

Seyðisfjörður Incentive Fund: Allocation Rules 2023

1. Purpose

This Incentive Fund is part of the programme sponsored by Múlaþing municipality and the Ministry of Transport and Local Government for revitalising Seyðisfjörður's economy and society and is subordinate to the board of that programme. The Fund's role is to provide financial support for projects aimed at rebuilding and assisting business while also supporting innovation and development projects at Seyðisfjörður. The Icelandic Regional Development Institute will provide advice for the parties to agreements; moreover, the experience and methodology of the Institute's *Fragile Communities* programme will be considered as a model.

2. Priorities and objectives

The focus of the Incentive Fund is on supporting business severely disrupted by the landslides, so that applications by parties which thereby suffered losses will receive priority. In general, the Fund shall give priority to encouraging innovation.

The following priorities are meant both to encourage active undertakings and to serve as guidelines for projects. Consideration will be shown for projects which:

- Increase jobs and strengthen the basis for any sort of local business
- Lead to economic innovation and development, for instance through product development
- Provide greater self-sustainability in the economy and/or improve efficiency and decrease waste
- Work to increase the proportion of local raw materials that are utilised and sold
- Call more attention to Seyðisfjörður and the marketing of its manufacturing, services and products.

3. Allocations

Applications must be submitted using the forms provided by Seyðisfjörður Incentive Fund, and may be rejected if not completed according to instructions. The decision on allocations is final, so it is not possible to request any re-evaluation of individual applications.

- The following entities may apply: Individuals, employers and other parties who are resident to or have a clear connection to Seyðisfjörður independent of residence, on condition that the project for which the grant is requested fulfils the Fund's requirements and its Allocation Rules.
- Every applicant must present a matching contribution equal to no less than 30% of the sum to be granted by the Fund. This matching contribution must be described clearly, i.e. whether it involves work performed, money contributed or other cost participation. In collaborative undertakings, the participation of the other parties must be confirmed.
- Confidentiality is pledged regarding the applicant and her/his application, though a list will be published of the parties receiving grants, together with designations and short descriptions of their projects, the overall costs of these projects and the grant amounts.
- Normally, no project should last for over one year. If the time frame is longer, the project stages must be specified, applying for a grant for separate stages that are to be finished within 12 months of signing the grant agreement.
- The applicant is responsible for having obtained every permit required to carry out the project.
- The Fund completes an agreement with the grant recipient before starting payments; thereafter, these occur according to the project's progress and terms of the agreement. The final payment normally occurs after satisfactory presentation of the final report.
- Grants of less than ISK 2 million are generally paid in two instalments: the first half (50%) when the agreement has been signed and the other half following submission of a satisfactory final

report. Grants of over ISK 2 million are paid in two or three instalments: 50% upon signing the agreement, 30% upon submitting an optional interim progress report, and finally 20% or 50% following satisfactory submission of a final report along with suitable documentation.

- The final report must provide information on progress and outcomes in relation to terms of the agreement and the schedule in the application. Any changes to the project must be explained, for instance if the Fund grant or other financing has turned out differently than planned. The project will be evaluated based on the final report and considering such changes. If significant deviations have occurred in the project since the application was submitted and the agreement signed, the board may decide to refuse to make the final payment.

It is essential that the grant recipient ask the project manager/board about expected deviations in the project before they happen. Should the project not be finished within 12 months of signing the agreement and receiving the first payment, the grant recipient shall either repay the grant or present an explanatory statement about the delay. This statement shall be dealt with by the project manager in consultation with the project board.

- The Allocation Rules shall be reviewed annually by the project board.

4. Eligible costs

The Seyðisfjörður Incentive Fund helps with the financing of eligible costs. These must be mentioned in the cost budget proposed by the application and include the following aspects:

4.1 Estimated contribution in the form of labour

Contributions in the form of labour that is meant to be a matching contribution for the grant shall include the work hours of both the applicant and any collaborators. Although it is permissible to base calculations on other wage rates applying to each particular participant, no wage may be lower than the reference wage, which shall be ISK 4,500 per work hour.

Records must be kept of hours worked on the project and shall be submitted together with other documents on project expenses.

4.2 Travel and conference costs

Every project trip must be explained, whether inside Iceland or overseas, stating the purpose and destination and providing an estimate of the travel expenses. An effort must be made to choose the most economical and environmentally friendly means of transport in each case.

4.3 Services purchased

Purchased services, including consulting, have to be clarified, detailing the cost and expected benefit as well as where the service is to be purchased and what it will involve. Work performed by the applicant or a collaborator is not included in purchased services.

4.4 Other costs

The application must describe the input resources required for the project. It is permissible to buy specialised equipment needed for the project.

Also, grants may extend to purchases which are connected to the project and have already occurred since the landslide date of 18 December.

4.5 Not eligible for Incentive Fund grants

Purchases of lots, land or farm estates

5. Allocation Rules and application evaluations

In order to allow for evaluating applications in the most professional and objective manner, they will be evaluated in accordance with the guidelines appearing below. Points are given for each aspect so as to ensure that conditions are being fulfilled and to provide a basis for comparison when evaluating the applications.

