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ZIMBABWE

# ACT

To provide for the management of public debt in Zimbabwe; to establish the Public Debt Management Office on a statutory basis and provide for its functions and administration; to provide for the raising, administration and repayment of loans by the State and for the giving of guarantees in respect of certain loans; to amend the Public Finance Management Act [*Chapter 22:19*] (No. 11 of 2009) and the Sovereign Wealth Fund of Zimbabwe Act [*Chapter 22:20*] (No. 7 of 2014); and to provide for matters connected with or incidental to the foregoing.

ENACTED by the Parliament and the President of Zimbabwe.

## PART I

### PRELIMINARY

#### 1 Short title

This Act may be cited as the Public Debt Management Act [*Chapter 22:21*].

#### 2 Interpretation

(1) In this Act—

“Committee” means the External and Domestic Debt Management Committee;

“Medium Term Debt Management Strategy” means the strategy for management of the public debt over the medium term formulated in accordance with section 8;

“Minister” means the Minister of Finance and Economic Development or any other Minister to whom the President may, from time to time; assign the administration of this Act;

“Office” means the Public Debt Management Office;

“Reserve Bank” means the Reserve Bank of Zimbabwe established in terms of the Reserve Bank of Zimbabwe Act [*Chapter 22:15*];

“public debt” comprises domestic and external—

- (a) Government debt, lending and guarantees;
- (b) local authority debt, lending and guarantees;
- (c) public entity debt, lending and guarantees;

and includes the debt of any other entity as the Minister may specify by notice in the *Gazette*;

“public entity” has the meaning given to that term in section 2 of the Public Finance Management Act;

“Public Finance Management Act” means the Public Finance Management Act [*Chapter 22:19*] (No.11 of 2009) or any other law that may substantially replace the same;

“Secretary” means the Secretary for the Ministry of Finance and Economic Development or any other Ministry to whom the President may, from time to time; assign the administration of this Act.

(2) A reference in this Act to borrowing, lending or the issuance of guarantees is, unless otherwise specified or the context otherwise requires, a reference to borrowing, lending, and the issuance of guarantees having a bearing on the public debt.

### **3 Public debt management objectives**

The objectives of public debt management are to ensure that Government’s financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, with a prudent level of risk, and to promote development of the domestic debt market.

## **PART II**

### **FUNCTIONS AND ADMINISTRATION OF PUBLIC DEBT MANAGEMENT OFFICE**

#### **4 Public Debt Management Office**

The department of the Ministry responsible for Finance known as the Public Debt Management Office, which existed before the commencement of this Act, shall continue to operate in accordance with this Act.

#### **5 Functions of Public Debt Management Office**

(1) The Office shall be responsible for debt management operations relating to the public debt.

(2) The functions of the Office shall be to—

- (a) prepare and publish a Medium Term Debt Management Strategy in accordance with section 8;
- (b) prepare and publish an annual borrowing plan which includes a borrowing limit, and participate in the preparation of an issuance calendar of Government securities in line with the annual borrowing plan;
- (c) advise the Minister on all Government borrowings, and participate in all negotiations with creditors on Government borrowings and guaranteed loans;
- (d) undertake annual debt sustainability analyses;
- (e) assess the risks in issuing any guarantees, including assessing the capacity of the beneficiary of a guarantee to repay the loan, and to prepare reports

