

Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Bill 2023

Bill No. 66 of 2023

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Abstract

The main purpose of the Bill is to enable the Minister for Finance to make contributions on behalf of the State to trust funds and special donor funds established by International Financial Institutions for the purpose of responding to crises. It also seeks Oireachtas approval to permit the State to enter into guarantee and contribution agreements associated with European Union financial assistance to Ukraine.



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Key messages

- One of the main purposes of the Bill is to facilitate participation by the State in certain donor or trust funds established by certain international financial institutions for the purpose of responding to crises.
- Related to this, the Bill seeks Oireachtas approval to permit the State to enter “contribution agreements” with certain international financial institutions concerning the State’s contributions to such donor and trust funds.
- The Bill also seeks to permit the State to participate fully in the EU’s Macro Financial Assistance (MFA) packages for Ukraine for 2022 and 2023. Additionally, the Bill seeks Oireachtas approval to permit the State to enter into a Guarantee Agreement with the European Commission pursuant to Articles 9 and 10 of [Decision \(EU\) 2022/1628 of 20 September 2022](#), and a Contribution Agreement with the European Commission pursuant to Article 7(1) of [Regulation \(EU\) 2022/2463 of 14 December 2022](#).
- The Guarantee Agreement is required to facilitate Ireland’s participation in the EU’s 2022 Exceptional MFA package for Ukraine. The Contribution Agreement is required to facilitate Ireland’s participation in the EU’s MFA+ package for Ukraine for 2023.
- The Bill provides a legal basis for any payments required to meet the State’s commitments under the above-mentioned guarantee and contribution agreements to be made from the Central Fund, subject to certain limits as provided for in the Bill.
- It makes provisions for reporting to Dáil Éireann to facilitate parliamentary oversight of the operation of the guarantee and contribution agreements.
- Finally, as set out in the [Explanatory Memorandum](#) for the Bill, Ireland cannot fully participate in the EU’s Macro Financial Assistance (MFA) initiatives for Ukraine for both 2022 and 2023 unless this legislation is enacted.

Summary

- On the 20 September 2022 the EU adopted an exceptional Macro Financial Assistance (MFA) package for Ukraine worth up to €5 billion. EU Member States may provide contributions in the form of irrevocable, unconditional and on-demand guarantees in accordance with Guarantee Agreements to be concluded between the European Commission and individual EU Member States (as set out in [Articles 9 and 10 of Decision \(EU\) 2022/1628 of the European Parliament and of the Council of 20 September 2022](#)). The Bill seeks Oireachtas approval for the State to enter into such a Guarantee Agreement with the European Commission.
- The EU subsequently agreed an MFA+ package for Ukraine on 14 December 2022. In order to participate in this initiative, the State must enter into a Contribution Agreement with the European Commission pursuant to [Article 7\(1\) of Regulation \(EU\) 2022/2463 of the European Parliament and of the Council of 14 December 2022](#). The Bill seeks to obtain Oireachtas approval for the State to enter into a Contribution Agreement with the European Commission pursuant to Article 7(1).
- On the [14 April 2023](#), the Minister for Finance Michael McGrath TD announced that there would be legislation brought forward that would ensure Ireland could actively participate in a number of financial supports to Ukraine.
- The [Finance \(State Guarantees, International Financial Institution Funds and Miscellaneous Provisions\) Bill 2023](#) was published on the 18 September 2023.
- The Bill comprises of seven parts and 22 sections.
- The primary purpose of the legislation is to allow the State to participate in certain donor and trust funds established by International Financial Institutions, namely, the [European Investment Bank](#) (EIB), [the Council of Europe Development Bank](#) (CEDB) and the [European Bank of Reconstruction and Development](#) (EBRD), for the purpose of providing financial assistance in response to crises, such as the crisis in Ukraine.
- According to the [Explanatory Memorandum](#), the Bill provides for Ireland's full participation in the EU's MFA initiatives for Ukraine for 2022 and 2023.
- [Article 1 of Decision \(EU\) 2022/1688](#) allows that the EU provides for Exceptional MFA to Ukraine in the form of loans. To finance the MFA, Article 1 empowers the Commission to borrow the necessary funds on behalf of the EU on the capital markets or from financial institutions.
- Regarding [Articles 9 and 10 of Decision \(EU\) 2022/1688](#), these relate to loans that are backed up by guarantees by individual EU member states such as Ireland. In particular, Article 9 sets out that Member States provide guarantees up to a total of €3.6 billion in respect of the exceptional MFA to Ukraine under Article 1 of Decision (EU) 2022/1688.

