

STATE OWNERSHIP AND GOVERNANCE  
POLICY FOR STATE-OWNED ENTERPRISES

## ACRONYMS

ACC	Anti-Corruption Commission
AGMoJ	Attorney General and Minister of Justice
CAC	Corporate Affairs Commission
CoCG	Code of Corporate Governance
EDSA	Electricity Distribution and Supply Authority
EGTC	Electricity Generation and Transmission Company
EPA	Environmental Protection Agency
EWRC	Electricity and Water Regulatory Commission
FRM	Fiscal Risk Management
FTL	Freetown Terminal Limited (Bollore)
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
GVWC	Guma Valley Water Company
IFRS	International Financial Reporting Standard
ITS	Integrated Trade Services
JVC	Joint Venture Corporation
LSS	Logistics Solutions and Services
MoF	Ministry of Finance
NASSIT	National Social Security and Insurance Trust
NCP	National Commission for Privatization
NEA	National Electricity Act
NIC	National Insurance Company
NPA	National Power Authority
NPPA	National Public Procurement Authority
NSSBT	Nectar Sierra Leone Break-Bulk Terminal
PDM	Public Debt Management
PFM	Public Financial Management
PPO	Public Policy Objectives
PPP	Public Private Partnership
R&D	Research and Development
RCB	Rokel Commercial Bank
SALHOC	Sierra Leone Housing Corporation
SALPOST	Sierra Leone Postal Services Limited
SALWACO	Sierra Leone Water Company
SHP	Sky Handling Partners
SIERRATEL	Sierra Leone Telecommunications Company Limited
SLAA	Sierra Leone Airport Authority
SLBC	Sierra Leone Broadcasting Corporation
SLCB	Sierra Leone Commercial Bank

SLNSC	Sierra Leone National Shipping Company
SLPA	Sierra Leone Ports Authority
SLPMC	Sierra Leone Produce Marketing Company
SLRA	Sierra Leone Roads Authority
SLRTC	Sierra Leone Road Transport Corporation
SLSLC	Sierra Leone State Lottery Company
SMART	Specific, Measurable, Achievable, Realistic, and Timely
SOB	State Owned Banks
SOE	State Owned Enterprises

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## FOREWORD

The Government of Sierra Leone (GoSL) has wholly and partial ownership in twenty-four enterprises, four of which are inactive. These State Owned Enterprises (SOEs) operate in key industries, such as agriculture, energy, water, telecommunication, and financial services among others. Many of the SOEs failed to create value for the economy. This failure drove the Government to embark on a privatization programme in the late 1990s to reduce the fiscal burden imposed by SOEs. The extensive focus on privatization distracted from the conduct of SOE oversight and governance.

The absence of effective oversight and governance in SOEs contributed to their continued underperformance, resulting in fiscal risk to Sierra Leone and poor product and service delivery. As of December 2019, contingent liabilities from SOEs are estimated at US\$285.82 million or 6.8 percent of Gross Domestic Product. In her 2018 Annual Audit Report, the Auditor-General stated that “virtually across all the Public Enterprises and Commissions, several cash irregularities were observed; giving rise to a loss of Le66.3 billion”.

SOEs play a critical role in Sierra Leone’s economy by undertaking commercial activities and executing Public Policy Objectives (PPOs) but are inundated with challenges that contribute to their underperformance. These challenges include (i) Boards that comprise senior officials from line Ministries, Ministry of Finance (MoF), and sector bodies and lack the requisite skillset (ii) underinvestment (iii) political interference (iv) limited compensation for PPOs (v) lack of clarity relating to the privatization of SOEs, oversight and governance (vi) lack of clear rationale for GoSL’s ownership of enterprises (vi) and lack of compliance with financial reporting requirements; only six of seventeen SOEs submitted audited accounts for 2014-2018 to the Fiscal Risk Management Division (FRMD).

In acknowledgment of the urgency for improvement in SOEs performance to reduce the fiscal burden and improve commercial viability, the Government presents this State Ownership and Governance Policy to strengthen the oversight and governance of SOEs. The Policy extends the Government’s SOE reform efforts beyond privatization to oversight and governance of SOEs in line with international best practices. The Policy sets out Government’s intent to establish a centralized ownership entity to carry out the state ownership and oversight function for SOEs. The centralized ownership entity (“the oversight entity”) will separate the ownership functions from potentially conflicting activities performed by the Government and improve SOE accountability and transparency. The Policy aims to enhance better management of SOEs and good corporate governance practices, leading to a return on Government investment, creation of jobs and efficient service delivery.

The Policy defines the roles of the Line Ministries, MoF, oversight entity, Board of Directors, senior management and key stakeholders in such a manner to enable transparency, accountability, and effective management of SOEs.

Mr. Dennis Vandy  
Minister of Finance

## **INTRODUCTION**

### **1.1. Context**

SOEs play a vital role in advancing development objectives in Sierra Leone. Successive Governments aimed to use ownership in enterprises as a means to create value for the country, but the performance of SOEs has been less than optimal. SOEs' operational and financial underperformance necessitated financial support from the GoSL to distressed SOEs. Over time SOEs' consistent dependence on GoSL for financial support became a fiscal burden which led the Government to privatization programme.

In the 1990s, the government embarked on a privatization programme as a means of reducing the fiscal burden imposed by SOEs. The Public Enterprise Reform and Divestiture Commission was established to spearhead the privatization programme but failed to achieve its objectives. Subsequently, the Government established structures to strengthen the privatization programme and to strengthen governance of SOEs. The enactment of the National Commission for Privatization Act, 2002, established the NCP as the entity to superintend the process. Through the efforts of the NCP a Joint Venture Corporation was created for Sierra Leone State Lottery and some functions of the Sierra Leone Airport Authority and Sierra Leone Ports Authority have been re-organized through agreements with private sector players. The Forest Industries Corporation was divested. In addition, the National Power Authority was unbundled through the National Electricity Act 2011, culminating in the creation of the Electricity Distribution and Supply Authority (EDSA) and Electricity Generation and Transmission Company (EGTC), as well as a regulator, the Electricity and Water Regulatory Commission (EWRC).

Despite the structural reforms, the sub-optimal performance, poor service delivery and weak corporate governance practices continue in the SOE sector due to the lack of effective oversight and governance. The oversight and governance arrangements for SOEs lack clarity and no explicit rationale exists for GoSL's ownership of enterprises. There is need to significantly improve SOEs' governance, accountability, transparency and disclosure. Through this Policy, GoSL intends to create an enabling environment that will lead to improvements in SOEs' performance. The Policy sets out GoSL's rationale for state ownership of enterprises and the oversight and governance arrangements for SOEs. It is expected that through the provisions of this Policy SOEs will be better managed and will adopt a results-oriented culture leading to value creation for Sierra Leone.

The Government adopted this Policy on .....2022. Subject to legislation to repeal the NCP Act 2002, the Policy shall be implemented and compliance with its provisions monitored by NCP. The policy acknowledges SOEs' autonomy and does not aim to infringe on the rights of SOEs' Boards of Directors and senior management to execute the day to day operations of their enterprises.