- on the method used for each assessment and the results thereof for approval by the Minister;
- (f) prepare annual reports on outstanding guarantees, and facilitate the recovery of any payments including interest and any other costs incurred by Government due to the honouring of outstanding guarantees;
  - (g) assess the credit risk in any lending, and prepare reports on the method used for each assessment and the results thereof for the attention of the Minister;
  - (h) prepare reports on the debt of local authorities and public entities; as well as assess, monitor and keep track of debt levels of all local authorities and public entities;
  - (i) store all original loan agreements and debt administration records in relation to the public debt;
  - (j) compile, verify and report on all public debt arrears, especially Government public debt arrears, and design a strategy for the settlement of these;
  - (k) keep timely, comprehensive and accurate records of outstanding public debt, guarantees and on-lending, in a computerised database, and in particular—
    - (i) compile data on all debt servicing obligations of the Government, local authorities and public entities, and prepare and publish debt statistical bulletins in relation thereto regularly, either globally or on a selective basis as required;
    - (ii) validate and reconcile debt data concerning creditors of the Government of Zimbabwe;
  - (l) prepare forecasts on Government debt servicing and disbursements as part of the yearly budget preparations;
  - (m) prepare balance of payments projections;
  - (n) monitor and evaluate projects funded or partly funded by public debt to ensure that borrowed funds are used for their intended purposes;
  - (o) prepare an annual report on Government debt management activities including the debt stock position and related debt service projections, new borrowing, guarantees and lending;
  - (p) operate as the Secretariat to the External and Domestic Debt Management Committee in accordance with section 7(3);
  - (q) act as the principal adviser in the development of domestic capital markets and issuance of domestic and external debt securities on behalf of the Government of Zimbabwe;
  - (r) assess, monitor and report on any other implicit and explicit public sector contingent liabilities and advise on their management;
  - (s) maintain and administer a secure computerised debt management information system;
  - (t) initiate, facilitate and monitor disbursements on borrowings and on-lending; and
  - (u) analyse requests from local authorities and public entities for borrowings.

## **6 Principal Director and staff of Public Debt Management Office**

(1) The operations of the Public Debt Management Office shall, subject to this Act be controlled and managed by a Principal Director, whose office shall be a public office and shall form part of the Civil Service, and who shall report to the Secretary.

(2) The Principal Director shall be responsible for ensuring the performance and exercise of the functions of the Office.

(3) In addition to the Principal Director, there shall be such members of staff of the Office as are needed for the performance and exercise of the functions of the Office, whose offices shall be a public offices and shall form part of the Civil Service.

### **7 External and Domestic Debt Management Committee**

(1) For the purposes of this Act there is hereby constituted an External and Domestic Debt Management Committee (EDDC), which shall report to the Minister and whose functions shall be to—

- (a) make recommendations to the Minister on public debt management policy and strategy;
- (b) make recommendations to the Minister concerning all external borrowings, domestic debt issuance and guarantees;
- (c) advise the Minister on all policy matters relating to public debt management;
- (d) perform any other functions assigned to it by the Minister in connection with the public debt.

(2) The Committee consists of the Secretary, who shall be the Chairperson of the Committee, the Governor of the Reserve Bank, and the Attorney-General.

Provided that:

- (i) the Chairperson may invite any other person whose expertise the Committee may require, to attend any meeting of the Committee and take part in the deliberations of the meeting;
- (ii) the Committee shall meet at least once every calendar month.

(3) The Office acts as a secretariat to the Committee.

### **8 Medium Term Debt Management Strategy**

(1) A Medium Term Debt Management Strategy for managing the public debt shall be formulated by the Minister with the assistance of the Office.

(2) The Medium Term Debt Management Strategy shall be based on the debt management objectives stated in section 3 and shall take into account the following factors or considerations—

- (a) the existing public debt portfolio especially (but not exclusively) the Government component of the public debt portfolio; and
- (b) the macroeconomic framework; and
- (c) the future borrowing requirements of Government; and
- (d) domestic and international economic and financial conditions; and
- (e) such other factors or considerations as may be relevant for the development of the Medium Term Debt Management Strategy, including proposed guidelines or specified targets for acceptable debt levels and risks in the public debt portfolio.

## **PART III**

### **LOANS, GUARANTEES AND OTHER COMMITMENTS**

#### **9 Responsibility of Office under Part III**

The Office shall advise and assist the Minister in implementing this Part.

## 10 Interpretation in Part III

(1) In this Part—

“agent”, for the purposes of this Part, means an agent appointed in terms of section 29 (1)(b);

“cancelled” in relation to bonds or stock, means cancelled in terms of section 36(3);

“designated corporate body” means any corporate body or company referred to in paragraph (a) or (b) of the definition of “public entity” in the which is designated or deemed to be designated in terms of section 39 of the Public Finance Management Act;

“registrar” means a person appointed in terms of section 29(b) for the registration of bonds and stock.

