



Prime Minister

Yes

Prime Minister:

I understand that to
NIO envisage a Board with
a Northern Ireland chairman.

See Robert Armstrong's news
 clip attached (he supports Mr
 King). Agree to proceed -
 this way? *or*

INTERNATIONAL FUND FOR IRELAND

The US Congress have voted \$50m for the International Fund for 14/8
 Ireland in the current (1986) US fiscal year, and is likely to
 provide \$35m in both 1987 and 1988. Northern Ireland's share will
 be some \$90m over three years. The Australians, Canadians and New
 Zealanders will also contribute and there is a possibility of
contributions from some European countries. We must now proceed to
establish the Fund to receive the money.

2. The Americans and the Irish believe that the Fund would be best
 established as an international organisation established by a formal
Agreement between the two Governments, and I accept this. The Fund
 would thereby have a legal personality enabling it to spend, hold
and receive money and to enter into contracts. The Fund is
government-provided money which would normally be untaxed; and the
donors would object to our levying tax on their contributions. But
we do not intend to seek any other immunities, which would be both
controversial and unnecessary. In practical terms such a body would
be much easier to operate than any less formal body which would not
have these powers. The Fund would largely draw on existing civil
service resources, and would be cheap to run.

3. The disadvantages of a formal agreement are presentational and
 procedural. We would need to seek the approval of both Houses for
 an Order in Council giving the Fund a legal personality and immunity
from tax. The Order may occasion hostile comment, perhaps from a
 few of our own supporters and certainly from the Unionists, if they
 are back. But this hostility will be expressed however the Fund is

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established and on balance I consider that such an Order is a reasonable price to pay for a satisfactory Fund.

4. The Agreement must be signed before 30 September (end of the US fiscal year) to provide a legal basis to enable the first tranche of US funds (\$50m) to be "obligated" (ie "committed"). If this is not done the money will lapse. We therefore envisage signature in about the second week of September. Although the Agreement could not come into force until the Parliamentary procedures had been undertaken in Westminster and Dublin in the Autumn, its signature would be a sufficient legal basis for the obligation of the money. Once it was signed we would also sign a tripartite agreement with the US and the Irish and any others expressing our intention to proceed with the Fund. This would also need to be laid before Parliament, but would not require a debate.

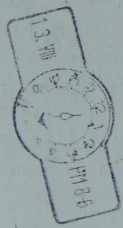
5. I will of course advise you as soon as we have a finalised text of both Agreements.

6. I am copying this minute to the members of OD(I), the Chief Whip and Sir Robert Armstrong.

MBward
(Private Secretary)
for^{TK}
(approved by the
Secretary of State
and signed in his
absence)

13th August 1986

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Ref. A086/2372

MR POWELL

International Fund for Ireland

The Secretary of State for Northern Ireland has sent me a copy of his minute of 13 August about arrangements for establishing the International Fund for Ireland as an international organisation established by a formal Agreement between the two Governments.

2. Given the objectives, I think that the Prime Minister can accept that this method is the best method of setting up the Fund. The decision to establish the fund is of course agreed policy, enshrined in the Anglo-Irish Agreement of 15 November 1985. We had given consideration to establishing it as in effect a charitable trust under British law; that would have been possible without the need for an Order in Council. But, as the Secretary of State's minute makes clear, there are practical advantages in setting it up as an international organisation established by a formal Agreement between the two Governments. If there are objections from Members of Parliament, they could no doubt be hardly less easily voiced if the Fund was set up in other ways than if it is set up in this way, and I think that the balance of advantage lies with going ahead as the Secretary of State proposes.

Christopher Cloke

p.p. ROBERT ARMSTRONG

14 August 1986

cc WPSO
HD
WFO
LSD
F/O
MOD

CAL
CTD
CWO
CO

FILE

DA

cc/pe



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 August 1986

The Prime Minister has seen your Secretary of State's minute of 13 August about arrangements for an International Fund for Ireland. She has agreed that we should proceed as suggested in that minute and has noted the arrangements necessary to bring it into effect.

I am sending a copy of this letter to Private Secretaries to members of OD(I), Murdo Maclean (Chief Whip's Office) and Michael Stark (Cabinet Office).

(Timothy Flesher)

Jim Daniell, Esq.,
Northern Ireland Office.

GA



Foreign and Commonwealth Office
London SW1A 2AH

From The Minister of State

15 August 1986

Dear Prime Minister,

INTERNATIONAL FUND FOR IRELAND

I am content with the course proposed by the Northern Ireland Secretary for the establishment of the International Fund for Ireland as set out in his minute of 13 August.

attached →

I am copying this minute to the other members of OD(I), the Chief Whip and Sir Robert Armstrong.

Yours ever,

Baroness Young

Baroness Young

The Rt Hon Margaret Thatcher MP
10 Downing Street

