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THE STATE-OWNED, ENTERPRISES AND GOVERNANCE ACT, 2025

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No.

2025



Sierra Leone

A BILL ENTITLED

The State Owned Enterprises and Governance Act, 2025.

Being an Act to establish the State-Owned Enterprises and Governance Act, to provide a framework for effective ownership and governance of State-Owned Enterprises, to provide for a prudent shareholder of State-Owned Enterprises on behalf of Government, to provide clear guidelines and standards to ensure transparency, accountability, and good governance in the operations of State-Owned Enterprises, to provide for better economic management, promoting fair competition and improving public trust in the government's ability to manage public resources and to provide for other related matters.

Short title.

[

] Date of commencement.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

PART I-PRELIMINARY

Interpretation.

1. In this Act, unless the context otherwise requires-

"Board" means the Board of the Commission established under section 5;

"Commission" means the State-Owned Enterprises Commission established under section 4;

"Government" means the Government of Sierra Leone;

"Minister" means the Minister responsible for finance;

Scope and application.

2. This Act shall apply to entities that meet the definition of public enterprises in the Public Financial Management Act, 2016 with the exception of the State-owned Banks for which the Ministry of Finance shall undertake the ownership role and the Bank of Sierra Leone undertake prudential regulation.

Guiding principles for state ownership.

3. The Government may consider state ownership as a mechanism to-

- (a) correct market failures in the economy, where there is an inefficient or insufficient distribution of goods and services to meet the demands of Sierra Leone and Government's intervention may be required to ensure better functioning of the markets, more efficient utilization of resources and value creation.
- (b) safeguard strategic national assets, particularly natural resources against commercial exploitation-

(i) to the fullest extent possible, use legislation, policies and regulation, to prevent the exploitation of strategic national assets and to secure a return on investments from these resources;

(ii) retain or acquire ownership of the strategic national assets, where these measures are ineffective, to safeguard against exploitation and to create value for the economy.

(c) execute public policy objectives where a State-Owned Enterprise is required to execute a public policy objectives, the product or services shall be appropriately costed by the State-Owned Enterprise, including capital cost and the cost reimbursed by Government and a directive for a public policy objectives may be communicated by line Ministry to the Commission on the following basis-

(i) improve access to essential goods and services-

Government may use its ownership of an enterprise to ensure that critical goods and services are provided to the underserved due to the lack of private sector participation, inclusive of providing critical services in key sectors such as health, education, agriculture, energy, housing and transportation for citizens regardless of their ability to pay;

(ii) ensure the development of infrastructure - building durable and climate-resilient national infrastructures, such as roads, bridges, airports and

national transmission grid for electric power, is an important function of the Government, use ownership to develop and maintain critical infrastructure;

- (iii) prevent or manage national emergencies - in the event of national emergencies, state ownership may be utilised to protect national assets and the interests of the country and for instance, in times of disasters/pandemics, take ownership of a distressed but strategically important enterprise to avoid a potential collapse.

PART II - THE STATE-OWNED, ENTERPRISES OWNERSHIP AND GOVERNANCE COMMISSION.

Establishment
of State-
Owned
Enterprises
Ownership
Enterprises
and
Governance
Commission.

4. (1) There is hereby established, a body to be known as the State-owned Enterprises Ownership and Governance Commission.

(2) The Commission is a body corporate having perpetual succession, and capable of acquiring, holding and disposing of property, whether movable or immovable and of suing and being sued in its corporate name and, subject to this Act, of performing all such acts as bodies corporate may by law perform.

(3) The Commission shall have a common seal, the use of which shall be authenticated by the signature of-

- (a) the Commissioner-General or other member of the Board authorised either generally or specially by the Board in that behalf; and
- (b) the Deputy Commissioner-General or some other person authorised by the Board in that behalf.

5. (1) The governing body of the Commission shall be a Board of Commission which shall be responsible to provide such policy guidance and advice as will secure the efficient implementation of the functions and enhance the overall performance of the Commission.

(2) The Board shall consist of a Chairman, appointed by the President, and the following other members-

- (a) the Financial Secretary;
- (b) the Governor, Bank of Sierra Leone;
- (c) the Secretary-General, Sierra Leone Labour Congress;
- (d) the Executive Secretary, Sierra Leone Chamber of Commerce, Industry and Agriculture;
- (e) 2 representatives of -
 - (i) supervisory line Ministries related to the State-Owned Enterprises under their ministries; or
 - (ii) private sector advisors from professional bodies, including, Institute of Chartered Accountants of Sierra Leone, Sierra Leone Bar Association, Bankers Association, Professional Engineers Association, co-opted by the Chairman as needed.

(3) The Board shall appoint a secretary who shall be responsible to-

- (a) convene Commission's Board meetings on the instruction of the Chairman;
- (b) record and distribute minutes of meetings of the Board;

- (c) prepare and distribute agenda for Board meetings;
- (d) keep the minutes and other records of the Board;
- (e) have custody of the seal; and
- (f) carry out other functions as the Board may assign.

