DRAFTING NOTE

STATE-OWNED ENTERPRISES AND PRIVATIZATION ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

Earlier public-corporation charters and privatization measures were entity-specific and often combined ownership, policy and regulation. Transition to open markets requires one accountable ownership and disposal framework.

3. What the draft retains

The draft retains lawful State enterprises, public-service mandates, corporate governance, audited accounts and the possibility of transparent restructuring or privatization.

4. What the draft updates and modernizes

It separates ownership from regulation, requires commercial discipline and competitive neutrality, beneficial-ownership and valuation disclosure, worker and creditor protections, legislative control of strategic transactions, open bidding and post-transaction audit.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; national agency for the supervision and privatization of public enterprises; state ownership policy, classification and register; establishment and corporate governance of public enterprises; planning, performance and public-service obligations; finance, disclosure, audit and competitive neutrality; restructuring, merger, insolvency and closure; privatization policy, programme and approval; valuation, transaction methods and selection; public-interest safeguards and post-transaction duties; review, remedies, liability and enforcement; transitional, repeal and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___ OF 2026

STATE-OWNED ENTERPRISES AND PRIVATIZATION ACT 2026

(ASSEMBLY ACT)

AN ACT TO PROVIDE FOR TRANSPARENT AND PROFESSIONAL STATE OWNERSHIP OF COMMERCIAL ENTERPRISES; ESTABLISH THE NATIONAL AGENCY FOR THE SUPERVISION AND PRIVATIZATION OF PUBLIC ENTERPRISES; REGULATE THE ESTABLISHMENT, GOVERNANCE, PERFORMANCE, RESTRUCTURING AND DISPOSAL OF STATE-OWNED ENTERPRISES; PROTECT PUBLIC PROPERTY, COMPETITION, WORKERS, COMMUNITIES AND MINORITY INVESTORS; REQUIRE DEMOCRATIC APPROVAL AND FAIR VALUE IN PRIVATIZATION; AND PROVIDE FOR RELATED MATTERS.

PREAMBLE

WHEREAS Articles 8, 21, 23, 24, 32, 42 and 55 of the Constitution of Eritrea require sustainable economic development, freedom of lawful economic activity, protection of property, fair administration, legislative control of public resources, lawful executive administration and independent audit;
WHEREAS a State-owned enterprise holds property acquired for the people and shall not become the private instrument of an officeholder, political organization, military body or connected person;
WHEREAS Eritrea requires efficient infrastructure and public services, open and competitive markets, capable enterprise boards, reliable accounts and a transparent distinction between ownership, regulation and policy;
WHEREAS privatization may improve service, investment and competition in an appropriate case but may also destroy public value unless necessity, alternatives, valuation, beneficial ownership, worker and community effects, transaction integrity and democratic authorization are examined openly;
WHEREAS this Act modernizes and replaces the framework established by Proclamation 83/1995 and amended by Proclamation 114/2001 while preserving lawful rights, records and obligations;
NOW, THEREFORE, the National Assembly of Eritrea, acting under Articles 8, 21, 23 and 32 of the Constitution, enacts as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

This Act may be cited as the “State-Owned Enterprises and Privatization Act 2026”.

Article 2 — Objects

1. to define when State ownership serves a legitimate public purpose and require periodic justification of that ownership;
2. to secure professional, commercially disciplined and publicly accountable governance of State-owned enterprises;
3. to ensure that restructuring and privatization preserve fair value, competition, public services and affected rights; and
4. to prevent concealment, patronage, corruption, political financing and private capture of public property.

Article 3 — Constitutional character of public ownership

1. Public property is held and administered only by institutions acting under the Constitution and an Assembly Act for the benefit of the people.
2. State ownership confers no personal, party, military or hereditary interest in an enterprise or its property.
3. A disposition shall respect property rights, due process, just compensation where constitutionally required and legislative control of public finance.
4. A transaction made by an official without lawful authority is not validated by possession, secrecy, executive direction or later performance alone.

