

REPUBLIC OF VANUATU

BILL FOR  
THE INTERNATIONAL FINANCIAL INSTITUTIONS ACT  
No. 13 OF 1981

Explanatory Note

This law provides for membership of certain international financial institutions - namely the International Monetary Fund (I.M.F.), the International Bank for Reconstruction and Development (World Bank), the International Development Association (I.D.A.) and the International Finance Corporation (I.F.C.) - and for other matters to enable Vanuatu to become members of these institutions.

Section 2 provides authority for the Minister of Finance, or a person designated by him, to accept membership of the institutions, and to accept their Articles of Agreement and the terms and conditions for membership in them.

Section 3 allows for Vanuatu's possible participation in the Special Drawing Rights Department of the I.M.F., and provides authority for the Minister to execute and deposit with the I.M.F. the instrument of participation. The SDR is fast becoming the principal reserve asset of the international monetary system. Since the SDR has attractive features in terms of yield and liquidity, a participant may wish to maintain SDR holdings as part of a diversified portfolio of external assets. The SDR may be used to obtain on demand freely usable currencies, to pay various charges and obligations, and to finance certain other operations. Allocations of SDRs are made from time to time to participants in the Special Drawing Rights Department to supplement their existing reserve assets.

Section 4 authorises the Central Bank, on behalf of Vanuatu, to make any necessary payments to the I.M.F., World Bank, I.D.A. and I.F.C. under the terms of the respective Membership Resolutions or the institutions' Articles of Agreement, and to issue to these institutions any non-negotiable, non-interest bearing notes which may be appropriate in respect of Vanuatu's membership of these institutions. Similarly, any sums received by Vanuatu from the I.M.F. (including any allocation of SDRs), World Bank, I.D.A. and I.F.C. shall be paid over to the Central Bank.

Section 5 provides that the provisions of certain sections of the Articles of Agreement of the I.M.F., World Bank, I.D.A. and I.F.C. shall have the force of law in Vanuatu upon the admission to membership of Vanuatu in these institutions. These provisions are set out in a Schedule to the Bill. The provisions of the relevant sections of the Articles of Agreement of each institution are very similar, and cover the status of the institutions, their position with regard to the judicial process and various immunities.

APRIL, 1981.

K. KALSAKAU  
MINISTER OF FINANCE

REPUBLIC OF VANUATU

BILL FOR  
THE INTERNATIONAL FINANCIAL INSTITUTIONS ACT  
No. OF 1981

Arrangement of Sections

1. Interpretation.
2. Membership of International Financial Institutions.
3. Participation in Special Drawing Rights Department of the Fund.
4. Payments and Receipts.
5. Certain provisions of Agreements given force of law in Vanuatu.
6. Orders.
7. Repeal.
8. Commencement.

SCHEDULE

PART 1

Articles of Agreement of the Fund

PART 2

Articles of Agreement of the World Bank

PART 3

Articles of Agreement of the Corporation

PART 4

Articles of Agreement of the Association

REPUBLIC OF VANUATU

BILL FOR  
THE INTERNATIONAL FINANCIAL INSTITUTIONS ACT  
No. OF 1981

To provide for membership of certain International Institutions and matters incidental thereto.

Be it enacted by the President and Parliament as follows :-

Interpretation.

1. In this Act -
- "Association" means the International Development Association;
  - "Central Bank" means the Central Bank of Vanuatu;
  - "Corporation" means the International Finance Corporation;
  - "Fund" means the International Monetary Fund;
  - "Minister" means the Minister responsible for Finance;
  - "World Bank" means the International Bank for Reconstruction and Development.

Membership of International Financial Institutions.

2. The Minister or a person designated by him in writing is authorised to accept membership in the Fund, the World Bank, the Corporation and the Association and to accept the Articles of Agreement of these Institutions and the terms and conditions for membership in them by Vanuatu contained in resolutions of their respective boards of Governors by -
- (a) signing the original copy of Articles of Agreement of these Institutions; and
  - (b) executing and depositing the prescribed instruments of acceptance and other documents which shall be required.

Participation in Special Drawing Rights Department of the Fund.

3. Upon the admission of Vanuatu to membership in the Fund, Vanuatu may become a participant in the Special Drawing Rights Department of the Fund and the Minister may, for such purposes, execute and deposit with the Fund on behalf of Vanuatu the instrument of participation stating that Vanuatu undertakes all the obligations of a participant in the Special Drawing Rights Department of the Fund in accordance with the law of Vanuatu and representing that Vanuatu has taken all steps necessary to enable it to carry out all of the obligations of a participant in the Special Drawing Rights Department of the Fund.

Payments and Receipts.

