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Prime Minister.
This is for information at this stage. For my part the attached proposal could do without some of the rhetoric about the link between unemployment & instability; e

ANGLO-IRISH TALKS : AN INTERNATIONAL FUND

As you know, the current text of the Agreement under discussion with the Irish refers to the possibility of international support for economic and social development in both parts of Ireland. Officials have already had some discussion with the Irish about how best to secure that support. They have reached a measure of agreement on the nature of a Fund that might be established to receive and disburse contributions, and on the purposes for which disbursements might be used. The attached note, drafted in agreement with the Irish, sets out the position that has been reached.

elevate private sector investment to be the first priority.
C.D.P.
3/99.

There is still a number of points to be resolved. We must determine whether the Fund should be open to contributions from Governments other than the US Administration and perhaps also from the EC budget, provided that that can be done without disturbing the arrangements for calculating our rebate. We must settle the legal basis on which a Fund should be set up. We must, as Douglas Hurd made clear in his letter to Peter Rees of 1 August, ensure that expenditure from a Fund could be treated as additional to Northern Ireland block provision (if we cannot achieve that we might as well forget the whole idea of a Fund). And we must take further with the Irish how best to approach the Americans and possibly the Europeans.

Officials will now press on with these points, consulting Treasury officials as appropriate. For the moment colleagues may care to note the position that has been reached. I shall report progress in due course.

I am sending copies of this minute to all members of OD(I) and to Sir Robert Armstrong.

Jonathan Duke-Evans

30 September 1985

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(approved by the
Secretary of State
and signed in his absence)

ANGLO-IRISH TALKS : AN INTERNATIONAL FUND

1. The Agreement between the British and Irish Governments provides in Article 10(a) that "The two Governments shall co-operate to promote the economic and social developments 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".

2. If other Governments were willing to give expression to that support in terms of financial resources the two Governments would establish a Fund to promote, through the disbursement of such resources, these important objectives of the Anglo-Irish Agreement. The Fund would be an 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 use of terrorist violence for political ends. Recognising that chronic unemployment 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, and to reconciliation between the two traditions in Ireland, the primary objectives of the Fund would be to promote economic and social advance, and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland.

3. In pursuance of these objectives, the Fund would be available to supplement public programmes, to stimulate private investment and enterprise, and to encourage voluntary effort, including self-help schemes. In the voluntary sphere, special emphasis would be placed on supporting the work of men and women of goodwill throughout Ireland who are engaged in the task

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of communal reconciliation. The need to maximise the economic and social benefits of the Fund in Ireland would be an overriding consideration in making disbursements from it and these would need to 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, it is envisaged that approximately three-quarters of the Fund would be spent there.

4. In accordance with the objectives and criteria set out above, it is envisaged that the Fund would give priority on a value for money basis to the following:

- a. Projects of benefit to people in both parts of Ireland. Examples would be cross-border communications - roads and waterways; enhanced co-operation and exchanges in higher education, professional development, and research; the intensified promotion of youth, sporting and cultural exchanges;
- b. Projects to improve the quality and conditions of life for people in areas facing serious economic and/or social problems. Spending would be carefully targetted to meet needs arising from factors such as high unemployment, underdeveloped social, health or education facilities, poor environment and sub-standard infrastructure;
- c. Projects to provide wider horizons for people from both traditions in Ireland. Examples would be the provision of management bursaries for travel to the United States and elsewhere; encouragement of industrial visits, training and work experience overseas for people at all levels of industry; the encouragement of similar visits, and of overseas exchanges, for people working in the public sector, and in other areas where they are likely to benefit from new ideas, experience and contacts;

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d. The stimulation of private sector investment by means of a venture capital corporation using some of the Fund's resources as described in the following paragraph.

5. It is envisaged that the Fund would provide a substantial equity base for a venture capital corporation. This corporation would identify the risk capital needs for investment ventures of existing or new industrial and commercial enterprises and would provide equity on sound commercial criteria. The corporation's aim would be further to stimulate viable and self-sustaining growth in the private sector of the economies of both parts of Ireland.

6. Administration of the Fund would be the responsibility of Trustees to be nominated by the British and Irish Governments. They would decide on appropriate disbursements with the assistance of an executive committee drawn from experts in the public service of each country. A small full-time secretariat would be necessary and this would be independent of both Governments.

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