

Bretton Woods Agreements (Amendment) Bill 2022

Bill No. 32 of 2022

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Abstract

The [*Bretton Woods Agreements \(Amendment\) Bill 2022*](#) aims to facilitate Ireland's participation in the International Monetary Fund's New Arrangements to Borrow (NAB) and streamline procedures for contributing to IMF Trust Funds. Under the NAB, a participating member undertakes to provide resources (i.e. loans) in specific extreme circumstances (i.e. debt sustainability) to the IMF up to a maximum agreed amount which are then loaned (with conditions) to eligible countries to safeguard the stability of all members.



Contents

| | |
|--|----|
| Glossary and abbreviations..... | 2 |
| Summary | 3 |
| Introduction..... | 5 |
| Table of provisions..... | 6 |
| Policy background..... | 8 |
| Bretton Woods Agreements | 8 |
| The International Monetary Fund | 8 |
| Principal provisions of the Bill | 13 |

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Glossary and abbreviations

Table 1: Glossary & Abbreviations

| Glossary & Abbreviations | |
|--------------------------|--|
| CBI | Central Bank of Ireland |
| CCRT | Catastrophe Containment and Relief Trust |
| ECF | Extended Credit Facility |
| IDA | International Development Association – World Bank |
| IMF | International Monetary Fund |
| LICs | Low-Income Countries |
| Minister | The Minister for Finance |
| NAB | New Arrangements to Borrow |
| PRGT | Poverty Reduction and Growth Trust (formerly called the Enhanced Structural Adjustment Facility Trust) |
| RCF | Rapid Credit Facility |
| RIA | Regulatory Impact Assessment |
| SCF | Standby Credit Facility |
| SDR | Special Drawing Rights - The SDR is an international reserve asset created by the IMF to supplement the official reserves of its member countries. SDRs are units of account for the IMF, and not a currency per se. It is a potential claim on the freely usable currencies of IMF members. As such, SDRs can provide a country with liquidity. |
| UN | United Nations |

Summary

- The *Bretton Woods Agreements (Amendment) Bill 2022* was published on 14 March 2022.
- The Bill is technical in nature and comprises of 10 sections.
- The aim of Bretton Woods was to create stability between countries by creating an international basis for exchanging one currency for another. It also led to the creation of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (the World Bank).
- Ireland joined the IMF and the World Bank in 1957 as part of a process of deepening its engagement and integration with the global economy. The IMF promotes international monetary cooperation and provides policy advice, technical assistance and loans to help countries build and maintain, or restore, strong economies.
- The primary purpose of the *Bretton Woods Agreements (Amendment) Bill 2022* is to provide for Ireland's participation in the International Monetary Fund's New Arrangements to Borrow (NAB) and streamline procedures for contributing to IMF Trust Funds.
- Under the NAB, a participating member undertakes to provide resources (i.e. loans) in specific extreme circumstances (i.e. debt sustainability) to the IMF up to a maximum agreed amount which are then loaned (with conditions) to eligible countries to safeguard the stability of all members.
- The Bill, if enacted, would provide for the following:
 - Ireland's participation in the Decision adopted by the Executive Board of the International Monetary Fund on New Arrangements to Borrow (NAB) whereby the State undertakes to provide resources to the International Monetary Fund by means of credit arrangements;
 - guarantees by the Minister for Finance to the Central Bank of Ireland on any moneys advanced by it arising from a call by the International Monetary Fund under the NAB Decision;
 - payments by the Minister for Finance out of the Central Fund to certain trust funds;
 - An amendment to the *Bretton Woods Agreements (Amendment) Act 1999* to reflect the renaming of the Enhanced Structural Adjustment Facility Trust ("ESAF Trust") as the Poverty Reduction and Growth Trust ("PRGT") and to increase the aggregate amount of grant contributions that the Minister for Finance may pay in respect of the PRGT;
 - An amendment to the *Bretton Woods Agreements Act 1957*, as amended, to provide for the payment of grant contributions by the Minister for Finance in respect of the Catastrophe Containment and Relief Trust ("CCRT") and trust funds established or to be established by the IMF in accordance with Article V (2)(b) of the Articles of Agreement of the Fund; and
 - The repeal of Section 163 of the *Finance Act 2010* which was intended to amend the *Bretton Woods Agreements Act 1957* to provide for a Borrowing Agreement

between Ireland and the IMF. As Ireland's 2010 Borrowing Agreement with the Fund lapsed without taking effect, section 163 of the *Finance Act 2010* is redundant.