“sinking fund” means a sinking fund established in terms of section 33;

“State loan” means a sum of money borrowed in terms of this Part.

“stock” means stock issued in pursuance of this Part.

(2) Any term to which a meaning has been assigned in the Public Finance Management Act shall bear the same meaning when used in this Part.

## 11 Borrowing powers and limit

(1) Subject to subsection (3) and other provisions of this Act, the President may authorise the Minister to borrow a sum of money for purposes stipulated in section 12.

(2) The aggregate of the amounts that may be borrowed in terms of subsection (1) in any financial year by way of loans shall not exceed the limit fixed by National Assembly, which limit the Minister may propose to the National Assembly for approval by resolution or by means of a provision in a Finance Bill:

Provided that the limit fixed in terms of this subsection and section 300(1) of the Constitution may not result in the total outstanding public and publicly-guaranteed debt as a ratio of the gross domestic product at current market prices exceeding 70 *per centum* at the end of any fiscal year, unless the Minister obtains a resolution of the National Assembly to do so under one or more of the following conditions—

- (a) occurrence of natural disasters or other emergencies requiring exceptional expenditure; or
- (b) where a large investment project in the public sector is deemed by Cabinet to be timely and prudent; or
- (c) in case of a general economic slow-down requiring fiscal and monetary stimulus.

(3) The External and Domestic Debt Management Committee shall for each financial year set forth the recommended maximum amount of new Government borrowing and Government guarantees which may be undertaken throughout the year, and the Minister shall take into account the Committee’s recommendations when exercising his or her authority given under subsection (1) or making any proposal under subsection (2).

(4) Subject to section 300 of the Constitution, the Minister shall have sole authority to borrow money on behalf of Government by concluding loan agreements, issuing Government securities, or entering into supplier’s credit agreements and to issue Government guarantees, in Zimbabwe and in both local and foreign currencies:

Provided that the Minister may, if he or she is satisfied it is in the public interest to do so, and in order to maintain the public debt at sustainable levels, review or revoke any unutilised authorisations.

## 12 Borrowing purposes

The Minister may borrow money in terms of section 11 for the following purposes only—

- (a) to finance national priority infrastructure and productive sector projects with high economic and social impact; provided debt shall only be incurred on projects that can generate sufficient revenues to repay the loan;
- (b) to finance Government budget deficits;
- (c) to maintain a credit balance on the Treasury main account at a level determined by the Minister;
- (d) to provide such Government loans or credits to local authorities, public entities and any other entity referred to in the definition of “public debt” in section 2(1);
- (e) to honour obligations arising under Government guarantees;
- (f) to refinance outstanding debt or repay a loan prior to its date of repayment;
- (g) to immediately protect, mitigate or eliminate effects caused by a natural or environmental disaster or any other national emergency;
- (h) to replenish international reserves;
- (i) to meet requests by the Reserve Bank to issue Government securities for the sole purpose of supporting monetary policy objectives; and
- (j) to fulfil any other purpose as the National Assembly may by resolution approve.

## 13 Manner of raising State loans

(1) The Minister may, when so authorised in terms of section 11, borrow money, subject to subsection (3), upon such conditions as he or she may fix.

(2) Prior to borrowing money the Minister shall—

- (a) ensure that it is in the public interest to do so; and
- (b) ensure that it is consistent with Government economic and financial policies and the Medium Term Debt Management Strategy; and
- (c) satisfy himself or herself that the Government has or is likely to have on current projections the financial ability to meet all the obligations under the loan, including future loan payments; and
- (d) consult with the Attorney-General and obtain in writing from the Attorney-General an opinion approving the legal aspects of the loan agreement.

(3) Without derogating from the generality of subsection (1), the Minister may, in terms of that subsection, borrow by way of—

- (a) loans; or
- (b) the issue of bonds or stock; or
- (c) the issue of Treasury bills; or
- (d) an advance or bank overdraft; or
- (e) a combination of any of the above.