Article 4 — Application

1. This Act applies to every enterprise directly or indirectly controlled by the State, a ministry, public body, local government or another State-owned enterprise.
2. It applies to a State minority interest where this Act expressly protects public investment, disclosure or transaction integrity.
3. It applies to establishment, ownership, governance, restructuring, transfer, concession, privatization, liquidation and post-transaction monitoring.
4. A constitutional institution exercising a noncommercial function is not a State-owned enterprise merely because it owns assets or receives revenue.

Article 5 — Interpretation

1. "Agency" means the National Agency for the Supervision and Privatization of Public Enterprises established by Article 11;
2. "control" means power, directly or indirectly, to determine material financial or operating policy through ownership, voting, appointment, agreement or another arrangement;
3. "public enterprise" or "State-owned enterprise" means an organization carrying on commercial or economic activity under State control; and
4. "privatization" means a transaction transferring to a nonpublic person control, a material ownership interest, substantially all operating assets or long-term economic operation of a public enterprise.

Article 6 — Further definitions

1. "beneficial owner" means a natural person who ultimately owns, controls or materially benefits from a legal interest or transaction;
2. "major transaction" means a privatization or disposal meeting a threshold or category prescribed by this Act or an Assembly Act;
3. "public-service obligation" means a specific noncommercial service required by law or a transparent agreement in the public interest; and
4. "strategic enterprise" means an enterprise designated by an Assembly Act because of national security, essential infrastructure, systemic finance, a port, airport, network, natural resource or comparable national importance.

Article 7 — Guiding principles

1. State ownership shall be justified, proportionate, professionally exercised, fiscally responsible and periodically reviewed.
2. Enterprises shall compete on equal terms and shall not use sovereign privilege, captive finance or regulatory power to displace lawful private activity.
3. Ownership, policy, regulation, procurement and transaction advice shall be institutionally separated sufficiently to prevent conflict.
4. Material decisions shall use evidence, public reasons, participation, independent valuation and effective review.

Article 8 — Relationship with the Commercial Code

1. A public enterprise shall be organized and governed under the Commercial Code unless an Assembly Act establishes a specific public corporation.
2. Public ownership does not confer immunity from registration, contract, accounting, insolvency, competition, employment or judicial process.
3. This Act supplements duties owed under the Commercial Code and prevails only for a specific State-ownership or privatization matter.
4. Minority shareholders and creditors retain every remedy under the Commercial and Civil Codes and this Act.

Article 9 — Relationship with public-finance and procurement law

1. The Public Finance Management Act governs appropriation, public assets, fiscal risk, reporting and internal control.
2. The Government Borrowing and Public Debt Act governs borrowing, guarantees, security, on-lending and contingent liability.
3. The Public Procurement Act applies to a public enterprise except where a narrow commercial exception authorized by that Act is documented and published.
4. This Act does not authorize an expenditure, guarantee, tax concession, debt assumption or retention of proceeds contrary to those Acts.

Article 10 — Relationship with sector and other laws

1. Competition, investment, labour, pension, environment, land, natural-resource, tax, data-protection and access-to-information laws apply according to their purposes.
2. A sector licence, safety duty, universal-service requirement or independent regulator is not displaced by State ownership or privatization.
3. A transaction involving land or a natural resource transfers only the interest lawfully transferable under the Constitution and the applicable Assembly Act.
4. A binding international obligation shall be observed in accordance with the Treaty-Making Act and the Constitution.

CHAPTER II
NATIONAL AGENCY FOR THE SUPERVISION AND PRIVATIZATION OF PUBLIC ENTERPRISES

Article 11 — Establishment of the Agency

1. The National Agency for the Supervision and Privatization of Public Enterprises is established as a body corporate with perpetual succession.
2. The Agency may own property, contract, employ staff and sue or be sued in its own name.
3. It succeeds to verified public records and functions formerly assigned under Proclamations 83/1995 and 114/2001 as provided by Chapter XII.
4. Its principal office shall be in Asmara, and accessible regional or electronic services may be established.

