

# A BILL

## FOR

AN ACT TO ESTABLISH EDUCATION DEVELOPMENT BANK TO APPROVE AND DISBURSE LOANS FOR EDUCATIONAL PURPOSES AND FOR RELATED MATTERS

Sponsored by Hon. John Dyegh

[ ] Commencement

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

### PART I - ESTABLISHMENT AND SHARE CAPITAL OF THE EDUCATION DEVELOPMENT BANK

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

Establishment, etc of the Education Development Bank

3 (2) The Bank Shall:

4 (a) Be a body corporate with perpetual succession and a common  
5 seal and may sue and be sued in its corporate name; and

6 (b) For the purpose of its functions and subject to the Land Use Act,  
7 acquire, hold or dispose of property, movable or immovable.

8 2.-(a) The share capital of the Bank shall, subject to subsection (2)  
9 of this section, be N25 billion divided into N25 billion shares of one naira  
10 each;

Share capital of the Bank, etc.

11 (b) The share capital shall, on the commencement of this Act, be  
12 deemed to be subscribed for, issued, and called up in full and payment in  
13 respect of the call up shall be made by the holder of the shares at such times  
14 and in such manner as the President may direct;

15 (c) The Minister may, from time to time, with the approval of the  
16 President:

17 (i) Increase the share capital of the bank, and as soon as may be  
18 after an increase, the Board may make calls for the additional shares on such

1 terms and conditions as Board may determine, and

2 (ii) Approve other share holders on the resolution of the Board of  
3 Directors of the Bank.

4 (d) All the shares in the Bank shall be taken up by the Federal  
5 Government and shall, subject to subsections (1) of this (2) of this section, be  
6 paid for by that Government;

7 (e) The Accountant-General for the Federation shall, when authorized  
8 under this subsection by the Minister, charge to the issue out of the  
9 Consolidated Revenue Fund of the federation any sum required for making  
10 payment for shares in the bank taken up by the Federal Government;

11 (f) The liability of the holder of shares in the Bank shall be limited to  
12 the amount, if any, unpaid on the shares held by the holder.

Resources of  
the Bank

13 3.-(a) Without prejudice to the provisions of section 2 of this Act,  
14 other resources of the Bank shall be derived from:

15 (i) Deposits in the Bank;

16 (ii) education bonds;

17 (iii) Education endowment fund schemes;

18 (iv) Pension schemes;

19 (v) Students saving schemes;

20 (vi) Children saving schemes; and

21 (vii) such other schemes as the Bank may, from time to time,  
22 determine as being relevant to the functions of the Bank.

23 (b) The Bank may, for the purpose of recovering a sum owed to it  
24 under any of its facilities and services, acquire such interest, right or property in  
25 the assets of a person concerned in the transaction in satisfaction of that sum  
26 and may retain, invest, sell, or otherwise dispose of the interest, right or  
27 property so acquired.

28 (c) The Bank may:

29 (i) Invest and deal with the money of the Bank, not immediately

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

3 (ii) establish and manage funds connected with the functions of the  
4 bank.

5 (e) The Bank shall maintain diverse and relevant information to  
6 facilitate credit verification and exchange such information with  
7 comparable organisations on a reciprocal or other agreed basis.

8 PART II - BOARD OF DIRECTORS

9 4.-(1) There is hereby established for the Bank a governing board  
10 to be known as the Board of Directors (in this Act referred to as "the Board")  
11 which shall provide policy guidelines for day-to-day administration of the  
12 Bank.

Establishment of  
the Board of  
Directors/Governing  
Board

13 (2) The board shall comprise:

14 (a) a part-time Chairman to be appointed by the President; who  
15 must be a renowned educationist subject to confirmation by the Senate;

16 (b) The Managing Director of the Bank;

17 (c) The Permanent Secretary of the Ministry of Education or his  
18 representative;

19 (d) one person to represent the Ministry of Finance;

20 (e) three persons to represent the share-holders in proportion to  
21 their shareholding in the Bank;

22 (f) a representation from each of the six geo-political zones of the  
23 Federation.

24 (g) the Executive Directors of the Bank; and

25 (h) three other persons who, by reason of their character and  
26 experience in matters relating to education, banking, accountancy, law,  
27 finance or economics, are in the opinion of the Minister suitable for  
28 appointment as members of the Board

29 (3) The members of the Board shall be paid such allowances as the  
30 President may, from time to time, approve.

1 (4) The provision of the schedule to this Act shall have effect with  
2 respect to the proceedings of the Board and the other matters mentioned  
3 therein.

