

INFRASTRUCTURE DEVELOPMENT BANK OF NIGERIA
(ESTABLISHMENT) BILL, 2016
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A BILL

FOR

AN ACT TO ESTABLISH THE INFRASTRUCTURE DEVELOPMENT BANK OF NIGERIA FOR THE PURPOSES OF ENCOURAGING INFRASTRUCTURAL DEVELOPMENT AND MAINTENANCE THROUGH THE PROVISION OF FINANCIAL ASSISTANCE TO QUALIFIED INFRASTRUCTURE PROJECTS SELECTED BY THE BANK AND FOR RELATED MATTERS

Sponsored by Hon. Uzoma Nkem Abonta

[] Commencement

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 provisions
3 of the Companies and Allied Matters Act, a public liability company to be
4 known as the Infrastructure Bank Plc (in this Act referred to as "the Bank").

Establishment of
the Infrastructure
Bank Plc

5 (2) The Bank:

6 (a) shall be a corporate body with perpetual succession and have a
7 common seal;

8 (b) may sue and be sued, and

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

11 2.-(1) There is hereby established for the Bank a Board of Directors
12 (in this Act referred to as "the Board").

Establishment of
the Board of
Directors

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

16 (3) The Board shall comprise members with a diverse set of
17 expertise in infrastructure project development and financing namely:

18 (a) transit infrastructure;

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

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

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

11 3.-(1) A member of the Board appointed, except the Managing
12 Director and Executive Director shall hold office for a term of four years and no
13 more.

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

15 (a) he resigns as a member by notice in writing under his hand
16 addressed to the Minister;

17 (b) he becomes bankrupt, suspends payment of his debt or
18 compounds with his creditors;

19 (c) he is convicted of an offence involving dishonesty or fraud;

20 (d) he becomes of unsound mind; or

21 (e) the President is satisfied that it is not in the interest of the public for
22 the member to continue in office and notifies the member in writing to that
23 effect.

24 4.-(1) If it appears to the Board that a member of the Board should be
25 removed from office on the grounds of misconduct or inability to perform the
26 functions of his office, the Board shall make recommendation through the
27 Minister to the President.

28 (2) if the President after making such inquiries as he considers
29 necessary, approves the recommendation, the Minister shall, in writing,
30 declare the office of the member vacant.

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

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

6 **5. No member of the Board may, during service on the Board:**

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

10 (b) hold stock in any such entity; or

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

12 PART 11 - FUNCTIONS OF THE INFRASTRUCTURE BANK

13 **6. The functions of the Bank shall be to:**

Functions of the
Infrastructure Bank

14 (a) provide long/medium term credit facilities for infrastructure
15 development projects in Nigeria at such rates and such terms as may be
16 determined by the Board in accordance with the policy directed to enable the
17 Bank to grant facilities for the development and construction of basic
18 infrastructures in Nigeria;

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

22 (c) encourage infrastructure projects aimed at promoting
23 infrastructural development in the rural, local, state and Federal levels;

24 (d) do anything or go into any transaction which in the opinion of
25 the Board is necessary to ensure the proper performance of its functions.

26 **7. Without prejudice to the generality of section 6 of this Act, the**
27 **Bank shall have powers to:**

28 (a) accept deposits from institutional depositors;

29 (b) issue its own security including debentures and bonds under
30 Federal government guarantee and issue promissory notes and other bills of

- 1 exchange for the purpose of raising funds from financial institutions;
- 2 (c) establish a sinking fund for the redemption of securities by the
- 3 secondary infrastructure bank and provide for contributions by it to the sinking
- 4 fund;
- 5 (d) carry out research on the finance of infrastructural development
- 6 and the building/construction industry in Nigeria.
- 7 **8. The Board shall subject to the general direction of the Minister, be**
- 8 **responsible for:**
- 9 (a) managing and superintending the affairs of the Bank;
- 10 (b) formulating policies and guidelines for operating the loans from
- 11 the Bank and ensuring their implementation;
- 12 (c) decoding on and approving the borrowing power and credit limits
- 13 of the Bank;
- 14 (d) approving annual reports and statements of account of the Bank;
- 15 (e) appointing and approving fees for external auditors; and
- 16 (f) carrying such other activities connected with or incidental to the
- 17 other functions of the Board.
- 18 **9. The Board shall have power to:**
- 19 (1) acquire office and other premises for the use of the Bank;
- 20 (2) fix terms and conditions of service including remuneration of the
- 21 employees of the Bank;
- 22 (3) establish such zonal and other branches of the bank as it may deem
- 23 necessary for the proper performance of its functions;
- 24 (4) hold such hearings, meet and act at such times and places, take
- 25 such testimonies, receive such evidence, and administer such oaths as the
- 26 Board considers advisable;
- 27 (5) require the attendance and testimony of such witnesses and the
- 28 production of such books, records, correspondence, memoranda, papers,
- 29 documents, tapes and materials, as the Board considers advisable;
- 30 (6) the Board may, upon request, secure directly from a Federal