Article 12 — Institutional position

1. The Agency is an executive public institution responsible for coordinated State ownership and lawful privatization under this Act.
2. It shall act independently in professional valuation, board nomination, transaction administration and public reporting.
3. The President and Cabinet may set lawful general policy but shall not direct selection of a buyer, valuer, adviser, bidder or enforcement outcome.
4. The Agency is accountable to the National Assembly, Auditor General, courts and public through the mechanisms in this Act.

Article 13 — Functions

1. The Agency shall maintain the ownership policy, public-enterprise register and consolidated portfolio analysis.
2. It shall exercise or coordinate State shareholder rights, nominate qualified directors and monitor enterprise performance.
3. It shall prepare and implement restructuring and privatization proposals after every approval required by law.
4. It shall protect records, disclose fiscal and ownership information and advise Government and the National Assembly.

Article 14 — Separation of ownership and transaction functions

1. The Agency shall maintain distinct ownership-monitoring and privatization functions with separate personnel and information controls.
2. A person responsible for valuing or selling an enterprise shall not determine the enterprise's preceding performance assessment.
3. An adviser shall not act for the State and a bidder, lender or connected buyer in the same or a related transaction.
4. Material conflicts and protective arrangements shall be recorded and published without disclosing protected bid information.

Article 15 — Board of the Agency

1. The Agency shall be governed by a Board of seven voting members appointed by the President with approval of the National Assembly after an open merit process.
2. The Board shall collectively possess experience in enterprise governance, finance, law, labour, competition, technology, valuation and public administration.
3. At least three voting members shall be women, and no more than one may be a serving minister or senior ministry official.
4. The chief executive attends without vote and shall not serve as Chairperson.

Article 16 — Eligibility and independence

1. A member shall be a person of integrity, competence and independent judgment with no incompatible business, political, military or advisory role.
2. A current officer of a political organization, bidder, transaction adviser or enterprise supervised by the Agency is ineligible.
3. Prior public or private service is not disqualifying if interests are disclosed and managed.
4. Appointment shall not be determined by political loyalty, liberation history, military rank, ethnicity, region, religion or wealth.

Article 17 — Tenure and removal

1. A Board member serves one five-year term, with initial terms staggered by transparent lot.
2. Removal requires incapacity, serious misconduct, persistent neglect, prohibited conflict or legal ineligibility after notice and fair hearing.
3. The President shall state and publish reasons, and removal is subject to expedited judicial review.
4. A vacancy shall be filled through the original process and does not invalidate lawful action if quorum remains.

Article 18 — Board procedure

1. Four voting members constitute a quorum, and decisions require a majority of those present and voting.

2. The Chairperson has no casting vote, and a tied proposal fails without prejudice to reconsideration on further evidence.
3. Minutes shall record attendance, interests, recusals, evidence, resolutions and dissent and shall be published subject to narrow lawful protection.
4. The Board may invite expertise but shall not transfer its decision to an adviser or unofficial body.

Article 19 — Chief executive and staff

1. The Board shall appoint the chief executive for one five-year term after open competition and may renew the term once after performance review.
2. Staff shall be recruited on merit under the Civil Service Administration Act or an employment framework lawfully approved for the Agency.
3. Transaction, valuation, legal, accounting, competition, labour, digital and records capacity shall be maintained.
4. No staff member may receive compensation contingent on sale price, bidder selection or transaction completion.

Article 20 — Delegation

1. The Board may delegate an administrative function in writing with limits, reporting and revocation terms.
2. It shall not delegate approval of ownership policy, a privatization proposal, final bidder recommendation, annual report or conflict waiver.
3. A delegate shall act in the Agency's name and remains subject to every duty applying to the Agency.
4. Delegation does not remove the Board's supervision or accountability.

Article 21 — Agency integrity and transparency

1. Board members, staff and advisers shall file initial, annual, transactional and exit declarations of interests and assets as law requires.
2. A conflicted person shall recuse from access, deliberation, influence and decision concerning the matter.
3. The Agency shall maintain public registers of interests, recusals, advisers, fees, meetings and final decisions subject to personal-security protection.
4. A gift, secret commission, political contribution, success fee or future-employment promise connected with an Agency matter is prohibited.

