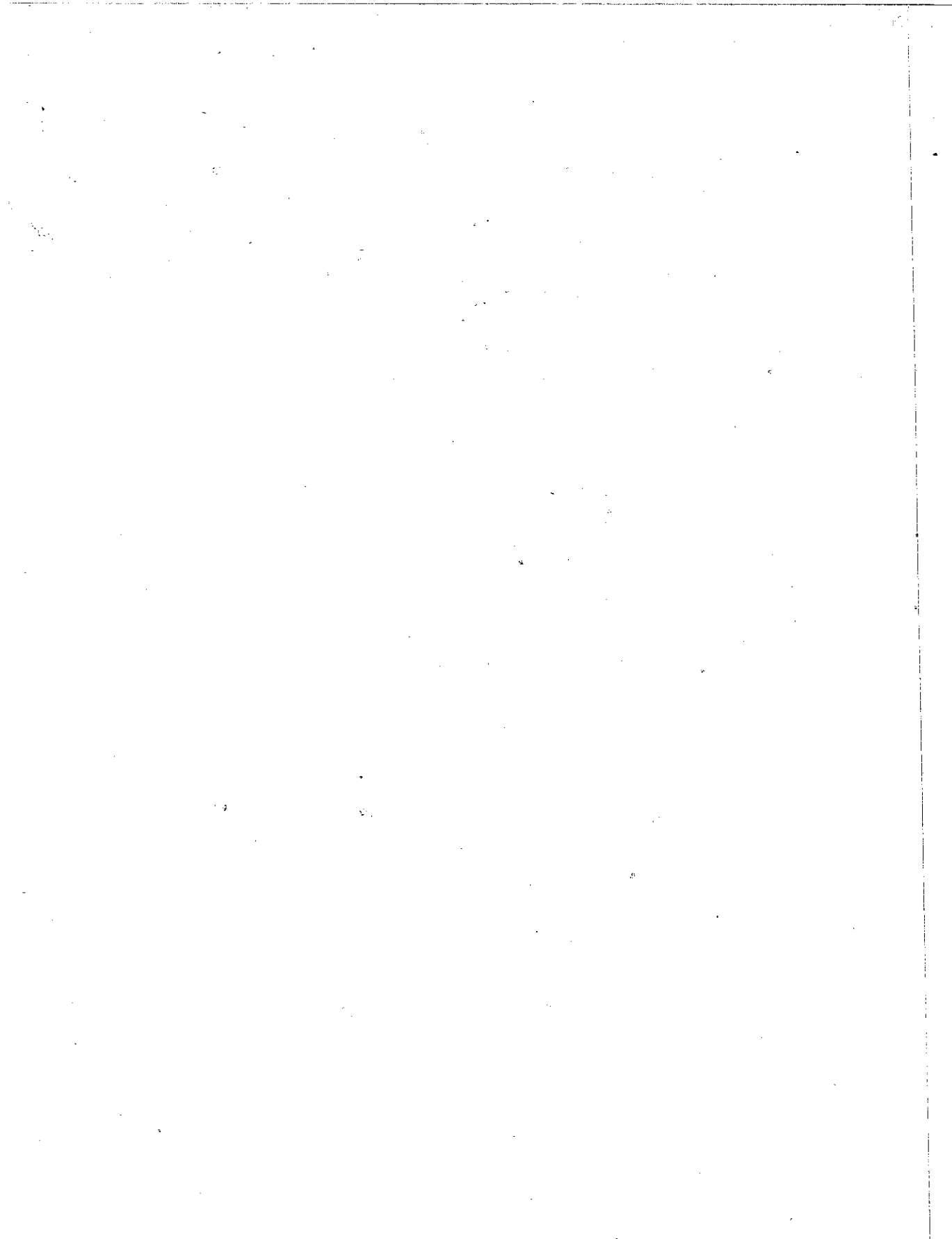


NIGERIA ENTREPRENEURSHIP DEVELOPMENT BANK BILL, 2021

ARRANGEMENT OF SECTIONS

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A BILL

FOR

AN ACT TO ESTABLISH NIGERIAN ENTREPRENEURSHIP DEVELOPMENT BANK AND FOR RELATED MATTERS, 2021

Sponsored by Hon. Olalekan Rasheed Afolabi

[] Commencement

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

- 1 1.-(1) There shall be established a bank to be known as the Nigerian
2 Entrepreneurship Development Bank (in this Bill referred to as the Bank")
3 which shall be a body corporate with perpetual succession. Establishment
of the Nigerian
Entrepreneurship
Development Bank
- 4 (2) The Bank shall have power to sue and be sued in its own name
5 and may for the purposes of its functions acquire, hold or dispose of property
6 (whether movable or immovable) and shall have a common seal.
- 7 2.-(1) The Bank shall, in accordance with the object clause of its Object of the
Bank
8 Memorandum, foster the rapid development of entrepreneurs throughout
9 the Federation through the provision of finance to small scale enterprises
10 innovation and other related banking services.
- 11 3.-(1) The principal functions of the Bank shall be to: Functions
- 12 (a) Provide equity capital and funds by way of loans to indigenous
13 entrepreneurs, small and medium scale industries, institutions and
14 organization for medium term investment and entrepreneurship
15 development at such a rate and upon such terms as may be determined by the
16 Board in accordance with the policy directed by the President;
- 17 (b) engage and participate in such other banking business as may
18 be directed by the Minister.
- 19 (2) Without prejudice to the generality of the foregoing, the Bank
20 shall in particular have power to:
- 21 (a) engage in all aspects of merchant banking particularly,

1 confirmation of bills and financial obligation of third parties and acceptance
2 and discounting of bills, underwrite such stocks, shares and debenture as are
3 issued in furtherance of the policy of the Government, purchase and sell stocks
4 and shares quoted on the Nigerian stock exchange; provide guarantees in
5 respect of export credit and letters issued by licensed banks; accept term
6 deposits from public, financial institutions, trust funds, the post office and such