- This Bill was not subject to pre-legislative scrutiny (PLS) and no General Scheme was published.
- A Regulatory Impact Assessment (RIA) has not been published in respect of this Bill.
- The L&RS has also published a [Bill Briefing](#) page on this Bill [internal access only].

Introduction

The *Bretton Woods Agreements (Amendment) Bill* was published on 14 March 2022. The Bill contains 10 sections and is technical in nature. The [Explanatory Memorandum](#) for the Bill notes that the primary objectives of the Bill are to provide for:

- Ireland’s adherence to the International Monetary Fund’s (“IMF” or “Fund”) New Arrangements to Borrow (“NAB”), as set out in the NAB Decision, adopted by the Executive Board of the IMF on 16 January 2020, and as amended by future NAB Decisions;
- Ireland’s participation in the 2020 NAB Decision and future NAB Decisions, by means of a credit arrangement to the Fund, to be provided by the Central Bank of Ireland (“Central Bank”) acting on behalf of the State;
- Ministerial guarantees to the Central Bank guaranteeing payment of sums advanced to the IMF by the Central Bank under the terms of the NAB Decision, in the case of repayment default by the Fund;
- An amendment to the *Bretton Woods Agreements (Amendment) Act 1999* to reflect the renaming of the Enhanced Structural Adjustment Facility Trust (“ESAF Trust”) as the Poverty Reduction and Growth Trust (“PRGT”) and to increase the aggregate amount of grant contributions that the Minister for Finance may pay in respect of the PRGT;
- An amendment to the *Bretton Woods Agreements Act 1957*, as amended, to provide for the payment of grant contributions by the Minister for Finance in respect of the Catastrophe Containment and Relief Trust (“CCRT”) and trust funds established or to be established by the IMF in accordance with Article V (2)(b) of the Articles of Agreement of the Fund; and
- The repeal of Section 163 of the *Finance Act 2010*.

Financial implications

The Explanatory Memorandum does not explicitly refer to financial implications for the Exchequer arising from the Bill.¹ No Regulatory Impact Assessment (RIA) has been published (at time of publication of this Digest) in respect of the Bill.

Pre-legislative scrutiny (PLS)

This Bill was not subject to pre-legislative scrutiny.

¹ Typically, such implications are detailed in the ‘Explanatory and Financial Memorandum’.

Table of provisions

A summary of the Bills' provisions is included in Table 2 below.

