

ACT
on the Icelandic Regional Development Institute
no. 106/1999

as amended under Acts no. 87/2009, 123/2010, 126/2011, and 13/2013

For the purposes of this Act, all references to ‘the Minister’ or ‘Ministry’ without specification or indication of the particular government department should be read as referring to the **Minister of Fisheries and Agriculture or the Ministry of Industries and Innovation**, who are responsible for the administration of this Act. The areas of jurisdiction of individual ministries are laid down in Act no. 71/2013.

SECTION I
Functions and Administrative Structure

Article 1

Central Administration and Location

The Icelandic Regional Development Institute is an independent state-owned agency and falls under the ultimate authority of the Minister.

The Minister shall decide the location of the Icelandic Regional Development Institute on receipt of the recommendation of the Executive Board.

Article 2

Purpose and Functions

The purpose of the Icelandic Regional Development Institute is to promote the economic development of the rural regions of Iceland and employment and industry in these areas.

In accordance with its purpose the Institute contributes to the preparation, organisation and financing of projects and the provision of loans with the aim of fostering regional settlement, promoting employment and supporting innovation in business and industry. The financing of projects shall, where appropriate, be in collaboration with others.

The Icelandic Regional Development Institute shall monitor regional settlement trends in Iceland, *inter alia* through data gathering and research. The Institute shall organise and contribute to employment consultancy services in co-operation with economic development agencies, local authorities, and other parties. The Institute may make or have made plans for the development of rural areas and industry with the purpose of supporting settlement and employment in the country’s non-metropolitan regions. The Institute may also participate in the drafting of regional plans under the terms of the Planning Act, no. 123/2010, Article 57.

Article 3

Annual General Meeting and Executive Board

An annual general meeting shall be held for the Icelandic Regional Development Institute not later than 1 July in 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 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 shall appoint a chairman and deputy chairman and decide the Board’s remuneration.

Decisions at meetings of the Executive Board shall be taken by a majority of votes cast.

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 principal matters of priority, projects, and working procedures, and to ensure that this policy is carried out.
3. To establish an operating budget and work programme 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 and improving the effectiveness of employment consultancy and support measures.
5. To discuss plans on which the Institute is working and reports on its activities.
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 decided by the Executive Board of the Institute shall have been ratified by the Minister before they come into effect.
11. Any other tasks in the area of regional and industrial affairs that the Minister charges the Executive Board to undertake.

Article 5

Chief Executive Officer

The Minister shall appoint a Chief Executive Officer for a term of five years at a time on receipt of the recommendation of the Executive Board. The terms and conditions of employment of the Chief Executive Officer shall be determined by Kjararáð (The Official Remuneration Council).

Article 6

Duties of the Chief Executive Officer

The duties of the Chief Executive Officer of the Icelandic Regional Development Institute are:

1. To manage the day-to-day operations of the Institute.
2. To submit proposals to the Executive Board on:
 - a. the Institute's working procedures;
 - b. the operating budget and work programme;
 - 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 the Chief Executive Officer to undertake.

SECTION II Operations

Article 7

Regional Plan

The Minister shall submit to Parliament a draft parliamentary resolution for a strategic regional plan for a period of four years. The plan shall set out the government's aims and policies in regional affairs, its plans for action and the place that regional policy occupies in general policy on economic and industrial affairs, and its plans in the area of public services in Iceland.

The regional plan shall set out the current situation and outlooks for development in the non-metropolitan regions of Iceland.

The Minister shall prepare the regional plan in collaboration with the Icelandic Regional Development Institute. In drawing up the regional plan, the Minister shall consult with other ministries, local authorities, and other parties as required.

The regional plan shall be reviewed at two yearly intervals.

Article 8

Research on Economic Trends and Regional Development

The Icelandic Regional Development Institute shall engage in data gathering and research 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 consultation services for business and industry in the non-metropolitan areas of Iceland in co-operation with economic development agencies, local authorities, and other parties.

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 increasing the effectiveness of 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, and other parties, to undertake employment consultancy in particular fields, industrial sectors, or geographic areas.

Article 10

Project Financing

The Icelandic Regional Development Institute shall provide financial support for projects in the areas of industrial 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 assign to economic development agencies the task of allocating funds to 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 under Article 2.

The Institute's Executive Board may delegate decisions on individual loans to the Chief Executive Officer in accordance with rules and procedures that the Executive Board shall lay down as per Article 4, point 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 as per this Article shall be to maintain the real value of the Institute's capital reserves.

The Executive Board of the Icelandic Regional Development Institute may decide 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 that pertain to the granting of loans or guarantees and the administration associated therewith as per paragraph 1 are final at the administrative level.

Article 12

Financing of Development Projects

The Icelandic Regional Development Institute is authorised finance risky projects in the area of economic development and innovation in accordance with rules and procedures that the Minister shall lay down more fully with due consideration to proposals submitted by the Executive Board.

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

SECTION III**Miscellaneous Provisions**

Article 13

Reporting on Operations

The Minister shall present to Parliament an annual report on the operations of the Icelandic Regional Development Institute and the current position of the regional plan.

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

Article 14

Revenue

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

1. A funding allocation from the National Exchequer as decided in the national budget at the relevant time; and
2. Income on capital deposits and investments.

Article 15

Borrowing

To support its activities the Icelandic Regional Development Institute is authorised, within the limits established in the national budget, to take out loans in Iceland or abroad, either in its own name or through the agency of other parties.

Article 16

Secure Placement of Funds

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

Article 17

Exemption from Levies and Taxes

The Icelandic Regional Development Institute is exempt from all public levies 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 must remain undisclosed by law, in accordance with the instructions of a senior officer, or in the nature of the case. The obligation of confidentiality remains in force even after the party has ceased to work for the Institute.

Article 19

Regulation

Further provisions regarding the administrative structure and operations of the Icelandic Regional Development Institute and the implementation of this Act may be laid down by a statutory Regulation.

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 of Industry shall appoint an Executive Board to the Institute as per Article 3 to serve up until the first annual general meeting, which shall be held not later than 1 July 2000.

Bessastaðir, 27 December 1999.

Ólafur Ragnar Grímsson.

Davið Oddson