#### **1.1.1. Purpose**

Since the structural reforms in the 1990s, GoSL has not embarked on a major SOE reform save for the transfer of oversight for the State Owned Banks (SOBs) from NCP to the MoF. To ensure that SOEs operate efficiently,

transparently and are held accountable for their performance, GoSL's aims to modernize the governance of SOEs in line with international best practices as set out by the Organization for Economic Co-operation Development Guidelines on Corporate Governance of State Owned Enterprises. To achieve this objective GoSL will strengthen the legal and regulatory framework that governs SOEs with the approval of this State Ownership and Governance Policy and legislation that will repeal the NCP ACT of 2002, approval of a Code of Corporate Governance for SOEs, and an SOE Performance Management Framework.

This Policy sets out how SOEs can be created and divested or restructured. This oversight and governance reform support improved opportunities for private sector participation/investments. The objective of this State Ownership and Governance Policy is to:

- articulate the Government's objective to establish a centralized ownership entity;
- improve the performance management of SOEs;
- strengthen SOE's accountability, internal control, transparency and disclosure;
- establish the rationale for State ownership;
- promote collaboration and build awareness among relevant stakeholders for effective and efficient governance of SOEs; and
- consolidate and ensure compliance with relevant provisions in various laws and policy documents related to the management and governance of SOEs and the exercise of the ownership function.

This Policy sets out the principles through which the SOE portfolio may be leveraged to achieve national development objectives by implementing Public Policy Objectives (PPOs).

### **1.1.2. Scope of Application**

The principles and provisions of this Policy fully apply to all wholly-owned and majority owned SOEs (as defined as Public Enterprise under Section 1 of the PFM Act 2016) and their subsidiaries. including, majority owned Joint Venture Corporations (JVCs); Licence, Lease and Concession Agreements. Minority owned JVCs and Licence, Lease and Concession Agreements are encouraged to comply with the Policy.

## **2. STATE'S OWNERSHIP PORTFOLIO**

GoSL has the mandate to ensure that SOEs operate efficiently and create value for society with avoidance of political interference. This is to ensure commercial viability of SOEs and the successful execution of PPOs. GoSL intends to exercise its ownership rights to drive economic growth and development for the country.

### **2.1. Scope of Ownership Portfolio**

The State's ownership portfolio consists of wholly and partially owned entities that operate commercially; some entities also have non-commercial objectives. These entities are categorized as SOE, and JVC, Concession Agreement, Lease Agreement and Licence Agreement formed from an existing SOE.

#### **2.1.1 State-Owned Enterprises**



SOEs are established by an Act of Parliament or the Companies Act to carry out specific economic activities in which Government owns and controls all or partial of the shares. This includes Joint Venture Corporations and partnerships limited by shares.

### **2.1.2 Joint Venture Companies**

JVC are entities in which GoSL has a majority or minority shareholding. JVCs are formed when an SOE enters into an agreement with a private partner (Joint Venture Partner) as per the following conditions:

- a) to effectively carry out the mandate of the SOE as agreed by the parties
- b) the roles and responsibilities to be performed are also agreed by the parties
- c) the duration of the agreement is specified as agreed
- d) both parties are entitled to a share of either the revenue or profit as agreed
- e) the assets are controlled by either one party or both parties
- f) the liabilities are taken over by either one party or shared among the parties as agreed
- g) upon termination or expiration of the agreement the asset of the joint venture reverts to the SOE.

### **2.1.3 Concession Agreement**

A concession agreement is one in which the Government or an SOE enters into an agreement with a private partner (Concessionaire) based on the following conditions:

- a) for the use of the asset of the SOE to carryout functions (specific or whole business functions) for an agreed period
- b) to perform function(s) of the SOE as agreed by the parties
- c) the liabilities are taken over by either one party or shared among the parties as agreed
- d) the concessionaire pays the concession and other fees as agreed by the parties
- e) the concessionaire agrees to maintain and improve the concession assets in accordance with standard business operation
- f) upon termination or expiration of the agreement the concession assets revert to the SOE

### **2.1.4 Lease Agreement**

A lease agreement is one in which Government or the SOE enters into an agreement with a private partner (Lessee) based on the following conditions:

- a) the Government or the SOE grants the lessee the right to use the asset of the SOE for an agreed period
- b) the Lessee pays the Lessor the lease rent together with other fees as may be agreed by the parties
- c) the Lessee agrees to maintain and improve the demise assets in accordance with standard business operation
- d) the Lessee is to use the demise assets consistent with the mandate of the Lessor
- e) upon termination or expiration of the agreement, the demise assets revert to the SOE

### **2.1.5 Licence Agreement**

- a) A licence agreement is one in which Government or an SOE enters into an agreement with a private partner (Licencee) based on the following conditions:
- b) the Government or the SOE grants to the licensee the right and privilege to perform certain functions of the SOE for an agreed period
- c) the Licensee Pays licence and other fees as agreed by the parties
- d) the Licensee undertakes to carry out the functions as mandated by the SOE
- e) upon termination or expiration of the agreement, the licensee ceased to carry out the said functions.

## **3. ADMINISTRATION OF THE STATE OWNERSHIP PORTFOLIO**

### **3.1. Legal framework**

GoSL's state ownership is administered and managed within a legal framework that provides for the mandates of SOEs, appointment of Boards of Directors, debt management, internal and external auditing, disclosure of financial reports, Code of Corporate Governance (CoCG), environment protection and human rights. The legal framework also sets out the general principles for the divestment and acquisition of state ownership. See Annex 2.

## **4. STATE OWNERSHIP RIGHTS**

As owners of enterprises, GoSL has the following basic shareholder rights:

1. To participate and vote at annual general meetings
2. To vote on dividend distribution
3. To vote on enterprise dissolution
4. To obtain relevant SOE information on a timely basis
5. To elect and remove members of SOE boards
6. To approve extraordinary transactions

## **5. INSTITUTIONAL ARRANGEMENT FOR IMPLEMENTATION OF THE OWNERSHIP FUNCTIONS**

### **5.1. Oversight Entity**

The Government shall repeal the NCP ACT, 2002 and enact new legislation establishing a centralized ownership entity to carry out the ownership functions. The Office of the President shall be responsible for the oversight entity. The oversight entity shall have the authority to:

- (i) Act as prudential shareholders
- (ii) Conduct fit and proper assessment of candidates nominated for Board appointments
- (iii) Set and monitor SOE objectives and key performance indicators in line with policy directives and SOEs mandates
- (iv) Sign performance contracts with Boards of Directors

- (v) Monitor SOEs financial and non-financial performance
- (vi) Receive relevant information from SOEs on a timely basis
- (vii) Prepare and publish comprehensive annual aggregate SOE performance reports (including Climate-resilient investment, gender representation)
- (viii) Monitor compliance with this Policy, relevant legislation and regulations
- (ix) Monitor compliance with Code of Corporate Governance
- (x) Monitor and evaluate contract implementation
- (xi) Reorganize and divest State ownership in line with National Development Objectives and rationale for State interest

The oversight entity shall develop and implement the following policies, guidelines and framework to strengthen SOE oversight and governance:

1. Guidelines for merit-based Board nomination
2. Guidelines for the structure, tenure, training, function, remuneration and evaluation of the board
3. Guidelines for accountability, transparency and disclosure
  - To elaborate/clarify the requirements for financial reporting standards, to strengthen the internal control environment, independent external audit and specify the disclosure requirements SOE information.
4. A Code of Corporate Governance
5. Guidelines for performance management, monitoring and evaluation
6. Framework for SOE annual aggregate performance reports
7. Dividend Policy in coordination with MoF and Line Ministries
8. Guidelines for divestment, mergers, acquisition and restructure of State interest
9. Guidelines to protect minority shareholding
10. Enterprise Risk Management Framework
11. Guidelines for the treatment and governance of PPOs

The oversight entity shall coordinate closely with the Public Private Partnership Unit to ensure that the creation of any new state ownership regardless of Government's shareholding are duly acknowledged.

