

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

PDW4831

AUG 15 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND NEAR EAST

FROM: ANE/PD, Ronald F. Venezia *Ronald Venezia*
SUBJECT: International Fund for Ireland, Grant 190-K-602:
Fiscal Year (FY) 1988 Obligations of \$35,000,000

Problem: Your signature is requested to complete obligation of \$35,000,000 for the third United States contribution to the International Fund for Ireland (Fund).

Discussion: On August 9, 1988 the Acting Assistant Administrator, Asia and Near East Bureau authorized the third United States contribution to the International Fund for Ireland (Fund) in the amount of \$35,000,000.

Subsequently, the text of the Grant Letter Agreement between A.I.D. and the Fund was telefaxed to the Consulate General, Belfast and on August 13, 1988 the Chairman of the Board, International Fund for Ireland signed the Letter Grant in the presence of the U.S. Consul General, Belfast, Northern Ireland.

Christine Adamczyk, ANE/EE was also present at the signing and has handcarried the document signed by Chairman of the Board Brett for your countersignature, which is necessary to affect the obligation of funds.

Recommendation: That you sign and date the attached Grant Letter Agreement thereby completing obligation of \$35,000,000 for the third United States contribution to the International Fund for Ireland.

Attachment: Grant Letter Agreement

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ASSISTANT
ADMINISTRATOR

C O N F O R M E D C O P Y

C.E.B. Brett, Esq., C.B.E., M.A.
Chairman of the Board
International Fund for Ireland
Room 224 IDB House, 64 Chichester Street
Belfast, BT12JX, Northern Ireland

Dear Chairman Brett:

I refer to the Agreement 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 dated September 26, 1986, hereinafter called the Tripartite Agreement, the Anglo-Irish Agreement Support Act of 1986 (100 United States Statutes at Large 947, et seq.), hereinafter called the Act, and Presidential Determination No. 88-21, dated August 1, 1988.

I am pleased to inform you that pursuant to the authority contained in the Act, the Government of the United States of America acting through the Agency for International Development, hereinafter called the Donor, hereby grants to the International Fund for Ireland hereinafter called the Fund, the sum of Thirty-Five Million United States Dollars (\$35,000,000) as a contribution to the capital of the Fund for the purposes and subject to the restrictions, conditions, and understandings stated in the Act.

It is understood that the financial records of the Fund will be maintained in accordance with generally accepted accounting practices. All such financial records will be retained for at least three years. It is further understood that the programs of the Fund will be subject to independent audit by the Fund's outside certified or chartered 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.

For the purpose of the Grant, the Fund will be represented by the individual holding the office of Chairman of 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, Agency for International Development, each of whom, by written notice, may designate additional representatives.

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Prior to disbursement of the Grant, or to the issuance by the Donor of documentation pursuant to which disbursement will be made, but not later than September 30, 1988, the Fund will, except as the parties may otherwise agree in writing, furnish to the Donor, in form and substance satisfactory to the Donor: (a) a statement of the name of the person holding or acting in the office of Chairman of the Board of the Fund and any additional representatives, together with a specimen signature of each person specified in the statement; and (b) a designation of the bank account into which the Grant is to be disbursed by the Donor.

After acceptance of this Grant and satisfaction of the conditions stated in paragraph 6 above, the Donor will deposit the sum of Thirty-Five Million United States Dollars (\$35,000,000) in the bank account designated by the Fund.

Please indicate your acceptance of this Grant by signing the original and one copy of this letter in the space provided below and returning them to me.

THE UNITED STATES OF AMERICA

BY: Julia Chang Broch
Julia Chang Broch
Assistant Administrator
Bureau for Asia and Near East

DATE: August 16, 1988

ACCEPTED:

INTERNATIONAL FUND FOR IRELAND

BY: [Signature]

TITLE: Chairman of the Board

DATE: 13th August 88

Witnessed by:

Robert P. Myers, Jr.
Robert P. Myers, Jr.
U.S. Consul General
Belfast, Northern Ireland

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DEPARTMENT OF STATE
WASHINGTON

July 20, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: John C. Whitehead *J* Acting

SUBJECT: Certification to Permit U.S. Contributions to the
International Fund for Ireland and Northern Ireland

The Anglo-Irish Agreement Support Act of 1986, P.L. 99-415 ("the Act"), authorizes United States contributions to the International Fund ("the Fund") established pursuant to the November 15, 1985 agreement between the United Kingdom and Ireland. The Act establishes the U.S. contribution as \$50 million for fiscal year 1986 and \$35 million for each of the fiscal years 1987 and 1988. U.S. contributions may be used only to "support and promote economic and social reconstruction and development" in Ireland and Northern Ireland.