## 14 Certain State loans exempt from tax

The Minister may fix as a condition of a State loan that the capital and the interest payable thereon shall be exempt, either in whole or in part, from all or any particular tax payable in terms of any enactment and, if the Minister does so provide, the capital and the interest payable thereon shall be so exempt:



Provided that the Minister shall not exercise the power conferred by this section in relation to a State loan where the capital is represented by securities that are registered in Zimbabwe unless the National Assembly has, by resolution, approved the exercise of such power in relation to that particular State loan.

#### **15 Proceeds of State loans**

The proceeds of all State loans shall be brought to account in the Consolidated Revenue Fund or, if the Minister so directs, in the National Development Fund established as a fund in terms of section 18 of the Public Finance Management Act.

#### **16 Security for State loans and guarantees and expenses in connection therewith**

All State loans and guarantees and expenses or charges incurred thereon or in connection therewith shall be secured and charged upon the assets and general revenues of Zimbabwe, and all such securities shall rank equally without priority.

#### **17 Repayment of State loans and payment of expenses in connection therewith**

The Minister shall, as circumstances require, pay from the Consolidated Revenue Fund, which is hereby appropriated to the purpose, moneys required to repay any State loan and any expenses or charges incurred thereon or in connection therewith.

#### **18 Signing of loan agreements**

(1) The Minister may, on such conditions as he or she may determine—

- (a) authorise in advance and in writing, a public officer to sign a State loan agreement when the Minister borrows money in terms of section 23;
- (b) appoint registrars, agents and any other persons necessary for the raising, issuing, management and repayment of State loans or for the doing of any act which, in terms of this Act or any agreement relating to a State loan, may or shall be done by the Minister, registrar, agent or such other person;
- (c) authorise, the Reserve Bank in its capacity as the banker of the State, to act as agent of the State in the repayment of interest and principal and also in the issuance of Government securities in repayment of the public debt.

(2) Within sixty days after Government has concluded a loan or guarantee agreement, the Minister must cause its terms to be published by notice in the *Gazette*.

#### **19 Repayment, conversion and consolidation of loans**

The Minister may, on such terms and conditions as he or she may determine, and, when necessary, with the concurrence of the lender—

- (a) repay any State loan prior to the redemption date of that loan; or
- (b) convert the State loan into any other loan; or
- (c) consolidate two or more State loans into an existing or new State loan; or
- (d) convert the State loan into equity or other securities held by the State.

#### **20 Power to give guarantees**

(1) The Minister may, subject to this Part, in such manner and upon such conditions as he or she thinks fit on advice of the Committee and the Office, guarantee

the repayment of the capital of, and the payment of expenses or charges incurred on or in connection with—

- (a) any indebtedness or other financial obligation raised, incurred or established, as the case may be, inside or outside Zimbabwe by a person approved by the Minister for purposes which will, in the opinion of the Minister, promote employment or the development of natural resources or the tourist industry or are otherwise in the public interest or in the interest of the economy of Zimbabwe; or
- (b) any indebtedness or other financial obligation raised, incurred or established, as the case may be, outside Zimbabwe for the purposes of the trustee of the District Development Fund Act [*Chapter 29:06*] or a designated corporate body referred to in paragraph (a) of the definition of “public entity” in section 2 of the Public Finance Management Act, or a local authority.

(2) Without derogating from the generality of subsection (1), the Minister may, in fixing the conditions of a guarantee in terms of paragraph (a) and (b) of that subsection, require the debtor to provide for all or any of the following matters—

- (a) appropriating and duly applying the moneys or other benefits concerned for the purpose or purposes approved by the Minister in terms of subsection (1)(a) or (b), as the case may be;
- (b) charging on the general income and assets of the debtor or any other income or assets which may be available for the purpose, the capital of the indebtedness or other financial obligation concerned and any interest, charges or other expenses incurred or accrued therein or in connection therewith, and the repayment to the Consolidated Revenue Fund of any amount paid in terms of section 21(a);
- (c) raising or securing the raising of sufficient money to meet the liabilities referred to in paragraph (b).