Table 2: Summary of provisions contained in the Bill

| Section(s) | Title/category | Effect |
|------------|---|--|
| 1 | Definitions | Section 1 of the Bill provides for the definition of the New Arrangements to Borrow ("NAB") Decision with reference to Decision No. 11428-(97/6) adopted by the Executive Board of the International Monetary Fund ("IMF" or "Fund") on 27 January 1997, as amended. The terms "call" and "credit arrangement" both have the meaning assigned to them in the IMF's Decision No. 11428-(97/6), as amended. The Catastrophe Containment and Relief Trust ("CCRT") is defined with reference to Decision No. 14649-2 (10/64) adopted by the Executive Board of the IMF on 25 June 2010, as amended. |
| 2 | Approval of NAB Decision | Section 2 of the Bill provides for the approval of the terms of the NAB Decision and Ireland's adherence to, and participation in, the NAB Decision, pursuant to Article 29.5.2 ^o of the Constitution. It also empowers the Minister to consent to future amendments to the NAB Decision, subject to the provisions of Article 29.5.2 ^o of the Constitution and consultation with the Central Bank. As the NAB Decision is an international agreement, it is implicit in this section that a Government decision is required in order to permit the Minister to consent to any amendment to the NAB Decision on behalf of the State. |
| 3 | Publication of approval of amendments to NAB Decision | Section 3 of the Bill provides that notice of the approval of amendments to the NAB Decision by Dáil Éireann, pursuant to Article 29.5.2 ^o of the Constitution, should be published in Iris Oifigiúil. |
| 4 | Provision of guarantee to Central Bank | Section 4 of the Bill provides for a guarantee or guarantees by the Minister for Finance to the Central Bank to cover the repayment of the principal and interest on any sum advanced by the Central Bank to the IMF under the terms of the NAB Decision. It also provides for an annual report on the use of Ministerial guarantees provided in relation to the NAB Decision to be submitted to the Minister by the Central Bank. |
| 5 | Contributions to Catastrophe Containment and Relief Trust | Section 5 of the Bill provides for the payment of grant contributions by the Minister for Finance to the IMF's CCRT, subject to a resolution to the contrary by Dáil Éireann. The CCRT provides grants for debt relief on IMF loans to eligible low-income countries hit by catastrophic natural disasters or public health disasters. |
| 6 | Contributions to prescribed trust funds | Section 6 of the Bill provides for the payment of grant contributions by the Minister for Finance to IMF trusts or contribution-based financing mechanisms established or yet to be established by the |

| | | |
|----|---|--|
| | | Fund in accordance with Article V, Section 2(b) of the IMF's Articles of Agreement. |
| 7 | Amendment of <i>Bretton Woods Agreements Act 1957</i> | Section 7 of the Bill amends section 3 of the <i>Bretton Woods Agreements Act 1957</i> to provide for the payment of grant contributions to the CCRT and to "prescribed trust funds" and to reflect the fact that the "ESAF Trust" has been renamed the "PRGT". |
| 8 | Amendment of <i>Bretton Woods Agreements (Amendment) Act 1999</i> | Section 8 of the Bill makes the following amendments to the <i>Bretton Woods Agreements (Amendment) Act 1999</i> : <ul style="list-style-type: none"> • amends section 1 to replace the definition of the "ESAF Trust" with the definition of the "PRGT" following the adoption of Decision No. 14354-(09/79) by the IMF Executive Board on 23 July 2009 to change the name of the ESAF Trust • amends section 4(5) to increase the total aggregate amount that the Minister may pay in respect of the ESAF Trust/PRGT to €75 million • amends section 10 to provide for the inclusion of the report submitted by the Central Bank under section 4 of the Bill in the annual report on Ireland's participation in the IMF and World Bank which is prepared by the Department of Finance and is laid before both Houses of the Oireachtas. |
| 9 | Amendment of <i>Finance Act 2010</i> | Section 9 of the Bill provides for the repeal of section 163 of the <i>Finance Act 2010</i> which was intended to amend the <i>Bretton Woods Agreements Act 1957</i> to provide for a Borrowing Agreement between Ireland and the IMF. As Ireland's 2010 Borrowing Agreement with the Fund lapsed without taking effect, section 163 of the <i>Finance Act 2010</i> is redundant |
| 10 | Short title, construction, collective citation and commencement | Section 10 of the Bill provides for the short title which may be cited as the <i>Bretton Woods Agreements (Amendment) Act 2022</i> and that the <i>Bretton Woods Agreements Acts 1957 to 2012</i> and this Act shall be construed as one Act and cited together as the <i>Bretton Woods Agreements Acts 1957 to 2022</i> . It also provides for commencement orders and the coming into operation of the provisions of the Act. |

Source: Obtained from the [Explanatory Memorandum](#) accompanying the Bill.

Policy background

Bretton Woods Agreements

The Bretton Woods Agreements are a set of agreements that were drawn up in 1944, during the Second World War, between 44 allied countries and named after the US town where the United Nations (UN) conference was held. The aim of Bretton Woods was to create stability between countries by creating an international basis for exchanging one currency for another. It also led to the creation of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (the World Bank).

The IMF promotes international monetary cooperation and provides policy advice, technical assistance and loans to help countries build and maintain, or restore, strong economies. The mandate of the World Bank is to promote long-term economic development and poverty reduction by providing technical and financial support to help countries reform particular sectors or implement specific projects.