Section 5(c) of the Act requires that each fiscal year, prior to the U.S. contribution, the President certify to the Congress that he is satisfied the following conditions have been met: (1) the Board of the Fund, as a whole, is broadly representative of the interests of the communities in Ireland and Northern Ireland; and (2) disbursements from the Fund (a) will be distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation; and (b) will address the needs of both communities in Northern Ireland. Each such certification must include a detailed explanation of the basis for the President's decision.

The Fund received \$85 million for fiscal years 1986 and 1987. The proposed certification is intended to cover the 1988 contribution of \$35 million.

Satisfaction of Conditions for Certification

The present composition of the Fund's Board and the arrangements for disbursement of its funds satisfy the conditions set forth in Section 5(c).

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(1) Composition of the Board.

The method by which the Board is selected assures that it is "broadly representative of the interests of the communities in Ireland and Northern Ireland," as required by Section 5(c)(1). The Board of the Fund consists of seven representatives: a chairman and three members each from Ireland and Northern Ireland. Pursuant to the Anglo-Irish Agreement, members are appointed jointly by the U.K. and Irish governments. As described in more detail in the attached Memorandum of Justification, the members of the current Board represent a broad cross-section of both communities and have wide experience in both public policy and private sector activities in Ireland and Northern Ireland.

(2) Equitable Principles of Disbursement.

By its charter, the Fund is required to make disbursements "consistent with the economic and social policies and priorities of the respective governments." To that end, the guidelines the Fund has established for awards are specifically made subject to U.K. employment discrimination legislation governing Northern Ireland. That legislation prohibits employment discrimination on the grounds of religious belief or political opinion.

In addition, equal representation of Northern Ireland and Ireland officials and the cross-community participation within all of the management units of the Fund ensure funds are disbursed in accordance with the principle of "nondiscrimination and equality of opportunity in employment without regard to religious affiliation" (Section 5(c)(2)(A) of the Anglo-Irish Support Act). Criteria by which to supplement this principle are clearly spelled out and are built into the appraisal and approval systems as well as the monitoring and evaluation systems. The systems themselves are, in turn, well defined. All grantees are required to sign a pledge, using the exact words employed by the U.S. Congress, that any money allocated be used in a nondiscriminatory manner.

The Fund's systems and criteria also ensure that awards, "will address the needs of both communities in Northern Ireland" (Section 5(c)(2)(B) of "the Anglo-Irish Support Act"). The Fund's charter establishes employment generation and investment promotion in both communities as top funding priorities. The Fund solicits and approves proposals consistent with its employment generation and investment objectives, from a broad cross-section of private groups, investors and individual citizens from both communities.



Finally, the geographic distribution of projects approved throughout Ireland and Northern Ireland demonstrates that the needs of both religious communities are being met.

A more detailed statement of the basis on which the Fund disburses assistance, and its effectiveness in reaching both communities is contained in the attached Memorandum of Justification.

Attachments:

1. Tab 1 - Determination
2. Tab 2 - Memorandum of Justification



THE WHITE HOUSE
WASHINGTON

August 1, 1988

Presidential Determination
No. 88-21

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Presidential Certification to Permit U.S.
Contributions to the International Fund for Ireland

Pursuant to Section 5(c) of the Anglo-Irish Agreement Support Act of 1986 (P.L. 99-415), I hereby certify that: (1) the Board of the International Fund established by the Anglo-Irish Agreement is, as a whole, broadly representative of the interests of the communities in Ireland; and (2) disbursements from the International Fund (a) will be distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation; and (b) will address the needs of both communities in Northern Ireland.

You are requested to report this determination to the Congress immediately.

This determination shall be effective immediately and shall be published in the Federal Register.

