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PRIME MINISTER

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Prime Minister
You have already
approved this in
principle.
Content? CSP
8/9

INTERNATIONAL FUND FOR IRELAND

In my minute of 13 August I promised to advise you on the finalised texts of both the bilateral agreement with the Irish on setting up the International Fund; and the trilateral agreement with the Irish and the US enabling us to receive the first US tranche of \$50m. I attach the finalised text of the bilateral agreement. The trilateral agreement is not yet complete, and will not be complete for several days, because the US side changed their view on how the \$50m should be held until it is finally disbursed to the Fund. (Instead of being held by the US Government it will now be held in trust by the UK and Republic Governments). Once a finalised text is available I will show it to colleagues; but it is a short and largely technical agreement which should not in itself raise any political difficulties.

2. The bilateral agreement will establish a Fund administered by an independent Board, of whom we will nominate three members and the Chairman; the Irish will nominate three members. The Board will decide - within the terms of the Agreement set out in Article 3 - how the fund is to spend its money. But the Government will have the right to offer advice on all projects. The Secretariat to the Board will be drawn from existing civil service resources. As I explained in my previous minute the Fund itself will have immunity

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from tax (but not its members) and have a legal personality. An Order-in-Council will be approved as soon as possible by the two Houses when Parliament returns. My officials will discuss with the Lord President's Office the exact timing. The two agreements will also need to be laid before the House.

3. I understand that Geoffrey Howe has provisionally agreed that he should sign the Agreement in London on 18 September and Mr Barry at the same time in Dublin. The trilateral agreement would be signed shortly after in Washington. While I do not want to exaggerate the effect that the US resources will have (Northern Ireland will receive around £25m), it is nevertheless a generous contribution of more than symbolic significance, and we shall present the fund as a positive step in Northern Ireland.

4. I would be grateful to know that you are content for us to proceed with signing.

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

M Howard
(Private Secretary)

for TK

(Approved by the Secretary of
State and signed in his
absence in Northern Ireland)

8 September 1986

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IRELAND: Situation PT21



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INTERNATIONAL FUND FOR IRELAND

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The Draft (Annex A) which was mentioned in Tom King's letter of 8 September to the Prime Minister was omitted. Please attach this draft to the letter concerned.

Tom King's Private Office apologise for any inconvenience caused.

J BROOKS

Private Office (L)

9 September 1986

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D R A F T

5.9.86

Annex A

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF
IRELAND* CONCERNING THE INTERNATIONAL FUND FOR IRELAND

The Government of the United Kingdom of Great Britain and Northern
Ireland and the Government of the Republic of Ireland:

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:

* The Agreement will be prepared in two variants; the names and
order of reference to the two Governments in each variant will
follow the precedent of the Anglo-Irish Agreement 1985.

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 goodwill 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 co-operation 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, under-developed 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 and 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:

Situation: IRELAND Pt 21.



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

Done in two originals at and on the ... day of 1936.

For the Government of the
Republic of Ireland:

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



PM/86/056

PRIME MINISTER

International Fund for Ireland

1. Tom King wrote to you on 8th ^{at Har} September outlining the arrangements set in train for the signature of the Agreement with the Irish to set up the International Fund.
2. I can confirm that arrangements have been made for me to sign the London copies of the Agreement with the Irish Ambassador at 6pm on 18 September. The Irish Foreign Minister will be signing the Dublin copies with HM Charge d'Affaires earlier the same day.
3. I am copying this minute to the members of OD(I), the Chief Whip and Sir Robert Armstrong.

GEOFFREY HOWE

Foreign & Commonwealth Office
15 September 1986

IRLAND Situation P21



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SRW



LC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 September 1986

Dear Jim,

INTERNATIONAL FUND FOR IRELAND

The Northern Ireland Secretary minuted the Prime Minister on 8 September about the final text of the bilateral agreement with the Irish government on setting up the International Fund for Ireland and the trilateral agreement with the Irish government and the US enabling us to receive the first US contribution of \$50million.

The Prime Minister is content for us to sign the two agreements on the basis set out in the Northern Ireland Secretary's minute.

I am copying this letter to the Private Secretaries to members of OD(I), to the Chief Whip and to Sir Robert Armstrong.

Yours sincerely,

(C. D. POWELL)

Jim Daniell, Esq.,
Northern Ireland Office.

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