
ARRANGEMENT OF CLAUSES**PART I
PRELIMINARY**

1. Short title and commencement
2. Interpretation
3. Scope and application of this Act
4. Objects of this Act

**PART II
DEBT MANAGEMENT STRATEGY AND SUSTAINABILITY ANALYSIS**

5. Medium-term debt management strategy
6. Annual borrowing plans
7. Debt sustainability analysis

**PART III
GOVERNMENT BORROWING**

8. Authority of Government to borrow
9. Purpose of Government borrowing
10. Debt management operations
11. Central Government debt obligations and Consolidated Fund
12. Sustainable debt target
13. Government securities
14. Register of Government securities
15. Appointment of agents
16. No responsibility for trust
17. Exemption from stamp duty
18. Application of tax on interest income and deduction at source

**PART IV
GUARANTEES AND OTHER CONTINGENT LIABILITIES**

19. Authority to guarantee loans
20. Issuing Government guarantees

**PART V
GOVERNMENT LENDING**

21. Lending by Government

**PART VI
ADDITIONAL PROVISIONS GOVERNING BORROWING BY
STATUTORY BODIES AND STATE-OWNED ENTERPRISES**

22. Application to statutory bodies and state-owned enterprises
23. Borrowing by statutory bodies and state-owned enterprises

**PART VII
REPORTING AND PUBLICATION**

24. Records
25. Reporting

**PART VIII
DEBT MANAGEMENT UNIT AND COORDINATING COMMITTEE**

26. Debt Management Unit
27. Public Debt Coordinating Committee

**PART IX
SANCTIONS**

28. Consequences of unauthorised borrowing, guarantees, lending
29. Breach by official

**PART X
MISCELLANEOUS**

30. Delegation
31. Regulations
32. Repeal and transitional provisions

- FIRST SCHEDULE - Duties of the Debt Management Unit
SECOND SCHEDULE - Public Debt Coordinating Committee



GRENADA

ACT NO. 28 OF 2015

I assent,



CÉCILE E. F. LA GRENADE
Governor-General.

25th August, 2015.

AN ACT to consolidate and modernise the laws relating to the management of public debt in Grenada in furtherance of the objectives of debt sustainability, and for related matters.

[By Order].

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives and by the authority of the same as follows—

PART I**PRELIMINARY**

1.—(1) This Act may be cited as the

Short title and
commencement.

PUBLIC DEBT MANAGEMENT ACT, 2015.

(2) This Act shall come into force on such a day as the Minister may appoint by Order in the *Gazette*.

Interpretation.**2. In this Act—**

“book-entry” means the recording of the holding and ownership of Government securities in non-certificated form or non-physical form through a computerised system established and maintained by the Minister or his or her agent pursuant to section 14;

“Central Government” means every branch, ministry, department, and agency of Government, and includes all special funds established and maintained by the Government under the Consolidated Fund;

“Central Government debt” means all Central Government direct liabilities and includes advances, arrears, compensation claims, finance leases, Government securities, loans, overdrafts, promissory notes, and suppliers’ credit arrangements;

“Consolidated Fund” means the Consolidated Fund established pursuant to section 75 of the Constitution;

“contingent liabilities” means possible obligations which shall arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government and includes debt guarantees, demand or price guarantees, and termination clauses or other default provisions that could imply a transfer of liabilities to the Government, but excludes letters of comfort;

“Debt Management Unit” means the division of the Ministry with responsibility for debt management;

“Fiscal Responsibility Act” means the Fiscal Responsibility Act, 2015;

“finance lease” means financial arrangements by which capital assets are used by the lessee in exchange for payment of lease fees over the term of the lease, with an option to acquire title to such assets at a pre-agreed price;

“GDP” means the level of nominal gross domestic product measured at market prices that has not been adjusted for inflation, as published from time to time by the Statistical Office;

“Government securities” means securities issued in the name of and on behalf of the Central Government and includes debentures, treasury bills, treasury notes, and treasury bonds;

“line minister” means the minister responsible for overseeing a statutory body, a Government-owned corporation, or a Government-controlled corporation;

“long term” means a period equivalent to or exceeding five fiscal years;

“medium term” means a period not exceeding five fiscal years;

“medium-term debt management strategy document” means a document, referred to in section 5, that

outlines the debt management strategy for a medium term;

“Minister” means the Minister of Finance;

“Ministry” means the Ministry of Finance;