Tenure of members.

6. (1) The Chairman and other members of the Board shall hold office for a term of 3 years and shall be eligible for re appointment for a further term of 2 years only.

(2) A person shall cease to be a member of the Board on any of the following grounds-

- (a) for his inability to perform the functions of his office by reason of infirmity of mind or body;
- (b) for proven misconduct;
- (c) if he becomes bankrupt or insolvent;
- (d) if he is convicted and sentenced for an offence involving fraud or dishonesty;
- (e) if he fails to attend three consecutive meetings of the Board without reasonable cause; or
- (f) if he resigns his office by written notice to the President.

7. (1) The Board shall meet for the dispatch of its business at least once every 3 months at the offices of the Commission and at such time as the Chairman may determine.

(2) The Chairman shall preside at every meeting of the Board, if present, and in his absence, the members present shall appoint a member from among themselves to preside at that meeting.

(3) A minimum of 3 members of the Board may, by notice in writing signed by them, request the Chairman to summon a special meeting of the Board for such purposes as may be stated in the notice.

(4) The Chairman or, in his absence, the member appointed to act in his stead shall summon a special meeting within 5 days of his receipt of the notice referred to in subsection (3).

(5) The quorum at any meeting of the Board shall be 5.

(6) The Chairman or other person presiding shall have a casting vote where there is an equality of votes.

(7) A proposal circulated among all members and agreed to in writing by a two-thirds majority of all members shall be of the same force or effect as a decision made at a duly constituted meeting of the Board and shall be incorporated in the minutes of the next succeeding meeting of the Board:

Provided that, if a member requires that such proposal is placed before a meeting of the Board, this subsection shall not apply to such proposal.

(8) The Board may co-opt a person to attend and participate in its deliberations on any matter but such person shall not vote on any issue for the decision by the Board.

(9) The Board shall cause minutes of all its meetings to be taken and signed by the Chairman and kept in proper form.

(10) Subject to this Act, the Board shall regulate its own procedure.

Committees
of Board.

8. The Board may appoint one or more committees to perform functions directed by the Board including, an Audit Committee, Remuneration Committee and Risk Committee.

Disclosure of
interest.

9. (1) A member of the Board who has any interest, whether direct or indirect in any matter being considered or to be considered by the Board, shall disclose the nature of his interest to the Board and the disclosure shall be recorded in the minutes of the Board and such member shall not take part in any deliberation or decision of the Board relating to that matter.

(2) A member of the Board who contravenes subsection (1) shall be guilty of misconduct and shall be removed from the Board.

Immunity of
members of
Board, etc.

10. (1) An action or other proceedings shall not lie or be instituted against a member of the Board or member of a committee of the Board for or in respect of any act or thing done or omitted to be done in good faith in the exercise of his functions under this Act.

(2) A member of the Board shall not be personally liable for any debt or obligation of the Commission.

Remuneration
of members.

11. The Chairman and other members of the Board and a person co-opted by the Board under subsection (8) of section 7 shall be paid such remuneration and shall be reimbursed by the Commission for expenses incurred in connection with the discharge of their functions.

Filling of
vacancies.

12. (1) Where the Chairman or a member of the Board dies, resigns, is removed from office or is absent for a continuous period exceeding 3 months or is by reason of illness unable to perform the functions of his office for a continuous period of 3 months, in the case of-

- (a) the Chairman, members of the Board shall elect one of their number to act as Chairman until such time as the Chairman resumes his office or another is appointed in his stead; and
- (b) a member, the Chairman shall arrange, subject to this Act, to have another person appointed to the Board.

(2) Where a person is appointed as Chairman or appointed as a member to fill a vacancy, he shall hold office for the remainder of the term of the previous Chairman or member, as the case may be, and shall, subject to this Act, be eligible for re-appointment.

PART III-FUNCTIONS OF THE COMMISSION

13. (1) The object for which the Commission is established is to monitor and oversee the operations of the State-Owned Enterprises Ownership and Governance Commission and improve their governance, including the regulation of their internal operations and management. Functions of Commission.