7 other bodies as the Board may direct; and provide cheque facilities for its
8 customers.

9 (3) Any liabilities of the Bank which may be incurred in connection
10 with the exercise of its powers under subsection (2) (a) of this section shall be
11 rediscountable with the Central Bank.

Board of Directors

12 4-(1) There shall be a Board of Directors of the Bank (in this Act to as
13 lithe Board") which shall, subject to the general directives of the Minister, be
14 responsible for the overall policy and general management of the Bank.

15 (2) The Board shall comprise the following, that is:

16 (a) a chairman;

17 (b) the permanent Secretary of each of the following Federal
18 Ministries:

19 (i) Finance;

20 (ii) Trade; and Investment;

21 (iii) Youth Development;

22 (c) the representative of the Central Bank;

23 (d) the Managing Director;

24 (e) a number of directors, not being more than three, who shall be
25 appointed jointly by the minority shareholders; and

26 (f) such other persons as are by reasons of their experience and
27 character suitable for appointment as members of the Board, as may be
28 appointed by the Minister.

29 (3) The chairman of the Bank shall be appointed by the Minister upon

1 such terms and conditions as the Minister may with the approval of the
2 President determine.

3 (4) A member of the Board appointed by the virtue of this section
4 (not being a member by virtue of paragraphs (a), (b), (e) and (d) of
5 subsection (1) of this section, shall be appointed for such period as may be
6 specified in his instrument of appointment and shall be entitled to be paid
7 such fees and allowances in accordance with such rules as the Board may,
8 subject to the approval of the Minister, prescribe.

9 (5) The provisions of the Schedule to this Act shall have effect in
10 relation to the membership, the procedure at meetings of the Board and such
11 other matters are specified there under.

Schedule

12 (6) The reference:

13 (a) in subsection (2) (b) of this section to any representative of a
14 Federal Ministry is a reference to such officer of a Federal Ministry as may
15 be nominated by the Permanent Secretary of such Ministry to represent him
16 in that behalf; and

17 (b) in subsection (2) (e) of this section to "the minority
18 shareholders", is a reference to the shareholders of the Bank apart from the
19 Government.

