January 2000. Amended by Acts no. 87/2009 (came into force 20 August 2009), 123/2010 (came into force 1 January 2011), 126/2011 (came into force 30 September 2011), 13/2013 (came into force 9 March 2013), and 69/2015 (came into force 21 July 2015).

For the purposes of this Act, all references to ‘the Minister’ or ‘Ministry’ without specification of or reference to a particular government department should be read as referring to the **Minister of Fisheries and Agriculture** or the Ministry of Industries and Innovation, which is responsible for the administration of this Act. Details of the areas of jurisdiction of ministries as per presidential ruling can be found here.

SECTION I

Functions and administrative structure

Article 1. Ultimate authority and location

The Icelandic Regional Development Institute is an independent state-owned agency and comes under the ultimate authority [of the Minister].¹⁾

[The Minister]¹⁾ shall decide the location of the Icelandic Regional Development Institute having first received the proposal of the executive board.

1) Act 126/2011, Art. 291

Article 2. Functions

[The function of the Icelandic Regional Development Institute is to promote rural settlement and economic activity, with special emphasis on the creation of equal opportunities for all inhabitants to employment and habitation.

In accordance with its function the Institute prepares, organises and funds projects and provides loans with the aim of bolstering regional settlement, boosting employment and encouraging innovation in business and industry. The financing of projects shall, where appropriate, be in collaboration with others.

The Institute organises and contributes to consultancy services in co-operation with economic development agencies, local authorities, and other interested parties.

The Institute monitors regional settlement trends in Iceland, through among other means research and the collection of data. The Institute may draw up or have drawn up plans for regional development and economic activity with the aim of supporting settlement and employment in the country’s non-metropolitan areas.

Direct measures in accordance with paragraphs 2 and 3 are confined to approved support areas on the current regional map of Iceland agreed by the EFTA Surveillance Authority (ESA) for a particular period.]¹⁾

1) Act 69/2015, Art. 6

Article 3. Annual general meeting and executive board

An annual general meeting of the Icelandic Regional Development Institute shall be held before 1 July each year. Arrangements for the annual general meeting shall be laid down in greater detail in a Regulation.

At the annual general meeting [the Minister]¹⁾ shall appoint seven persons to the executive board of the Icelandic Regional Development Institute for one year at a time and seven persons to act as deputies. [The Minister]¹⁾ shall appoint a chairman and deputy chairman and decide the directors' remuneration.

Decisions at meetings of the executive board shall be taken by a majority of votes cast.

1) Act 126/2011, Art. 291

Article 4. Duties of the executive board

The duties of the executive board of the Icelandic Regional Development Institute are:

1. To establish working procedures in so far as this has not been done by regulation.
2. To formulate policy on main priorities, projects, and working procedures, and to ensure that this policy is carried out.
3. To establish an operating budget and operating plan for one year at a time.
4. To foster co-operation with other institutions and funding sources operating in the area of economic development with the aim of co-ordinating consultancy and support measures and ensuring their effectiveness.
5. To discuss plans on which the Institute is working and reports on its operations.
6. To discuss and sign off the annual accounts.
7. To take decisions on total borrowings as per Article 15.
8. To take decisions on share acquisitions and participation in holding companies, investment companies, and development companies.
9. To establish rules and procedures on the terms and conditions of loans and the funding of projects.
10. To take decisions and establish rules and procedures on the granting of loans and guarantees. The executive board shall also establish rules regarding the disclosure of information to the board in these matters. [The rules and procedures decided by the Institute's executive board for the granting of loans and guarantees require the ratification of the Minister before they come into effect.]¹⁾
11. Any other tasks in the area of regional and industrial affairs that [the Minister]²⁾ charges the executive board to undertake.

1) Act 13/2013, Art. 1. 2) Act 126/2011, Art. 291

Article 5. Chief executive officer

[The Minister]¹⁾ shall appoint a chief executive officer for a term of five years at a time having first received the proposal of the executive board. [The terms and conditions of employment of the chief executive officer shall be determined by Kjararáð (The Official Remuneration Council).]²⁾

1) Act 126/2011, Art. 291. 2) Act 87/2009, Art. 7

Article 6. Duties of the chief executive officer

The duties of the chief executive officer of the Icelandic Regional Development Institute are:

1. To direct the day-to-day running of the Institute.
2. To submit proposals to the executive board on:
 - a. the Institute's working procedures;
 - b. the operating budget and operating plan;
 - c. operational priorities;
 - d. borrowings and total lending;
 - e. rules on the terms and conditions of loans.
3. The recruitment of staff.
4. Any other tasks that the executive board charges him to undertake.