CHAPTER III
STATE OWNERSHIP POLICY, CLASSIFICATION AND REGISTER

Article 22 — National State ownership policy

1. The Agency shall prepare a five-year State ownership policy for Cabinet consideration and National Assembly approval by resolution.

2. The policy shall identify the rationale, objectives, portfolio structure, governance expectations, fiscal limits, dividend approach and review timetable.
3. It shall distinguish commercial return, essential service, natural monopoly, strategic resilience and temporary rescue rationales.
4. The draft, supporting evidence, public submissions and final policy shall be published.

Article 23 — Permissible rationales for State ownership

1. State ownership may address an essential service, natural monopoly, systemic or strategic need, market failure or temporary transition that cannot be met adequately by proportionate regulation or contracting.
2. It may support infrastructure, development or public value where objectives and costs are explicit and periodically tested.
3. It shall not exist to reward supporters, control lawful trade, conceal public spending, employ persons without need or displace capable private enterprise without justification.
4. Revenue generation alone does not justify ownership where fair taxation, licensing or competitive investment is more suitable.

Article 24 — Periodic ownership review

1. Each public enterprise shall undergo an independent ownership review at least every five years.
2. The review shall compare continued ownership with regulation, concession, contracting, restructuring, partial sale, full sale and orderly closure.
3. It shall assess service, competition, fiscal risk, return, technology, labour, community, environment and national-security effects.
4. The Agency shall publish findings and a reasoned recommendation before Government action.

Article 25 — Classification of public enterprises

1. The Agency shall classify each enterprise as commercial, commercial with a public-service obligation, strategic, developmental, financial or under restructuring.
2. Classification shall reflect actual function and shall not be chosen to avoid a law or disclosure duty.
3. An enterprise may occupy more than one disclosed category where the consequences are stated clearly.
4. Classification and material change require Board decision, notice to the enterprise and publication.

Article 26 — Register of State ownership

1. The Agency shall maintain a complete electronic register of direct and indirect State interests and controlled entities.
2. The register shall identify legal form, mandate, sector, ownership chain, beneficial control, board, senior management, subsidiaries and classification.

3. It shall record capital, material assets, debt, guarantees, subsidies, dividends, public-service obligations, audit status and proposed transactions.
4. Public portions shall be searchable and downloadable without charge, while protected personal and security information is restricted proportionately.

Article 27 — Enterprise ownership file

1. The Agency shall maintain for each enterprise constitutive documents, ownership evidence, appointment records, plans, performance agreements, accounts, audits, valuations and material decisions.
2. The enterprise and every public body shall provide authenticated information promptly.
3. A missing, uncertain or disputed record shall be identified rather than reconstructed without evidence.
4. Registration records ownership and authority but does not validate an unconstitutional acquisition or disposition.

Article 28 — Portfolio report

1. The Agency shall publish an annual consolidated report within six months after the financial year.
2. It shall show enterprise and portfolio financial position, performance, public support, fiscal risk, dividends, employment, procurement, sustainability and audit findings.
3. It shall explain ownership rationales, underperformance, restructuring, privatization progress and remedial action.
4. Data shall be comparable across years and available in accessible principal Eritrean languages.

Article 29 — State ownership interests below control

1. The Agency shall record and monitor every material State minority interest.
2. State shareholder rights shall protect value without directing daily management or disadvantaging private shareholders.
3. A shareholder agreement, veto, option, preference or side arrangement shall be disclosed and lawfully authorized.
4. Disposal of a minority interest remains subject to valuation, transaction integrity and approval under this Act.

Article 30 — Subsidiaries and controlled vehicles

1. A public enterprise shall not form, acquire or control a subsidiary without a documented business case and Agency approval within appropriated authority.
2. A subsidiary shall be registered, consolidated, audited and subject to this Act according to actual control.
3. A foreign or special-purpose vehicle shall not conceal debt, ownership, procurement, remuneration or related-party activity.
4. Material subsidiaries and joint ventures shall appear separately in the ownership register.

