

A BILL

FOR

**AN ACT TO ESTABLISH THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY
TO BUILD A SAVINGS BASE FOR FUTURE GENERATIONS, ENHANCE
DEVELOPMENT OF THE INFRASTRUCTURE SECTOR IN NIGERIA, ASSIST
FISCAL STABILITY IN CERTAIN CIRCUMSTANCES
AND FOR RELATED MATTERS**

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[] **Commencement**

WHEREAS:

1. the Nigerian State has over the years relied heavily on income from hydrocarbon resources which has formed the mainstay and support for its socio-economic development;
2. hydrocarbon deposits being depleting natural resource assets that may not be available in sufficient quantity for future generations of Nigerians to continue to support the development of vital infrastructure;
3. the Federal, State, Federal Capital Territory and Local governments of the Federation have agreed to take steps within the constitutional framework to provide for the needs of current and future generations by channeling certain available resources to infrastructure, areas of investment and stabilisation measures to safeguard the economy as may be required; and
4. the Federal, State, Federal Capital Territory and Local governments of the Federation, drawing from the experience of other countries and adopting best practices have agreed to establish the Nigeria Sovereign Investment Authority as an independent entity to carry out the intention of the Federal, State, Federal Capital Territory and Local governments to, among other things, build a sustainable savings base for the benefit of future generations.

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

**PART I– ESTABLISHMENT, PURPOSE, OBJECTS AND GENERAL POWERS OF
THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY**

1. **Establishment of the Authority**

- (1) There is established a body to be known as the Nigeria Sovereign Investment Authority (hereinafter in this Act referred to as “**the Authority**”).

- (2) The Authority:
 - (a) shall be a body corporate with perpetual succession; and
 - (b) may sue and be sued in its corporate name.
- (3) Subject to the limitations contained in this Act, the Authority may acquire, hold and dispose of movable and immovable property for the purpose of its functions and objects under this Act.
- (4) Except as otherwise provided in this Act, the Authority shall be independent in the discharge of its functions and shall not be subject to the direction or control of any other person or authority.

2. **Head Office of the Authority**

The Authority shall have its head office in the Federal Capital of Nigeria.

3. **Objects of the Authority.**

- (1) The objects of the Authority are:
 - (a) to build a savings base for the Nigerian people;
 - (b) to enhance the development of Nigerian infrastructure;
 - (c) to provide stabilisation support in times of economic stress; and
 - (d) to carry out such other matters as may be related to the above objects.

4. **Functions of the Authority**

- (1) The Authority shall:
 - (a) establish a ring-fenced diversified portfolio of appropriate growth investments for the benefit of future generations of Nigerian citizens (the “**Future Generations Fund**”) as further set out in Part IV of this Act and the investment policies and procedures developed by the Authority;
 - (b) establish a ring-fenced portfolio of investments specifically related to and with the object of assisting the development of critical infrastructure in Nigeria that will attract and support foreign investment, economic diversification and growth (the “**Nigeria Infrastructure Fund**”) as further set out in Part V of this Act and the investment policies and procedures developed by the Authority; and

- (c) establish a ring-fenced portfolio of investments to provide supplemental stabilisation funding based upon specified criteria and at such time as other funds available to the Federation for stabilisation need to be supplemented (the “**Stabilisation Fund**”) as further set out in Part VI of this Act and the investment policies and procedures developed by the Authority.
- (2) In furtherance of the Funds established under sub-section (1) of this section and for the carrying out of its other functions the Authority shall:
 - (a) receive, manage and invest the initial and future contributions on behalf of all Nigerians in each of the Future Generations Fund, the Nigeria Infrastructure Fund and the Stabilisation Fund pursuant to the allocations of contributions of the Federal, State, Federal Capital Territory and Local governments made in accordance with section 31 of this Act;
 - (b) reinvest the profits and proceeds of its investments to generate further risk-adjusted returns in service of the Federation except as provided in this Act;
 - (c) develop and foster skills in asset-management, investment, operations, risk management and other related areas in addition to developing expertise in infrastructure project management and auditing capabilities in qualified Nigerian personnel in a manner consistent with the overall financial objectives of the Authority;
 - (d) implement best practices with respect to management independence and accountability, corporate governance, transparency and reporting on performance as provided in this Act, including with due regard as appropriate for the Santiago Principles;
 - (e) attract co-investment from other investors, including strategic investors, sovereign and internationally-recognised investment funds and private companies, to enhance the Authority’s capital and maximise risk-adjusted returns; and
 - (f) obtain the best achievable financial returns on all capital and assets of the Authority having regard to:
 - (i) the need to protect and to enhance the long-term economic value of that capital and those assets;
 - (ii) internationally recognised asset allocation and risk management principles and practices;

- (iii) the cost of acquiring, dealing with, safe-keeping, transferring and monitoring, of assets;
- (iv) opportunities in the international equity, debt, private equity, real estate, infrastructure, fixed-income securities and all other asset classes generally utilised by best-in-class investment fund managers;
- (v) opportunities and challenges in the international investment market;
- (vi) the advantages of maintaining the sovereign nature of the Authority and, whenever possible and appropriate in making investments, benefit from any available sovereign immunity from imposts, taxes, charges or other impediments to the Authority's financial returns;
- (vii) the Authority's cost of capital and other costs;
- (viii) any regulations, guidelines or directions developed by the Authority in pursuance of the provisions of this Act;
- (ix) the benefits of maintaining adequate liquidity to pursue its investment objectives; and
- (x) any other factor reflective of best practices in investment and asset management which the Authority considers relevant to the achievement of its objects, including such more detailed factors as may be included in the investment policies and procedures developed by the Authority from time to time and reported upon pursuant to this Act.

