

CHAPTER 129

GRENADA DEVELOPMENT BANK ACT

• Act • Subsidiary Legislation •

ACT

Act. No. 11 of 1976

Amended by

Act No. 2 of 1977

Act No. 33 of 1980

Act No. 7 of 1985

Act No. 23 of 1991

Act No. 18 of 1993

Act No. 15 of 1997

Act No. 6 of 2008

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CHAPTER 129
GRENADA DEVELOPMENT BANK ACT

An Act to provide for the establishment of a corporation to be called the Grenada Development Bank, and for connected matters.

[Act No. 11 of 1976 amended by Act No. 2 of 1977, Act No. 33 of 1980, Act No. 7 of 1985, Act No. 23 of 1991, Act No. 18 of 1993, Act No. 15 of 1997, Act No. 6 of 2008.]

[23rd September, 1976.]

PART I

Preliminary

1. Short title

This Act may be cited as the Grenada Development Bank Act.

2. Interpretation

In this Act—

“Bank” means the Grenada Development Bank established by section 3;

“Board” means the board of directors of the Bank;

“business plan”, for a financial year, means—

(a) the business plan approved under section 17; and

(b) all amendments to the business plan approved under that section, for the financial year;

“chairperson” means chairperson of the Board;

“deputy manager” means the deputy manager of the Bank appointed under section 21A of this Act;

“development enterprises” include industrial enterprises, tourist industry enterprises, housing enterprises, agricultural development enterprises, fishery

enterprises, higher education development enterprises, and any other enterprise, being enterprises in Grenada of a type approved by the Minister;

“director” means a director of the Bank;

“financial year” means the period of twelve months beginning on the 1st January in each year;

“functions” includes powers and duties;

“manager” means the manager of the Bank appointed under section 21;

“Minister” means the Minister of Finance;

“secretary” means the secretary of the Bank.

PART II

The Grenada Development Bank

3. Establishment of the Grenada Development Bank

(1) There is hereby established a body corporate to be called the Grenada Development Bank with perpetual succession and a Common Seal and with power to purchase, take, hold and dispose of land and other property of whatever kind, to enter into contracts, to sue and be sued in its corporate name, and to do all things necessary for the purposes of this Act.

(2) The provisions of the First Schedule shall govern the constitution, operation and expenses of the Board and otherwise in relation thereto.

(3) The Common Seal of the Bank shall be authenticated in the manner prescribed in the First Schedule and shall be judicially and officially noticed.

4. Functions of the Bank and duties of Board members

(1) Subject to the provisions of this Act, the functions of the Bank are to—

- (a) assist persons to establish, carry on or expand development enterprises by participating in share capital, granting loans and providing other forms of financial assistance to such persons;
- (b) assist persons to pursue courses of higher, technical and vocational education by providing loans and other forms of financial assistance;
- (c) foster the development of monies and capital markets in Grenada;
- (d) mobilise and co-ordinate available resources to be utilised in financing industrial and agricultural projects in Grenada; and
- (e) grant loans to persons for the construction, extension, alteration, improvement or repair of dwelling-houses on land owned or leased by them.

(2) The Board has a duty—

- (a) to ensure that every application dealt with on behalf of the Bank is considered principally on its financial and economic merits;
- (b) to take all such measures as may be necessary to ensure that financial assistance granted by the Bank to a development enterprise is utilised for the purpose for which it is given.

(3) The Bank shall not make an investment in or otherwise transact business with an enterprise in which a director of the Bank is a partner, director or shareholder or is in any

other way directly or indirectly interested, unless the transaction is unanimously approved by the other directors of the Bank.

(4) A director who is directly or indirectly interested in a contract made or proposed to be made by the Bank—

- (a) shall disclose the nature of his or her interest; and
- (b) shall not take part in any deliberation or decision of the Board with respect to that contract.

(5) Subject to the provisions of this Act, the Bank shall have power to do all such things as are in its opinion necessary for or conducive to the proper discharge of its functions, and in particular, but without prejudice to the generality of the foregoing the Bank may—

- (a) order issues of stocks, shares, bonds, debenture stock, debentures and other securities;
- (b) buy stocks, shares or bonds;
- (c) guarantee loans made from private investment sources;
- (d) sell investments of whatever kind belonging to the Bank as and when appropriate;
- (e) carry out transactions involving unit trust schemes and mortgages;
- (f) furnish financial advice and provide or assist in obtaining managerial, technical and administrative services for development enterprises.

5. Divisions of the Bank

Transactions relating to the following divisions of the Bank namely—

- (a) industrial and tourist development;
- (b) housing;
- (c) higher education;
- (d) agricultural development;
- (e) other development projects,

shall be distinguished so far as possible and shall be recorded and dealt with separately in the annual accounts and reports of the Bank.

6. Funds of the Bank

The funds of the Bank shall consist of—

- (a) such sums as may be provided by Parliament for the purpose;
- (b) such sums as may be allocated to the Bank from time to time from loan funds;
- (c) all sums received by, or falling due to, the Bank in consequence of loans made by the Bank;
- (d) monies earned or arising from property investments, mortgages, debenture stock or debentures acquired by or vested in the Bank;
- (e) sums borrowed by the Bank for the purpose of meeting its obligations or discharging its functions;
- (f) all other sums which may in any manner become payable to or vested in the Bank.

7. Application of funds

(1) The Bank may apply its funds for all or any of the following purposes—

- (a) the payment of expenses incurred by it in the performance of its functions under this Act;
- (b) the making of loans and advances in accordance with the provisions of this Act; and
- (c) doing all or any such other matters and things as may be incidental or subsidiary to its business.