(2) Notwithstanding the generality of subsection (1), the Commission shall be responsible to-

- (a) act as prudential shareholders of State-owned Enterprises;
- (b) develop a Performance Management Framework for State-Owned Enterprises and their Boards;
- (c) sign performance contracts with Boards of Directors of State-Owned Enterprises in accordance with the Performance Management Framework;

- (d) monitors the performance of State-Owned Enterprises against broad performance targets and objectives for State-Owned Enterprises agreed with their Boards in performance contracts.
- (e) develop and recommend governance frameworks, guidelines and best practices for the management and operation of State-owned Enterprises, including principles related to ethics, risk management and decision-making processes;
- (f) oversee the process of appointing Board members of State-Owned Enterprises, including evaluating candidates' qualifications and ensuring a fair and transparent selection process;
- (g) assess the performance of the Board of State-Owned Enterprises or facilitating their self-assessment;
- (h) reorganise or divest State ownership in line with national development objectives and rationale for State interest;
- (i) provide relevant reports to the Board, including the Consolidated Annual State-owned Enterprises Performance Report;
- (j) prepare -
 - (i) transparency and disclosure policy;
 - (ii) prepare a risk management policy;
 - (iii) conflict of interest guidelines and procedures, for implementation by State-Owned Enterprises Boards;

- (k) coordinate with the relevant Ministry, Department and Agency to provide mechanisms for holding State-Owned Enterprises accountable for their actions and decisions, including regular reporting, investigations when necessary and requesting audits from appropriate authorities;
- (l) conduct comprehensive evaluations of the effectiveness of State-Owned Enterprises;
- (m) provide advice and make recommendations to Government regarding the operation, performance and strategic direction of State-owned Enterprises;
- (n) provide training and capacity-building initiatives to improve the governance skills of State-Owned Enterprises Board members, executives and employees;
- (o) develop a framework for compensation of State-Owned Enterprises for implementation of approved public policy objectives.

PART IV - ADMINISTRATIVE PROVISIONS

14. (1) The Commission shall have a Commissioner-General, ^{Commissioner-General.} appointed by the President, subject to parliamentary approval.

(2) A person shall not be appointed as Commissioner-General unless he is a Sierra Leonean with-

- (a) formal training and qualification in fields related to the functions of the Commission;
- (b) proven abilities in matters relating and pertaining to business enterprise development, management, and operations; strategic organisational leadership; financial management;
- (c) a bachelor's degree with 15 years' experience in managerial and leadership position.

(3) The tenure for the Commissioner General shall be 5 years and subject to re-appointment for a further term of 5 years only.

Functions of
Commissioner-
General.

15. (1) The Commissioner-General shall provide leadership of the Commission and shall implement the decisions of the Board.

(2) Notwithstanding the generality of subsection (1), the Commissioner-General shall carry out the following functions-

(a) oversee the development of the Commission's ownership and State-Owned Enterprises development strategy;

(b) lead the implementation of the Commission's mandate and work programs, including its

State-Owned Enterprises ownership functions;

(c) oversee the budget formulation and execution of the Commission;

(d) manage the day-to-day activities of the Commission;

(e) supervise and oversee the work of the Divisions of the Commission;

(f) oversee the employment, supervision, and performance management of staff of the Commission

(g) prepare and provide relevant reports to the Board, including the Consolidated Annual State-Owned Enterprises Performance Report.

16. (1) The Commission shall have a Deputy Commissioner-General, be appointed by the Board. Deputy Commissioner-General.

(2) A person shall not be appointed as Deputy Commissioner-General unless he is a Sierra Leonean with-

(a) formal training and qualification in fields related to the functions of the Commission;

(b) proven abilities in matters relating and pertaining to business enterprise development, management, and operations; strategic organisational leadership; financial management;

(c) a master's degree in business administration, management, economics, accounting, finance, public administration, or other related fields from a recognised university and with at least 10 years of relevant work experience;

17. The Deputy Commissioner-General shall be the principal assistant to the Commissioner General and shall act in the absence of the Commissioner General. Functions of Deputy Commissioner-General.

18. (1) The Commission shall have such other staff as may be required for the efficient performance of the functions of the Commission. Other staff of Commission.

(2) A staff of the Commission shall be appointed by the Commission's Board in consultation with the Commissioner-General.

**Secondment
of Public
Officers.**

19. Public officers may at the instance of the Commission be seconded or otherwise render assistance to the Commission but the Commission may request the withdrawal of any such seconded staff who is unable to carry out assigned functions in a manner satisfactory to the Commission.

**Protection of
officers.**

20. An officer or employee of the Commission or any person acting on the directions of an officer or employee of the Commission shall not be liable in respect of any matter or thing done by him in good faith under this Act.

**Internal
audit.**

21. (1) The Commission shall have an internal auditor who shall be responsible to the Board.

(2) The internal auditor shall at the end of every 3 months, submit a report on the audit of the books and records of account of the Commission in respect of that period to the Board through the Commissioner.

(3) The internal auditor shall forward copies of the report to the Board, the Internal Audit Committee and to the Minister.

**Divisions of
Commission.**

22. (1) The Commission shall establish divisions as the Commissioner-General may, with the approval of the Board, deem necessary for the performance of its functions including-

(a) Administration and Human Resource Division; and

(b) Financial Management Division.

(2) A division established under subsection (1) shall be headed by a Commissioner who shall be appointed by the Commissioner-General, upon such terms and conditions as may be determined by the Board.

