DRAFTING NOTE

GOVERNMENT BORROWING AND PUBLIC DEBT ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

Earlier borrowing proclamations largely approved particular memberships, loans and projects. Those completed transactions should be preserved, but they are not a general constitutional debt framework.

3. What the draft retains

The draft retains valid debts, guarantees and transactions and the executive's technical capacity to negotiate financing within law.

4. What the draft updates and modernizes

It requires prior legislative authority, published debt strategy and registry, limits and risk analysis, transparent guarantees and on-lending, sustainable terms, audit, reporting and control of contingent liabilities and natural-resource-backed borrowing.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; relationship with other laws and instruments; institutional responsibilities; strategy, sustainability and annual authorization; approval and execution of transactions; domestic debt and securities; external borrowing; guarantees, on-lending and public entities; debt records, accounting and transparency; risk, liability management and crisis; integrity, accountability and remedies; transition and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___ OF 2026

GOVERNMENT BORROWING AND PUBLIC DEBT ACT 2026

(ACT)

AN ACT TO GIVE EFFECT TO THE NATIONAL ASSEMBLY'S CONSTITUTIONAL AUTHORITY TO APPROVE GOVERNMENT BORROWING; TO GOVERN DOMESTIC AND EXTERNAL BORROWING, PUBLIC DEBT, GUARANTEES, ON-LENDING AND RELATED CONTINGENT LIABILITIES; TO ESTABLISH DEBT-MANAGEMENT INSTITUTIONS, STRATEGY, LIMITS, REGISTERS, REPORTING AND ACCOUNTABILITY; AND TO PROVIDE FOR RELATED MATTERS.

PREAMBLE

WHEREAS Article 32 of the Constitution of Eritrea vests legislative power and approval of government borrowing in the National Assembly;
WHEREAS borrowing can finance development and respond to crisis but can also transfer hidden, excessive or unconstitutional obligations to future Eritreans;
WHEREAS no President, minister, public enterprise, military authority or other official may indebt Eritrea without authority granted through the constitutional lawmaking process;
WHEREAS the Public Finance Management Act governs budget and treasury administration, while the Civil, Commercial and Maritime Codes govern applicable private-law rights and transactions and should not be duplicated by this Act;
NOW, THEREFORE, be it enacted by the National Assembly of Eritrea, acting under Article 32 of the Constitution, as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

1. This Act may be cited as the "Government Borrowing and Public Debt Act 2026".
2. It applies throughout Eritrea.

Article 2 — Purposes

1. to preserve constitutional legislative control of borrowing;
2. to finance lawful public purposes at prudent cost and risk;
3. to prevent secret, unauthorized and unsustainable debt;
4. to govern guarantees, on-lending and contingent liabilities; and
5. to ensure complete records, disclosure, audit and accountability.

Article 3 — Interpretation

1. “borrowing” includes a loan, security issue, supplier credit, finance lease, repo and transaction having the economic effect of debt;
2. “debt” means a present or contingent public financial obligation arising from borrowing;
3. “guarantee” means a public undertaking to answer for another person’s obligation;
4. “Minister” means the minister responsible for finance;
5. “public entity” has the meaning in the Public Finance Management Act; and
6. “Treasury” means the National Treasury established by that Act.

Article 4 — Public debt perimeter

1. Public debt includes national government debt and, for consolidated reporting, guaranteed and other debt of local governments, public enterprises and statutory bodies.
2. The perimeter shall follow economic substance and recognized public-sector standards.
3. A special-purpose entity, intermediary or foreign account shall not conceal an obligation.
4. The Government shall publish the institutional perimeter annually.

Article 5 — Constitutional authorization

1. No person may borrow in the name of Eritrea, pledge its credit or issue a public guarantee except under an Assembly Act.
2. Approval may be granted for a specific transaction or a defined class, ceiling and period.
3. An executive signature, deposit, contract or receipt of money cannot cure missing legislative authority.
4. Every counterparty is deemed to know this constitutional requirement.