- The Bill (section 22) also makes an amendment to [section 38\(1\) of the Criminal Justice \(Money Laundering and Terrorist Financing\) Act 2010](#), which ensures that those engaging in banking relationships within the EU must conduct enhanced due diligence. As per the [Explanatory Memorandum](#), "This will address a deficiency in Ireland's framework for Anti-Money Laundering and Countering the Financing of Terrorism, which was identified by the Financial Action Task Force, the global standard-setter in this area of which Ireland is a member."
- There was no General Scheme published and the Minister for Finance requested a Pre-Legislative Scrutiny (PLS) waiver, which was granted.
- Following Cabinet approval, the Bill was published on 18 September 2023, and is scheduled to go to the Dáil for Second Stage on Thursday 5 October.
- The L&RS published a [Bill Briefing](#) page on this Bill [internal access only].

Glossary and abbreviations

Term	Meaning
MFA	Macro-Financial Assistance
IFI	International Financial Institution
EIB	European Investment Bank
EBRD	European Bank for Reconstruction and Development
CEDB	Council of Europe Development Bank
EPTATF	Eastern Partnership Technical Assistance Trust Fund
FINPERT	Finance, Public Expenditure and Reform, and Taoiseach
PLS	Pre-Legislative Scrutiny
EU	European Union
UK	United Kingdom

Table of provisions

A summary of the Bill's provisions is included in Table 1 below.

Table 1 Table of provisions of the Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Bill 2023

Section	Title	Effect
Part 1: Preliminary and General		
1.	Short title and commencement	This is a standard provision and provides that, if enacted, this Bill may be cited as the Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2023. It provides that the Bill will be commenced by Ministerial order(s) and that different provisions may be commenced at different times.
2.	Definition	This section clarifies that references to “the Minister” in the Bill mean the “Minister for Finance”.
Part 2: Prescribed European Investment Bank Contribution Agreements		
3.	Prescribed European Investment Bank Contribution Agreements	Section 3 sets out the legislative framework that will allow contributions to be made, on behalf of the State, to a Trust fund or other contribution-based financing mechanism established by the EIB.
Part 3: Amendment of European Bank for Reconstruction and Development Act 1991		
4.	Definition (Part 3)	Section 4 provides that references to the “Act of 1991” in the Bill mean the European Bank for Reconstruction and Development Act 1991.
5.	Amendment of section 1 of Act of 1991	Section 5 amends the definition of “the Agreement” set out in section 1 the Act of 1991, being the agreement, which established the EBRD, to incorporate amendments to the Agreement by the Board of Governors of the Bank in 2004 and 2011 and any further amendments approved by Dáil Éireann.
6.	Prescribed European Bank for Reconstruction and Development Contribution Agreements	Section 6 makes amendments to the Act of 1991 to allow the State to make contributions to Trust Funds established by the EBRD. Further detail is provided below.
7.	Amendment of Schedule to Act of 1991	Section 7 provides for the substitution of the existing Schedule to the Act of 1991 with Schedule 1 to the Bill.
Part 4: Amendment of Council of Europe Development Act 2004		
8.	Definition (Part 4)	This Section clarifies that references to the Act of 2004 in Part 4 of the Bill mean the Council of Europe Development Act 2004.