(2) The aggregate of the amounts that may be guaranteed in terms of subsection (1)(a) and (b) in any financial year in respect of indebtedness or other obligations raised, incurred or established, as the case may be, shall not exceed the limit fixed by National Assembly, which limit the Minister may propose to the National Assembly for approval by resolution or by means of a provision in a Finance Bill:

Provided that the limit fixed in terms of this subsection may be exceeded in any financial year if the Minister obtains the authority of a resolution of the National Assembly to do so.

(3) Prior to issuance of loan guarantees, the Office shall conduct or cause to be conducted a due diligence audit on the capacity of the beneficiary to repay the loan.

(4) The Minister may prescribe any fees that may be payable by a beneficiary of a Government loan guarantee, including fees payable on the fulfilment of a guarantee.

(5) The beneficiary of a loan guarantee shall reimburse or pay Government, as the case may be, in such manner as the Minister shall direct—

- (a) all moneys paid by Government to fulfil the guarantee; and
- (b) all expenses incurred by Government in relation to the guarantee; and
- (c) interest on all moneys paid by Government to fulfil the guarantee; and
- (d) any fees prescribed under subsection (4).

(6) Any liability of the State in connection with a guarantee shall be secured and charged upon the assets and general revenues of Zimbabwe and all such securities shall rank equally without priority.

**21 Payments in connection with guarantees**

The Minister shall—

- (a) as circumstances require, pay from the Consolidated Revenue Fund, which is hereby appropriated to the purpose, moneys required to be paid in connection with a guarantee; and
- (b) pay into the Consolidated Revenue Fund—
  - (i) any sum received by way of repayment of any money paid in terms of paragraph (a); and
  - (ii) any fees paid in connection with a guarantee.

**22 Borrowing by local authorities and public entities**

(1) A local authority may borrow funds—

- (a) only within Zimbabwe; and
- (b) subject to subsection (3), only up to such limit as prescribed by the Minister under subsection (2); and
- (c) upon obtaining a prior resolution of the council, board or other governing body of the local authority to do so.

(2) The Minister shall after consultation with the Minister responsible for Local Government prescribe an annual borrowing limit for each local authority based on its capacity to repay and such other considerations as the Minister may determine.

(3) A local authority intending to borrow above the prescribed threshold shall, upon obtaining a prior resolution of the council, board or other governing body of the local authority to that effect, obtain prior approval from the Minister through the Minister responsible for Local Government to do so.

(4) A public entity may borrow funds within Zimbabwe up to such a limit as the Minister may determine after consultation with the Minister responsible for the public entity concerned.

(5) A local authority or a public entity shall submit to the Office a record of its borrowing no later than ten working days from the date of signing of a loan agreement, or obtaining an overdraft, as the case maybe, and shall submit monthly, quarterly and annually to the Office data on its total outstanding debt.

(6) All borrowings of a local authority or a public entity shall be subject to the prior approval of the Minister and relevant Minister responsible for that particular local authority or public entity, as the case maybe.

(7) A local authority or a public entity that procures government guarantees or on-lending facilities shall furnish the Office with its annual accounts and any reports and documents as may be required by the Office during the subsistence of such guarantee or on lending.

(8) In this section “local authority” includes a local authority as defined in section 332 of the Constitution.

**23 Restrictions on borrowing, guarantees and other commitments**

(1) A public entity that is designated or specified in terms of section 39 of the Public Finance Management Act shall not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that entity or the Consolidated Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction—

- (a) is authorised in accordance with this Act; and

- (b) in the case of public entities referred to in paragraphs (a) and (c) of the definition of “public entity” in section 2 of the Public Finance Management Act, is also authorised by the enactment which establishes or governs it, so long, however, as the applicable provisions relating to this Act are complied with.

(2) The Government may only through the following persons borrow money, or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind the Consolidated Revenue Fund to any future commitment—

- (a) the Minister; or
- (b) in the case of the issue of a guarantee, indemnity or security, the appropriate Minister acting with the concurrence of the Minister in terms of section 20.