Ireland joined the IMF and the World Bank in 1957 as part of a process of deepening its engagement and integration with the global economy. The legislation governing Ireland's membership of the institutions is the [Bretton Woods Agreements Act, 1957](#), which has been amended on a number of occasions.

The International Monetary Fund

The IMF is a cooperative intergovernmental institution and its stated objectives are to:

- Provide a forum for cooperation on international monetary problems;
- Facilitate the growth of international trade, thus promoting job creation, economic growth, and poverty reduction;
- Promote exchange rate stability and an open system of international payments; and
- Lend countries foreign exchange when needed, on a temporary basis and under adequate safeguards, to help them address balance of payments problems.

Current IMF membership stands at a near-global 190 countries. On joining the IMF, each member country is assigned a quota, based broadly on its relative size in the world economy, which represents its subscription of capital to the IMF. Members' quotas, in addition to providing the IMF with the financial resources it needs to lend to members in financial difficulty, are a factor in determining members' representation on the Executive Board and their voting power in the IMF.²

² Department of Finance (2020). "Ireland's Participation in the International Monetary Fund and the World Bank – Annual Report 2020" pg. 31. Available [here](#).

Governance of the IMF

The Board of Governors, on which each member country has a representative (in Ireland's case, the Minister for Finance), is the highest decision-making body of the IMF. The Governors meet formally once a year at the joint Annual Meetings of the IMF and World Bank. The Annual Meetings usually include two days of plenary sessions, during which Governors consult with one another and present their country's views on current issues in international economics and finance. During the Annual Meetings, the Board of Governors also makes decisions on how current international monetary issues should be addressed and approve corresponding Resolutions.³

The Executive Board is responsible for conducting the day-to-day business of the IMF. It is composed of 24 Directors, who are appointed or elected by member countries or by groups of countries, and the Managing Director, who serves as its Chairman. The Board usually meets several times each week. It carries out its work largely on the basis of papers prepared by IMF management and staff.

Quota Subscriptions

Quota subscriptions are a central component of the IMF's financial resources. Each member country of the IMF is assigned a quota, based broadly on its relative position in the world economy. A member country's quota determines its maximum financial commitment to the IMF, its voting power, and has a bearing on its access to IMF financing. Normally, a member can borrow up to 145 percent of its quota annually and 435 percent cumulatively. However, access may be higher in exceptional circumstances.⁴

The table below shows Ireland's quota share at the IMF. Ireland's quota / shareholding at the IMF at end-2020 stood at SDR 3,449.9 million and its voting share was 0.723%.

³ Ibid.

⁴ See factsheet on IMF Stand-By Arrangement. Available [here](#).

Table 3: Ireland's Quota at the IMF

| | Quota share (%) | Quota subscription (SDRs millions) |
|---|-----------------|------------------------------------|
| Pre-2008 Quota | 0.385 | 838.4 |
| Post 2008 Reform Quota (i.e. Pre 2010 Quota Reform) | 0.528 | 1,257.60 |
| Post-2010 Quota Reform | 0.723 | 3,449.90 |

Source: [Department of Finance](#)

New Arrangements to Borrow⁵

The IMF's New Arrangements to Borrow (NAB) provides the main supplement to quota subscriptions as a source of Fund resources. It is a credit arrangement between the IMF and a group of members and institutions to provide supplementary resources to the IMF when these are needed to forestall or cope with an impairment of the international monetary system. Following the failure to agree an increase of quota under the fifteenth General Review of Quotas and, in order to ensure that the Fund's current level of resources are sufficient to deal with any future crises, the IMF proposed to double the NAB facility in late 2019. Therefore, the NAB will effectively act as a temporary measure in lieu of a quota increase to ensure the adequacy of IMF resources in the period beyond 2020.

In January 2020, the IMF's Executive Board approved a doubling of the NAB resources from SDR 182 billion to SDR 365 billion (approximately US\$ 497 billion), for a new NAB period from 2021 to 2025. NAB participants were required to complete the necessary domestic approval procedures to give effect to the newly expanded NAB by 31 December 2020.