(2) Loans made by the Bank secured by real property, chattels or produce shall be secured by a mortgage on property, and by a charge or mortgage on produce or chattels.

(3) Every mortgage or charge given to secure a loan shall contain a covenant by the borrower that he or she will not, without the consent of the Board, dispose of any of the property subject to the mortgage or charge or any interest therein.

(4) The Bank may attach to a grant or loan made or proposed to be made by it under this section such conditions as the Bank thinks fit.

(5) When all monies intended to be secured by a mortgage given to the Bank under this Act have been fully paid off or discharged, the Bank may endorse upon or annex to the mortgage a reconveyance of the mortgaged property to the then owner of the equity of redemption (or to such person and to such uses as he or she may direct) or a receipt under the seal of the Bank in the form of the Second Schedule; such receipt shall discharge the mortgage and vest the estate of and in the property therein comprised in the person for the time being entitled to the equity of redemption, without any reconveyance. If the mortgage has been duly recorded the Registrar of the Supreme Court shall, on production of the receipt, make an entry across or in the margin of the first page on which the mortgage is recorded to the effect that the mortgage is satisfied, and that the receipt has been produced, and is in due form, and such entry shall have the effect of clearing the record of the mortgage.

8. Enquiries as to monies lent

(1) Where the Bank has made a loan of monies under the provisions of this Act it shall—

- (a) make, or cause to be made, from time to time such enquiries as may be necessary to ensure that the loan is being applied to the purpose for which it was made; and
- (b) require financial statements, in such detail as it may determine, to be submitted by the person in receipt of the loan either half-yearly or at shorter intervals at the discretion of the Bank, and such person shall comply with such requirement.

(2) The Bank may authorise in writing any of its officers or any other person to make such examination and any officer or person so authorised shall be entitled to demand the production of all such books, documents and other matters and things as he or she may consider necessary for the purpose of making such enquiries.

(3) Any person who fails to submit any financial statements as required in accordance with subsection (1)(b), or to produce any book, document or other matter or thing demanded in accordance with subsection (2), shall be guilty of an offence against this Act, and shall be liable, on summary conviction, to a fine of one thousand dollars and, in default of payment, to imprisonment for six months.

9. Offences in respect of loans

A person who—

- (a) obtains a loan from the Bank by means of any false representation;
- (b) wilfully applies any loan made to him or her by the Bank to any purpose other than the purpose for which the loan was made;
- (c) having obtained a loan from the Bank, wilfully destroys any security given in relation to any such loan,

shall be guilty of an offence against this Act, and shall be liable, on summary conviction, to a fine of five thousand dollars and to imprisonment for twelve months.

10. Fiat of Attorney-General

Proceedings for offences arising out of the provisions of this Act or in connection with any loan made hereunder may be instituted by the Bank at any time and the Bank shall not need the authorisation or consent of any other authority to institute such proceedings.

11. Power of Minister to give directions

(1) The Minister may, after consultation with the chairperson, give the Board such directions of a general character as to the policy to be followed by the Bank in the exercise and performance of its functions as appear to the Minister to be necessary in the public interest.

(2) The Bank shall furnish the Minister with such returns, accounts and other information, as he or she may require with respect to the property and activities of the Bank and shall afford him or her facilities for verifying such information in such manner and at such times as he or she may reasonably require.

(3) The power of the Minister to give directions to the Board shall include power to give directions whether of a general or specific character as to the exercise by the Bank of its borrowing powers.

12. Borrowing powers

Subject to the provisions of this Act, the Bank may borrow sums required by it for meeting its obligations or discharging its functions.

13. Advances and guarantees

(1) The Minister may, from time to time, make advances to the Bank out of monies provided by Parliament for the purpose.

(2) The Minister may, with the approval of the House of Representatives, guarantee in such manner and on such conditions as he or she may think fit the repayment of the principal and the payment of the interest on any authorised borrowings of the Bank made otherwise than by way of advance under subsection (1).

(3) Where the Minister is satisfied that there has been default in the repayment of any principal monies or in the payment of interest guaranteed under this section, he or she shall direct the repayment or, as the case may be, the payment out of the Consolidated Fund of the amount in respect of which there has been such default.

14. Repayment of and interest on advances and sums issued in fulfilment of guarantees

The Bank shall make to the Accountant-General, at such times and in such manner as the Minister may direct, payments of such amounts as may be so directed in or towards repayment of advances made to the Bank under section 13 and of any sums issued in fulfilment of any guarantee given thereunder or payments of interest on any sum outstanding for the time being in respect of such advances and of any sums so issued, at

such rates as the Minister may direct and different rates of interest may be directed as respects different advances or sums and as respects interest for different periods.

15. Issue of debentures, etc.

The Bank—

- (a) may issue debentures, debenture stock, or bonds for the purpose of exercising its borrowing powers under section 12;
- (b) shall establish a sinking fund for the redemption of debentures so created; and
- (c) may postpone sinking fund contributions for such periods of time and subject to such conditions as may be approved by the Minister.

16. Reserve fund

The Bank shall set aside in each calendar year out of the net profits, if any, of the Bank a minimum of twenty-five per cent of such profits towards a reserve fund to meet contingencies and for such other purposes as the Bank thinks fit.

17. Annual business plan

(1) The Board shall, not later than four months before the commencement of each financial year and in such form as the Minister requires, prepare in respect of the financial year, and submit to the Minister, a proposal for a business plan for the financial year that must contain—

- (a) a statement of the Bank's objectives and priorities in carrying out its responsibilities for the financial year and the following two financial years;
- (b) a comprehensive business plan that—
 - (i) shows how resources, including but not limited to financial resources, will be allocated to meeting the objectives and priorities of the Bank for the financial year, and
 - (ii) includes *pro forma* financial statements as required by the Minister;
- (c) a comparison of the *pro forma* financial statements with the actual financial statements for the previous financial year;
- (d) a statement as to how the Board proposes to measure its performance in carrying out its responsibilities in the financial year; and
- (e) any other information required by the Minister by written notice to the Board.

