

**A Bill for an Act to establish the Health Development Bank of Nigeria to provide medium- and long-term sustainable credit facilities to health institutions in Nigeria, to facilitate and promote the establishment, improvement and upgrade of health infrastructure and services and for other related matters**

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

**1. Establishment of the Health Development Bank of Nigeria**

(1) There is hereby established a health bank to be known as the Health Development Bank of Nigeria (in this Bill referred to as “the Health Bank”).

(2) The Health Bank-

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

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

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

**2. Initial share capital, subscription and other sources of funding**

(1) The capital of the Health Bank shall consist of equity and loan capital.

(2) The authorized capital of the Health Bank shall be eight hundred billion naira which shall be divided into eight hundred million shares of one thousand naira each and be subscribed and paid up by the Federal Government.

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

(4) International and regional Development Finance institutions shall be approached to contribute to the loan capital of the Health Bank.

(5) Other sources of funding the Health Bank shall include special excise taxes on sugar drinks, tobacco and alcoholic beverages, concessional loans, budgetary allocations from federal and state governments, grants from international development partners, corporate bodies and the private sector; gifts and funding from any other source on terms not inconsistent with the objectives and functions of the Health Bank.

**3. Objectives of the Health Bank**

The objectives of the Health Bank are to:

- (a) set the benchmark and standards for non-budgetary medium-and long-term funding of feasible and bankable developments in the health sector;
- (b) improve the health sector's contribution to Nigeria's gross domestic product;
- (c) mobilise sustainable financing and improve access to capital for universal health coverage for the public and private sector;
- (d) provide access to high quality, reasonably priced health infrastructure and care and reduce losses from outbound health tourism;
- (e) support the harnessing of economies of scale in health sector investments.

#### **4. Functions of the Health Bank**

The Health Bank is established for the following purposes:

(1) To provide capital and funds by way of single digit interest loans to public and private health institutions, establishments and organisations for short, medium- and long-term investments in the health sector at such rates and upon such terms as may be determined by the Board of Directors in accordance with best practices in development banking policy.

(2) The critical areas of intervention of the Health Bank shall include support for:

- (a) state of the art reference hospitals and highly efficient mono-specialty hospitals;
- (b) facilities upgrade, health supporting infrastructure such as power, clean water and sanitation, etc.;
- (c) laboratories, diagnostics equipment, maintenance and infrastructure;
- (d) information and communications technology connectivity that supports improved health information systems, mobile services and digital health solutions;
- (e) start-ups, emerging technologies, and innovative approaches to healthcare delivery including use of drones to supply blood and other health inputs, virtual outpatient platforms, etc.;
- (f) equitable provider payment mechanisms and systems to promote access to health care by creating incentives to improve health service delivery, quality and efficiency;
- (g) manufacture and production of vaccines and other pharmaceuticals especially, to improve upstream research and production, production of intermediaries and active pharmaceutical ingredients and excipients;
- (h) research initiatives leading to the reduction of disease burden;

- (i) local manufacturing of health devices and commodities;
- (j) outsourcing of specialised services and public private partnerships including service level agreements guaranteeing drugs and commodities in a universal health coverage environment;
- (k) promoting low carbon health service delivery infrastructure and climate resilient health facilities leveraging technology and innovation;
- (l) training and development of critical but unavailable human resource competencies in health including biomedical sciences and engineering;
- (m) developing health financing advisory services and critical analytical skills to facilitate credit transactions, enhance equity, value for money and fitness of purpose in the health sector.

(3) The critical areas of intervention listed in subsection 2 above shall include green field and brown field investments provided they are financially viable.

(4) The Health Bank shall carry out any other interventions deemed necessary for the purpose of fulfilling its objectives.

## **5. Borrowing Powers of the Health Bank**

(1) The Health Bank may with the approval of the Minister of Finance borrow by way of loan from any sources, including loans from international and regional development finance institutions, local and international capital markets, and any moneys required by the Health Bank for meeting its obligations and discharging its functions under this Act provided that such borrowing shall be on concessional terms with low interest rate and with a reasonably long amortization period.

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

(3) The Health Bank shall have power to receive grants, loans and advances and other moneys on deposits or otherwise from the Federal Government, the Central Bank, any other commercial bank within the meaning of the Banks and Other Financial Institutions Act, and the public in general under such conditions as may be approved by the Board of Directors.