PART V - STATE-OWNED ENTERPRISE

23. (1) A State-Owned Enterprise shall be established -
- (a) in industries and sectors which-
- (i) supply essential products and services to the public;
- (ii) create incentive for rapid development of other industries and sectors and for the economy at large with especially difficult socio-economic conditions which makes it difficult for other private sector players to invest.
- (b) as a statutory corporation and shall make provision for-
- (i) the head office of the State-Owned Enterprise and of any branch or representative office;
- (ii) the objectives and business lines of the State-Owned Enterprise;
- (iii) the funds of the State-Owned Enterprise;
- (iv) the relationship between the State-Owned Enterprise and the agency or organisation authorised to be representative of the owner including, State ownership interest;
- (v) the structure of managerial organisation of the State-Owned Enterprise;
- Establishment of state-owned enterprise.

- (vi) legal representative of the State-Owned Enterprise;
 - (vii) principles on use of profits of the State-Owned Enterprise.
- (c) on a plan which contains-
- (i) the public necessity proposition for establishment of the State-Owned Enterprise;
 - (ii) products and services to be supplied;
 - (iii) market demand and expectations for each type of product and service to be supplied;
 - (iv) the competitive ability to sell the products and services and a feasibility statement on the competitiveness of the products and services.
 - (v) the location for head office of the statutory corporation or for constructing a production and business establishment and area of land to be used.
 - (vi) ability to supply labor, materials, supplies, energy, and other conditions essential for the operation of the State-Owned Enterprise after establishment.

Business
registration of
State-Owned
Enterprise.

24. (1) A State-Owned Enterprise shall, not later than 60 days from the date of coming into operation of the Act establishing it as a statutory entity, undertake business registration in accordance with the Registration of Business Act, 2007 (Act No. 18 of 2007).

(2) A State-Owned Enterprise shall not, unless registered as a business under subsection (1), -

- (a) accept investment capital from the State budget; or
- (b) raise capital for investment in construction of the enterprise or for business operations; the

(3) A State-Owned Enterprise shall not conduct business in conditional industries or trades unless-

- (a) on the authority of a business licence issued by the competent State agency for such industry or trade; or
- (b) it satisfies the business conditions for such industry or trade as required by law including announcement of-
 - (i) the contents of business registration, amendment to those contents, and provision of information about the contents of business registration;
 - (ii) total estimated investment capital; #
 - (iii) initial investment funding sources of the State;
 - (iv) sources and forms of raising remaining capital;
 - (v) plan for repayment of capital raised;
 - (vi) requirement for and measures to create working capital.

- (vii) feasibility statement on socio-economic efficiency and conformity of establishment of the State-Owned Enterprise with the plan and strategy for development of elements of the industry, sector, and economic zone;
- (viii) environmental impact assessment report and measures for environmental protection;
- (ix) proposed model for company management organisation, and duration of operation.

Rights and obligations of State-Owned Enterprise.

25. A State-Owned Enterprise may possess and use capital and assets of the corporation in order to conduct business and to achieve legitimate benefits from such capital and assets.

Capital and assets of State-Owned Enterprise.

26. (1) The Capital and assets of the State-Owned Enterprise shall comprise-

- (a) capital that the State invests in the corporation;
- (b) capital that the corporation itself raises; and
- (c) other sources of capital lawfully accruing to the corporation.

(2) The capital that the State may invest in a corporation shall comprise capital from the State budget and accumulated capital added to State capital.

(3) Assets of a State-Owned Enterprise shall include both non-current assets and current assets.

(4) Capital and assets of the State-Owned Enterprise, including land, capital asset or natural resources assigned or leased by the State may, pursuant to this Act and other relevant law, be disposed of, used and managed.

(5) Preserved and developed State capital and capital which the raised by the corporation shall be liable for debts and other asset obligations within the scope of the assets of the corporation.

(6) Capital and assets of the State-Owned Enterprise shall be periodically re-valued in accordance with applicable laws.

27. A State-Owned Enterprise has the right to-

Business
rights and
obligations of
State-Owned
Enterprise.

- (a) take the initiative in organising its production and business, to organise its management apparatus in accordance with business requirements to ensure business efficiency and effectiveness;
- (b) conduct business in industries and trades which are not prohibited by law;
- (c) expand its business scale depending on its ability and demand from domestic and overseas markets;
- (d) seek domestic and overseas markets and customers and, subject to applicable law, to sign contracts;
- (e) make its own decisions on the prices for the sale and purchase of its products and services, except for-
 - (i) public utility products and services; and