In 2010, Ireland agreed in principle to participate in the NAB. However, upon our entering into the EU-IMF programme, the IMF confirmed that Ireland's arrangement as part of the NAB would not be called upon. Accordingly, Ireland never formally adhered to the NAB. Ireland is therefore considered an "inactive" participant as the credit arrangement has not yet become effective.

⁵ Department of Finance (2020). "Ireland's Participation in the International Monetary Fund and the World Bank – Annual Report 2020" pg.14. Available [here](#).

In recent years, Ireland has renewed its commitment to the NAB. Having examined the NAB proposals approved by the Executive Board, Ireland confirmed its intention to formally adhere to the 2020 NAB Decision. Ireland's participation will involve a credit facility to the IMF provided through the Central Bank of Ireland. If the facility was activated, the Central Bank could be asked, with advance notice, to finance part of specific IMF loans from its balance sheet.

Catastrophe Containment and Relief Trust (CCRT)⁶

In February 2015, the IMF transformed the Post-Catastrophe Debt Relief Trust to create the Catastrophe Containment and Relief Trust (CCRT), broadening the range of situations covered by IMF disaster assistance to include fast-spreading epidemics. In March 2020, the IMF adopted a set of reforms to the CCRT to enable the Fund to provide immediate debt service relief for its poorest and most vulnerable members affected by the current COVID-19 pandemic and any future pandemics. The trust provides grants to pay debt service owed to the IMF for eligible low-income member countries that are hit by the most catastrophic of natural disasters or battling public health disasters—such as epidemics or global pandemics. The purpose of debt relief under the CCRT is to free up resources to meet exceptional balance of payments needs created by the disaster rather than having to assign those resources to debt service.

Assistance through the CCRT is currently available to countries eligible for concessional borrowing through the Poverty Reduction and Growth Trust (PRGT) and whose per capita income is below the International Development Association's (IDA) operational cut-off (currently US\$1,185) or, for small states with a population of less than 1.5 million, per capita income below twice the IDA cut-off (currently US\$2,370).

The CCRT was initially financed with the balance of the earlier Post-Catastrophe Debt Relief Trust and accounts left over from the financing of the Multilateral Debt Relief Initiative. In response to the COVID-19 pandemic, the IMF launched an urgent fundraising effort that would enable the CCRT to provide relief on debt service for the full two-year period, while leaving the CCRT adequately funded for future needs. This will require a commitment of about US\$1.4 billion

Poverty Reduction and Growth Trust (PRGT)⁷

All IMF members have access to the General Resources Account⁸ on non-concessional terms, but the IMF also provides concessional financial support through the PRGT, which is better tailored to the diversity and needs of Low-Income Countries (LICs). Poverty reduction strategies that detail policies to promote growth and reduce poverty are essential to IMF-supported programmes in LICs.

⁶ See factsheet on IMF Stand-By Arrangement. Available [here](#).

⁷ See factsheet on IMF Stand-By Arrangement. Available [here](#).

⁸ The General Resources Account (GRA) contains IMF holdings of members' currencies, SDRs, gold, and other assets. These holdings are principally derived from quota subscription payments plus any activated borrowings.

The PRGT has these three concessional lending facilities:

- Extended Credit Facility (ECF): Sustained medium- to long-term engagement in case of protracted balance of payments problems
- Standby Credit Facility (SCF): Financing for LICs with actual or potential short-term balance of payments and adjustment needs caused by domestic or external shocks, or policy slippages - can also be used on a precautionary basis during times of increased risk and uncertainty
- Rapid Credit Facility (RCF): Rapid financial support as a single up-front pay out for low-income countries facing urgent balance of payments needs - possible repeated disbursements over a (limited) period in case of recurring or ongoing balance of payments needs.

