

A BILL

FOR

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE ENTREPRENEURSHIP BANK OF NIGERIA; AND TO CHARGE IT WITH THE RESPONSIBILITY, AMONG OTHER THINGS, FOR PROVIDING MEDIUM AND LONG TERM FINANCE FOR INDIGENOUS SMALL BUSINESSES; AND FOR RELATED MATTERS

Sponsored by Hon. Benjamin O. Kalu

[] Commencement

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

1 1.-(1) There is hereby established a bank to be known as the
2 Entrepreneurship Bank of Nigeria (in this Bill referred to as "the Bank").

Establishment
of the
Entrepreneurship
Bank of Nigeria

3 (2) The Bank:

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

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

7 (c) may acquire, hold and dispose of property whether moveable or
8 immoveable.

9 2. The Bank:

Headquarters
and branches

10 (a) shall have its headquarters in the Federal Capital Territory,
11 Abuja;

12 (b) may, subject to the approval of the Minister, open branches in
13 other parts of Nigeria; and

14 (c) may appoint agents and correspondents in accordance with the
15 decision of the Board.

16 3.-(1) The authorized share capital of the Bank shall be N50 billion
17 divided into 50,000,000,000 shares of N1 each and shall be subscribed by
18 the Government of the Federation and the Central Bank of Nigeria.

Authorised share
capital of the
Bank

1 (2) The proportion of the share participation of the Government and
2 the Central bank shall be 60% and 40% respectively.

3 (3) The Minister may, by notice published in the Gazette and in the
4 national newspapers, increase the authorized share capital of the Bank upon the
5 approval of the Federal Executive Council and the resolution of the Board of
6 the Bank.

Power to raise
fund

7 4. The Bank may from time to time, with the approval of the Board,
8 borrow from any source any monies required by the Bank for the discharge of
9 its activities under this Bill.

Functions of
the Bank

10 5.-(1) The functions of the Banks shall be:

11 (a) to establish and carry on the business of lending to small
12 businesses in Nigeria as may be determined by the Board of the Bank from time
13 to time;

14 (b) to design and implement schemes of investment finance for
15 parties carrying on small businesses in Nigeria;

16 (c) to enter into guarantee agreements with other parties to guarantee
17 payment in specified circumstances; and

18 (d) to lend and advance money or give credit to such persons or
19 companies on such terms and conditions as may seem expedient and in
20 particular to customers, companies, corporations, firms and other bodies which
21 have dealings with the Bank and to give guarantee or become surety and give
22 security for any such persons or companies.

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

28 (3) The Bank may:

29 (a) receive or recover such commissions and fees as may be agreed
30 upon in consideration of any guarantee or loan by the Bank;

1 (b) invest and deal with the monies of the Bank not immediately
2 required upon such securities and in such manner as it may, from time to
3 time, determine; and

4 (c) establish and manage funds connected with the objects of the
5 Bank.

6 (4) The Bank shall:

7 (a) maintain divers and relevant information to facilitate credit
8 verification and exchange such information with comparable organisations
9 on a reciprocal or other agreed basis;

10 (b) co-operate with similar organisations within and outside
11 Nigeria in the areas of provision of:

12 (i) credit information,

13 (ii) debt collection, and

14 (iii) training;

15 (c) guarantee loans involving domestic trade;

16 (d) develop and provide facilities involving investment guarantee;

17 and

18 (e) do such other things that are reasonable to facilitate the objects
19 for which the Bank is established.

20 6.-(1) There shall be established for the Bank a Governing Board
21 (in this Bill referred to as *the Board*) which shall be responsible for the
22 activities of the Bank and formulation of its policies.

Establishment
of Board of the
Bank

23 (2) The Board shall consist of:

24 (a) a Chairman;

25 (b) a representative of the:

26 (i) Central Bank of Nigeria,

27 (ii) Federal Ministry of Finance,

28 (iii) Federal Ministry of Trade and Investment;

29 (c) 6 other members, one each from the each geopolitical zone.
30 who have knowledge and experience in matters relating to entrepreneurship,

1 banking, finance, economics, accountancy or law;

2 (d) the Managing Director of the Bank; and

3 (g) two Executive Directors of the Bank.

4 (2) The Chairman and members of the Board other than ex-officio
5 members shall be appointed by the President on the recommendation of the
6 Minister and subject to confirmation by the Senate.

7 (3) The supplementary provisions of the Schedule to this Bill shall
8 have effect with respect to the tenure of office of members of the Board and the
9 other matters contained therein.

Tenure of office

10 7. The Chairman and members of the Board, other than the ex-officio
11 members, shall each hold office:

12 (a) for a term of 4 years in the first instance and may be re-appointed
13 for a further term of 4 years and no more; and

14 (b) on such terms and conditions as may be specified in his letter of
15 appointment.

