# Government Issues Loan Facility RFP via Procurement Site

**Grand Cayman, 3 October 2024** – The Ministry of Finance and Economic Development (MFED) has issued a Request for Proposal (RFP) via the Cayman Islands Government (CIG) official procurement site for the provision of a CI$150 million loan facility.

 Issued on 27 September, the RFP is open until 18 October and is the execution of borrowing approved in the 2024-2025 Budget by Parliament’s Finance Committee in December 2023 and thereby legally empowering the Government to borrow up to a total of CI$150 million over the two-year period.

 At that time, it was approved by all Members of Parliament that CI$27 million in loan funds would be drawn down in 2024 and a further CI$123 million in loan funds would be used in 2025 for a total of CI$150 million in planned borrowing over the two-year Budget period.

 Although the two-year Budget provides for CI$27 million to be borrowed in 2024, from 1 January to 30 September 2024, the Government has thus far not incurred any new borrowing for the year. According to the RFP, the first tranche of the proposed loan will be drawn down in late November of this year.

Over the 2024 Budget period, the Government budgeted for a total of CI$172 million in Capital Expenditures.

It should be noted that the Government incurs two types of expenditure:

1. Capital Expenditure, which is used to fund major projects such as roads, buildings and other infrastructure related projects; and
2. Operating Expenditure, which is used to fund operations such as Personnel Costs, rent, and other consumables.

This loan facility is to fund a portion of the Government’s Capital Expenditure, not Operating Expenditure, over two years.

While the Government currently has an Operating Surplus, the Surplus is not sufficient to cover the planned Capital Expenditure. The budgeted Surplus, which is the Government’s Revenues less its Operating Expenditure, for the 2024 Financial Year was CI$43 million whereas the budgeted Capital Expenditures for 2024 amounted to CI$172 million.

Hence, although a Surplus is budgeted to exist, the Surplus is not sufficient to cover the planned Capital Expenditure in its entirety, and borrowings are therefore incurred to bridge the gap.

The 2024-2025 Budget documents note the Capital Investments into Ministries, Portfolios and Offices intended for the budget period as well as Government’s Equity Investments in its Statutory Authorities and Government Owned Companies.

The major investments in this category were budgeted as follows:

* CI$31.9 million in 2024 and $33.9 million in 2025 for the continued expansion of educational facilities;
* CI$14.0 million in 2024 and $12.5 million in 2025 for the expansion, and further development of the road network;
* CI$11.8 million in 2024 and $8.6 million in 2025 for various park and district upgrades, civic centres and jetties; and infrastructure and development;
* $12.1 million in 2024 and $9.1 million in 2025 as Equity Investments in Cayman Airways;
* CI$10 million for the acquisition of beaches and other lands for conservation, protection, and securing the Cayman Islands environment;
* $8.0 million in 2024 and $7.0 million in 2025 as Equity Investments in the National Housing Development Trust to allow an expansion of housing stock in the Islands;
* CI$7.4 million in 2024 and $4.2 million in 2025 for the improvement to the prison facilities; and
* CI$3.8 million per year in 2024 and 2025 for land acquisition.

During the 2024-2025 Budget Debate, Premier and Minister for Finance Hon. Juliana O’Connor-Connolly noted that, inclusive of the planned borrowing, the 2024-2025 Budget is in full compliance with the Principles of Responsible Financial Management as prescribed by the Public Management and Finance Act, or PMFA and those specified in the Framework for Fiscal Responsibility (the FFR).

She also noted that inclusive of the CI$150 million loan, Cayman's debt to GDP ratio will still be under 10 per cent - making it one of the best ratios in the world. Comparatively, Japan’s debt ratio is over 200 per cent and the United Kingdom’s is approximately 100 per cent. As of 31 August 2024, the Government’s debt balance was CI$424.4 million.

Pursuant to sections 6 (1) and (3) of the Procurement Regulations, all projects costing CI$100,000 or more must be published on the website designated by the Central Procurement Office (this designated website is called Bonfire). Additionally, section 7 of the Procurement Regulations afford Government the opportunity to secure the best possible price and to promote competition in the market.

As the Government is expected to incur costs of more than CI$100,000 in interest costs and other fees, the Procurement Act requires the public tendering of this loan facility.

The loan facility RFP may be viewed at <https://cayman.bonfirehub.com/opportunities/155784>

All 2024 to 2025 budget documents can be found online at <https://www.gov.ky/finance/publications>

The most recently published quarterly financial report of the Cayman Islands Government, for the six-month period ended 30 June 2024 may be found online at:

 <https://www.gov.ky/gazettes/extraordinary-gazette-supplements>

 (ENDS)

**Editors’ Notes:**

* All amounts are listed in Cayman Islands Dollars (CI$)
* As required by section 29 (1) of the Public Management and Finance Act (2020 Revision), the unaudited quarterly financial report shall be published by notice in the Gazette, within six weeks after the end of each of the first three quarters in each Financial Year. The Ministry of Finance and Economic Development aims to Gazette the remaining Third Quarter (1 July to 30 September 2024) Report by 8 November 2024.