Power of the
Board

1 Government agency, such information as the Board considers necessary to
2 carry out its duties, and the head of such agency shall promptly respond to
3 any such request for the provision of information;

4 (7) to do such other things as are necessary for the successful
5 performance of its functions under this Act.

6 PART III - QUALIFIED INFRASTRUCTURE PROJECT

7 10.-(1) The Board shall upon application and otherwise in
8 accordance with this section, designate those qualified infrastructure
9 projects that will receive financial assistance.

10 (2) The Bank shall accept applications of qualified infrastructure
11 projects for the designation of those projects that may receive financial
12 assistance under this section for any infrastructure project having:

13 (a) a public sponsor; or

14 (b) regional or national significance

15 11.-(1) The Managing Director and the Board shall establish
16 guidelines to assist applicants of qualified infrastructure projects under this
17 section to develop applications for financial assistance.

18 (2) In making a determination as to which qualified infrastructure
19 project would receive financial assistance, the Board shall evaluate and rate
20 each applicant based on the factors appropriate for that type of infrastructure
21 project, which shall include:

22 (a) regional or national significance;

23 (b) promotion of economic growth;

24 (c) a preference for projects in areas of high unemployment;

25 (d) a preference for projects which substantially leverage State.
26 local and private financing, including public private partnerships, for either
27 the explicit cost of the project or for enhancement which increase the
28 benefits of the project;

29 (e) environmental benefits including reduction in carbon
30 emissions, oil consumption, water pollution and air pollution;

- 1 (f) a demonstrated ability to operate and maintain the infrastructure project
2 through out its estimated useful life;
- 3 (g) a life cycle projection of the project benefits, as compared to project cost;
- 4 (h) an understanding of the importance of diverse investment in infrastructure
5 in all regions of the country;
- 6 (i) a consideration of the benefits of preserving and improving existing
7 infrastructure as well as the benefits of creating new infrastructure;
- 8 (j) categorical benefit; and
- 9 (k) any other criteria determined and approved by the Board.
- 10 (3) The ratings and development of guidelines for rating stipulated under
11 subsection (2) of this section shall be conducted by the Board in co-ordination
12 with personnel on detail to the Bank from the Ministry of Housing and Urban
13 Development, Ministry of Works, Ministry of Transportation and other
14 relevant departments and agencies that are familiar with and experienced in the
15 selection criteria for competitive projects.
- 16 (4) The Infrastructure project applicants, subject to the conditions of the Banks
17 shall:
- 18 (a) identify basic infrastructural needs of the public;
- 19 (b) apply and obtain loan for infrastructural development;
- 20 (c) charge fees, collect tolls for the maintenance of infrastructure on
21 completion.

22 PART IV - STAFF OF THE INFRASTRUCTURE BANK

- 23 12.-(1) There shall be appointed for the Bank, by the Board, the
24 following officers, that is:
- 25 (a) a Managing Director who shall be the Chief Executive of the Bank
26 and be responsible for the day to day management of the affairs of the Bank,
27 and
- 28 (b) such number of Executive Directors, not exceeding three, as the
29 Board may determine who shall perform such duties as may be assigned to
30 them, from time to time, by the Board.

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

5 (3) The Managing Director and Executive Director appointed
6 pursuant to the provisions of subsection (1) of this section shall hold office
7 for a period of 5 years and may be reappointed for a further period of 5 years.