Article 6 — Governing principles

1. Debt shall serve a lawful public purpose and be affordable, transparent, prudent, competitive and fairly allocated across generations.
2. Risk shall be managed across currency, interest, maturity, refinancing, liquidity and contingent exposure.
3. Borrowing shall be integrated with budget and development planning.
4. Political, personal or military purposes outside law are prohibited.

CHAPTER II

RELATIONSHIP WITH OTHER LAWS AND INSTRUMENTS

Article 7 — Relationship with Codes

1. This Act governs public authority, approval and administration of public borrowing.
2. The Civil Code governs ordinary contract formation, interpretation, performance and remedies except where this Act provides a necessary public-law rule.
3. The Commercial Code governs private securities, guarantees, payment instruments and insolvency; the Maritime Code governs maritime finance and security.

4. Nothing in this Act creates a parallel private-law regime.

Article 8 — Public Finance Management Act

1. Borrowing proceeds, debt service and related transactions form part of the budget, Consolidated Fund, treasury accounts and financial statements.
2. This Act controls where it imposes a more specific debt requirement.
3. An appropriation does not itself approve borrowing unless it states that approval clearly.
4. Debt shall not be incurred off-budget.

Article 9 — National Bank Act

1. The National Bank may act as fiscal agent under a written agreement consistent with its independence.
2. Monetary financing and central-bank credit are governed by the National Bank Act.
3. The Bank shall not be compelled to purchase debt or conceal fiscal support.
4. Debt policy shall not direct monetary policy.

Article 10 — Treaty-Making Act

1. An external financing instrument governed by international law or constituting a treaty shall also comply with the Treaty-Making Act.
2. Assembly approval shall identify both treaty consent and borrowing authority where applicable.
3. Deposit or signature by the executive does not cure defective authorization.
4. A valid purely commercial contract is not a treaty merely because a foreign public entity is a party.

Article 11 — Procurement and public-private partnerships

1. Selection of lenders, advisers, dealers and transaction services is governed by procurement law, subject to transparent specialized methods.
2. A public-private partnership and concession shall be tested for debt-like obligation.
3. A transaction shall not be structured to evade approval.
4. Fees and beneficial ownership shall be disclosed.

Article 12 — International obligations

1. Borrowing shall comply with valid treaty obligations, sanctions law, anti-money-laundering standards and applicable international law.
2. Foreign assistance shall not require conduct contrary to the Constitution or non-derogable rights.
3. A creditor's public status does not reduce constitutional scrutiny.
4. International cooperation shall support responsible lending and borrowing.

CHAPTER III
INSTITUTIONAL RESPONSIBILITIES

Article 13 — National Assembly

1. The National Assembly approves borrowing, ceilings, guarantees and material changes under this Act.
2. It shall receive strategy, sustainability analysis, transaction information and reports.
3. Its approval shall be recorded in an Act or resolution expressly authorized by Act.
4. The Assembly shall not negotiate or administer debt.

Article 14 — President

1. The President may authorize negotiation and signature only within constitutional and statutory authority.
2. The President shall submit proposed borrowing and guarantee measures to the National Assembly.
3. No presidential announcement or signature commits Eritrea without required approval.
4. The President shall ensure faithful execution of approved debt policy.

Article 15 — Minister responsible for finance

1. Only the Minister may contract approved national-government borrowing on behalf of Eritrea, unless an Assembly Act expressly designates another constitutional office.
2. The Minister shall negotiate prudently, verify conditions and sign only after legal certification.
3. Authority may be delegated narrowly in writing to a qualified official.
4. The Minister remains accountable to the Assembly.

Article 16 — Public Debt Management Office

1. A Public Debt Management Office is established within the Treasury.
2. It prepares strategy, analyses risk, conducts transactions, services debt, manages records and reports.
3. It shall have professional operational capacity and segregation of dealing, settlement and risk functions.
4. It shall not approve its own legal authority.

Article 17 — Director of Public Debt

1. The Office is headed by a Director selected competitively under the Civil Service Administration Act.
2. The Director shall possess recognized debt, finance, economics, law or risk expertise.
3. The Director may refuse and report an unlawful transaction.
4. Removal shall not be used to compel borrowing.