The oversight entity shall submit its annual budget to the MoF. The budget shall primarily be funded from privatization proceeds (concession fees, licence fees, dividends from privatized entities including others) and from total dividends received from SOEs.

### **5.1.1. Role of Ministers**

Ministers shall maintain ministerial autonomy for SOEs within their Ministry. As per SOEs enabling Acts, Ministers are responsible for the formulation of policy in line with national development objectives and government priorities. Ministers may give directions to SOEs on matters related to Policy. Ministers shall communicate their policy directives to the oversight entity to ensure effective monitoring. Line Ministers shall keep the oversight entity well informed on the progress of policy implementation. Line Ministers shall nominate candidates for Board appointments by the President contingent on the conduct of a fit and proper

assessment of the candidates. It should be noted that the technical, operational and investment activities of the SOEs would remain under the purview of the line ministries.

### 5.1.2. Sector Regulators

Respective regulatory institutions are responsible for sector specific regulations. In the execution of its monitoring function, the oversight entity shall coordinate with relevant regulators to ensure SOE regulatory compliance.

### 5.1.3. Boards of Directors

SOEs Board of Directors shall have full operational autonomy to achieve its objectives and targets as agreed with the oversight entity.

### 5.1.4. Fiscal Risk Management Division

The FRMD in the MoF shall ensure that fiscal risks emanating from SOEs are identified, quantified, monitored, disclosed and that mitigation strategies are carried out.

## 5.2. Roles and responsibilities of Government institutions in the oversight of SOEs

GoSL aims to differentiate its role as owner from the regulatory roles for SOEs in order to prevent potential conflicts of interests.

Table 1: Roles and responsibilities of Government institutions in the oversight of SOEs

<b>Roles and responsibilities</b>	<b>Institution</b>
<b>POLICY</b>	
<ul style="list-style-type: none"> <li>- Formulation of Policy for SOEs in line with national development objectives</li> <li>- Nominate candidates for Board appointments by the President</li> <li>- Presentation of Policies to Cabinet</li> <li>- Liaise with the oversight entity on policy implementation</li> <li>- Presentation of contracts to Parliament for ratification</li> </ul>	Ministers
<b>OVERSIGHT, GOVERNANCE AND DIVESTITURE</b>	
<ul style="list-style-type: none"> <li>- Act as prudential shareholders</li> <li>- Conduct fit and proper assessment of candidates nominated for Board appointments</li> <li>- Set and monitor SOE objectives and key performance indicators in line with policy directives and SOEs mandates</li> <li>- Sign performance contracts with Boards of Directors</li> </ul>	Oversight entity

<ul style="list-style-type: none"> <li>- Monitor SOEs financial and non-financial performance</li> <li>- Receive relevant information from SOEs on a timely basis</li> <li>- Prepare and publish comprehensive annual aggregate SOE performance reports (including Climate-resilient investment, gender representation)</li> <li>- Monitor compliance with this Policy, relevant legislation and regulations</li> <li>- Monitor compliance with Code of Corporate Governance</li> <li>- Monitor and evaluate contract implementation</li> <li>- Reorganize and divest State ownership in line with National Development Objectives and rationale for State interest</li> </ul>	
<ul style="list-style-type: none"> <li>- Fiduciary oversight for fiscal risk management</li> <li>- SOE Budget rationalization (Subvented entities)</li> <li>- Approve SOE debt</li> <li>- Oversight of State Owned Banks</li> <li>- Receive relevant information from SOEs on a timely basis</li> <li>- Preparation of annual SOEs fiscal risk report (to be consolidated with the comprehensive annual aggregate SOE performance reports prepared by the oversight entity)</li> </ul>	Ministry of Finance
<b>REGULATION</b>	
<ul style="list-style-type: none"> <li>- Enforcement of environmental regulations and policies</li> <li>- Issuance of Environmental Licence</li> </ul>	Environmental Protection Agency
<ul style="list-style-type: none"> <li>- Enforcement of transparency, accountability, and integrity in SOEs</li> </ul>	Anti-Corruption Commission
<ul style="list-style-type: none"> <li>- Compliance with Financial Reporting</li> </ul>	MoF/Corporate Affairs Commission
<ul style="list-style-type: none"> <li>- Regulation of Maladministration</li> </ul>	OMBUDSMAN
<ul style="list-style-type: none"> <li>- Registration of Companies</li> </ul>	MoF/Corporate Affairs Commission
<ul style="list-style-type: none"> <li>- Vetting of legal instruments/agreements</li> <li>- Provision of legal advice</li> </ul>	Office of The Attorney General and Minister of Justice
<ul style="list-style-type: none"> <li>- Creation of SOEs</li> <li>- Ratification of legal instruments/ agreements</li> </ul>	Parliament of Sierra Leone
<ul style="list-style-type: none"> <li>- Public Procurement Regulation</li> </ul>	National Public Procurement Authority

**6. GOOD CORPORATE GOVERNANCE PRACTICES**

Corporate governance of SOEs comprises a set of relationships between the Government as owner, the oversight entity, an enterprise’s board, its senior management, other shareholders, and stakeholders. Corporate governance also provides the structure through which SOEs objectives are set, and performance monitored.

**6.1. Principles for good corporate governance**

SOEs are required to operate viable commercial operations; to achieve this, the enterprises must apply good corporate governance. The following shall apply:

- I. Effective corporate governance framework
- II. Responsible boards
- III. Reporting, transparency and disclosure of SOE information
- IV. Performance management
- V. The rights and equitable treatment of shareholders
- VI. Stakeholders' contribution to effective corporate governance
- VII. Competitive Neutrality

#### **6.1.1. Effective corporate governance framework**

The Government shall strengthen the legal and regulatory framework to promote good corporate governance practices with a view to impact economic performance and enhance integrity in the SOE sector. The oversight entity shall develop and issue a CoCG for SOEs. All SOEs shall comply with the standards and requirements set out in the CoCG or explain the non-compliance in writing to the oversight entity.

#### **6.1.2. Responsibilities of the board**

The Board of Directors shall be appointed based on merit and shall be constituted with a minimum 30 percent female representation. The Board shall provide strategic guidance to the SOE and the effective supervision of the SOEs' senior management.

- A. The board should fulfill key functions, including:
  - I. Review and guide corporate strategy, major plans of action, risk management strategies and procedures, annual budgets and business plans, set performance targets in line with signed performance contracts, monitor implementation and corporate performance, ensure appropriate gender representation and oversee major expenditures, acquisitions, and divestitures.
  - I. Monitor the effectiveness of the SOE's governance practices and make changes as needed.
  - II. Recruit, monitor and, when necessary, replace key executives and oversee succession planning.
  - III. Align key executive remuneration with the longer-term interests of the company and its shareholders.
  - IV. Monitor and manage potential conflicts of interest of SOE senior management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
  - V. Ensure the integrity of the SOE'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.