“public-private partnership” means a contract or arrangement governed by a long-term procurement contract between one or more public entities and one or more private entities, for providing or managing a public asset and associated services through the appropriate sharing of resources, risks and rewards;

“public debt” includes all Central Government direct liabilities including advances, arrears, compensation claims, finance leases, Government securities, loans, overdrafts, promissory notes, and suppliers’ credit agreement, and contingent liabilities, but excludes explicit contingent liabilities arising as a result of or in connection with public-private partnerships;

“Public Debt Coordinating Committee” means the Public Debt Coordinating Committee established pursuant to section 27;

“Public Finance Management Act” means the Public Finance Management Act, 2015;

“public sector” means the Central Government, statutory bodies and state-owned enterprises;

“real GDP” means the level of gross domestic product at base year market prices;

“real GDP growth rate” means the rate of change of real GDP on an annual basis;

“state-owned enterprise” means an entity whether or not incorporated under company law, being—

- (a) a company in which the Government or an agency of the Government, by the holding of shares, is in a position to direct the policy of that company through among other things its representation on the governing board of the entity; or
- (b) a company, Board or Authority established under any special enactment which recovers a significant proportion of its operating costs through charges on users,

and being determined by the Minister to be a state-owned enterprise;

“Statistical Office” means the Statistical Office established pursuant to section 3 of the Statistics Act, Chapter 311;

“statutory body” means a body set up by an enactment with statutory powers and operational autonomy to carry out Government-related functions and which are part of and under the direct control of the Government;

“supplier’s credit agreement” means credit arrangements by which goods or services are supplied on credit for payment at future dates agreed between the supplier and purchaser.

Scope and application of this Act.

3. This Act applies to all matters related to the management of direct and contingent debt liabilities of the public sector and sets out provisions relating to public sector borrowing, contingent liabilities, lending, and related matters.

Objects of this Act.

4. The objects of this Act include—

- (a) ensuring that the financing needs of the Government are met on a timely basis and that its debt service obligations are met at the lowest cost over the medium-to-long term, in a manner that is consistent with an acceptable and prudent degree of risk;
- (b) providing a framework for management of public debt in a manner that achieves and maintains sustainable debt; and
- (c) ensuring that public debt management operations support the establishment of a well-developed domestic debt market in the medium-to-long term.

PART II

DEBT MANAGEMENT STRATEGY AND SUSTAINABILITY ANALYSIS

Medium-term debt management strategy.

5.—(1) The Minister shall cause to be prepared a medium-term debt management strategy document on an annual rolling basis, which shall take into account—

- (a) the macroeconomic framework of the Government;
- (b) the costs and risks embedded in the debt portfolio;

-
- (c) estimated future borrowing requirements of the Government;
 - (d) relevant market conditions; and
 - (e) such other factors as may be relevant for the development of the medium-term debt management strategy document.

(2) The medium-term debt management strategy document under subsection (1) shall set out—

- (a) risk-control benchmarks and risk-tolerance benchmarks, including guidelines or ranges for the acceptable market risks in the debt portfolio;
- (b) medium-term targets for the composition, currency mix, interest rate mix, and maturity profile; and
- (c) proposed measures to support development of the domestic public debt market.

(3) The Minister shall lay the medium-term debt management strategy document before Parliament, no later than two months prior to the commencement of every fiscal year.

(4) All public debt permitted under this Act shall be undertaken in compliance with the medium-term debt management strategy document.

6.—(1) For every fiscal year, the Minister shall cause to be prepared a borrowing plan to meet the aggregate estimated borrowing requirements of the public sector for the fiscal year. Annual borrowing plans.

(2) The annual borrowing plan shall be based on the approved medium-term debt management strategy and the annual cash flow forecast for the public sector, and shall include planned borrowing operations over the fiscal year, the debt instruments to be used, and the indicative timing of borrowing.

(3) The borrowing plan shall be updated at least half yearly and approved by the Minister.

(4) The approved borrowing plan and any updates thereof shall be attached to the annual or supplemental budgets, laid in Parliament by the Minister.

Debt sustainability analysis.

7.—(1) The Minister shall cause a debt sustainability analysis to be undertaken for the public sector every fiscal year, which shall take into account—

- (a) the present and forecasted stock of public debt, including contingent liabilities in relation to the baseline;
- (b) forecasted growth of the economy of Grenada and its vulnerability to shocks, including a negative shock to real GDP growth, nominal depreciation, interest rate shock and contingent liability shock; and
- (c) such other factors as may be relevant for the debt sustainability analysis.

