

KWARA STATE AGRICULTURAL MICRO-CREDIT SCHEME LAW, 2008

ARRANGEMENT OF SECTIONS

SECTIONS

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SCHEDULE

Supplementary provisions relating to the Board

KWARA STATE AGRICULTURAL MICRO-CREDIT SCHEME LAW, 2008

I assent this 18 day of August 2008

(L.S) DR. ABUBAKAR BUKOLA

SARAKI

Governor,

Kwara State of Nigeria

Law No. 5 of 2008

**A LAW TO ESTABLISH THE KWARA STATE AGRICULTURAL MICRO-CREDIT SCHEME
CHARGED WITH RESPONSIBILITY FOR PROVIDING REVOLVING LOANS To FARMERS AND
OTHER MATTERS CONNECTED THEREWITH**

(18 August 2008)

BE IT ENACTED by the House of Assembly of Kwara State of Nigeria and by the authority of
same as follows –

**PART 1- ESTABLISHMENT, INCORPORATION OF THE SCHEME, COMPOSITION, FUNCTIONS AND POWERS
OF THE GOVERNING BOARD**

- 1. There is established a body to be known as the Kwara State Agricultural Micro-Credit Scheme (in this Law referred to as “the Scheme”).
- 2. The Scheme shall –
 - (a) be a body corporate with perpetual succession having a common seal;
 - (b) have power to sue and be sued in its corporate name; and
 - (c) be capable of holding, purchasing, acquiring and disposing of properties movable and immovable for the purpose of carrying out its functions under this Law.
- 3. There is established for the Scheme a Governing Board (in this Law referred to as “the Board”).
- 4. (1) The Board shall consist of-
 - (a) the Chairman who shall have knowledge and experience in the area of financial management;
 - (b) one representative of the following –
 - (i) Ministry of Finance,,
 - (i) Ministry of Finance,,
 - (ii) Ministry of Agriculture and Natural Resources,
 - (iii) Ministry of Commerce and Co-operatives,
 - (iv) Ministry of Industry and Solid Minerals,
 - (v) All Farmers Association of Nigeria;
 - (c) General Manager of the Scheme;
 - (d) three persons, one from each Senatorial District of the State who are recognised practising farmers ; and
 - (e) the Secretary of the Scheme who shall be the Secretary.
- (2) The members of the Board shall-
 - (a) be persons of proven integrity; and
 - (b) other than ex-officio members be appointed by the Governor and shall hold office for 4 years and may be re-appointed for a further term of 4 years.
- (3) A member of the Board may be removed by the Governor if he is satisfied that it is not in the interest of the Scheme or the interest of the public that the member continues in office.’
- 5. (1) Notwithstanding the provisions of section 4 (2) of this Law, a person shall cease to hold office as a member of the Board if-
 - (a) he becomes bankrupt, suspends payment or compounds with his creditors;
 - (b) he is convicted of a felony or any offence involving dishonesty and fraud;
 - (c) he becomes of unsound mind or incapable of carrying out his duties;
 - (d) he is guilty of a serious misconduct in relation to his duties;
 - (e) in the case of a person possessed of professional qualification, he is disqualified or suspended, other than at his own request from practising his profession by an order of competent authority made in respect of that member;
 - (f) he resigns his appointment by a letter addressed to the Governor;
 - (g) he dies;
 - (h) he has financial or other interests in the operations of the Scheme; and
 - (i) he has been absent from three consecutive meetings of the Board without the permission of-
 - (i) the Chairman, in the case of a member, and
 - (ii) the Governor in the case of the Chairman.
- (2) If a member of the Board ceases to hold office for any reason whatsoever, before the

- (2) If a member of the Board ceases to hold office for any reason whatsoever, before the expiration of the term for which he is appointed another person representing the same interest as that member shall be appointed, to the Board for the unexpired term.
- 6. There shall be paid to the members not being ex-officio members such remunerations, allowances as the Governor may direct.
 - 7. The supplementary provisions set out in the Schedule shall have effect with respect to the proceedings of the Board and other matters contained therein.
 - 8. (1) The functions of the Board shall be to-
 - (a) make decisions for the Scheme;
 - (b) co-ordinate, regulate and monitor the implementation of the activities of the Scheme under this Law and as may be assigned to the Scheme by the Governor;
 - (c) ensure the implementation of the policies and procedures of the Scheme;
 - (d) set guidelines for effective co-operation with other organisation to promote the functions of the Scheme;
 - (e) ensure public awareness of the Scheme; and
 - (f) carry out such other functions as are necessary and expedient.
 - (2) The Board shall have power to –
 - (a) formulate, determine, initiate and provide the general policies and guidelines including financial and operational procedures in relation to the functions of the Scheme;
 - (b) manage and superintend the affairs of the Scheme;
 - (c) subject to the provisions of this Law, make, alter and revoke Rules and Regulations for carrying on the functions of the Scheme;
 - (d) fix terms and conditions of Service including remunerations, allowances of the employees of the Scheme;
 - (e) make recommendations when necessary on any important issue; and
 - (f) do such other things as maybe necessary and expedient.