- B. The board will be comprised by a majority of independent<sup>1</sup> directors
- C. Constitute committees inclusive of an audit, risk and nomination committees
- D. Receive accurate, relevant and timely information
- E. Sign performance agreements with the oversight entity
- F. Oversee the internal audit function

### **6.1.3. Reporting, transparency and disclosure**

SOEs shall ensure that timely and accurate disclosure is made on all material matters regarding their operations and management, including financial and operational performance, shareholding, and governance. Financial information shall be prepared and disclosed in accordance with International Financial Reporting Standards (IFRS) and International standards on Auditing (ISA). An annual audit shall be conducted by an independent, and qualified, external auditor in accordance with international standards defined by the SOE Act. The SOEs shall provide the following to the oversight entity:

- I. The financial and operating results of the SOE, including debt and contingent liabilities and net transfers to SOEs
- II. Objectives and non-financial information
- III. Shareholding
- IV. Remuneration of members of the board and key executives
- V. Information about board members, including their qualifications, tenure and independence
- VI. Related party transactions
- VII. Foreseeable risk factors
- VIII. Compliance with the CoCG
- IX. Compliance with GoSL legislation, policies and regulations
- X. Climate-resilient investments
- XI. Gender representation
- XII. Other information as requested by the oversight entity

### **6.1.4. Performance Management**

Effective performance management that enables the Government to monitor SOE performance and compliance is a key ownership function and can lead to better financial and non-financial performance of SOEs. The oversight entity shall develop a performance management framework that sets the standards for clear objectives and targets that are linked to the SOEs' mandates while acknowledging and respecting SOEs' autonomy. The performance management framework shall explicitly set financial and non financial targets. The framework will facilitate the timely identification, assessment and mitigation of potential fiscal risks from

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<sup>1</sup> An independent director means:

- One who has not been employed by the SOE or its related party in the past five years
- One who is not an adviser or consultant to the SOE or its related party
- One who is not an immediate family member of an individual who is employed to the SOE or its related party
- One who is not affiliated with a significant customer or supplier of the SOE
- One who has no service contracts with the SOEs or its related party

SOEs. The framework will enable Boards to clearly understand GoSL's expectations of SOEs and to set appropriate strategies to meet these expectations.

The oversight entity shall play a key role in holding SOEs Board of Directors accountable for meeting SOEs objectives. The objectives shall be clear, realistic and measured by key performance indicators. Commercial objectives shall be clearly separated from PPOs, accordingly, SOEs will develop strategies for the execution of commercial and PPO separately. The strategies are to be approved by the SOE Board.

Line Ministers shall communicate their expectations for each SOE through an annual letter to the oversight entity. Annually, the oversight entity shall sign performance agreements with each SOE Board. The oversight entity may hire consultants with expert knowledge of the SOE sectors and industry operations to support the preparation of Specific, Measureable, Achievable, Realistic and Timely (SMART) targets. The Board shall ensure that the performance agreement signed with the oversight entity cascade down to the SOE's senior management team.

#### **6.1.5. The rights and equitable treatment of shareholders**

The rights and equitable treatment of all shareholders shall be facilitated. Minority shareholders shall be recognized and treated fairly.

#### **6.1.6. The role of stakeholders in corporate governance**

The role of stakeholders shall be recognized and active cooperation between SOEs and stakeholders encouraged for value creation, and sustainability. The viability of the enterprise will be strengthened by contributions from a range of different resource providers including investors, employees, creditors, customers and suppliers, and other stakeholders. The contributions of stakeholders constitute a valuable resource for building competitive and profitable companies.

#### **6.1.7. Competitive Neutrality**

To balance private sector development with SOEs growth GoSL aims to level the competitive playing field between private sector companies and SOEs that operate in competitive markets. Competition contributions to efficiency that will benefit Sierra Leone. SOEs shall not benefit from preferential treatment in comparison to those received by private sector companies. SOEs are required to pay all requisite taxes and fees as determined by GoSL and shall not receive special access to products or services or financing not afforded to the private sector. SOEs will be appropriately compensated for PPOs. Government procurement opportunities shall be non-discriminatory and not grant undue advantage to SOEs over private companies.

### **7. GUIDING PRINCIPLES FOR STATE OWNERSHIP**

GoSL's decision to acquire, divest, restructure or maintain ownership in an enterprise shall be based on clearly defined objectives. The objectives may include the execution of PPOs, economic growth, to address market



failures or ensure control of strategic national assets. The rationale for ownership shall be reviewed from time to time. GoSL has adopted the following principles that will guide state ownership:

- (i) Basis for changes in the ownership portfolio
- (ii) Effective management of SOEs
  - Value creation
  - Business sustainability
- (iii) Active consideration of cross-cutting issues including gender, labour and human rights and climate change

## **7.1. Basis for changes in the ownership portfolio**

The basis for changes in the ownership portfolio shall be to correct market failure, control strategic national assets or the execution of PPOs. GoSL's decision to make ownership changes will be based on a holistic analysis of value creation and market related factors.

### **7.1.1. Correction of market failures**

GoSL may consider ownership as a mechanism for correcting market failures in the economy. Where there is an inefficient or insufficient distribution of goods and services to meet the demands of Sierra Leone. These failures may require Government's intervention to ensure better functioning of the markets, more efficient utilization of resources and value creation.

### **7.1.2. Control of strategic national assets and sectors**

Safeguarding strategic national assets for the benefit of future generations is of utmost importance for GoSL. GoSL may pursue ownership to safeguard strategic national assets, particularly natural resources against commercial exploitation. To the fullest extent possible, GoSL shall use legislation, policies, and regulation, to prevent the exploitation of strategic national assets and to secure a return on investments from these resources. Where these measures are ineffective, GoSL shall retain or acquire ownership of the strategic national assets to safeguard against exploitation and to create value for the economy.

### **7.1.3. Pursuit of public policy objectives**

Having responsibility for effective public service delivery for the benefit of all citizens, GoSL may use state ownership to execute PPOs. Where an SOE is required to execute a PPO, the product/services shall be appropriately costed by the SOEs, including capital cost and the cost reimbursed by GoSL. A directive for a PPO may be communicated by Line Ministry to the oversight on the following basis:

- (i) *improve access to essential goods and services* - GoSL 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. GoSL may use ownership to develop and maintain critical infrastructure.
- (iii) *prevent or manage national emergencies* - In the event of national emergencies, state ownership may be utilized to protect national assets and the interests of the country. For instance, in times of disasters/pandemics, GoSL may take ownership of a distressed but strategically important enterprise to avoid a potential collapse.

#### **7.1.4. Mergers and acquisitions**

GoSL may decide to change its ownership in enterprises in order to enhance efficiency and/or improve access to finance and markets. Changes to the SOE portfolio may be undertaken via mergers and acquisitions. The following shall apply:

- (i) The oversight entity shall carry out due diligence of the proposal for mergers and acquisitions and submit its findings and recommendations to the Office of the President and MoF for consideration. MoF shall review and validate the report and submit its decision to the oversight entity for further directive to the sponsoring enterprise.
- (ii) The Line Ministry for the sponsoring enterprise shall submit approved proposals to Cabinet for consideration. For acquisitions or mergers involving an international business transactions, the proposal shall be submitted to Parliament, subject to Cabinet's approval.
- (iii) For acquisitions or mergers below a threshold, to be determined by Cabinet, the Office of the President shall be the final approval authority in consultation with MoF.
- (iv) The oversight entity in collaboration with MoF and the sponsoring enterprise shall implement Cabinet's or Parliament's decision on the proposed acquisition/merger.