- (ii) products and services for which the State fixes prices pursuant to a price level or price framework stipulated by the State.
- (f) in consultation and with the approval of the Commission, to open branches and representative offices throughout Sierra Leone and overseas;
- (g) recruit, hire and employ labor; to train, discipline and retrench employees;
- (h) choose methods of paying salary and bonuses consistent with business requirements and applicable labor laws; and
- (i) conduct business in the correct industry and trade for which the corporation has business registration;
- (j) ensure quality of products and services supplied by the corporation in accordance with registered standards;
- (k) re-engineer and modernise technology and management methods to improve efficiency and competitiveness;
- (l) ensure the rights and interests of employees in accordance with applicable labor laws and of employees right to participate in management of the corporation;
- (m) comply with State regulations on national defense and security, culture, social order and safety, protection of the environment and natural resources;

- (n) implement the regimes on accounting, financial management, reporting and auditing in accordance with law and on request of the responsible authority or entity and the regulations of the Commission;
- (o) be subject to oversight by the State and the Commission;
- (p) abide by audit and other independent oversight activities and decisions by Audit Service Commission and other competent State investigative agencies in accordance with the law;
- (q) exercise other business rights depending on market demand and in compliance with this Act; and
- (r) fulfil other business obligations in accordance with the law.
- (s) receive compensation from Government for implementing approved public policy objectives.

PART VI- CORPORATE GOVERNANCE PRINCIPLES

28. (1) A State-Owned Enterprise shall prepare, approve and submit to the Commission a 3 year Strategic Plan, updated annually. Strategic Plan.

(2) The Commission shall provide-

- (a) guidance on a broad set of performance expectations in the Strategic Plan;

Corporate
Governance
Code.

- (b) develop and provide the relevant template to be used by a State-Owned Enterprise in developing its Strategic Plan.
29. (1) The Commission may, by statutory instrument, make regulations to give effect to this Act.

(2) Regulations under subsection (1), may establish codes of conduct and discipline and regulate the appointment, promotion and dismissal of employees.

(3) The Commission shall develop and publish a Code of Corporate Governance to guide and promote sound corporate governance practices across State-Owned Enterprises.

(4) The Board of the Commission shall review and approve the Code of Corporate Governance.

(5) The Commission shall provide guidance and monitor the implementation of the Code of Corporate Governance across State-Owned Enterprise.

(6) A State-Owned Enterprise shall implement, monitor compliance and report to the Commission on compliance with the Code of Corporate Governance.

Oversight and
compliance.

30. The Commission shall have general oversight of State-Owned Enterprise to ensure adherence to governance principles including the power to-

- (a) refer matters to the appropriate authority to investigate and conduct audits; and
- (b) take enforcement measures for non-compliance with governance standards as the Minister may, by statutory instrument prescribe.

PART VII - BOARD OF DIRECTORS OF STATE-OWNED ENTERPRISE

31. (1) Subject to the approval of Parliament, a person serving as member of the Board of a State-Owned Enterprise shall be appointed by the President upon the recommendation of the Commission in consultation with the line Ministry. Appointment and tenure.

(2) The number, composition, and tenure of a Board of a State-Owned Enterprise shall be in accordance with the Act establishing respective State-Owned Enterprise.

(3) The Chairman of the Board of a State-Owned Enterprise shall have industry-specific experience and qualifications relevant and applicable the State-Owned Enterprise.

32. (1) A State-Owned Enterprise shall have an officer designated as the Secretary to the Board. Secretary to the Board.

(2) A person shall not be designated as Secretary to the Board under subsection (1), unless that person-

(a) has a professional qualification or a tertiary level qualification that equips him with the requisite knowledge and experience to perform the functions of Secretary to the Board; or

(b) by virtue of an academic qualification, or as a member of a professional body, is considered by the Board as capable of performing the functions of Secretary to the Board.

(3) The Secretary to the Board shall subject to the directives of the Board-

(a) arrange the business of the Board;

(b) keep the minutes of the meetings and decisions of the Board in the form required by the Board; and

(c) perform such other functions that the Board or Chairman may direct.

(4) The Secretary to the Board is answerable to the Board in the performance of the functions of his office.

Functions of
Board.

33. (1) The Board of a State-Owned Enterprise shall be responsible to-

(a) approve corporate strategy, major plans of action, risk management strategies and procedures, annual budgets and business plans, set performance targets in line with performance contracts between the State-Owned Enterprise and the Commission, monitor implementation and corporate performance, ensure appropriate gender representation and oversee major expenditures, acquisitions, and divestitures.

(b) monitor the effectiveness of the governance practices of the State-Owned Enterprise and make changes as needed;

(c) recruit, monitor and, when necessary, replace key executives and oversee succession planning;

(d) align key executive remuneration with the longer-term interests of the State-Owned Enterprise and its shareholders;

- (e) monitor and manage potential conflict of interest of State-Owned Enterprise senior management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
- (f) ensure the integrity of the State-Owned Enterprise's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and ensure compliance with the law and relevant standards.
- (g) oversee internal audit function;
- (h) sign performance agreement with the Commission;
- (i) constitute committees inclusive of an audit, risk and nomination committees.

(2) The Board will be comprised by a majority of independent directors.

