



Debt Relief (Developing Countries) Act 2010

2010 CHAPTER 22

Introduction

1 Meaning of “qualifying debt” etc

- (1) This section applies for the purposes of this Act.
- (2) “The Initiative” means the enhanced Heavily Indebted Poor Countries Initiative of the International Monetary Fund and the World Bank.
- (3) “Qualifying debt” means a debt incurred before commencement that—
 - (a) is public or publicly guaranteed,
 - (b) is external,
 - (c) is a debt of a country to which the Initiative applies or a potentially eligible Initiative country, and
 - (d) in the case of a debt of a country to which the Initiative applies, is incurred before decision point is reached in respect of the country.
- (4) For the purposes of subsection (3) treat a debt incurred after commencement as incurred before commencement if (and so far as) it replaces one incurred before commencement.
- (5) For the purposes of subsection (3)(d) treat a debt incurred after decision point as incurred before decision point if (and so far as) it replaces one incurred before decision point.
- (6) “Potentially eligible Initiative country” means a country—
 - (a) that the International Monetary Fund and World Bank identify as potentially eligible for debt relief under the Initiative, and
 - (b) in respect of which decision point has not been reached.
- (7) Decision point is regarded as reached in respect of a country if it is so regarded for the purposes of the Initiative.

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- (8) For the meaning of other expressions used in subsection (3), see section 2.
- (9) “Country” includes a territory.
- (10) “Commencement” means the commencement of this Act.
- (11) If the terms of the Initiative are amended after commencement in such a way as to change a relevant eligibility condition, this Act has effect as if they had not been so amended.
- (12) In subsection (11) “relevant eligibility condition” means a condition as to the level of a country's income or debt or the size of its economy that must be met in order for the country to be eligible for debt relief under the Initiative.

2 Qualifying debts: further definitions

- (1) The expressions used in section 1(3) have the meaning given below.
- (2) “Debt” includes—
 - (a) a liability that falls to be discharged otherwise than by the making of a payment,
 - (b) an obligation to repurchase property that arises under an agreement for the sale and repurchase of property (whether or not the same property), and
 - (c) a liability of the lessee under a finance lease (except a liability so far as relating to the operation or maintenance of property subject to the lease).
- (3) “Debt” does not include—
 - (a) a liability to pay for goods or services that arose on the delivery of the goods or the provision of services,
 - (b) a liability that falls to be discharged in less than a year from the time it was incurred (“a short-term debt”) unless the short-term debt is within subsection (4), or
 - (c) a liability incurred after commencement that replaces anything that was (at the time of the replacement) within paragraph (a) or (b).
- (4) A short-term debt is within this subsection if it ought to have been discharged—
 - (a) more than a year before commencement, and
 - (b) (where decision point has been reached in respect of the country concerned) more than a year before decision point.
- (5) A debt is a “public” debt of a country if it was incurred by—
 - (a) the country or any part of it (or the government of the country or any part of the country or any department of any such government),
 - (b) the central bank or other monetary authority of the country, or
 - (c) a body corporate controlled (directly or indirectly) by anything within paragraph (a) or (b).
- (6) In subsection (5)(a) references to part of a country include any municipality or other local government area in the country.
- (7) A debt is a “publicly guaranteed” debt of a country if—
 - (a) it is guaranteed,
 - (b) the guarantee was entered into—

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- (i) before commencement, and
 - (ii) where decision point has been reached in respect of the country, before that point was reached, and
 - (c) the debt would be a public debt of the country if it had been incurred by the guarantor.
- (8) If the conditions in subsection (7)(a) to (c) are met as regards part of a debt, that part is regarded as a publicly guaranteed debt of the country concerned.
- (9) A public or publicly guaranteed debt of a country is “external” unless the creditor was resident in the country—
- (a) if decision point was reached in respect of the country before commencement, at the time that point was reached, or
 - (b) otherwise, at commencement.
- (10) If in any proceedings there is an issue as to whether a debt is a qualifying debt, treat the debt as external unless it is proved in those proceedings that it is not external.

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