All lending facilities (ECF, RCF, SCF) are concessional⁹. These facilities have different maturities and grace periods and are currently interest free. In 2015, the interest rate on RCF financing was set permanently at zero to further enhance support for PRGT-eligible countries in fragile situations and those hit by natural disasters. Financing under the ECF and SCF carries a zero interest rate with a grace period of 5½ years and 4 years, respectively, and a final maturity of 10 years and 8 years, respectively. The grace period and final maturity for RCF repayments are the same as for the ECF, i.e. 5½ years and 10 years, respectively. The Fund reviews the level of interest rates for concessional facilities under the PRGT every two years based on the PRGT interest rate mechanism, with the next review expected to be completed no later than end-July 2023.

Funds for PRGT lending are obtained through bilateral loan agreements at market interest rates. Subsidy resources make up the difference between the market rates received by lenders and the concessional rates paid by LIC borrowers. The PRGT is designed to be financially self-sustaining over the long term. It can support annual average lending of about SDR 1¼ billion (about \$1.7 billion), which broadly equals the funds committed to LICs in 2009–18 on average.

⁹ These are loans that are extended on terms substantially more generous than market loans. The concessionalism is achieved either through interest rates below those available on the market or by grace periods, or a combination of these. Concessional loans typically have long grace periods.

Principal provisions of the Bill

This section of the Digest examines the main provisions of the Bill. The Bill comprises of 10 sections in total. A short synopsis of each provision is given in the [Table of Provisions](#).

Definitions

Section 1 of the Bill provides for the following key definitions:

“call” has the meaning assigned to it in the NAB Decision; It means a notice by the Fund to a participant to make a transfer under its credit arrangement to the Fund’s account;

“CCRT” means the Catastrophe Containment and Relief Trust established pursuant to Decision No. 14649-(10/64) adopted by the Executive Board of the International Monetary Fund on 25 June 2010, as amended from time to time;

“credit arrangement” has the meaning assigned to it in the NAB Decision; It means an undertaking to provide resources to the Fund on the terms and conditions of this decision;

“Minister” means the Minister for Finance;

“NAB Decision” means—

- a) Decision No. 11428-(97/6) on the New Arrangements to Borrow, adopted by the Executive Board of the International Monetary Fund on 27 January 1997 (as amended before the date of the passing of this Act), the text of which, for ease of reference, is set out in the Schedule, and
- b) any further amendments to that Decision.

Approval of NAB Decision

Section 2 of the Bill provides for the approval of the terms of the NAB Decision and states that:

- 1) The terms of the NAB Decision and the State’s adherence to the NAB Decision are hereby approved.
- 2) The Minister shall have all such powers as are necessary to give effect to the State’s adherence to the NAB Decision, including consenting on behalf of the State to amendments to the NAB Decision following consultation with the Central Bank.
- 3) The Central Bank shall, on behalf of the State, perform the obligations and exercise the rights of the State arising from the State’s adherence to the NAB Decision, and is authorised, in particular, to make a payment to the Fund arising from a call by the Fund.
- 4) The Central Bank shall have all such powers as are necessary to perform the obligations and exercise the rights of the State arising from the State’s adherence to the NAB Decision.
- 5) Any moneys received by or on behalf of the State in accordance with the NAB Decision shall be paid to the Central Bank.

Publication of approval of amendments to NAB Decision

Section 3 of the Bill provides that where Dáil Éireann approves, pursuant to [Article 29.5.2](#)¹⁰ of the Constitution, an amendment to the NAB Decision, the Minister shall, as soon as may be thereafter, cause notice of such approval, including the amendment so approved, to be published in Iris Oifigiúil.

All proposed amendments to the NAB Decision will be referred to the Office of the Attorney General for consideration. If the amendment to the NAB Decision creates a charge on public funds, the approval of Dáil Éireann will be necessary before the Minister can consent to the new Decision. Where there is no change to Ireland's credit arrangements, the approval of Dáil Éireann may not be necessary. In cases where the amendments are of a technical and administrative character, subject to the determination of the Office of the Attorney General, the approval of Dáil Éireann may not be necessary. Alternatively, where amendments to the NAB Decision are substantive, the Office of the Attorney General may conclude that the mechanism provided for in the Act is not sufficient and that either primary legislation or specific Dáil approval is required.