34. (1) A member of Board of a State-Owned Enterprise may be removed from office by the President for any of the following reasons-

Suspension and removal of Board.

- (a) inability to perform the functions of his office due to negligence or infirmity of mind or body;
- (b) proven misconduct;
- (c) bankruptcy or insolvency;

- (d) if convicted or sentenced for an offence involving fraud or dishonesty;
- (e) for failure to attend 3 consecutive meetings of the Board without excuse: or
- (f) resignation from office by forwarding a written notice to the Commissioner General and Chairman.

(2) The Chairman of a State-Owned Enterprise Board shall, where any of the above reasons have been factually established, report to the Commissioner General, not later than 30 days after establishment of facts.

(3) The Commissioner General shall, after review of the matter and consultation with the Commission report the matter to the President within 30 days.

(4) The final decision to suspend or remove a member Board of a State-Owned Enterprise from office shall be made by the President.

Meeting of
Board.

35. (1) The Board of a State-Owned Enterprise shall meet at least once every quarter for the discharge of its business at a time and place determined by the Chairman.

(2) The Chairman shall, at the request in writing of not less than one-third of the membership of the Board of a State-Owned Enterprise, convene an extraordinary meeting of the Board at a place and time determined by the Chairman.

(3) The quorum at a meeting of a Board of a State-Owned Enterprise shall be 5.

(4) The Chairman shall preside at meetings of the Board of a State-Owned Enterprise and in the absence of the Chairman, a member of the Board, elected by the members present from among their number shall preside.

(5) Matters before the Board shall be decided by the majority of the members present voting and in the event of an equality of votes, the person presiding shall have a casting vote.

(6) Meetings may be conducted through video or teleconferencing, or any other means of technology as may be determined by the Board.

(7) The Board of a State-Owned Enterprise may co-opt a person to attend a Board meeting, but that person shall not vote on a matter for decision at the meeting.

(8) The minutes of meetings of the Board of a State-Owned Enterprise shall be signed by the Chairman of the meeting at which proceedings took place or at the next succeeding meeting.

(9) The minutes signed by the Chairman is prima facie evidence of the proceedings of the meeting.

(10) The validity of a proceedings of the Board of a State-Owned Enterprise shall not be invalidated by a vacancy in the membership of the Board or by a defect in the appointment or qualification of a member.

(11) The Board of a State-Owned Enterprise shall regulate the procedure for the meetings of the Board.

36. (1) The Board of a State-Owned Enterprise Boards shall have a common seal, the affixing of which shall be authenticated by the signatures of-

Common
seal.

- (a) the Chairman or other member of the State-Owned Enterprise generally or specifically authorised by the Board for that purpose; and
- (b) the Secretary or other officer of the Board of a State-Owned Enterprise authorised by the State-Owned Enterprise for that purpose.

(2) A document purporting to be an instrument executed or issued by or on behalf of a State-Owned Enterprise and to be sealed and authenticated with the common seal of the State-Owned Enterprise shall be deemed to be so executed or issued without further proof unless the contrary is proved.

(3) In appropriate cases, the seal may be affixed to documents outside Sierra Leone.

Disclosure of interest.

37. (1) A member of the Board of a State-Owned Enterprise who has an interest in a matter for consideration by the Board shall disclose in writing the nature of that interest and is disqualified from participating in the deliberations of the Board in respect of that matter.

(2) Where a member contravenes subsection (1), the Chairman, shall notify the Commissioner-General who shall, after consultation with the Board of a State-Owned Enterprise, inform the President in writing to recommend the revocation of the appointment of that member.

(3) Without limiting any further cause of action that may be instituted against the member, the Board of a State-Owned Enterprise shall recover the benefit derived by the member who contravenes disclosure of interest in addition to the revocation of the appointment of the member.

PART VIII - TRANSPARENCY AND PUBLIC ACCOUNTABILITY

Publication of information.

38. A State-Owned Enterprise shall publish information, not later than 6 months after the end of the financial year, on their operations and management, including audited annual financial statements and operational performance, shareholding, and governance that is accurate, in all material respects, and is in accordance with the Public Financial Management Act, 2016 and other applicable law.

39. (1) The Annual Financial Statement of a State-Owned Enterprise shall be prepared in accordance with International Financial Reporting Standards. Annual Financial Statement.