Section	Title	Effect
9.	Amendment of section 1 of Act of 2004	Section 9 amends the definition of “the Agreement” set out in Section 1 of the Act of 2004, being the Agreement establishing the CEDB, to incorporate amendments to the Agreement by the Governing Board of the Bank in 2010 and 2011, and any further amendments to the Agreement approved by Dáil Éireann.
10.	Prescribed Council of Europe Development Bank Contribution Agreements	This Section provides for prescribed contributions to be made on behalf of the State to Trust Funds established by the CEDB. Further detail is set out below.
11.	Amendment of Schedule 1 to Act of 2004	This Section provides for Schedule 1 of the 2004 Act to be substituted with Schedule 2 of the Bill.
Part 5: Guarantee Agreement		
12.	Definition (Part 3)	Section 12 clarifies that references to the term “Guarantee Agreement” in Part 3 of the Bill mean the Guarantee Agreement between the State and the European Commission, as provided for under Article 10 of Decision (EU) 2022/1628 of the European Parliament and of the Council of 20 September 2022, and whose terms are set out in Schedule 3 of the Bill.
13.	Guarantee Agreement may be entered into by State	Section 13 provides that the Minister of Finance may enter into the Guarantee Agreement on behalf of the State.
14.	Payment out of Central Fund related to Guarantee Agreement	This Section provides for the making of such payments out of the Central Fund as may be required for the State to fulfil its commitments under the Guarantee Agreement subject to a cap as set out in the section.
15.	Payment into Exchequer related to Guarantee Agreement	Section 15 sets out that any amounts returned to the State, by way of repayment of sums paid in accordance with the Guarantee Agreement, will be paid into the Central Fund.
16.	Reporting in relation to demands under Guarantee Agreement	Section 16 provides for reporting to Dáil Éireann in relation to payments to and from the Exchequer Central Fund in relation to the Guarantee Agreement.
Part 6: MFA + Contribution Agreement		
17.	Definition (Part 4)	Section 17 defines references to the term “MFA+ Contribution Agreement” in Part 3 of the Bill which means the contribution agreement as provided for in paragraph (1) of Article 7 of Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 .

Section	Title	Effect
18.	MFA+ Contribution Agreement may be entered into by State	This Section allows for the entry into the MFA+ Contribution Agreement by the Minister for Finance on behalf of the State.
19.	Payment out of Central Fund related to MFA+ Contribution Agreement	This Section provides for the making of such payments out of the Central Fund as may be required to enable the State to fulfil its commitments under the MFA+ Contribution Agreement, subject to the cap provided for in the section.
20.	Payment into Exchequer related to MFA+ Contribution Agreement	Section 20 sets out that any amounts returned to the State, by way of repayment of sums paid in accordance with the MFA+ Contribution Agreement, will be paid into the Central Fund.
21.	Reporting in relation to MFA+ Contribution Agreement	Section 21 sets out reporting requirements to Dáil Éireann in relation to payments to and from the Exchequer Central Fund in relation to the MFA+ Contribution Agreement.
Part 7: Amendment of Criminal Justice (Money Laundering and Terrorist Financing) Act 2010		
22.	Amendment of section 38 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010	Section 22 makes amendments to section 38(1) of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 which essentially impose enhanced due diligence on those engaging in correspondent banking relationships with respondent institutions both within the EU and outside of it.

Source: Library & Research Service, 2023. Based on the Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Bill 2023 and Explanatory Memorandum.

Introduction

Following the adoption of the EU decision on the Exceptional MFA €5 billion package for Ukraine on 20 September 2022¹, legislation was required in Ireland to enable the State to enter into a Guarantee Agreement with the European Commission in respect of Ireland's contribution to the MFA.

However, the initiation of the draft legislation was delayed as the Department of Finance was awaiting the finalisation of the MFA+ package of loans for Ukraine for 2023 to assess whether

¹ [Council adopts additional €5 billion assistance to Ukraine - Consilium \(europa.eu\)](https://consilium.europa.eu/en/press/press-releases/2022/09/20-ukraine/)

additional legislative provisions would be required to enable the State to also contribute to this package². Subsequently, The European Parliament and the Council adopted the Regulation on MFA+ instrument on 14 December 2022³.