5. Powers of the Authority

- (1) The Authority shall have powers to:
 - (a) open branches in Nigeria or internationally, create such affiliate or subsidiary companies in such jurisdictions as it may determine from time to time, and appoint such agents and correspondents as may be deemed desirable, in each case in the interests of achieving the Authority's objects;
 - (b) invest in, purchase, maintain, divest from, sell or otherwise realise assets and investments of any kind;

- (c) cause its partially-owned subsidiaries and affiliates to issue bonds or other debt instruments, borrow or raise money (including money in a currency other than the Naira), issue bonds or other debt instruments and secure the payment of money in any manner that does not have recourse to the Authority or its wholly-owned subsidiaries and affiliates; provided that the Authority and its wholly-owned subsidiaries and affiliates shall have the power to incur any form of indebtedness, including but not limited to such indebtedness as concessionary funding, that may be uniquely available to the Authority in furtherance of the objects of the Authority, with the prior written approval of the Minister;
 - (d) guarantee, with or without security, the indebtedness and performance of obligations of wholly-owned affiliates or subsidiaries of the Authority (provided that the Authority receives valuable and commensurate consideration for, or direct or indirect advantage from, the giving of the guarantee);
 - (e) pay for the Authority's reasonable operational expenses, which shall be detailed in each annual budget and operating plan (and annual reports made by the Authority as set out in this Act) and which shall be at all times in line with best international practices for efficiency and the creation of value for the beneficiaries of the Authority's activities, out of the proceeds of investments (without the necessity of declaring a dividend);
 - (f) engage on a competitive basis, from time to time, such consultants and advisers and other service providers as are necessary or expedient for the performance of its functions; and
 - (g) undertake, do or agree to do any such activities, make such expenditures and carry out such functions which in the opinion of the Board are necessary, incidental or conducive to the attainment of the objects and functions of the Authority.
- (2) The Authority may carry out any of its functions and exercise any of its powers:
- (a) within or anywhere outside Nigeria;
 - (b) alone or in conjunction with others; and
 - (c) by or through an agent, a subsidiary or affiliate of the Authority, joint venture, contractor, factor, or trustee.

6. Asset Managers and Custodians

- (1) The Authority may at any time appoint asset managers outside the Authority to manage its assets as may be specified by the Board.
- (2) Asset managers shall be selected on the basis of comprehensive assessment criteria, policies and procedures developed from time to time by the Authority, including but not limited to the Authority's portfolio scope, prudence, diversification, cost and regular reporting consistent with the Authority's needs.
- (3) No asset manager appointed by the Authority may act as custodian in respect of the Authority's assets that it has responsibility for managing.
- (4) The Board shall, in consultation with the Minister to ensure that custodianship of the Federation's assets is appropriately diversified, appoint one or more custodians in respect of the Authority's assets. The Minister shall consult with the National Economic Council in this regard.

PART II- GOVERNING COUNCIL, BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

7. Establishment of the Governing Council of the Authority

- (1) There shall be for the Authority a Governing Council (the "**Governing Council**").
- (2) Except as otherwise provided under this Act, the Governing Council shall provide advice and counsel generally to the Board having regard to the objects of the Authority under this Act.
- (3) The Governing Council shall, in the discharge of its duties, observe the independence of the Board and officers of the Authority.
- (4) Unless otherwise stated in this Act, any resolution of the Governing Council shall be passed by simple majority vote of the members of the Governing Council.

8. Membership of the Governing Council

- (1) With the exception of the members listed in paragraphs (a), (b), (c), (d), (e), (f) and (g) of sub-section (2) of this section, the members of the Governing Council shall be appointed by the President on the recommendation of the Minister, who shall consult with the National Economic Council on an informal basis.
- (2) The Governing Council shall consist of the following:
 - (a) the President of the Federal Republic of Nigeria (who may be represented by the Vice President of the Federal Republic of Nigeria), who shall be the chairman;

- (b) each of the thirty-six State Governors;
- (c) the Attorney General of the Federation;
- (d) the Minister;
- (e) the Minister in charge of the National Planning Commission;
- (f) the Governor of the Central Bank of Nigeria;
- (g) the Chief Economic Adviser to the President;
- (h) four reputable individuals representing the private sector with cognate experience in finance, economics, investments, or other related areas of expertise;
- (i) two representatives of civil society such as members of non-governmental organisations and professional organisations focused on civil rights;
- (j) two representatives of Nigerian youth; and
- (k) four eminent academics.

9. Tenure of Office of Members of the Governing Council

- (1) The President (or, as the case may be, the Vice President) and the members of the Governing Council, referred to in paragraphs (b), (c), (d), (e), (f) and (g) of sub-section (2) of section 8 of this Act shall serve on the Governing Council during such time as they are in office.
- (2) Members of the Governing Council referred to in paragraphs (h), (i), (j) and (k) of sub-section (2) of section 8 of this Act shall serve for one term of 3 years only.