(2) The Minister shall submit for approval by Cabinet, no later than two months before the end of the fiscal year for which the debt sustainability analysis is conducted, a report reflecting the results of the debt sustainability analysis conducted and the methodology used.

PART III**GOVERNMENT BORROWING**

8.—(1) Subject to the provisions of this Act and other relevant enactment, and subject to the approved medium-term debt management strategy and borrowing plans under sections 5 and 6 respectively, the Government may borrow from any legitimate source, in such form and on such terms and conditions as may be determined by Cabinet.

Authority of
Government to
borrow.

(2) The Minister on behalf of the Government, on the advice of the Attorney-General—

- (a) shall negotiate and execute all agreements and other documentation for the purpose of borrowing pursuant to subsection (1); and
- (b) may, notwithstanding subsection (1) and pursuant to section 13, determine the form and the terms and conditions of borrowing, where the source of borrowing is an overdraft arrangement, or the execution of a bond market transaction, that is consistent with the borrowing plan under section 6.

(3) Prior to signing of any supplier's credit agreement, or finance lease agreement, the Minister shall cause to be prepared an assessment of the costs and risks to be borne by the Government under such agreement, including a comparison with other available financing options, the results of which shall be documented in writing.

Purpose of
Government bor-
rowing.

9. The Government may borrow under this Act to meet fiscal requirements, which shall include—

- (a) to finance any Government budget deficit;
- (b) to maintain a prudent credit balance on the Consolidated Fund;
- (c) to finance capital projects reviewed and approved by Cabinet;
- (d) to on-lend to statutory bodies;
- (e) to honour obligations under Government guarantees created in accordance with the provisions of this Act;
- (f) to refinance outstanding or maturing public debt, prepay or buy back outstanding public debt, or exchange existing public debt for new public debt;
- (g) to immediately mitigate or eliminate effects caused by a natural or environmental disaster or any other national emergency as may be approved by Cabinet;
- (h) to replenish its foreign currency reserves to strengthen its balance of payments;
- (i) to support, to the extent that market conditions, prudence and policy goals permit, the development of the domestic debt market through a viable interest rate curve for Government borrowing, using appropriate benchmark issues to help track the prevailing costs of short-term, medium-term and long-term financing; and

- (j) to meet any other purpose as may be approved by Parliament.

10. The Minister may, with the consent of the lender and upon such terms and conditions as the Minister may on behalf of the Government, agree—

Debt management operations.

- (a) to repurchase outstanding Central Government debt;
- (b) to repay or prepay principal and/or interest due on any outstanding Central Government debt;
- (c) to renegotiate the terms and conditions of any outstanding public debt;
- (d) to reopen securities, to reduce fragmented issuance and build larger benchmark securities;
- (e) to convert public debt from one form to another;
- (f) to exchange outstanding Government securities with other types of Government securities on such conditions in accordance with this Act; and
- (g) to consolidate two or more public debt instruments into a single debt obligation.

11.—(1) All monies borrowed by the Government, by way of advances, loans, or the issuance of Government securities in accordance with the provisions of this Act or any other relevant enactment, shall be paid into the Consolidated Fund, and shall be available in any manner in which the Consolidated Fund is available or paid into a special fund for that purpose, if consistent with applicable laws.

Central Government debt obligations and Consolidated Fund.

(2) The principal amount and interest, as provided for by the terms of the transaction, paid on Government borrowing, including Government securities and other expenses and charges related thereto as approved by the Minister, are hereby charged upon and shall be payable out of the Consolidated Fund without further appropriation.

Sustainable debt target.

12.—(1) The ratio of the total of—

- (a) the total stock of public sector debt from domestic or external sources for any purpose, including the total sum of debt guaranteed by the Government including contingent liabilities assumed by the Government;
- (b) the debt and contingent liabilities of statutory bodies and state-owned enterprises; and
- (c) such sums as may be necessary to defray expenses in connection with such liabilities,

to the GDP shall not exceed the public debt target prescribed pursuant to the Fiscal Responsibility Act.

(2) For purposes of computing the ceiling referred to in subsection (1), liabilities denominated in foreign currencies shall be converted into Eastern Caribbean Currency at the official exchange rate prevailing at the time of conversion.

Government securities.

13.—(1) Subject to any other provision of this Act, the Minister may cause to be issued Government securities in the manner provided for by this Act for any purpose specified in section 9, upon terms and conditions negotiated by the Minister.

