

A BILL

FOR

AN ACT TO REPEAL THE URBAN DEVELOPMENT BANK OF NIGERIA ACT. CAP. U16 LFN. 2004. AND TO ENACT THE INFRASTRUCTURE BANK OF NIGERIA ACT. 2016 FOR THE PURPOSES OF ENCOURAGING INFRASTRUCTURAL DEVELOPMENT THROUGH THE PROVISION OF FINANCIAL ASSISTANCE TO QUALIFIED INFRASTRUCTURE PROJECTS SELECTED BY THE BANK AND FOR RELATED MATTERS

Sponsored by Hon. Isiaka Ibrahim.

[] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1 PART 1 - ESTABLISHMENT OF THE INFRASTRUCTURE BANK PLC

2 1.-(1) There shall be established, in accordance with the
3 provisions of the companies and Allied Matters Act, a public liability
4 company to be known as the Infrastructure Bank Plc (in this Act referred to
5 as "the Bank").

Establishment of the Infrastructure Bank Plc.

6 (2) The Bank:

7 (a) shall be a corporate body with perpetual succession and
8 have a Common seal,

9 (b) may sue and be sued, and

10 (c) may for the purpose of its functions, acquire, hold or
11 dispose of property, whether movable or immovable.

12 2.-(1) There is hereby established for the Bank a Board
13 of Directors (in this Act referred to as "the Board").

Establishment of Board Directors

14 (2) The management of the Bank shall be vested in the Board
15 consisting of 7 members, 2 of which will be appointed by the President
16 while 5 will represent private sector interest.

17 (3) The Board shall comprise members with a diverse set of

1 expertise in infrastructure project development and financing namely:

- 2 (a) transit infrastructure;
- 3 (b) public housing infrastructure;
- 4 (c) road and bridge infrastructure;
- 5 (d) water infrastructure;
- 6 (e) aviation infrastructure;
- 7 (f) freight or passenger rail infrastructure; and
- 8 (g) public finance.

9 (5) The members of the Board shall be paid such allowances as
10 the Bank in a general meeting may from time to time approve.

11 (6) The provisions of the schedule to this Act shall have effect
12 with respect the proceedings of the Board and other matters mentioned therein.

13 3.-(1) A member of the Board appointed, except the Managing
14 Director and Executive Director shall hold office for a term of four years and no
15 more.

16 (2) The office of member of the Board shall become vacant if:

- 17 (a) he resigns as a member of notice in writing under his hand
18 addressed to the Minister;
- 19 (b) he becomes bankrupt suspends payment of his debt
20 or compounds with his creditors;
- 21 (c) he is convicted of an offence involving dishonesty or fraud;
- 22 (d) he becomes of unsound mind;
- 23 (e) the president is satisfied that it is not in the interest of the public
24 for the member to continue in office and notifies the member in writing to that
25 effect.

26 4.-(1) If it appears to the Board that a member of the Board should be
27 removed from office on the grounds of misconduct or inability to perform the
28 functions of his office, the Board shall make recommendation through the
29 Minister to the President.

30 (2) If the President after making such inquiries as he considers;

1 (b) issue its own security including debentures and bonds
2 under Federal Government guarantee and issue promissory notes and other
3 bills of exchange for the purpose of raising funds from financial
4 institutions;

5 (c) establish a sinking fund for the redemption of securities by the
6 Secondary infrastructure bank and provide for contributions by it to the
7 sinking fund;

8 (d) carry out research on the finance of infrastructural
9 development and the building / construction industry in Nigeria.

10 5. The Board shall subject to the general direction of the Minister,
11 be responsible for:

Direction from
Minister

12 (a) managing and superintending the affairs of the Bank;

13 (b) formulating policies and guidelines for operating the loans
14 from the Bank and ensuring their implementation;

15 (c) decoding on and approving the borrowing power and
16 credit limits of the Bank;

17 (d) approving annual reports and statements of account of the
18 Bank;

19 (e) appointing and approving fees for external auditors; and

20 (f) carrying such other activities connected with or incidental to the
21 other functions of the Board.

22 6. The Board shall have power to:

23 (1) acquire office and other premises for the use of the Bank.

