



Overseas Development and Co-operation Act 1980

1980 CHAPTER 63

PART II

INTERNATIONAL FINANCIAL INSTITUTIONS

General

4 International development banks

- (1) If the Government of the United Kingdom has become bound before the coming into force of this Act, or thereafter becomes bound, by an international agreement for the establishment and operation of an international development bank which provides for the making by members of the bank of an initial subscription or other initial contribution to the capital stock of the bank or becomes bound by any arrangements for the making by the members of any further payment to any such bank, the Secretary of State may with the approval of the Treasury by order made by statutory instrument make provision—
- (a) for the payment out of money provided by Parliament of sums required by the Secretary of State for the making on behalf of the Government of the United Kingdom in accordance with the agreement or arrangements a payment of any such initial contribution or further payment, including a payment to maintain the value of any such contribution or further payment which has already been paid; and
 - (b) for the payment out of such money of sums required to enable the Secretary of State to redeem any non-interest-bearing and non-negotiable notes or other obligations which may be issued or created by him and accepted by the bank in accordance with the agreement or arrangements; and
 - (c) for the payment into the Consolidated Fund of sums received by the Government of the United Kingdom in pursuance of the agreement or arrangements.

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- (2) In this section " international development bank " means an international financial institution (whether or not mentioned in section 5, 6 or 7 below) having as one of its objects economic development either generally or in any region of the world.
- (3) An order under this section shall not be made unless a draft of the order has been laid before and approved by the House of Commons.

Particular international development banks

5 The International Bank for Reconstruction and Development and the International Finance Corporation

- (1) There shall be paid out of money provided by Parliament—
 - (a) the subscriptions payable to the International Bank for Reconstruction and Development (in this Act referred to as " the International Bank ") under paragraph (d) of section 3 of Article II of the International Bank's Articles of Agreement, including any increase in those sums not exceeding the equivalent of 1,300,000,000 United States dollars ; and
 - (b) any sums payable under section 9 of that Article (falls in the par or foreign exchange value of currencies of members).
- (2) The Treasury may, if they think fit so to do, create and issue to the International Bank, as they think fit, any such non-interest-bearing and non-negotiable notes or other obligations as are provided for by section 12 of Article V of the International Bank's Articles of Agreement.
- (3) Sums payable under any such notes or other obligations shall be charged on the National Loans Fund with recourse to the Consolidated Fund.
- (4) There shall be paid into the Consolidated Fund—
 - (a) sums received by the Government of the United Kingdom from the International Bank (other than sums received by reason of the operation of the Exchange Equalisation Account); and
 - (b) sums received by the Government of the United Kingdom from the International Finance Corporation in pursuance of the agreement for the establishment and operation of that body.

6 The International Development Association

- (1) The Secretary of State shall pay out of money provided by Parliament any sums required—
 - (a) for making on behalf of the Government of the United Kingdom—
 - (i) contributions in accordance with any resolution of the Board of Governors of the International Development Association adopted before the coming into force of this Act; or
 - (ii) payments in respect of any such contributions under paragraph (a) of section 2 of Article IV of the Articles of Agreement of that Association (falls in the par or foreign exchange value of currencies of members) as applied by any such resolution ; and
 - (b) for redeeming any such non-interest-bearing and non-negotiable notes or other obligations as may be issued or created by the Secretary of State and

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accepted by the Association in accordance with paragraph (e) of section 2 of Article II of the Articles of Agreement as applied by any such resolution.

- (2) If the Government of the United Kingdom becomes bound by arrangements for the making of additional payments to the Association, the Secretary of State may with the approval of the Treasury by order made by statutory instrument provide for the payment out of money provided by Parliament of any sums required—
- (a) for making on behalf of the Government of the United Kingdom additional payments to the Association in accordance with the arrangements or under paragraph (a) of section 2 of Article IV of the Articles of Agreement, as applied by the arrangements ; and
 - (b) for redeeming any non-interest-bearing and non-negotiable notes or other obligations which may be issued or created by the Secretary of State and accepted by the Association in accordance with the arrangements or any provision of the Articles of Agreement as applied by the arrangements,
- and may provide for payment into the Consolidated Fund of sums received by the Government of the United Kingdom in pursuance of the Articles of Agreement as so applied.
- (3) An order under subsection (2) above shall not be made unless a draft of the order has been laid before and approved by the House of Commons.

7 The Asian Development Bank

- (1) Subject to subsection (2) below, the Secretary of State shall pay out of money provided by Parliament any sum which may be required to make payments—
- (a) in fulfilment of any undertaking given by the Government of the United Kingdom in pursuance of paragraph 3 of Article 3 of the Agreement for the establishment and operation of the Asian Development Bank (undertaking to be responsible for obligations of another member for whose external relations the United Kingdom is responsible); or
 - (b) under paragraph 1 of Article 25 of the Agreement (falls in the par or foreign exchange value of currencies of members).
- (2) The aggregate amount of the sums which may be paid under subsection (1)(a) above shall not exceed £90,000,000 or such greater sum as may from time to time be specified in an order made by statutory instrument by the Secretary of State with the approval of the Treasury.
- (3) An order under this section shall not be made unless a draft of the order has been laid before and approved by the House of Commons.
- (4) Section 14 of the Interpretation Act 1978 (implied power to revoke, amend and re-enact subordinate legislation) does not apply to an order under this section.
- (5) Any sums-
- (a) received by the Secretary of State on behalf of the Government of the United Kingdom from the Asian Development Bank in pursuance of the Agreement, or
 - (b) paid to the Government of the United Kingdom in repayment of any payment mentioned in subsection (1)(a) above,
- shall be paid into the Consolidated Fund.