#### **7.1.5. Divestment of state ownership**

As market conditions and the economy evolve, GoSL's ownership interests in some enterprises may not be tenable. In such cases, GoSL may divest its ownership in these entities. Divestment of state ownership will be undertaken if it is financially and economically beneficial for Sierra Leone. GoSL's decision to divest its ownership interest in a particular entity will give due consideration to financial sustainability, commercial viability and societal value. Any decision to divest GoSL's interests in an enterprise will be in accordance with the following

- (i) The oversight entity shall submit to the office of the President in consultation with the MoF a proposal detailing the basis for divestment and related socio-economic impact. The proposal shall also provide

recommendations on the optimal divestment approach (e.g. liquidation, transfer of interest, licence agreement). MoF shall review the proposal and submit its recommendations to The oversight entity copy to the relevant Line Ministry.

- (ii) The relevant Line Ministry shall submit approved proposals to Cabinet for consideration. For divestments in the nature of an international business transactions, the proposal will be submitted to Parliament, subject to Cabinet's approval.
- (iii) For divestments below a threshold, to be determined by Cabinet, the Office of the President shall be the final approval authority.
- (iv) The oversight entity shall collaborate with MoF and relevant Line Ministry to implement Cabinet or Parliament's decision on the proposed divestment.
- (v) All approved divestments shall be done in accordance with established divestment processes in relevant guidelines or legislative instruments.

## **7.2. Effective Management of SOEs**

The primary purpose of GoSL's ownership of enterprises is for the creation of value for society. SOEs are required to maintain viable commercial operations that generate economic value for Sierra Leone. The Government requires that SOEs be effectively and professionally managed by well capacitated Board of Directors and senior management to create long-term sustainable value. GoSL will measure value by return on investments and net transfers to SOEs (transfers from GoSL to SOEs less dividend payments).

### **7.2.1. Value creation**

The Board of Directors is responsible for each SOEs' strategy and setting performance targets that will produce viable economic activities to maximize long term value creation and generate adequate returns on investment and dividend payments for the National Treasury. GoSL requires the Board to set Specific, Measurable, Achievable, Realistic, and Timely (SMART) targets that are aligned with their SOE's objectives and performance agreement and to develop strategies that will enable SOEs to achieve said targets.

### **7.2.2. Required return on investment for SOEs**

The Government holds a long-term view of its investments in SOEs and expects appropriate returns on investments. In accordance with this Policy and other relevant enactments, policies and guidelines, the oversight entity shall agree with Boards of Directors the appropriate financial targets based on the enterprises' mandate. These financial targets will be geared towards value creation and the achievement of capital efficiency.

In determining the target return on investments, the rates will be guided by Return on Assets, Return on Equity and Return on Capital Employed. The targets will be benchmarked against sector peers locally, regionally and international to ensure that they are ambitious and realistic.

### **7.2.3. Dividend**

The oversight entity in collaboration with MoF shall develop a dividend policy. The Policy will ensure appropriate dividend yield for the Government through sustainable and predictable dividends payments taking into account the SOE's capital requirements, financial position and cash position. The Dividend Policy shall set out GoSL's dividend requirements as a percent of the enterprises' net profit. SOEs are required to declare and pay appropriate dividends in line with the dividend policy. Dividend payout is to be set by the respective SOE Boards of Directors and should consider the enterprises' capital structure and are to be distributed within six months of the end of the financial year. An estimate of dividend payout shall be included in the enterprises' business plan. SOEs under the Companies Act shall apply the dividend provisions of the Companies Act.

### **7.2.4. Business sustainability**

Enterprise sustainability is important for the Government as owner, it is essential that the respective SOE board has the capacity to work strategically and adopt business practices that promote long term viability. An SOE board is tasked with ensuring business sustainability by developing strategies to mitigate business risks, adverse impact on the environment, combating corrupt practices and to maximize business opportunities inclusive of digitalization, research, and development.

### **7.2.5. Technology, research, development and innovation**

SOEs are required to be consistently innovative as a means for creating enduring business models, and thereby ensure sustainability. Innovative entities create economic value by putting resources to new and more effective use. By utilizing and further developing new knowledge, new technology, and new organizational solutions, innovative entities are able to produce and provide high quality products and services at competitive prices. SOEs are required to digitize processes to improve operations for greater efficiencies and competitiveness.

Cutting-edge research and development (R&D) is critical for enhancing the innovative capabilities of entities. The Government expects SOEs to prioritize R&D in their operations. The Boards of Directors are required to develop and implement effective strategies and to allocate adequate resources to undertake R&D activities locally, regionally and internationally. This will enable SOEs to keep abreast of technological and market trends.

### **7.2.6. Effective Risk Assessment and Management**

SOEs are required to put in place an effective Risk Assessment and Management Framework that will identify each enterprise's material risks and uncertainty factors that may affect the enterprise's operations, financial

performance and sustainability. The Framework shall ensure that regular risks assessments are conducted and identified risks monitored, possibility of occurrence, likely impacts if they occur and mitigation measures put in place to minimize and/or where possible, eliminate the risks.

#### **7.2.7. Public Policy Objectives**

GoSL may request that an SOE executes a PPO in addition to its commercial activities. These services are usually delivered by the SOE below profit. GoSL has an obligation to adequately compensate enterprises for the cost of delivering the PPO. To facilitate compensation, SOEs are required to separate the accounts of commercial and PPO activities. Compensation may be provided through any or a combination of the following methods: direct transfers, capital grants, budget appropriations, subsidies, user charges or a combination of both user charges and Government compensation. Dividends shall not be adjusted to compensate for PPO.

Line Ministries shall obtain the approval of MoF before issuing any directives on PPO to the oversight entity to be undertaken by an SOE.

#### **7.2.8. Anti-corruption compliance**

The impact of corruption can discourage investors from Sierra Leone and cripple social and economic development. In addition to the damage corruption inflicts on an enterprise's reputation, it can also lead to financial loss, low employee morale, diversion of resources away from delivering core business and services, and ultimately threaten the long-term viability of the enterprise. SOEs are required to comply with the National Anti-Corruption Strategy and to align their internal anti-corruption frameworks with the help of the Anti-Corruption Commission of Sierra Leone. SOEs are required to enhance transparency and disclosure to minimize the instances of corruption. Audit recommendations are to be implemented; non compliance will be prosecuted by the Anti-Corruption Commission.

### **8. ACTIVE CONSIDERATION OF KEY CROSS-CUTTING ISSUES**

State-owned enterprises shall observe responsible business conduct, act responsibly and work actively to follow Sierra Leone and international guidelines on environmental and climate consideration, human rights and labour rights. Significant capital expenditure are carried out by SOEs, therefore SOEs have to be aware and implement strategies to minimize climate risks, such as climate-resilient investments in the form of low-carbon technologies.

#### **8.1. Environmental protection and climate change**

SOEs must maintain an environmentally sustainable operation that reduces the negative impact on the climate. To minimize damage to infrastructure and disruption of public service delivery, SOEs have to be good examples in their industry in the area of environment and climate and work for the achievement of the national environmental protection and climate objectives. They are required to comply with the relevant environmental Acts and policies. SOEs are expected to identify, assess, and adopt measures to minimize

exposure to climate risks and to report to the oversight entity on their climate-related activities, investment and opportunities. The climate-resilient investment will be included in annual aggregate SOE reports.

### **8.1.2. Human rights**

A sound and healthy respect for human rights, including the rights of the child, is essential for a productive business environment one that is void of violent protests and demonstrations that leads to economic disruptions. Cruel, inhuman and degrading treatment is prohibited by the Constitution of Sierra Leone 1991. SOEs are required to comply with the provisions set out in the Human Rights Commission of Sierra Leone Act (No.9) 2004 and to urge their suppliers to also comply.