Article 18 — Debt Management Committee

1. A professional Debt Management Committee shall coordinate strategy, annual plan, risk and major transaction recommendations.
2. It includes Treasury, budget, macroeconomic and National Bank representation, with the Bank preserving monetary independence.
3. Conflicts and minutes shall be recorded.
4. The Committee advises and does not replace Assembly approval or ministerial responsibility.

Article 19 — Legal certification

1. The Advocate General shall certify constitutional authority, legal validity, material terms, governing law, dispute provisions and execution requirements before signature.
2. Certification shall be independent and candid.
3. A material reservation shall be disclosed to the Assembly.
4. Legal certification does not replace financial analysis.

Article 20 — National Bank as fiscal agent

1. The National Bank may conduct auctions, registry, settlement, payment and market operations as fiscal agent.
2. The agency agreement shall define duties, costs, information and risk.
3. The Bank shall maintain separate accounts and publish aggregate information.
4. Fiscal agency does not make the Bank liable for government debt.

Article 21 — Auditor General

1. All debt, guarantees, advisers, proceeds, uses and records are subject to the Auditor General Act.
2. The Auditor General shall receive unrestricted lawful access.
3. Audit does not approve borrowing in advance.
4. Protected market information may be handled securely without suppressing conclusions.

CHAPTER IV
STRATEGY, SUSTAINABILITY AND ANNUAL AUTHORIZATION

Article 22 — Medium-term debt strategy

1. The Minister shall publish a rolling medium-term debt strategy covering at least three years.
2. It shall state objectives, portfolio composition, cost-risk indicators, preferred instruments, market development and contingent liabilities.
3. Alternative shocks and refinancing concentration shall be analyzed.
4. The strategy shall be updated annually.

Article 23 — Debt sustainability analysis

1. Before the annual borrowing proposal, the Treasury shall prepare a debt sustainability analysis using realistic macroeconomic, fiscal and project assumptions.
2. It shall cover national, guaranteed and material public-sector obligations.
3. Stress tests shall address currency, interest, growth, commodity, disaster and contingent risks.
4. Methods and uncertainty shall be disclosed.

Article 24 — Annual borrowing plan

1. The Minister shall submit an annual borrowing plan with the budget.
2. It shall identify gross and net ceilings, purposes, domestic and external sources, instruments, maturity, guarantees and expected costs.
3. The plan shall reconcile financing with the fiscal balance and debt service.
4. Material revisions require Assembly approval as prescribed.

Article 25 — Annual Borrowing Authorization Act

1. The National Assembly may approve an annual ceiling and defined transaction classes through an Annual Borrowing Authorization Act.
2. The Act shall state period, purpose, currency or risk limits, guarantee ceiling and reporting conditions.
3. It shall not grant unlimited or indefinite authority.
4. Unused authority expires at the end of the financial year unless expressly carried forward.

Article 26 — Specific transaction approval

1. Specific Assembly approval is required for a transaction exceeding the prescribed material threshold, secured by strategic assets or natural resources, containing exceptional dispute or immunity terms, or outside the annual plan.
2. The proposal shall include Article 30 information.
3. Related transactions shall be aggregated.
4. Approval shall precede binding commitment.

Article 27 — Debt limits

1. An Assembly Act may prescribe limits for debt stock, debt service, guarantees or specified risks.
2. Measurement shall be clear and consistently reported.
3. Forecast breach requires corrective proposal before additional borrowing.
4. An emergency departure requires a time-limited Assembly Act and return plan.

Article 28 — Purpose of borrowing

1. Borrowing may finance approved capital, development, refinancing, liquidity, emergency or another lawful budget purpose.
2. Long-term borrowing should not finance persistent recurrent deficit without a published fiscal correction plan.
3. Borrowing for unlawful repression, private enrichment or partisan activity is prohibited.
4. Project borrowing shall identify implementation and maintenance capacity.

Article 29 — Borrowing calendar and predictability

1. Domestic issuance shall follow a published calendar as far as practicable.
2. Changes shall be communicated fairly to market participants.
3. The Office shall develop stable benchmarks without guaranteeing investor returns.
4. Market consultation shall not confer insider advantage.