(2) The general terms and conditions under which Government securities shall be issued shall be evidenced in a prospectus issued and published in one local newspaper and on the website of the Government, prior to the issuance of such Government securities, and such prospectus shall include provisions on—

- (a) the amount sought to be raised from issuance of the Government securities and denominations in which they are available;
- (b) the maturity of the instrument;
- (c) whether the Government security is to be issued on an interest-bearing basis or a discount basis, and the method of computing interest rates;
- (d) dates on which principal and interest will be paid;
- (e) the eligibility of the Government security for stripping into individual principal and interest components after issuance; and
- (f) the procedures for registration of holdings of Government securities.

(3) The Debt Management Unit shall ensure that, before Government securities are issued and at all times before their maturity or earlier redemption, the terms and conditions of all outstanding Government securities published in the form of prospectuses under subsection (2), are published in one local newspaper and on the website of the Government.

(4) The Minister shall prescribe by regulations the modalities and procedures for the issuance, clearing and settlement of Government securities, which shall include—

- (a) whether Government securities will be issued by private or public offering, and whether on tap, by auction, or other methods, and if by auction the modalities for publication of an annual auction calendar;
- (b) whether Government securities will be offered for sale on a competitive or other basis and whether this will be a reopening of an existing issue;
- (c) the eligibility requirements for the purchase of Government securities;
- (d) the method of computing interest rates;
- (e) the methods of clearing and settlement of transactions; and
- (f) the procedure for registration of holdings of Government securities.

(5) The Minister shall have the sole authority to accept or reject on behalf of Government, all bids submitted for Government securities.

Register of
Government
securities.

14.—(1) The Minister shall cause to be established and maintained, a secure computerised system for issuing, recording ownership of, servicing and redeeming all Government securities offered on the domestic, regional, or foreign markets, which shall serve as the electronic register of Government securities.

(2) Ownership of Government securities and any lawful transfers thereof, including transfers by operation of law in the event of gifts and succession, shall be registered and maintained in only book-entry form in the register of Government securities as established pursuant to subsection (1).

(3) A certified copy of an extract from the register stating that an entity has holdings of Government securities shall be evidence of the ownership of the specified Government securities by that entity, unless the contrary is proved.

15.—(1) The Minister may appoint, in addition to the Eastern Caribbean Central Bank, the Eastern Caribbean Securities Exchange or any other entity as the Government's agent to facilitate the issuance, registration, management, redemption and repayment by the Government of Government securities, upon such terms and conditions as may be agreed in an agency agreement entered into by such agent and the Minister acting on behalf of the Government.

Appointment of agents.

(2) An agency agreement under subsection (1) shall set out the duties of the agent, the remuneration for the performance of such duties, and any authorisations and approvals required by the agent for the duties as well as reporting requirements of the agent.

16. Neither the Minister nor his or her agent appointed under section 15 shall be under any obligation with respect to the fulfilment of any trust, whether expressed, implied or constructive, to which any security may be subject, notwithstanding any notice that the security is held subject to a trust.

No responsibility for trust.

17. No stamp duty shall be payable in respect of any Government securities issued or document executed by or under the authority of the Minister under this Act.

Exemption from stamp duty.

Application of
tax on interest
income and de-
duction at source.

18. If any provision is made by or under the law for the time being in force relating to income or investment tax, for the deduction of tax on interest income at source, such provision shall apply to interest income from Government securities earned by the lawful holders thereof to the extent envisaged under the law and shall be deducted at source by the Government or its lawful agent for this purpose and remitted to the tax authorities in accordance with the law relating thereto.

PART IV

GUARANTEES AND OTHER CONTINGENT LIABILITIES

Authority to
guarantee loans.

19.—(1) Subject to the provisions of this Act or any other applicable enactment, the Government may in a fiscal year guarantee in such manner and on such terms and conditions as it thinks fit the repayment of the principal, interest, and other payment obligations under foreign or local loan transactions entered into by a statutory body or state-owned enterprise, subject to the approval of Parliament.

(2) Subject to the provisions of this Act and to the approval of Parliament, the Minister shall have sole authority to guarantee loans on behalf of the Government and to sign agreements and other documentation on behalf of the Government in pursuance of subsection (1).

(3) The Minister shall cause to be established and maintained a register of Government guarantees.

Issuing Govern-
ment guarantees.

20.—(1) An entity applying for a Government guarantee shall apply to the Minister.