(2) The Minister may, on request of the Board, extend the time for submitting a proposal for a business plan.

(3) The Minister shall, as soon as practicable, consider the proposal for a business plan and may—

- (a) approve the proposal as submitted;
- (b) with the approval of the Board, amend the proposal and approve it as amended; or
- (c) refer the proposal back to the Board with directions that the Board take any further action with respect to it that the Minister considers appropriate.

(4) Where the Minister refers the proposal for a business plan back to the Board under subsection (3)(c), he or she shall provide the Board with his or her reasons for not approving it.

(5) A proposal for a business plan that is referred back to the Board under subsection (3)(c) shall be resubmitted and subsections (3) and (4) shall apply.

(6) When a proposal in relation to a financial year is approved by the Minister, it becomes the business plan for that financial year.

(7) The Board—

- (a) may, of its own motion, submit to the Minister a proposal to amend an approved business plan; and
- (b) shall, on request of the Minister and within the time required by the Minister, submit to the Minister a proposal to amend an approved business plan.

(8) Subsections (3), (4), (5) and (6) apply to a proposal submitted to the Minister under subsection (7).

17A. Board obligated to implement business plan

The Board—

- (a) shall in each financial year implement the business plan for that financial year; and
- (b) establish a mechanism for monitoring the implementation of the business plan.

18. Accounts

(1) The Board shall—

- (a) keep proper books of account of its income and other receipts and expenditures; and
- (b) ensure that—
 - (i) all monies received are promptly and properly brought to account,
 - (ii) all payments out of its monies are correctly made and properly authorised, and
 - (iii) adequate control is maintained over its property and over the incurring of liabilities by the Bank.

(2) The books of account kept under subsection (1) shall—

- (a) be sufficient to record and explain the Bank's transactions;
- (b) enable the Bank's financial position to be determined with reasonable accuracy at any time; and
- (c) be sufficient to enable financial statements to be prepared and audited in accordance with this section.

(3) Within three months after the end of each financial year, the Board shall cause to be prepared—

- (a) the following financial statements together with proper and adequate explanatory notes—
 - (i) a statement of the assets and liabilities of the Bank at the end of the financial year,
 - (ii) a statement of the revenue and expenditure of the Bank during the financial year,
 - (iii) such other financial statements for the financial year as may be specified in writing by the Minister; and

(b) an annual report of the Bank on the implementation of the business plan and such other matters as the Board considers advisable or the Minister directs.

(4) Without delay, after the completion of the financial statements and the annual report, the Board shall furnish a copy of each to the Director of Audit.

18A. Audit by Director of Audit and report to the House of Representatives

(1) Not later than three months after receipt of the financial statements and annual report from the Board, the Director of Audit shall audit the financial statements in accordance with the Audit Act, Chapter 22A.

(2) Without delay, after the completion of his or her audit of the Bank, the Director of Audit shall submit a copy of his or her report together with the financial statements and annual report to the Minister and the Board.

(3) The Minister shall, not later than seven days after the House of Representatives first meets after he or she has received the report together with the financial statements and annual report of the Bank, lay it before the House of Representatives.

(4) If the Minister fails to lay the report together with the financial statements and the annual report of the Bank before the House of Representatives in accordance with subsection (3), the Director of Audit shall transmit the report, the financial statements and the annual report to the Speaker who shall, as soon as practicable, present them to the House of Representatives.

(5) As soon as reasonably practicable after the report together with the financial statements and the annual report of the Bank have been laid before the House of Representatives, the Board shall cause the report, the financial statements and the annual report of the Bank to be published in the *Gazette*.

19. Exemption from income tax and stamp duty

(1) The income of the Bank shall be wholly exempt from the payment of income tax.

(2) Every instrument to secure a loan and every instrument evidencing the discharge of a loan and all documents incidental thereto or connected therewith shall be exempt from the payment of stamp duty.

(3) All instruments executed by or on behalf of the Bank shall be exempted from stamp duty.

20. Staff of the Bank

The staff of the Bank shall be a manager, a deputy manager, a secretary and such other officers, employees and agents as the Minister may consider necessary for the proper performance of its functions.

21. Appointment of manager

(1) The Minister may, after consultation with the Board, appoint and employ, at such remuneration and on such terms and conditions as he or she thinks fit, a manager who shall be responsible for the management and day-to-day administration of the Bank.

(2) The Minister may, after consultation with the Board, terminate the appointment of the manager if at any time the Minister thinks it expedient.

(3) The manager may, at any time, resign by giving notice in writing addressed to the Minister.

(4) The Minister may, by instrument in writing grant the manager leave of absence.

(5) The manager, unless his or her appointment is sooner terminated by the Minister or he or she otherwise ceases to be manager, shall hold office for a period of three years and shall be eligible for re-appointment.

21A. Appointment of deputy manager

(1) The Minister may, after consultation with the Board, appoint and employ a deputy manager at such remuneration and on such terms and conditions as he or she may think fit.

(2) The deputy manager shall assist the manager in the carrying out of the functions and duties of the manager.

(3) The Minister may, after consultation with the Board, terminate the appointment of the deputy manager at any time the Minister thinks it expedient.

(4) The deputy manager may, at any time, resign by instrument in writing addressed to the Minister.

