
CHAPTER 196

THE GUARANTEE OF LOANS ACT

Arrangement of Sections

Section

1. Short title.
2. Interpretation.
3. Power of Minister to guarantee loans by Lending Agencies.
4. Limit on amount of guarantee.
5. Restriction on borrowing powers of a person so far as guarantee outstanding.
6. Powers exercisable by Minister in event or prospect of default by a person.
7. Person to repay to Government sums paid under guarantee.
8. Regulations.

GUARANTEE OF LOANS

(30th December, 1977.)

28/1977.

1. This Act may be cited as the Guarantee of Loans Act. **Short title.**

2. In this Act— **Interpretation.**

“borrowing” includes the undertaking to discharge any pecuniary obligation contracted by any person;

"Lending Agency" means any International Financial Organisation or any bank, insurance company or other source of financing;

"Minister" means the minister responsible for finance.

Power of Minister to guarantee loans by Lending Agencies.

3. (1) Subject to this Act, the Government may in such manner and on such terms and subject to such conditions as may be agreed between it and a Lending Agency—

(a) guarantee the discharge by a person of his obligations under any agreement which may be entered into by that person with a Lending Agency in respect of any borrowing by that person;

(b) undertake such other obligation as may be agreed between the Government and a Lending Agency in relation to or pursuant to any such agreement.

(2) A guarantee or undertaking given under this section shall be given in writing in the name of the Government and any guarantee or undertaking given under this section may be signed on behalf of the Government by the Minister or by any person authorised in writing by the Minister in that behalf.

Limit on amount of guarantee.

4. (1) Guarantees in respect of any borrowing by a person under the provisions of section 3(1) shall not, in the aggregate, exceed the sum of five million dollars.

(2) Where any sum is issued for fulfilling such a guarantee the Minister shall, as soon as possible after the end of each financial year beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal sum and in respect of interest thereon is finally discharged, lay before Parliament a statement relating to such sum.

Restriction on borrowing powers of a person so long as guarantee outstanding.

5. So long as the Government is liable under any guarantee or other undertaking given in exercise of the powers conferred by section 3(1) in respect of any borrowing by a person, that person shall not, without the consent of the Minister, exercise any power to borrow possessed by him except in the ordinary course of business and for a period not exceeding twelve months.

6. (1) Where in the opinion of the Minister there is reasonable cause to believe—

Powers exercisable by Minister in event of default by a person.

(a) that a person is likely to fail or be unable to discharge any of his obligations under an agreement concluded by him with the Lending Agency in respect of any borrowing: and

(b) that the Government is or may become liable under an agreement or other undertaking given by it in respect of such obligation,

the Minister may give or authorise any other person to give such directions in writing to the person liable as may from time to time be necessary or desirable to ensure that such arrangements are made by that person as will enable him to discharge his obligations under such agreement, or under this Act, and that person shall comply with such directions.

(2) Where any sum becomes payable by the Government pursuant to a guarantee or undertaking given in exercise of the powers conferred by section 3, that sum shall be charged on the Consolidated Fund and the Minister shall direct payment to issue out of the Consolidated Fund.

7. Where any sum is paid out of the Consolidated Fund in respect of any liability incurred by the Government under a guarantee or other undertaking given in exercise of the powers conferred by section 3(1) in respect of any borrowing by a person, that person shall repay such sum (together with interest thereon at such rate as the Minister may prescribe) to the Consolidated Fund in such manner and at such time as the Minister may direct.

Person to repay to Government sums paid under guarantee.

8. The Minister may make regulations for the purpose of giving effect to the provisions of this Act, and in particular for prescribing anything by this Act required to be prescribed.

Regulations.