10. Removal of Members of Governing Council

A member of the Governing Council, referred to in sub-section (2) of section 8 of this Act, may be removed from office by the President if the member:

- (a) has been convicted of a criminal offence;
- (b) has been declared bankrupt;
- (c) is suffering from prolonged ill health; or
- (d) has been found wanting in the discharge of his or her duties on grounds of misconduct.

11. Remuneration of Members of Governing Council

- (1) Members of the Governing Council shall not be paid for the performance of their duties on the Governing Council.
- (2) Members of the Governing Council are however entitled to reasonable sitting allowances, their individual travel expenses, and such other appropriate entitlements as the Board may determine from time to time consistent with best practice and the mission of the Authority to grow the Federation's resources.

12. Reporting Obligation of the Authority

The Authority shall provide to the Governing Council every twelve months a report, in writing, on the assets, liabilities, redemptions, realisations, sales, general performance by asset class and significant trends affecting the Authority's investment objectives.

13. Proceedings of the Governing Council

- (1) The Governing Council shall hold one annual meeting on a date that is no less than four and no more than six weeks following the issuance by the Authority of the report referred to in section 12 of this Act.
- (2) The meeting of the Governing Council shall be convened by the Secretary or at the request of the chairman of the Board by notice in writing specifying the date, time and location of the meeting.
- (3) At the annual meeting of the Governing Council, the Board shall make a presentation of the information provided in accordance with section 12 of this Act and members of the Governing Council shall have the opportunity to raise questions of, and give counsel to, the Board.

14. Advisory Sub-Committee of the Governing Council

- (1) The Governing Council may constitute a sub-committee comprising members of the Governing Council with demonstrated experience in the international investment industry to assist in the discharge of its functions under this Act.
- (2) Any such committee constituted pursuant to sub-section (1) of this section shall be entitled to meet with the Board twice a year to raise questions.

15. Establishment of the Board of Directors of the Authority

There shall be for the Authority a board of directors (in this Act referred to as “**the Board**”) which shall be responsible for the attainment of the objects of the Authority, the making of policy and general supervision of the management and affairs of the Authority and such other functions conferred upon it by any other provisions of this Act.

16. **Composition and Appointment of the Board**

- (1) The Board shall consist of:
 - (a) a non-executive chairman;
 - (b) the Managing Director of the Authority;
 - (c) two other executive directors of the Authority;
 - (d) one non-executive director who is a distinguished legal practitioner with at least ten years post qualification experience; and
 - (e) four other non-executive directors.
- (2) All appointments of individuals set out in paragraph (1) of this section shall be made by the President on the recommendation of the Minister, who shall consult with the National Economic Council, such recommendation to be made pursuant to paragraph (3) of this section.
- (3) For the purpose of making the recommendations for the appointments of individuals set out in paragraph (1) of this section, the Minister shall constitute an independent committee (the “**Executive Nomination Committee**”) of five persons, including the Minister to act as liaison for consultations with the National Economic Council and recommendations to the President, with proven qualifications and tested market experience to identify highly-qualified candidates for such positions.

17. **Qualification for Appointment to the Board**

Except for the non-executive director to be appointed pursuant to paragraph (d) of subsection (1) of section 16 of this Act, a person shall not be appointed to the Board unless such a person is a holder of a university degree or its equivalent in economics, finance or a related subject and possesses at least ten years relevant financial or related business experience at a senior management level.

18. **Disqualification**

A person shall not be appointed to the Board if:

- (a) he or she is adjudged bankrupt, or suspends payment to, or composes or makes an arrangement with his or her creditors; or
- (b) he or she is imprisoned or convicted of an offence involving fraud or dishonesty, or of any offence not involving fraud or dishonesty the maximum penalty for which exceeds imprisonment for six months; or
- (c) he or she is disqualified or suspended from practicing his or her profession in Nigeria or any other country by order of a competent authority made in respect of him or her personally; or
- (d) he or she is disqualified or restricted from being a director of a financial institution or financial market participant.

19. Resignation and Removal

- (1) A member of the Board may at any time resign his or her appointment by giving at least one month's prior notice in writing to the Authority through the Managing Director of his or her intention to do so.
- (2) If any of the circumstances set out in section 18 of this Act apply at any time to a member of the Board or if he or she is determined by the Board to be in material breach of his or her duties to the Authority, the Board member in question may be removed from office by the Minister upon the passage of a resolution of the Board finding such circumstances and recommending the removal of such member of the Board (whose individual vote shall under no circumstances be required for such resolution of the Board).

20. Term of Office of Board Members

- (1) The members of the Board appointed pursuant to paragraphs (b) and (c) of sub-section (1) of section 16 of this Act shall serve for as long as they occupy their executive management office.
- (2) The members of the Board appointed pursuant to paragraphs (d) and (e) of sub-section (1) of section 16 of this Act shall serve for an initial term of five years.
- (3) The member of the Board appointed pursuant to paragraph (a) of sub-section (1) of section 16 of this Act shall serve for an initial term of four years.
- (4) Upon the expiry of the initial term of any of the members of the Board appointed pursuant to paragraphs (a), (d), and (e) of sub-section (1) of section 16, such member may be eligible for reappointment for another term of five years and no more.

