

MARITIME DEVELOPMENT BANK OF NIGERIA
(ESTABLISHMENT) BILL, 2019
ARRANGEMENT OF SECTIONS

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A BILL

FOR

AN ACT TO ESTABLISH MARITIME DEVELOPMENT BANK OF NIGERIA, TO ENHANCE AND PROMOTE INDIGENOUS PARTICIPATION IN THE NIGERIAN MARITIME SECTOR, TO ACCELERATE CAPACITY BUILDING IN THE MARITIME SECTOR AND FOR RELATED MATTERS

Sponsored by Hon. Mansur Manu Soro

[] Commencement

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

1 1.-(1) There is hereby established the Maritime Development Bank
2 on Nigeria (in this Bill referred to as "the Maritime Bank").

Establishment
of the Maritime
Development
Bank of Nigeria

3 (2) The Maritime Bank:

4 (a) shall be a body corporate with perpetual succession and
5 common seal;

6 (b) may sue and be sued in its corporate name; and

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

9 2.-(1) There is hereby established for the Maritime Bank a board of
10 directors (in this Bill referred to as "the Board") which shall comprise of:

Establishment
of the Board of
Directors

11 (a) a Chairman who shall be appointed by the President;

12 (b) one person to represent the Federal Ministry of Transportation;

13 (c) one person to represent the Federal Ministry of Finance;

14 (d) one person to represent the Central Bank of Nigeria;

15 (e) one person to represent the Indigenous Ship owners
16 Association of Nigeria;

17 (f) the Managing Director of the Maritime Bank; and

18 (g) the two Executive Directors of the Maritime Bank.

19 (2) The members of the Board, other than the Chairman and the

1 executive team, shall be appointed by the President on the recommendation of
2 the body they represent.

3 (3) The members of the Board shall be paid such allowances as the
4 Maritime Bank in a general meeting may, from time to time, approve.

5 (4) The provisions of the Schedule to this Bill shall have effect with
6 respect to the proceedings of the Board and the other matters mentioned
7 therein.

Tenure of Office

8 3.-(1) A member of the Board appointed, otherwise than by office,
9 shall hold office for a term of four years, and subject to the provisions of
10 subsection (2) of this section, shall be eligible for reappointment for only one
11 further term of four years.

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

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

15 (b) he becomes bankrupt, suspends payment of his debts or
16 compounds with his creditors;

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

18 (d) he becomes of unsound mind;

19 (e) he becomes a director or an officer of a maritime institution; or

20 (f) the Minister is satisfied that it is not in the interest of the Maritime
21 Bank for the member to continue in office and notifies the member in writing to
22 that effect.

Removal from
office of members
of the Board

23 4.-(1) If it appears to the Board that a member of the Board should be
24 removed from office on the grounds of misconduct or inability to perform the
25 functions of his office, the Board shall make a recommendation through the
26 Minister to the President.

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

30 (3) Notwithstanding the provisions of subsection (1) of this section,

1 the President may remove a member of the Board from office if he is
2 satisfied that it is in the public interest so to do.

3 5. The functions of the Maritime Bank shall be to:

Functions of the
Maritime Bank

4 (a) provide long-term credit facilities to indigenous maritime
5 enterprise or project in Nigeria at such terms as may be determined by the
6 Board in accordance with the policy directed by the Federal Government,
7 being rates and terms designed to accelerate operational efficiency of the
8 enterprise or project;

9 (b) provide such loans either in Naira or other foreign currencies or
10 both for the requirements of the eligible enterprise or project;

11 (c) administer the Cabotage Vessel Financing Fund established
12 under section 42 of the Coastal and Inland Shipping (Cabotage) Act, 2003;

13 (d) subject to the approval of the Minister, raise loans from the
14 local and international capital markets from bilateral or multilateral sources
15 as the market situation permits;

16 (e) encourage and promote the development of indigenous
17 maritime enterprises and projects in Nigeria;

18 (f) supervise and control the activities of maritime institutions in
19 Nigeria; and

20 (g) do anything and enter into any transaction which in the opinion
21 of the Board is necessary to ensure the proper performance of its functions
22 under this Bill.