Tenure of Office

4 5.-(1) A member of the Board appointed, otherwise than by office  
5 shall hold office for a term of four years, and subject to the provisions of  
6 subsection of this section, shall be eligible to re-appointment for only one  
7 further term of four years.

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

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

11 (b) the Minister is satisfied that is not in the interest of the Bank for the  
12 member to continue in the office and notifies the member in writing to that  
13 effect;

14 (c) he/she becomes of unsound mind; and

15 (d) he / she is convicted of a felony or any offence involving  
16 dishonesty or corruption

Removal of  
office of members  
of the Board

17 6. -(1) If it appears to the Board that a member of the Board, other than  
18 an ex-officio member, should be removed from office on the grounds of  
19 misconduct or inability to perform the functions of his office, the Board shall  
20 make a recommendation to the President

21 (2) If the President after making such inquiries as he considers  
22 necessary approves the recommendation, the Minister shall, in writing, declare  
23 the office of the member vacant.

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

27 PART III - FUNCTIONS AND POWERS

Functions of  
the Bank

28 7. The functions of the Bank shall be to:

29 (a) Approve and disburse loans for Educational purposes i.e private  
30 school developers to meet approved standards, upgrading of facilities etc.



1 (b) provide loans to students to finance their education in  
2 institutions of higher education;

3 (c) recover loans disbursed under this section;

4 (d) provide short-term loans to individuals or other bodies in  
5 appropriate cases, if it is satisfied:

6 (i) that the purpose for which the loan is requested is viable and  
7 would enhance the educational development of Nigeria; and

8 (ii) that there is adequate security for the loan.

9 (e) promote the mobilization of savings and grants from the public  
10 and private sectors for educational investments.

11 (f) accept deposits and grants from individuals, institutions and  
12 organisations to finance educational investments;

13 (g) provide financial advice on educational matters to institutions  
14 of higher education, and to parents, students and educational investors;

15 (h) engage and participate in other banking and commercial  
16 business, including leasing, fund and management, foreign exchange and  
17 letters of credit;

18 (i) Promote the development of viable database and research,  
19 consultancy services and relevant ventures within institutions of higher  
20 education and research institutes and centres;

21 (j) aid authors by providing them with loans for the purpose of  
22 financing the printing and publishing of educational books; and

23 (k) do anything or enter into any transaction which in the opinion of  
24 the Board is necessary to ensure the proper performance of its functions  
25 under this Act.

26 **8.** The Board shall, subject to the general direction of the Minister,  
27 be responsible for:

Functions of this  
Board

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

29 (b) for the overall policy and general administration of the Bank;

30 (c) formulating policies and guidelines for operating the loans

1 from the Bank and ensuring their implementation;

2 (d) working closely with the management of the Bank to ensure  
3 smooth operation of the affairs of the Bank;

4 (e) deciding on and approving the borrowing power and credit limits  
5 of the Bank;

6 (f) approving annual reports and statement of accounts of the Bank;

7 (g) appointing and approving fees for external auditors; and

8 (h) carrying out such other activities connected with or incidental to  
9 the other functions of the Board

Powers of the  
Board

10 **9. The board shall have power:**

11 (a) to acquire offices and hire premises for the use of the Bank;

12 (b) to fix terms and conditions of service including remuneration of  
13 the employees of the Bank;

14 (c) to establish such zonal and other branches of the Bank as it may  
15 deem necessary for the proper performance of its functions; and

16 (d) to do such other things as are necessary for the successful  
17 performance of its function under this Act.

Borrowing  
powers of the  
Bank

18 **10.-(a)** The Bank may, with the approval of the Minister, borrow from  
19 any source any money required for meeting its obligations and discharging its  
20 functions under this Act;

21 (b) The Bank shall have power to:

22 (i) secure repayment of any money borrowed by the Bank in such  
23 manner as the Bank may think fit and in particular, by the issue of debentures  
24 charged upon all or any of the properties of the Bank; and shall also have power  
25 to purchase, redeem and pay those securities; and

26 (ii) receive grants, loans and advances and other money on deposit  
27 from the Federal Government, the central Bank of Nigeria and any other bank  
28 and from the public under such terms and conditions as may be approved by the  
29 Board;

30 (iii) The Federal Government may guarantee, in such manner and on

1 such terms as it may deem fit, the redemption and the payment of any  
2 interest on any debenture stock or loan raised by the bank from international  
3 development agencies.

4 PART IV - STAFF OF THE BANK

5 11.-(a) There shall be appointed, for the Bank, by the President, the  
6 following officers, that is:

Managing Directors  
and Executive  
Directors of the  
Bank

7 (i) a Managing Director, who shall be the chief executive of the  
8 Bank and be responsible for the day-to-day management of the affairs of the  
9 Bank; and

10 (ii) such number of executive Directors, not exceeding four, as he  
11 may determine, who shall perform such duties as may be assigned to them,  
12 from time to time, by the Board or the Managing Director.

