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THE INTERNATIONAL FUND FOR IRELAND 21138

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

"The two Governments shall co-operate to provide 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 was established to provide a channel for that support.

LEGAL BASIS FOR THE FUND

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. 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^o of Bunreacht na hEireann). After Dáil approval, Notifications of Acceptance can be exchanged, at which stage the International Fund will come into existence as an entity in international law. 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, giving it legal personality in Irish law and providing the tax exemptions which are set out Article 6 of the Agreement and which are acceptable to Department of Finance. (The procedure is broadly similar

on the British side - requiring an affirmative resolution in the House of Commons, with the probability of debate).

DONATIONS TO THE FUND: CURRENT POSITION

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 several sympathetic governments (e.g. U.S., Canada and New Zealand) as well as with the Commission of the European Communities and some member States to secure contributions to an International Fund for Ireland. The position concerning contributions to the Fund is as follows:

U.S.: The US Congress 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 year has already been approved by Congress and signed into law by the President. Further appropriations will be required annually. US support for the Fund may continue after 1988 although no formal commitment has been given.

The U.S. must disburse its 1985/6 contribution to the Fund before 30 September 1986. As the Fund cannot be in existence legally by that date, because of parliamentary procedural requirements in both Ireland and Britain, the U.S. will sign an agreement with Ireland and Britain obligating itself to contribute to the Fund once it is established and certain conditions have been fulfilled. Upon completion of these steps and before 30 September 1986 the US Government will pay \$50 million to an account established by the Trust Department of the Bank of Ireland,

where it will remain until the Fund is properly established. Any future agreements on the use of US funds will be between USAID and the Fund once the latter has acquired a legal personality.

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. 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. 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 with a view to persuading the Australian Government to contribute to the Fund next year.

EEC Countries: Because of the implications which a Community contribution to the Fund would have for the British share of the EC Budget, it has not been possible so far to secure British agreement to seeking such a contribution. The Minister for Foreign Affairs will again raise the matter with the British Secretary of State at the informal meeting of Community Foreign Ministers on 6/7 September. In the meantime, several member State Governments have been approached by British and Irish Ambassadors to ascertain their willingness to contribute on an individual basis to the Fund. If it proves impossible to secure British agreement to a community approach a joint Irish/British delegation will visit capitals in September to determine the size and nature of contributions which member States may make to the Fund.

Other Countries: The UK side has raised the possibility of donations to the Fund from a number of other friendly countries - Sweden and Switzerland have been mentioned in particular.

BOARD OF FUND

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 most 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. All donor countries may designate an observer who may attend and participate in Board meetings in a non-voting capacity. The U.S. has indicated its intention to exercise that option.

ADVISORY COMMITTEE

The Board of the Fund will be assisted by an Advisory Committee composed of senior officials of the two Governments. 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.

ALLOCATION OF FUNDS

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. Instead, the U.S. Senate Committee on Foreign Relations in its report on the Fund identified the following "illustrative" projects:

"providing U.S. management expertise to smaller Northern Ireland companies, development of tourism, diversification of agriculture, forestry and the fishing industry".

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 dictate the programme of the Fund.

A G R E E D D R A F T

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 paragraphs. 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 _____ on the _____ day of _____ 1986.

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

For the Government of the Republic of Ireland