4. (1) The Central Bank is authorised to borrow or otherwise acquire, by any appropriate means, and to pay on behalf of Vanuatu, the amounts that are payable from time to time to the Fund, the World Bank, the Corporation and the Association under the terms and conditions of the Resolutions relating to the membership of Vanuatu in these Institutions and under their respective Articles of Agreement and to make payments in connection with the participation of Vanuatu in the Special Drawing Rights Department of the Fund.
- (2) The Central Bank is authorised to issue, in accordance with the Articles of Agreement of the Fund, the World Bank and the Association, any non-negotiable, non-interest bearing notes or similar obligations which may be necessary or appropriate in respect of the membership of Vanuatu in the Fund, the World Bank and the Association.
- (3) Any sums received by Vanuatu from the Fund, including any amount of gold, currency or special drawing rights paid or allocated to Vanuatu by the Fund or which may be otherwise acquired by Vanuatu in consequence of its participation in the Special Drawing Rights Department of the Fund and any sums received by Vanuatu from the Association, the Corporation, the Fund and the World Bank on account of the subscriptions of Vanuatu therein or of supplementary resources contributed by Vanuatu, shall be paid to the Central Bank.

Certain provisions of Agreements given force of law in Vanuatu.

5. (1) The provisions of -
- (a) the first sentence of section 2 (b) of Article VIII; sections 2 to 9 inclusive of Article IX; and Article XXI (b) of the Articles of Agreement of the Fund;
  - (b) sections 2 to 9 inclusive of Article VII of the Articles of Agreement of the World Bank;
  - (c) sections 2 to 9 inclusive of Article VI of the Articles of Agreement of the Corporation; and
  - (d) sections 2 to 9 inclusive of Article VIII of the Articles of Agreement of the Association,
- shall upon the admission to membership of Vanuatu in these Institutions have the force of law in Vanuatu.
- (2) Nothing in any of the Articles of Agreement referred to in subsection (1) shall be construed as -
- (a) entitling the Fund, the World Bank, the Corporation or the Association to import goods free of customs duty without any restriction on their subsequent sale in the country to which they were imported;

- (b) conferring on these Institutions any exemption from duties or taxes which form part of the price of goods sold; or
- (c) conferring on these Institutions, any exemption from taxes or duties which are in fact no more than charges for services rendered.

(3) The provisions referred to in subsection (1) are set out in the Schedule.

- Orders.           6.           The Minister may make orders not inconsistent with this Act for the better carrying out of the provisions hereof.
- Repeal.           7.           The International Development Association Joint Regulation No.8 of 1964 is repealed.
- Commencement.   8.           This Act shall come into force on the date of its publication in the Gazette.

SCHEDULE

(Section 5)

PART 1

Articles of Agreement of the Fund

Article VIII Section 2 (b)

2. (b) Exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement shall be unenforceable in the territories of any member.

Article IX Sections 2 to 9

2. Status of the Fund

The Fund shall possess full juridical personality, and in particular, the capacity -

- (i) to contract;
- (ii) to acquire and dispose of immovable and movable property; and
- (iii) to institute legal proceedings.

3. Immunity from judicial process

The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

4. Immunity from other action

Property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation, or any other form of seizure by executive or legislative action.

5. Immunity of archives

The archives of the Fund shall be inviolable.

6. Freedom of assets from restrictions

To the extent necessary to carry out the activities provided for in this Agreement, all property and assets of the Fund shall be free from restrictions, regulations, controls, and moratoria of any nature.

7. Privilege for communications

The official communications of the Fund shall be accorded by members the same treatment as the official communications of other members.

8. Immunities and privileges of officers and employees

All Governors, Executive Directors, Alternates, members of committees, representatives appointed under Article XII, Section 3 (j), advisors of any of the foregoing persons, officers, and employees of the Fund -

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity;
- (ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements, and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members; and
- (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials, and employees of comparable rank of other members.

9. Immunities from taxation

- (a) The Fund, its assets, property, income, and its operations and transactions authorized by this Agreement shall be immune from all taxation and from all customs duties. The Fund shall also be immune from liability for the collection or payment of any tax or duty.
- (b) No tax shall be levied on or in respect of salaries and emoluments paid by the Fund to Executive Directors, Alternates, officers, or employees of the Fund who are not local citizens, local subjects, or other local nationals.
- (c) No taxation of any kind shall be levied on any obligation or security issued by the Fund, including any dividend or interest thereon, by whomsoever held -
  - (i) which discriminates against such obligation or security solely because of its origin; or
  - (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.

Article XXI (b)

In addition to the privileges and immunities that are accorded under Article IX of this Agreement, no tax of any kind shall be levied on special drawing rights or on operations or transactions in special drawing rights.

PART 2

Articles of Agreement of the World Bank

Article VII Sections 2 to 9

2. Status of the Bank

The Bank shall possess full juridical personality, and, in particular, the capacity -

- (i) to contract;
- (ii) to acquire and dispose of immovable and movable property;
- (iii) to institute legal proceedings.