Ronald Reagan

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MEMORANDUM OF JUSTIFICATION FOR CERTIFICATION
U.S. CONTRIBUTION TO THE INTERNATIONAL
FUND FOR IRELAND FOR FISCAL YEAR
1988

Section 5(c) of the Anglo-Irish Agreement Support Act of 1986, Public Law 99-415 ("the Act"), requires that each fiscal year, prior to contributions to the International Fund for Ireland, the President certify to the Congress that he is satisfied the following conditions have been met:

- 1) The Board of the International Fund, as a whole, is broadly representative of the interests of the communities in Ireland and Northern Ireland.
- 2) Disbursements from the International Fund:
 - a) will be distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation; and
 - b) will address the needs of both communities in Northern Ireland.

As required by the Act, the following is a detailed explanation of the basis for the President's certification.

BACKGROUND

1. The International Fund for Ireland ("the Fund") was formally established on December 12, 1986, following ratification of an agreement between the Governments of Ireland and the United Kingdom by the Irish Dail and the British Parliament, respectively. That agreement was entered into on September 18, 1986, and implements article 10(a) of the Anglo-Irish Agreement of November 15, 1985. It set up the Fund as an international organization with the two signatories as members.

The objectives of the Fund, as provided in the Anglo-Irish Agreement, are to promote economic and social advancement and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland. The agreement states that the Fund shall accomplish these objectives by stimulating private investment and enterprise, supplementing public programs and encouraging voluntary efforts, with special emphasis on projects promoting communal reconciliation. A special arrangement providing for the establishment of two investment companies is contained in the agreement.

The Fund is also guided by the September 26, 1986 agreement signed between the U.K., Ireland and the U.S. Government. This agreement specifies that the U.S. contributions should be used primarily to stimulate economic growth and prosperity in the private sector with emphasis on practical projects, and should be distributed on the basis of strict equality of opportunity, and nondiscrimination in employment, without regard to religious affiliation.

The Fund has an independent, nonpolitical, seven-member Board. It is guided by a Joint Advisory Committee of senior civil servants drawn equally from Northern Ireland and Ireland. The Committee's principal role is to advise the Board on the economic and social policies and priorities of the two governments and to avoid duplication of activity. The Board is supported by a Secretariat composed of carefully selected administrators from the two jurisdictions. The Secretariat is headed by two joint directors general, one from each side. The Fund's operating expenses are paid by the British and Irish Governments.

The Fund receives contributions directly from bilateral donors. The U.S. contribution, as established by the Anglo-Irish Support Act, totals \$120 million: \$50 million for fiscal year 1986 and \$35 million for each of the fiscal years 1987 and 1988. Canada and New Zealand have made specific pledges equivalent to \$10 million and \$300,000 respectively. The EEC Commission has adopted a draft budget for 1989, including a provision of \$18 million for the International Fund. The President of the Commission has stated that he will seek to have a similar provision included in the budgets for 1990 and 1991. It is hoped that other countries such as Australia will also contribute.

Each donor is entitled to appoint a representative to attend all Board meetings as a nonvoting observer. Observers receive all Board papers and help provide guidance to the Fund on behalf of the donor countries. The Honorable William M. Fine was appointed the U.S. Observer to the Fund in December 1986.

The Board has held thirteen formal meetings and has put in place procedures to govern its operations and its working relationship with its Secretariat and Advisory Committee. The Board meets approximately once every two months, principally to review policy and procedural issues and to approve or reject proposals forwarded for consideration.

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The Fund has also established program teams in the following areas: Business Enterprise, Tourism, Urban Development, Agriculture and Fisheries, Science and Technology and the Wider Horizons Program. These teams were delegated responsibility for approval, implementation and monitoring of all projects within these six key program areas. The teams are composed of representatives from government departments and agencies from both jurisdictions. Detailed agreements have been finalized between the Fund Secretariat and the concerned government implementing agencies from both jurisdictions involved with each program. These agreements contained the following:

- a) description of the purpose and scope of each program;
- b) administration of the program (including processing of applications, reporting/monitoring systems, appeals; publicity, delegations of authority, subcontracting and commitment to nondiscrimination) and;
- c) financial arrangements (including issuance of checks, program budgets, administration cost and audit requirements).

Each program team is composed of an equal number of Northern Ireland and Ireland Government technical officials (between 3 to 5 persons). The teams are headed by joint chairmen, one from the North and one from the South. A Fund Secretariat representative from each side attends all program team meetings. Each team is supervised by two Fund Board members, usually one from the north and one from the south. These Board members keep the Chairman of the Board and the full Board of Directors informed of their respective program team's activities.