PART II – FUNCTIONS OF THE SCHEME

- 9. (1) The Scheme shall-
 - (a) manage and control the funds provided specifically for the purpose of this Scheme;
 - (b) assist farmers especially medium and small scale farmers by giving them loans;
 - (c) on behalf of farmers obtain loans from Banks or other approved sources by the Governor;
 - (d) give loans to farmers on terms that are not stringent but at reasonable interest rates;
 - (d) give loans to farmers on terms that are not stringent but at reasonable interest rates;
 - (e) carry on a thorough credit resources analysis policy in the State with a view to assisting the small farm holders in obtaining the needed credit;
 - (f) borrow money for purposes of its functions under this Law and provide other securities in respect of loans;
 - (g) within the framework of the State Policy draw up and finance either directly or through financial institutions, farm projects;
 - (h) appraise all proposals of Micro-Credits on Agriculture;
 - (i) coordinate all activities pertaining to joint financing of projects between the beneficiaries and other institutions;
 - (j) supervise all projects undertaken by the Scheme;

- (k) draw, recommend and issue guidelines for the operation of any Scheme;
- (l) identify viable beneficiaries and approve same for granting of such facilities as are available for disbursement;
- (m) identify and enter into such contractual agreements with Banks or other microfinance institutions for the purpose of executing any farm project as may be approved by the Board;
- (n) make, draw, accept or endorse negotiable instruments;
- (o) lease equipment and other necessary facilities to farmers;
- (p) establish a saving scheme for the purpose of utilising the funds for granting long term loans to farmers for the purpose of high productivity;
- (q) administer such fund made available by the State Government, donor organisations and other organisations for the purpose of granting credit to farmers to facilitate the development of Agricultural Sector in the State;
- (r) enter into any contract necessary or expedient for the due performance of any function or power conferred upon the Board by this Law; and
- (s) carry out such other functions as may be necessary and expedient.

PART III – PROCEDURES IN RESPECT OF LOANS

- 10 (1) The Board may grant loans only where it is conditions subject to which loans may be Satisfied-
 - (a) that the farm project for which, the loan is required would be viable and selfsupporting;
 - (b) that the farm project would bring in sufficient revenue not only to cover the repayment
 - (b) that the farm project would bring in sufficient revenue not only to cover the repayment of principal and interest on the loan on the due dates but also leave reasonable profit over the period of repayment of the loan;
 - (c) that the farmer is in a position to effectively manage the farm project and repay the loan on time; and
 - (d) that no part of a previous loan granted to the farmer by the Board is outstanding.
- (2) The Board may require any farmer seeking loan to supply all such information as may be required to enable the Board to determine whether a farm project would qualify for a loan in accordance with the conditions laid down in sub-section (1) of this section, and such information may include the estimated cost of the farm project, the expected annual revenue from the farm project, the life of the farm project, the financial position including the assets and liabilities of the farmer.
- (3) The Board may from time to time make or cause to be made such examination as may be necessary to ensure that any loan granted under this Law is being applied to the purpose for which it was made and the Board may authorise any person in writing to make such examination and the farmer concerned shall produce to such person all the relevant books and documents and other matters and things necessary for the purpose of the examination.
- (4) Upon any examination made under the provisions of sub-section (3) of this section, if it appears to the Board that any sum. being the whole or part of a loan, has not been applied for the purpose for which it was made, the Board shall with the approval of the Commissioner order that such sum be repaid to the Scheme within the time specified in the order and any sum so ordered to be repaid shall become a debt to the Scheme.
- (5) The person(s) referred to in subsection (3) of this section shall include Extension Officers of the Ministry of Agriculture and Natural Resources.
- (6) Notwithstanding the provisions of this Law, recognised Agricultural Co-operative Societies and Associations shall have the power to obtain loans on behalf of their members from the Scheme and such

loans shall be paid back to the Scheme by such Agricultural Co-operatives Societies or Associations.