CHAPTER V
APPROVAL AND EXECUTION OF TRANSACTIONS

Article 30 — Information to National Assembly

1. A borrowing proposal shall state principal, currency, interest, maturity, fees, lender, governing law, security, conditions, purpose, disbursement, risks and fiscal effects.
2. Variable and contingent terms shall be explained through scenarios.
3. Material side letters and adviser interests shall be disclosed securely.
4. The Assembly shall receive enough time for informed review.

Article 31 — Negotiation mandate

1. The Minister shall issue a written mandate defining objectives, authority, team, conflicts and limits.
2. Negotiators shall not promise terms outside authority.
3. Material departures require renewed approval.
4. A complete negotiation record shall be preserved.

Article 32 — Selection of financing source

1. Financing shall be selected on total cost, risk, reliability, conditions, development effect and market impact.
2. Competition shall be used where practicable.
3. A sole-source sovereign lender requires recorded justification and benchmark comparison.
4. Political relationship alone shall not establish value.

Article 33 — Financial and risk review

1. The Debt Office shall verify valuation, effective cost, cash flow, sensitivity, refinancing and counterparty risk.
2. Fees and embedded derivatives shall be identified.
3. Complexity shall be accepted only for demonstrated public benefit.
4. Independent advice may be obtained for material transactions.

Article 34 — Conditions precedent to signature

1. Before signature, Assembly authority, appropriation treatment, legal certification, financial review, procurement, signatory power and documentary completeness shall be confirmed.
2. The checklist shall be signed by responsible officials.
3. A missing essential condition suspends signature.
4. Urgency does not displace constitutional approval.

Article 35 — Execution and authentication

1. An approved agreement shall be signed by the Minister or expressly authorized delegate.
2. Signatures may be electronic where authenticity and integrity are reliable.
3. The Advocate General shall retain an authenticated legal copy and the Debt Office the financial record.
4. A public summary shall be published promptly.

Article 36 — Effect of unauthorized borrowing

1. An official who purports to borrow without authority does not bind Eritrea merely by title, signature or possession of State instruments.
2. Validity against an innocent counterparty shall be determined under the Constitution, this Act and applicable law, including the counterparty's duty to verify authority.
3. Receipt of value shall be accounted for and may support restitution without validating unconstitutional debt.
4. Responsible persons are subject to lawful accountability.

Article 37 — Material amendment

1. An amendment changing principal, maturity, cost, currency, security, governing law, creditor or risk materially requires the approval applicable to the original transaction.
2. Routine administrative adjustment may be authorized within disclosed limits.
3. Cumulative amendments shall be assessed together.
4. Every amendment shall be registered and reported.

CHAPTER VI
DOMESTIC DEBT AND SECURITIES

Article 38 — Authorized domestic instruments

1. Approved domestic borrowing may use Treasury bills, notes, bonds, retail securities, loans and other instruments specified in the authorization.
2. Terms shall be standardized where practical.
3. The Commercial Code applies to transferable and market aspects except where this Act necessarily provides otherwise.
4. Issuance shall not create undisclosed preference.

Article 39 — Auction and syndication

1. Securities may be issued through competitive auction, syndication, tap or another transparent method.
2. Rules shall address eligibility, bidding, allocation, settlement and publication.
3. Noncompetitive retail access may be provided fairly.
4. Manipulation, collusion and insider allocation are prohibited.

Article 40 — Public debt securities registry

1. The National Bank or authorized depository shall maintain an accurate electronic registry of title, transfer, encumbrance and payment.
2. The system shall provide finality, cybersecurity, audit logs and investor access.
3. Bearer instruments shall not be issued.
4. Registry rules shall coordinate with the Commercial Code.

Article 41 — Primary dealers and intermediaries

1. Primary dealers may be appointed under transparent qualification and performance criteria.
2. Appointment shall not confer monopoly or guarantee.
3. Conduct, capital, reporting and conflict requirements shall be published.
4. Suspension or removal requires fair process.