(5) The Board may grant the deputy manager leave of absence by instrument in writing.

(6) The deputy manager shall, unless his or her appointment is sooner terminated by the Minister or he or she otherwise ceases to be deputy manager, hold office for a period of three years and shall be eligible for re-appointment.

22. Appointment of acting manager

(1) Where the office of manager becomes vacant or if the manager—

- (a) resigns, dies or ceases to be employed by the Bank before the normal expiration of his or her term of office; or
- (b) is absent from duty, or is incapacitated by illness or other sufficient cause from performing his or her duties,

the Minister may, after consultation with the Board, appoint an acting manager to act for such period as the Minister may think necessary.

(2) An acting manager appointed under this section may exercise and perform all the functions of the manager.

23. Appointment of secretary, officers and employees

(1) The Board may, with the approval of the Minister, appoint and employ at such remuneration and on such terms and conditions as it thinks fit, a secretary and such officers, employees and agents as may be necessary for the proper performance of its functions.

(2) The Public Service Commission may, subject to such conditions as it may impose, approve the appointment of a public officer to an office with the Bank; a public officer so appointed, in relation to pension, gratuity or other allowance, and in relation to his or her other rights as a public officer, shall be treated as continuing in the service of the Government.

24. Pension scheme

The Board shall have power, with the approval of the Minister, to make regulations establishing schemes for pensions, gratuities and other retiring benefits in respect of employees of the Bank; such regulations may include provisions for the grant of benefits to the dependants or the legal personal representatives of employees.

25. Power to delegate functions

(1) Subject to this Act, the Board may delegate, to any director, officer or employee of the Bank, its duty to perform any function on behalf of the Bank.

(2) Every delegation under this section shall be revocable by the Board and no delegation shall prevent the performance by the Board of any function delegated.

26. Enforcement of securities

Where any property mortgaged as security for a loan under the provisions of this Act is acquired by the Bank, the Board may either manage and hold such property or carry on a business with such property or sell or otherwise dispose of it as it may deem fit.

27. Power to appoint a receiver, etc.

(1) Notwithstanding that a loan granted to a development enterprise or guaranteed by the Bank may not have been secured by a mortgage within the meaning of the Conveyancing and Law of Property Act, the Bank may, if a borrower defaults in respect of a loan granted to a development enterprise or guaranteed by the Bank, appoint a receiver in respect of the business in connection with which the loan was granted or guaranteed, and a receiver so appointed shall have the same powers with the necessary changes as a receiver appointed pursuant to the power conferred on a mortgagee by section 14 of the Conveyancing and Law of Property Act, Chapter 64.

(2) A person appointed by the Bank to be a receiver pursuant either to the power conferred on a mortgagee by section 14 of the Conveyancing and Law of Property Act, Chapter 64, or the power conferred on the Bank by subsection (1) of this section shall, if the Bank so appoints, be also the manager of the business in respect of which the loan was granted or guaranteed and the effect of such an appointment shall be the same as if the person so appointed had been appointed by the High Court to be the receiver and manager of such business.

(3) No person appointed by the Bank to be a receiver or a receiver and manager shall be deemed to be an officer of the High Court.

28. Power of the Bank to act as agent for Government

The Bank may act generally as agent for the Government where it can do so appropriately and consistently with its functions under this Act.

29. Power to make regulations

The Minister may make regulations prescribing—

- (a) additional purposes for which loans may be made under this Act;
- (b) the limits within which loans for any general or prescribed purpose may be made;
- (c) methods of the disbursement or the securing of loans made under this Act;
- (d) the periods within which loans made under this Act shall be repayable;
- (e) any other matter or thing which by this Act is required to be prescribed;
- (f) matters generally for carrying out the objects and purposes of this Act.

30. Transfer of employees of Grenada Agricultural Bank and the Development Corporation

Every person employed by the Grenada Agricultural Bank and the Development Corporation immediately prior to the date of commencement of this Act shall with effect

from the date of commencement of this Act be deemed to have been transferred to the Bank on the same terms and conditions as those on which he or she was employed immediately prior to that date.

31. Validation of acts

Notwithstanding the provisions contained in this Act or any other written law to the contrary, all acts done or omitted or which purport to have been done or omitted by the chairperson or members of the Board, the manager, deputy manager or the secretary in the performance or purported performance of their powers and duties under the Grenada Agricultural and Industrial Development Corporation Act, 1975, are hereby declared to be lawful and are confirmed as having been lawfully done or omitted from the time of their performance or omission.

32. Savings and transitional

(1) Subject to the provisions of this section, the operation and validity of documents executed under the Grenada Agricultural Bank Act, 1965 (repealed) and the Grenada Agricultural and Industrial Corporation Act, 1975 (repealed) shall not be affected by the provisions of this Act, and everything done or suffered under the provisions of those Acts shall be deemed to have been done and suffered under the corresponding provisions of this Act.

(2) The functions of the former Grenada Agricultural Bank, the former Grenada Development Corporation, and of the Corporation established by the Grenada Agricultural and Industrial Development Corporation Act, 1975 (repealed), shall be performed under the provisions of this Act by the Bank and where, in any instrument having the force of law, there is a reference to any of those bodies corporate there shall be substituted a reference to the Bank.

(3) Land and property of whatever description vested in those bodies corporate are transferred to and vested in the Bank for the same estate as previously held, without further assurance.

(4) Loans made by those bodies corporate hitherto not repaid and all liens and charges of whatever nature to secure repayment of such loans are deemed to have been made and to be enforceable by the Bank.

(5) Policies of insurance entered into by borrowers in respect of loans made by those bodies corporate and assigned to any such body corporate are deemed to have been assigned to the Bank and to have their subsistence and effect without further notice or formality.