Program teams forward projects to the Board for any of the following reasons: a) the total value exceeds 400,000 pounds (for the Wider Horizons Program, 200,000 pounds); b) a policy determination is required; c) the project is controversial; or d) appeals have been made for review of prior decisions.

In addition, as required by the terms of the Anglo-Irish Agreement, the Fund has established two investment companies, one in Northern Ireland and the other in Ireland. These entities also have responsibilities for approving projects in which they participate. The investment companies are managed by Boards composed of highly respected professionals in law and business and headed by a chief executive. Five million pounds have been allocated to each company as working capital.

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CERTIFICATION ELEMENTS

1. Board Representation

The seven-member board, which is jointly appointed by the British and Irish Governments, has three members each for Ireland and Northern Ireland, and a Chairman. Board membership has been chosen through consultation between the British and Irish Governments, and, by design and agreement, is representative of the communities in both Ireland and Northern Ireland.

The U.K. (Northern Ireland) representatives all have significant public policy experience, have served either in senior government positions or as elected public officials as well as having business and private sector backgrounds. They are:

Sir Ewart Bell: Former head of the Northern Ireland Civil Service, also served in the Ministry of Health and Local Government, as Permanent Secretary of the Department of Commerce, and later as Permanent Secretary of the Department of Finance. Currently serves as a Director of the Ulster Bank and is Honorary Treasurer of Queen's University, Belfast.

Sir Gordon Booth: Retired diplomat, and current Director of Hanson PLC., one of Britain's largest enterprises, with extensive interests in the U.S. He is also Vice Chairman of Bechtel Ltd., the British arm of the Bechtel Group. His diplomatic career was principally devoted to trade and investment matters, including serving as British Consul-General in New York.

Mr. James Doherty: Private Businessman in the meat processing sector. Former Nationalist Councillor in Derry, Chairman of the Nationalist Party in North Ireland, Chairman of Western Education and Library Board and member of several educational committees. He is currently on the Board of the Northern Ireland Housing Executive and Northern Ireland Electricity. He also serves on the Northern Ireland Working Party of the University Grants Committee.

The Ireland representatives have held senior positions in major private corporations. They are:

Mr. Gerald Dempsey: Formerly Chief Executive (ancillary activities) of Aer Lingus and Chairman of Aer Lingus-Dunfey Hotels Corporation; currently Director of Waterford Glass Group PLC., and other companies. Mr. Dempsey is a chartered accountant by training and is former President of the Institute of Chartered Accountants in Ireland.

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Mr. Neil McCann: Chairman and CEO of Fruit Importers of Ireland, the largest fruit and vegetable importing company in Ireland. Mr. McCann is also a founder member of the Dundalk Economic Development Co., Ltd.

Dr. Alastair McGuckian: Chairman of Masstock International, a large-scale agricultural company involved in dairy and farming, as well as agricultural development projects in Saudi Arabia, China and U.S.A.

The Chairman is Mr. Charles Brett. Mr. Brett is a partner in a long-established firm of Belfast solicitors, and formerly Chairman of the Northern Ireland Housing Executive. He also served as Chairman of the Northern Ireland Labor Party.

The Board is comprised of an impressive group of individuals who are highly respected in their jurisdictions for their accomplishments, integrity and professional capability. Both major religious communities are properly represented. In addition, the residence of members is dispersed across a variety of geographic areas in Northern Ireland and Ireland.

2. Disbursements from the International Fund

The Fund's structure and policy framework ensure that resources are distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation, and that these resources address the needs of both religious communities in Northern Ireland. As described below, this structure and policy framework is manifest in the internal checks and balances in the Fund's appraisal, approval and management systems. Also, the geographical distribution of approved projects confirms the Fund's effectiveness in meeting the needs of both communities, and accomplishments have been made in the areas of job creation, leveraging of private investment, and reconciliation.

a. Distribution of disbursements in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation

Structure of the Fund - The Fund Board of Directors, the Advisory Committee, the Secretariat, and the program teams have equal representation from Northern Ireland and from Ireland. The Northern Ireland representatives, in addition, include individuals from both the Catholic and Protestant communities. Individuals with each of these organizational units are fully aware of and committed to the Fund's principle of equality and nondiscrimination in employment. It is an important element in performing their various functions.