In April 2023, the Minister for Finance Michael McGrath TD announced that there would be legislation brought forward that would ensure Ireland could actively participate in a number of financial supports to Ukraine, including by permitting the State to enter into Guarantee and Contribution Agreements related to EU MFA programmes for both the previous and current years, i.e., 2022 and 2023.

Announcing the measures, Minister Michael McGrath stated⁴:

“This legislation will formalise Ireland’s full participation in each of these important supports to Ukraine, building further on our national responses including a further €75 million in humanitarian aid provided in Budget 2023 and our ongoing supports for approximately 80,000 Ukrainian Beneficiaries of Temporary Protection who have arrived in Ireland since February 2022”.

The [Finance \(State Guarantees, International Financial Institution Funds and Miscellaneous Provisions\) Bill 2023](#) was published on the 18th of September 2023. According to its Explanatory Memorandum, the Bill will allow Ireland to fully participate in donor or trust funds established by certain International Financial Institutions.⁵ It also provides the legal basis under which Ireland can enter into Guarantee and Contribution Agreements associated with EU financial assistance to Ukraine.

Financial Implications

The Bill provides for a new legislative provision to facilitate the State’s entry into contribution agreements with certain International Financial Institutions (also known as Multilateral Development Banks), namely, the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), and the Council of Europe Development Bank (CEDB). The purpose of these contribution agreements is to enable the State to make contributions to a Trust or Donor Fund established by these international financial institutions for the purpose of responding to a particular crisis.

² Department of Finance correspondence with the Library and Research Service.

³ [Ukraine \(europa.eu\)](#)

⁴ See Department of Finance, Press Release, *Minister McGrath to legislate for Ireland’s contributions to key funding programmes for Ukraine* (14 April 2023). Available [here](#)

⁵ The European Investment Bank, the Council of Europe Development Bank and the European Bank for Reconstruction and Development.

The legislation will facilitate Ireland's timely participation in international responses by these International Financial Institutions (IFIs) to the current crisis in Ukraine and any future crises of similar magnitude without the need to introduce primary legislation on each occasion. Further detail on the IFIs Ireland may enter into contribution agreements with is provided in the 'Background' section.

The Bill permits the Minister for Finance to prescribe by order "contribution agreements" between the State and any of the above named IFIs concerning the State's contribution to a trust fund or donor fund established by the IFI for the purpose of responding to a crisis. The Minister is required to lay any such order before each House of the Oireachtas as soon as possible after it is made and either House may, by resolution, annul the order within the next 21 sitting days of the order being laid.

The amount that Ireland can contribute, under the terms of any single contribution agreement will be capped at €35 million for the EIB (section 3(9) of the Bill) and €10 million for the EBRD (section 6(9) of the Bill) and CEDB (section 10(9) of the Bill). In addition, an overall cap on expenditure is set at €375 million, encompassing a cap of €175 million in respect of all prescribed EIB contribution agreements, and a cap of €100 million each for the prescribed EBRD and CEDB contribution agreements.

Additionally, for the 2022 Exceptional MFA for Ukraine, Ireland's maximum liability is capped in section 14 of the Bill and the Schedule to the proposed Guarantee Agreement (contained in Schedule 3 to the Bill) at €76.9 million. For the 2023 MFA+, which is designed differently and focused on interest subsidies rather than a member state guarantee, Ireland's maximum contribution over the lifetime of the current Multiannual Financial Framework cycle (2021-2027) is capped in section 19 of the Bill and in the Schedule to the proposed Contribution Agreement (contained in Schedule 4 to the Bill) at €63.625 million.

Background

This Section provides background on the policy and legislative context of the Bill, as well as providing background information on each of the three financial institutions that will establish the trust funds set out in the Bill.

Policy and Legislative Context

As stated above, one of the main provisions of this Bill is to seek Oireachtas approval to enter into the relevant guarantee and contribution agreements with named international financial institutions for the purpose of responding to a particular crisis. The Bill further provides a basis that any payments required to meet commitments under the agreements be made from the Central Fund and it makes a provision for reporting to Dáil Éireann to facilitate parliamentary oversight of the operation of the guarantee and contribution agreements.