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

17 (c) The Managing Director and executive Directors appointed  
18 pursuant to the provisions of subsection (1) of this section shall hold office  
19 for a period of five years and shall be eligible for re-appointment for a further  
20 period of five years;

21 (d) Subject to subsection (3) of this section, the Managing Director  
22 and Executive Directors shall each hold office on such terms and conditions  
23 as may be specified in their letters of appointment;

24 (f) The Managing Director shall possess skills and 15 years  
25 experience in relevant field.

26 12.-(a) The Board shall appoint a secretary who shall:

Secretary and  
other staff of the  
Bank

27 (i) be responsible to the Managing Director,

28 (ii) keep the record and conduct the correspondence of the Board;

29 and

30 (iii) perform such other duties as the Board or the Managing

1 Director may from time to time, determine;

2 (b) The Board shall appoint such number of officers and other persons  
3 as employees of the Bank as may appear expedient and necessary to the Board  
4 for the proper and efficient conduct of the business and functions of the Bank:

5 (c) The terms and condition of service (including remuneration,  
6 allowances and pension benefits) of the secretary and other employees of the  
7 Bank shall be as may be determined by the board;

8 (d) The Board shall dismiss, terminate, consider the resignation or  
9 withdrawal of appointment and exercise disciplinary control over the staff of  
10 the Bank, other than the Director General.

11 PART V - STUDENTS LOAN REVOLVING FUND AND GENERAL

12 RESERVE FUND

Students Loan  
Revolving Fund

13 13.-(a) There is hereby established for the Bank a Students Loan  
14 Revolving Fund (in this Act referred to as "the Revolving Fund") into which  
15 shall be paid an initial sum of N20billion contributed by the Federal  
16 Government;

17 (b) The Revolving Fund shall be used for providing loans to students  
18 for the purpose of their education in institutions of higher education:

19 (c) The Revolving Fund shall be maintained and managed in  
20 accordance with guidelines which the Board shall, from time to time stipulate  
21 or approve:

22 (d) A loan bursary is granted in respect of a particular course of study,  
23 which must be specified in the loan agreement in question.

General reserve  
Fund

24 14.-(a) The bank shall establish and maintain a general reserve fund  
25 into which shall be paid the following percentage of the net profits of the Bank:

26 (i) 50 per cent of the net profits of the Bank for the year, if at the end of  
27 the year the fund is less than the authorized capital of the Bank; and

28 (ii) 25 per cent of the net profits of the Bank for the year, if at the end of  
29 the year the fund is equal to or exceeds the authorized share capital of the Bank,  
30 and any sum not paid into the general reserve fund shall be paid to the



1 shareholders of the Bank as dividends;

2 (b) The general reserve fund shall be used for meeting  
3 contingencies, depreciation of assets, the liquidation of any debt or liability  
4 of the Bank and for such purposes as the Board may consider necessary for  
5 the proper functioning of the Bank under this Act.

6 PART VI - INCENTIVES AND INTEREST RATES

7 **15.** The Bank shall give the following incentives to investors, that  
8 is:

Incentives for  
Investors

9 (a) interest or yield on dividends earned by individuals and  
10 corporate bodies in respect of deposits, bonds or other investments made in  
11 an instrument of the Bank shall be exempt from taxation at a rate of up to 200  
12 per cent;

13 (b) parents who participate in the Education Endowment Fund  
14 Scheme of the Bank for their children and wards shall be entitled to claim tax  
15 deductions at the rate of 200 per cent from the total annual installment  
16 payment made;

17 (c) companies whose Pension Fund Schemes are managed by the  
18 Bank shall be entitled to tax credits based on the annual increase in the  
19 market value of the fund; and

20 (d) financial charges, including commission of turnover, interest  
21 on overdraft, letter of credit commission charged by the Bank shall be tax  
22 deductible at the rate of 200 per cent.

23 **16.-(a)** The loans made by the Bank shall be at single digit rate of  
24 not more than 5%;

Interest rates

25 (b) Without prejudice to subsection (I) of this section, the rate of  
26 interest on loans granted to students shall be at such rate and be subsidized  
27 by the Federal or State Government to such extent as may, from time to time,  
28 be agreed upon by the Minister and the Board.

## 1 PART VII - FINANCIAL PROVISIONS

Fund of the  
Bank

2 17.-(a) The Bank shall establish a fund from which shall be defrayed

3 all expenditure incurred by the Bank;

4 (b) There shall be paid and credited into the fund:

5 (i) all interests received in respect of monies invested by the Bank;

6 (ii) all monies raised for the purposes of the bank by way of gifts.