(6) Rights, powers, privileges and authorities granted to or exercisable by any of those bodies corporate are respectively granted to and exercisable by the Bank.

(7) Liabilities of any of those bodies corporate are deemed to have been assigned or transferred to the Bank and to have their subsistence and effect without further notice or formality.

(8) Acts done and documents executed by or on behalf of those bodies corporate are deemed, and are to be construed, to have been respectively done and executed by the Bank.

First Schedule

GRENADA DEVELOPMENT BANK ACT

Constitution, Operation and Expenses of the Board

[Section 3.]

1. Board of Directors

(1) There shall be a Board of Directors of the Bank. Subject to the provisions of this Act, the Board shall be responsible for the policy and the general administration of the affairs of the Bank.

(2) The Board shall consist of nine directors appointed by the Minister as follows—

- (a) one director to represent the Ministry of Finance;
- (b) the Attorney-General, or his or her nominee;
- (c) the Manager of the Bank;
- (d) six directors to represent banking, accounting, commerce, agriculture, engineering and tourism.

2. Temporary appointments

The Minister may appoint any person to act temporarily in the place of a director who is absent or unable to act.

3. Chairperson

(1) The Minister shall appoint one of the directors to be the chairperson of the Board.

(2) The Minister shall appoint one of the directors to be the deputy chairperson.

(3) If the chairperson is absent or unable to act, the deputy chairperson shall exercise the functions of the chairperson.

(4) In the event of the absence or inability to act at any meeting of both the chairperson and the deputy chairperson, the remaining directors shall elect one of their number to act as chairperson of that meeting.

4. Tenure of office

Subject to the provisions of this Schedule, a director of the Bank shall hold office for such period being not less than two years nor more than four years as shall be specified in the instrument appointing him or her and he or she shall be eligible for re-appointment upon the expiration of his or her period of office.

5. Resignation

(1) A director other than the chairperson may at any time resign his or her office by instrument in writing addressed to the Minister and transmitted through the chairperson and from the date of receipt by the Minister of such instrument the director shall cease to be a director.

(2) The chairperson may at any time resign his or her office by instrument in writing addressed to the Minister and the resignation shall take effect from the date of the receipt of such instrument by the Minister.

6. Removal of director

The Minister may at any time revoke the appointment of a director if he or she considers it expedient to do so and he or she shall revoke the appointment of a director if a unanimous vote to that effect is passed by resolution of the other directors.

7. Members of the House of Representatives and Senate excluded

A person who is a member of the House of Representatives or the Senate shall not be appointed a director.

8. Publication of composition of Board

The names of all directors of the Bank as first constituted and every subsequent change in the composition of the Board shall be published in the *Gazette*.

9. Authentication of Seal and documents

(1) The Common Seal shall be authenticated by the signatures of the chairperson, or one director authorised to act in that behalf, and the secretary.

(2) All documents (other than those required by law to be under seal) made by, and all decisions of, the Board may be signified under the hand of the chairperson or a director authorised to act in that behalf or the secretary.

10. Procedure and meetings

(1) The Board shall meet at such times as may be necessary or expedient for the transaction of business, and such meetings shall be held at such places and times and on such days as the Board shall determine.

(2) The chairperson may at any time call a special meeting of the Board and shall call a special meeting to be held within seven days of a written request for that purpose addressed to him or her by any two directors.

(3) The chairperson or, in the case of the absence or inability to act of the chairperson, the deputy chairperson or otherwise, as provided by paragraph 3(4), the person elected to act as chairperson, shall preside at the meetings of the Board, and when so presiding the chairperson, deputy chairperson or the person elected as aforesaid to act as chairperson, as the case may be, shall have an original and a casting vote.

(4) The quorum of the Board shall be five including the person presiding.

(5) Subject to the provisions of this Schedule the Board may regulate its own proceedings.

(6) The validity of proceedings of the Board shall not be affected by a vacancy amongst the directors or by any defect in the appointment of a director.

11. Remuneration of directors

There shall be paid to the chairperson and other directors such remuneration, if any, whether by way of salaries, travelling or other allowances, as the Minister may determine.

12. Protection of Board

An act done or proceeding taken under this Act by the Board shall not be questioned on the ground of any procedural omission, defect or irregularity not affecting the merits of the case.

13. Protection of directors

(1) No action, suit, prosecution or other proceeding shall be brought or instituted against a director personally in respect of an act done in good faith in the performance or intended performance of his or her functions under this Act.

(2) Where any director is exempt from liability by reason only of the provisions of this paragraph the Bank shall be liable to the same extent that it would be if the said director were an employee or agent of the Bank.

Second Schedule

GRENADA DEVELOPMENT BANK ACT

Form of Receipt

[Section 7(5).]

The Grenada Development Bank hereby acknowledges to have received all monies intended to be secured by this indenture.

Dated this (date)

**CHAPTER 129
GRENADA DEVELOPMENT BANK ACT**

SUBSIDIARY LEGISLATION

List of Subsidiary Legislation

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 2. Grenada Agricultural Bank (Caribbean Development Bank Loan) Regulations
 3. Grenada Development Bank Loan Guarantee (Approval) Resolution
-

Grenada Agricultural And Industrial Development Corporation Regulations

SRO 3 of 1978

Amended by

SRO 16 of 1992

ARRANGEMENT OF REGULATIONS

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GRENADA AGRICULTURAL AND INDUSTRIAL DEVELOPMENT CORPORATION REGULATIONS

[Section 29, SRO 3 of 1978 amended by SRO 16 of 1992.]

[10th March, 1978.]