Article 42 — Retail participation

1. The Government may offer secure accessible instruments to individuals and diaspora investors.
2. Disclosure shall be clear about risk, currency, tax, transfer and lack of special guarantee beyond the debt terms.
3. Digital channels shall protect identity and funds.
4. Patriotic language shall not substitute for truthful disclosure.

Article 43 — Secondary market

1. The Government and National Bank may support an orderly secondary market consistently with monetary and financial law.
2. Price support or repurchase shall require authority and transparency.
3. Market participants remain subject to the Commercial Code and financial regulation.
4. Confidential trading information shall be protected.

Article 44 — Debt service

1. The Treasury shall appropriate, schedule and pay principal, interest and fees when lawfully due.
2. The Debt Office shall reconcile creditor, registry, bank and accounting records.
3. Payment shall not depend on unofficial authorization.
4. Disputed amounts shall be managed under contract and law.

CHAPTER VII
EXTERNAL BORROWING

Article 45 — External financing sources

1. External borrowing may be obtained from states, international organizations, development banks, commercial lenders and capital markets under approval.
2. Source, conditions, currency and geopolitical risk shall be assessed.
3. No lender may obtain unconstitutional control of policy, territory or public office.
4. Sanctions and integrity due diligence shall be completed.

Article 46 — Loan conditionality

1. Conditions shall be published and assessed for constitutional, social, economic and environmental effects.
2. A condition requiring discrimination, unlawful secrecy, forced labour or surrender of constitutional authority shall not be accepted.
3. Policy commitments beyond executive power require proper legislation.
4. Material conditions shall be presented to the Assembly.

Article 47 — Foreign-law contracts

1. Use of foreign law shall require reasoned legal assessment of enforceability, remedies, interpretation and public policy.
2. Eritrean mandatory constitutional rules remain controlling internally.
3. Certified translations shall be maintained.
4. Advice shall identify conflicts with the Civil and Commercial Codes.

Article 48 — Dispute resolution

1. Foreign court, arbitration or mediation clauses require express approval appropriate to transaction materiality.
2. Forum, rules, seat, language, transparency, interim relief and enforcement shall be assessed.
3. Investor-state or sovereign arbitration shall not be accepted through a routine loan clause without specific authority.
4. Public-interest transparency shall be protected.

Article 49 — Immunity and public assets

1. A waiver of jurisdictional immunity shall be explicit, narrow and approved.
2. Waiver of execution immunity over diplomatic, military, central-bank reserve, essential-service, cultural and other protected assets is prohibited except by specific Assembly Act consistent with the Constitution.
3. A general waiver shall be interpreted narrowly.
4. The National Bank's own assets shall not secure government debt absent lawful independent consent and authority.

Article 50 — Collateral and natural resources

1. No port, territory, mineral deposit, future tax revenue or strategic public asset may be pledged without specific Assembly Act and independent valuation.
2. A resource-backed loan shall disclose quantity, price formula, priority, environmental and intergenerational effects.
3. Collateral shall be proportionate and registrable.
4. Secret security is prohibited.

Article 51 — External bond issuance

1. A sovereign bond requires specific or annual authority covering amount, market, currency, maturity, governing law and material protections.
2. Offering documents shall disclose finances and risks truthfully.
3. Underwriters, counsel and fiscal agents shall be procured and conflicts disclosed.
4. Continuing disclosure commitments shall be honored.

Article 52 — Disbursement and designated accounts

1. External proceeds shall be paid into the Consolidated Fund or an authorized transparent project account.
2. Conditions and withdrawals shall be reconciled to the debt registry and budget.
3. No personal, military-unit or undisclosed foreign account may receive proceeds.
4. Unused balances and commitment fees shall be monitored.

CHAPTER VIII
GUARANTEES, ON-LENDING AND PUBLIC ENTITIES

Article 53 — Authority to guarantee

1. Only the Minister may issue a national guarantee under Assembly approval.
2. The annual authorization shall set a ceiling and eligible purposes and entities.
3. A comfort letter, indemnity or assurance having guarantee effect is treated as a guarantee.
4. No oral or secret guarantee is valid.