20 5.1(1) There shall be an official of the Bank who shall be called the
21 Managing Director and who shall be the chief executive of the Bank
22 responsible for the day-to-day management and operations of the Bank.

Managing Director
and other Officers
and servants of
the Bank

23 (2) The Managing Director shall, subject to subsection (3) of this
24 section, be appointed by the Board with the approval of the Minister on such
25 terms and conditions as the Minister may deem fit.

26 (3) Any person appointed as the managing director shall not, while
27 he is the holder of that office, be the holder of the office of a director in any
28 other bank, corporation, company or any other concern, except with the
29 approval of the Minister.

30 (4) the Board may, subject to the provisions of this Act appoint such

1 other person be officers and servants of the Bank as may appear to it be
2 expedient and necessary for the efficient management of the business of the
3 Bank.

Capital

4 6.-(1) The capital of the Bank shall consist of equity and loan capital.

5 (2) The authorised capital of the Bank shall be N50 million which
6 shall be divided into 500,000 shares of N100 each, out of which 100,000 shares
7 shall be issued at par and paid up, and the balance shall, subject to the
8 provisions of subsections (3), (4), (5) and (6) of this section, be issued and paid
9 for in the manner stipulated by the Bank.

10 (3) The share capital of the Bank shall be subscribed by the
11 Government and the central Bank

12 (4) The proportion of the share participation of the Government and
13 the Central Bank shall be sixty per cent, respectively, or such other proportion
14 as the president may direct.

15 (5) Notwithstanding the provisions of subsections (1), (2), (3) and (4)
16 of this section, the central Bank may, subject to the approval of the Minister,
17 transfer a proportion of its own shareholding (which shall not exceed twenty
18 per cent thereof) to banks licensed under the Banks and other Financial
19 institutions Act, insurance corporations and such other financial institutions as
20 may be approved for this purpose by the Central Bank.

21 (6) The loan capital of the bank shall be provided by the Government
22 and other shareholders as aforesaid in such amount and upon such terms and
23 conditions as may be determined by the Board with the approval of the
24 Minister.

General Reserve
Fund

25 7.-(1) The Bank shall establish a general reserve fund to which shall
26 be allocated from the net profits of the Bank at the end of each financial year
27 and before any dividend is declared:

28 (a) 25% of the net profits of the Bank where the amount of the general
29 reserve fund is less than the paid-up share of the Bank; or

30 (b) 12% of the net profits of the Bank where the amount of the general

1 reserve fund is equal to or in excess of the paid-up share capital of the Bank.

2 (2) the net profits of the Bank for each financial year shall be
3 determined by the Bank after meeting all current expenditure for that year
4 and after making all such provisions as it thinks fit for bad and doubtful
5 debts, depreciation of assets, contributions to staff and superannuation fund
6 and all other contingencies.

7 8.-(1) The Bank may with the approval of the Minister borrow by
8 way of loan any sources any moneys required by the Bank for meeting its
9 obligations and discharging the functions of the Bank under this Act.

Borrowing power

10 (2) The Bank shall also have power to secure the repayment of any
11 money borrowed by the Bank in such manner as the Bank shall think fit, and
12 in particular, by the issue of debentures charged upon all or any of the Bank's
13 properties; and shall also have powers to purchase, redeem and pay up any
14 such securities.

15 (3) The Bank shall have power to receive grants, loans and
16 advances and other moneys on deposits or otherwise from the Government,
17 the Central Bank and any other commercial bank within the meaning of the
18 Banks and other Financial Institutions Act, and also the public in general
19 under such conditions as may be approved by the Minister.

20 (4) The Government may guarantee in such manner and upon such
21 terms and conditions as it may think fit the redemption and the repayment of
22 any interest on any debenture stocks issued by the Bank on temporary loans
23 raised by the Bank.