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

## **6. General Reserve Fund**

(1) The Health Bank shall establish a general reserve fund to which shall be allocated from the net profits of the Health Bank at the end of each financial year: -

(a) 60% of the profits of the Health Bank for the year when at the end of the year the general reserve fund is less than the authorised capital of the Health Bank;

(b) 40% of the profits of the Health Bank for the year, when the general reserve fund is equal to or exceeds the authorised capital of the Health Bank.

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

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

(4) The reserve fund shall be used to increase the loan capital of the Health Bank and for any other statutory purposes.

## **7. Exemption from certain enactments**

(1) The Health Bank shall be exempt from the payment of operating surplus to the Federal Government as stipulated in S.22 of the Fiscal Responsibility Act as amended by yearly Financial Acts and other Acts of the National Assembly.

(2) The Health Bank shall be exempt from the provisions of the Banks and other Financial Institutions Act.

(3) The Health Bank shall be exempt from the payment of companies income tax, and the provisions of any enactment relating to taxation of companies shall not apply to the Health Bank.

## **8. Funds of the Health Bank**

(1) The Health Bank shall maintain a fund which shall consist of-

(a) such sums as may be paid to the Health Bank in the course of its operations;

(b) all interests received in respect of moneys invested by the Health Bank;

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

(d) moneys borrowed from any source approved by the Board; and

(e) such other moneys as may, from time to time, accrue to the Health Bank.

## **9. Expenditure of the Health Bank**

The Health Bank may, from time to time, apply the proceeds of the fund established in pursuance of section 8 (1) of this Act-

- (a) to the cost of administration of the Health Bank;
- (b) to paying or reimbursing members of the Board or of any committee set up by the Board for expenses as may be expressly authorised by the Board;
- (c) to the payment of the salaries, fees or other remuneration, allowances, pensions and gratuities payable to the officers and other employees of the Health Bank;
- (d) for the maintenance of any property vested in the Health Bank;
- (e) to the payment of all expenses incurred on behalf of the Health Bank; and
- (f) to and in connection with performing all or any of the functions of the Health Bank and the Board.

## **10. Head Office and Branches**

- (1) The Health Bank shall have its Head Office in the Federal Capital Territory, Abuja.
- (2) The Health Bank shall have such number of branches in States of the Federation as shall be determined by the Board of Directors.

## **11. Board of Directors**

(1) The Health Bank shall have a Board of Directors (in this Act referred to as “the Board”) which shall bear primary responsibility for policy and general administration and implementing the objectives and functions of the Health Bank in its critical areas of intervention.

(2) The Board shall consist of –

- (a) a Chairman
- (b) a representative of the following Federal Ministries, who should not be below the rank of a Director
  - (i) Health
  - (ii) Finance
  - (iii) Industry, Trade and Investment
- (c) the managing director of the Health Bank who shall be a development banker of not less than fifteen years cognate experience
- (d) a representative of the Central Bank of Nigeria
- (e) a representative of the Nigerian Sovereign Investment Authority
- (f) two executive directors of the Health Bank

- (g) a representative of professional associations in the health sector.
- (h) a representative of the pharmaceutical section of the Manufacturers Association of Nigeria

(3) Members of the Board shall be persons of proven integrity, with relevant cognate experience and shall be appointed by the President subject to confirmation by the Senate provided however that not less than three members of the Board shall be women.

## **12. Secretary of the Board**

(1) The Legal Adviser of the Health Bank shall serve as Secretary to the Board

The Secretary of the Board shall-

- (a) be responsible to the Board Chairman;
- (b) keep the records and conduct the correspondence of the Board; and
- (c) perform such other duties as the Board or the Managing Director may, from time to time, determine.

## **13. Tenure of Office of Board Members**

(1) The Chairman and members of the Board other than ex-officio members of the Board shall hold office for a term of five years in the first instance and may be reappointed for one further term of five years and no more.

(2) A member of the Board may at any time resign his appointment by forwarding a letter to that effect to the President, and the resignation shall become effective upon the acknowledgement of the said letter by the President.

(3) A member of the Board may be removed by the President if such a member-

- (a) becomes mentally or physically incapable of effectively carrying out the functions of his office as a member;
- (b) becomes bankrupt or makes a compromise with his creditors;
- (c) is convicted of an offence involving dishonesty; or
- (d) is guilty of serious misconduct in relation to his duties;
- (e) has conducted himself in a manner that renders him unsuitable to continue to be a member of the Board;
- (f) fails to declare his interest to the Board as required under S.14 of this Act.

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

predecessor, so however, that the successor shall represent the same interest and shall be appointed by the President.

