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S E C R E T

Mo JF

Oifig an Aire Gnóthaí Eachtracha

NI/F/1/2

10 September 1986.

MEMORANDUM FOR THE GOVERNMENT

ESTABLISHMENT OF THE INTERNATIONAL FUND FOR IRELAND

S U M M A R Y

This memorandum seeks the approval of the Government for the establishment of the International Fund for Ireland, pursuant to Article 10(a) of the Anglo-Irish Agreement. The Fund will be an autonomous international organisation established by an Agreement between the British and Irish Governments. It will be administered by an independent Board which will consist of a Chairman and not less than six other members appointed jointly by the two governments. The Board will be assisted by an Advisory Committee composed of senior officials of the two Governments. The accommodation and secretarial services necessary for the proper functioning of the Fund will be provided jointly by the two governments. The Irish Government's contribution to the administrative and organisational expenses of the Fund will be met from Subhead I (Anglo-Irish and North/South Cooperation) of the Vote of the Department of Foreign Affairs.



The establishment of the International Fund for Ireland requires the following:

- (i) an international agreement between the British and Irish Governments establishing the Fund;
- (ii) a technical Agreement between Ireland, Britain and the United States securing the first tranche of U.S. aid to the Fund (U.S. \$50 million) which must be disbursed before 30 September 1986;
- (iii) a resolution in Dáil Eireann approving the bilateral Agreement with Britain;
- (iv) agreement by the Government to the composition of the Advisory Committee to the Fund;
- (v) and, at a future stage, a Government Order designating the International Fund for Ireland as an international organisation with legal personality.

S E C R E T

Oifig an Aire Gnóthaí Eachtracha

NI/F/1/2

10 September 1986

MEMORANDUM FOR THE GOVERNMENT

ESTABLISHMENT OF THE INTERNATIONAL FUND FOR IRELAND

DECISIONS SOUGHT

1. The Minister for Foreign Affairs requests the authority of the Government to:
  - (i) arrange for the signature, on behalf of the Government, of the Agreement between the Government of Ireland and the Government of the United Kingdom concerning the International Fund for Ireland (text at Appendix 1 to this Memorandum);
  - (ii) arrange for the signature, on behalf of the Government, of the Agreement between the Government of Ireland, the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning the International Fund for Ireland (text at Appendix 2 to this Memorandum);
  - (iii) move a resolution in Dáil Eireann as soon as possible in the next session, approving the terms of the agreement at (i) above;



- (iv) request the Attorney-General to arrange with the Parliamentary Draftsman for the drafting of an Order under Section 40 of the Diplomatic Relations and Immunities Act 1967, which would grant the International Fund for Ireland the status of an international organisation;
- (v) arrange for the exchange with the British Government of Notifications of Acceptance of the Agreement at (i) above after Dáil approval has been obtained ;
- (vi) arrange for a representative of the Department of Foreign Affairs to be the Joint Chairman of the Advisory Committee to the Fund and for the other Irish Government representatives on the Committee to be drawn normally from the Departments of Finance, Industry and Commerce and the Joint Secretariat of the Anglo-Irish Intergovernmental Conference;
- (vii) create two posts [1 H.E.O./Third Secretary and 1 C.A. (Shorthand Typist)] in the Department of Foreign Affairs to enable the proper functioning of the Fund and to deal with the new block of work arising from its operation;
- (viii) pay a grant of up to the equivalent of Stg £20,000 (IR£23,000 approx) in the current fiscal year from Subhead I of the Vote of the Department of Foreign Affairs to the administration account of the Fund.

#### REASONS FOR THE PROPOSAL

2. Article 10(a) of the Anglo-Irish Agreement states:

"The two Governments shall co-operate to promote the economic and social development of those parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and shall consider the possibility of securing international support for



this work". The International Fund for Ireland is being established to provide a channel for that support.

#### LEGAL BASIS FOR THE FUND

3. On 17 July 1986, the Government agreed to the establishment of the Fund as an international organisation by means of an international agreement with the British Government. (Decision No. 21138B). The text of the proposed Agreement is set out at Appendix 1 to this Memorandum. However, before the Government can become bound by the agreement, the Dáil must pass a resolution approving its terms (Article 29.5.2<sup>o</sup> of Bunreacht na hEireann). After parliamentary approval in Ireland and Britain, Notifications of Acceptance can be exchanged, at which stage the International Fund will come into existence as an international organisation. Then, by separate memorandum, the Minister for Foreign Affairs will ask the Government to make an order under Section 40 of the Diplomatic Relations and Immunities Act 1967, designating the Fund as an international organisation, with legal personality in Irish law and providing the tax exemptions which are set out in Article 5(2) of the Agreement and which are acceptable to the Department of Finance. It is desirable that the Order should be available in draft form when Dáil approval to the terms of the Agreement is being sought. The procedure outlined here is broadly similar on the British side - requiring an affirmative resolution in the House of Commons, with the probability of debate.