### **8.1.3. Labour rights**

GoSL efforts to protect rights at work included the review of the 2016 National Employment Policy; popularization of the 2018 Labour Migration Policy, ratification of eleven ILO Conventions and the setting up of the New Industrial and Social Security Court to address challenges of accessing social security benefits from the National Social Security and Insurance Trust scheme. SOEs are required to comply with all labour laws and to ensure that their suppliers are compliant.

### **8.1.4. Gender equality and diversity**

The Constitution of Sierra Leone, 1991, as amended in 2016, subsections (6), (7), and (8), sets out that no person shall be treated in a discriminatory manner. SOEs are required to be exemplary in gender equality in their operations, especially relating to appointments of Board members and senior management. GoSL aims for gender balance at the SOE boards and senior management level. The oversight entity shall aim to have a minimum of 30 percent women board representation on all boards and will not be tolerant of any discrimination associated with gender identity, ethnic affiliation, religion, disability, sexual orientation, or age. GoSL expects that SOEs will ensure that their succession planning incorporates strategies for improving the representation of women at the board and senior management levels. SOEs are required to include gender representation in their reports to the oversight entity. The oversight entity shall include gender representation in the annual aggregate SOE reports.

## **9. TRANSITION AND IMPLEMENTATION ARRANGEMENTS**

### **9.1. Legislation**

GoSL through MoF will consolidate and harmonize the provisions of this Policy with other laws applicable to SOEs into a comprehensive oversight and governance legislation to strengthen the oversight and governance of SOEs. The new legislation will repeal the National Commission for Privatization Act, 2002.

#### **9.1.1. Institutions responsible for the implementation of this Policy**

Subject to the enactment of legislation to repeal the National Commission for Privatization Act, 2002, the provisions of this Policy shall be implemented and monitored by NCP under the leadership and direction of the Office of the President.

Subject to the new legislation, to ensure effective coordination and avoid duplication of efforts and reporting burden on SOEs; NCP, MoF and other relevant stakeholders shall establish data-sharing mechanisms to facilitate efficient monitoring and reporting of SOEs performance.

This Policy will be revised and shall be approved by Cabinet from time to time.

## 10. ANNEXES

### Annex 1: Functions of the oversight entity and functions of NCP

Functions under the Policy	Functions under the NCP Act, 2002
<ul style="list-style-type: none"> <li>- Act as prudential shareholders</li> <li>- Conduct fit and proper assessment of candidates nominated for Board appointments</li> <li>- Set and monitor SOE objectives and key performance indicators in line with policy directives and SOEs mandates</li> <li>- Sign performance contracts with Boards of Directors</li> <li>- Monitor SOEs financial and non-financial performance</li> <li>- Receive relevant information from SOEs on a timely basis</li> <li>- Prepare and publish comprehensive annual aggregate SOE performance reports (including Climate-resilient investment, gender representation)</li> <li>- Monitor compliance with this Policy, relevant legislation and regulations</li> <li>- Monitor compliance with Code of Corporate Governance</li> <li>- Monitor and evaluate contract implementation</li> <li>- Reorganize and divest State ownership in line with National Development Objectives and rationale for State interest</li> </ul>	<ul style="list-style-type: none"> <li>- Act as prudential shareholders</li> <li>- To approve policies for divestiture</li> <li>- To approve guidelines and criteria for valuation of public enterprises for divestiture and choice of strategic investors</li> <li>- To recommend to Government the legal and regulatory framework for public enterprises to be divested</li> <li>- To determine whether the shares of a public enterprise should be by public or private issue or otherwise</li> <li>- To determine the time when a public enterprise is to be divested</li> <li>- To approve the prices for shares or assets of public enterprises offered for sale</li> <li>- To act as interlocutor for all projects in the divestiture process or for public enterprises with the World Bank and other donors</li> <li>- To review from time to time, the socio-economic effects of the programme of divestiture and decide on appropriate remedies</li> <li>- To approve the appointment of divestiture advisers and consultants and their remuneration.</li> <li>- To submit to the President and Parliament, in each year, a report on the activities of the Commission and the divestiture process</li> <li>- To receive regular and periodic reports from the Executive Secretary on programme implementation and give appropriate direction</li> <li>- To approve the budget of the Commission and supervise the activities of the secretariat of the Commission</li> <li>- To develop a code of practice for the good corporate governance of public enterprises</li> <li>- The appointment of persons –               <ul style="list-style-type: none"> <li>(i) As members of a public enterprise shall be made by the Commission</li> <li>(ii) To the governing body of a public enterprise shall be made by the President acting on the recommendation of the Commission and subject to the approval of Parliament</li> </ul> </li> </ul>



## Annex 2: List of SOEs

No	PUBLIC ENTITY	PRIVATIZED ENTITY	AGREEMENT TYPE	DESCRIPTION OF FUNCTIONS
1	Sierra Leone Ports Authority	Freetown Terminal Limited (Bollere)	Concession Agreement	Container Handling
2	Sierra Leone Ports Authority	Nectar Break Bulk	Concession Agreement	Break Bulk Handling
3	Sierra Leone Ports Authority	Holland Shipyard	Concession Agreement	Maintenance Of Vessels
4	Sierra Leone Ports Authority	Mv Mahera Ferry	Lease Agreement	Ferry Transportation
5	Sierra Leone Ports Authority	Logistics Solutions and Services	Licence Agreement	Cargo Tracking
6	Sierra Leone Ports Authority	Integrated Trade Services	Licence Agreement	Container Scanning
7	Sierra Leone Airport Authority	Westminster Innovation Security Services (WASS)	Licence Agreement	Security Services
8	Sierra Leone Airport Authority	Sky Handling Partners' SL Ltd	Licence Agreement	Ground and Cargo Handling Services
9	Sierra Leone State Lottery	The whole entity	Joint Venture Agreement	Gaming And Betting

NO	NAME	STATUS	SECTOR	ESTABLISHING ACT	THE GOVT. HOLDING
1.	Electricity Distribution and Supply Authority (EDSA)	Active	Energy	National Electricity Act No.3 of 2018	100%
2.	Electricity Generation and Transmission Company (EGTC)	Active	Energy	National Electricity Act No.3 of 2018	100%
3.	Government Printing Department	Active	Information		100%
4.	Guma Valley Water Company (GVWC)	Active	Energy	Guma Valley Act No. 6 2017	99%
5.	National Insurance Company Limited (NIC)	Active	Financial Services		100%
6.	National Workshop	Active	Woodwork		100%
7.	Sierra Leone Housing Corporation (SALHOC)	Active	Housing	Sierra Leone Housing Corporation Act 1962	100%
8.	Sierra Leone Airport Authority (SLAA)	Active	Air Transportation	Sierra Leone Airport Act 1988	100%
9.	Sierra Leone Broadcasting Corporation (SLBC)	Active	Information	SLBC Act of 2009	100%
10.	Sierra Leone National Shipping Company (SLNSC)	Active	Clearing and Forwarding		100%
11.	Sierra Leone Ports Authority (SLPA)	Active	Sea Transportation	Port Act 1964	100%
12.	Sierra Leone Postal Services Limited (SALPOST)	Active	Postal Services	Post Act 1994	100%
13.	Sierra Leone Produce Marketing Company (SLPMC)	Active	Agriculture	Sierra Leone Produce Marketing Act (Repeal) 2013	100%
14.	Sierra Leone Road Transport Corporation (SLRTC)	Active	Transport	Sierra Leone Road Transport Corporation Act 1964	100%
16.	Sierra Leone State Lottery Company Limited (LOTTO)	Active	Gaming		Joint Venture
17.	Sierra Leone Telecommunications Company Limited (SIERRATEL)	Active	Telecommunication		Concession

18	Sierra Leone Water Company (SALWACO)	Active	Energy	Sierra Leone Water Company (SALWACO) Act 2017	100%
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## **Annex 3: Legislation applicable to SOEs**

### **The Constitution of Sierra Leone**

The 1991 Constitution (as amended) is the principal law in Sierra Leone that deals with the appointment of Boards of Directors Section 70 ( e) states: The President may appoint, in accordance with the provisions of this Constitution or any other law the following persons—

- a) the Chairman and other Members of the governing body of any corporation established by an Act of Parliament, a statutory instrument, or out of public funds, subject to the approval of Parliament.