Article 54 — Guarantee appraisal

1. Before guarantee, the Treasury shall assess public purpose, beneficiary viability, probability of loss, terms, security and alternatives.
2. The beneficiary shall provide complete information and pay a risk-based fee unless the Assembly approves subsidy transparently.
3. The guarantee shall be capped and time-limited.
4. A guarantee shall not rescue related interests without due process.

Article 55 — Guarantee agreement

1. A guarantee shall state covered obligation, maximum exposure, duration, conditions, reporting, recovery and termination.
2. Material amendment of the underlying debt requires consent.
3. The State shall receive subrogation and recovery rights.
4. The guarantee shall be registered and published.

Article 56 — On-lending

1. The Government may on-lend approved borrowing under a written agreement stating purpose, repayment, currency risk, security and monitoring.
2. The intermediary shall not receive an undisclosed subsidy.
3. Proceeds and performance shall be audited.
4. Default shall be reported and recovery pursued fairly.

Article 57 — Local government borrowing

1. A local government may borrow only under the Local Government Act and an Assembly authorization framework.
2. Borrowing shall finance lawful capital or exceptional purposes within affordability limits.
3. The national government is not liable without an express guarantee.
4. Local debt shall be registered and consolidated.

Article 58 — Public enterprise borrowing

1. A public enterprise may borrow within its establishing law, approved corporate plan and limits prescribed under this Act.
2. National guarantee requires separate approval.
3. Commercial form shall not conceal fiscal risk or related-party terms.
4. Major foreign or secured borrowing may require specific Assembly approval.

Article 59 — Statutory bodies and special funds

1. A statutory body or fund has no inherent borrowing power.
2. Authority, ceiling, purpose and repayment source shall be stated by Assembly Act.
3. Debt shall not be moved to an entity to evade national limits.
4. All obligations shall enter the registry.

Article 60 — Guarantee calls and recovery

1. A beneficiary or creditor shall notify likely call promptly.
2. Payment requires verification under the guarantee and appropriation treatment.
3. The Treasury shall pursue subrogated recovery, restructuring or security.
4. Calls and recoveries shall be reported to the Assembly.

CHAPTER IX
DEBT RECORDS, ACCOUNTING AND TRANSPARENCY

Article 61 — Central debt registry

1. The Debt Office shall maintain a complete secure registry of every borrowing, security, guarantee, on-loan, arrear, derivative and material contingent liability.
2. Each instrument shall have a unique identifier and authenticated documents.
3. The registry shall reconcile with budget, treasury, National Bank and creditor records.
4. Unauthorized obligations shall be recorded separately without validation.

Article 62 — Recording deadline

1. A responsible entity shall submit a new or amended obligation within five working days.
2. The Debt Office shall verify and record it promptly.
3. Failure to register does not erase a valid obligation but is serious control breach.
4. Deliberate concealment shall be referred for investigation.

Article 63 — Accounting

1. Debt shall be recognized, measured and disclosed under the Public Finance Management Act and applicable public-sector standards.
2. Currency, accrued interest, premiums, discounts and derivatives shall be treated consistently.

3. Reconciliation differences shall be investigated.
4. A write-off does not extinguish legal liability unless law provides.

Article 64 — Quarterly debt bulletin

1. Within thirty days after each quarter, the Minister shall publish stock, flows, service, currency, maturity, rates, holders, guarantees, arrears and risk indicators.
2. Transaction-level information shall be published subject to narrow lawful market timing.
3. Changes from strategy and plan shall be explained.
4. Data shall be downloadable and historically preserved.

Article 65 — Annual debt report

1. The annual report shall assess strategy performance, cost-risk outcomes, sustainability, use of proceeds, guarantees, on-lending, public entities, arrears and compliance.
2. It shall reconcile with financial statements and explain differences.
3. The Minister shall submit it to the Assembly and public within four months after year end.
4. The Auditor General's findings shall be addressed separately and candidly.