(2) The Minister may, subject to approval by Parliament, guarantee liabilities pursuant to section 19 (1), if

the Minister is satisfied through an evaluation by the Debt Management Unit that—

- (a) the purpose of the underlying loan is for a public purpose and that the proposed guarantee is itself expected to serve a specific public policy purpose and the guarantee is evaluated to be the most appropriate mechanism for achieving that public policy objective;
- (b) the terms and conditions of the underlying loan to be guaranteed are such as are consistent with the Government's public debt management objectives and strategy;
- (c) the borrower has the ability to repay the underlying loan obligations and fulfil all payment and other obligations under such loan and under the guarantee and related agreements;
- (d) the borrower is in full compliance with all fiduciary and corporate governance requirements established by the Minister; and
- (e) it is prudent to guarantee such loan having regard to the debt target prescribed pursuant to the Fiscal Responsibility Act.

(3) Every Government guarantee shall be in writing signed by the Minister on behalf of the Government, specifying the terms and conditions upon which the Government guarantee is issued.

(4) Every Government guarantee shall be supported by appropriate legal documentation prepared by the Attor-

ney-General and executed by the borrower whose loan is to be guaranteed, agreeing to indemnify the Government, and under such legal documentation, the borrower shall commit to repaying the Government any money paid by the Government to the creditor under the Government guarantee in the event of default by such borrower.

(5) The Minister shall sign all documentation relating to guarantees on behalf of the Government.

(6) Subject to subsection (5), the Minister may, in writing, appoint an official of the Ministry or another Government official to sign on his or her behalf such documents, and the signing by the official shall be valid as if it had been signed by the Minister.

(7) The borrower shall pay or reimburse the Government, as the case may be, in such manner as the Minister shall direct, including—

- (a) before the Government guarantee is executed by the Minister, a fee to reflect administrative costs incurred by the Government in issuing the Government guarantee, including a fee for the risks borne by the Government;
- (b) an annual guarantee fee as shall be determined by the Minister;
- (c) all other expenses incurred by the Government in relation to the Government guarantee.

(8) Where any guarantee issued by the Government in accordance with the provisions of this Act is called on for payment, the Government shall make good the obligations

of the Government under such guarantee to the creditor and immediately notify the borrower accordingly and demand payment in terms of the indemnity provided by the borrower to the Government under subsection (4).

(9) Any sum of money required for fulfilling the Government's obligations under a guarantee under this Act shall be charged on and paid out of the Consolidated Fund without further appropriation.

(10) Where the borrower fails to repay the Government when notified by the Government under subsection (8), the Government shall proceed to recover any amounts paid under the guarantee including through legal proceedings against the borrower, and interest on the amounts paid shall accrue at the current market rate in favour of the Government until the date of final payment by the borrower.

(11) Any sum paid by the borrower to the Government shall be paid into the Consolidated Fund.

PART V

GOVERNMENT LENDING

21.—(1) Where the Minister is satisfied that it is in the public interest, he or she may on behalf of the Government make loans to statutory bodies and state-owned enterprises, subject to such ceiling on Government lending as Parliament may as part of the annual budget approve, on such terms and conditions as may be determined by the Minister and approved by Cabinet.

Lending by
Government.

(2) Before issuing any loan on behalf of the Government under subsection (1), the Minister shall establish through independent evaluation that—

- (a) the proposed loan would serve a specific public policy objective;
- (b) such loan would be the most appropriate mechanism for achieving the specified public policy objective;
- (c) the risk to the Government in providing such loan or credit is consistent with prudent public financial management;
- (d) the terms and conditions of such loan are consistent with Government's public debt management objectives and strategy;
- (e) the borrower has the ability to repay the loan and fulfil all payment and other obligations under the loan, including interest at a market-based rate to reflect the Government's credit risk and funding cost; and
- (f) the borrower is in full compliance with all fiduciary and corporate governance requirements established by the Minister.

(3) Every loan made by the Minister on behalf of the Government pursuant to subsection (1) shall be made from a credit balance on the Consolidated Fund.

(4) Every loan made by the Minister pursuant to subsection (1) shall be made pursuant to a loan agreement in writing and signed by the Minister, and shall set out the terms and conditions of such loan, including the option of the Minister to require full repayment of the loan prior to maturity of the loan, where—

-
- (a) there is breach of any provision of the loan document on the part of the borrower; or
 - (b) there is an adverse material change in the financial circumstances of the borrower or in other circumstances which could prejudice the interest of the Government.