8 (4) Subject to subsection (3) of this section, the Managing Director
9 and Executive Directors shall each hold office on such terms and conditions
10 as may be specified in their letters of appointment.

11 (5) A person appointed as Managing Director or Executive
12 Director under subsection (1) of this section shall have demonstrated
13 expertise in infrastructure development and financing in areas stipulated in
14 subsection (3) of section 2 of this Act.

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

18 (7) The head of any other Federal Government agency, at the
19 request of the Bank, shall detail employees to the Bank for the purposes of
20 carrying out the duties of the Bank.

21 PART V - CAPITAL OF THE INFRASTRUCTURE BANK

22 13.-(1) The capital of the Bank shall consist of equity and loan
23 capital.

24 (2) The authorised capital of the Bank shall be Three Hundred
25 Billion naira divided into 300,000,000,000 shares of N1.00 each.

26 (3) 25% of the initial capital of the Bank shall be provided by the
27 Federal Government in such amount and on such terms as may be
28 determined by the Minister.

29 (4) 75% of the initial share capital of the Bank shall be subscribed
30 by the General Public.

1 (c) such sums as may be paid to the Bank in the course of its
2 operations;

3 (d) all monies raised for the purpose of the Bank by way of gifts,
4 loans, grants -in-aid, testamentary disposition or otherwise;

5 (e) monies borrowed from services approved by the Board;

6 (f) such other monies as may, from time to time, accrue to the Bank.

7 17. The Bank may, from time to time, apply the proceeds of funds
8 established in section 14(1) of this Act:

9 (a) to the cost of administration of the Bank;

10 (b) to paying or reimbursing members of the Board or of any
11 committee set up by the Board for expenses as may be expressly authorised
12 by the Board;

13 (c) to the payment of salaries, fees or other remuneration,
14 allowances, pensions and gratuities payable to the officers and other
15 employees of the Bank;

16 (d) for the maintenance of any property vested in the Bank

17 (e) to the payment of all expenses incurred on behalf of the Bank;

18 (f) to and in connection to performing all or any of the functions of
19 the Bank and Board.

20 18.-(1) The Board shall in respect of each year, keep proper
21 accounts of the revenue and expenditure of the Bank and of all deposits
22 received and repaid and interest credited to depositors and investors
23 during the same year, together with a statement of the assets and liabilities of
24 the Bank.

25 (2) The account of the Bank kept under subsection (1) of this
26 section shall, after being audited and certified by an auditor appointed from
27 the list and in accordance with guidelines supplied by Auditors General of
28 the Federation, be submitted to the Minister and shall thereafter be
29 published by the Bank in selected National newspapers or general
30 information.

1 **19.-(1)** The Bank shall prepare and submit to the President through
2 the Minister, in such form as the Minister may direct and not later than 30th
3 September in each year, a report on the activities of the Bank during the
4 immediately preceding year and shall include in the report a copy of the audited
5 accounts of the Bank for that year and the Auditors -General's report thereon.

6 **20.** The Attorney General of the Federation shall take such action as
7 may be appropriate to enforce any right accruing to the Bank as a result of
8 issuance of any guarantee under this section

9 **21.** Notwithstanding any other provision of law relating to the
10 acquisition, handling, or disposal of property in Nigeria, the Board shall have
11 the right in its discretion to complete, recondition, reconstruct, renovate, repair,
12 maintain, operate or sell any property acquired by it pursuant to the provision
13 of this Act.

Annual Report

14 **22.** Not later than 1 year after the enactment of this Act, and annually
15 thereafter, the Board shall submit to the National Assembly a report describing
16 the activities of the Board, for the fiscal year covered by the report, relating to:

17 (a) the evaluation of qualified infrastructure projects;

18 (b) the financial assistance packages of qualified infrastructure
19 projects.

20 **23.** The bank shall develop, maintain and update a publicly accessible
21 database that contains;

22 (1) a description of each qualified infrastructure project that received
23 financial assistance from the Bank under this Act:

24 (a) by project mode or modes;

25 (b) by project total cost;

26 (c) by detailed estimated cost and benefits over the life time of the
27 project;

28 (d) the amount of financial assistance that each qualified
29 infrastructure project receives from the Bank under this Act.