Provision of guarantee to Central Bank

Section 4 of the Bill provides for a guarantee or guarantees by the Minister for Finance to the Central Bank to cover the repayment of the principal and interest on any sum advanced by the Central Bank to the IMF under the terms of the NAB Decision. It states that:

- 1) The Minister may guarantee, in such form and manner and on such terms and conditions as the Minister thinks fit following consultation with the Central Bank, either or both the payment to the Central Bank of the principal of, and any interest on, any moneys advanced by the Central Bank arising from a call by the Fund.
- 2) The amount of any guarantee under subsection (1) or the aggregate amount of any such guarantees shall not exceed the total amount due to the Central Bank by the Fund under the NAB Decision.
- 3) All moneys from time to time required by the Minister to meet amounts which may become payable by the Minister under a guarantee under subsection (1) shall be advanced out of the Central Fund or the growing produce thereof.
- 4) Moneys paid by the Minister under a guarantee under subsection (1) shall be repaid to the Minister as and when such moneys are recovered by the Central Bank.
- 5) Where the whole or any part of the moneys required by subsection (4) to be repaid to the Minister has not been repaid in accordance with that subsection as soon as may be after

¹⁰ The State shall not be bound by any international agreement involving a charge upon public funds unless the terms of the agreement shall have been approved by Dáil Éireann.

the date of the advance, the amount so remaining outstanding shall be repaid to the Central Fund out of moneys provided by the Oireachtas.

- 6) Notwithstanding subsection (5), the Central Bank shall have a continuing obligation to use all reasonable means to recover any moneys advanced by the Central Bank arising from a call by the Fund.
- 7) Moneys paid by the Central Bank to the Minister under this section shall be paid into or disposed of for the benefit of the Exchequer in such manner as the Minister thinks fit.
- 8) The Central Bank shall, commencing in the year 2023, submit a report to the Minister before 1 March in each year setting out—
 - a) particulars of any guarantee under subsection (1) provided during the previous financial year,
 - b) the amount of any payments made by the Minister during the previous financial year under a guarantee under subsection (1) and any amounts repaid to the Minister under subsection (4),
 - c) the amount of moneys covered by any guarantee under subsection (1) which was outstanding at the end of the previous financial year, and
 - d) an account of any means used by the Central Bank in the previous financial year to recover any moneys advanced by the Central Bank arising from a call by the Fund.
- 9) The report under subsection (8) shall be included in the annual report under section 10 of the *Bretton Woods Agreements (Amendment) Act 1999*.

Contributions to Catastrophe Containment and Relief Trust

Section 5 of the Bill provides for the payment of grant contributions by the Minister for Finance to the IMF's CCRT, subject to a resolution to the contrary by Dáil Éireann. It states that:

- 1) The Minister may, subject to subsections (2) and (3), make payments in respect of the CCRT out of the Central Fund or the growing produce thereof.
- 2) Where the Minister proposes to make a payment under subsection (1), the proposal shall be laid before Dáil Éireann as soon as may be and, if a resolution annulling such a proposal is passed by Dáil Éireann within the next 21 days on which Dáil Éireann has sat after the proposal is laid before it, the proposal shall be annulled accordingly and the Minister shall not make such a payment.
- 3) The aggregate amount of any payment that the Minister may make under subsection (1) shall not exceed €50,000,000.

Contributions to prescribed trust funds

Section 6 provides for the payment of grant contributions by the Minister for Finance to IMF trusts or contribution-based financing mechanisms established or yet to be established by the Fund in accordance with Article V, Section 2(b) of the IMF's Articles of Agreement. It states that:

- 1) For the purposes of this section “prescribed trust fund” means a trust or other contribution-based financing mechanism prescribed by the Minister in accordance with subsection (2).
- 2) The Minister may by order prescribe a trust or other contribution-based financing mechanism to be a prescribed trust fund where it is established in accordance with Article V, Section 2(b) of the Articles of Agreement of the Fund.
- 3) The Minister may, subject to subsections (4) and (5), make payments in respect of a prescribed trust fund out of the Central Fund or the growing produce thereof.
- 4) Where the Minister proposes to make a payment under subsection (3), the proposal shall be laid before Dáil Éireann as soon as may be and, if a resolution annulling such a proposal is passed by Dáil Éireann within the next 21 days on which Dáil Éireann has sat after the proposal is laid before it, the proposal shall be annulled accordingly and the Minister shall not make such a payment.
- 5) The aggregate amount of any payment that the Minister may make under subsection (3)—
 - a) in respect of a single prescribed trust fund, shall not exceed €50,000,000, and
 - b) in respect of all prescribed trust funds, the PRGT (within the meaning of the *Bretton Woods Agreements (Amendment) Act 1999*) and the CCRT, shall not exceed €325,000,000.
- 6) An order under subsection (2) shall be laid before each House of the Oireachtas as soon as may be after it is made and, if a resolution annulling the order is passed by either such House within the next 21 days on which that House sits after the order is laid before it, the order shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.

Amendment of *Bretton Woods Agreements Act 1957*

Section 7 of the Bill amends section 3 of the *Bretton Woods Agreements Act 1957* to provide for the payment of grant contributions to the CCRT and to “prescribed trust funds” and to reflect the fact that the “ESAF Trust” has been renamed the “PRGT”.

Section 3 of the *Bretton Woods Agreements Act 1957* is amended in subsection (2)—

- a) in paragraph (k), by the substitution of “PRGT” for “ESAF Trust”,
- b) in paragraph (l), by the substitution of “1999,” for “1999.”, and
- c) by the insertion of the following paragraphs after paragraph (l):
 - m. “payments in respect of the CCRT within the meaning of the *Bretton Woods Agreements (Amendment) Act 2022*,
 - n. payments in respect of a prescribed trust fund within the meaning of section 6 of the *Bretton Woods Agreements (Amendment) Act 2022*.”.

Amendment of *Bretton Woods Agreements (Amendment) Act 1999*

Section 8 of the Bill makes amendments to the *Bretton Woods Agreements (Amendment) Act 1999*. It is amended—

- a) in section 1, by the substitution of the following definition for the definition of “ESAF Trust”:
“ ‘PRGT’ means the Poverty Reduction and Growth Trust, formerly known as the Enhanced Structural Adjustment Facility Trust, established pursuant to Decision No. 8759-(87/176) adopted by the Executive Board of the International Monetary Fund on 18 December 1987, as amended from time to time;”,
- b) in section 4—
 - i. in subsection (1), by the substitution of “PRGT” for “ESAF Trust” in each place where it occurs, and
 - ii. by the substitution of the following subsection for subsection (5):
 - 5) “The aggregate amount of sums that the Minister may pay in respect of the PRGT for the purposes of subsection (1) shall not exceed €75,000,000.”,
- c) in section 7, by the substitution of “PRGT” for “ESAF Trust”, and
- d) in section 10(2)—
 - i. by the substitution of “1957 to 2022”¹¹ for “1957 to 1999” in each place where it occurs,
 - ii. in paragraph (d), by the substitution of “section 9(10);” for “section 9(10).”, and
 - iii. by the insertion of the following paragraph after paragraph (d):
 - e. “a copy of the report submitted by the Central Bank to the Minister under section 4(8) of the *Bretton Woods Agreements (Amendment) Act 2022*.”.

Amendment of *Finance Act 2010*

Section 9 of the Bill provides for the repeal of section 163 of the *Finance Act 2010* which was intended to amend the *Bretton Woods Agreements Act 1957* to provide for a Borrowing Agreement between Ireland and the IMF. As Ireland’s 2010 Borrowing Agreement with the Fund lapsed without taking effect, section 163 of the *Finance Act 2010* is redundant.

Short title, construction, collective citation and commencement

Section 10 provides for the short title as well as the commencement orders and the coming into operation of the provisions of the Act. It provides that:

- 1) This Act may be cited as the *Bretton Woods Agreements (Amendment) Act 2022*.
- 2) The *Bretton Woods Agreements Acts 1957 to 2012* and this Act can be read together as one Act and be cited together as the *Bretton Woods Agreements Acts 1957 to 2022*.

Different parts of the Act can be commenced at different times.

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