SECTION II Operations

Article 7. ...¹⁾

1) Act 69/2015, Art. 6

Article 8. Research on economic and regional development trends

The Icelandic Regional Development Institute shall engage in research and the collection of data and monitor economic and regional development trends and their principal contributory factors and the results of public support measures in the area of industrial and economic affairs and regional development, both in Iceland and in countries where conditions are comparable. The Institute may participate in international research projects and enter into agreements for research in this area with universities, institutes of research, and other parties.

Article 9. Employment consultancy

The Icelandic Regional Development Institute shall organise and contribute to consultancy services on business and industry in the non-metropolitan areas of Iceland in co-operation with economic development agencies, local authorities, and other [interested parties].¹⁾

The Institute, in collaboration with parties that provide employment consultancy services, shall work to create an improved framework of employment consultancy and greater expertise among consultants, with the aim *inter alia* of ensuring the effectiveness of the consultancy services and encouraging the better utilisation of funds.

The Institute may enter into agreements with economic development agencies, institutions, local authorities, independently operating consultants, or other parties, to undertake employment consultancy in a particular field, industrial sector, or geographical area.

1) Act 69/2015, Art. 5

Article 10. Project financing

The Icelandic Regional Development Institute shall provide financial support to projects in the area of economic development and innovation. The Institute's executive board shall select the projects and attempt to identify collaborative partners for them. In its consideration of individual projects the executive board may, together with its collaborative partners, establish

project committees to act in an advisory capacity. The Institute may also delegate to economic development agencies the task of allocating funds for particular projects.

Article 11. Granting of loans and guarantees

The Icelandic Regional Development Institute shall grant loans or guarantees in accordance with its purpose and functions as per Article 2.

The Institute's executive board may delegate decisions on individual loans to the chief executive officer in accordance with the rules and procedures established by the executive board as per Article 4(10).

A clear distinction shall be maintained in the Institute's books and accounts between the Institute's lending activities and its other activities. The financial objective of the Institute's lending activities under this Article shall be to maintain the real value of the Institute's capital and reserves.

The executive board of the Icelandic Regional Development Institute may elect to enter into agreements under which the processing and collection of loans, or any other aspect of the Institute's financial management, is delegated to financial institutions.

[Decisions taken by the Icelandic Regional Development Institute regarding the granting of loans or guarantees and the administration associated therewith as per paragraph 1 are final at the administrative level.]¹⁾

1) Act 13/2013, Art. 2

Article 12. Financing of development projects

The Icelandic Regional Development Institute is authorised to finance risky projects in the area of economic development and innovation in accordance with more detailed rules and procedures laid down by [the Minister]¹⁾ on receipt of the executive board's proposals.

Such activities shall be financed principally through special funding grants from the National Exchequer.

1) Act 126/2011, Art. 291

SECTION III

Other provisions

Article 13. Information on activities

[The Minister]¹⁾ shall present annually to Parliament a report on the operations of the Icelandic Regional Development Institute and the current status of the regional plan.

The annual accounts shall include a register of the Institute's projects and their financing.

1) Act 126/2011, Art. 291

Article 14. Revenue

The Icelandic Regional Development Institute is financed from the following sources:

1. A funding allocation from the National Exchequer as determined in the national budget at any time
2. Income from capital deposits and investments.

Article 15. Borrowing

The Icelandic Regional Development Institute is authorised, within the limits established in the national budget, to take out loans for its operations within Iceland or outside, either in its own name or through the agency of other parties.

Article 16. Fiduciary activities

The liquid assets of the Icelandic Regional Development Institute shall be held in accounts with banks and savings institutions or in the form of guaranteed securities.

Article 17. Exemption from charges and taxes

The Icelandic Regional Development Institute is exempt from all public charges and taxes to the National Exchequer.

Article 18. Confidentiality

Members of the executive board and all members of staff of the Icelandic Regional Development Institute are bound by a duty of confidentiality on matters that come to their notice in the course of their work and that are classified according to law, the instructions of a senior officer, or the nature of the case. The duty of confidentiality remains in place even after the party has ceased to work for the Institute.

Article 19. Regulation

Further provisions on the organisation and operations of the Icelandic Regional Development Institute and the implementation of this Act may be established in a Regulation.¹⁾

1) Regulation 347/2000

Article 20. Entry into force

This Act comes into force on 1 January 2000. ...

Temporary Provisions. Upon the entry into force of this Act, the Minister for Industry shall appoint an executive board to the Institute as per Article 3 to serve up to the first annual general meeting, which shall be held before 1 July 2000.