

**IN THE STATES OF THE ISLAND OF GUERNSEY  
ON THE 1<sup>ST</sup> DAY OF MAY, 2020**

**The States resolved as follows concerning propositions submitted under Rule 18**

**POLICY & RESOURCES COMMITTEE**

**COVID-19 PANDEMIC – FUNDING OF FINANCIAL RESPONSE  
P.2020/91**

After consideration of the policy letter entitled ‘Covid-19 Pandemic – Funding of Financial Response’ of the Policy & Resources Committee, they are of the opinion:

1. To delegate authority to the Policy & Resources Committee to approve financial support measures for businesses and individuals as a result of the Covid-19 pandemic, of up to £100million, to be funded from the Core Investment Reserve, and to direct the Policy & Resources Committee to report, on a quarterly basis, on how such funding has been spent.
2. That, notwithstanding –
  - i. the Resolution of the States of the 16<sup>th</sup> January, 2020 on Article V (proposition 1) of Billet d’État no. I of 2020, to adopt the Fiscal Policy Framework and its Principles as outlined in Section 5 of the Policy Letter entitled “Review of the Fiscal Policy Framework and Fiscal Pressures”, and
  - ii. Principle 7 of those Principles (States’ total debt should not exceed 15% of GDP) and the first two items thereof (that Gross debt can be deployed only to finance the investment in infrastructure or assets and that Any project or acquisition supported with recourse to government debt must be able to generate sufficient revenue to meet the repayment of that debt),
    - a. To authorise the Policy & Resources Committee to enter into a maximum of £250,000,000 of additional external borrowing facilities, for an initial period of 2-3 years only (but subject to Proposition 2(b)), in order to meet the short-term cash-flow requirements of the States, on such terms and conditions as the said Committee shall deem appropriate.
    - aa. To authorise the Policy & Resources Committee in addition to raise up to £50,000,000 through an offer designed and constructed to be attractive to individual local investors.
    - ab. To agree that the Policy & Resources Committee may by resolution authorise the President of that Committee, or a delegate nominated by him for the

specific purpose, to sign any document necessary for the purposes of entering into or otherwise in connection with the additional external borrowing facilities referred to in proposition 2a. and/or for the purposes of entering into arrangements for or otherwise raising funding through the offer referred to in proposition 2aa.

- b. To agree that authorisation for the Policy & Resources Committee to enter into an additional tranche of a maximum of £250,000,000 of external borrowing facilities, or to extend the initial facility referred to in Proposition 2(a) beyond 3 years, will be contingent on the States approving:
  - i. a Recovery Strategy for the Bailiwick that shall include fiscal, economic, social and environmental objectives (including an indicative spending plan) which will be developed by the Policy & Resources Committee, working in consultation with States' committees; and
  - ii. the broad terms and conditions for such borrowing, the proposed sources of such borrowing, and the basis on which it is proposed such borrowing will be repaid.
  - iii. a mechanism by which the Recovery Strategy will be reviewed
- c. To agree that the Policy & Resources Committee will ensure that regular reviews, as referenced in 2(b)(iii), take place to provide assurance on the Recovery Plan and its delivery, initially on a six-monthly basis.
- 3. To note that the Policy & Resources Committee will commission the Independent Fiscal Policy Review Panel to undertake regular reviews of, and provide assurance on, the economic and fiscal recovery plan and its delivery.
- 4. To direct the Policy & Resources Committee to amend the Terms of Reference and methodology for the fiscal review agreed by the States on 16<sup>th</sup> January 2020 (Article V, proposition 3, of Billet d'État I, 2020) to incorporate the financial implications of the Covid-19 pandemic.

S.M.D.ROSS  
STATES' GREFFIER