The legislation also provides for the amendment of [Section 38\(1\) of the Criminal Justice \(Money Laundering and Terrorist Financing\) Act 2010](#). The amendment will extend the existing obligation on those engaging in correspondent banking relationships, to conduct enhanced due diligence on the respondent institution when based outside the European Union. This will address a deficiency in Ireland's framework for Anti-Money Laundering and Countering the Financing of Terrorism identified by the Financial Action Task Force, the global standard-setter in this area, of which Ireland is a member.

Trust funds

The Bill will allow Ireland to participate in trust funds established by the EIB, EBRD and the CEDB for the purposes of responding to a crisis.

Trust funds are used by the European Commission as a financing mechanism to implement international cooperation and development measures. It involves one or more donors pooling their financial contributions into a trust fund. These trust funds are usually set up to respond to major challenges or crises, such as natural disasters, conflicts, or significant pandemics⁶. Further detail on the financial institutions (EIB, EBRD and CEDB) that may establish these trust funds is provided below.

The European Investment Bank

The EIB was established in 1958 and is the lending arm of the European Union⁷. Since the start of the Russian invasion of Ukraine in 2022, the EIB has disbursed approximately €1.7 billion in emergency aid to Ukraine⁸. The EIB has previously established trust funds. For example, in 2010 it established the Eastern Partnership Technical Assistance Trust Fund (EPTATF). The fund was set up to finance technical assistance operations in eastern Partnership countries such as Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine⁹.

Some of the donors to this trust fund include Germany, France, the UK, and the European Commission.

Ireland first became a donor partner with the EIB in 2005, contributing €1 million to the FEMIP Trust Fund. The Fund promotes infrastructure and private sector development in countries south of Europe, such as Algeria, Israel and Egypt amongst others¹⁰.

The European Bank for Reconstruction and Development

The EBRD was established in 1991 and since then has invested over €180 billion across three continents¹¹. It has committed up to €3 billion to Ukraine for 2022-2023 to support its businesses and ensure its economy continues to function¹².

Since their establishment, the EBRD have been involved in several donor trust funds. One such fund has been the EBRD Sustainable Infrastructure Fund, launched in 2004. Some of the donors

⁶ [Trust funds \(europa.eu\)](https://europa.eu/europa/en/trust-funds)

⁷ [Who we are \(eib.org\)](https://eib.org/en/about-us/who-we-are)

⁸ [The EIB stands with Ukraine](https://eib.org/en/press-releases/2022/01/the-eib-stands-with-ukraine)

⁹ [EPTATF trust fund \(eib.org\)](https://eib.org/en/press-releases/2010/01/eptatf-trust-fund)

¹⁰ [Ireland donor profile \(eib.org\)](https://eib.org/en/press-releases/2005/01/ireland-donor-profile)

¹¹ [European Bank for Reconstruction and Development \(EBRD\)](https://ebrd.com/en/about-us/who-we-are)

¹² [The EBRD and the war on Ukraine](https://ebrd.com/en/press-releases/2022/01/the-ebrd-and-the-war-on-ukraine)

include Ireland, France, Germany, and the UK. The Sustainable Infrastructure Fund (previously Early Transitions Countries Fund) was established to provide donor support to the Early Transition Countries (Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan).

Additionally, in 2014, the EBRD launched the Ukraine Stabilisation and Sustainable Growth Multi-Donor Account (Ukraine MDA)¹³ which was established to support Ukraine's efforts to reform its economy, improve its business climate and restore sustainable growth.

In total, Ireland has provided in the region of €29 million to various donor funds with the EBRD¹⁴.

The Council of Europe Development Bank

The CEDB was founded in 1956 and is the oldest European multilateral bank¹⁵. Since its establishment, the CEDB had been involved in several trust funds financed by the Member States. A list can be accessed [here](#).

One of the more recent funds that it established is the Ukraine Solidarity Fund (USF). This fund was established in 2022 to provide assistance to displaced persons from Ukraine and support the reconstruction of the country following the Russian invasion. Ireland provided the fund with €1 million in seed financing.