24 9. Without prejudice to section 7 of this Act, the Bank shall
25 maintain a fund which consist of:

Funds of the
Bank

26 (a) such monies as may, from time to time, be provided by the
27 government for the purposes of this section by way of grants or loans or
28 both; and

29 (b) such monies as may be received by the Bank in the course of its
30 operations, and from such fund there shall be defrayed all general expenses

1. incurred by the Bank; and the Bank shall submit to the Minister not later than
2 three months before the end of each financial year estimates of its expenditure
3 and income (which shall exclude payments to the Bank out of monies provided
4 by the Government) relating to the next following financial year.

Auditing of
accounts

5 10.-(1) The Bank shall as soon as may be after the end of the financial
6 year to which the accounts relate cause its accounts to be audited by auditors
7 from the list of auditors and in accordance with guidelines supplied by the
8 Auditor-General for the Federation.

9 (2) The auditors shall on the completion of the audit of the accounts of
10 the Bank for the relevant financial year, prepare and submit to the Bank a report
11 setting out:

12 (a) general observations and recommendations of the auditors on all
13 aspects of the operations of the business of the Bank for that year.

14 (b) detailed observations and recommendations of the auditors on all
15 aspects of the operations of the business of the Bank for that year.

Records and
annual reports

16 11.-(1) The Bank shall keep proper accounts and proper records of
17 accounts and shall prepare in respect of each financial year a statement of
18 account in such form as the Minister may direct, being such form which shall
19 conform to the best commercial standards.

20 (2) It shall be the duty of the Bank to prepare and submit to the
21 Minister, not later than three months after the end of each financial year; a
22 report which shall be in such form as the Minister may direct and shall relate to
23 the activities of the Bank during the immediately preceding financial year.

24 (3) The report shall include the report of the audited accounts of the
25 Bank for that year and a copy of the copy of the auditors' reports on the accounts
26 and shall be presented to the President by the Minister so soon after the receipt
27 thereof as it may be convenient

Offices and
branches

28 12. The Bank shall have its head office in Abuja and may, subject to
29 the approval of the Minister, open branches in other parts of Nigeria and

1 appoint agents and correspondents in accordance with the decisions of the
2 Board.

3 13. The Board may, with the approval of the Minister, make such
4 regulations as be necessary for giving effect to the provisions of this Act; and
5 in particular, without prejudice to the generality of the foregoing, it may
6 make regulations:

Regulations

7 (a) governing the granting of loans, advances and making of
8 deposits;

9 (b) regulating the relationship between the Bank and other
10 financial institutions;

11 (c) for prescribing the terms, conditions, rates of interest, fees or
12 administrative charges in respect of advances, credits, guarantees and any
13 other transactions which the bank may undertake from time to time;

14 (d) prescribing forms of applications, agreements and other
15 materials necessary for the control of the grant of advances, credits,
16 guarantees and other transactions which the bank may undertake from time
17 to time;

18 (e) determining and prescribing the provisions as to securities that
19 may be required for loans, and such collaterals which shall be made
20 available as securities for loans granted; and

21 (f) Prescribing such other matters as may be incidental or
22 supplemental to the functions of the Bank under this Act.

23 14.-(1) Unless a contrary intention appears, anything required to be
24 prescribed under this Act shall be prescribed by the board with the approval
25 of the Minister.

Rules

26 {2} Notwithstanding subsection (1) of this section, the Board may
27 with such approval make such rules as are necessary for giving effect to the
28 provisions of this Act, and in particular for:

29 (a) regulating the terms and conditions of service of the officer,
30 servants and agents of the Bank and making provisions regarding their

1 remuneration and allowances;

2 (b) determining pensions, gratuities, medical benefits and provident
3 funds, and superannuation benefits payable to such officers, servants and
4 agents; and

5 (c) the provision and maintenance of any superannuation scheme (
6 contributory or not) and such other funds as the Bank may at its discretion
7 determine.

Bye-laws

8 15. Notwithstanding the foregoing provisions of this Act, the Board
9 may, with the approval of the Minister, make bye-laws for the good order and
10 management of the Bank and any such bye-law shall be authenticated by the
11 Bank's seal.

