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An Act to establish the Marshall Islands Development Bank, to regulate its functions and powers and for purposes related thereto.

Commencement:	March 17, 1988
Source:	P.L. 1988-1
	P.L. 1988-21
	P.L. 1991-122
	P.L. 1993-72
	P.L. 2002-50

PART I - PRELIMINARY**§801. Short title.**

This Chapter may be cited as the ‘Marshall Islands Development Bank Act 1988.’ [P.L. 1988-1, §1.]

§802. Interpretation.

In this Chapter unless the context otherwise requires:

(a) ‘Bank’ means the Marshall Islands Development Bank:

- (b) "Board" means the Board of Directors of the Bank;
- (c) "By-laws" means by-laws of the Bank;
- (d) "Chairman" means the Chairman of the Board of Directors;
- (e) "Director" means a member of the Board of Directors;
- (f) "enterprises" means any person, group of persons or body (whether incorporated or unincorporated) that engages or proposes to engage in any economic activity, including any activity in agriculture, fisheries, manufacturing and industry, construction, tourism and commerce, transportation, and other services;
- (g) "IDF" means the Investment Development Fund;
- (h) "Minister" means the Minister to whom the Marshall Islands Development Bank has been assigned by the President;
- (i) "MIDA" means the Marshall Islands Development Authority;
- (j) "MINDB" means the Marshall Islands National Development Bank;
- (k) "policies and guidelines" means policies and guidelines of the Bank; and
- (l) "shareholder" means the holder of shares of the Bank. [P.L. 1988-1, §2.]

PART II- ESTABLISHMENT AND MANAGEMENT OF THE BANK

§803. Establishment of the Bank.

(1) There is hereby established for the purposes of this Chapter a corporation which shall be called the Marshall Islands Development Bank. The Bank shall have its head office at Majuro, Marshall Islands.

(2) The Bank shall be a body corporate having perpetual succession and a common seal and may sue and be sued in its corporate name. [P.L. . 1988-1, §3.]

§804. Capital of the Bank.

(1) The authorized capital of the Bank is USD \$10,000,000 divided into 10,000 shares each of USD \$1,000.

(2) The initial authorized capital of the Bank shall be not less than USD \$5,000,000 divided into 5,000 shares each of USD \$1,000. The remaining USD \$5,000,000 divided into 5,000 shares each of USD \$1,000 shall be subscribed to within a period of three (3) years.

(3) The said shares shall entitle the holders thereof to participate in proportion to the capital paid up on their shares respectively in all sums distributed by way of dividend; and in a winding up, all surplus assets shall belong to and be divided amongst the holders of the said shares in proportion to the amounts paid up on such shares at the commencement of the winding up.

(4) No shareholder shall be liable to contribute to the debts or liabilities of the Bank, any sum exceeding the amount unpaid on the shares held by such shareholder. [P.L. 19881, §4.]

§805. Monies of the Bank.

All monies lying in the Bank, including the capital, shall be in a separate Fund; and the Fund shall be a separate Fund other than the Marshall Islands General Fund as permitted under Article VIII of the Constitution. [P.L. 1988-1, §5 amended completely by P.L. 1988-21, §2.]

§806. Vesting of the Investment Development Fund.

(1) Upon the appointment of the Board of Directors of the Bank, all monies of the Investment Development Fund standing to the credit of the Marshall Islands Development Authority (“MIDA”) immediately before such date shall stand transferred to and vest in the Bank.

(2) All acts, transactions, matters and things lawfully done, determined or entered into by MIDA with respect to the Investment Development Fund shall be deemed to have been done, determined and entered into by the Bank. All rights, duties, and obligations of MIDA with respect to the Investment Development Fund and arising from such transactions matters and things subsisting on the date determined under Subsection (1) of this Section shall become the rights, duties, and obligations of the Bank.

(3) All other assets (including real and personal property of every kind) and liabilities of MIDA with respect to the Investment Development Fund shall cease to be assets and liabilities of MIDA and shall stand transferred to and vest in and become assets and liabilities of the Bank. [P.L. 1988-1, §6, amended by P.L. 1988-21, §3, changing the language of Subsection (1).]

§807. Board of Directors.

(1) The Board of Directors of the Bank shall consist of not less than five (5) and not more than seven (7) members appointed as follows:

(a) the Managing Director shall be appointed as prescribed under Section 808(1) of this Chapter;

(b) the remaining members shall be appointed by the Cabinet for a period of three (3) years and may be reappointed for a further term or terms (one of the members appointed shall be nominated by the Cabinet to serve as the Chairman of the Board); and

(c) in case a vacancy exists through death, incapacity or resignation, the vacancy may be filled in the same manner as the original appointment for the remainder of the term.