23 6.-(1) Without prejudice to the generality of section 5 of this Bill,
24 the Maritime Bank shall have power to:

Functions of the
Maritime Bank

25 (a) accept deposits and savings from maritime enterprises and
26 project and other institutional depositors;

27 (b) issue its own securities, including debentures and bonds under
28 Federal Government guarantees and issue promissory notes and other bills
29 of exchange for the purpose of raising funds from financial institutions;

30 (c) establish a sinking fund for the redemption of securities by the

- 1 Maritime Bank and provide for contributions by it to the sinking fund;
- 2 (d) carry out research on maritime finance activities and cabotage
- 3 industry in Nigeria;
- 4 (f) organise and operate, in collaboration with reputable insurance
- 5 companies, a Maritime protection system designed to guarantee liquidity to
- 6 Maritime institutions as well as afford them the opportunity of having liberal
- 7 premium terms; and
- 8 (g) do anything and enter into any transaction which in its opinion is
- 9 necessary to ensure the proper performance of its functions under this Bill.

10 (2) The liability of the Maritime Bank, which may be incurred in

11 connection with the exercise of the Maritime Bank's powers under subsection

12 (1) of this section, shall be re-discountable with the Central Bank of Nigeria.

Functions of
the Board

- 13 7. The Board shall be responsible for:
- 14 (a) managing and superintending the affairs of the Maritime Bank;
- 15 (b) the overall policy and general management of the Maritime Bank;
- 16 (c) formulating policies and guidelines for operating the loans from
- 17 the Maritime Bank and ensuring their implementation;
- 18 (d) working closely with the management of the Maritime Bank to
- 19 ensure smooth operation of the affairs of the Maritime Bank;
- 20 (e) deciding on and approving the borrowing power and credit limits
- 21 of the Maritime Bank;
- 22 (f) approving annual reports and statement of accounts of the
- 23 Maritime Bank;
- 24 (g) appointing and approving fees for external auditors; and
- 25 (h) carrying out such other activities connected with or incidental to
- 26 the other functions of the Board.

Powers of the
Board

- 27 8. There Board shall have power to:
- 28 (a) to acquire offices and other premises for the use of the Maritime
- 29 Bank;
- 30 (b) to fix terms and conditions of service including remuneration of

1 the employees of the Maritime Bank;

2 (c) establish such zonal and other branches of the Maritime Bank as
3 it may deem necessary for the proper performance of its functions; and

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

6 9.-(1) There shall be appointed for the Maritime Bank, by the
7 President, the following officers, that is:

Managing Director
and Executive
Directors

8 (a) a Managing Director, who shall be the Chief Executive of the
9 Maritime Bank and be responsible for the day-to-day management of the
10 affairs of the Maritime Bank; and

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

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

18 (3) The Managing Director and Executive Directors appointed
19 pursuant to the provisions of subsection (1) of this section shall hold office
20 for a period of five years and may be re-appointed for a further period of five
21 years.

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

25 10.-(1) The Board shall appoint a Secretary to the Maritime Bank
26 who shall:

Secretary and
other staff

27 (a) be responsible to the Managing Director;

28 (b) keep the records and conduct the correspondence of the Board;

29 and

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

1 Director may, from time to time, determine.

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

6 (3) The terms and conditions of service (including remuneration,
7 allowances and pension benefits) of the Secretary to the Maritime Bank and
8 other employees of the Maritime Bank shall be as may be determined by the
9 Board.

Capital

10 11.-(1) The capital of the Maritime Bank shall consist of equity and
11 loan capital.

12 (2) The authorised capital of the Maritime Bank shall be ten billion
13 million naira which shall be divided into N10,000,000 shares of N1,000.00
14 each and be subscribed and paid up at par by the Federal Government.

15 (3) The loan capital of the Maritime Bank shall be provided by the
16 Federal Government in such amount and on such terms as may be determined
17 by the Minister.

General reserve
fund

18 12.-(1) The Maritime Bank shall establish a general reserve fund to
19 which shall be allocated from the net profits of the Maritime Bank at the end of
20 each financial year of the Maritime Bank:

21 (a) 50% of the net profits of the Maritime Bank for the year, when at
22 the end of the year the fund is less than the authorised capital of the Maritime
23 Bank;

24 (b) 25% of the profits of the Maritime Bank for the year, when the
25 fund is equal to or exceeds the authorised capital of the Maritime Bank.