(3) A public entity referred to in subsection (1) may only through the following persons borrow money, or issue a guarantee, indemnity or security or enter into any other transaction that binds or may bind that public entity to any future financial commitment—

- (a) in the case of a public entity referred to in paragraph (a) of the definition of “public entity” in section 2 of the Public Finance Management Act, the accounting authority for that public entity;
- (b) in the case of a public entity referred to in paragraph (b) of the definition of “public entity” in section 2 of the Public Finance Management Act, the accounting authority for that public entity, subject to any conditions the Minister may impose;
- (c) in the case of any other public entity, the appropriate Minister, with the concurrence of the Minister in terms of section 18.

(4) The Minister may, in writing, permit a public entity referred to in subsection (3)(c) or a constitutional entity to borrow money for operational expenses up to a prescribed limit, including a temporary bank overdraft, subject to such conditions as the Minister may impose.

(5) A person mentioned in subsection (2) or (3) shall not delegate a power conferred in terms of that subsection, except with the prior written approval of the Minister.

- (6) A public entity authorised to borrow money in terms of subsection (3)—
  - (a) shall annually submit to the Minister through the Office a borrowing programme for the year; and
  - (b) may not borrow money in a foreign currency above a prescribed limit, except when that public entity is a company in which the State is the sole shareholder.

## **24 Consequences of unauthorised transactions and how to exclude them**

If a person, otherwise than in accordance with section 23, lends money to a Ministry, public entity, constitutional entity or statutory fund to which the Public Finance Management Act and this Act applies, or purports to issue on behalf of such a Ministry, public entity, constitutional entity or statutory fund a guarantee, indemnity or security, or enters into any other transaction which purports to bind such Ministry, public entity, constitutional entity or statutory fund to any future financial commitment, the State and that Ministry, public entity, constitutional entity or statutory fund shall not be bound by the lending contract or the guarantee, indemnity, security or other transaction:

Provided that any person wishing to—

- (a) lend money to a Ministry, public entity, constitutional entity or statutory fund; or
- (b) enter into any guarantee, indemnity, security or other transaction purporting to bind such Ministry, public entity, constitutional entity or statutory fund to any future financial commitment;

may, through the Minister, obtain the written opinion of the Attorney-General on the question whether such lending, indemnity, guarantee, security or transaction has been entered into in accordance to section 23, and such opinion shall be conclusive of the question whether it is so compliant or not.

## **25 Minister to be exempt from certain obligations**

The Minister or a registrar or agent shall not be under any obligation as regards the due fulfilment of a trust, whether express, implied or constructive, to which bonds, stock or Treasury bills may be subject, notwithstanding that the Minister, registrar or agent has had notice that the bonds, stock or Treasury bills are held subject to the trust.

## **26 Registrar to make entries necessary to give effect to court orders**

A registrar shall, upon being served with an order of a court of competent jurisdiction which relates to a bond or stock or has the effect of vesting a bond or stock in a person, make all entries in the appropriate register which it is necessary to make for the purpose of giving effect to the order.

## **27 Forgery of securities**

- (1) Any person who—
  - (a) forges a bond, stock certificate or Treasury bill; or
  - (b) makes use of or attempts to make use of a forged bond, stock certificate or Treasury bill with intent to defraud;

shall be guilty of an offence and liable to a fine not exceeding level fourteen or to imprisonment for a period not exceeding twenty years or to both such fine and such imprisonment.

(2) For the purposes of subsection (1), a person shall be deemed to forge a bond, stock certificate or Treasury bill if he or she—

- (a) makes a false bond, stock certificate or Treasury bill; or
- (b) falsifies a genuine bond, stock certificate or Treasury bill, whether by alteration, addition, effacement or otherwise;

knowing it to be false with the intention that it shall be used or acted upon as genuine, whether within Zimbabwe or not, and any bond, stock certificate or Treasury bill so made or falsified shall be deemed to be forged.

## **28 Other powers of Minister**

- (1) The Minister may—
  - (a) establish registries for the registration of bonds or stock;
  - (b) appoint registrars, agents and any other persons necessary for the raising, issuing, management and repayment of State loans or for the doing of any act which, in terms of this Act or any agreement relating to a State loan, may or shall be done by the Minister, registrar, agent or such other person;
  - (c) make arrangements for—
    - (i) the conversion and replacement of securities issued in terms of this Act or a repealed law; or
    - (ii) the payment of interest on State loans;
  - (d) fix the fees and charges which shall be payable for the giving of a guarantee or the performance of services for which provision is made under this Act;
  - (e) provide for any other matter which, under this Act or any agreement relating to a State loan, is necessary or convenient to be provided for.