21. **Appointment of Managing Director of the Authority**

There shall be for the Authority, a Managing Director appointed by the President in accordance with the provisions of this Act, who:

- (a) shall be appointed on such terms and conditions and, subject to subsection (1) of section 27, paid such emoluments and allowances as may be specified in his or her letter of appointment; and
- (b) shall also be the chief executive officer responsible for the execution of the policies formulated by the Board and the day to day administration of the Authority.

22. **Secretary**

- (1) The Board shall appoint for the Authority a secretary (the “**Secretary**”) on such terms, conditions, and remuneration as may be specified in his or her letter of appointment.
- (2) The Secretary shall be responsible for:
 - (a) issuing notices of meetings of the Board and the Governing Council;
 - (b) keeping records of the proceedings of the Board and the Governing Council; and
 - (c) carrying out other duties as the Managing Director or the Board may from time to time direct.

23. **Appointment of Other Staff**

- (1) The Authority may appoint such other staff, who shall be pensionable, as are necessary for the proper and efficient performance of the functions of the Authority under this Act.
- (2) The Authority shall pay its staff such remuneration, allowances and other benefits as may be fixed by the Board consistent with best practice and the mission of the Authority to grow the Federation’s resources and, as required, approved by the President.
- (3) The Authority may, subject to the approval of the Board, make rules relating generally to the conditions of service of staff of the Authority, and without prejudice to the generality of the foregoing, the rules may provide for:

- (a) the appointment and disciplinary control of all employees of the Authority; and
 - (b) appeals by the staff against dismissal or other disciplinary measures.
- (4) Rules made under sub-section (3) of this section need not be published in the *Gazette* but the Authority shall cause the rules to be brought to the notice of all affected persons in such manner as it may, from time to time, determine.

24. **Delegation**

- (1) The Board may delegate any part of its functions, in each case on such terms and conditions, in relation to such matters and such extent as they see fit, to committees of the Board or, unless reserved to the Board by this Act, to the management of the Authority.
- (2) The Board of the Authority shall at a minimum constitute a compensation committee and an audit committee, each of which shall be comprised of non-executive directors of the Board.

25. **Independence of the Board**

- (1) The Board shall be independent in the exercise of its responsibilities under this Act.
- (2) Without prejudice to the provision of sub-section (1) of this section and except as expressly provided in this Act, the Governing Council may not, by resolution or otherwise, require the directors to take, or to refrain from taking, any specified action.

26. **Conflict of Interest and Corporate Responsibility**

- (1) In the discharge of their responsibilities, members of the Board shall act in utmost good faith, with care, skill and diligence.
- (2) Members of the Board have fiduciary obligations to the Authority, and shall not act in any circumstances where their personal interests conflict with the interests of the Authority.
- (3) Members of the Board shall adhere to all the duties and obligations specified for directors under the Companies and Allied Matters Act, Cap C20 LFN 2004.
- (4) Members of the Board shall submit a written statement of disclosure of interests and statement of absence of conflicts with the Authority's investments and annual investment plan annually to the Board.

27. Remuneration and Cost Allowances

- (1) Members of the Board shall be paid such reasonable remuneration and cost allowances for service as directors and attendance at meetings of the Board or its committees, as the compensation committee may from time to time determine consistent with best practice and the mission of the Authority to grow the Federation's resources.
- (2) All such remuneration and cost allowances of the Board shall be reported in the annual report of the Authority.

28. Proceedings of the Board

The supplementary provisions set out in Schedule 1 to this Act shall have effect with respect to the proceedings of the Board.

PART III- FINANCIAL PROVISIONS: FUNDING, DISTRIBUTIONS, ACCOUNTS, AUDIT AND REPORTING.

29. Initial Funding

- (1) The initial funds provided by the Federal, State, Federal Capital Territory and Local governments of the Federation pursuant to decision of the National Economic Council to be managed by the Authority shall be the Naira equivalent of the sum of USD 1 billion. Each of the Federal, State, Federal Territory and Local governments has contributed a percentage of such initial funding equal to each such government's share of Federation revenue in accordance with the formula stated in the Allocation of Revenue (Federation Account, etc) Act CAP A15 LFN 2004.
- (2) All ownership interest in the Authority shall be held by the Federal, State, Federal Capital Territory and Local governments of the Federation on behalf of the peoples of Nigeria.

30. Further Funding

- (1) Subsequent funding shall be derived from identified funds from the Federation Account transferred to the Authority in the manner specified in this Act.
- (2) Promptly upon revenues being received into the Federation Account each month, the Authority shall be funded from all amounts of Federation Funding above the Budgetary Smoothing Amount.

31. Funding Allocation

The initial and subsequent funding of the Authority shall be allocated to each of the Future Generations Fund, the Nigeria Infrastructure Fund and the Stabilisation Fund by resolution of the Board, provided that a minimum of:

- (a) twenty percent of any such funding shall be allocated to the Future Generations Fund until the amount of funds in the Future Generations Fund reaches a ceiling percentage of gross domestic product, with such percentage to be determined every two years through an actuarial assessment by recognised professionals and academics chosen through a process of public or selective tendering implemented by the Board of the components of future demand for the proceeds of the Future Generations Fund, including but not limited to demographic and growth trends;
- (b) twenty percent of any such funding shall be allocated to the Nigeria Infrastructure Fund until the amount of funds in the Nigeria Infrastructure Fund reaches a ceiling percentage of gross domestic product with such percentage to be determined every two years through a professional assessment by recognised professionals and academics chosen through a process of public or selective tendering implemented by the Board of components of infrastructure demand and capacity requirements in view of relevant factors that will require the proceeds of the Nigeria Infrastructure Fund; and
- (c) twenty percent of any such funding shall be allocated to the Stabilisation Fund.