(2) A State-Owned Enterprise shall provide the following information to the Commission within 6 months following the end of each financial year-

- (a) the annual financial and operating results of the State-Owned Enterprise, including debt and contingent liabilities and net transfers to State-Owned Enterprise;
- (b) objectives and non-financial information including -
 - (i) shareholding;
 - (ii) remuneration of members of the Board and key executives;
 - (iii) information about Board members, including their qualifications, tenure, meeting attendance and independence;
 - (iv) related party transactions;
 - (v) foreseeable risk factors;
 - (vi) compliance with the Commission;
 - (vii) compliance with legislation and Government policies;
 - (viii) climate-resilient investments;
 - (ix) gender representation;

- (x) any other information as requested by the Commission in order to assess performance under the performance agreement between the Commission and the Board of the State-Owned Enterprise;
- (xi) access to information provisions for stakeholders and the public on the operations of the State-Owned Enterprise;
- (xii) establishment of mechanisms for public participation and feedback on matters of the State-Owned Enterprise;
- (xiii) the rights and equitable treatment of shareholders minority shareholders.

Competitive
neutrality.

40. (1) A State-Owned Enterprise shall not benefit from preferential treatment from Government in comparison to those received by private sector companies.

(2) A State-Owned Enterprise shall pay all requisite taxes and fees as determined by Government and shall not receive special access to products or services or financing not afforded to the private sector.

(3) A State-Owned Enterprise shall be appropriately compensated for quasi fiscal operation (or in performing Public Policy objectives).

**PART IX - RESTRUCTURING, DISSOLUTION AND
CONVERSION OF STATE OWNERSHIP OF STATE-OWNED
ENTERPRISE**

41. (1) Government may decide to change its ownership in a State-Owned Enterprise in order to enhance efficiency or improve access to finance and markets.
- (2) Changes to the portfolio of a State-Owned Enterprise may be undertaken in the following ways-
- Guidelines for Government restructuring, dissolution and conversion of ownership of State-Owned Enterprise.

Mergers and acquisitions

- (a) The Commission shall carry out due diligence of the proposal for mergers and acquisitions and submit its findings and recommendations to Board of the State-Owned Enterprise for endorsement and onward transmission to the Minister for consideration.
- (b) The Minister shall review and validate the report and submit its decision to the Commission for further directive to the State-Owned Enterprise.
- (c) The Line Ministry for the State-Owned Enterprise shall submit approved proposals to Cabinet for consideration.
- (d) In the case of acquisitions or mergers-
- (i) involving an international business transactions, the proposal shall be submitted to Parliament, subject to Cabinet's approval;

- (ii) below a threshold, to be determined by Cabinet, the Office of the President shall be the final approval authority in consultation with Minister.
- (e) The Commission shall, in collaboration with Minister and the State-Owned Enterprise implement Cabinet's or Parliament's decision on the proposed acquisition or merger.

Divestment of state ownership

- (a) Proposals for the divestment of state ownership shall be approved only if they are financially and economically beneficial for Sierra Leone.
- (b) Government's decision to divest its ownership interest in a State-Owned Enterprise will give due consideration to financial sustainability, commercial viability and societal value.
- (c) A decision to divest Government's interests in a State-Owned Enterprise will be in accordance with the following-
 - (i) The Commission shall submit to the office of the President in consultation with the Minister, a proposal detailing the basis for divestment and related socio-economic impact.

- (ii) The proposal shall also provide recommendations on the optimal divestment approach (e.g. liquidation, transfer of interest, licence agreement).
 - (iii) The Minister shall review the proposal and submit its recommendations to Commission and copy the relevant line Ministry.
 - (iv) The relevant line Ministry shall submit proposal to Cabinet for consideration and approval.
- (d) in the case of divestments-
- (i) in the nature of an international business transactions, the proposal will be submitted to Parliament, subject to Cabinet's approval;
 - (ii) below a threshold, to be determined by Cabinet, the Office of the President shall be the final approval authority.
- (e) The Commission shall collaborate with the Minister and relevant line Ministry to implement Cabinet or Parliament's decision on the proposed divestment.

- (f) An approved divestment shall be done in accordance with established divestment processes in relevant guidelines or legislative instruments.

PART X - FINANCIAL PROVISIONS

Funds of
Commission.

42. The Funds of the Commission include-

- (a) monies appropriated by Parliament for the purpose of the Commission;
- (b) not more than 5 percent of the dividends received and accruing to a State-Owned Enterprise; and
- (c) Joint venture companies on an annual basis as determined by the Minister of Finance;
- (d) loans and grant;
- (e) administrative penalties; and
- (f) any internally generated funds accruing to the Commission.

Funds of
State-Owned
Enterprise.

43. The funds of a State-Owned Enterprise include-

- (a) monies appropriated by Parliament for the purpose of the State-Owned Enterprise;
- (b) sales and service fees collected;

(c) loans and grants; and

(d) any other funds accruing to the State-Owned Enterprise.

44. The Commission or a State-Owned Enterprise shall, in accordance with the Public Financial Management Act, 2016, prepare and submit to the Financial Secretary for his approval estimates of income and expenditure of the Commission and the State-Owned Enterprise and the operating plan for the next financial year.

Annual budget.

45. (1) The Commission and a State-Owned Enterprise may open and maintain bank accounts that are necessary for the performance of their functions.