Article 66 — Public access to agreements

1. Executed debt and guarantee agreements, approvals and material amendments shall be published promptly.
2. Legitimate personal, security and temporary market information may be redacted with stated grounds.
3. Aggregate terms and fiscal effects shall never be withheld.
4. A secret side agreement is prohibited.

Article 67 — Creditor and ownership disclosure

1. The registry shall identify the legal creditor, beneficial owner where reasonably ascertainable, intermediaries and transfers.
2. Anti-money-laundering and sanctions checks shall apply.
3. Confidential custody arrangements may protect investors while permitting regulatory and audit access.
4. A transfer to a prohibited person shall be handled under law.

Article 68 — Citizen-accessible debt information

1. The Treasury shall publish plain-language summaries, visual maturity profiles and per-capita and revenue comparisons.
2. Information shall explain that debt is a public obligation, not free external money.
3. Materials shall be accessible in Eritrean languages as resources permit.
4. Public education shall remain politically neutral.

CHAPTER X
RISK, LIABILITY MANAGEMENT AND CRISIS

Article 69 — Risk limits

1. The strategy and annual plan shall set operational limits for currency, variable rate, maturity, refinancing, counterparty and concentration risk.
2. Breaches shall be reported immediately with corrective action.
3. A limit shall not be altered retroactively to conceal breach.
4. The Assembly shall receive material breach notice.

Article 70 — Liability management

1. The Minister may conduct approved buybacks, exchanges, switches and refinancing to reduce cost or risk.
2. Transactions shall be fairly priced, documented and within authority.
3. Insider advantage and selective creditor favoritism are prohibited.
4. Results shall be published.

Article 71 — Derivatives

1. A derivative may be used only to hedge an identified public debt risk, not for speculation.
2. Authority, counterparty, collateral, valuation and termination risk shall be approved.
3. Independent confirmation and daily or proportionate valuation shall apply.
4. Exposure shall be reported gross and net.

Article 72 — Debt-service reserve

1. A debt-service liquidity reserve may be established only under the Public Finance Management Act and approved budget.
2. Its purpose, size, investment and use shall be transparent.
3. It shall not become an off-budget fund.
4. Central-bank international reserves remain governed separately.

Article 73 — Arrears and default prevention

1. The Debt Office shall forecast service and alert the Minister to risk.
2. No official shall conceal arrears or selectively pay for private advantage.
3. A potential default shall be reported securely to the President and responsible Assembly committee.
4. Lawful measures shall protect essential services and creditor equality.

Article 74 — Debt restructuring

1. A restructuring mandate requires Assembly authority defining objectives and limits.

2. The Government shall seek fair, transparent and sustainable treatment and respect lawful creditor rights.
3. Advisers and creditor communications shall be recorded.
4. Final terms and fiscal effects require publication and any necessary renewed approval.

Article 75 — Emergency borrowing

1. Emergency borrowing is permitted only under a constitutional emergency or specific urgent Assembly Act.
2. Authority shall state ceiling, purpose, duration and reporting.
3. Where the Assembly cannot meet physically, lawful constitutional procedures shall be used; executive necessity alone does not create permanent debt authority.
4. Emergency debt is fully registered, audited and reviewed.

Article 76 — No repudiation by political change

1. A change of government does not cancel debt validly authorized and incurred.
2. An allegation of illegality shall be investigated through lawful process.
3. The State may challenge corruption, lack of authority, fraud or odious use under applicable law without arbitrary repudiation.
4. Continuity strengthens the value of constitutional authorization.

CHAPTER XI
INTEGRITY, ACCOUNTABILITY AND REMEDIES

Article 77 — Conflicts and conduct

1. Every official and adviser shall disclose interests and recuse where necessary.
2. Gifts, commissions, side payments, insider trading and creditor favoritism are prohibited.
3. Post-employment restrictions may protect transaction integrity.
4. Material contacts shall be recorded.

Article 78 — Advisers and fees

1. Financial, legal, rating, trustee and other advisers shall be selected transparently for competence and value.
2. Mandates, fees, success arrangements and conflicts shall be disclosed.
3. An adviser shall owe defined duties to the State.
4. Success fees shall not reward unnecessary borrowing.