PART I

1. Citation

These Regulations may be cited as the Grenada Agricultural and Industrial Development Corporation Regulations.

2. Definitions

In these Regulations, unless the context otherwise requires the following words and expressions have the meaning herein assigned to them—

“Act” means the Grenada Development Bank Act, Chapter 129;

“Board” means the Board of Directors constituted under the Act;

“Borrower” means an applicant who has obtained a loan from the Corporation;

“Corporation” means the Grenada Agricultural and Industrial Development Corporation established under the Act.

3. Applications

Every application for a loan shall be made in duplicate on the form provided by the Corporation.

4. Applicant to furnish information

The applicant shall furnish the Corporation with such information about the project for which the loan is required and about the security offered in respect thereof as the Corporation may require.

5. Types of loans

The Corporation shall normally make three types of loans, namely—

- (a) long term loans repayable within ten years from the date of issue;
- (b) medium term loans repayable within five years from the date of issue; and
- (c) short term loans repayable within eighteen months from the date of issue.

6. Purpose of loans

(1) The Corporation may grant loans for the promotion, establishment, carrying on and expansion of development enterprises as defined in the Act, and, to persons pursuing courses of higher, technical and vocational education approved by the Board.

(2) Without prejudice to the generality of the preceding subregulation, the Corporation may grant loans for the following purposes—

- (a) the purchase, development and improvement of land for agricultural, industrial and/or housing purposes; the discharge of liabilities incurred in respect of the development, maintenance or improvement of such land developed purposes;
- (b) the purchase and erection of buildings including house, farm building, factories, hotels, guest houses and restaurants;
- (c) the purchase and installation of plant, machinery and equipment;
- (d) the purchase and installation of processing and storage, packaging facilities;
- (e) the payment of labour (including family labour) and service, the purchase of materials, and supplies; land rent and lease payments, planting materials, fertilisers, weed, pest and disease control;
- (f) the establishment of irrigation, drainage, piping and erosion control resources;
- (g) the purchase of infrastructure and water supply, electrical system;
- (h) boats, vessels, engines.

7. Working Capital

In cases where the applicant cannot readily finance the operation cost of a project, the Board may approve loans for working capital on terms and conditions as may be determined.

8. Refinancing

In special cases the Corporation may lend for refinancing as part of a wide loan for an enterprise on such terms and conditions as the Board may determine.

9. Equity

In exceptional circumstances as the Board may deem fit, and on such terms and conditions as the Board may determine, the Corporation may make equity investment in projects which offer attractive financial and development benefits to the territory.

10. Security

(1) The Corporation shall require security for loans by one or more of the following—

- (a) first charge or mortgage on fixed assets especially land and building adequately insured;
- (b) bill of sale over goods, machinery and chattel accompanied by adequate insurance;

- (c) financial assets as bonds, shares, bank saving deposits;
- (d) an insurance policy on the life of the borrower with the estate of the insured borrower named as beneficiary;
- (e) secured third party guarantee including government guarantee;
- (f) first lien on agricultural products; and
- (g) such other security as the Corporation may deem fit.

(2) Where the Corporation makes a short term loan to a co-operative society, any member to whom part of the loan has been distributed shall sign a financing contract with the society and shall as security for his or her loan grant to the Corporation a first lien on the product for which it has been obtained, or the Corporation may obtain a third party guarantee. This contract together with a promissory note signed by the member and any other security shall be endorsed by the society in favour of the Corporation. The procedure described in this subregulation shall not absolve a co-operative society from its collective liability to repay the whole of the loan to the Corporation.

11. Applicant to pay legal fees

An applicant shall pay all legal fees and disbursements incurred in securing his or her loan and such fees and disbursements may be paid from the proceeds of the loan.

12. Application for loan to make improvements

(1) Where an application is made for a loan for the purpose of erecting a building or developing land used or to be used in connection with an enterprise, the Corporation may approve a loan based on the estimated enhanced value of the land on which the building is to be erected or development to take place and the proceeds of such a loan shall be disbursed by such instalments as may be determined by the Corporation having regard to the progress of the construction of the building or the development.

(2) When a loan for the purchase of machinery or other equipment or item or for making improvements to an enterprise has been approved the proceeds of such loan shall be disbursed by such instalments as the Corporation may determine having regard to the purchases made on the progress of the improvements.

(3) When the loan is for the procurement of an item or service to an approved enterprise the Corporation may make arrangements for direct payment for such item or service.

13. Borrower to insure security against fire, etc.

Every borrower shall insure the building equipment, chattels, stock and products mortgaged, charged or otherwise secured to the Corporation as security for a loan for the duration of the security against loss or damage by fire and such other hazards as the Corporation may specify, for such amount not in excess of their full insurable value as the Corporation may require, and shall assign, and if required, deliver to the Corporation the policy or policies of insurance. In the event that the borrower does not take out any or adequate insurance as required, the Corporation has the right to ensure the fulfilment of this condition with all charges due on the borrower and recovered from the proceeds paid.

14. Borrower not to replace security without permission

Where agricultural or fisheries produce, livestock or equipment of any kind is taken as security for a loan the borrower shall not replace such security without notifying and obtaining the permission in writing of the Corporation.

15. Interest

(1) Interest shall be charged on loans and advances at such rate as the Board may from time to time determine.

(2) The borrower may at any time pay off all or any part of the principal loaned for the time being owing together with the whole interest due on the principal outstanding at the time of payment, or such interest as otherwise approved by the Board.

16. Borrower in default

A borrower who abandons, neglects or without the consent of the Corporation attempts to sell or dispose of all or any part of his or her security for a loan shall be deemed to be in default and the Corporation shall be entitled to recover forthwith the whole or any outstanding portion of the loan.