(5) The borrower shall execute in favour of the Government a deed of pledge or other collateral document in respect of assets of a value acceptable to the Government but not less in market value than the sum of the principal and interest under the loan agreement and a prudent margin to protect the Government against market risks.

(6) In addition to the payment of interest commensurate with the Government's credit risk and cost of funds, the borrower shall pay to the Government, in such manner as the Minister shall direct, a fee to reflect the administrative costs incurred by the Government in lending to such borrower.

(7) Where a borrower fails to repay a loan made pursuant to this section in accordance with the loan agreement, after twenty-one days' notice to the borrower, the Government shall proceed to enforce the deed of pledge or other collateral document executed by the borrower in favour of the Government, and notwithstanding the provisions of any other enactment to the contrary, arrange the sale of the pledged or otherwise collateralised assets of the borrower at the open market value of such assets to satisfy—

- (a) any sum outstanding under the loan, including principal, interest, and applicable charges; and

- (b) interest on any defaulted sum from the date of default until the date of final payment by the borrower at the prevailing market interest rate.

(8) Any sum received by the Government from payment by the borrower to the Government or from the sale of pledged or otherwise collateralised assets of the borrower shall be paid into and form part of the Consolidated Fund.

PART VI

ADDITIONAL PROVISIONS GOVERNING BORROWING BY STATUTORY BODIES AND STATE-OWNED ENTERPRISES

Application to statutory bodies and state-owned enterprises.

22.—(1) Borrowing by a statutory body or state-owned enterprise shall be in accordance with this Act, the Public Finance Management Act, the Fiscal Responsibility Act, and other relevant enactment.

(2) Any provision in any enactment or constituent document relating to borrowing by statutory bodies or state-owned enterprises, in existence prior to the commencement of this Act, shall be construed with such modification as necessary to give effect to the provisions of this Act.

Borrowing by statutory bodies and state-owned enterprises.

23.—(1) Subject to this section, a statutory body or state-owned enterprise may borrow funds and obtain overdrafts from any lender and up to such limit as may be determined by the Minister from time to time.

(2) The Minister shall prescribe an annual borrowing limit for every statutory body or state-owned enterprise based on its capacity to repay and such other considerations

as the Minister may determine upon consultation with the line minister responsible for the relevant statutory body or state-owned enterprise.

(3) A statutory body or state-owned enterprise intending to borrow above the limit prescribed by the Minister pursuant to subsection (2) shall obtain prior approval in writing from the Minister through the line minister responsible for the statutory body or state-owned enterprise.

(4) A statutory body or state-owned enterprise shall submit to the Minister a record of its borrowing no later than ten working days from the date of signing a loan agreement, obtaining an overdraft, or issuing securities, as the case may be, and shall, upon request from the Minister, submit to the Ministry any data on total outstanding debt.

(5) All debt liabilities contracted by a statutory body or state-owned enterprise under the provisions of this Act shall be the primary obligations of such entities and without recourse to the Government, and the Government shall in no way be liable for such liabilities unless otherwise expressly guaranteed pursuant to Part IV of this Act.

PART VII

REPORTING AND PUBLICATION

24. The Minister shall cause to be maintained and published on a website of the Government in a timely basis, accurate records of outstanding debt, guarantees, and lending transactions. Records.

25.—(1) The Debt Management Unit shall, no later than one month after the end of every quarter of the fiscal year, Reporting.

prepare for approval by Cabinet, a debt management strategy implementation report which shall outline the outstanding stock of public sector debt, its size and currency composition, interest rate mix, maturity profile and consistency with the approved medium-term debt management strategy.

(2) The Minister shall, simultaneously with the submission of the annual budget, furnish Parliament with—

- (a) an annual report on public debt management activities, Government guarantees and Government lending, which shall include a statement on the extent to which the Government's debt management activities in the fiscal year conformed with the approved debt management strategy and debt management objectives, and reasons for any deviations;
- (b) a report of a schedule of all outstanding public debt, including a classification of borrowing and the purposes for which such borrowing was undertaken, details of all Government securities issued, details of Government securities redeemed, interest payments on Government borrowing, outstanding public debt stock including debt of statutory bodies and state-owned enterprises, and a schedule of related repayment obligations;
- (c) a report of a list of all outstanding loans lent by the Government, including a classification of the loans according to their probability of default;

- (d) a report of a list of all guarantees issued by the Government, including a classification of guarantees according to their probability of being called; and
- (e) a report of the total loans contracted by statutory bodies and state-owned enterprises.