(7) The provisions of this section pertaining to the procurement of loans shall be

(7) The provisions of this section pertaining to the procurement of loans shall be applicable to such Agricultural Co-operative Societies or Associations. In this section –

“Agricultural Co-operative- Societies and Associations” means Agricultural Co-operative Societies or Associations whose members are involved in the planting of cash crops, food crops or animal farming.

PART IV – ADMINISTRATIVE ORGANISATION OF THE SCHEME

- 11. (1) There shall be for the Scheme a General Manager who shall have adequate knowledge, experience and qualification in the area of Financial Management.
(2) The General Manager shall –
 - (a) be appointed by the Governor;
 - (b) hold office for a term of 4 years and may be reappointed for a further term of 4 years, upon such terms and conditions as to remunerations, conditions of service as may be specified in his letter of appointment; and
 - (c) be the Chief Executive and Accounting Officer of the Scheme.(3) Power to exercise disciplinary control over the General Manager shall be on the recommendation of the Board to the Governor.
- 12. The General Manager shall-
 - (a) be responsible for the day to day Administration of the Scheme;
 - (b) be responsible for the carrying out of the policies and decisions of the Scheme in accordance with the provisions of this Law;
 - (c) define and assign responsibilities to the staff;
 - (d) submit quarterly progress report on the activities of the Scheme to the Board; and
 - (e) perform such other duties as may be related to his duties and as may be directed from time to time.
- 13. (1) There shall be a Secretary to the Scheme, who shall be appointed from the State Civil Service.
(2) The Secretary shall-
 - (a) keep the books and records of the proceedings of the Board;
 - (b) be in control of the administration of the secretariat of the Scheme;
 - (c) carry out all correspondence relating to the Scheme; and
 - (d) perform such other functions as may be prescribed by the Board.
- 14. (1) There shall be an Accountant for the Scheme.
(2) The Accountant shall-
 - (a) maintain accurate accounting records of all financial transactions conducted by the Scheme;
 - (b) maintain approved imprest account for the Scheme; and
 - (c) perform such other duties that may be assigned to him or that are incidental to the discharge of his responsibilities.
- 15. (1) The Scheme shall-
 - (a) employ, engage, appoint such number of employees as may in the opinion of the Scheme be required to assist the Scheme in the proper and effective conduct of its business upon such terms and conditions of service (including remunerations, allowances, benefits as are in line with the conditions of service) obtainable in the Civil Service of the State after consultation with the State Civil Service Commission;
 - (b) employ on secondment such officers in the Civil Service of the State or in the Service of any Local

Government, etc. as may with the agreement of such officers, be seconded to the Service of the Scheme in accordance with the procedure applicable to the secondment of such officers;

(c) have power to dismiss such employees as it may consider necessary; and not appoint, engage, employ or dismiss any officers or employee whose salary is equal or in excess of the prescribed salary without the approval in writing of the Governor.

(2) The exercise of the powers vested in the Scheme by paragraph (a) of subsection (1) of this section shall be subject to the provisions of any Regulation or Rule made under this Law.

- 16. (1) Service in the Scheme shall be pensionable service and accordingly, officers and persons employed in the Scheme shall be entitled to pension, gratuities and other retirement benefits as are obtainable in the Service of the State.

(2) Nothing in subsection (1) shall prevent the appointment of a person to any office on terms which preclude the grant of pension and gratuity in respect of that office.

- 17. The Board may, with the approval of the Governor and subject to the provisions of this Law make Regulations with respect to the appointments, promotions, transfers, dismissal and exercise of disciplinary control over its employees and without prejudice to the generality of the foregoing provisions, make Regulations for any of the following matters –
 - (a) the qualifications to be required for appointments;
 - (b) the method of appointment (including probation and confirmation);
 - (c) the form of any agreement to be entered into between the Scheme and its employees;
 - (d) the terms and conditions of service (including without prejudice to the generality of that expression, the salaries, allowances, the grant of advances, the provisions of quarters, leave and medical treatments);
 - (e) the procedures and requirements for promotions;
 - (f) the maintenance of discipline (including dismissal and the determination of appointments);
 - (g) the transfer of employees between the Scheme and other Government Services; and
 - (h) such other matters relating to departmental procedures, duties and responsibilities of employees as the Board considers can be best provided for by regulations.

PART V – FINANCIAL PROVISIONS

- 18. (1) The funds and resources of the Scheme shall consist of –
 - (a) such sums or properties granted to the Scheme by the Federal, State or Local Government, or any person, institution or organisation;
 - (b) such sums as may be paid to the Scheme by way of grants, subventions, donations, gifts, fees, rents, grants-in-aids, endowments and royalties;
 - (c) such sum as may become repayable to the Scheme as principal or interest in respect of loan granted by the scheme;
 - (d) such sums or property as may from time to time be advanced by way of loan, grant, etc. by any Local Government, Statutory Corporation, Agency, Institution, International organisation, foundation or any other person; and
 - (e) all other monies or properties accruing to the Scheme from other sources approved by the Government and which shall be properly accounted for and reported on.
- (2) All sums received by the Scheme shall be credited into the Fund of the Scheme and the Board shall apply such funds in accordance with this Law or upon such conditions as may be attached to its derivation or appropriation.

PART VI – ACCOUNTS AND REPORTS

- 19. (1) The Board shall keep proper account of revenue and expenditure, payments, receipts, assets and liabilities and shall at the end of each financial year prepare an annual statement of account showing in a fair and accurate manner the financial position of the Scheme.
(2) The said annual statement of accounts shall be a fair and accurate statement of the financial position and of the results of the operations of the Scheme for the financial year to which it relates.
- 20. The Scheme shall within two months after the end of each financial year cause the. Account of the Scheme relating to the previous year to be audited by the Auditor- General of the State or by any other person authorised in that behalf by him.
- 21. The Scheme shall prepare and submit to the Governor, not later than three months after the end of each financial year a report on the activities of the Scheme during the immediate preceding year, which report must include a certified copy of the audited accounts and the Auditor – General’s report thereon.
- 22. (1) The Scheme shall not later than 30th September in each year, submit to the Governor an estimate of its expenditure and income (including payments to the Scheme) for the next succeeding year.
(2) The Scheme shall submit a copy of the estimates prepared in subsection (1) of this section to the Governor for his approval and the Governor shall have the power to disallow, reduce or vary any provision under any item in the estimates as he may consider necessary.
- 23. (1) The Scheme may accept any gift of land, money or other property on such terms and conditions, if any, as may be specified by the person or organisation making the gift.
(2) The Scheme shall not accept any gift if the conditions attached are inconsistent with the functions of the Scheme and the terms of this Law.
- 24. (1) The Scheme may with the consent of the Governor borrow on such terms and conditions as the Scheme may determine, such sums of money as the Scheme may require in the exercise of its functions under this Law.
(2) There shall be attached to the consent such condition that the money borrowed shall be utilised for specific purposes.

PART VII- POWER IN RELATION TO LAND

- 25. (1) Whenever, there is need for an acquisition by the Acquisition Scheme of any land required for the purposes of carrying out its functions and powers as set out in this Law, the appropriate authority in the Ministry of Lands and Housing or person authorised by the Governor may, upon the application of the Scheme and after such enquiry as he may think fit, declare that the land is required for the service of the Scheme.
(2) The land to which a declaration as in subsection (1) of this section is made shall be deemed to be required for public purposes within the State and within the meaning of the Land Use Act, and the Governor may cause action to be taken under the said Act, for acquiring the Land for the Government.
(3) The compensation, if any payable under the Land Use Act, for the acquisition of any land under this section shall be paid by ‘the Scheme as assessed by the Ministry of Lands and Housing.

PART VIII – MISCELLANEOUS

- 26. (1) The Board shall make use of the services of Extension Officers of the Ministry of Agriculture and Natural Resources for the purpose of carrying out its functions as provided in subsection (3) of section 10 of this Law.
(2) The Extension Officers shall –
(a) pay on the spot visitation to the farm lands of farmers to ensure the existence of such farms and their

viability;

(b) make appropriate recommendations on intended farm projects;

(c) monitor from time to time farm projects to ensure their continuous existence, viability and success;

(d) do such other things as the Board may direct and as may be relevant to their duties.

(3) Any Extension Officer or any other person authorised by the Board to carry out the duties provided in this section and subsections (3) and (4) of section 10 of this Law respectively, who recommends a non-existing farmland or gives any mis-information that has enable a person to obtain a loan from the Scheme, for a farm project under this Law is guilty of an offence and is liable on conviction to imprisonment for a term of 2 years without an option of fine.

- 27. (1) Any farmer who obtains any loan from the Scheme-

(a) without utilising it for the farm project for which it was obtained;

(b) who fails to repay same by the expected date of re-payment, is guilty of an offence and is liable on conviction to imprisonment for a term of 2 years without an option of fine.