#### CONTRIBUTIONS TO THE FUND: CURRENT POSITION

4. The Fund will be established for an indefinite duration. In practice, its duration will depend on the continuing availability of contributions. Since the signing of the Anglo-Irish Agreement, discussions have been held with the Commission of the European Communities, some member States



and other sympathetic governments (e.g. U.S., Canada and New Zealand) to secure contributions to an International Fund for Ireland. The position concerning contributions to the Fund is as follows:

5. U.S.: The U.S. Congress has approved an Authorisation Bill which provides for a contribution of \$120 million (IR£ 90 million) in the period up to 1988 [\$50m in 1985/6, \$35m in 1986/7 and \$35m in 1987/8]. An appropriation provision in respect of the \$50 million in the current U.S. fiscal year ending 30 September, has already been approved by Congress and signed into law by the President. Further appropriations will be required annually. U.S. support for the Fund may continue after 1988 although no formal commitment has been given.
6. The U.S. must disburse its 1985/6 contribution to the Fund before 30 September 1986. However, the Fund will not be in existence legally by that date, because of parliamentary procedural requirements in both Ireland and Britain. Therefore, the U.S. will sign an agreement with Ireland and Britain providing for the disbursement of the first tranche of its contribution into a Trust Account to be held there until the Fund is established and certain conditions have been fulfilled. The text of this Agreement is contained in Appendix 2 to this Memorandum. It will enter into force on signature. The Attorney General's Office has been consulted and agrees that the terms of the Agreement with the U.S. are not such as to require prior Dáil approval. Any future agreements on the use of U.S. funds will be between USAID and the Fund once the latter has acquired a legal personality.
7. Commonwealth Countries: New Zealand's Prime Minister advised the Taoiseach on 7 July that his government have decided to make a contribution of NZ\$300,000 (IR£120,000 approx.) to the Fund. The New Zealand contribution will be announced publicly during the visit to Ireland of Deputy



Foreign Minister O'Flynn on 19 September. Canada's Prime Minister announced his country's contribution of Can\$10 million (IR£5.5 million approx.) to the Fund on 13 July 1986. The Canadian contribution will be divided between loan guarantees to facilitate Canadian firms involved in joint small business ventures in the two parts of Ireland and cash grants to promote and fund educational and training exchanges between the two countries. The exact details of the Canadian offer have still to be worked out. It had been hoped that Australia would also contribute to the Fund, but because of its current budgetary problems, the Australian Government has decided not to make a contribution this year. The Irish Ambassador in Canberra intends to pursue the matter in cooperation with his British counterpart with a view to persuading the Australian Government to contribute to the Fund next year.

8. EEC Countries: It has not been possible so far to secure British agreement to seeking a European Community contribution to the Fund. It is understood that British reluctance stems mainly from the question of additionality (i.e. no extra funds to NI from the British Exchequer). The British are also concerned at the effects which a Community contribution to Northern Ireland might have on Budget rebates due to them from the EEC Budget. Soundings concerning the possibility of national contributions have been taken in a number of capitals by Irish Ambassadors. Preliminary reactions are not encouraging. In Bonn, Paris and the Hague, public spending objections to national contributions were stressed. The German and Dutch authorities indicated that they had envisaged European Community financial aid. The German Ambassador to Ireland subsequently confirmed that a German national contribution could not be contemplated for a combination of budgetary and political reasons. Notwithstanding these negative reactions, the British side have indicated that they are prepared to make joint approaches with us in the Community capitals seeking national contributions to the Fund. They



have also raised the possibility of seeking donations to the Fund from a number of other countries, particularly Sweden and Switzerland. Efforts are continuing, however to secure British agreement to Community action and the Minister for Foreign Affairs will pursue the matter with the British Secretary of State on 15 September.

BOARD OF FUND

9. The Fund will be administered by a Board which will consist of a Chairman and not less than six other members, who will be appointed jointly by the two Governments. As approximately three quarters of the resources of the Fund will be spent in Northern Ireland, it is proposed that the Chairman will usually come from there and be nominated by the British side. The British government will normally suggest three further names for Board members from the north (including one nationalist) and the Irish government will suggest three names. The Government have already authorised the Minister for Foreign Affairs to approach three people to serve on the Board. As soon as all seven people being considered for Board membership agree to serve, the Minister Foreign Affairs will by separate memorandum ask the Government to make the Board appointments jointly with the British Government.
10. Donor countries may designate observers who may attend and participate in Board meetings in a non-voting capacity. The U.S. has indicated its intention to exercise this option.
11. Irish and British officials will soon finalise the details of the terms and conditions of service of the Board and these will be submitted to the Department of the Public Service for approval. They will include the following:
  - the Chairman and members of the Board will be appointed for a three year term;



- the Chairman of the Board will be paid an annual fee equivalent to Stg £2,000 while Board members will receive the equivalent of Stg £1,000;
- travel costs and actual reasonable expenses, necessarily incurred by Board members in the performance of their duties, will be refunded.

#### ADVISORY COMMITTEE

12. The Board of the Fund will be assisted by an Advisory Committee, composed of senior officials of the two Governments, which will submit recommendations to the Board on all projects and applications for assistance from the Fund and on the provision of venture capital. The Advisory Committee will consist of eight members under joint chairmanship. The Minister for Foreign Affairs proposes that the Irish Government Joint Chairman should be a representative of the Department of Foreign Affairs and that the other representatives on the Committee should be drawn from the Departments of Finance, Industry and Commerce and the Anglo-Irish Secretariat. Officials from other Departments will be asked to attend meetings of the Committee as appropriate.

#### STAFFING OF FUND

13. Article 10 of the Agreement establishing the Fund states that the accommodation and secretarial services necessary for the proper functioning of the Fund will be provided jointly by the two Governments. It is envisaged that the Board and the Advisory Committee will be assisted by two Joint Secretaries and necessary supporting staff. On the Irish side, the Anglo-Irish Section of the Department of Foreign Affairs will provide the requisite personnel whose salaries and other costs will continue to be borne on the Vote of the Department of Foreign Affairs.



STAFF IMPLICATIONS FOR THE DEPARTMENT OF FOREIGN AFFAIRS

14. Although the work of servicing the Fund, its Board and the Advisory committee is complementary to the existing work of the Anglo-Irish Division, it will, nevertheless, involve additional responsibilities. The Minister for Foreign Affairs believes that some of the extra work can be absorbed by the existing complement of staff. However, he considers that, from the outset, one additional Higher Executive Officer/ Third Secretary and one additional typist (C.A. Sh/typ) will be necessary to cope with the volume of work arising from processing applications, preparation of projects, organisation of meetings etc. The Minister for Foreign Affairs believes that, as the operation of the Fund expands, additional staff may be necessary. Any extra staff engaged in the administration of the Fund will be required only for the duration of the Fund's existence.

OPERATIONAL EXPENSES AND EXCHEQUER COSTS

15. Article 10 of the Agreement also stipulates that the administrative and organisational expenses of the Fund will be provided by the two Governments. It is envisaged that the two Governments will contribute equally to an administrative account which will be used to pay:
- (i) the emoluments of Board members;
  - (ii) travel costs and actual reasonable expenses incurred by Board members in the performance of their duties;
  - (iii) the operational costs (e.g. equipment, notepaper, advertising) of the Fund.



16. The Minister for Foreign Affairs proposes that the Irish Government contribution to the administrative account will amount to no more than the equivalent of Stg £20,000 (IR£23,000 approx.) in 1986, with similar amounts in 1987 and 1988. The contribution will be made as a grant from Subhead I (Anglo-Irish and North/South Co-operation) of Vote of the Office of the Minister for Foreign Affairs. In the current fiscal year there are sufficient funds remaining in the Subhead to cover the proposed grant.

#### ALLOCATION OF FUNDS

17. The Agreement establishing the Fund indicates that approximately 75% of the total will be spent in the North and 25% in the South. The areas of activity of the Fund will be determined in large measure by the preferences of the donors as set out in their agreements with the Fund. The U.S. Administration preference, and that of the U.S. Congress, is for the Fund to "have as a paramount objective the economic recovery of the region, especially through the expansion of private sector activities". The U.S. has indicated that on this basis it accords a low priority to public sector infrastructural projects unless they can be clearly shown to promote productive private enterprise.
18. The U.S. which is by far the largest contributor to date has made it clear that the activities of the Fund should reflect the U.S. preference in proportion to its contribution to the Fund. Therefore, until other donors with different priorities contribute, its requirements, together with the need to secure its continuing support, will shape the programme of the Fund.

#### THE VENTURE CAPITAL COMPANIES

19. In Article 12 of the Agreement, provision is made for the establishment, from the resources of the Fund, of two



venture capital companies, one in the South and one in the North. The two companies will be identical in almost all respects and will share a significant number of common directors. The aim of the companies will be further to stimulate viable and self-sustaining growth in the private sector in both parts of Ireland. Establishment of the venture capital companies must, however, await the establishment of the Fund and a decision by its Board. It is envisaged that approximately 25% of the total cash contribution to the Fund will be allocated to these companies.