(3) The Minister shall cause to be made public, in a manner as he or she may determine, the reports required under subsection (2).

PART VIII

DEBT MANAGEMENT UNIT AND COORDINATING COMMITTEE

26. The Debt Management Unit shall, under the supervision of the Minister, perform the functions as set out in the First Schedule.

Debt Management Unit.

27.—(1) For the purposes of this Act, there is hereby established a Public Debt Coordinating Committee.

Public Debt Coordinating Committee.

(2) The composition and functions of the Public Debt Coordinating Committee are set out in the Second Schedule.

PART IX

SANCTIONS

28.—(1) Any Government borrowing, Government guarantees, Government lending, or other related action purported to be undertaken on behalf of the Government by a person other than the Minister or his or her lawful agent, or

Consequences of unauthorised borrowing, guarantees, lending.

otherwise in violation of the provisions of this Act shall be null and void and of no effect.

(2) Any money received on behalf of the Government by way of principal in relation to such void transactions shall become refundable to a creditor and no further payment shall be received on behalf of the Government under such transaction.

(3) Any money paid by the Government by way of principal, interest, charges or other payments in relation to such void transactions shall become refundable and no further payment by the Government shall become due.

(4) The Minister shall within seven days from the occurrence of the events specified in subsection (1), lay before Parliament a report explaining the causes of the breach and the measures taken or proposed to be taken to re-establish compliance with the relevant provisions of this Act.

Breach by official.

29. A person alleged to have been responsible for or involved in a breach specified under section 28, shall be subject to disciplinary action by the Public Service Commission, including dismissal, and prosecution where appropriate, demotion, suspension, or other sanctions applicable to breach of any public financial management requirements under the Public Finance Management Act or other relevant law or administrative code of conduct.

PART X

MISCELLANEOUS

Delegation.

30.—(1) A person to whom powers or functions are conferred under this Act or Regulations made under this Act

and who delegates any such power or function to another official shall remain liable under this Act for proper exercise of those powers and discharge of those functions.

(2) Subject to the provisions of this Act, the Minister may delegate in writing any of his or her functions or powers under this Act to a public officer, except his or her power of delegation.

(3) The delegation of functions under subsection (1) shall not divest the Minister of the responsibility for the function or the exercise of any power thereunder.

31. The Minister may make regulations generally for the purpose of implementing the provisions of this Act, which shall include— Regulations.

- (a) prescribing the method of issuing, registering ownership, pricing, transfer, conversion, replacement and redemption of Government securities;
- (b) prescribing the mode by which settlement or payment of interest or principal, in respect of which Government securities may be made; and
- (c) prescribing fees and charges for any services provided for in this Act, including services for Government securities dealers and on-lending, if they exist.

32.—(1) The Revised Treasury Bills Act, Chapter 288B is hereby repealed. Repeal and transitional provisions.

(2) Notwithstanding subsection (1), nothing shall affect the validity of any Government borrowing, whether

through Government securities or otherwise, any guarantees issued by the Government, any lending by the Government, any trustee or agent appointed by the Government, or any relevant act done under the repealed enactment before the commencement of this Act.

(3) Any Government borrowing, Government lending, or liability guaranteed by the Government under the enactment repealed under subsection (1) and outstanding immediately before the commencement of this Act shall upon the commencement of this Act remain valid under this Act until maturity, unless they are earlier redeemed, settled, or otherwise lawfully terminated.

FIRST SCHEDULE

Duties of the Debt Management Unit

(Section 26)

The duties of the Debt Management Unit are—

1. to prepare a medium-term debt management strategy on an annual rolling basis and an annual borrowing plan for the Government in accordance with sections 5 and 6 respectively;
2. to prepare the auction calendar for Government securities in accordance with the provisions of section 13 (4) (a);
3. to perform control functions and ensure that debt to be contracted is consistent with the approved medium-term debt management strategy document and sign-off in writing that this is the case;
4. to participate in negotiations with creditors on the instructions of the Minister;
5. to assess the risks in issuing any guarantees, and prepare reports on the method used for every assessment and the results thereof for the attention of the Minister;