24 (2) fix terms and conditions of service including remuneration of
25 the employees of the Bank.

26 (3) establish such zonal and other branches of the bank as it may
27 deem necessary for the proper performance of its functions.

28 (4) hold such hearings, meet and act at such times and places, take
29 such testimonies, receive such evidence, and administer such oaths as the
30 Board considers advisable.

1 (5) require the attendance and testimony of such witnesses and the
2 production of such books, records, correspondence, memoranda, papers
3 necessary, approves the recommendation, the Minister shall, in writing,
4 declare the office of the member vacant.

5 (3) Notwithstanding the provisions of subsection (1) of this
6 Section, the president may remove a member of the Board from office if he is
7 satisfied that it is in the public interest to do so.

8 (4) Any vacancy on the Board shall be filled in the manner in which
9 the original appointment was made.

10 7. No member of the Board may, during service on the Board:

11 (a) be an officer or director of or otherwise be employed by, any
12 entity engaged in or otherwise associated with an infrastructure project assisted
13 or considered under this Act;

14 (b) hold stock in any such entity;

15 (c) hold any other elected or appointed public office.

16 PART II - FUNCTIONS OF THE INFRASTRUCTURE BANK

17 8. The functions of the Bank shall be to:

18 (a) provide long medium term credit facilities for infrastructure
19 development projects in Nigeria at such rate and such terms as may be
20 determine by the Board in accordance with the policy directed to enable the
21 Bank to grant facilities for the development and construction of basic
22 Infrastructure in Nigeria;

23 (b) license and encourage the emergence and growth of the required
24 number of viable secondary Industrial Banks to service Infrastructural needs
25 in all parts of Nigeria;

26 (c) encourage infrastructure projects aimed at promoting
27 Infrastructural development in the rural, local, state and Federal levels;

28 (d) do anything or go into any transaction which in the opinion of
29 the board is necessary to ensure the proper performance of its functions

30 9. Without prejudice to the generality of section 6 of this Act, the

- 1 Bank shall have powers to:
- 2 (a) accept deposits from institutional depositors;
- 3 (b) environmental benefits including reduction in carbon
4 emissions, oil consumption, water pollution and air pollution;
- 5 (c) a demonstrated ability to operate and maintain the
6 infrastructure project throughout its estimated useful life;
- 7 (d) a life cycle projection of the project benefits, as compared to
8 Project cost;
- 9 (e) an understanding of the importance of diverse investment
10 in Infrastructure in all regions of the country;
- 11 (f) a consideration of the benefits of preserving and improving
12 existing infrastructure as well as the benefits of creating new infrastructure;
- 13 (g) categorical benefit; and
- 14 (h) any other criteria determined and approved by the Board
- 15 (3) The ratings and development of guidelines for rating stipulated
16 Under subsection (2) of this section shall be conducted by the Board in
17 coordination with personnel on detail to the Bank from the Ministry of
18 Housing and Urban Development, Ministry of Works, Ministry of
19 Transport and other relevant departments and agencies that are familiar with
20 and experienced in the selection criteria for competitive projects.
- 21 (4) The infrastructure project applications, subject to the
22 conditions of the Banks shall:
- 23 (a) identify basic infrastructural needs of the public;
- 24 (b) apply and obtain loan for infrastructural development;
- 25 (c) charge fees, collect tolls for the maintenance of infrastructure
26 completion.
- 27 PART IV - STAFF OF THE INFRASTRUCTURE BANK
- 28 10.-(1) There shall be appointed for the Bank, by the Board, the
29 following officers, that is:
- 30 (a) a Managing Director who shall be the Chief Executive of the

1 Bank and be responsible for the day to day management of the affairs of the
2 Bank and documents, tapes and materials, as the Board considers advisable.

3 (6) the Board may, upon request, secure directly from a Federal
4 Government agency, such information as the Board considers necessary to
5 carry out its duties, and the head of such agency shall promptly respond to any
6 such request for the provision of information

7 (7) to do such other things as are necessary for the successful
8 performance of its functions under this Act determined by the Minister.