Article 79 — Unauthorized acts

1. An official who knowingly exceeds authority is subject to discipline, surcharge, civil recovery or criminal referral under applicable law.
2. This Act does not create duplicative offences or penalties governed by the Penal Code.
3. Liability requires due process and individual proof.

4. Good-faith professional advice is not misconduct merely because a forecast proves wrong.

Article 80 — Lender due diligence

1. A lender and arranger shall verify published constitutional and statutory authority, signatory power and approvals.
2. Unusual secrecy, personal payment, military control or missing Assembly approval requires enhanced inquiry.
3. A lender cannot rely conclusively on the representation of the very official whose authority is in question.
4. Due diligence records shall be preserved.

Article 81 — Judicial remedies

1. A competent court may restrain unauthorized borrowing, preserve records and assets, declare invalidity, order restitution and grant other lawful relief.
2. Urgent standing may be granted to the Advocate General, Auditor General, affected public institution or qualified public-interest applicant under general law.
3. The court shall consider financial stability and innocent interests without validating unconstitutional action.
4. Private-law remedies remain governed by the Codes.

Article 82 — Whistleblowers

1. A person may report suspected hidden or unlawful debt through protected channels.
2. Retaliation is prohibited.
3. The Debt Office, Auditor General and Advocate General shall preserve and assess evidence within their mandates.
4. Knowingly malicious false reporting may be addressed under general law without chilling good faith.

CHAPTER XII
TRANSITION AND FINAL PROVISIONS

Article 83 — Opening debt verification

1. Within six months, every public entity shall disclose all debt, guarantees, arrears, security, side letters and contingent liabilities.
2. The Treasury, Advocate General and Auditor General shall verify authority, balance and terms.
3. Uncertainty and disputed validity shall be disclosed separately.
4. Registration does not validate a defective obligation.

Article 84 — Legacy and disputed debt

1. A transparent process shall classify verified, disputed, unauthorized, contingent and unrecorded legacy obligations.
2. Creditors shall have opportunity to provide authenticated evidence.
3. No debt shall be repudiated or accepted for political convenience.
4. The Assembly shall receive recommendations and fiscal options.

Article 85 — Document preservation

1. Original agreements, approvals, payment records, correspondence and security documents shall be secured immediately.
2. Destruction, removal or falsification is prohibited under applicable law.
3. Digital copies shall preserve authenticity and access control.
4. Classified documents remain fully available to authorized audit and legal review.

Article 86 — Institutional transition

1. The Debt Office shall become operational within six months.
2. Existing qualified personnel shall receive fair assessment, training and written roles.
3. Dealer, settlement, risk and recording functions shall be separated progressively.
4. A two-year implementation plan shall be published.

Article 87 — Regulations and debt instructions

1. The President may issue regulations on recommendation of the Minister for operational implementation.
2. The Minister may issue public debt instructions consistent with this Act.
3. Neither may approve borrowing, guarantee, tax, offence or waiver reserved to an Assembly Act.
4. Draft regulations of general importance shall be consulted upon.

Article 88 — Review of prior instruments

1. The Minister, Advocate General and Auditor General shall review prior borrowing, guarantee and debt instruments within twelve months.
2. Verified repeal, savings and legacy status shall be proposed to the National Assembly.
3. Authentic enacted text and contractual evidence shall not be silently altered.
4. Unpublished authority to indebt the State has no effect.

Article 89 — Repeal and savings

1. Prior public-debt instruments are repealed only when identified by verified number, year and title in the statute-law revision schedule.
2. Valid debt, creditor rights, payments, proceedings and registries continue subject to this Act.

3. Secret executive borrowing power and unlimited guarantee authority are not preserved.
4. Existing subordinate instructions expire within eighteen months unless lawfully remade.

Article 90 — Commencement

1. This Act enters into force thirty days after publication in the Gazette.
2. Articles 5, 19, 23 to 27, 30, 34 to 37, 49, 50, 53, 61 to 67, 80 and 83 to 85 apply immediately.
3. New borrowing after commencement shall comply fully notwithstanding institutional phasing.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA