

A BILL

FOR

AN ACT TO ESTABLISH THE NIGERIAN MARINE DEVELOPMENT BANK WITH POWER, AMONG OTHER THINGS, TO CARRY ON THE BUSINESS OF MARINE CREDIT INSURANCE, AND FOR RELATED MATTERS

Sponsored by Hon. Mohammed Garba Gololo

[] Commencement

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

PART I

1 1.-(1) There is hereby established a bank to be known as the
 2 Nigerian Marine Development Bank (hereafter in this Act referred to as the
 3 "the Bank").

Establishment of the Nigerian Marine Development Bank

4 (2) The bank shall be a body corporate with perpetual succession
 5 and a common seal and may sue and be sued in its corporate name.

6 2. -(1) The authorized capital of the Bank shall be N500 million
 7 divided into 500,000,000 shares of N1 each and shall be subscribed equally
 8 by the government of the Federation and the central Bank of Nigeria.

Authorised share capital of the Bank

9 (2) The minister may, by notice published in the Gazette and in the
 10 national newspapers, approve other shareholders on the resolution of the
 11 Board of the Bank.

12 3. -(1) The bank may, with the approval of the minister, raise funds in
 13 the foreign currency from any of the following sources, that is-

Power to raise funds

14 (a) Multilateral development banks and institutions such as the
 15 International Bank for reconstruction and Development, otherwise known
 16 as the World Bank;

17 (b) Nigeria's external Resources;

18 (c) lines of commercial credit (either directly or in association with
 19 other persons); and

1 (d) Regional development banks
2 (2) The Bank may borrow such amount in naira and foreign currency
3 as it may from time to time require for its activities under this Act.

Resources of
the Bank

4 4. The resources of the Bank shall include-
5 (a) Any currency which is for the time being is a legal tender in
6 Nigeria and foreign currency;
7 (b) Premium collected from policy-holders;
8 (c) Recoveries from paid claims;
9 (d) Income from investment;
10 (e) Guarantee fees or other fees;
11 (f) Interest and other returns from the management of the Bank's
12 assets;
13 (g) Fixed and floating assets;
14 (h) Gift and grants; and
15 (i) Such other resources as may arise from the Bank's operations.

16 PART II

Objects of the
Bank

17 5. The objective of the Bank shall be-
18 (a) To establish and carry on the business of marine credit guarantee
19 and marine credit insurance, with a head office in Nigeria and other place of
20 business in Nigeria, as may be determined by the Board of the Bank from time
21 to time;
22 (b) To design and implement schemes of marine credit guarantee for
23 parties carrying on business in Nigeria in connection with marine or the
24 rendering of services or of any other matter which appears to the Bank
25 conducive to the purpose of encouraging maritime activities;
26 (c) Undertake and guarantee the insurance of marine credit and for the
27 purpose to enter, with or for the benefit of parties carrying on marine business
28 in Nigeria, contracts of insurance against risk of monetary loss or other
29 monetary detriment attribute to circumstances outside the control of the person
30 suffering the loss or detriment and resulting from the failure to receive payment

1 in connection with otherwise arising out of acts or transaction in the course
2 of or the purpose of undertaking marine activities with persons in any other
3 county;

4 (d) To accept re-insurance of all kinds and to enter into re-
5 insurance agreements parties whether resident in outside Nigeria against all
6 or any risk or liability assumed by the Bank under any agreement, insurance
7 policy or other schemes entered into by the Bank;

8 (e) To enter into guarantee agreements with other parties to
9 guarantee payment in specified circumstances;

10 (f) To provide insurance against loss whether on the marine boats
11 or the provision of services or on loans made to facilitate the investment in
12 the marine services;

13 (g) To lend and advance money or give credit to such persons or
14 companies on such terms and conditions as may seem expedite and in
15 particular to customers, companies, corporations, firms and other bodies
16 which have dealings with the Bank and to give guarantee or become surety
17 and give security for any persons or companies;

18 (h) Subject to the provisions of any law in force, to buy and sell
19 foreign currency and exchange and to accept money for remittance to all
20 countries.

21 6.-(1) the Bank may, for the purpose of recovering any sums owed
22 to it under any of its facilities and services, acquire such interests, rights or
23 property in the assets of any person concerned in such transactions in
24 satisfaction thereof and may retain, invest, sell or otherwise dispose of any
25 interest right or proper so acquired.

Functions of the
Bank

26 (2) The Bank may-

27 (a) Receive or recover such commissions and fees as may be
28 agreed upon in consideration of any guarantee or under-writing by the Bank;

29 (b) Invest and deal with the monies of the Bank not immediately

1 required upon such security and in such manner as it may, from time to time,
2 determine;

3 (c) Establish and manage funds connected with the objects of the
4 Bank;

5 (d) Subject to this Act and the Land use Act, acquire, hold and dispose
6 of any movable or immovable property for the purpose of the Bank's objects
7 and functions under this Act.

8 (3) The Bank shall-

9 (a) Maintain divers and relevant information to facilitate credit
10 verification and exchange such information with comparable organizations on
11 a reciprocal or other agreed basis;

12 (b) Co-operate with similar organizations within and outside Nigeria
13 in the areas of provision of-

14 (i) credit information;

15 (ii) debt collection;

16 (iii) re-insurance; and

17 (iv) training;

18 (c) maintain a foreign exchange revolving fund with the aim of
19 making available loans in foreign exchange to marine investors who need
20 boats, ship, spare parts and other services to satisfy marine operations;

21 (d) guarantee and insure for reward, marine credits involving non-
22 resident external mariners between any two countries other than Nigeria;

23 (e) subject to section 4(b) of this Act, develop and provide facilities
24 involving investment guarantee and insurance;

25 (f) guarantee loan involving domestic marine operators which are
26 likely to assist maritime services;

27 (g) do such other things that are reasonable to facilitate the objects for
28 which the Bank is established.

29 (4) The Bank may belong to any international or regional association
30 of credit and investment insurers

- 1 (b) to pay claims arising from the Bank's policies and to delegate such
2 powers as it deems appropriate to anybody;
- 3 (c) to prescribe guidelines for settlement of claims which the Bank or
4 its agent shall apply;
- 5 (d) to vary the authorized capital of the Bank;
- 6 (e) to call up any portion of the authorized capital;
- 7 (f) to determine the policies, facilities and services to be offered to the
8 Bank's client, their duration, renewal arrangements, conditions for each policy,
9 terms of payment and other relevant conditions;
- 10 (g) to appoint officers and other employees of the Bank to positions
11 created by decision of the Board and on such terms and conditions, including
12 pensions, as shall be laid down by the Board;
- 13 (h) to draw, make, accept, endorse, discount, execute and issue
14 promissory notes, bills of exchange, bill of lading, warrants debentures and
15 other negotiable or transferable instrument; and
- 16 (i) to borrow or raise money and ensure the repayment of any money
17 borrowed, raised or owing in such manner as the Bank may think fit, and in
18 particular, by the issue of debentures or debenture stock, perpetual or
19 otherwise, by a charge upon and by mortgage, charge, lien on the whole or any
20 part of the Bank's property or assets (both present or future), including its
21 uncalled capital and by similar mortgage, charge or lien to secure and
22 guarantee the performance by the Bank of any obligation or liability it may
23 undertake.
- 24 (2) The Board may delegate any functions or activities under this Act
25 to the Managing Director, as it may deem appropriate, including the payment
26 of claims and the entry into obligation on behalf of the Board on the basis of
27 guidelines supplied by the Board.
- 28 10. -(1) The Board shall have power to use the funds of the Bank to
29 meet-
- 30 (a) re-insurance premium;

- 1 (b) payment of claims;
 2 (c) payment of premises; and
 3 (d) other operational expenses (including wages and related over
 4 heads as well as payment of principal and interest on borrowed funds).

5 *Staff of the Bank*

6 11.-(1) There shall be for the Bank a managing Director, who shall
 7 be appointed by the president, on the recommendation of the governing of
 8 the central Bank of Nigeria.

Appointment of
 Managing Director
 and other staff
 of the Bank

9 (2) The managing Director shall be the chief executive of the Bank
 10 and be responsible for the day-to-day administration of the Bank.

11 (3) Without prejudice to the generality of subsection (1) of this
 12 section, The Bank shall have power-

- 13 (a) to appoint such other staff as it may determine;
 14 (b) to pay its staff such remuneration and allowances as may, from
 15 time to time determine;
 16 (c) as regards any staff in whose case it decides so to do, to pay to or
 17 in respect of such staff, such pensions and gratuities are payable to persons
 18 of equivalent grade in the civil service of the Federation; and

19 (d) to give loans to its staff for purpose approved by the Bank.

20 (4) The managing Director and the executive Directors shall each
 21 hold office for a period of five years and shall be eligible for re-appointment
 22 for a further period of five years.

23 (5) The two executive Directors shall perform such duties as may
 24 be assigned by the Board of managing Director.

25 PART IV - MISCELLANEOUS

26 12. The fund involving foreign currency raised pursuant to section
 27 3 of this Act and maintained under section 6(3) of this Act, shall be designed
 28 led as the Foreign Exchange Revolution Fund and shall be used for direct
 29 lending to marine owners for the purposes of training the marine operations
 30 including services in accordance with any guidelines which the Board may,

Foreign Exchange
 Revolving Fund

1 from time to time, stipulate and approve.

Fund for paying
country risk

2 **13.** All claims settled by the Bank arising from the political risks
3 component of country risks, shall be reimbursed from a contingency fund
4 established by the Federal Ministry of finance to meet political risks.

Exemption from
certain enactments

5 **14.**-(1) The Bank shall be exempted from the provisions of-

6 (a) The Bank and other financial institutions Act;

7 (b) The insurance Act; and

8 (c) The personal income Tax Act.

9 (2) Tax allowance shall be given in respect of premiums paid by
10 marine owners or operators to the Bank at a rate to be fixed, from time to time,
11 by the Minister.

12 (3) Export credit instruments such as bills of exchange, promissory
13 notes, commercial papers, acceptances and similar instrument used for
14 financing export transactions, are hereby exempted from stamp duties.

Transfer of
service

15 **15.** A member of the public service of the Federation or of a State may
16 elect to transfer to the Bank, in which case any previous service in the public
17 service of the Federation or of a state shall count as service for the purpose of
18 the pension Act.

Annual report

19 **16.** The Board shall publish each year a statement of its accounts and
20 operations which shall be forwarded to the Minister not later than four months
21 after the end of each year.

Interpretation

22 **17.** In this Act, unless the context otherwise requires-

23 "bank" means a bank within the meaning of the Banks and other financial
24 institutions Act;

25 "chairman" means chairman of the Board;

26 "minister" means the minister charged with responsibility for matters relating
27 to finance.

Short Title

28 **18.** This Act may be cited as the National Maritime Development
29 Bank Bill, 2016.

SCHEDULE

[Section 8(5)]

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2
3 1.-(1) Subject to the provisions of this paragraph, a member of the
4 Board, other than a public officer shall hold office for a period of three years
5 and thereafter he shall no longer be eligible for re-appointment.

6 (2) A member of the Board other than a public officer may resign
7 his appointment by a letter addressed to the minister and the resignation
8 shall take effect from the date of the receipt of the letter by the minister.

9 (3) The provisions of sub-paragraphs (1) and (2) of this paragraph
10 shall be without prejudice to the provisions of section 11 of the interpretation
11 Act which relates to appointments.

12 *Proceedings of the Board*

13 2. The Board may make standing orders regulating the
14 proceedings of the Board or of any committee thereof.

15 3. The quorum of the Board shall be five and the quorum of any
16 committee of the Board shall be determined by the Board.

17 4.-(1) Subject to the provision of any applicable standing orders,
18 the Board shall meet whenever summoned by the chairman, and if the
19 chairman is required so to do by notice given to him by not less than six other
20 members he shall summon a meeting of the Board to be held within twenty-
21 one days from the date on which the notice is given.

22 (2) At any meeting of the Board, the chairman shall preside or, in
23 his absence, the members present at the meeting shall appoint one of their
24 members to preside at the meeting.

25 (3) Where the Board wishes to obtain the advice of any person on a
26 particular matter, the Board may co-opt him as a member for such a period as
27 it thinks fit, but a person who is a member by virtue of this sub-paragraph
28 shall not be entitled to vote at any meeting of the Board and shall not count
29 towards a quorum.

Committees

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2 5.-(1) The Board may appoint one or more committees to carry out on
3 behalf of the Board, such of its functions as the Board may determine.

4 (2) committee appointed under this paragraph shall consist of the
5 number of persons determined by the Board and not more than one-third of
6 those persons may be persons who are not members of the Board and a person
7 other than a member of the board shall hold office on the committee in
8 accordance with the terms of the letter by which he is appointed.

9 (3) A decision of a committee of the Board shall be of no effect until it
10 is confirmed by the Board.

Miscellaneous

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12 6.-(1) The fixing of the seal of the Bank shall be authenticated by the
13 signature of the chairman and of some other members authorized generally or
14 specially by the Board to act for that purpose.

15 (2) Any contract or instrument which, if made or executed by a person
16 not being a body corporate, would not be required to be under seal may be made
17 or executed on behalf of the Board by any person authorized generally or
18 specially by the Board to act for that purpose.

EXPLANATORY MEMORANDUM

This seeks to establish the Nigerian Marine Development Bank with power,
among other things, to carry on the business of Marine Credit Insurance.