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Further assurance of these principles being appropriately practiced is the extremely high caliber of officials involved with the Fund. The Board is composed of individuals who are highly respected for their professional competence, integrity, and commitment to the Fund's objectives. Furthermore, because of the importance given the Fund by the two Governments, the Secretariat staff have been carefully selected for their administrative skills and judgment. The project approval and management procedures which the Secretariat have established and which the Board of Directors have endorsed, clearly demonstrate their strict adherence to equality of opportunity and nondiscrimination. Finally, the program teams are staffed with exceptional technical and administrative professionals who are equally committed to these operating principles. These observations were confirmed by the U.S. Observer, by visits of A.I.D. officials to Northern Ireland and Ireland, and by visits of Fund officials to the United States.

Policy framework - All Fund publications and solicitations for proposals clearly spell out the Fund's commitment to equality of opportunity and nondiscrimination without regard to religious affiliation. All successful applicants are required by the Board's letter of offer to make the following commitment:

"Acceptance of a grant or loan under this scheme will be deemed to signify the applicant's acceptance of the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation and that the applicant will be expected to use the money in accordance with this principle."

The letter of offer makes it clear that any violation of this agreement will require the immediate repayment of Fund resources.

Equality of opportunity requirements are also reinforced in Northern Ireland under the Fair Employment (Northern Ireland) Act of 1976. This act makes employment discrimination on grounds of religious belief or public opinion illegal. These principles will be further strengthened by the Government in Northern Ireland when legislation, which is shortly to be introduced, is passed. The principles of the new legislation has been spelled out in an official pamphlet entitled Religious Equality of Opportunity in Employment:

"...(It) will be the basis for a radical program of action to secure equal opportunity for all. It will strengthen the existing law and build on work already done by the Fair Employment Agency. It will introduce compulsory monitoring by employers. Employment practices will be subject to

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systematic external audit. There will be new support and education programs to help employers. The legislation will strengthen enforcement powers, through the criminal and civil law, and through the denial of Government grants and contracts."

Implementation of this legislation will greatly facilitate the monitoring of equality of opportunity.

Project Appraisal and Approval - The Fund has instituted a clear and systematic appraisal and approval system. Each program team has signed agreements with the Fund Secretariat which spell out the criteria upon which all applications are solicited and approval decisions are made. Both jurisdictions' program team members have been chosen for their expertise in the particular sector. The program teams appraise each of the projects using standard economic and financial analysis tools, as well as criteria relevant to their technical field.

Projects must also be consistent with the economic and social policies and priorities of the respective Governments which have the prerogative to agree to activities proposed under the Fund. No resources are to be used, for example, to improve the standing of or to further the goals of any paramilitary organization, either directly or indirectly. The Fund and the two Governments are primarily interested in supporting activities which contribute to viable, self-sustaining growth, prosperity and stability.

Thus, within the Fund's policy guidelines and criteria set down in the appraisal and approval process, projects are accepted for funding, turned down, or forwarded to Government agencies if the proposals can be financed by an existing Government program. Each action to approve, disapprove, or forward a project to a Government agency requires the recommendation of the relevant program team, the endorsement of the two Board members supervising the team, and the approval of the Fund Secretariat. If any project is controversial, raises policy issues or exceeds the program team's delegation of authority, it is forwarded to the Board itself.

The appraisal and approval net is extremely wide. The principle under which the Fund operates with reference to equality of opportunity and nondiscrimination is clear. The cross-community composition of the Fund Board, the Secretariat and the program teams ensure that this principle is adhered to. Any violation of these objectives would be immediately addressed by the very nature of the system the Fund has instituted.

Program Implementation - As of April 1988, the Fund has received approximately 2,863 applications. Of these, 159 have been approved, 1,158 are under review and 1,555 have been turned down or forwarded to other Government agencies for consideration under existing Government assistance programs.

The Fund has allocated its existing resources of \$91.3 million to its various program areas. As of April 1988, some \$41.7 million had been committed. Of this amount \$23.7 has been committed to approved projects within the various programs and \$17 million to the investment companies.

Most of the programs are heavily over-subscribed and the deadline for new applications has passed. Project applications in most of the programs have been appraised and are about to be approved. The Fund anticipates that it will fully commit its remaining resources during the next three to four months. The only exception is the Wider Horizons Program which will commit its budgeted funds by December 1989.