32. **Prohibition on Transfer of Interest**

The Federal, State, Federal Capital Territory and Local governments of the Federation shall not transfer, redeem, assign, dispose of, sell, mortgage, pledge or otherwise encumber any interest of any kind in the Authority.

33. **Currency of Capital**

The Authority may hold all deposited funds in, and allocated across, such currencies as the Board may from time to time determine, consistent with the objects of the Authority as set out in this Act and any regulations made by the Authority from time to time.

34. **Declaration of Distributions**

The Board may, upon unanimous vote, declare a distribution out of uninvested and uncommitted available funds of the Authority; Provided that:

- (a) such distribution is paid out of the realised profits of the Authority at such time as:
 - (i) the Authority shall have realised a net profit in each of the Funds for at least five years following enactment of this Act; and

- (ii) the Authority shall have made a net profit in each of the Funds in the year in which such dividend is to be paid;
- (b) any such distribution shall be declared and paid only after the Authority has set aside sufficient funds to meet the Authority's anticipated operational needs as set out in its business and investment plans; and
- (c) such a distribution would not equal more than sixty percent of the profits of the Authority at the time of the distribution.

35. **Payment of Distributions**

- (1) The payment of distributions declared by the Board must be approved by resolution of the Governing Council before they are paid.
- (2) Distributions by the Authority shall be paid into the Federation Account, but shall not form part of revenues received into the Federation Account for the purpose of sub-section (2) of section 30 of this Act, as amended from time to time, and shall be distributed to the Federal, State, Federal Capital Territory and Local governments in proportion to their respective contributions to the Authority.

36. **Accounting Records**

The Authority shall cause to be kept proper books of accounts with respect to all the transactions and business of the Authority in conformity with International Financial Reporting Standards, as applied in the Federal Republic of Nigeria and Nigerian generally accepted principles of accounting.

37. **Annual Report**

- (1) Not later than three months after the end of each financial year of the Authority, which shall be determined by the Board, the Authority shall submit a report (the "**Annual Report**") to the President, the Minister, the Central Bank of Nigeria, the National Economic Council, the National Assembly and each State House of Assembly of its activities during the financial year concerned.
- (2) The Authority shall make the Annual Report, together with quarterly financial reports and key policy documents prepared by the Authority, accessible to the public.
- (3) The Annual Report will be summarised and such summary printed at the Authority's expense in the two most widely-circulated newspapers in Nigeria.

38. **Audit**

- (1) The Authority shall carry out an annual internal audit of its operations and financial statements in accordance with International Financial Reporting Standards, as applied in the Federal Republic of Nigeria and Nigerian generally accepted principles of accounting.
- (2) The Authority's operations and financial statements shall be audited annually in accordance with International Financial Reporting Standards, as applied in the Federal Republic of Nigeria and Nigerian generally accepted principles of accounting by an internationally recognised accounting firm, through such firm's local Nigerian branch approved by the Auditor General for the Federation.

PART IV– FUTURE GENERATIONS FUND

39. Investment Policy

- (1) The Authority shall each year develop a rolling five-year investment plan for the Future Generations Fund pursuant to such strategies, regulations, policies and guidelines as it may determine from time to time to be most effective to achieve the objective of providing future generations of Nigerians with a solid savings base for such time as the hydrocarbon reserves of Nigeria are exhausted, with due regard for macroeconomic factors.
- (2) To preserve the effectiveness of the Authority's ability to make investments, the investment plan may be subject to strict short-term, tailored confidentiality restrictions and its distribution temporarily limited until such investments are made as may be considered appropriate by the Authority. The Authority shall however, publish its investment plans, policies and procedures, in the manner prescribed by the board.

40. Reinvestment of Future Generations Fund Proceeds, Interest and Dividends

The Authority shall, subject to the provisions of this Act with respect to distributions and with respect to the reasonable costs and expenses of the Authority, reinvest all realised proceeds and dividends from and interest on portfolio investments of the Future Generations Fund into new or existing assets of the Future Generations Fund.

PART V– NIGERIA INFRASTRUCTURE FUND

41. Investment Policy

- (1) The Authority shall each year develop a rolling five-year investment plan for the Nigeria Infrastructure Fund pursuant to such strategies, regulations, policies and guidelines as it may determine from time to time to be most effective to achieve the objective of supporting, through investment predicated upon financial returns to the Authority, the development in Nigeria of basic, essential and efficient

infrastructure such as power generation, distribution and transmission, agriculture, dams, water and sewage treatment and delivery, roads, port, rail and airport facilities and similar assets in order to stimulate the growth and diversification of the Nigerian economy, attract enhanced foreign investment and create jobs for Nigerians.