Power to operate bank account

(2) The monies for the Commission or State-Owned Enterprise shall be paid into a bank account opened for the purpose by the Commission or State-Owned Enterprise under subsection (1), with the approval of the Accountant-General.

46. (1) The Commission and State-Owned Enterprises shall keep proper books of account and other records in relation to their respective activities, property and finances in accordance with International Financial Reporting Standards.

Books of account.

(2) The accounts of the Commission and State-Owned Enterprises shall be audited by the Auditor General or any auditor appointed by him.

(3) For the purposes of subsection (2), the Auditor-General or the auditor appointed by him shall be entitled to have access to all books of account, vouchers, and other financial records of the Commission or State-Owned Enterprises and to require any information and explanation as he may think fit.

(4) The Commission or State-Owned Enterprise shall provide the Auditor-General or the auditor appointed by him with all necessary and appropriate facilities for the examination of the accounts and records of the Commission and the State-Owned Enterprise.

(5) The Auditor-General or the auditor appointed by him shall submit to the Board of the Commission and Board of the State-Owned Enterprise, a report on the audited accounts and the financial statement referred to above within six months of the end of the Commissions financial year end and shall in his report draw attention to-

- (a) irregularities in the accounts;
- (b) matters that are likely to adversely affect the operations of the Commission and State-Owned Enterprise; and
- (c) other matters which in his opinion ought to be brought to the notice of the Board.

PART XI - ANNUAL PERFORMANCE MANAGEMENT

Performance
Management
Framework.

47. (1) A State-Owned Enterprise shall develop, implement, monitor, and report on their respective performances in accordance with the requirements described in the Performance Management Framework and implementing guide developed by the Commission.

(2) The Commission shall-

- (a) track and evaluate performance of State-Owned Enterprises and conduct oversight of the annual performance management reporting process;

- (b) develop, update and provide technical interpretation of the framework and its implementing guide, as well as implementation support to State-Owned Enterprises;

(3) A State-Owned Enterprise shall-

- (a) develop and implement remediation activities and corrective action plans to address independent audit findings and performance shortcomings noted in the annual Performance Management Process, and in consistent with the Public Financial Management Act, 2016;
- (b) utilize templates developed by the Commission to track, document remediation activities, and report on the status of corrective actions designed to address identified shortcomings in audits and performance.

PART XII-MISCELLANEOUS PROVISIONS

48. (1) The Commission may, by statutory instrument, make Regulations for the implementation of this Act.

(2) Notwithstanding the generality of subsection (1) the Regulations. Commission may make Regulations to provide-

- (a) guidelines to modify governance standards based on industry-specific needs;

- (b) mechanisms for resolving disputes related to governance matters;
- (c) procedures for mediation, arbitration and other legal recourse.

Repeal.

49. The National Commission for Privatisation Act, 2002 (Act No. 12 of 2002) is hereby repealed.

MEMORANDUM OF OBJECTS AND REASONS

The purpose of this Bill is to establish the State-Owned Enterprises Ownership and Governance Commission, to provide a framework for effective ownership and governance of State-Owned Enterprises, to provide for a prudent shareholder of State-Owned Enterprises on behalf of Government, to provide clear guidelines and standards to ensure transparency, accountability, and good governance in the operations of State-Owned Enterprises, to provide for better economic management, promoting fair competition and improving public trust in the government's ability to manage public resources and to provide for other related matters.

The Bill is divided into 12 parts.

PART 1 - Preliminary, contains the interpretation section that defines key words used in the Bill, scope and application and guiding principles for state ownership.

PART II -The State-Owned Enterprises Ownership and Governance Commission, deals with matters relating to the State-owned Enterprises Ownership and Governance Commission including, establishment of the Board of the Commission, membership, committees, etc.

PART III-outlines the functions of Commission.

PART IV - contains administrative provisions including the appointment and functions of the Commissioner-General, Deputy Commissioner-General and other staff of Commission.

PART V - deals with the establishment of state-owned enterprise, business registration, rights and obligations, capital and assets of State-Owned Enterprises.

PART VI - specifies corporate governance principles such as development of Strategic Plan, and adherence to Corporate Governance Code and oversight and compliance obligations.

PART VII - deals with the appointment, functions and tenure of Board of Directors of State-Owned Enterprises, Secretary to the Board, etc.

PART VIII - deals with transparency and public accountability; publication of information, annual financial statement and competitive neutrality.

PART IX - provides guidelines for Government restructuring, dissolution and conversion of ownership of State-Owned Enterprise.

PART X - contains financial provisions; Funds, annual budget, power to operate bank account and books of account.

PART XI - contains Performance Management Framework.

PART VI- Miscellaneous provisions deals with Regulations and repeal.

MADE this 31st day of October, 2023.

SHEKU AHMED FANTAMADI BANGURA.

Minister of Finance and Economic Development

FREETOWN,

SIERRA LEONE.