The geographical distribution of the approved projects indicate that the commitments made under the various programs is quite balanced. In Northern Ireland, the following counties have projects: Armagh (5), Antrim (13), Down (15), Fermanagh (10), Londonderry (14), and Tyrone (14). There are 6 approved projects in Belfast. In the border counties of Ireland, the distribution is as follows: Donegal (18), Louth (11), Leitrim (5), Sligo (7), Cavan (8) and Monaghan (6). There are also 6 regional projects and 21 projects of a cross border nature.

The major portion of resources committed to specific areas is allocated to the counties in Northern Ireland with high unemployment. Approximately 60% of these resources are distributed to areas in which unemployment rates exceed 25% and half of this amount goes to areas where rates of unemployment exceed 30%. Another 30% of approved Fund resources go to counties with unemployment rates between 21-25% and only the remaining 10% to those areas where unemployment is less than 20%.

b. Addressing the needs of both communities in Northern Ireland.

The Fund does not permit religious affiliation to be a factor in the approval process as this would be a violation of the principle under which the U.S. Government contribution was made. Documentation submitted to the Fund does not indicate an applicant's religious affiliation. Fund representatives were, therefore, unaware of the religious affiliation of the individual applicants or grantees, although they are aware that certain geographical areas have large Catholic majorities, i.e. West Belfast, North Belfast, Newry and Derry.

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The geographical distribution of the approved projects described in the section above shows considerable balance and thereby demonstrates that the Fund has been able to address its resources to the needs of both communities. Furthermore, as mentioned earlier, the Fund has allocated a major portion of its resources in Northern Ireland to areas of higher unemployment where members of the Catholic community tend to reside.

During a recent program review of the Fund in Northern Ireland and Ireland conducted by A.I.D., all management officials and some 30 grantees were asked to comment on the extent to which the Fund was addressing the needs of both communities. While none could state in quantitative terms the extent to which their individual projects involved one religious community or the other, many, nevertheless, spoke proudly of the cross-community participation in their project activities and of the personal and professional working relationships developed across religious lines. Some recognized the difficulty that the geographic location of a project posed in attracting members of the other community, given the segregated nature of the society in Northern Ireland. But all, without exception, indicated that every effort was being made to increase and strengthen the cross-community nature of their endeavors.

The Board has clearly indicated its concern about the needs of the most depressed areas. It has supported a number of projects in such areas as North and West Belfast, Derry and Newry. However, to underscore its concern and to help the inflow of Fund resources to depressed areas, it is actively involved with community leaders in these locales to find further ways of providing help. This is an area to which the Board is certain to give priority attention.

OTHER ELEMENTS

a. Reconciliation

Reconciliation is also an important element of the Fund's program. It is a major thrust of the Wider Horizons Program which concentrates on reconciliation efforts in the context of skills training activities. Participation in the training program is equally divided among persons from Northern Ireland and Ireland, and the Northern Ireland contingent is represented equally by each religious community. In addition, all of the other programs contribute significantly to reconciliation. The Urban Development Program helps to generate economic activities, often in town centers to upgrade "neutral areas" in which both communities may interact for commercial benefit. The Tourism Program will attract people of both communities to enjoy leisure areas, as well as visitors from other countries.

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The Science and Technology Program brings technical and professional people from both jurisdictions to participate in joint research programs of common interest. The Business Enterprise Program provides common facilities to individuals of both communities to work towards becoming established as independent entrepreneurs.

The operation of the Fund, its Secretariat, and its program teams also brings Northern Ireland and Ireland officials together on a regular basis. It has provided a setting for frequent and constructive interaction from which very close working and personal relationships have developed. This contributes to "reconciliation throughout Ireland."

b. Job creation and private investment.

Two important elements tied to the U.S. Government's contribution to the Fund are job creation and the leveraging of private sector investment into the economy. Both elements have been adopted by the Fund in the implementation of its program.

Each of the program teams have provided approximate figures of direct jobs created, and short-term construction jobs created. The \$23.7 million committed to projects approved by the program teams (exclusive of the \$17 million to the investment companies) have resulted in the creation of 1,474 direct jobs and 588 construction jobs. Indirect jobs arising from related, ancillary activities generated by the projects will be significantly higher. In addition, some 200 new jobs will flow directly from the recent approval by the Northern Ireland investment company of a major project (Neotech), involving a U.S. based company.