7 loans, grants-in-aid, testamentary dispositions or otherwise:

8 (iii) monies borrowed from any source approved by the Board; and

9 (iv) such other monies as may, from time to time accrue to the Bank

Expenditure of  
the Bank

10 18. The bank may, from time to time, apply the proceeds of the fund

11 established in pursuance of section 17 (1) of this Act:

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

13 (b) to paying or reimbursing members of the Board or of any

14 committee set up by the Board for expenses as may be expressly authorized by

15 the Board;

16 (c) to the payment of the salaries, fees or other remuneration,

17 allowances, pensions and gratuities payable to the officers and other

18 employees of the Bank;

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

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

21 (f) to and in connection with performing all or any of the functions of

22 the Bank and the Board.

Annual accounts  
of the Bank

23 19.-(a) The Board shall, in respect of each year, keep proper accounts

24 of the revenue and expenditure of the Bank and all deposits received and repaid

25 and interests credited to depositors during the year, from the 1st of January to

26 31st of December of the same year, together with a statement of the assets and

27 liabilities of the Bank;

28 (b) The accounts of the Bank kept under subsection (1) of this section

29 shall, after being audited and certified by an auditor appointed from the list and

30 in accordance with guidelines supplied by the Auditor-General for the



1 (a) delivering it to the chairman or the Managing Director of the  
2 Bank; or

3 (b) by sending it by registered post addressed to the Managing  
4 Director at the principal office of the Bank.

Restriction on the  
execution against  
the property of the  
Bank

5 **25.** In an action or a suit against the Bank, no execution or attachment  
6 or process in the nature thereof shall be issued against the Bank, but a sum of  
7 money which may be the judgement of a Court be awarded against the Bank  
8 shall' subject to a direction given by the Court where notice of appeal has been  
9 given by the bank in respect of the judgement, be paid by the bank from the  
10 general reserve fund of the Bank.

Exclusion of  
enactment on the  
limitation of action

11 **26.** The provisions of any enactment on the limitation of action shall  
12 not apply to the recovery of loans granted under this Act.

Repeal, savings,  
etc.

13 **27.**-(a) The Students Loan Board Act (in this section referred to as  
14 "the repeal enactment") is hereby repealed and the Students Loans Board  
15 established there under is hereby dissolved;

16 (b) All assets, funds, resources and other movable or immovable  
17 properties which immediately before the commencement of this Act were  
18 vested in the Students Loans Board shall by virtue of this Act and without any  
19 further assurance, be vested in the Bank;

20 (c) As from the commencement of this Act:

21 (a) the rights, interests, obligations and liabilities of the Students Loan  
22 Board, under any contract or instrument or at law or in equity are hereby  
23 assigned to and vested in the Bank without any further assurance; and

24 (b) a contract or instrument as is mentioned in the paragraph (a) of this  
25 subsection shall be of the same force and effect against or in favour of the Bank  
26 and shall be enforceable as fully and effectively as if instead of the Students  
27 Loans Board Loans the Bank has been named therein or had been a party  
28 thereto;

29 (d) A proceeding or cause of action pending or existing immediately  
30 before the commencement of this Act by or against the Students Loans Board in



1 respect of any right, interest, obligation or liability of the Students Loans  
2 Board may be continued, as the case may be by or against the Bank;

3 (e) A determination of a court of law, tribunal or other authority or  
4 person made in a proceeding or cause of action referred to in subsection (4)  
5 of this section may be enforced by or against the Bank, to the same extent  
6 that the proceeding, cause of action or determination could have been  
7 continued commenced or enforced by or against the Students Loans Boards  
8 aforesaid if this Act had not been made;

9 (f) Notwithstanding the repeal of the enactment referred to in this  
10 section, if the Board thinks it expedient that any vacancy in the Bank should  
11 be filled by a person holding office at the commencement of this Act in the  
12 Students Loans Board, it may employ that person by way of transfer to the  
13 Bank and previous service in the Students Loans Board by the person shall  
14 count as service for the purpose of any pension subsequently payable by the  
15 Bank;

16 (g) A loan granted to a student by the Students Loans Board shall be  
17 deemed to be granted by the Bank under this Act and shall, accordingly, be  
18 recovered by the Bank;

19 (h) The Minister, if he thinks fit, may, within the twelve months  
20 after the commencement of this Act, by order published in the Gazette, make  
21 additional transitional or saving provisions for the better carrying out of the  
22 objectives of this section.