9 (4) 75% of the initial share capital of the Bank shall be subscribed by
10 the General Public.

11 11.-(1) The Bank shall establish the general reserve funds to which
12 shall be allocated from the net profits of the Bank at the end of each financial
13 year:

14 (a) 50% of the net profit of the Bank for the year, when at the end of
15 year, the fund is less than the authorized capital of Bank;

16 (b) 25% of the Profit of the Bank for the year, when the fund is equal to
17 or exceeds the authorized capital of the Bank:

18 (2) After any allocation has been made in terms of subsection (1) of
19 this section, the balance of the net profit shall be applied to the retirement of any
20 loan granted to the Bank by the Federal Government or any other body.

21 (3) The remainder of the net profits, if any, shall be paid to the
22 shareholders.

23 PART V - FINANCIAL PROVISIONS

24 12.-(1) without prejudice to section 6 of this Act, the Bank shall not
25 except with the approval of the Minister, borrow from any source any money
26 exceeding its share capital.

27 (2) The Bank shall have powers to secure the repayment of the any
28 money borrowed by it in such manner as the Bank may think fit and , in
29 particular, by the issue of debentures charged on all or any of the Banks
30 properties, and shall also have powers to purchase, redeem and pay up any of

1 those securities.

2 (3) The Bank shall have other monies on deposit from the Federal
3 Government, the Central Bank of Nigeria, any licensed bank, and also the
4 public in general under such conditions as may be approved by the Minister.

5 (4) The Federal Government may guarantee foreign loans in such
6 manner and on such terms as it may deem fit and ensure the redemption and
7 the repayment by the Bank.

8 13.-(1) without prejudice to section 13 of this Act, the Bank shall:

9 (a) such number of Executive Directors, not exceeding three, as the
10 Board may determine who shall perform such duties as may be assigned to
11 them, from time to time, by the Board.

12 (2) A person appointed as a Board Managing Director or an
13 Executive Director shall not, while holding that office, qualify to hold any
14 other office as a Director in any other bank, corporation, company or any
15 other establishment without the approval of the Board.

16 (3) The Managing Director and Executive Director appointed
17 Pursuant to the provisions of subsection(1) of this section shall hold office
18 for a period of 5 years and may be reappointed for a further period of 5
19 years.

20 (4) subject to subsection (3) of this section, the Managing Director
21 And Executive Directors shall each hold office on such terms and
22 conditions as may be specified in their letters of appointment.

23 (5) A person appointed as managing Director or Executive
24 Director under subsection (1) of this section shall have demonstrated
25 Expertise in infrastructure development and financing in areas stipulated in
26 Subsection (3) of section 2 of this Act.

27 (6) The Board may appoint and terminate, and fix the
28 compensation of such personnel as are necessary to enable the
29 Infrastructure Bank perform its duties.

30 (7) The head of any other Federal Government agency, at the

1 Request of the Bank, shall detail employees to the Bank for the purposes of
2 carrying out the duties of the Bank.

3 PART VI- CAPITAL OF THE INFRASTRUCTURE BANK

4 14.-(1) The capital of the Bank shall consist of equity and loan Capital

5 (2) The capital of the Bank shall consist of equity and loan capital
6 Billion naira divided into N300,000,000,000 shares of N1.00 each

7 (3) 25% of the initial capital of the Bank shall be provided by the
8 Federal Government in such amount and on such terms as may be the
9 Federation, be submitted to the Minister and shall thereafter be published by
10 the Bank in selected National newspapers or general information

11 15.-(1) The Bank shall prepare and submit to the President through
12 the Minister, in such form as the Minister may direct and later than 30th
13 September in each year, a report on the activities of the Bank during the
14 immediately preceding year and shall include in the report a copy of the audited
15 accounts of the Bank for that and Auditors- General's report thereon.

16 16. The Attorney General of the Federation shall take such action as
17 may be appropriate to enforce any right accruing to the Bank as a result of
18 Issuance of any guarantee under this section.

19 17. Notwithstanding any other provision of law relating to the
20 acquisition, handling, or disposal of property in Nigeria, the Board shall have
21 the right in its discretion to complete, recondition, reconstruct, renovate ,
22 repair, maintain, operate or sell any property acquired by it pursuant to the
23 provision of this Act.