The Fund has also been effective in leveraging private sector investment. Projects approved by the program teams (\$23.7 million) have leveraged some \$25.1 million. Some of the projects also include Government investments which total an additional \$3.7 million. Thus, every dollar that the Fund has committed through the program sector approach has resulted in an additional \$1.21 being committed from other sources - primarily the private sector. Future programs offer considerable potential for further leveraging private sector investment. For example, the farm diversification program will contribute up to a maximum of 30% of the cost of a project, requiring that the balance come from other sources. The two investment companies also anticipate being able to leverage significant levels of funding. The recent approval by the Northern Ireland investment company of \$450,000 for the Neotech project referred to above will leverage some \$7.5 million.

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CONCLUSION

The Fund has been in operation for just over one year and continues to refine and evolve its policies and management operations. It has set up a systematic approach to implement its objectives. Resources have been allocated according to needs and to projects which, without Fund support, would not have been possible including those in areas in which Government programs did not exist. Based upon its experience to date with the various sector programs, the Fund's Board will determine (in accordance with USG legislation and agreements) how the next tranche of the U.S. contribution will be allocated.

Inasmuch as project activities under the International Fund for Ireland have recently commenced, and most of the approved projects have only received their first payments, it will be another six to twelve months before the outcomes of these projects can be fully assessed. At that time, A.I.D. plans a further review of the Fund's progress in meeting its objectives with respect to its beneficiaries. However, based upon A.I.D.'s review of the present policies and procedures and of the Fund's experience in implementing its program to date, the following is clear:

- 1) The Board of the Fund, as a whole, is broadly representative of the interests of the communities in Ireland and Northern Ireland;
- 2) Disbursements from the Fund:
 - a) are, and will be, distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation; and
 - b) are, and will, address the needs of both communities in Northern Ireland.

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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM ASSISTANCE
APPROVAL DOCUMENT
(PAAD)

1. PAAD Number
190-K-602

2. Country International Fund for
Ireland and Northern Ireland

3. Category Non-Project Assistance (Contribution
to International Organization)

4. Date

5. To Julia Chang Bloch
Assistant Administrator, ANE Bureau

6. OYB Change Number

7. From Ronald F. Venezia
Director, ANE/PD *Ronald Venezia*

8. OYB Increase None (870-63-190-00-74-81)
To be taken from: ESF 72-118/91037

9. Approval Requested for Commitment of
\$35,000,000

10. Appropriation Budget Plan Code

11. Type Funding Loan Grant

12. Local Currency Arrangement Informal Formal None

13. Estimated Delivery Period N/A

14. Transaction Eligibility Date
Authorization Date

15. Commodities Financed
None

QES8-88-37190-KG-52

16. Permitted Source
U.S. only
Limited F.W.
Free World
Cash \$35,000,000

17. Estimated Source
U.S.
Industrialized Countries
Local
Other

18. Summary Description

This effects the third U.S. contribution to the International Fund for Northern Ireland and Ireland in support of the Anglo-Irish Agreement signed by the Governments of Ireland and the United Kingdom on November 15, 1985.

ANE/PD:BOdell *[Signature]* Date 7/22

ANE/PD/ME:JSilver *[Signature]* Date 7/18

GC:HEry *[Signature]* Date 7/18

ANE/EE:RBrown *[Signature]* Date 7/28

DAA/ANE:WFuller _____ Date _____

19. Clearances

	Date
ANE/DP:PBenefict <i>[Signature]</i>	7/27/88
ANE/GC:JSilverstone <i>[Signature]</i>	7/18/88
AA/PPC: Kenefick <i>[Signature]</i>	8/19/88
M/FM:MUSnick <i>[Signature]</i>	8/9/88

20. Action

APPROVED DISAPPROVED

Authorized Signature *[Signature]* Date 09 AUG 1988

Title Assistant Administrator, ANE Bureau

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

AUG - 9 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND NEAR EAST

FROM: ANE/PD, Ronald F. Venezia *Ronald Venezia*
SUBJECT: International Fund for Northern Ireland and Ireland Grant 190-K-602: Fiscal Year (FY) 1988 Obligation of \$35,000,000

Problem: Your approval is requested for obligation of \$35,000,000 for the third United States contribution to the International Fund for Northern Ireland and Ireland (Fund).

Discussion: In the Fiscal Year 1988 Continuing Resolution, Congress earmarked \$35,000,000 in Economic Support Funds for the third U.S. contribution to the Fund for Northern Ireland and Ireland. This contribution follows earlier obligations and disbursements of \$50,000,000 and \$35,000,000 in Fiscal Years 1986 and 1987, respectively under terms of the Anglo-Irish Agreement Support Act, PL 99-415 (Attachment A).

