

South African Maritime Industry Conference

FEASIBILITY OF THE REGIONAL MARITIME DEVELOPMENT BANK

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WHAT IS THE REGIONAL MARITIME DEVELOPMENT BANK?

- The project is to establish a sectorally focused bank that will create the capital base for financing national/regional Maritime Projects and Programs through the mobilization of the huge financial resources being generated by the region's maritime and port institutions.
- The funds are to be mobilized by way of equity/commercial shareholding both in and out of the region and subsequent turning over of the funds so mobilized **for the benefit of shareholders and the region**
- **As a development bank, the Regional Maritime Development Bank would provide the requisite technical/ financial support to the industry and may not get involved in retail banking**

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WHY THE REGIONAL MARITIME DEVELOPMENT BANK?

- The Bank is inevitable for financing today's costly Maritime/Port/ transit transport infrastructure, national/regional institutional arrangements and implementation of mandatory international maritime conventions, codes and regulations.
- It is estimated that to efficiently implement for instance, the international Maritime Safety and Security measures relating to ISPS code, Piracy and armed robbery, IUU fishing, illegal bunkering, illegal migration, responding to maritime accidents/oil pollution alone, required some US\$1.5bn a year from the region.
- In particular, the Supply and sustenance of tonnage is a function of a durable capital base provided by a sectorally focused bank. Re: the experience of the Far East.

FUNCTIONS OF THE BANK?

- to provide equity and working capital fund by way of loans to indigenous persons, institutions and organizations for medium and long term investments in shipping and maritime commerce at such competitive rates and upon such terms as may be determined by the Board. In particular:
- provide medium and long term loans to indigenous persons for the acquisition of ships, marine vessels, and offshore structures.
- To facilitate the provision of loans to registered shipyards in the region, for the building, repair and maintenance of ships, marine vessels and offshore structures.

Functions Cont..

- ❑ To provide medium and long term loans to corporate bodies carrying on shipbuilding, or ship repairs or a main engine manufacturing undertakings.
- ❑ To provide medium and long term loans to corporate bodies carrying on multi-modal transport services for the development and expansion of their fleet.
- ❑ To provide medium and long terms loans to corporate bodies engage in the provision of port services for the acquisition of equipments

Functions Cont..

- ❑ To provide medium and long term loans for the development of maritime infrastructure.
- ❑ To provide medium and long term loans for the development of Maritime Training Institutions.
- ❑ To provide such loans in local or foreign currency or both according to the fund available to the bank.
- ❑ engage and participate in any other approved banking business as may deemed fit by the Board.

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A key function!

- ❑ **To provide technical/financial assistance for the preparation, financing and execution of development projects and programs, including the formulation of specific project proposals.**
- ❑ In the evaluation of the regional projects, the respective studies shall include the impact analysis which explains its social responsibility and they have to reflect the environmental impact of its services in the welfare of the Communities, Workers and other issues regarding the ethics and interest of the consumer.

STATE OF PLAY-the MOWCA experience

- In 2005 the General Assembly of Ministers of the 25-member State Maritime organization of West and Central Africa unanimously approved the Secretary General's proposal for the establishment of the Bank

MOWCA IN CONFERENCE



MOWCA IN CONFERENCE



THE FEASIBILITY STUDY

- A team of MOWCA experts led by Chief Orode of Nigeria conducted a preliminary study across the region. They concluded that:
- There was overwhelming support from all the industry players interviewed for a regional Maritime Development Bank

MOWCA APPROVAL AND BANK'S HEADQUARTERS

- In a subsequent MOWCA Expert and Ministerial Conference, The study was endorsed and the Federal Republic of Nigeria not only offered to host the Headquarters of the Bank but showed commitment by providing key infrastructure.

EQUITY SHAREHOLDING STRUCTURE

- ❑ The Bank was to have thriving branches in all MOWCA States. The Proposed Equity shareholding is:
- ❑ Member States(sovverelgn shares)-25%; Institutions in the region-25%; African Development Agencies-15%; International Multilateral Financial Institutions-20%; international/local organized Private Sector-15%

APPOINTMENT OF CONSULTANTS

- ❑ LEGAL AND FINANCIAL CONSULTANTS WERE DUE TO BE APPOINTED WITH INITIAL FINANCIAL COST UNDERWRITTEN BY NIGERIA AS PART OF NIGERIA'S EQUITY IN THE BANK

WAY FORWARD

- ❑ The Bank could be an Africa-wide Bank as Africans share common Maritime challenges. SAMIC can recommend that.
- ❑ Identify a Special Purpose Vehicle to technically progress the Project
- ❑ Set up/operationize the Project Administration office in Abuja