*Miscellaneous***8 Guarantees of International Bank's loans to colonial territories**

- (1) The Treasury may, subject to the provisions of this section, guarantee in such manner and on such conditions as they think fit the repayment of the principal of and the payment of the interest on and other charges in respect of any loan made by the International Bank—
 - (a) to the Government of a colonial territory, or
 - (b) to any Government constituted for two or more colonial territories, or
 - (c) to any authority established for the purpose of providing or administering services which are common to, or relate to matters of common interest to, two or more territories of which at least one is a colonial territory.
- (2) The amount of the principal of the loans to be guaranteed under this section shall not in the aggregate exceed the equivalent of £150 million.
- (3) For the purposes of subsection (2) above, the sterling equivalent of the principal of any loan made in a currency other than sterling shall be calculated as at the time when the guarantee is given at such rate of exchange as the Treasury may determine to be the proper rate at that time.
- (4) No loan shall be guaranteed under this section unless the purpose of the loan is approved by the Secretary of State with the concurrence of the Treasury, as likely to promote the development of the resources of the territory or of all or any of the territories concerned.
- (5) A guarantee shall not be given under this section until the Government or authority to which the loan is to be made has provided to the satisfaction of the Treasury and the Secretary of State—
 - (a) for appropriating and duly applying the loan for the purpose approved under subsection (4) above ;
 - (b) for ensuring that any part of the loan which cannot be applied for that purpose will be applied only for such purposes as may be approved by the Secretary of State with the concurrence of the Treasury;
 - (c) for the establishment, subject to subsection (6) below, of one or more sinking funds for the purpose of repayment of the principal of the loan or any instalment of it, and for the regulation of any sinking fund so established ;
 - (d) for charging on the general revenues and assets of the territory concerned, or of all or any of the territories concerned, or on any other revenues or assets which may be made available for the purpose—
 - (i) the principal of and interest on, and other charges in respect of, the loan and the payments to be made to any sinking funds to be established under paragraph (c) above ; and
 - (ii) the repayment to the Treasury of any sum issued in pursuance of this section on account of the guarantee under this section, with interest on that sum at such rate as the Treasury may fix; and
 - (e) for raising, or securing the raising of, sufficient money to meet the above charges.
- (6) Subsection (5)(c) above does not apply in a case where the Treasury and the Secretary of State are satisfied that the arrangements for the repayment of the principal of the

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loan, and for the payment of interest on and other charges in respect of the loan, are such as not to require the establishment of a sinking fund.

- (7) Sums required by the Treasury for fulfilling any guarantees given under this section shall be charged on and issued out of the Consolidated Fund and any sums received by way of repayment of any sums so issued shall be paid into that Fund.
- (8) Immediately after any guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament.
- (9) Where any sum is issued for fulfilling such a guarantee the Treasury shall, as soon as possible after the end of each financial year beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in respect of interest on it is finally discharged, lay before each House of Parliament a statement relating to that sum.
- (10) In this section " colonial territory " means any territory which at the date of the making of the loan in question is, or is part of—
 - (a) a colony; or
 - (b) an associated state ; or
 - (c) a British protectorate or protected state ; or
 - (d) a territory for the time being administered by the Government of the United Kingdom under the Trusteeship System of the United Nations.

9 Immunities and privileges of international financial institutions

- (1) Without prejudice to the powers conferred by the International Organisations Act 1968 or any other Act, Her Majesty may by Order in Council make such provision as She may consider reasonably necessary for carrying into effect any of those of the provisions of the Agreement establishing an institution to which this section applies which relate to the status, immunities and privileges of the institution and of its governors, directors or executive directors, alternates, officers and employees.
- (2) The institutions to which this section applies are—
 - (a) the International Bank ;
 - (b) the International Finance Corporation; and
 - (c) the International Development Association.
- (3) Subject to subsection (4) below, Orders in Council made under this section may be so made as to extend to any of the Channel Islands, the Isle of Man, any colony and, to the extent that Her Majesty has jurisdiction there, to any country outside Her Majesty's dominions in which Her Majesty has jurisdiction in right of the Government of the United Kingdom.
- (4) If, whether before or after the coming into force of this Act, effect is given by or under the law of any part of Her Majesty's dominions or other territory to any provisions specified in subsection (1) above, no Order in Council made under this section and giving effect to those provisions shall extend to that part of Her Majesty's dominions or other territory as respects any period as respects which effect is given to them by or under that law.
- (5) No recommendation shall be made to Her Majesty in Council to make an Order under this section relating to the International Finance Corporation or the International

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Development Association unless a draft of the Order has been laid before Parliament and approved by resolution of each House of Parliament.

(6) Without prejudice to sections 14 and 17(2) of the Interpretation Act 1978 (implied power to revoke, amend and re-enact subordinate legislation and savings for such legislation where enactments are repealed and re-enacted)—

- (a) an Order in Council under the Bretton Woods Agreements Act 1945, so far as it applies to the International Bank;
- (b) an Order in Council under the International Finance Corporation Act 1955 ; or
- (c) an Order in Council under the International Development Association Act 1960;

shall have effect as if made under this section and may accordingly be amended or revoked by an Order in Council under this Section.