- (2) The Authority may make financial investments with funds of the Nigeria Infrastructure Fund pending investment in infrastructure.
- (3) To preserve the effectiveness of the Authority's ability to make strategic co-investments with companies in the infrastructure sector or to acquire strategic stakes in international companies active in the sector, implement various commodity hedging and other strategies, and avoid potential inappropriate trading and commercial activities in connection with such investments, the business plan may be subject to strict confidentiality restrictions by the Board and its distribution limited until such investments are made as may be considered appropriate by the Authority prior to making such investments, after which disclosure of such investments shall be made pursuant to this Act.
- (4) The Authority shall review and analyse against criteria of financial return all written proposals of the Federal Government, any State Government or Local Government submitted to the Authority and the Authority shall issue appropriately detailed parameters and procedures for the submission of such proposals.
- (5) The Authority may invest up to a maximum of ten percent of the funds in the Nigeria Infrastructure Fund available for investment in any fiscal year in social infrastructure projects which promote economic development in under-served sectors or regions in Nigeria that may present less favourable economic return potential (the "**Development Projects**").
- (6) The Authority may, itself, make investments in Development Projects in accordance with the process and procedures outlined at sub-section (7) of section 41 of this Act or it may appoint an asset or fund manager with appropriate experience in projects of this kind to source, evaluate and invest in such Development Projects on behalf of the Authority.
- (7) The Authority shall:
 - (a) make such rules, procedures and regulations as it deems necessary in respect of the submission and evaluation parameters for such Development Projects; and

- (b) evaluate the economic returns and summarise the non-financial social welfare enhancing attributes of each Development Project and deliver such evaluation and summary to a committee set up for this purpose by the National Economic Council who shall decide whether the Authority may invest in such Development Project.
- (8) The Authority shall utilise any sector and engineering advisors or professionals as it may deem advisable to ensure the economic and service delivery viability of each potential infrastructure investment:
PROVIDED that the Authority shall seek to develop appropriate in-house capabilities in this regard over time.

42. **Integration of Investment Policy with National Priorities**

- (1) The Authority shall ensure that the Nigeria Infrastructure Fund is invested in a manner which is coordinated to the extent feasible with, and is technically consistent with, the infrastructure priorities and plans developed by the appropriate ministries and agencies with responsibility over the particular infrastructure asset sector.
- (2) Potential investments shall be evaluated at least as strictly as international investments, and the broad, risk-weighted potential benefits to the Federation as a whole shall prevail over more focused local or regional priorities.

43. **Financial Return Targets**

The Authority may apply a lower target internal rate of return to investments made by the Nigeria Infrastructure Fund than to other investments made by the Authority as long as such economic but comparatively suboptimal returns are realised in projects that are determined by the Authority, any technical advisors and consultants as it may deem desirable, and the ministry or agency with subject-matter competence for the infrastructure sector in question, to be highly desirable for, and highly likely to serve, the economic development and diversification of Nigeria.

44. **Reinvestment of Nigeria Infrastructure Fund Proceeds, Interest and Dividends**

The Authority shall, subject to the provisions of this Act with respect to dividends and with respect to the reasonable costs and expenses of the Authority, reinvest all realised proceeds and dividends from and interest on portfolio investments of the Nigeria Infrastructure Fund in new or existing assets of the Nigeria Infrastructure Fund.

45. **Prohibition on Guarantees**

The Authority shall not provide any guarantee or surety, whether of payment or of performance, to or on behalf of the interest, rights or obligations of any person, company

or entity involved or participating in or related to an infrastructure project, other than a wholly-owned subsidiary or affiliate of the Authority.

46. Co-Investment Priority

- (1) The Authority may co-invest with companies in the development of infrastructure projects in Nigeria.
- (2) The Authority in making such co-investments as referred to in sub-section (1) of this section, shall exercise any voting rights its equity share may entitle it to in a financially prudent and economically focused manner.

PART VI– STABILISATION FUND

47. Stabilisation Objective

At the direction of the Minister, upon a proper demonstration of urgency and satisfaction of the criteria set out in section 48 of this Act, the Authority shall have the right to utilise capital and assets in the Stabilisation Fund to supplement resources available to stabilise the national economy.

48. Stabilisation Availability Trigger

The Minister may, at the end of any financial quarter, request, and the Authority shall upon such request pay from the Stabilisation Fund, an amount equal to the difference, if negative, between the actual quarterly Federation Account revenues generated through the sale of Benchmark Hydrocarbons and the Projected Federation Hydrocarbon Revenues for such quarter, provided that such amount will only be drawn after the depletion of the Budgetary Smoothing Amount.

PART VII– COMMUNICATIONS POLICIES AND PROCEDURES

49. Communications

- (1) The Authority shall develop policies and procedures for communicating its investment objectives in a manner generally consistent with the guiding objectives underpinning the Santiago Principles.
- (2) The Authority’s communications shall have due regard to the Authority’s potential influence on financial and other markets.

PART VIII– DIRECTORS’ AND OFFICERS’ INSURANCE AND INDEMNITIES

50. Insurance and Indemnity

- (1) The Authority shall obtain directors' and officers' liability insurance policies in line with international standards for the benefit of the directors and officers of the Authority.
- (2) The Authority shall indemnify each director and officer of the Authority out of the Authority's assets or insurance for and against all losses, charges, claims, expenses and liabilities incurred by such director or officer in the actual or purported execution or discharge of his or her duties, or in relation to him or her in defending any criminal or civil proceedings in which judgment is given in his or her favour or in which he or she is otherwise acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part or in which the court grants him or her, in such capacity as a relevant director or officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Authority's or any affiliated company's affairs.

PART IX– MISCELLANEOUS

51. Regulations, Guidelines and Procedures

- (1) The Authority shall develop, adopt and, as appropriate from time to time, amend, revoke or supplement appropriate regulations, codes, internal guidelines and procedures consistent with this Act, in furtherance of the Authority's objects and in connection with the performance of any of the Authority's functions under this Act, including without limitation a manual of policies and procedures.
- (2) Such regulations, codes, internal guidelines and procedures referred to in subsection (1) of this section shall govern the following matters:
 - (a) the conduct of the business and operations of the Authority in a manner that fosters accountability and good corporate governance, is transparent and consistent with the highest ethical standards and further ensures the maintenance of best practices;
 - (b) an environmental, health and safety policy that is designed to ensure compliance with all applicable legislation and industry standards in order to minimise the impact on the environment of its activities;
 - (c) monitoring standards for investments;
 - (d) risk management;
 - (e) treasury and cash management; and

- (f) any other matter relevant to the operations of the Authority as a best-in-class investment fund as may be directed by the Managing Director or the Board.
- (3) The Authority's initial regulations, internal guidelines and procedure, and any subsequent material changes or supplements thereto, shall be adopted only after consultation with the Minister.

52. Documentation

All investments made by the Authority shall be documented and the Authority's rights protected by appropriate contractual provisions approved by the legal and risk management personnel and advisors of the Authority.

53. Limitation of Suits Against the Authority, etc

- (1) Subject to the provisions of this Act, the provisions of the Public Officers Protection Act CAP P41 LFN 2004 shall apply in relation to any suit instituted against any officer or employee of the Authority or any affiliate or subsidiary thereof.
- (2) No suit shall lie against the Authority, its directors, the Board, the Managing Director, or any other officer or employee of the Authority or any of its affiliates or subsidiaries for any act done in pursuance of this Act or any other law or enactment, or of any public duty or authority or in respect of any alleged neglect or default in the execution of this Act or such law or enactment, duty or authority, or be instituted in any court unless:
 - (a) it is commenced within three months next after the act, neglect or default complained of; or
 - (b) in the case of a continuation of damage or injury, within three months next after the ceasing of the act, neglect or default complained of.

54. Service of documents

A notice, summons or any other document required or authorised to be served upon the Authority under the provisions of this Act or any other law or enactment, may be served by delivering it to the Managing Director or by sending it by registered post and addressed to the Managing Director at the principal office of the Authority.

55. Restriction on Execution Against the Property of the Authority

- (1) In any action or suit against the Authority, no execution or attachment of process shall be issued against the Authority.

- (2) Any sum of money which may be the judgment of any court awarded against the Authority shall, subject to any direction given by the court where notice of appeal of the said judgment has been given, be paid from the general reserve fund of the Authority.

56. No Waiver

Nothing in this Act shall be construed as a waiver of any regulatory or statutory power or function of the Central Bank of Nigeria or the Ministry of Finance.

57. Tax and Investment Exemptions

- (1) The Authority and its wholly-owned subsidiaries and affiliates shall be exempt from the provisions of any and all taxes, fees, imposts or similar fiscal laws or regulations of the Federal, State or Local Governments of the Federal Republic of Nigeria, including without limitation, the Companies Income Tax Act CAP C21 LFN 2004, the Capital Gains Tax Act CAP C1 LFN 2004, the Stamp Duties Act CAP S8 LFN 2004, the Value Added Tax Act CAP V1 LFN 2004 or other impost, taxes on interest and dividends or any similar law or regulation.
- (2) The Authority and any financial instruments established by it shall be exempt from the provisions of the Investments and Securities Act No.29 of 2007 and the Banks and Other Financial Institutions Act CAP B3 LFN 2004; provided, that any investments made within the Federation shall be subject to the Investments and Securities Act No.29 of 2007, as amended from time to time, if applicable.
- (3) If any other enactment or law relating to the Authority or its operations is inconsistent with this Act, this Act shall prevail.

58. Interpretation

In this Act, unless the context otherwise requires:

“Annual Report” has the meaning set out in sub-section (1) of section 37 of this Act.

“Authority” has the meaning set out in sub-section (1) of section 1 of this Act.

“Benchmark Hydrocarbons” means the Federation hydrocarbons included in the determination of the Projected Federation Hydrocarbon Revenue.

“Board” has the meaning set out in sub-section (1) of section 15 of this Act.

“Budgetary Smoothing Amount” means an amount equal to ten percent of monthly Federation Funding, up to a cumulative maximum amount at any one time of 2.5 percent of the Projected Federation Hydrocarbon Revenue for the year of such funding.

“Development Projects” has the meaning set out in sub-section (5) of section 41 of this Act.

“Executive Nomination Committee” has the meaning set out in sub-section (2) of section 16 of this Act.

“Federation Funding” means revenues received into the Federation Account other than the Projected Federation Hydrocarbon Revenue for the relevant period.

“Funds” means collectively all of the Future Generations Fund, the Nigeria Infrastructure Fund and the Stabilisation Fund and any further funding vehicles established hereunder and, individually, each of such funds.

“Future Generations Fund” has the meaning set out in paragraph (a) of sub-section (1) of section 4 of this Act.

“International Reporting Financial Standards” means the principles based Standards, Interpretation and the Framework (1989) adopted by the International Accounting Standards Board.

“Managing Director” shall mean the managing director and chief executive officer of the Authority appointed in accordance with this Act.

“Minister” means the Minister of Finance of the Federal Republic of Nigeria.