24 18. Not later than 1 year after the enactment of this Act, and annually
25 thereafter, the Board shall submit to the National Assembly a report describing
26 the activities of the Board , for the fiscal year covered by the report, relating to:

27 (a) the evaluation of qualified infrastructure projects;

28 (b) the financial assistance packages of qualified infrastructure
29 projects.

30 19. the bank shall develop, maintain and update a publicly accessible

- 1 database that contains:
- 2 (1) a description of each qualified infrastructure project that
- 3 received financial assistance from the Bank under this Act:
- 4 (a) by project mode or modes;
- 5 (b) by project total cost;
- 6 (c) by detailed estimated cost and benefits over the life time of the
- 7 project;
- 8 (d) the amount of financial assistance that each qualified maintain
- 9 a fund which consist of:
- 10 (a) an initial take off grant by the Federal Government;
- 11 (b) all interest received in respect of moneys invested by the Bank;
- 12 (c) such sums as may be paid to the bank in the course of its
- 13 operations;
- 14 (d) all monies raised for the purpose of the Bank by way of gifts,
- 15 loans, grants -in-aid, testamentary disposition or otherwise;
- 16 (e) monies borrowed from services approved by the Board;
- 17 (f) such other monies as may, from time to time, accrue to the Bank,
- 18 20. The Bank may, from time to time, apply the proceeds of funds
- 19 established in section 14(1) of this Act:
- 20 (a) to the cost of administration of the Bank;
- 21 (b) to paying or reimbursing members of the Board or of any
- 22 committee set up by the Board for expenses as may be expressly authorized
- 23 by the Board;
- 24 (c) to the payment of salaries, fees or other remuneration,
- 25 allowances, pensions and gratuities payable to the officers and other
- 26 employees of the Bank;
- 27 (d) for the maintenance of any property vested in the Bank;
- 28 (e) to the payment of all expenses incurred on behalf of the Bank;
- 29 (f) to and in connection to performing all or any of the functions of
- 30 the Bank and Board.

1 **21.**-(1) The Board shall in respect of each year, keep proper accounts
2 of the revenue and expenditure of the Bank and all deposits received and
3 repaid and interest credited to depositors and investors during the same year,
4 together with a statement of the assets and liabilities of the Bank.

5 (2) The account of the Bank kept under subsection (1) of this section
6 shall, after being audited and certified by an auditor appointed from the list and
7 in accordance with guidelines supplied by Auditors General of Federation.

8 (3) Any regulations, orders, bye-laws or notices made or issued or
9 deemed to be made or issued by or from the purposes of the urban Development
10 Bank Plc existing immediately before the commencement of this Act, shall be
11 deemed to be made or issued by or for the purpose of Nigeria Infrastructure
12 Bank established under this Act and shall continue in force until revoked or
13 amended, subject to such modifications as may be applicable to the Nigeria
14 Infrastructure Bank established under this Act.

15 (4) the minister may, if he thinks fit within 12 months after the
16 commencement of this Act, by Order published in the Federal Gazette make
17 additional transitional or saving provisions for the better carrying out the
18 objective of this section.

Interpretation

19 **22.** In this Act, unless the context otherwise requires:

20 "Board" means the board of directors of the Infrastructure Development Bank
21 constituted under section 2 of this Act;

22 "Chairman" means the Chairman of the Board;

23 "Financial Institution" has the meaning assigned to it under the Bank and other
24 Financial Institutions Act;

25 "Qualified project" means any project approved by the Infrastructure Bank for
26 financial assistance;

27 "Managing Director" means the employee of the bank appointed as such under
28 section 12 of this Act.

Citation

29 **23.** This Bill may be cited as the Infrastructure Bank (Establishment)
30 Bill, 2016.

EXPLANATORY MEMORANDUM

This Bill seeks to repeal the Urban Development Bank of Nigeria Act I CAP U 16 and provide for the establishment of a Nigerian Infrastructure Development Bank that will encourage the development and maintenance of public infrastructure in Nigeria.