#### OBSERVATIONS FROM DEPARTMENTS

20. All Departments have been consulted and the following observations have been received:

The Department of the Taoiseach is of the view that, having regard to its functions in relation to Northern Ireland, consideration should be given to its representation on the Advisory Committee.

While it is assumed that the composition of the Advisory Committee will be kept confidential so far as possible, it cannot be excluded that it may become publicly known. Therefore, it raises for consideration whether there are not disadvantages, in terms of the acceptability of the Fund and cooperation with it on the part of Unionists in having direct representation of the Anglo-Irish Secretariat on the Advisory Committee. Even if not directly represented, the Secretariat remains available as a channel of communication with the British authorities and Northern Ireland Departments.

21. In the Minister for the Environment's view it should be recognised that representative local government can have a significant part to play in promoting improved conditions and improved cross-border relations in the troubled areas



and this should be reflected in the arrangements relating to the operation of the Fund. In view of these considerations the Minister considers that the representation on the Committee should be extended to include his Department.

It remains to be clarified how the Advisory Committee is to deal with the technical appraisal of the likely wide variety of projects to be submitted to it. If departments were to be called on for such input there could be considerable implications for this Department in terms of staffing and workload.

It is not clear whether, or how, within the framework of the relevant Agreements etc. Government policy and priorities will be brought to bear in the work of the Irish representatives on the Advisory Committee: this Department would expect to be involved in any arrangements for this purpose.

22. The Department of Social Welfare points out that it appears to be intended that the Fund at the outset will have as a paramount objective the promotion of economic activities particularly in the private sector. The Department's view would be that the Fund's activities should have a significant and identifiable social dimension and that the commitment to social development expressed in Article 10(a) of the Anglo-Irish Agreement and in Article 4(c) of the Draft Agreement between Ireland and the U.K. concerning the Fund should be clearly reflected in the operation of the Fund. It is considered that schemes and programmes of voluntary effort, community development and self-help, many of which already exist north and south, should receive an appropriate share of the resources of the Fund. A number of such projects are already receiving assistance under the second EEC anti-poverty programme but that programme is on a very small scale and includes a very limited number of projects (3 in Northern Ireland and 9 in the South). These



projects are organised by local groups and involve local people in identifying and developing community responses to problems of unemployment, social isolation and poverty generally.

One of the features of the EEC programme to date has been the degree of contact between the projects north and south and there have been a number of discussions on issues of mutual concern. North-South co-operation in this whole area through the medium of the Fund could contribute significantly to the promotion of understanding between people living and working in communities in both parts of Ireland.

In order to adequately reflect this aspect of the Funds activities it is considered that the Advisory Committee to the Fund should as of right have representation from Departments with responsibilities in regard to projects of this kind in addition to the Departments specifically mentioned at paragraph 1(vi) of the memorandum.

23. The Department of Health also suggested the appointment of a representative of the "social departments" to the Advisory Committee of the Fund.
  
24. The Department of Education wishes to emphasise the importance of educational contacts and cooperation in the process of North-South reconciliation, the long-term effects of which could prove of much more lasting consequences than commercial considerations, in the modification of people's attitudes. It is concerned that an appropriate proportion of the resources now becoming available should be devoted to educational initiatives of a cross-border nature. It requests, therefore, that it should be adequately represented on the Interdepartmental Committee which it is understood will be set up to make recommendations to the Advisory Committee of the Fund. It



also requests that when resources are designated by a donor, for specifically educational purposes, this Department should be represented on the Advisory Committee of the Fund.

25. The Department of Industry, Trade & Commerce noted that the proposed establishment of the two Venture Capital Companies will await the establishment of and an appropriate decision by the Fund's Board. There may be a possible role for the NDC to play in this area but this can be considered by the Advisory Committee at the appropriate time.

26. The Minister for Finance wishes to record the following:

- (i) he wishes to point out that it is not possible to pay an annual grant of £23,000 from Subhead I in advance of expenditure being incurred. All that the Memorandum need specify is that the administrative expenses of the Fund will be met from Subhead I payments issuing as and when required. [The setting up a new grant-in-aid subhead specifically for the Fund is not desirable for the reasons recently reiterated in Department of Finance Confidential Circular 2/86 entitled "Grants-in-aid"].
- (ii) concerning the proposed new Venture Capital Companies, the Minister urges that existing structures be fully utilised as far as the Southern company is concerned. In this regard he would see the NDC as being the best mechanism through which venture capital funding could be administered for the following reasons -
  - it would avoid wastefully duplication of administrative structures and resources which would reduce the monies available for straight venture capital funding
  - it would prevent ungainly competition between the NDC and a new company for projects and staff resources



- it would ensure the more effective utilisation of the Fund.

Consistent with this and, indeed, with paragraph 19 of the draft Memorandum for the Government, "shall" in line 1 and line 7 of Article 9 should read "may" (the decision ultimately rests with the Board of Trustees).

(iii) finally the Minister requests the Government to take the following additional decision:

"that no Exchequer liability, other than the administrative expenses of the Board and the Advisory Committee, will arise either during the period of operation of the Fund or thereafter".

27. While the Department of the Public Service does not wish, in any way, to place obstacles on the establishment of the Fund, the question of creating two additional posts is another matter.

The Government has already directed that there should be a net reduction of 15 posts on the Foreign Affairs establishment by the end of 1986, and it is essential (as for all other Departments) that this target is adhered to.

In any event the Anglo-Irish Division has received an enormous increase in staffing as a result of the Anglo-Irish Agreement, a total of 36 additional posts viz

1 Deputy Secretary  
3 Counsellors  
5 First Secretaries  
6 Third Secretaries  
3 HEOs  
14 C.A.s  
4 Messengers



Three of these posts have not yet in fact been filled since their creation last December.

In view of the generous authorised complement, the Department of Public Service feels that there should be no need for extra posts to be created over and above this number.

If extra posts were to be created these would have to be compensated for by suppressions elsewhere in Foreign Affairs' establishment.

28. The Minister for Energy welcomes the proposals in the memorandum. He notes that the objectives of the Fund as defined in Articles 2, 3 and 4 of the bilateral agreement are somewhat broader than the priorities identified in Articles 2 and 6 of the trilateral agreement.
29. The Minister for Labour will make his views known at the meeting.
30. The Office of the Revenue Commissioners suggested several considerations which are relevant to the making of the Order under the provisions of the Diplomatic Relations and Immunities Act 1967. These observations will be taken into account when the Order is being drafted.

#### COMMENTS OF THE MINISTER FOR FOREIGN AFFAIRS

##### Advisory Committee

31. If the Advisory Committee is to function properly and without undue cost, it must be a reasonable size. It has been agreed with the British side that the desirable size of the Committee is eight - four from each jurisdiction. In suggesting the Departments from which the Irish Government representatives should be drawn, the Minister for Foreign Affairs has taken into account the importance attached by the U.S., the major donor to the Fund, to the



promotion of private enterprise. He has also taken into consideration the desirability of practical links between the operation of the Fund and the work of the Inter-Governmental Conference and for this reason has suggested the inclusion of a member of the Anglo-Irish Secretariat.

The Minister is conscious of the need to ensure a coherent Government strategy in respect of applications to the Fund which come from this jurisdiction. Accordingly, he intends to allocate this as a principal task to an Inter-Departmental Committee which he intends to form to advise on the economic, social and cultural aspects of the Anglo-Irish Agreement. All Government Departments will be represented on this Inter-Departmental Committee.

In addition, the Minister for Foreign Affairs emphasises that, when appropriate, Government Departments other than the 'core' Departments may be represented on the Advisory Committee (paragraph 12 of the memorandum).

#### Operational Expenses and Exchequer Costs

32. The Minister for Foreign Affairs notes the observations of the Minister for Finance that it is bad practice to pay in one sum the full amount of £23,000 to meet the administrative and organisational expenses of the Fund. He wishes, however, to stress the importance attached by the U.S. to the independence of the Fund. Accordingly, he accepts the views of the Minister for Finance on the understanding that the staged payments of the grant will be used only as good accounting practice and not as a check on the activities of the Fund. The annual budget for the administrative and organisational expenses of the Fund will be negotiated between the Board and the two Governments.



Exchequer Liability

33. Concerning the suggestion by the Minister for Finance that the Government should decide that no Exchequer liability should arise from the operation of the Fund, the Minister for Foreign Affairs wishes to point out that, in practice, any such decision will apply only to the dealings of Government Departments and State Agencies with the Fund: the Fund itself will be bound by the provisions of the Agreement establishing it. The Minister assumes that Government Departments and State Agencies will follow the established financial procedures in this as in other matters.

Staff Implications for the Department of Foreign Affairs

34. The Minister for Foreign Affairs wishes to stress the importance of providing adequate staff for the work of the Fund. In discussions, the US has already expressed doubts that sufficient staff are being assigned to this work. The Minister considers it essential that his proposals for extra staff be adopted if the concerns of the US administration are to be met.

The Minister wishes to point out that the numbers of additional posts in the Department's Anglo-Irish Division as a result of the Anglo-Irish Agreement are considerably lower than those cited by the Department of the Public Service. The figures should read as follows:

1 Counsellor  
5 First Secretaries  
6 Third Secretaries  
1 H.E.O.  
3 Shorthand Typists  
7 Clerical Assistants  
4 Messengers



At the time it was not envisaged that the Division would be involved in the administration of an International Fund of the kind now proposed and the staffing increases did not provide for such work. Because of delays in recruitment at Third Secretary level, the Division has been under full strength since the beginning of the year and has been unable effectively to carry out all its functions. This will shortly be rectified with the assignment of two Third Secretaries to fill the vacancies mentioned by the Department of the Public Service. It is clear that the administration of the Fund will add considerably to the work of the Division and the Minister is of the view that the staff proposed (1 Third Secretary and 1 Clerical Assistant) is the minimum required. He would point out that the Department is already fully stretched and will suffer further from the reduction in its establishment by the end of the year. He does not therefore consider that it is possible to redeploy staff to work on the Fund from elsewhere in the Department's establishment.

#### The Venture Capital Companies

The Minister for Foreign Affairs notes the observations of the Ministers for Finance and Industry, Trade and Commerce concerning the establishment of venture capital companies and will bring them to the attention of the Board and Advisory Committee of the Fund at the appropriate time. Article 9 of the Agreement was drafted in consultation with U.S. which attaches considerable importance to the establishment of the venture capital companies. The Minister believes that it would not be possible to obtain U.S. agreement to change the text of this Article in the manner suggested by the Minister for Finance.



AGREEMENT BETWEEN THE GOVERNMENT OF IRELAND AND THE GOVERNMENT  
OF THE UNITED KINGDOM CONCERNING THE INTERNATIONAL FUND FOR  
IRELAND

The Government of Ireland and the Government of the United  
Kingdom:

Desiring to establish a Fund to contribute to the work  
envisaged in Article 10(a) of the Anglo-Irish Agreement of 15  
November 1985, which provides as follows: "The two Governments  
shall co-operate to promote the economic and social development  
of those areas of both parts of Ireland which have suffered  
most severely from the consequences of the instability of  
recent years, and shall consider the possibility of securing  
international support for this work";

Convinced that such a Fund would be an important expression of  
international support for the common commitment of the two  
Governments to peace, stability, dialogue and reconciliation in  
Ireland and their common opposition to the exploitation of  
instability for political ends;

Recognising that serious under-employment and multiple  
deprivation create an environment in which instability can  
flourish, and that instability and conflict in turn create  
conditions which are inimical to social and economic progress;

Recognising the damage caused to both parts of Ireland by that  
instability;

Have agreed as follows:



ARTICLE 1

The International Fund for Ireland is hereby established by the two Governments for the purposes and in the manner set out in this Agreement.

ARTICLE 2

The objectives of the Fund are to promote economic and social advance and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland.

ARTICLE 3

In pursuance of these objectives, the Fund shall stimulate private investment and enterprise, supplement public programmes and encourage voluntary effort, including self-help schemes. In the voluntary sphere, special emphasis shall be placed on supporting economic and social projects sponsored by men and women of good will throughout Ireland who are engaged in the task of communal reconciliation. The need to maximise the economic and social benefits of the Fund in Ireland shall be an overriding consideration in making disbursements from its resources and these disbursements shall be consistent with the economic and social policies and priorities of the respective Governments. Because of the special problems in Northern Ireland associated with the instability of recent years, approximately three-quarters of the resources of the Fund shall be spent there.

ARTICLE 4

In accordance with the objectives and criteria set out above, the Fund shall give priority on a value for money basis to the following:

- (a) the stimulation of private sector investment, in particular by means of venture capital arrangements using some of the resources of the Fund;



- (b) projects of benefit to people in both parts of Ireland, for example, improved communications and greater cooperation in the economic, educational and research fields;
- (c) projects to improve the quality and conditions of life for people in areas facing serious economic and/or social problems. Spending will be carefully targetted to meet needs arising from factors such as high unemployment, underdeveloped social, health or education facilities, poor environment and sub-standard infrastructures;
- (d) projects to provide wider horizons for people from both traditions in Ireland including opportunities for industrial training and work experience overseas.

#### ARTICLE 5

(1) The Fund is established as an international organisation of which the two Governments are members.

(2) The Fund shall have legal personality. Its legal capacity shall include the capacity to contract, to acquire and dispose of property and to institute legal proceedings. In particular it shall have power to enter into agreements with any donor consistent with the provisions of this Agreement provided that neither Government has indicated any objection. The Fund shall be exempt from the payment of direct taxes.

#### ARTICLE 6

The Fund shall have as its sole principal organ a Board which will consist of a Chairman and not less than six other members. The Chairman and other members of the Board shall be appointed jointly by the two Governments. They shall serve on terms and conditions decided by the two Governments. Donor countries if they so wish may send observers to participate in Board meetings. The decisions of the Board shall be taken by a majority. The Board shall, subject to the approval of



the two Governments, establish rules of procedure and operating rules. Under these rules, a power of the Board may be delegated to one or more of its members. Subject to this Agreement, the members of the Board shall act independently and shall not receive instructions from Governments as to the exercise of their powers.

#### ARTICLE 7

The Board shall consider applications for assistance from the resources of the Fund and, if the Board is satisfied that they fall within the purposes set out above, may authorise grants and loans to any authority or any person or association for the purposes set out in the foregoing articles. The Fund shall also provide resources for the establishment of the two companies referred to in Article 9 below.

#### ARTICLE 8

The Fund may contribute to the resources of existing bodies specialising in the provision of venture capital to be used for purposes within Article 4 of this Agreement.

#### ARTICLE 9

The Fund shall also provide money for and initiate the establishment of two Investment Companies, one to be established in each part of Ireland, with a significant number of common directors and similar objectives, whose function will be to furnish venture capital for the private sector. Persons of established commercial experience especially in the international field shall be invited by the Board of the Fund to participate in the management of these Companies. Each of these Companies shall be concerned with ventures primarily in one of the two parts of Ireland and shall be registered there: but in appropriate cases, they may both support a venture or enterprise. The Companies shall identify the risk capital needs for ventures of existing or new industrial and commercial



enterprises and will provide, on sound commercial criteria, equity capital or loans. The aim of the Companies shall be further to stimulate viable and self-sustaining growth in the private sector of the economies of both parts of Ireland.

#### ARTICLE 10

The Board shall be assisted by an Advisory Committee composed of representatives of the two Governments, in particular as regards all applications made to the Fund under Article 7. The accommodation and secretarial services necessary for the proper functioning of the Fund, together with its general administrative and organisational expenses, shall be provided jointly by the two Governments.

#### ARTICLE 11

The Board shall appoint auditors who will annually audit the accounts of the Fund. The report of the auditors shall be published.

#### ARTICLE 12

The Board shall present annually a report to the two Governments and to donors to the Fund.

#### ARTICLE 13

This Agreement may be amended by a further Agreement between the two Governments.

#### ARTICLE 14

This Agreement shall enter into force on the date on which the two Governments exchange notifications of their acceptance of it except that Article 5(2) shall become effective only after the completion of any remaining steps necessary in that connection. The Agreement shall continue in force until



terminated by mutual agreement or by one Government giving the other six months' written notice, and thereafter shall remain in force for as long as and to the extent necessary for an orderly disposal of any remaining assets of the Fund in accordance with the spirit of the Agreement in full consultation with the donors.

In witness whereof the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

Done in two originals at Dublin and London on the ..th day of September 1986.

For the Government of  
Ireland:

For the Government of  
the United Kingdom:

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AGREEMENT BETWEEN THE GOVERNMENT OF IRELAND, THE GOVERNMENT  
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND  
AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
CONCERNING THE INTERNATIONAL FUND FOR IRELAND

The Government of Ireland, the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter together referred to as "the two Governments") and the Government of the United States of America acting through the Agency for International Development (hereinafter referred to as the "Donor"):

Considering that the two Governments:

- (i) concluded an Agreement dated 15 November 1985 which in Article 10(a) provided that: "The two Governments shall co-operate to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and shall consider the possibility of securing international support for this work"; and
- (ii) signed a further Agreement on (date) 1986 for the purpose of establishing an International Fund for Ireland (hereinafter referred to as "the Fund") as an international organisation of which the two Governments are members, that agreement to enter into force in accordance with the terms of Article 14 thereof;



Considering that the Congress of the United States enacted, and the President signed a law, for the appropriation of \$50,000,000 as a contribution to the Fund;

Have agreed as follows:

#### ARTICLE 1

The purpose of this Agreement is to set out the understanding of the Parties to this Agreement with respect to the undertaking described below and with respect to the financing of the Fund by the donor.

#### ARTICLE 2

It is agreed that before the establishment of the Fund the two Governments and, after its establishment, the Board of the Fund, shall involve the Donor in substantive discussions in order to take into account, among other matters, the concerns, procedural and programmatic emphases expressed by the US Congress in authorising and appropriating the assistance granted herein.

#### ARTICLE 3

As a contribution to the capital of the Fund, the Donor agrees with the two Governments to grant the Fund, under the terms of this Agreement, a sum not to exceed Fifty Million United States Dollars (\$50,000,000.00) (hereinafter referred to as the "Grant").