Section 13 (c) of the 1991 Constitution requires every citizen to protect and preserve public property and prevent the misappropriation and squandering of funds belonging to the Government, local authorities, or public corporations.

### **Companies Act**

SOEs are commercial enterprises established as limited liability companies under the Companies Act 2009 (amended by the Companies (Amendment) Act, 2014). As a limited liability company, an SOE is (a) a body corporate with perpetual succession and a common seal; (b) capable of suing and being sued in its corporate name; and (c) capable of acquiring, holding or disposing of any property, whether movable or immovable, for the purpose of carrying out its functions.

The Companies Act 2009 subsection 284-296 requires companies to submit audited financial statements at annual general meetings or be penalized for non-compliance. GoSL requires SOEs to comply with the relevant provision of the Companies Act.

### **National Commission for Privatization Act, 2002**

The supervision of SOEs is controlled by NCP, which was established in 2002 under an Act of Parliament (NCP Act 2002) for the privatization and reform of public enterprises (alternate name for SOEs). The NCP Act 2002 transferred the supervision of all public enterprises to the Commission and removed the interference in the management of public enterprises from Line Ministries, thereby ensuring transparency, corporate governance and avoidance of conflict of interest in the affairs of public enterprises. NCP does not have oversight of the two SOBs.

Essentially, NCP acts as a prudent shareholder, fully respecting the distinction between shareholding and management, as it manages and prepares all public enterprises for divestiture and delivery of efficient services. The Commission is also empowered to approve policies for divestiture, guidelines and criteria for valuation of public enterprises for divestiture and choice of strategic investors. The Commission is required to submit to the President and Parliament, in each year, a report on the activities of the Commission and the divestiture process. Furthermore, Section 11 of NCP Act 2002 grants power to NCP to develop, using best practice, a code of practice for good corporate governance of public enterprises specified in the Act.

Notably, the Finance Act 2020 transferred complete oversight of the two state-owned banks (Sierra Leone Commercial Bank and Rokel Commercial Bank) to the Ministry of Finance.

### **Public Financial Management (PFM) Act, 2016**

The terminology used in the Public Financial Management (PFM) Act 2016 is ‘Public Enterprises’, which is the same as SOEs these terms are used interchangeably.

Part V, section 75 of the PFM Act 2016 requires SOEs to establish an Internal Audit Department, Division, or Unit.

Part VIII (Oversight of Sub-Sectors and Extrabudgetary Entities) of the PFM Act 2016 deals with Public Enterprises under Sections 114-119. Section 114 specifies the treatment of acquisitions of shares or ownership interest. Section 115 specifies the treatment for the establishment of a new SOEs. Section 116 of the PFM Act requires the vote controller of a public enterprise to submit to the responsible authority and the Minister of Finance a budget and financial planning documents of the public enterprise, no later than one month before the beginning of its financial year.

In addition, Section 117 of the Act covers In-year reporting on a quarterly basis to be submitted to the Minister of Finance. Section 118 deals with the preparation of annual financial statements of public enterprises, in accordance with internationally accepted accounting standards as specified and to submit within six months after the end of the financial year to the responsible authority and the Minister of Finance. Additionally, the annual accounts are to be audited by independent external auditors.

In accordance with Section 118 (3) all annual reports of public enterprises are to be published by the Minister of Finance in the Gazette and MoF website.

### **Public Debt Management Act, 2011**

Sections 15-20 of the Public Debt Management Act, 2011 specify the requirements for Government lending to SOEs, approval of domestic and international borrowing, and SOEs submission of reports for all borrowings.

### **Procurement Act 2016**

The procurement of goods, works and services including procurement financed in whole or in part from public or donor funds by SOEs which utilize public funds are stipulated in the Procurement Act of 2016.

### **Audit Service Act 2014**

The Audit Service Act 2014 mandates the Audit Service to audit or appoint independent external auditors to audit the accounts of SOEs.

### **Enabling Acts**

Some SOEs are established by enabling Acts of Parliament, which sets out their objectives, functions as well as duties and composition of the Board. Annex 4 provides details of the enabling Acts.

## **Annex 4: SOEs Enabling Acts**

### Sierra Leone Commercial Bank (SLCB) Limited

Sierra Leone Commercial Bank (SLCB) Limited was established in February 1973 and is a State-Owned Bank with 89 percent of shares owned by the Government and 11 percent by NASSIT – the country’s Social Security Scheme). It is the country’s first indigenous bank, engaged in providing retail consumer banking, financial services, wholesale, corporate and commercial banking services in Sierra Leone.

### Rokel Commercial Bank (RCB) Limited

Rokel Commercial Bank (Sierra Leone) Limited was established in September 1999, after Barclays Bank Plc (UK) pulled out of Sierra Leone selling its 60 percent stake to the Government for a token of £1 (one British pound) in order to ensure continuity. It is a State-Owned Bank with the Government now owning 65 percent shares and 35 percent shares owned by private institutions, organizations, and individuals. It is primarily involved in retail, consumer banking, financial services and wholesale banking services and operates with twelve branches in addition to its Head Office.

### Sierra Leone Road Transport Corporation (SLRTC)

Sierra Leone Road Transport Corporation (SLRTC) is a public-owned bus transportation company established in 1964 under the Road Transport Corporation Act, 1964. It has the statutory responsibility of providing efficient, safe, reliable and cost effective public transportation services throughout Sierra Leone, meeting the country’s socio-economic transportation needs. Hence, SLRTC has responsibilities in connection with the operation of public buses throughout the country. These include:

- establishing a network of routes to be served by its buses;
- operating buses on a day-to-day basis;
- servicing and maintaining the buses;
- monitoring the operation of the buses to ensure compliance with SLRTC operating policy;
- managing revenue from the collection of fares;
- monitoring and reporting on operational performance;
- monitoring and reporting on the financial performance of the Corporation.

Note: The Ministry of Transport and Aviation, the National Commission for Privatization, and the SLRTC Board of Directors should agree on arrangements for overseeing the performance of SLRTC. In principle, responsibility for operating a public bus service should rest with SLRTC under the direction of the Board.