(2) Subject to the provisions of this Chapter and the By-laws and the Policies and Guidelines of the Bank, the business of the Bank shall be controlled and managed by the Board who may authorize all expenses incurred in promoting and establishing the Bank and may exercise any and all of the powers conferred on the Bank by this Chapter or the By-laws. [P.L. 1988-1, §7 amended by P.L. 1993-72, §2.]

§808. Managing Director.

(1) The Cabinet, acting on the advice of the Board, shall appoint a Managing Director of the Bank for such period and on such terms and conditions as may be specified in the appointment.

(2) The Managing Director shall be the chief executive officer of the Bank and shall be responsible to the Board for the day-to-day effective and efficient execution of the Bank’s functions. In carrying out his duties, the Managing Director shall follow the directions given to him by the Board.

(3) The Board may from time to time, on such terms and conditions as it specifies, appoint a person to be Acting Managing Director of the Bank during any temporary vacancy in the Office of the Managing Director, or while the Managing Director is on annual leave or for any reason unable to carry out his duties. [P.L. 1988-1, §8.]

§809. By-laws.

(1) The Board shall provide (within a period of one month) the By-laws of the Bank to

govern and regulate the operation and management of the Bank. A copy of such Bylaws shall be registered with the Registrar of Corporations.

(2) Upon registration the By-laws shall bind the Bank and the Board thereof to the same extent as if they respectively had been signed and sealed by each Director and contained covenants on the part of each Director to observe all the provisions of the By-laws.

(3) The Board may amend its By-laws. Any amendment to the By-laws shall be valid as if originally contained therein and be subject in like manner to amendment. [P.L. 1988-1, §9 amended by P.L. 1993-72, §2.]

PART III - FUNCTIONS AND POWERS

§810. Functions of the Bank.

(1) The functions of the Bank shall be to promote the development and expansion of the economy of the Marshall Islands in order to improve the standard of living of the people by adopting strategies that will develop and mobilize the human, natural, capital, technical entrepreneurial and other resources of the country. The Bank's activities shall be designed to strengthen the nation's economic base, increase employment and production, improve standards of housing, promote exports, and reduce the country's dependence on imports and foreign aid.

(2) In carrying out its functions the Bank shall have due regard for the general economic policies and plans of the Government of the Marshall Islands and to the general objectives of the Investment Development Fund. [P.L. 1988-1, §10; amended by P.L. 1993-72, §2.]

§811. Powers of the Bank.

The Bank shall be empowered:

(a) To provide financial assistance to enterprises operating in the Marshall Islands in the following manner:

(i) by extending loans to enterprises;

(ii) by guaranteeing or becoming liable for the payment of money or for the performance of any obligations undertaken by enterprises; and

(iii) by making equity investments in enterprises.

(b) To provide non-financial assistance to enterprises operating in the Marshall Islands in the following manner:

(i) by taking the initiative in the identification of investment opportunities, the undertaking of feasibility studies, the promotion and formation of new enterprises, as well as the expansion of existing enterprises with the objective of enlarging the economic base of the country;

(ii) by providing technical, managerial and financial consultancy services and training the existing and new enterprises;

(iii) by managing or taking part in the management of, supervision, or conduct of the business of enterprises.

(c) To take, acquire, undertake, buy, hold, sell and deal in shares, stocks, government securities, mortgages, bonds, obligations, and securities and investments of all kinds.

(d) To participate in the programs and services of the Government of the United States including those programs listed in Sections 105(h) and 111(a) of United States Public Law 99-239.

(e) To act as agent, attorney and custodian, and to administer and supervise funds for any government, authority, corporation, bank, firm person or persons.

(f) To appoint agents, attorneys and custodians and to establish agencies or others in relation to its business in the Marshall Islands and elsewhere.

(g) To act as executor, trustee, custodian, administrator, nominee, receiver, manager, liquidation, accountant, treasurer, registrar and secretary, and to undertake and execute any trust and obligations.

(h) To hold, manage, record, advise on and provide services of all kinds relating to the investment of monies and other property, and generally to conduct the business of investment consultant and manager.

(i) To carry on the business of and act as manager of funds or trusts of all kinds and to act generally as a trust management company.

(j) To purchase, take on lease or in exchange, hire or otherwise acquire, and hold, administer, carry on as a going concern, turn to account, develop, sell, let, lease, dispose of, or otherwise deal with, all its assets, business, and property and, within limits of its authority, all assets, business, and property which it may hold on behalf of other persons in any capacity whatsoever.

(k) To deposit money with financial institutions in the Marshall Islands and elsewhere.

(l) To accept money on deposit upon such terms as may seem expedient.

(m) To borrow, raise or secure the payment of money in such manner as it may see fit and secure the same or the repayment of any debt, liability, contract, guarantee or other acknowledgment incurred or to be entered into by it in any way and in particular by the issue of debentures perpetual or otherwise charged upon all or any of its property including its uncalled capital and to purchase, redeem, or pay off any such securities.

(n) to buy, sell, discount, and re-discount bills of exchange, promissory notes, and treasury bills.