(2) Any person who is not a Farmer and obtains loan on the pretext that it will be use for a farm project is guilty of an offence and is liable on conviction to 3 years imprisonment without an option of fine.

(3) Any Agricultural Co-operative Society or Association that obtains loan from the Scheme and refuses to pay back at the expected due date or fails to utilise it for the purpose for which it was obtained is guilty of an offence and liable on conviction to a fine of N200, 000.00.

(4) Notwithstanding the provisions of this Section, the loans referred to in this section shall become a debt to the Scheme and the Scheme shall have the power to recover same in a civil action.

- 28. For the purpose of providing offices and premises necessary for the performance of its functions under this Law, the Scheme may, subject to the Land Use Act –
 - (a) purchase or take on lease any interest in land or other property: and
 - (b) construct offices, equip and maintain them.
- 29. Subject to the provisions of this Law the Governor may give to the Scheme directives of a general nature relating generally to matters of policy with regard to the performance of the Scheme of its functions and it shall be the duty of the Scheme to comply with the directives.
- 30. The Scheme may with the approval of the Governor make regulations generally for the purpose of giving full effect to this Law.
- 31. In this Law, unless the context otherwise requires-
 - “Board” means the Board established under section 3 of this Law;
 - “Chairman” means chairman of the Board;
 - “farm project” includes planting of cash crops, food crops or animal farming;
 - “farmer” means a person who is involved in the planting of cash crops, food crops or animal farming;
 - “Commissioner” means Commissioner for Finance;
 - “Governor” means the Governor of Kwara State;
 - “Member” means a member of the Governing Board and includes the Chairman;
- A 28
 - “Scheme” means the Scheme established under section I of this Law:
 - “Scheme” means the Scheme established under section I of this Law:
 - “Secretary” means the Secretary of the Scheme: “State” means Kwara State of Nigeria.
- 32. This Law may be cited as the Kwara State Agricultural Micro-Credit Scheme Law. 2008.

SCHEDULE (Section 7)

SUPPLEMENTARY PROVISIONS RELATING TO THE BOARD

- 1. The Board may make standing orders regulating its proceedings or those of any of its Committees.
- 2. (1) The Board shall meet at such times as may be expedient for the transactions of business and such meetings may be held at such places and times as the Board may determine.
(2) At any meeting of the Board the Chairman shall preside but if he is absent, the members present at the meeting shall appoint one of their members to preside at that meeting.
- 3. Six members of the Board shall constitute a quorum, and the quorum of any Committee of the Board shall be determined by the Board.
- 4. (1) Every question put before the Board at a meeting shall be decided by a majority of the votes of the members present and voting.
(2) The Chairman and every member shall at any meeting each have a vote, but in the case of an equality of vote, the Chairman may in addition exercise a casting vote.
- 5. Where upon any special occasion the Board desires to obtain the advice of any person on any particular matter, the Board may co-opt such a person as a member for such meetings as may be required, and such person whilst so co-opted shall have all the rights and privileges of a member except that he shall not be entitled to vote on any question.
- 6. No member of the Board or Committee shall be personally liable for any act or default of the Board done or omitted to be done in good faith in the course of the operations of the Board.
- 7. No act or proceedings of the Board or Committee shall be invalid –
 - (a) on account of any vacancy among its members:
 - (a) on account of any vacancy among its members:
 - (b) on account of the appointment of any member having been defective; or
 - (c) by reason that any person not entitled to do so took part in the proceedings of the Board or the Committee.
- 8. (1) The Board may appoint Standing or Ad-hoc Committees to perform, on behalf of the Board such of its functions as the Board may determine .
(2) A Committee appointed under this paragraph shall consist of such number of persons (not necessarily members of the Board) as may be determined by the Board, and a person other than a member of the Board shall hold office on the Committee in accordance with the terms of its appointment.
(3) A decision of a Committee of the Board shall be of no effect until the Board confirms it.
- 9. (1) The common seal of the Board shall not be used or affixed to any document except in pursuance of a resolution duly passed at a meeting of the Board and recorded in the minutes of such meetings.
(2) The Secretary shall have custody of the common seal of the Board and be responsible for fixing the common seal onto any document.
(3) The fixing of the common seal shall be authenticated by the signature of the Chairman and the Secretary
(4) Any document purporting to be a document duly executed under the common seal of the Board shall be received in evidence and shall, unless the contrary is proved, be deemed to be so executed.
- 10. Any contract or instrument, which would not be required to be under seal if entered into or executed by a person other than a body corporate, may be entered into or executed on behalf of the Board by any person generally or specifically authorised by the Board to do so.

