



Tuvalu

**GOVERNMENT BORROWING AND
GUARANTEE ACT**

2008 Revised Edition

CAP. 26.08



Tuvalu

GOVERNMENT BORROWING AND GUARANTEE ACT

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Tuvalu

GOVERNMENT BORROWING AND GUARANTEE ACT

**AN ACT TO AUTHORISE THE RAISING BY THE GOVERNMENT OF
LOANS WITHIN AND OUTSIDE TUVALU, TO PROVIDE FOR THE
GUARANTEE BY THE GOVERNMENT OF LOANS RAISED OR MADE
BY OTHER PERSONS AND FOR MATTERS INCIDENTAL THERETO
AND CONNECTED THEREWITH¹**

Commencement [19th June 1973]

PART I - PRELIMINARY

1 Short title

This Act may be cited as the Government Borrowing and Guarantee Act.

2 Interpretation

In this Act “**other designated fund**” means such public fund of Tuvalu other than the Consolidated Fund as the Minister may in each case designate.

PART II - GOVERNMENT BORROWING

3 Authority to raise loans

Subject to the provisions of this Act the Minister in Cabinet may raise within or outside Tuvalu such loans and upon such terms and conditions as to interest, repayment or otherwise as may be approved by Parliament.

4 Purposes and application of loans

Moneys borrowed under section 3 shall be duly applied for such purpose or purposes as may from time to time be approved in relation thereto by Parliament.

5 Loans to be charged on Consolidated Fund or other public fund

The principal money of and all interest and other charges on any loans raised under this Act shall be charged upon and paid out of the Consolidated Fund or other designated fund.

PART III - GOVERNMENT GUARANTEES

6 Guarantee of certain loans

- (1) The Minister may, subject to the provisions of this Act, guarantee in such manner and on such conditions as he may think fit the repayment of the principal money of and the payment of the interest and other charges on any loan raised or made by any person either within or outside Tuvalu.
- (2) No such loan shall be guaranteed —
 - (a) unless the purpose of the loan is approved by Parliament; and
 - (b) until provision has been made to the satisfaction of the Minister —
 - (i) for appropriating and duly applying the loan for such purposes;
 - (ii) to ensure that any part of the loan which cannot be applied for such purpose will be applied for such other purposes as may be approved by the Minister;
 - (iii) for charging on the income and assets of the borrower, or any other income or assets which may be made available for the purpose, the principal of and the interest and other charges on the loan or, if such charging is not in the opinion of the Minister practicable, otherwise to ensure the repayment of the said principal, interest and charges;
 - (iv) for charging on the income and assets of the borrower the repayment to the Government of any sum paid out of the Consolidated Fund or other designated fund under subsection (3) with such interest on the said sum as may be specified by the Minister or, if such charging is not in the opinion of the Minister practicable, otherwise to ensure the repayment of the said sum and interest;
 - (v) for raising or securing the raising of sufficient money to meet the charges.

- (3) Any sum required for fulfilling any guarantee given under this section shall be charged upon and paid out of the Consolidated Fund or other designated fund without further appropriation than this Act and any sum received by way of repayment of any sum so paid shall be paid into and form part of the Consolidated Fund or other designated fund.
- (4)² Notwithstanding subsection (2)(a) of this section and for the purposes of the Credit Guarantee Program of the Government of Tuvalu, the Minister shall have the following powers:
- (a) to approve the guarantee of loans under the Credit Guarantee Program to a sum not more than \$10,000 for each transaction;
 - (b) all guarantees necessary to be paid out by Government under (a) shall be appropriated accordingly;
 - (c) any approval by the Minister for guarantee under this subsection must be in accordance with the Credit Guarantee Program;
 - (d) any guarantee by the Government for any purposes other than its Credit Guarantee Program shall require the approval of Parliament in accordance with subsection (2) of this section.

ENDNOTES

¹ 1990 Revised Edition, Cap. 66 – Act 5 of 1973

Amended by Act 12 of 2016, commencement 13 January 2017

² Inserted by Act 12 of 2016