(o) To acquire, hold, manage, turn to account and sell, let, lease, and dispose of real and personal property of all kinds both in and outside the Marshall Islands.

(p) To do such other things and perform such other acts that are necessary for, or conducive or incidental to the carrying out of the powers, functions and objectives of the Bank.

(q) To perform all of the functions, powers, programs and other responsibilities formerly performed by the Marshall Islands Housing Authority pursuant to the Housing Authority Act 1983, as amended, prior to the repeal of that Act effective December 1, 1991.

(r) To act as liaison for the United States Farmers Home Administration. [P.L. 1988-1, §11, amended by P.L. 1991-122, §2; P.L. 1993-72, §2.]

§812. Policies and Guidelines.

(1) The Cabinet shall request the Board of Directors to notify to it within a period of three (3) months from the date of its formation the detailed Policies and Guidelines that the Bank will adhere to. The Policies and Guidelines will be made public and will be strictly adhered to.

(2) The Board of Directors may from time to time effect changes in its Policies and Guidelines. Changes so made shall become operative only upon formal notification to the Government. [P.L. 1988-1, §12, amended by PL 1993-72, §2.]

PART IV - FINANCIAL STATEMENTS AND AUDIT

§813. Financial statements and audit.

(1) The financial year of the Bank shall commence on the 1st of October each year and end on the 30th of September the year following;

(2) At the end of each financial year, the Board shall cause to be prepared, annual financial statements, with respect to the operations of the Bank for that financial year.

(3) In the preparations of the financial statements, adequate and proper provisions shall be made for bad and doubtful debts, contingencies, depreciation of assets, and all such other matters as shall in the judgment of the Board be necessary or desirable to take into account having regard to normal banking practice.

(4) The annual financial statements of the Bank shall be audited by an internationally recognized firm, appointed by the Board. [P.L. 1988-1, §13, amended by P.L. 1993-72, §2.][P.L. 2002-50]

PART V - MISCELLANEOUS**§814. Take over of the National Development Bank.**

Notwithstanding any other law, on a date determined by the Cabinet:

(a) the Bank shall acquire and take over the management of the Marshall Islands National Development Bank (MINDB).

(b) all acts, transactions, matters and things lawfully done, determined or entered into by MINDB shall be deemed to have been done, determined and entered into by the Bank, and all rights, duties, and obligations of MINDB arising from such transactions matters and things subsisting on the date determined under Subsection (1) of this Section shall become the rights, duties, and obligations of the Bank.

(c) all monies standing to the credit of MINDB immediately before such date shall stand transferred to and vest in the Bank.

(d) all other assets (including real and personal property of every kind) and liabilities of MINDB shall cease to be assets and liabilities of MINDB and shall stand transferred to and vest in and become assets and liabilities of the Bank. [P.L. 1988-1, §14.]

§815. Application of other laws.

(1) Article VII of the Constitution does not apply to the Bank and the members and employees of the Bank shall not be considered members of the Public Service.

(2) The promulgation of By-laws under this Chapter shall be exempt from application of the Administrative Procedures Act of 1979.

(3) The provisions of the Corporations, Partnerships and Associations Act¹, do not apply to or in relation to the Bank. [P.L. 1988-1, §15.]

§816. Personal liability.

No member of the Board or officer, or employee of the Bank shall be personally liable for any act or default done or omitted to be done in good faith in the course of the operation of the Bank. [P.L. 1988-1, §16.]

¹[This Act was repealed by the Associations Law, P.L. 1990-91, codified at 18 MIRC I. Presumably, the exemption from the corporate law extends to the new law as well.]

§817. Exemption from tax.

The Bank shall be exempt from any income tax, customs duty, or any other tax or duty. [P.L. 1988-1, §17.]

§818. Transition of Housing Authority.

(1) The Housing Act 1983 Title 36, Chapter 1 of the Marshall Islands Revised Code, as amended, is hereby repealed effective December 1, 1991.

(2) Effective December 1, 1991, all assets, liabilities, rights, obligations, functions, powers, programs and other responsibilities of the Marshall Islands Housing Authority pursuant to the Housing Act 1983, as amended, existing immediately before December 1, 1991, are transferred to and are assets, liabilities, rights, obligations, functions, powers, programs and other responsibilities of the Marshall Islands Development Bank.

(3) Effective December 1, 1991, all acts, transactions, matters, and things done, determined or entered into by the Marshall Islands Housing Authority pursuant to the Housing Act 1983, as amended, shall be deemed to have been done, determined and entered into by the Marshall Islands Development Bank.

(4) Notwithstanding Subsection (2) of this section, all loans or other evidence of indebtedness made or entered into by the Marshall Islands Housing Authority in accordance with the Housing Act 1983, as amended, or any rules or regulations promulgated in accordance with that Act shall remain in full force and effect and shall terminate in accordance with its terms. [P.L. 1991-122, §3.]

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