#### **14. Disclosure of Interest**

A member of the Board who has an interest in a contract, loan or other transaction proposed to be entered into by the Health Bank or any application before the Health Bank or the Board shall disclose in writing the nature of the interest and is disqualified from participating in deliberations of the Board in respect of the contract, loan, application or transaction.

#### **15. Functions of the Board**

The Board shall be responsible for-

- (a) managing and superintending the affairs of the Health Bank;
- (b) the overall policy and general management of the Health Bank;
- (c) formulating policies and guidelines for operating the loans from the Health Bank and ensuring their implementation;
- (d) approving staff conditions of service and remuneration;
- (e) deciding on and approving the borrowing power and credit limits of the Health Bank;
- (f) approving annual reports and statement of accounts of the Health Bank;
- (g) subject to S.85 (3) of the Constitution of the Federal Republic of Nigeria 1999 as amended, appointing and approving fees for external auditors; and
- (h) carrying out such other activities connected with or incidental to the other functions of the Board.

#### **16. Powers of the Board**

- (1) The Board shall make regulations with respect to any of the following matters, that is-
- (a) the granting of loans and advances;
  - (b) the terms, conditions, rates of interest, fees or administrative charges in respect of advances, credits, guarantees and any other transaction which the Health Bank may undertake from time to time;
  - (c) the form of application, agreements and other materials necessary for the control of the grant of advances, credits, guarantees and other transactions which the Health Bank may undertake from time to time;
  - (d) the securities that may be required for loans to be granted by the Health Bank;

(e) liaise with relevant institutions to devise guidelines for the award of research grants to qualifying public and private institutions; and

(f) any other matter that may be incidental to the functions of the Health Bank

(2) The Board shall have power to:

(a) regulate its internal proceedings including setting rules for conflict of interest;

(b) carry out research aimed at improving the provisions of loans and financial interventions to promote and facilitate universal health coverage; and

(c) collaborate and partner with any institutions, organisations and individuals that may enhance the performance of the functions of the Health Bank.

### **17. Remuneration and Expenses of Board Members**

Members of the Board shall be paid such allowances and other remuneration as shall be determined by the National Salaries, Incomes and Wages Commission provided that such determined amounts are commensurate with the remuneration and expenses of members of the Board of other development banks in Nigeria.

### **18. Chief Executive and Accounting Officer**

(1) There shall be appointed for the Health Bank, by the President, the following officers, that is-

(a) a Managing Director, who shall be the Chief Executive and accounting officer of the Health Bank and be responsible for the day-to-day management of the affairs of the Health Bank; and

(b) two Executive Directors, who shall perform such duties as may be assigned to them, from time to time, by the Board or the Managing Director.

(2) The Managing Director shall have not less than fifteen years cognate experience in development banking and the Executive Directors shall have not less than ten years cognate experience in development banking.

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

### **19. Staff of the Health Bank**

(1) The Health Bank shall have power to employ such persons as it considers expedient and necessary for the effective and efficient discharge of the functions of the Health Bank.

(2) The terms and conditions of service, including remuneration, allowances and pension benefits of the staff of the Health Bank shall be determined by the Board.



(3) The Board may engage such consultants and advisers as it may require for the proper and efficient discharge of the functions of the Bank.

## **20. Annual accounts of the Health Bank**

(1) The Board shall, in respect of each year, keep proper accounts of the revenue and expenditure of the Health Bank and of all deposits received and repaid and interests credited to depositors during the year, from 1 January to the 31 December of the same year, together with a statement of the assets and liabilities of the Health Bank.

(2) The accounts of the Health Bank kept under subsection (1) of this section shall, after being audited and certified by an auditor appointed from the list and in accordance with guidelines supplied by the Auditor-General for the Federation, be submitted to the Minister of Health and the National Assembly and shall thereafter be published by the Health Bank in selected national newspapers and on its website and other electronic portals that guarantee public access to information.

## **21. Annual report**

(1) The Health Bank shall prepare and submit to the President through the Minister of Health, in such form as the Minister may direct and not later than 30 June in each year, a report on the activities of the Health Bank during the immediately preceding year and shall include in the report a copy of the audited accounts of the Health Bank for that year and the Auditor-General's report thereon.

(2) The report stated in subsection 1 of this section shall also be sent to the National Assembly.

## **22. Interpretation**

“Board” refers to the Board of Directors of Health Development Bank of Nigeria.

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

“Health Bank” refers to the Health Development Bank of Nigeria.

“Minister” except the reference to the Minister of Finance refers to the Minister of Health

## **23. Short Title**

This Bill may be cited as the Health Development Bank of Nigeria Establishment Bill 2023.