23 **28.** The Board may, with the approval of the Minister, make Regulations  
24 regulations:

25 (a) for granting of loans, advances and for the making of the  
26 deposits;

27 (b) setting out the relationship between the Bank and other Banks;

28 (c) specifying the terms, conditions, rates of interest, fees and  
29 administrative charges in respect of advances, credits, guarantees and any  
30 other transaction which the bank may undertake, from time to time;

1 (d) specifying the securities that may be required for loans to be  
2 granted by the Bank;

3 (e) for any other matter that may be incidental or supplemental to the  
4 functions of the Bank under this Act; and

5 (f) generally for giving full effect to the provisions of this Act.

Interpretation

6 29. In this Act, Unless the context otherwise requires:

7 "Bank" means the Education Development Bank established by section 1 of  
8 this Act;

9 "Board" means the Board of Directors of the Bank constituted under section 4  
10 of this Act;

11 "Central Bank" means the Central Bank of Nigeria established under the  
12 Central Bank Act;

13 "Chairman" means the chairman of the Board;

14 "Director" means any director of the Bank appointed under section 11 (1) of  
15 this Act and includes the Managing Director;

16 "Managing Director" means the Managing Director of the Bank appointed  
17 under section 11 (1) (a) of this Act;

18 "Minister" means the Minister charged with responsibility for education.

Short title

19 30. This Act may be cited as the Education Development Bank Bill,  
20 2016.

21 SCHEDULE

22 [Section 2 (6).]

23 *Proceedings of the Board*

24 1. Subject to this Act and section 27 of the interpretation Act the  
25 Board may make standing orders regulating the proceedings of the Board and  
26 of any committee of the Board, and in particular, as respects:

27 (a) the holding of meetings

28 (b) notices to be given of those meetings and the proceedings thereat;

29 (c) the keeping of minutes, and the custody, production and inspection  
30 of those minutes; and

1 (d) the opening, keeping, closing and auditing of accounts.

2 2. A meeting of the Board shall be presided over by the chairman  
3 or, if the chairman is unable to attend any particular meeting, by any other  
4 member appointed by the members present at the meeting, to act as  
5 chairman for that particular meeting.

6 3. A quorum at a meeting of the board shall be the chairman or, in  
7 an appropriate case, the person appointed to act as chairman under  
8 paragraph 2 of this schedule) and six other members.

9 4. Where standing orders made under paragraph 1 of this Schedule  
10 provide for the Board to co-opt persons who are not members of the Board,  
11 those persons may advise the Board on any matter referred to them by the  
12 Board, but shall not be entitled to vote at a meeting of the, Board or count  
13 towards a quorum.

#### 14 *Committees*

15 5.-(1) The Board may appoint one or more committees to carry out,  
16 on behalf of the board such of its functions as the Board may determine.

17 (2) A committee appointed under this paragraph shall consist of  
18 such number of persons as may be determined by the Board, and not more  
19 than one-third of those persons may be persons who are not members of the  
20 Board; and a person other than a member of the Board shall hold office on  
21 the committee in accordance with the terms of the letter by which he is  
22 appointed.

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

#### 25 *Miscellaneous*

26 6. The affixing of the seal of the Bank shall be authenticated by the  
27 signatures of the Chairman or another member of the Board authorized,  
28 either generally or specially by the Board to act for that purpose, and of the  
29 Managing Director or some other persons authorized either generally or  
30 specially by the Board to act for that purpose.

1           7. A document purporting to be an instrument issued by the Bank and  
2 to be sealed with the seal of the Bank authenticated in the manner provided by  
3 this paragraph, or to be signed by the Managing Director, shall be received in  
4 evidence and be deemed to be the instrument without further proof, unless the  
5 contrary is shown.

6           8. A contract or an instrument which, if made or executed by a person  
7 not being a body corporate would not be required to be under seal, may be made  
8 or executed on behalf of the Bank by a person authorized either generally or  
9 especially by the Bank to act for that purpose.

10          9. The validity of a proceeding of the Board shall not be affected:

11           (a) by a vacancy in the membership of the Board;

12           (b) by a defect in the appointment of a member of the Board; or

13           (c) by reason that a person not entitled to do so took part in the  
14 proceedings.

15          10. A member of the Board and a person holding office on a  
16 committee of the board, who has a personal interest in a contract or an  
17 arrangement entered into or proposed to be considered by the Board or the  
18 committee shall forthwith disclose his interest to the Board or committee and  
19 shall not vote on any question relating to that contract or arrangement.

#### EXPLANATORY MEMORANDUM

This Bill seeks to establish Education Development Bank to approve and disburse loans for educational purposes.