Cessation of
membership

16 8.-(1) A person shall cease to hold office as member of the Council on
17 the occurrence of any of the following:

18 (a) he resigns his appointment as a member of the Board by notice,
19 under his hand, addressed to the President;

20 (b) he becomes of unsound mind;

21 (c) he becomes bankrupt or makes a compromise with his creditors;

22 (d) he is convicted of a felony or of any offence involving dishonesty
23 or corruption;

24 (e) he becomes incapable of carrying on the functions of his office
25 either arising from an infirmity of mind or body; or

26 (f) the President is satisfied that it is not in the interest of the Bank or in
27 the interest of the public for the person to continue in office and the President
28 removes him from office.

29 (2) Where a vacancy occurs in the membership of the Board, it shall
30 be filled by the appointment of a successor to hold office for the remainder of

1 the term of office of his predecessor, so however that the successor shall
2 represent the same interest as his predecessor.

3 9. The Board shall:

Functions of the
Board

4 (a) approve the annual budget of the Bank;

5 (b) recommend to the Minister any changes in the policy of the
6 Bank that it considers necessary;

7 (c) recommend to the Minister any variations in the rate of interest
8 of the Bank that it considers necessary;

9 (d) give guidelines for the investment of the funds of the Bank;

10 (e) set out guidelines for the investment of the funds of the Bank;

11 (f) approve major projects of the Bank, such as the acquisition of
12 interests in land, building and equipment for the use of the Bank;

13 (g) appoint, promote and discipline the employees of the Bank and
14 delegate powers in relation thereto to the Managing Director or any other
15 employee of the Bank;

16 (h) pay remuneration and allowances (including pensions and
17 gratuities and other expenses) to employees of the Bank in accordance with
18 scales approved by the Minister; and

19 (i) do anything which, in its opinion, is calculated to facilitate the
20 carrying out of the functions of the Bank

21 10.-(1) There shall be for the Bank, a Managing Director, who shall
22 be appointed by the President on the recommendation of the Minister.

Appointment of
Managing Director

23 (2) The Managing Director shall:

24 (a) have such qualifications and experience as are appropriate for a
25 person required to perform the functions of that office under this Bill; (b)
26 hold office for a term of 5 years in the first instance and may be re-appointed
27 for another term of 5 years and no more;

28 (c) be responsible to the Board for policy direction and the day-to-
29 day administration of the Bank; and

30 (d) hold office on terms and conditions as may be contained in his

1 letter of appointment.

Other staff of
the Bank

2 11.-(1) The Bank may, with the approval of the Board, appoint such
3 other staff or employees as, in the opinion of the Bank, may be expedient and
4 necessary for the proper and efficient performance of its functions under this
5 Bill.

6 (2) The terms and conditions of service (including remuneration,
7 allowances, benefits and pensions) of the employees of the Bank shall be as
8 determined by the Board.

9 (3) The Bank shall have power to appoint either on transfer or on
10 secondment from any public service in the Federation, such employees as may,
11 in the opinion of the Bank, be required to assist the Bank in the discharge of any
12 of its functions under this Bill, and shall have power to pay to persons so
13 employed such remuneration (including allowances) as the Board may
14 determine.

Pensions

15 12. Service in the Bank shall be approved service for the purposes of
16 pensions and accordingly, the officers, staff or employees of the Bank shall be
17 entitled to pensions and other retirement benefits in accordance with the
18 provisions of the Pension Reform Act.

General Reserve
Fund

19 13.-(1) The Bank shall establish a General Reserve Fund to which
20 shall be allocated from the net profits of the Bank at the end of each financial
21 year and before any dividend is declared:

22 (a) 25% of the net profits of the Bank, where the amount of the
23 General Reserve Fund is less than the paid up share capital of the Bank; or

24 (b) 12% of the net profits of the Bank, where the amount of the
25 General Reserve Fund is equal to, or in excess of, the paid up share capital of
26 the Bank

Rate of interest t

27 14. The rate of interest on loan given by the Bank shall be at such rate
28 as the bank may, from time to time, direct.

Power to secure
repayment

29 15. The Bank shall have power to secure the repayment of any money
30 lent by the Bank in such manner as it deems fit.

1 16. The net profit of the Bank for each financial year shall be Determination of
2 determined by the Bank after meeting all current expenditure for that year net profit
3 and after making all such provisions as it deems fit for:

- 4 (a) bad and doubtful debts;
5 (b) depreciation of assets;
6 (c) contributions to staff;
7 (d) superannuation fund; and
8 (e) all other acceptable contingencies.

9 17. Annual account of the revenue and expenditure of the Bank Annual accounts
10 and all loans disbursed by the Bank during a financial year, together with a of the Bank
11 statement of the assets and liabilities of the Bank, shall after being audited
12 and certified by the Auditor-General of the Federation, be submitted to the
13 Board and thereafter published in the Gazette.

14 18.-(1) The Bank shall at the end of each financial year cause its Audit
15 account to be audited by auditors from the list of auditors and in accordance
16 with the guidelines issued by the Auditor-General of the Federation.

17 (2) The auditor shall prepare and submit to the Board its reports for
18 each financial year setting out:

19 (a) general observations and recommendations of the financial
20 position of the Bank for the financial year in question and on any matter the
21 auditors deem fit to bring to the notice of the Board; and

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

24 19.-(1) The Bank shall prepare and keep records of accounts for Records and
25 each financial year. annual reports

26 (2) The Bank shall prepare and submit to the Minister, in not later
27 than 3 months after the end of each financial year, reports detailing the
28 activities of the Bank.

29 (3) The Minister shall cause a copy of each report submitted to him
30 pursuant to subsection (2) of this section to be laid before the Federal

1 Executive Council.

2 (4) The report shall include:

3 (a) a report of audited account for that financial year; and

4 (b) a copy of the auditor's report on the accounts.

Information by
customers

5 20. An entrepreneur seeking to obtain loan from the Bank shall
6 furnish all the relevant information and documents relating to his business.

Duty to
investigate

7 21. The Bank shall investigate and verify the information furnished
8 to it to determine if information can be relied upon in granting such loan sought
9 by an entrepreneur.

Criminal
proceedings

10 22. Any entrepreneur seeking loan from the Bank who:

11 (a) for the purpose of evading repayment of loan granted him, makes
12 any false claim or furnishes any document which he knows to be false;

13 (b) for the purpose of obtaining loan for himself or any other person
14 knowingly makes a false statement or produces false documents;

15 (c) misrepresents or fails to disclose any material fact;

16 (d) obstructs or assaults any officer of the Bank in the discharge of his
17 duties; or

18 (e) fails to comply with any regulations made pursuant to this Bill and
19 as a result of which the Bank incurs loss, commits offence under this Bill and is
20 liable on conviction to imprisonment for a term not less than 1 year or to a fine
21 not less N100,000 or to both such fine and imprisonment.

Regulations

22 23. The Board may, with the approval of the Minister, make
23 regulations as may be necessary for giving effect to the provisions of this Bill,
24 and in particular, make regulations:

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

27 (b) regulating the relationship between the Bank and other financial
28 institutions;

29 (c) prescribing the terms, conditions, rates or interest, fee or
30 administrative charges in respect of advances, credits, guarantees and any

1 other transaction which the Bank may undertake, from time to time;

2 (d) prescribing forms of applications, agreements and other
3 materials necessary for the control of the grant of advances, credits,
4 guarantees and other transactions which the Bank may undertake, from time
5 to time;

6 (e) determining and prescribing the provisions as to securities that
7 may be required for loans and such collaterals which shall be made available
8 as securities for loans granted; and

9 (f) prescribing such other matters as may be incidental or
10 supplemental to the functions of the Bank under this Bill.

11 **24.** In this Bill, unless the context otherwise requires:

Interpretation

12 "Bank" means the Entrepreneurship Bank of Nigeria established under
13 section 1(1) of this Bill;

14 "Board" means the Governing Board of the Bank established under section
15 6(1) of this Bill;

16 "Central Bank" means the Central Bank of Nigeria established under the
17 Central Bank of Nigeria Act;

18 "Financial Institution" has the same meaning assigned to it under the Banks
19 and Other Financial Institutions Act;

20 "Government" means the Government of the Federation; and

21 "Minister" means the Minister charged with the responsibility for Industry,
22 Trade and Investment.

23 **25.** This Bill may be cited as the Entrepreneurship Bank of Nigeria
24 (Establishment, etc.) Bill, 2019.

Citation

1 SCHEDULE

2 *Section 6(3)*

3 SUPPLEMENTARY PROVISIONS RELATING TO THE

4 GOVERNING COUNCIL, ETC.

5 *Proceedings of the Governing Council*6 1. The Board may make standing orders regulating the proceedings of
7 the Board or of any committee thereof.8 2. The quorum of the Board shall be five and the quorum of any
9 committee of the Board shall be determined by the Board.10 3.-(1) Subject to the provisions of any applicable standing orders, the
11 Board shall meet whenever summoned by the Chairman and if the Chairman is
12 required to do so by notice given to him by not less than 6 other members, he
13 shall summon a meeting of the Board to be held within 21 days from the date on
14 which the notice is given.15 (2) At any meeting of the Board, the Chairman shall preside or, in his
16 absence, the members present at the meeting shall appoint one of their number
17 to preside at that meeting.18 (3) Where the Board wishes to obtain the advice of any person on a
19 particular matter, the Board may co-opt him as a member by virtue of this sub-
20 paragraph shall not be entitled to vote at any meeting of the Board and shall not
21 count towards a quorum.22 *Committees*23 4.-(1) The Board may appoint one or more committees to carry out on
24 behalf of the Board, such of its functions as the Board may determine.25 (2) A committee appointed under this paragraph shall consist of such
26 number of persons determined by the Board and not more than one third of
27 those persons may be persons who are not members of the Board; and a person
28 other than a member of the Board shall hold office on the committee in
29 accordance with the terms of his appointment.

EXPLANATORY MEMORANDUM

This Bill seeks to establish the Entrepreneurship Bank of Nigeria and to vest it with the responsibility of providing medium and long term finance to indigenous small businesses in Nigeria.