ARTICLE 4

Disbursement of the Grant, in whole or in part, and the issuance by the Donor of documentation enabling such disbursement, will take place only after the two Governments have furnished to the Donor:

(i) evidence of the establishment of a separate US dollar-denominated bank account (hereinafter referred to as the "Trust Account") in a recognised bank (hereinafter called the "Trustee Bank") to receive and hold the Grant pending legal establishment of the Fund and satisfaction of the condition set forth in Article 6 herein,

(ii) evidence that the Trustee Bank has undertaken:

- to hold the Grant in trust for the Fund pending further instructions from the two Governments either to transfer the grant to the Fund or to return the grant, with interest, to the Donor;
- to open a separate account for the interest earned on the Grant, such interest to be at the highest rate consistent with the need for the Grant to be transferred to the Fund on one week's notice;
- to transfer the interest to the Donor for the credit of the United States Treasury;
- to maintain, in accordance with the Trustee Bank's usual accounting principles and practices, books and records relating to the Trust Account, to be audited at quarterly intervals in accordance with generally accepted auditing standards;
- to maintain these books and records for a period of three years after the date of the transfer of the Grant from the Trust Account to the Fund;



- to provide the Donor with a full statement of the Trust Account before any transfer from it takes place;
- to afford the authorised representatives of the Donor the opportunity at all reasonable times to inspect and audit the Trust Account and books, records and other documents relating thereto.

If the evidence referred to above has not been furnished by 26 September 1986, the Donor, at its option, may terminate this Agreement by written notice to the two Governments.

#### ARTICLE 5

On receipt of the evidence specified in Article 4, disbursement of the Grant by the Donor may be made to the Trust Account through electronic funds transfer.

#### ARTICLE 6

The Donor will issue documentation to the two Governments, indicating its approval, and the two Governments will instruct the Trustee Bank to transfer the Grant to the Fund only after

- (i) the two Governments have furnished to the Donor evidence of the legal establishment of the Fund as set out in Annex A and
- (ii) the Fund, after its establishment, has furnished to the Donor evidence as to its administration and operation as set out in Annex B.



If the conditions specified in this Article have not been met by March 31, 1987, or such later date as the Donor may agree to in writing, the Donor may require the two Governments to instruct the Trustee Bank to return the Grant, and any earned interest, in United States Dollars, to the Donor within thirty (30) days after receipt of a request therefor.

#### ARTICLE 7

After the establishment of the Fund, the Donor and the Fund may use Grant Implementation Letters which have been jointly agreed to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

#### ARTICLE 8

Any notice, request, document, or other communication under this Agreement will be sent through the diplomatic channel in the case of communications addressed to the two Governments; to the Joint Secretaries in the case of communications addressed to the Fund; and to the Agency for International Development in the case of documents addressed to the Donor.

#### ARTICLE 9

For the purposes of this Agreement, the two Governments will be represented by the individuals holding the office of Joint Chairman of the Advisory Committee to the Board of the Fund and the Donor will be represented by the individual holding or acting in the office of the Deputy Assistant Administrator, Bureau for Asia and the Near East, each of whom, by written notice, may designate additional representatives for all purposes other than amending this Agreement.



ARTICLE 10

This Agreement shall enter into force on signature.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto, have signed this Agreement.

Done in triplicate at Washington this \_\_th day of \_\_\_\_ 1986

For the Government of Ireland:

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For the Government of the United Kingdom of Great Britain and Northern Ireland:

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For the United States of America:

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ANNEX A:

Evidence of the legal establishment of the Fund should be interpreted to mean:

- (a) Copies of the Agreement between the two Governments establishing the Fund;
- (b) Certifications by competent legal authorities of each Government that the Agreement and any other legal action required by each Government, sufficient to establish the Fund as a legal entity with all necessary authorities, has been accomplished and that the Fund exists in fact;
- (c) Documentation providing evidence of the organisation of the Fund, and its designated representatives authorised to act legally on its behalf.



ANNEX B:

In order to confirm clearly before disbursement of the Grant that the Fund conforms to the purposes and objectives for which it has been established, it will supply:

- (a) Documentation providing evidence of the objectives of the Fund, the priority development investments it intends to pursue, and preliminary programming estimates guiding the Fund on investments to be pursued by geographic region and sectors of activities.
- (b) Documentation outlining the appraisal process including the criteria against which a project will be measured and any relevant engineering, financial, economic and social analysis necessary to assess its feasibility, value for money and economic and social impact.
- (c) The names of the members of the Board and of the Joint Secretaries of the Fund.
- (d) Documentation outlining the role and responsibilities of donors to the Fund.