

REGULATION

No 347/2000

for the Institute of Regional Development

CHAPTER I

Purpose and Organisation

Article 1

Administrative Position

The Institute of Regional Development is an independent institution owned by the state of Iceland and subject to the supreme authority of the Minister of Industry.

Article 2

Purpose

The purpose of the Institute is to work toward the strengthening of regional and economic development in Iceland in rural areas. In order to promote growth, innovation, and changes in the economy, the Institute,

among other things, provides loans and counselling, finances and organises projects, and promotes effective industrial counselling. The Institute makes proposals and plans, based on data collection and research, to encourage regional development.

Article 3

Annual Meeting

The Annual Meeting of the Institute of Regional Development shall be held before 1 July each year. The Board of Directors of the Institute shall decide the date and venue of the Meeting and its agenda. The Annual Meeting shall address topics regarding projects and prospects in regional development, and the operation of the Institute. The Annual Meeting shall be attended by the Minister of Industry, and members of the Board of Directors and the Institute's Management. Furthermore, representatives of industrial development associations and municipalities, Members of Parliament, representatives of other institutions and parties engaged in economic and regional development schemes, the media and other parties

concerned shall be invited to attend.

Article 4

Duties of the Board of Directors

The Board of Directors of the Institute of Regional Development shall formulate the Institute's policy and ensure its implementation. The Chairman of the Board shall convene meetings.

The Board of Directors may assign to a Loan Committee, under the direction of the Director of the Institute, the task of making decisions regarding individual loans granted in accordance with rules established by the Board of Directors. These rules shall, among other things, state the objectives of financing loans, credit term policies, the maximum loan amount allowed, and the amount of risk contribution for individual companies. They shall furthermore describe the arrangements and organisation of the Loan Committee, the criteria applied in decision making, the processing of applications, and the dissemination of information to applicants and response time. The rules shall also stipulate that the Board of Directors shall receive information on a

regular basis for its monitoring activities.

In making its decisions, the Institute of Regional Development shall ensure equality among parties in comparable positions. Particular care shall be taken to ensure that assistance granted by the Institute to companies and individuals causes minimum disruption to competition among companies outside the greater Reykjavík area.

Article 5

Tasks of the Director

The Minister of Industry shall appoint the Director of the Institute of Regional Development for a term of five years, following submission of a recommendation from the Board of Directors. The Head of the Business Department shall act as the Director's alternate. The Director shall be in charge of executive management and daily operations of the Institute, and shall in the course of his work observe the policy and directions issued by the Board of Directors. The Director shall submit proposals regarding organisation and policy to the Board of Directors. He shall also act as Chairman of the

Loan Committee. In other respects not provided for in the Act on the Institute of Regional Development and this Regulation, the tasks of the Director shall be governed by legislation governing lending institutions other than commercial banks and savings banks.

CHAPTER II

Operations

Article 6

Organisation of Operations

The operations of the Institute of Regional Development shall, in addition to the Director's Office, be divided into the following fields:

1. Company Department, whose tasks shall include the processing of loan applications, counselling, granting of loans, funding of projects, research and development projects regarding companies and the economy.
2. Development Department, which shall be responsible for co-operation with employment development agencies and institutions, data gathering and processing of information.