

GRENADA

STATUTORY RULES AND ORDERS NO. 46 OF 2016

THE MINISTER IN EXERCISE OF THE POWERS CONFERRED ON HIM UNDER
SECTION 31 OF THE PUBLIC DEBT MANAGEMENT ACT NO. 28 OF 2015,
MAKES THE FOLLOWING REGULATIONS—

(Gazetted 19th August, 2016).

1. Citation. These Regulations may be cited as the

PUBLIC DEBT MANAGEMENT REGULATIONS, 2016.

2. Definitions.—(1) Words, terms and expressions which are used in these Regulations and which are used in the principal Act and which are given a definition in that Act shall have the same meaning in these Regulations as they have in that Act, unless otherwise provided in these Regulations.

(2) Notwithstanding subregulation (1), in these Regulations—

“Act” means the Public Debt Management Act No. 28 of 2015;

“Fiscal Responsibility Act, 2015” means the Fiscal Responsibility Act No. 29 of 2015;

“National Budget” means the National Budget for the purposes of the Public Finance Management Act, 2015;

“Permanent Secretary” means Permanent Secretary with responsibility for the Ministry of Finance;

“Public Finance Management Act, 2015” means the Public Finance Management Act No. 17 of 2015; and

“Regional Debt Coordinating Committee” means a regional group comprising of the permanent secretaries or their designates from each member country of the Eastern Caribbean

Currency union, with responsibility for monitoring and oversight of the Regional Government Securities Market and debt developments in the region.

3. Preparation of medium-term debt management strategy.—(1)

For the purpose of the preparation of the medium-term debt management strategy document in accordance with section 5 of the Act, the Debt Management Unit shall coordinate with the Macroeconomic Policy Unit and the Eastern Caribbean Central Bank.

(2) The Debt Management Unit shall submit the draft medium-term debt management strategy document to the Public Debt Coordinating Committee no later than the first day of September.

(3) The Public Debt Coordinating Committee shall review and submit to the Minister the revised medium-term debt management strategy document received under subregulation (2), which may include suggested revisions and comments of the Public Debt Coordinating Committee no later than the first day of October.

(4) Cabinet shall consider and approve the medium-term debt management strategy document no later than the fifteenth day of October.

(5) The medium-term debt management strategy document as approved shall be laid before Parliament as a separate element of the National Budget but simultaneously with the other elements of the National Budget.

(6) No later than twenty days after the medium-term debt management strategy document has been laid before Parliament, the Permanent Secretary shall cause the medium-term debt management strategy document to be published on the website of the Government.

(7) In every fiscal year, the medium-term debt management strategy document shall be updated as often as may be necessary.

4. Preparing the annual borrowing plan.—(1) For the purpose of the preparation of the annual borrowing plan in accordance with section 6 of the Act, the Debt Management Unit shall prepare an annual borrowing plan which shall include the following information—

(a) the planned borrowing operations over the fiscal year;

- (b) the debt instruments to be used;
- (c) the indicative time of borrowing; and
- (d) the auction calendar.

(2) In the preparation of the annual borrowing plan, the Debt Management Unit shall coordinate with the Budget Unit, the Macroeconomic Policy Unit, the Accountant General and the Eastern Caribbean Central Bank.

(3) Preparation of the auction calendar for debt security issues in the Regional Government Securities Market shall be in accordance with the rules agreed upon in the Regional Debt Coordinating Committee.

(4) The Debt Management Unit shall submit the annual borrowing plan to the Public Debt Coordinating Committee no later than the thirtieth day of November and the annual borrowing plan shall reflect the medium-term debt management strategy as approved under regulation 3 (3).

(5) The Public Debt Coordinating Committee shall review and submit to the Minister for approval the annual borrowing plan document no later than the fifteenth day of December.

(6) At least once in every six months in every fiscal year, the annual borrowing plan shall be updated and any such update shall be consistent with the relevant supplementary estimates.

5. Undertaking the debt sustainability analysis.—(1) For the purpose of undertaking the debt sustainability analysis in accordance with section 7 of the Act, the Macroeconomic Policy Unit shall coordinate with the Debt Management Unit and the Eastern Caribbean Central Bank.

(2) The Macroeconomic Policy Unit shall undertake the debt sustainability analysis simultaneously with the preparation of the medium-term fiscal framework and the results of the debt sustainability analysis conducted and the methodology used shall be in writing and shall be submitted to Cabinet for approval no later than the thirty-first day of July of each fiscal year.