The funds established by the CEDB, and the donor contributions do not appear to be as large as the other two banks. This may reflect the fact they have an exclusively social mandate¹⁶. Ireland, for example has not contributed more than €5 million. Additionally, since its establishment it is estimated that 28 donors have contribute a total of €883 million to CEDB projects¹⁷.

Principal provisions of the Bill

This section of the Digest examines some of the main provisions of the Bill. The Bill comprises of seven Parts and 22 Sections in total. A short synopsis of each section is given in Table 2 above.

Section 3: Prescribed European Investment Bank Contribution Agreements Implications and implementation issues

Section 3 of the Bill sets out the legislative framework which will allow the State to make contributions to trust funds established by the EIB for the purpose of responding to a crisis. To make a contribution on behalf of the State, the Minister of Finance must prescribe by order a

¹³ [EBRD Multi-donor funds](#)

¹⁴ [Ireland: EBRD shareholder profile](#)

¹⁵ [Mission and history | CEB \(coebank.org\)](#)

¹⁶ [Council of Europe Development Bank \(CEB\) | EU Funding Overview](#)

¹⁷ [Donors | CEB \(coebank.org\)](#)

contribution agreement between the State and the EIB. The contribution agreement will specify the amount the State will contribute, as well as the terms of the agreement.

The Minister is required to lay any order prescribing a contribution agreement between the State and the EIB before each House of the Oireachtas as soon as possible after it is made and either House may, by resolution, annul the order within the next 21 sitting days of the order being laid.

Where the State does enter into such an agreement with the EIB, the Minister for Finance will have the powers to do whatever is necessary in carrying out the State's obligations under the agreement.

The State can agree to an amendment being made to the agreement with the EIB. However, as set out in Section 3(6) if an amendment is being made; *"a draft of the proposed agreement providing for the amendment and containing the text of the amendment shall be laid by the Minister before Dáil Éireann and the amendment shall not be made unless and until a resolution approving the amendment has been passed by that House"*.

Regarding the amounts to be contributed by the State to an EIB contribution agreement, no more than €35 million will be paid from the Central Fund to a single EIB contribution agreement. Additionally, an overall cap on expenditure is set at €175 million, i.e., the aggregate amount of all prescribed EIB contribution agreements shall not exceed €175 million.

In terms of repayment, any money received from the State by ways of repayment will be credited to the Exchequer and form part of the Central Fund.

The Section also provides that the Minister for Finance must lay a report before Dáil Éireann for each reporting period (date of commencement of the section – 31 December for the first year and 1 January – 31 December thereafter) that includes information outlining the aggregate amount of payments made into the contribution agreement with the EIB for the reporting period and also since the date of enactment to the end of the reporting period concerned.

Section 6: Prescribed European Bank for Reconstruction and Development Contribution Agreements

Section 6 is similar to Section 3; however, it applies to the EBRD rather than the EIB. It inserts a new section (3A) into the European Bank for Reconstruction and Development Act 1991 which provides that the State can make contributions to special funds established by the EBRD.

The Minister is required to lay any order prescribing a contribution agreement between the State and the EBRD before each House of the Oireachtas as soon as possible after it is made and either House may, by resolution, annul the order within the next 21 sitting days of the order being so laid.

The Minister for Finance will have the powers to do whatever is necessary in carrying out the State's obligations under the contribution agreement with the EBRD. Additionally, the State can agree to amend the contribution agreement, as set out above in the discussion of Section 3, however the amendment shall not be made unless a resolution approving the amendment has been passed by Dáil Éireann.

Like Section 3, there is a limit on the amount that can be paid into EBRD trust funds from the Central Fund. No more than €10 million can be paid from the Central Fund in respect of a single EBRD contribution agreement. Whilst no more than €100 million can be paid in respect of all the prescribed EBRD contribution agreements.

Any repayments made in respect of the EBRD contribution agreements will be returned to the Central Fund and credited to the Exchequer.

Section 6 also provides that the Minister for Finance must lay a report before Dáil Éireann for each reporting period (date of commencement of the section – 31 December for the first year and 1 January – 31 December thereafter) that includes information outlining the aggregate amount of payments made into the contribution agreement with the EBRB for the reporting period and also since the date of enactment until the end of the reporting period concerned.