26 (2) After any allocation has been made in respect of subsection (1) of
27 this section, the balance of the net profits shall be applied to the retirement of
28 any loan granted to the Maritime Bank by the Federal Government or any other
29 body.

30 (3) The remainder of the net profits, if any, shall be paid to the

1 shareholders of the Maritime Bank.

2 13.-(1) Without prejudice to section 6 of this Bill, the Maritime Borrowing powers
3 Bank shall not, except with the approval of the Minister, borrow from any
4 source any money exceeding its share capital.

5 (2) The Maritime Bank shall have power to secure the repayment
6 of any money borrowed by the Maritime Bank in such manner as the
7 Maritime Bank may think fit and, in particular, by the issue of debentures
8 charged on all or any of the Maritime Bank's properties, and shall also have
9 power to purchase, redeem and pay up any of those securities.

10 (3) The Maritime Bank shall have power to receive grants, loans
11 and advances and other moneys on deposit from the Federal Government,
12 the Central Bank of Nigeria and any licensed bank and also the public in
13 general under such conditions as may be approved by the Board.

14 (4) The Federal Government may guarantee foreign loans in such
15 manner and on such terms as it may deem fit and ensure the redemption and
16 the repayment by the Maritime Bank.

17 14. Without prejudice to section 13 of this Bill, the Maritime Bank Funds of the
18 Maritime Bank
18 shall maintain a fund which shall consist of:

19 (a) such sums as may, from time to time, be provided by the Federal
20 Government for the purpose of this section by way of grant or loan or
21 otherwise;

22 (b) such sums as may be paid to the Maritime Bank in the course of
23 its operations;

24 (c) all interests received in respect of moneys invested by the
25 Maritime Bank;

26 (d) all moneys raised for the purposes of the Maritime Bank by way
27 of gifts, loans, grants- in-aid, testamentary dispositions or otherwise;

28 (e) monies borrowed from any source approved by the Board; and

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

Expenditure of the Maritime Bank	<p>1 15. The Maritime Bank may, from time to time, apply the proceeds of</p> <p>2 the fund established in pursuance of section 14 (1) of this Bill:</p> <p>3 (a) to the cost of administration of the Maritime Bank;</p> <p>4 (b) to paying or reimbursing members of the Board or of any</p> <p>5 committee setup by the Board for expenses as may be expressly authorised by</p> <p>6 the Board;</p> <p>7 (c) to the payment of the salaries, fees or other remuneration,</p> <p>8 allowances, pensions and gratuities payable to the officers and other</p> <p>9 employees of the Maritime Bank;</p> <p>10 (d) for the maintenance of any property vested in the Maritime Bank;</p> <p>11 (e) to the payment of all expenses incurred on behalf of the Maritime</p> <p>12 Bank; and</p> <p>13 (f) to and in connection with performing all or any of the functions of</p> <p>14 the Maritime Bank and the Board.</p>
Annual accounts	<p>15 16.-(1) The Board shall, in respect of each year, keep proper accounts</p> <p>16 of the revenue and expenditure of the Maritime Bank and of all deposits</p> <p>17 received and repaid and interests credited to depositors during the year, from 1</p> <p>18 January to the 31 December of the same year, together with a statement of the</p> <p>19 assets and liabilities of the Maritime Bank.</p> <p>20 (2) The accounts of the Maritime Bank kept under subsection (1) of</p> <p>21 this section shall, after being audited and certified by an auditor appointed from</p> <p>22 the list and in accordance with guidelines supplied by the Auditor-General for</p> <p>23 the Federation, be submitted to the Minister and shall thereafter be published</p> <p>24 by the Maritime Bank in selected national newspapers for general information.</p>
Annual report	<p>25 17. The Maritime Bank shall prepare and submit to the President</p> <p>26 through the Minister, in such form as the Minister may direct and not later than</p> <p>27 30 June in each year, a report on the activities of the Maritime Bank during the</p> <p>28 immediately preceding year and shall include in the report a copy of the audited</p> <p>29 accounts of the Maritime Bank for that year and the Auditor-General's report</p> <p>30 thereon.</p>

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

Offices and
branches

5 **19.-(1) The Maritime Bank shall be exempt from the payment of**
 6 **income tax, and the provisions of any enactment relating to taxation of**
 7 **companies shall not apply to the Maritime Bank.**