### Sierra Leone Airport Authority (SLAA)

Sierra Leone Airport Authority (SLAA) was set up in August 1988 as a commercially oriented and autonomous organization by an Act of Parliament (Airport Authority Act 1988). The authority reports to the Ministry of Transport and Aviation. It is to provide a safe, effective, sustainable and environmentally friendly airport system with facilities maintained at international standards through the diligent utilization of appropriate

resources. It was set up to manage the Freetown International Airport – Lungi, the Hastings Airport and any other airport as may be determined from time to time. Hitherto the setting up the Sierra Leone Airports Authority, the Freetown International Airport – Lungi was managed by the Directorate of Civil Aviation within the Ministry of Transport and Communication. The principal activity of the Authority is to provide and maintain such services and facilities necessary for the efficient operation of airports and air navigation in Sierra Leone.

#### Sierra Leone Telecommunication Company (SIERRATEL)

Sierra Leone Telecommunications Company Limited (SIERRATEL) is currently using the trading name SIERRATEL. It was incorporated in Sierra Leone under the Sierra Leone Companies Act (as a limited liability company) on the April 1995 and holds a license for the provision of fixed line and mobile telecommunications services in Sierra Leone. It is wholly owned by the Government of Sierra Leone.

#### Sierra Leone Port Authority (SLPA)

Sierra Leone Ports Authority was established in 1964 under Port Act No. 56 of 1964 (as amended in 1991). The Port Act passed by Parliament in 1964, received the Queen’s Most Excellent Majesty assent on December 1964. Its mandate is to manage and control all ports related activities in Sierra Leone and to operate the port of Freetown and oversee activities at the Ports of Nitti and Pepel. SLPA is committed to provide, operate, maintain, improve and regulate Port facilities to better serve the public interest. enacted by the Ports amended Act on August 1991. The authority is domiciled in Sierra Leone; its official address is Queen Elizabeth II Quay, Cline Town, Freetown.

#### Guma Valley Water Company (GUMA)

Guma Valley Water Company is a public enterprise established under the Guma Valley Water Ordinance 1961, with primary activity in the provision of water services to the urban and rural areas in the western area of Sierra Leone. The 1961 Ordinance that created the Company was repealed and replaced by the Guma Valley Water Company Act No 6 of 2017. This Act continues in existence the Guma Valley Water Company, defines its functions and powers and provides with respect to its administration and operations. In addition, the National Water Resources Management Agency Act, 2017 was enacted in 2017 to provide for the equitable, beneficial, efficient, and sustainable use and management of the country’s water resources; to establish a National Water Resources Management Agency; to provide a Water Basin Management Board and Water Catchment Area Management Committees for the management of the water resources in Sierra Leone.

#### Sierra Leone Water Company (SALWACO)

The Sierra Leone Water Company (SALWACO) was enacted by the Sierra Leone Water Company Act in July 2001 to provide for the supply of water and creating access to hygienic water in less privileged and deprived areas of the country. SALWACO was originally mandated to provide potable water supply services to six provincial towns in the country. Under the SALWACO Act 2017, the mandate was extended to provide water and sanitation services to four regions of the country (North, North -West, East and South). The company

currently provides pipe borne water supply services to a total of 12 towns namely Bo, Kenema, Makeni, Lungi, Kambia, Lunsar, Magburaka, Mile 91 & Yonibana, Port Loko, Kabala, Pujehun, Kailahun.

#### Sierra Leone National Shipping Company (SLNSC)

Sierra Leone National Shipping Company Limited is a public enterprise registered as a Limited Liability Company under the laws of Sierra Leone. It was established in Sierra Leone under a joint venture arrangement between the Government of Sierra Leone and A/S Ocean Transports in June 1972 as a parastatal under the companies Act, Cap 249 in the Laws of Sierra Leone. The principal activity of the company is the provision of services related to shipping business in Sierra Leone and more especially to the Government Ministries, Departments and Agencies. It is now wholly owned by the Government of Sierra Leone.

#### Electricity Generation and Transmission Company (EGTC), and Electricity Distribution and Supply Authority (EDSA)

Electricity Generation and Transmission Company (EGTC) was created out of the National Electricity Act, 2011 through the unbundling of the National Power Authority (NPA). However, Sierra Leone started the unbundling process in 2014, during which its National Power Authority (NPA) was split into two entities: EGTC and the Electricity Distribution and Supply Authority (EDSA). However, the unbundling of NPA was effectively carried out in 2015. EGTC is responsible for generation and transmission of electricity and EDSA is responsible for the electricity distribution and supply, while EWRC<sup>2</sup> regulates the two institutions. Hence, the primary activity of EGTC is the generation in Sierra Leone and transmission of electricity power to the EDSA for further distribution to the people. Both Companies (EGTC and EDSA) are wholly owned by the Government of Sierra Leone and they report to the Ministry of Energy.

#### National Insurance Company (NIC)

National Insurance Company (NIC) Limited is a public enterprise (wholly owned by the Government) primarily involved in the underwriting of life and non-life insurance risks such as those associated with fire, motor, general accident/miscellaneous and marine business. The National Insurance Company Limited is the first indigenous Insurance in Sierra Leone with initial share capital at Le500,000 of which only Le250,000 was fully paid in 1972. Since then no injection of new capital has been made. Presently, the capital stands at Le2,502,887,000

The Company was incorporated in December 1971 and started operations on the 21<sup>st</sup> January 1972. The main objective of the Company was to mobilize funds for economic development and to provide training for local manpower in an industry then dominated by foreign companies.

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<sup>2</sup> The Electricity and Water Regulatory Commission (EWRC) was established by an Act of Parliament in 2011 (and commenced operations in 2015) to formulate, implement, monitor quality and compliance, provide tariff guidelines, licences and implement regulatory frameworks for the safe, secure, affordable and reliable supply of water and electricity in Sierra Leone.

### Sierra Leone Cable Company (SALCAB)

Sierra Leone Cable Limited (SALCAB) is a public enterprise with principal activities to participate in the ACE fibre-optics submarine cable project that creates cable information and communication access to Sierra Leone, thereby creating competitive environment among downstream telecommunication operators and service providers.

### Sierra Leone Postal Services (SALPOST)

Sierra Leone Postal Services Limited (SALPOST) Limited is the national post office of Sierra Leone, and a member of the Universal Postal Union. It was incorporated in February 1990 following the split and removal of the Post and Telecommunication Department from the Civil Service. It is incorporated under the Companies Act CAP249 and 100 percent owned by the Government of Sierra Leone. SALPOST in effect took place over the postal services business for the Post and Telecommunication Department, which was then operational under the post office rules CAP161 and under this business it specializes in physical distribution of written messages, packets and parcels. The takeover also involved the Post Saving Bank then operating under the Post Office Savings account management. SALPOST also provide services in photocopying, computer training and sale of stationery. The company currently operates 25 Post offices and agencies within the country. A Postal Services Regulatory Agency Act, 2012 was enacted to establish the Postal Services Regulatory Agency as a body corporate, to licence and regulate the operation of postal services throughout Sierra Leone, and to establish a Postal Services Regulatory Agency Board.

### Sierra Leone Housing Corporation (SALHOC)

Sierra Leone Housing Corporation (SALHOC) was set up as a body corporate 100 percent owned by the Government under the Sierra Leone Housing Corporation Act 1982, which received presidential assent on 3<sup>rd</sup> March 1982. The principal activity of the Corporation is to provide housing for all income families at reasonable costs.

### Sierra Leone State Lottery

Sierra Leone State Lottery Company Limited is a company limited by guarantee that is wholly owned by the Government of Sierra Leone. The company carries on the business of gambling and betting on lotteries, raffles and other lawful games as approved by the Board of Directors.