**29 Disclosure of information concerning loans and guarantees**

(1) Where a guarantee is given the Minister shall lay before the National Assembly a statement relating to that guarantee on any of the first seven sittings when the National Assembly first sits after the guarantee is first given under section 23(2).

(2) If disclosure of a guarantee in terms of subsection (1) is, in the opinion of the Minister, likely to pose a threat to the national interest, the Minister shall lay the statement referred to in subsection (1) before the Public Accounts Committee, with the stipulation that no disclosure of the statement be made by the Public Accounts Committee or any member thereof without the written leave of the Minister.

**30 Monthly, quarterly and annual reports on loans and guarantees**

(1) Annual and monthly reports on guarantees that are required to be prepared in terms of subsection (3) shall list the guarantees given in terms of section 23(2) (b) granted during the financial year or during a particular month and the cumulative national position regarding the guarantees.

(2) Monthly and annual reports on State loans that are required to be prepared in terms of subsection (3) shall disclose information on the loans obtained in the respective year and month, the loans that have been repaid during that year and month and the total amount of loans outstanding at the end of that year or month.

(3) The Office shall prepare the annual and monthly reports referred to in subsections (1) and (2), together with a quarterly report thereon, and shall submit such reports to the Secretary and the Accountant-General within thirty days of the respective month, quarter or year concerned.

(4) The reports referred to in subsection (3) shall be laid before the National Assembly at least bi-annually by the Minister within sixty days of the end of the period concerned.

**31 Interest and repayment of loans to be direct charges**

The following payments in connection with loans shall be direct charges against the Consolidated Revenue Fund—

- (a) the repayment of money borrowed by the Minister in terms of this Part; and
- (b) the interest payable on money so borrowed; and
- (c) any cost associated with such borrowing and approved by the Treasury.

**32 Establishment of sinking funds**

The Minister, in the case of a State loan raised by means of the issue of bonds or stock—

- (a) for a period of six years or more, shall, unless he or she is satisfied that arrangements for the repayment of the State loan are such as not to require the establishment of a sinking fund, establish a sinking fund;
- (b) for a period of less than six years, may establish a sinking fund;

for the purpose of redeeming the State loan.

**33 Trustees for sinking funds**

(1) For the administration of a sinking fund the Minister shall appoint trustees upon whom he or she shall, subject to this Part, confer and impose such functions as he or she may consider expedient.

(2) The Minister may at any time after giving reasonable notice in writing to the trustee or trustees concerned—

- (a) vary the functions of a trustee; or
- (b) remove a trustee from office; or
- (c) in the event of the removal from office, death or retirement of a trustee, appoint a trustee in his or her place; or
- (d) appoint additional trustees.

### **34 Payment into sinking funds**

(1) The Minister shall pay to the trustees of each sinking fund in each financial year for the benefit of the fund such amount as he or she may determine, which shall not be less than—

- (a) one and one-half *per centum* of the nominal value of the bonds or stock issued in connection with the State loan for which the sinking fund was established; and
- (b) in the case of bonds or stock issued in connection with the State loan for which the sinking fund was established which have been cancelled, a sum equal to the interest which would have been payable had the bonds or stock not been cancelled.

(2) Payments into a sinking fund in terms of subsection (1) shall be made out of the Consolidated Revenue Fund, which is hereby appropriated to the purpose.

### **35 Application of moneys in sinking funds**

(1) All moneys received by the trustees of a sinking fund, whether paid in terms of section 34 or arising by way of investment or otherwise, shall—

- (a) until required in terms of subsection (4), be invested in bonds, stock or Treasury bills or stock issued by a local authority or designated corporate body referred to in paragraph (a) of the definition of “public entity” in section 2 of the Public Finance Management Act; or
- (b) be used to purchase, at the earliest favourable opportunity in the opinion of the trustees, the bonds or stock issued in connection with the State loan for which the sinking fund was established.

