

CONFIDENTIAL



Prime Minister
To be aware

CSP
15/11.

PRIME MINISTER

INTERNATIONAL FUND FOR IRELAND

In my minute of 8 September, I promised to let you have the finalised text of the Trilateral Agreement with the Irish and US enabling us to receive the first US tranche of fifty million dollars for the International Fund. I now attach a copy.

2. The Trilateral Agreement is a short and technical agreement concerned with financial arrangements. It involves an undertaking by the UK and the Republic that they will consult the US about the expenditure of its money and take account of the wishes expressed by Congress in the Anglo-Irish Agreement Support Act 1986. This includes a requirement that disbursements from the Fund will be distributed in accordance with the principal of equality of opportunity and non-discrimination in employment and will address the needs of both communities, which of course we will have no difficulties in complying with. The Trilateral Agreement also includes an undertaking by the US to pay fifty million dollars; and a requirement that the money be held in trust by the two Governments in a dollar-denominated account until the Fund is formally set-up. None of the details of this Agreement seem likely to cause political controversy.

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3. We have provisionally agreed with the US and Irish for a signing in Washington on 19 September. The Agreement will come into force immediately but will be laid before both Houses of Parliament in due course.

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

N. Stewart
(Private Secretary)
for TK
(Approved by the Secretary of
State and signed in his absence
in Northern Ireland)

15 September 1986

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AGREED DRAFT

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 19 September 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; and

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 Agreement)* 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 authorizing and appropriating the assistance granted herein.

ARTICLE 3

(The Financing) 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").

* The titles of the Articles are retained in brackets for ease of reference but will be deleted before signature.

ARTICLE 4

(Condition Precedent to Disbursement) 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 been 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

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

ARTICLE 6

(Transfer of the Account to the Fund) 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

(Grant Implementation Letters) 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

(Communications) 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

(Representatives) For the purpose 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 Deputy Assistant Administrator, Bureau for Asia and 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:

.....

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

.....

For the United States of America:

.....

* The three copies will be identical, and will use alphabetical order and the terminology usual in multilateral international instruments.

ANNEX A

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

(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 in 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:

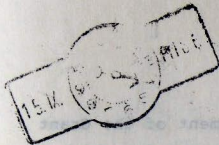
(a) Documentation providing evidence of the objectives of the Fund, the priority development investments it intends to pursue, and preliminary programming estimates guiding the Fund on investments to be pursued by geographic region and sectors of activities.

(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 rôle and responsibilities of donors to the Fund.

(e) Documentation outlining the scope and nature of reporting to donors on the impact of Fund activities on meeting its objectives and the internal and external auditing procedures which the Fund intends to follow in managing its resources. It understood that financial records shall be maintained in accordance with generally accepted accounting practices. All such financial records shall be maintained for at least 3 years. It is further understood that the programmes of the Fund will be subject to independent audit by the Fund's outside certified or chartered public accountant and that the Fund will furnish copies of these audit reports to the Donor along with such other related information as may be requested by the Donor with respect to questions arising from the audit report.



in order to ensure clarity before discussion 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 assessed and any relevant engineering, financial, economic and social analysis necessary to assess the 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.

(e) Documentation outlining the scope and nature of reporting to donors on the impact of Fund activities on meeting its objectives and the internal and external auditing procedures which the Fund intends to follow in managing its resources. It understood that financial records shall be maintained in accordance with generally accepted accounting practices. All such financial records shall be maintained for at least 3 years. It is further understood that the programmes of the Fund will be subject to independent audit by the Fund's outside certified or chartered public accountant and that the Fund will furnish copies of these audit reports to the donor along with such other related information as may be requested by the donor with respect to questions arising from the audit report.



VC

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James
Top Copy
attached
C. only

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 September 1986

Dear Jim,

International Fund for Ireland

The Prime Minister has noted the Northern Ireland Secretary's minute of 15 September covering the finalised text of the Trilateral Agreement with the Irish and United States governments, to be signed on 19 September.

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

Yours sincerely,
Charles Powell
(CHARLES POWELL)

J.A. Daniell, Esq.,
Northern Ireland Office.

- OD(I)
- LPO
- FCO
- HO
- MoD
- LPS
- CDL
- NIO
- CS, HMT
- AG
- CWO

slw