17. Duty of borrower to keep proper accounting records

Every borrower shall keep or cause to be kept proper accounting records relating generally to the business in respect of which the loan has been made and in particular to the use of the loan funds.

18. Surcharge

The Corporation may provide in the loan agreement for the imposition of a surcharge on amount of the loan granted and overdue.

19. Right of Corporation to suspend disbursement

The Corporation may suspend disbursement of the loan if the borrower defaults in any obligation under these Regulations or the loan agreement to which he or she is a party.

20. Application of payment

Every payment made by or on behalf of a borrower in respect of a loan shall be credited to the borrower's account in the following order—

- (a) charges other than interest that have been added to the amount of the loan;
- (b) interest owing;
- (c) principal owing;
- (d) principal not yet due.

21. Implied conditions of loans

Every loan other than a loan for education shall be subject to the following conditions which shall be deemed to be part of the agreement between the Corporation and the borrower, namely—

- (a) a requirement that the borrower carry out and operate the project financed by the loan with due diligence and efficiency and in accordance with sound technical, financial and managerial standards;
- (b) a commitment on the part of the borrower that the goods and services financed by the loan will be used exclusively for the purposes of the loan;
- (c) a requirement that the borrower maintain adequate records and that disbursements under the loan will normally be made against invoices and certificates of work done;

- (d) the right of the authorised representatives of the Corporation to inspect the goods, sites, works and structures of the respective projects, the operation thereof and any relevant records and documents;
- (e) the obligation to furnish all information that the Corporation may reasonably request with respect to the project financed by the loan and to the financial situation of the borrower;
- (f) the right of the Corporation to suspend disbursements of the loan or terminate the right of the borrower to use the proceeds of the loan if the borrower defaults in the performance of any of his or her obligations under the loan;
- (g) an undertaking by the borrower that all necessary measures will be taken to ensure that any construction or service contract and all purchases of goods for the project financed by the loan will be made at a reasonable cost which will generally be the lowest market price, taking into account time of delivery, quality, efficiency, reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of services, of their quality and the competence of the parties rendering them;
- (h) a requirement that the borrower shall take out and maintain with responsible insurers such insurance against such risks and in such amounts as shall be consistent with sound business practice and, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazardous incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the borrower to replace or repair such goods.

22. Special terms and conditions under Loan Agreements between the Corporation and other sources

The Corporation may make loans available on the terms and conditions specified in Loan Agreements between the Corporation and other sources.

PART II

Issue of Bonds

23. Authority to issue Bonds

The Minister shall authorise in writing the Chairperson of the Board to issue Bonds and shall state the nominal amount of the Bonds to be issued, the terms and the mode of issue of such Bonds.

24. Mode of issue of Bonds

(1) Bonds may be issued at fixed rates of discount or at rates of discount to be determined after tenders have been received.

(2) When Bonds are to be issued at a fixed rate of discount such rate shall be fixed by the Minister and published in the *Gazette*.

(3) The Manager may, when so authorised in that behalf by the Chairperson of the Board, invite applications or tenders for Bonds by notice published in the *Gazette* and any newspaper published in Grenada, not less than four clear days before the final date on which such applications or tenders will be received. Such notice shall specify the period, being a period not exceeding twelve months, for which the Bonds are to be issued.

25. Forms of Bonds

(1) Bonds shall be in the form set out in the Schedule to these Rules and shall be printed on paper and to a design approved by the Manager.

(2) All Bonds issued shall be signed by the Minister and countersigned by the Chairperson of the Board or the Manager.

26. Forms of applications and tenders

(1) Applications and tenders for Bonds shall be made to the Manager only on forms to be issued by the Manager for the purpose.

(2) The Manager shall not accept any such application or tender unless payment in respect of the application or tender is made as may be specified on the form of application or tender.

27. Allotment of Bonds

(1) Bonds shall be allotted by the Manager.

(2) The Manager shall not be bound to accept any tender for Bonds.

(3) The Manager may reject any application for Bonds without assigning any reason therefor. Payment received in respect of a rejected application shall be refunded by the Manager.

(4) The Manager shall advise successful tenderers or applicants for Bonds of any allotment to them.

28. Payment of Bonds

Upon the surrender of Bonds the principal sum of such Bonds shall be payable by the Manager at the Grenada Development Bank on the dates specified in the Bond without grace.

29. Cancellation of paid Bond

When Bonds have been paid off by the Manager they shall be cancelled in such manner as may be determined by the Manager.

30. Damaged or defaced Bonds

Where a Bond has been damaged or defaced and is surrendered to the Manager, the Manager shall, upon the production of satisfactory evidence as to the circumstances of such change or defacement, issue a duplicate Bond in replacement of the Bond so damaged or defaced.

31. Lost or destroyed Bonds

When a Bond has been reported lost or destroyed the Manager may, if satisfied with the evidence in support of the report and subject to the execution of a bond of indemnity by the person making the report or to such other safeguards as the Manager shall deem necessary, issue a duplicate Bond to replace the one so lost or destroyed.

Schedule

8. Requirement to ensure compliance by sub-borrowers with terms of agreement.
 9. Furnishing of information, records and accounts.
 10. Furnishing of insurance by sub-borrowers.
- Annex Projects

**GRENADA AGRICULTURAL BANK (CARIBBEAN DEVELOPMENT BANK
LOAN) REGULATIONS**

[Section 29, SRO 2 of 1973.]

[17th February, 1973.]

1. Citation

These Regulations may be cited as the Grenada Agricultural Bank (Caribbean Development Bank Loan) Regulations.