6. to pursue the recovery of any payments including interest and other costs incurred by the Government due to the honouring of outstanding guarantees;
7. to assess credit and other risks in any lending, and prepare reports on the method used for every assessment and the results thereof for the attention of the Minister;
8. to prepare annual reports on outstanding loans granted by the Government;
9. to establish and maintain the schedules and lists relating to public debt required under section 25;
10. to set up and maintain an electronic monitoring system relating to public sector debt on a real time basis and to obtain relevant public debt information from the Eastern Caribbean Central Bank, the Eastern Caribbean Securities Exchange, and other agents who assist in public debt management;
11. to monitor, review and analyse debt levels of all statutory bodies and state-owned enterprises and advise the Minister accordingly;
12. to prepare annual reports on the debt of statutory bodies and state-owned enterprises;
13. to keep timely, comprehensive and accurate records of outstanding Government guarantees and lending in an appropriate database;
14. to evaluate loan guarantees and other explicit contingent liabilities consistent with Government debt management objectives;
15. to evaluate funding requests from state-owned enterprises and statutory bodies;
16. to analyse projections on funding needs and provide inputs for funding strategy;
17. to design, price, launch and fund transactions;
18. to monitor and report on market conditions;
19. to manage investor-creditor relations;
20. to implement funding strategies consistent with the medium-term debt management strategy document and the annual borrowing plan;

-
21. to advise on Government initiatives to foster developments in the domestic and regional securities market;
 22. to advise the Minister on all debt obligations of the Government;
 23. to prepare and publish public debt statistical bulletins periodically;
 24. to prepare forecasts on public debt servicing and disbursements as part of the yearly budget preparation;
 25. to record and maintain all original agreements and other documentation on all Government borrowing, lending, guarantees and other contingent liabilities, and other relevant public debt management operations;
 26. to compile, verify and report to the Minister on all Government domestic arrears;
 27. to monitor the disbursement of loans raised by the Government to ensure that they are in accordance with agreed disbursement schedule;
 28. to perform such other public debt-related functions as may be determined by the Minister.

SECOND SCHEDULE

Public Debt Coordinating Committee

(Section 27)

I: Composition

1. The Public Debt Coordinating Committee shall consist of seven *ex-officio* members as follows—

- (a) the Permanent Secretary of the Ministry, who shall act as chairperson;
- (b) the Head of the Debt Management Unit of the Ministry;
- (c) the Head of the Budget Department of the Ministry;
- (d) the Head of the Policy Unit of the Ministry;

- (e) the Accountant General or his or her designate;
- (f) a representative of the Public Sector Investment Programme; and
- (g) a representative of the Attorney-General.

2. Every person appointed to the Public Debt Coordinating Committee will be ex-officio and will hold office for as long as the appointing authority determines.

II: Secretariat

3. The Debt Management Unit of the Ministry shall provide secretariat support for the Public Debt Coordinating Committee.

III: Meetings

4. The Public Debt Coordinating Committee shall meet as and when convened by the Permanent Secretary and at a minimum, once every month;

5. Subject to the provisions of this Act, the Public Debt Coordinating Committee shall regulate its own proceedings.

IV: Terms of Reference

6. The Public Debt Coordinating Committee shall—

- (a) consider proposals for the assumption of new debt obligations;
- (b) review annual borrowing plans prepared by the Debt Management Unit before submission to the Minister;
- (c) review draft medium-term debt management strategy document prepared by the Debt Management Unit;
- (d) consider proposals for debt restructuring and rescheduling and advise the Minister;
- (e) review annual budgetary estimates for debt servicing and advise the Minister;

-
- (f) monitor debt service payments and the total debt stock based on reports submitted by the Debt Management Unit;
 - (g) develop a comprehensive policy in respect of Government procedures for guaranteeing debt in accordance with the provisions of this Act and Regulations made under it;
 - (h) monitor the Public Sector Investment Programme for loan disbursements; and
 - (i) undertake any other activity relevant to debt management.

V: Reporting

7. The Public Debt Coordinating Committee shall submit quarterly reports to the Minister before the end of the first month following the end of every quarter.

8. A report submitted to the Minister under paragraph 7 above shall include a summary of the Public Debt Coordinating Committee's deliberations for the immediate past quarter, including details of transactions evaluated, approved, or rejected and the reasons ascribed for every action.

Passed by the House of Representatives this 29th day of May, 2015.

WILLAN THOMPSON
Clerk to the House of Representatives.

Passed by the Senate this 5th day of June, 2015.

WILLAN THOMPSON
Clerk to the Senate.

GRENADA

PRINTED BY THE GOVERNMENT PRINTER, AT THE GOVERNMENT
PRINTING OFFICE, ST. GEORGE'S
4/9/2015.