(A) Presidential Certifications: On August 1, 1988 the President signed the required certification stipulated in the authorizing legislation (Attachment B) to permit disbursement of the Fiscal Year 1988 contribution.

(B) Status of Implementation: The International Fund for Ireland ("the Fund") was formally established on December 12, 1986, following ratification of an agreement between the Governments of Ireland and the United Kingdom by the Irish Dail and the British Parliament, respectively. That agreement was entered into on September 18, 1986, and implements article 10(a) of the Anglo-Irish Agreement of November 15, 1985. It set up the Fund as an international organization with the two signatories as members.

The objectives of the Fund, as provided in the Anglo-Irish Agreement, are to promote economic and social advancement and to encourage contact, dialogue and reconciliation between

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nationalists and unionists throughout Ireland. The agreement states that the Fund shall accomplish these objectives by stimulating private investment and enterprise, supplementing public programs and encouraging voluntary efforts, with special emphasis on projects promoting communal reconciliation. A special arrangement providing for the establishment of two investment companies is contained in the agreement.

The Fund is also guided by the September 26, 1986 agreement signed between the U.K., Ireland and the U.S. Government. This agreement specifies that the U.S. contributions should be used primarily to stimulate economic growth and prosperity in the private sector with emphasis on practical projects, and should be distributed on the basis of strict equality of opportunity, and nondiscrimination in employment, without regard to religious affiliation.

The Fund receives contributions directly from bilateral donors. The U.S. contribution, as established by the Anglo-Irish Support Act, totals \$120 million: \$50 million for fiscal year 1986 and \$35 million for each of the fiscal years 1987 and 1988. Canada and New Zealand have made specific pledges equivalent to \$10 million and \$300,000 respectively. The EEC Commission has adopted a draft budget for 1989, including a provision of \$18 million for the International Fund. The President of the Commission has stated that he will seek to have a similar provision included in the budgets for 1990 and 1991. It is hoped that other countries such as Australia will also contribute.

Each donor is entitled to appoint a representative to attend all Board meetings as a non-voting observer. Observers receive all Board papers and help provide guidance to the Fund on behalf of the donor countries. The Honorable William M. Fine was appointed the U.S. Observer to the Fund in December 1986.

The Board has held 13 formal meetings and has put in place procedures to govern its operations and its working relationship with its Secretariat and Advisory Committee. The Board meets approximately once every two months, principally to review policy and procedural issues and to approve or reject proposals forwarded for consideration.

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As of April 1988, the Fund has received approximately 2,863 applications. Of these, 159 have been approved, 1,158 are under review and 1,555 have been turned down or forwarded to other Government agencies for consideration under existing Government assistance programs.

The Fund has allocated its existing resources of \$91.3 million to its various program areas. As of April 1988, some \$41.7 million had been committed. Of this amount \$23.7 has been committed to approved projects within the various programs and \$17 million to the investment companies.

Most of the programs are heavily over-subscribed and the deadline for new applications has passed. Project applications in most of the programs have been appraised and are about to be approved. The Fund anticipates that it will fully commit its remaining resources during the next two to three months. The only exception is the Wider Horizons Program which will commit its budgeted funds by December 1989.

The Fund has been in operation for just over one year and continues to refine and evolve its policies and management operations. It has set up a systematic approach to implement its objectives. Resources have been allocated according to needs and to projects which, without Fund support, would not have been possible including those in areas in which Government programs did not exist. Based upon its experience to date with the various sector programs, the Fund's Board will determine (in accordance with USG legislation and agreements) how this proposed tranche of the U.S. contribution will be allocated.

Based upon A.I.D.'s review of the present policies and procedures and of the Fund's experience in implementing its program to date, the following may be concluded:

- 1) The Board of the Fund, as a whole, is broadly representative of the interests of the communities in Ireland and Northern Ireland;

- 2) Disbursements from the Fund:

- a) are, and will be, distributed in accordance with the principle of equality of opportunity and

Clearances:

ANE/PD/ME:JMSilver

(draft)

ANE/PD:BOdell

(draft)

ANE/EE:RBrown

(draft)

GC/ANE:JSilverstone

(draft)

ANE/DP:PBenedict

(draft)

AA/ANE:WFuller

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