Section 10: Prescribed Council of Europe Development Bank Contribution Agreements

Like both Section 3 and Section 6, Section 10 provides the legislative framework that allows the State to make contributions to trust funds established by the CEDB. It contains equivalent provisions to those set out in Sections 3 and 6 in respect of prescribed contribution agreements with the EIB and EBRD, respectively.

Regarding the amount of money that can be paid into a trust fund established by the CEDB, the same limits apply as for the EBRD, that is €10 million in respect of a single contribution agreement and no more than €100 million in respect of all CEDB agreements.

Additionally, the reporting obligations remain the same as set out in Section 3 and 6. The first reporting period will be from the date of commencement of the section to the 31 December of that year and following on from this it will be from 1 January to the 31 December.

Sections 12 to 16: Guarantee Agreement may be entered into by State

Sections 12 to 16 provide that the Minister for Finance may enter into a Guarantee Agreement with the European Commission on behalf of the State in accordance with [Article 10 of Decision \(EU\) 2022/1628 of the European Parliament and of the Council of 20 September 2022](#). The terms of the proposed agreement are set out in Schedule 3 of the Bill. They recall that Decision (EU) 2022/1201 and Decision (EU) 2022/1628 provide that the European Commission can, on behalf of the European Union, borrow on the capital markets or financial institutions to finance exceptional macro-financial assistance to Ukraine.

Decision (EU) 2022/1628 permits the Commission to make a maximum amount of €5 billion available to Ukraine. It also provides that the Member States of the European Union act as Guarantors and the Member States may complement the provisioning of macro-financial assistance by providing guarantees up to the total amount of €3.6 billion in respect of the Union's exceptional MFA to Ukraine.

For Ireland, the Bill provides that a maximum of €76.9 million may be paid out of the Central Fund to meet the State's obligations in relation to the Guarantee Agreement. Any repayment made will be credited to the Exchequer.

Sections 17 to 21: Macro Financial Assistance + Contribution Agreement

Sections 17 to 21 set out the legislative framework for the State to enter into an MFA+ Contribution Agreement with the European Commission as provided for by [Article 7\(1\) of Regulation \(EU\) 2022/2463 of the European Parliament and of the Council of 14 December 2022](#). The terms of the proposed agreement are set out in Schedule 4 of the Bill. Regulation (EU) 2022/2463 established

an instrument for providing support to Ukraine for 2023 (MFA+) which allows the Commission to make available Union support to Ukraine in the form of loans with a maximum amount of up to €18 billion.

Ireland, as a Member State of the EU, may be a contributor to this support and as such may pay an aggregate amount of no more than €63.625 million to comply with their obligations under the MFA+ Contribution Agreement. This money may be paid out of the Central Fund. Any repayment made will be credited to the Exchequer.

Section 22: Amendment of section 38 of Criminal Justice (Money Laundering and Terrorist Financing) Act 2010

Section 22 of the Bill amends section 28 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. The amendment involves the deletion of the words “situated in a place other than a Member State”.

The amendment ensures that entities involved in correspondent banking relationships with respondent institutions both inside and outside the EU will have enhanced due diligence obligations imposed on them. Currently, there is no obligation for enhanced due diligence for institutions inside the EU.

The Financial Action Task Force identified this deficiency in Irish Anti-Money Laundering and Countering the Financing of Terrorism legislation and section 22 of the Bill seeks to rectify this.

Implications and implementation issues

In April 2023, the Department of Finance sought Government approval for the State to enter into Guarantee and Contribution Agreements related to EU MFA operations to Ukraine for both the previous and current years, i.e., 2022 and 2023. The approval to enter into these agreements was granted, with the caveat of it being subject to the enactment of legislation. Ireland cannot fully participate in the EU’s MFA initiatives for Ukraine for both 2022 and 2023 unless this legislation is implemented.¹⁸

¹⁸ [Explanatory Memorandum for the Bill.](#)

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