6. Loan negotiations and liability management operations.—(1) In the furtherance of section 8 of the Act and subject to subregulation (2), the Debt Management Unit shall, on the instructions of the Minister or his or her designate, conduct all negotiations for borrowings and for debt management operations.

(2) Prior to the commencement of negotiation for any new borrowing, the Debt Management Unit shall submit to the Public Debt Coordinating Committee for its consideration a proposal for the borrowing which shall set out—

- (a) the purpose of the borrowing;
- (b) an analysis of the terms and conditions being proposed;
- (c) the cost risk assessment of the new borrowing;
- (d) the impact on the overall public debt stock;
- (e) an analysis of the consistency with the Approved Medium Term Debt Management Strategy; and
- (f) any other relevant information as the Public Debt Coordinating Committee may require.

(3) Upon completion of the negotiation of new borrowing, the agreed minutes shall be prepared and signed by the designated Government representative and submitted to the Public Debt Coordinating Committee.

(4) In the case of debt restructuring, the negotiations conducted by the Debt Management Unit shall be conducted in accordance with written instructions of the Minister.

7. Bids submitted in auctions of government debt securities. In the furtherance of section 13 (5) of the Act, the Permanent Secretary, in consultation with the Debt Management Unit, shall accept or reject, on behalf of the Minister, all bids submitted for Government securities.

8. Assessment of the cost and risk in entering into a supplier's credit agreement or finance lease agreement.—(1) For the purposes of section 8 (3) of the Act, the Permanent Secretary on the instructions of the Minister shall cause to be conducted a cost and risk assessment prior to entering into a supplier's credit agreement or finance lease agreement, which shall include investigation of whether there are other financial options that are more cost-effective for the Government.

(2) The cost and risk assessment referred to under subregulation (1) shall include the following—

- (a) an analysis of the cost of the facility being considered in terms of ability to service;
- (b) identification of all risks involved in the facility; and
- (c) recommendation on the way forward and other options for financing.

(3) Upon completion of an assessment, pursuant to section 8 (3) of the Act, the signed document shall be recorded as alternative financing in the public debt stock.

9. Borrowing by statutory bodies and state-owned enterprises.—(1) For the purposes of section 23 (2) of the Act, the Debt Management Unit shall monitor, review and analyse the debt levels of every statutory body and every state-owned enterprise, by considering factors including the following—

- (a) the capacity of the statutory body or state-owned enterprise to repay;
- (b) whether the statutory body or state-owned enterprise has defaulted on any payment obligation; and
- (c) the public debt limits prescribed under the Fiscal Responsibility Act, 2015,

with consideration to the strategic plan or business plan of the statutory body or state-owned enterprise.

(2) Further to subregulation (1), the Debt Management Unit shall, no later than the thirty-first day of July, submit a report to the Minister, advising on an appropriate annual borrowing limit for the statutory body or state-owned enterprise.

(3) A statutory body or state-owned enterprise shall submit the annual borrowing plan to the Debt Management Unit no later than six months before the beginning of the fiscal year.

(4) Upon receipt of the report under subregulation (1) and after consultation with the line Minister responsible for the relevant statutory body or state-owned enterprise, the Minister shall, no later than the fifteenth day of August, determine and prescribe the annual borrowing limit for the statutory body or state-owned enterprise.

10. Public debt statistical bulletins. No later than one month after the end of each quarter of the fiscal year, the Debt Management Unit shall prepare and publish a public debt statistical bulletin for the quarter which shall set out the following—

- (a) the outstanding stock of all public sector debt;
- (b) the size and currency composition of the public sector debt;
- (c) the interest rate mix of the public sector debt; and
- (d) the maturity profile of the public sector debt.

12. Forecasts on loan disbursements.—(1) For the purposes of continuous collection of data for preparation of forecasts on public debt servicing and disbursements as part of the National Budget, no later than seven days after each month, the Ministry with responsibility for Economic Development shall submit to the Debt Management Unit a report to update on the following—

- (a) extensions of disbursement schedules; and
- (b) forecasted disbursements of project finance loans.

(2) The Accountant General shall submit to the Ministry with responsibility for Economic Development and the Debt Management Unit, information on actual disbursement received by project within two days of receipt.

Made by the Minister this 15th day of August, 2016.

KEITH C. MITCHELL
Minister responsible for Finance.