Exemptions

12 16.-(1) The Board shall be exempt from the payment of tax and the
13 provisions of any enactment relating to taxation of companies shall not apply to
14 the Board.

15 (2) The provisions of the Bank and other Financial Institutions Act
16 shall not apply to the Bank and section 51 (1) thereof shall be construed
17 accordingly.

Restriction as
to publication
of instruments

18 17. For the avoidance of doubt, it shall be necessary for any
19 instrument made under this Act to be published in the Federal or any other
20 Gazette, but where the provisions of any instrument may affect the interest of
21 any persons, the Board shall bring any information contained hereunder to the
22 notice of the persons affected in such manner (including publication thereof in
23 the Federal or any State Gazette) as the Board may direct.

Interpretation

24 18. In this Act, unless the context otherwise requires:
25 "Bank" means the Nigerian Bank for Commerce and Industry established
26 under section 1 of this Act;
27 "Board" means the board of directors as constituted under section 3 of this Act;
28 "Central Bank" means the Central Bank of Nigeria established under the
29 Central Bank of Nigeria Act;
30 "Financial institutions" has the same meaning as in section 61 of the Banks and

- 1 other Financial Institutions Act;
- 2 "Government" means the Government of the Federation;
- 3 "Minister" means the Minister of Finance.

4 19. This Bill may be cited as the Nigerian Entrepreneurship Short title
5 Development Bank Bill, 2021.

6 SCHEDULE

7 [Section 4 (5)]

8 PROVISIONS RELATING TO THE BOARD

9 1. Subject to this Bill and section 27 of the Interpretation Act (

10 which provides for decisions of a statutory body to be taken by a majority of

11 its members and for the chairman to have a second or casting vote), the

12 Board may make standing orders regulating the proceedings of the Board or

13 any committee thereof, in particular, as respects:

14 [Cap. 123.]

- 15 (a) the holding of meetings
- 16 (b) notices to be given of such meetings and proceedings thereat;
- 17 (c) the keeping of minutes and the custody, production and
- 18 inspection of such minutes; and
- 19 (d) The opening, keeping, closing and auditing of accounts.

20 2. Every meeting of the Board shall be presided over by the

21 chairman or if the chairman is unable to attend any particular meeting, by

22 another member appointed by the members present at the meeting to act as

23 chairman for that particular meeting.

24 3. The quorum of members at a meeting of the Board shall be the

25 chairman (or, in an appropriate case, the person appointed to act as chairman

26 under paragraph 2 of this schedule) and six other members.

27 4. Where standing orders made under paragraph 1 of this schedule

28 provide for the Board to co-opt persons who are not members of the Board,

29 such persons may advise the Board on any matter referred to them by the

30 Board, shall not be entitled to vote at a meeting of the Board.

1 5. The Bank shall have a common seal and the affixing of the seal shall
2 be authenticated by the signatures of the chairman or another member of the
3 Bank authorised, either generally or specially, by the Bank to act for that
4 purpose, and of the managing director or some other person authorised either
5 generally or specially by the Bank to act for that purpose.

6 6. Every document purporting to be an instrument issued by the Bank
7 and to be sealed with the seal of the Bank authenticated in the manner provided
8 by this paragraph, or to be signed by the managing director, shall be received in
9 evidence and be deemed to be such instrument without further proof, unless the
10 contrary is shown.

11 7. Any contract or instrument which, if made or executed by any
12 person not being a body corporate would not be required to be under seal, may
13 be made or executed on behalf of the Bank by any person generally or specially
14 authorised to act for that purpose by the Bank.

15 8. The validity of any proceedings of the Bank shall not be affected:

16 (a) by any vacancy in the membership of the Board; or

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

18 (c) by reason that a person not entitled to do so took part in the
19 proceedings of the Board

EXPLANATORY MEMORANDUM

This Bill seeks to provide for the establishment of the Nigerian Entrepreneurship Development Bank to aid, encourage aspiring entrepreneurs and small scale enterprises in Nigeria.