The project board and/or selection committee of the Fund shall observe the Allocation Rules when evaluating applications. Applicants therefore need to note these Rules and formulate their applications in accordance with stated requirements.

5.1 Application tidiness and completion

Applications are submitted online and can be in either Icelandic or English, with consideration being shown for the extent of preparation and completion. The project description shall clarify what sort of undertaking is involved, along with its purpose and goal, and shall state what must be performed and when, in addition to the results. Finally, the description must be completed in such a way that one brief description can be published without change, in addition to a more extensive description which allows readers of the application to evaluate whether the application merits more careful assessment. Applications may be rejected which do not meet the minimum requirements for completion.

The application has to be accompanied by an operating plan and budget which the form itemises according to financing and expenditures. This information must be filled out in the spaces provided. The reason for this arrangement is to help the reader figure out immediately the project's financing and cost credibility. Nonetheless, it is vital to append all appropriate documents on project operations which can apply, such as a business plan and operating summary.

5.2 Reference points in operating plans

- Project description and completed application
- Budget
- Financing
- Project plan and schedule

5.3 Application contents and credibility

In this respect, consideration will be given to how well the project satisfies and covers the aspects significant to the programme for revitalising Seyðisfjörður's economy and society.

The project has to be conducted at Seyðisfjörður and/or mainly benefit its residents. Being domiciled at Seyðisfjörður or being able to demonstrate a direct connection to the community there will be viewed as advantageous for the applicant.

The applicant shall indicate how her/his qualifications and skills will help in executing the project, for example by referring to a curriculum vitae, a summary of previous undertakings or anything else which confirms that s/he is probably capable of carrying out the project as set forth. Furthermore, it is desirable to explain the knowledge and experience of any collaborators. Attaching a curriculum vitae to the application will not suffice; instead, the section of the application has to be filled out which asks for such a description.

The overall evaluation of whether the project is likely to be accomplished as described will be founded on the assessment of the project board and/or advisors and based on all of the aspects appearing on an assessment sheet.

Consideration may be shown for whether the project includes the collaboration of two or more parties, realising however that not all projects provide an adequate basis for collaboration. If the involvement

of specialists and/or scientific institutions is preferable for a project, the assessment of the application must take this into consideration.

5.4 Project reference points

- Relationship to revitalising Seyðisfjörður's economy
- Social impact
- Knowledge and experience of the applicant
- Project benefits
- Project value
- Project innovativeness

5.5 Evaluation factors for all projects

- Probability of positive social and economic effects on Seyðisfjörður
- Probability that the applicant is able to carry out the project in a convincing, satisfactory manner
- Chances for innovation
- Chances of the project leading to a future job/jobs or part-time work
- Likelihood of increased professionalism and/or economic diversity
- Project bearing on Incentive Fund objectives concerning employment, society and the environment
- Connection of the applicant and project with Seyðisfjörður

6. Advice on grant allocations

It is critical that the project board be sensitive to eligibility rules when making decisions; thus members shall disqualify themselves if the circumstances are likely to reduce confidence in impartiality regarding project selection. Provisions of the Administrative Procedures Act, No. 37/1993, and Article 20 of the Local Government Act, No. 138/2011, shall be taken into account when assessing ineligibility.

In order to remove all doubt, the project board is authorised to seek advice or establish a selection committee for evaluating applications and submitting written opinions on them to the board. Nonetheless, the board shall bear responsibility for allocating the grants.

7. Grant allocation

During the application process, confidentiality shall be pledged to applicants regarding application contents which relate to the projects involved. However, the project board reserves the right to discuss publicly, including in the media, those projects which have received grants.

Ordinarily, the project or project component receiving a grant may not take more than one year. In instances of long-term projects, the project stages must be explained, basing the budget and grant amounts on these stages. Once the grant allocations have been announced, the results are final: it is thus not possible to request any re-evaluation of individual applications.

Should the funding available for grants in a certain year total more than was distributed in the main allocation, the project board may either advertise for applications again before year-end or add the remaining funds to next year's allocations.

8. Overseeing grant utilisation

An agreement shall be made for each grant. If no such agreement has been signed with the grant recipient within three months of the allocation announcement, the granted funding will automatically be cancelled. Otherwise, the grant shall be paid in accordance with the project's progress and in keeping with the agreement, on condition that the interim report for that particular stage (where applicable) or the final report has been approved. The final payment is made when the project board has approved the final report or according to the board's rules of procedure.

The project board, along with the project manager in some cases, oversees the utilisation of grants as specified in the applications. Should a project deviate from the application, this deviation must be substantiated and reported in writing to seek approval by the Fund's project manager.

Within a year of completing the project, the grant recipient must describe the accomplishments and results in a written report to the board. If so requested, the recipients involved must also be prepared to present their projects at the Fund's annual general meeting.

Should a project receiving a grant not be finished within a year of planned completion and in accordance with the application, approved deviations or terms of the Fund, repayment may be demanded. Applicants must have finished an interim progress report and/or the final report on account of any previous grant before applying for a new grant.

9. Effective date

The above stipulations shall take effect upon approval of the Allocation Rules by the Fund's project board on 9 December 2021.