2. Definitions

In these Regulations—

“Bank” means the Grenada Agricultural Bank;

“Grenada” means the State of Grenada;

“Loan” means the funds advanced to the Bank under the Loan agreement dated the 13th December, 1972, and made between the Caribbean Development Bank and the State of Grenada;

“Project” means the financing by the Bank of agricultural development by providing medium and long-term loans to farmers for any of the purposes set out in the Annex with funds provided by the Government out of the proceeds of the Loan;

“sub-borrower” means a person obtaining a sub-loan from the Bank;

“sub-loan” means a loan financed by the Bank out of the Loan.

3. Purpose of the loan

The purpose for which the loan is granted is for the Bank to finance agricultural development in Grenada by providing medium and long term sub-loans to farmers for the purposes set out in the Annex to these Regulations.

4. Protection of interests of the Caribbean Development Bank

(1) The Bank shall exercise its rights in relation to each sub-loan financed in whole or in part out of the proceeds of the loan in such manner as to protect the interests of the Caribbean Development Bank.

(2) Unless the Caribbean Development Bank shall otherwise agree, every sub-loan will be made on terms whereby the Bank shall obtain, by written agreement or by other appropriate legal means, rights adequate to protect the interests of the Bank and rights which the Caribbean Development Bank shall deem adequate to protect the interests of the Caribbean Development Bank.

5. Prohibition relating to sub-loans

The Bank shall not make sub-loans out of the proceeds of the loan to a director of the Bank, to a member of the Legislature of the State of Grenada or to any company

controlled by any such director or member of the Legislature or to the close relatives of any such director or member of the Legislature.

6. Observance of spirit of Article 35(2) of the Caribbean Development Bank's Charter

The Bank, in the execution of the Project, shall observe the spirit of Article 35(2) of the Agreement establishing the Caribbean Development Bank as contained in the Schedule to the Caribbean Development Bank Act, 1969 (No. 29 of 1969).

7. Furnishing of list of sub-borrowers

The Bank shall furnish the Caribbean Development Bank annually with a list of sub-borrowers and any instalments of principal and interest for which they may be in arrears.

8. Requirement to ensure compliance by sub-borrowers with terms of agreement

The Bank shall take steps to ensure that all goods and services financed out of the proceeds of a sub-loan are used exclusively in carrying out the project and in conformity with any contract or other arrangement approved by the Caribbean Development Bank.

9. Furnishing of information, records and accounts

(1) The Bank shall furnish to the Caribbean Development Bank all such information as the Caribbean Development Bank shall reasonably request concerning the expenditure of the proceeds of the sub-loans.

(2) The Bank shall maintain records adequate to reflect the operations of each sub-loan and shall enable the representatives of the Caribbean Development Bank to examine such records.

(3) The Bank shall—

- (a) have its accounts and financial statements (balance sheets, statements of income and expenditure and related statements) for such fiscal year audited by independent auditors acceptable to the Caribbean Development Bank in accordance with sound auditing principles consistently applied;
- (b) furnish to the Caribbean Development Bank as soon as available but in any case not later than three months after the end of each such year, certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Caribbean Development Bank shall have reasonably requested;
- (c) furnish to the Caribbean Development Bank such other information concerning the accounts and financial statements of the Bank and the audit thereof as the Caribbean Development Bank shall from time to time reasonably request.

10. Furnishing of insurance by sub-borrowers

The Bank shall require sub-borrowers to take out and maintain with responsible insurers, insurance against such risks and in such amounts as shall be consistent with sound commercial practice.

Annex

Projects

[Regulation 3.]

1. Farm machinery and equipment, i.e. tractors spraying equipment for crop protection, poultry cages, milking machines, harvesting equipment.
2. Establishment of permanent and semi-permanent crops to bearing stage and establishment of breeding stock to stage.
3. Irrigation.
4. Establishment of permanent drains, terracing or permanent anti-erosion control measures.
5. Capital facilities for storage, packing, processing.
6. Farm building for livestock including electricity.
7. Provision of water supply for animals.
8. Preparation of road access.
9. Livestock and poultry.
10. Medium and long term programmes associated with any of the above which are specially designed to raise productivity levels.
11. Land cleaning for primary or secondary forest.
12. Boats and marine engines (for fishing).

Grenada Development Bank Loan Guarantee (Approval) Resolution

SRO 16 of 1999

Resolution for the purposes of section 13(2) of the Grenada Development Bank Act, Chapter 129.

[SRO 16 of 1999.]

[16th April, 1999.]

Whereas it is provided by section 12 of the Grenada Development Bank Act, Chapter 129 (Revised Laws of Grenada, 1990) hereinafter referred to as “the said Act” that the Grenada Development Bank, hereinafter referred to as “the Bank”, may borrow sums required by it for meeting its obligations or discharging its functions;

And whereas the Bank is desirous of borrowing the sum of one million dollars from the National Insurance Board for the purpose of renovating its Melville Street building;

And whereas the National Insurance Board has agreed to make the loan aforesaid to the Bank at the rate of seven per cent per annum for a period of twenty-five years;

And whereas it is provided by section 13(2) of the said Act that the Minister of Finance may, with the approval of the House of Representatives guarantee in such manner and on such conditions as he or she may think fit the repayment of the principal and payment of the interest on any authorised borrowings of the Bank made otherwise than by way of advance;

And whereas the Bank has requested the Minister of Finance to guarantee the loan aforesaid in accordance with section 13(2) of the said Act;

Now therefore be it resolved that the House of Representatives approve the guarantee by the Minister of Finance of the loan of one million dollars to the Grenada Development Bank by the National Insurance Board at the rate of seven per cent per annum for a period of twenty-five years.