3. Position of the Bank with regard to judicial process

Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however be brought by members or persons acting for or deriving claims from members. The property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

4. Immunity of assets from seizure

Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

5. Immunity of archives

The archives of the Bank shall be inviolable.

6. Freedom of assets from restrictions

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Bank shall be free from restrictions, regulations, controls and moratoria of any nature.

7. Privilege for communications

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

8. Immunities and privileges of officers and employees

All governors, executive directors, alternates, officers and employees of the Bank -

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Bank waives this immunity;
- (ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

- (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

9. Immunities from taxation

- (a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from liability for the collection or payment of any tax or duty.
- (b) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to executive directors, alternates, officials or employees of the Bank who are not local citizens, local subjects, or other local nationals.
- (c) No taxation of any kind shall be levied on any obligation or security issued by the Bank (including any dividend or interest thereon) by whomsoever held -
  - (i) which discriminates against such obligation or security solely because it is issued by the Bank; or
  - (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.
- (d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Bank (including any dividend or interest thereon) by whomsoever held -
  - (i) which discriminates against such obligation or security solely because it is guaranteed by the Bank; or
  - (ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

PART 3

Articles of Agreement of the Corporation

Article VI Sections 2 to 9

2. Status of the Corporation

The Corporation shall possess full juridical personality and, in particular, the capacity -

- (i) to contract;
- (ii) to acquire and dispose of immovable and movable property;
- (iii) to institute legal proceedings.

3. Position of the Corporation with Regard to Judicial Process

Actions may be brought against the Corporation only in a court of competent jurisdiction in the territories of a member in which the Corporation has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Corporation shall, whosoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Corporation. .../7.



4. Immunity of Assots from Seizure

Property and assets of the Corporation, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

5. Immunity of Archives

The archives of the Corporation shall be inviolable.

6. Freedom of Assots from Restrictions

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of Article III, Section 5, and the other provisions of this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature.

7. Privilege for Communications

The official communications of the Corporation shall be accorded by each member the same treatment that it accords to the official communications of other members.

8. Immunities and Privileges of Officers and Employees

All Governors, Directors, Alternates, officers and employees of the Corporation -

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity;
- (ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;
- (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

9. Immunities from Taxation

- (a) The Corporation, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Corporation shall also be immune from liability for the collection or payment of any tax or duty.
- (b) No tax shall be levied on or in respect of salaries and emoluments paid by the Corporation to Directors, Alternates, officials or employees of the Corporation who are not local citizens, local subjects, or other local nationals.
- (c) No taxation of any kind shall be levied on any obligation or security issued by the Corporation (including any dividend or interest thereon) by whomsoever held -
  - (i) which discriminates against such obligation or security solely because it is issued by the Corporation; or
  - (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Corporation.

- (d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Corporation (including any dividend or interest thereon) by whomsoever held -
- (i) which discriminates against such obligation or security solely because it is guaranteed by the Corporation; or
  - (ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Corporation.

PART 4

Articles of Agreement of the Association

Article VIII Sections 2 to 9

2. Status of the Association

The Association shall possess full juridical personality and, in particular, the capacity -

- (i) to contract;
- (ii) to acquire and dispose of immovable and movable property;
- (iii) to institute legal proceedings.

3. Position of the Association with Regard to Judicial Process

Actions may be brought against the Association only in a court of competent jurisdiction in the territories of a member in which the Association has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Association shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Association.

4. Immunity of Assets from Seizure

Property and assets of the Association, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

5. Immunity of Archives

The archives of the Association shall be inviolable.

6. Freedom of Assets from Restrictions

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Association shall be free from restrictions, regulations, controls and moratoria of any nature.

7. Privilege for Communications

The official communications of the Association shall be accorded by each member the same treatment that it accords to the official communications

8. Immunities and Privileges of Officers and Employees

All Governors, Executive Directors, Alternates, officers and employees of the Association -

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Association waives this immunity;
- (ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;
- (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

9. Immunities from Taxation

- (a) The Association, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Association shall also be immune from liability for the collection or payment of any tax or duty.
- (b) No tax shall be levied on or in respect of salaries and emoluments paid by the Association to Executive Directors, Alternates, officials or employees of the Association who are not local citizens, local subjects, or other local nationals.
- (c) No taxation of any kind shall be levied on any obligation or security issued by the Association (including any dividend or interest thereon by whomsoever held -
  - (i) which discriminates against such obligation or security solely because it is issued by the Association; or
  - (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Association.
- (d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Association (including any dividend or interest thereon) by whomsoever held -
  - (i) which discriminates against such obligation or security solely because it is guaranteed by the Association; or
  - (ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Association.