1 PART VII - MISCELLANEOUS

2 24. The Bank may subject to the approval of the Board, open
3 offices and branches in such parts of Nigeria as the Board may decide and
4 appoint agents and correspondents in accordance with the decision of the
5 Board.

6 25. A summon, notice or other documents authorised to be
7 served on the Bank under the provisions of this Act or any other enactment
8 or loans may be served by:

9 (a) delivering it to the Managing Director of the Bank, or

10 (b) by sending it by registered post addressed to the Managing
11 Director at the Principal office of the Bank.

12 26. The Board may make regulations with respect to any of the
13 following matters:

14 (a) the granting of loans, advances and making of deposits;

15 (b) with the approval of the Minister and subject to the provisions
16 of this Act, the relationship between the Bank and investing public;

17 (c) the terms, conditions, rates of interest, fees or administrative
18 charges in respect of advances, credits, guarantees and any other
19 transaction which the Bank may undertake from time to time;

20 (d) the securities that may be required for loans to be granted by
21 the Bank;

22 (e) any other matters that may be incidental or supplemental to
23 the functions of the Bank under this Act.

24 27. The Urban Development Bank of Nigeria Act CAP. U16 LFN
25 2004 is hereby repealed.

26 28.-(1) All assets, funds, resources and other movable or
27 immovable properties which immediately before the commencement of
28 this Act were vested in the Urban Development Bank Plc established
29 under the repealed enactment shall by virtue of this Act and without any
30 further assurances, be vested in the Nigeria Infrastructure Development

1 Bank established under this Act:

2 (a) the rights, interest and obligations of the Urban Development
3 Bank Plc, established under the repealed enactment under any contract or
4 instrument or at law or in equity are hereby, by virtue of this Act and without
5 further assurance assigned to and vested in the Nigeria Infrastructure Bank
6 established under this Act: and

7 (b) any contract or instrument mentioned in (a) of this subsection.
8 Shall be of the same force and effect against or in favour of the Nigeria
9 Infrastructure Bank established under this Act.

10 (2) The Nigeria Infrastructure Bank established under this Act shall
11 be subject to all obligations and liabilities to which the Urban Development
12 Bank Plc existing immediately before the commencement of this Act was
13 subject and all other persons shall, as from the commencement of this Act, have
14 the same rights, powers and remedies against the Nigeria Infrastructure Bank
15 established under this Act as they had against the Urban Development Bank Plc
16 existing immediately before the commencement of this Act.

17 (3) Any proceeding or cause of action pending or existing
18 immediately before the commencement of this Act by or against the Urban
19 Development Bank Plc existing immediately before the commencement of this
20 Act for any obligation or liability may be continued or commenced as the case
21 may be, by or against the Nigeria Infrastructure Bank established under this
22 Act.

23 (4) A determination of any court, tribunal or other authority or person
24 made in a proceeding or cause of action referred to in subsection (3) of this
25 section may be enforced by or against the Nigeria Infrastructure Bank
26 established under this Act to the same extent that the proceedings, cause of
27 action or determination could have been continued, commenced or enforced by
28 or against the Urban Development Bank Plc established under the repealed
29 enactment as if this Act had not been made.

30 (5) Any regulations, orders, bye-laws or notices made or issued or

1 deemed to be made or issued by or for the purposes of the Urban
2 Development Bank Plc existing immediately before the commencement of
3 this Act, shall be deemed to be made or issued by or for the purposes of the
4 Nigeria Infrastructure Bank established under this Act and shall continue in
5 force until revoked or amended, subject to such modifications as may be
6 applicable to the Nigeria Infrastructure Bank established under this Act.

7 (6) The Minister may, if he thinks fit within 12 months after the
8 commencement of this Act, by Order published in the Federal Gazette make
9 additional transitional or saving provisions for the better carrying out of the
10 objective of this section.

11 **29.** In this Act, unless the context otherwise requires:

Interpretation

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

14 "Chairman" means the Chairman of the Board;

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

17 "Qualified project" means any project approved by the Infrastructure Bank
18 for financial assistance;

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

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

Short Title

EXPLANATORY MEMORANDUM

This Bill seeks to establish the Infrastructure Development Bank of Nigeria that will encourage the development and maintenance of public infrastructures in Nigeria.