“Nigeria Infrastructure Fund” has the meaning set out in paragraph (b) of sub-section (1) of section 4 of this Act.

“Oil Price Benchmark Rule” means the projected price for Benchmark Hydrocarbons utilized in the determination of Projected Federation Hydrocarbon Revenue.

“Projected Federation Hydrocarbon Revenue” means the projected revenue determined through the budgetary process attributable to the Federal, State, Federal Capital Territory and Local governments and calculated by applying the Oil Price Benchmark Rule to the Benchmark Hydrocarbon output in each case approved by the National Assembly.

“ring-fenced” means, in the context of each of the Funds, the use of a structure that maintains a separation of the assets and liabilities of one Fund from the assets and liabilities of the other Funds.

“Santiago Principles” means the generally accepted principles and practices of Sovereign Wealth Funds made by the International Working Group of Sovereign Wealth Funds.

“Secretary” has the meaning set out in sub-section (1) of section 22 of this Act.

“Stabilisation Fund” has the meaning set out in paragraph (c) of sub-section (1) section 4 of this Act.

59. **Short Title**

This Bill may be cited as the Nigeria Sovereign Investment Authority Act Bill.

SCHEDULE 1 - SUPPLEMENTARY PROVISIONS RELATING TO THE BOARD

(1) Proceedings of the Board

The Board may make rules as it deems appropriate for regulating its proceedings.

(2) Meetings of the Board

- (a)** Any two directors or a director and the Secretary may call a Board meeting by giving fourteen days' notice of the meeting to each of the directors or by authorising the Secretary to give such notice.
- (b)** Directors may waive their entitlement to such notice prior to or up to seven days after any meeting. At a minimum, the Board shall meet once each quarter.
- (c)** The chairman of the Board (being the non-executive director approved by the President on the recommendation of the Minister in accordance with sub-section (1)(a) of section 16 of this Act) shall chair the meetings of the Board, unless he or she is absent, in which case the attending directors shall appoint a chair for such meeting.
- (d)** The chairman of the Board shall have a deciding vote in the event the numbers of votes for and against a proposal at a meeting of the Board are equal.
- (e)** Unless a quorum of directors is participating, no decision other than to call another meeting of the directors may be made. The quorum for the transaction of business shall be not less than seven directors.
- (f)** Where the Board seeks advice of any person on a particular matter, the Board may invite that person to attend for such period as it deems fit, but a person who is invited by virtue of this paragraph shall not be entitled to vote at any meeting of the Board and shall not count towards the quorum.
- (g)** In addition to meeting with all participants physically present, the Board may hold or continue a meeting by the use of any means of communication by which all the participants can hear and be heard at the same time. A member of the Board who participates in a teleconference meeting shall be taken for all purposes to have been present at the meeting and the Board may establish procedures for teleconference meetings (including recording the minutes of such meetings) in its minute book.
- (h)** The Board may pass a resolution without a meeting being held if all its members entitled to vote on the resolution sign and date on one or more copies a document containing a statement that they are in favour of the resolution in the document.

Any such resolution shall be deemed passed on the date of the last signature to be applied.

- (i) The Secretary shall ensure that the Authority keeps a record, in writing, of every decision of the Board.

(3) Conflict of Interest and Recusal

- (a) If a member of the Board has pecuniary interest or other beneficial interest in, and material to, a matter that falls to be considered by the Board, he or she shall:
 - (i) disclose to the other directors of the Board the nature of his or her interest in advance of any consideration of the matter;
 - (ii) not influence nor seek to influence a decision to be made in relation to the matter;
 - (iii) take no part in any consideration of the matter;
 - (iv) absent himself or herself from the meeting or that part of the meeting during which the matter is discussed; and
 - (v) not vote or otherwise act on a decision relating to the matter.
- (b) If a member of the Board declares an obligation or discloses an interest pursuant to sub-section (1) of this paragraph 3, the declaration or disclosure shall be recorded in the minutes of the meeting of the Board.
- (c) No member of the Board or any employee of the Authority shall, in a personal capacity, either directly or indirectly be involved in the purchase of any assets of or being acquired by the Authority.

(4) Seal of the Authority

- (a) The fixing of the seal of the Authority shall be authenticated by the signature of the chairman or of any person specifically authorised to act for that purpose by the Board.
- (b) Any contract or instrument which, if made or executed by a person not being a body corporate, would not be required to be under seal may be made by the chairman or any person specifically authorised to act for that purpose by the Board.

- (c) Any document purporting to be a document duly executed under the seal of the Authority shall be received in evidence and shall, unless and until the contrary is proved, be presumed to be so executed.

EXPLANATORY MEMORANDUM

This Bill seeks to establish the Nigeria Sovereign Investment Authority to receive, manage and invest in (a) a diversified portfolio of medium and long-term investments for the benefit of future generations of Nigerian citizens, a portion of the revenue of the Federal, State and Local Governments, to prepare for the eventual depletion of Nigeria's hydrocarbon resources, (b) in conjunction with other investors for the development of critical infrastructure in Nigeria that will attract and support foreign investment, economic diversification, growth and job creation and (c) in exceptional circumstances set out in the Act, utilise certain liquid assets in the Stabilisation Fund of the Authority to supplement other available fiscal stabilisation funds to temporarily sustain duly budgeted public expenditure in the interests of macroeconomic stability in Nigeria as a whole.