Exemptions

8 **(2) The provisions of the Banks and Other Financial Institutions**
 9 **Act shall not apply to the Maritime Bank.**

10 **20. The Board may make regulations with respect to any of the**
 11 **following matters, to wit:**

Regulations

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

13 **(b) the terms, conditions, rates of interest, fees or administrative**
 14 **charges in respect of advances, credits, guarantees and any other transaction**
 15 **which the Maritime Bank may undertake from time to time;**

16 **(c) the form of application, agreements and other materials**
 17 **necessary for the control of the grant of advances, credits, guarantees and**
 18 **other transactions which the Maritime Bank may undertake from time to**
 19 **time;**

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

22 **(e) any other matter that may be incidental or supplemental to the**
 23 **functions of the Maritime Bank under this Bill.**

24 **21. An enterprise or a project shall not be eligible to access funds at**
 25 **the Maritime Bank unless the enterprise or project**

Eligibility for
funding

26 **(a) possesses a record of at least 10 years active participation in the**
 27 **Nigerian maritime sector prior to its application to access funds; and**

28 **(b) is wholly-owned by Nigerians.**

29 **22. In this Bill:**

30 **"Board" means the Board of Directors of the Maritime Bank constituted**

Interpretation

- 1 under section 2 of this Bill;
- 2 "Central Bank" means the Central Bank of Nigeria established under the
3 Central Bank of Nigeria Act;
- 4 "Chairman" means the Chairman of the Board;
- 5 "financial institutions" and "licensed bank" have the meaning assigned to them
6 under the Banks and Other Financial Institutions Act;
- 7 "enterprise" means a duly registered company wholly-owned by Nigerians and
8 whose principal business is activities in the maritime sector;
- 9 "Managing Director" means the employee of the Bank appointed as such under
10 section 9 of this Bill;
- 11 "Minister" means the Minister charged with responsibility for matters relating
12 to finance;
- 13 "Maritime Bank" means the Maritime Development Bank of Nigeria
14 established under section 1 of this Bill;
- 15 "President" means the President of the Federal Republic of Nigeria.

Short title

16 **23.** This Bill may be cited as the Maritime Development Bank of
17 Nigeria (Establishment) Bill, 2019.

SCHEDULE

*[Section 2 (+).]**Proceedings of the Board*

- 21 1. Subject to this Bill and section 27 of the Interpretation Act the
22 Board may make standing orders regulating the proceedings of the Board and
23 of any committee of the Board, and in particular, as respects:
- 24 (a) the holding of meetings;
- 25 (b) notices to be given of those meetings and the proceedings thereat;
- 26 (c) the keeping of minutes, and the custody, production and inspection
27 of those minutes; and
- 28 (d) the opening, keeping, closing and auditing of accounts.
- 29 2. A meeting of the Board shall be presided over by the chairman or, if
30 the chairman is unable to attend any particular meeting, by another member

1 appointed by the members present at the meeting to act as chairman for that
2 particular meeting.

3 3. The quorum at a meeting of the Board shall be the chairman (or,
4 in an appropriate case, the person appointed to act as chairman under
5 paragraph 2 of this Schedule) and three members.

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

11 *Committees*

12 5.-(1) The Board may appoint one or more committees to carry out,
13 on behalf of the Board, such of its functions as the Board may determine.

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

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

22 *Miscellaneous*

23 6. The Board shall provide for the safe custody of the seal of the
24 Maritime Bank which shall only be used by the authority of the Board or of a
25 committee of the Board authorised by the Board in that behalf, and every
26 instrument to which the seal is affixed shall be signed by a member of the
27 Board and counter-signed by the secretary to the Board or by another
28 member or some other person appointed by the Board for that purpose.

29 7. A document purporting to be an instrument issued by the
30 Maritime Bank and to be sealed with the seal of the Maritime Bank

1 authenticated in the manner provided by this paragraph, or to be signed by the
2 managing director, shall be received in evidence and be deemed to be the
3 instrument without further proof, unless the contrary is shown.

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

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

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

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

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

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

EXPLANATORY MEMORANDUM

This Bill seeks to establish the Maritime Development Bank of Nigeria with
the aim of galvanising and promoting accelerated participation of indigenous
entities in the Nigerian maritime sector through targeted industry-focused
banking products that will enhance local capacity and contribute to the
prosperity and development of the country.