(2) The trustees of a sinking fund may vary any investment made in terms of subsection (1)(a).

(3) Bonds or stock purchased by the trustees in terms of subsection (1)(b) shall be cancelled and not re-issued.

(4) When moneys held by trustees of a sinking fund and investments for the time being representing those moneys are required for the purpose of redeeming the bonds or stock issued in connection with the State loan for which the sinking fund was established, the trustees shall deliver the moneys and investments to the State for that purpose.

## **PART IV**

### **GENERAL**

### **36 Reporting to Parliament**

(1) At least twice a year, the Minister shall furnish Parliament with a report on Government debt management activities, guarantees and lending.

(2) The report shall be inclusive of the following—

- (a) information on how the debt management strategy has been implemented over the course of the financial year;

- (b) bi-annual reporting of debt management activities covering an evaluation of outcomes against the debt management objectives;
- (c) a list of all guarantees issued by Government including a classification of guarantees according to their probability of being called in;
- (d) a list of all outstanding borrowings and related debt service projections including classification of the loans by Government, public entities and local authorities.

(3) The Minister shall at the same time as the estimates of revenue and expenditure are laid before the National Assembly, table in Parliament a comprehensive statement of the public debt.

(4) The Minister shall ensure that all external loans contracted under this Act will be subject to ratification by Parliament in accordance with the Constitution.

### **37 Audit**

(1) The Office shall be audited annually by the Auditor-General's Office as a public entity in accordance with the Public Finance Management Act and the Audit Office Act [*Chapter 22:18*] (No. 12 of 2009).

(2) The audit shall cover value for money, performance and information technology systems.

(3) The Office shall ensure that any issues for action by it raised by an audit are addressed in a timely fashion.

### **38 Regulations**

The Minister may make regulations prescribing all matters which by this Act are required or permitted to be prescribed or which, in his or her opinion, are necessary or convenient to be prescribed for carrying out or giving effect to this Act, including (but not limited to)—

- (a) the procedures and processes necessary for debt issuance and management;
- (b) the manner in which, and the conditions subject to which, monies may be raised and repaid, including the payment of interest on the monies;
- (c) the issuance of guarantees, including the terms and conditions subject to which guarantees may be given;
- (d) the fees payable for any service performed by the Office in terms of this Act for or on behalf of any local authority or public entity.

### **39 Amendment of Cap. 22:19**

The Public Finance Management Act is amended—

- (a) in the long title by the deletion therefrom of “to provide for the raising, administration, and repayment of loans by the State and for giving of guarantees in respect of certain loans”;
- (b) in section 2 (“Interpretation”) by the repeal of the definitions of “agent”; “cancelled”; “sinking fund”; “State loan” and “stock”;
- (c) by the repeal of Part VI (“Loans, Guarantees and Other Commitments”).

### **40 Amendment of Cap. 22:20**

The Sovereign Wealth Fund of Zimbabwe Act [*Chapter 22:20*] (No. 7 of 2014) is amended—

- (a) in section 2 (“Interpretation”) in the definition of “joint venture agreement” by the deletion of “private party” wherever it occurs and the substitution of “counterparty”;
- (b) in section 6 (“Composition of Board”)(1)—



- (i) in paragraph (a) by the deletion of “who shall be *ex officio* members of the Board”;
- (ii) in paragraph (b)—
  - A. in subparagraph (iv) by the deletion of “of the Government or”;
  - B. by the repeal of subparagraph (v), paragraph (vi) thereby becoming paragraph (v).
- (c) in section 15 (“Segregated accounts of Fund”)(1)(a) by the deletion of “General Investment Sub-Fund” and the substitution of “Future Generations Sub-Fund”;
- (d) in section 23 (“Withdrawals from Fund for State benefit”)(1) by the deletion of “private party” and the substitution of “counterparty (whether alone or together with other counterparties)”.

I certify that this Bill has been  
duly passed by Parliament.

Clerk of Parliament.