Article 31 — Local-government enterprises

1. A local government may own an enterprise only under the Local Government Act, this Act and a lawful local appropriation.
2. Local autonomy shall be respected while common governance, accounting, audit, competition and disclosure standards apply.
3. National assumption, sale or transfer of a local interest requires lawful authority, participation and fair financial treatment.
4. The Agency shall provide proportionate technical support without taking daily control.

CHAPTER IV
ESTABLISHMENT AND CORPORATE GOVERNANCE OF PUBLIC ENTERPRISES

Article 32 — Establishment of a public enterprise

1. A public enterprise may be established only for a permissible rationale supported by a published business and public-interest case.
2. Establishment requires an Assembly Act for a strategic enterprise or public corporation and otherwise the statutory and budget authority required by this Act and the Public Finance Management Act.
3. The case shall compare less intrusive alternatives and identify capital, fiscal risk, market effect, governance, exit and review.
4. No enterprise acquires legal personality, monopoly, tax privilege or public land by executive announcement alone.

Article 33 — Constitutive instrument

1. The constitutive instrument shall state legal form, objects, share capital, ownership, governance, reserved matters, reporting and dissolution.
2. It shall identify any public-service obligation and the law authorizing an exclusive or coercive power.
3. Commercial objects shall be sufficiently specific to prevent uncontrolled expansion while permitting ordinary related activity.
4. The instrument and every amendment shall be registered and published.

Article 34 — Choice of legal form

1. A commercially operating enterprise shall ordinarily be formed as a share company under the Commercial Code.
2. A public corporation shall be used only where a company form cannot adequately perform a specifically legislative public function.
3. Legal form shall not combine commercial operation with regulatory coercion unless an Assembly Act provides safeguards.
4. Conversion of form requires protection of creditors, workers, minority owners, records and public assets.

Article 35 — Enterprise mandate

1. The responsible line ministry shall define sector policy and any lawful public outcome without directing ordinary commercial decisions.
2. The Agency shall define ownership expectations and monitor value, governance and risk.
3. The enterprise board shall direct strategy and management in the enterprise's best interests within law and mandate.
4. A conflict among policy, ownership and enterprise interests shall be documented and resolved through the lawful instrument, not an informal order.

Article 36 — Board responsibility

1. Each enterprise shall have an effective board responsible for strategy, management oversight, internal control, risk, reporting and lawful performance.
2. A director owes duties to the enterprise and shall exercise independent judgment notwithstanding appointment by the State.
3. The board shall not obey an unlawful, undisclosed or uncompensated direction from an officeholder, ministry, party or security body.
4. The State as shareholder shall not assume the board's daily management function.

Article 37 — Board composition

1. Board size and skills shall reflect enterprise scale, sector, risk and public impact and shall ordinarily include five to nine members.
2. A majority shall be nonexecutive, and an enterprise of material public interest shall include an independent majority.
3. Collective competence shall include finance, industry, technology, law, labour, sustainability and customer or community perspective.
4. Gender balance and reasonable regional inclusion shall be pursued without compromising merit.

Article 38 — Nomination and appointment

1. The Agency shall publish vacancies, criteria, a skills matrix and a shortlist after open nomination and due diligence.
2. The State shareholder shall appoint from the shortlist and publish reasons, term, qualifications and declared interests.
3. A line minister may identify needed sector competence but shall not secretly direct appointment.
4. A director shall not be appointed merely because of political office, military rank, former combatant status, family relation or party service.

Article 39 — Director eligibility

1. A director shall possess integrity, relevant competence, sufficient time and capacity for objective judgment.
2. A person is ineligible while disqualified under company, insolvency, procurement, banking, corruption or professional law.
3. Material supplier, competitor, borrower, adviser or family conflict shall be assessed before appointment and throughout service.
4. A past conviction or failure shall be evaluated lawfully with seriousness, relevance, rehabilitation and due process.

Article 40 — Tenure, evaluation and removal

1. A director serves a term not exceeding four years and may be reappointed once after independent performance assessment.
2. Terms shall be staggered to preserve continuity without entrenchment.
3. Removal requires a statutory or constitutive ground, written reasons and fair opportunity to answer.
4. A change of President, minister, policy disagreement or refusal of an unlawful direction is not by itself a ground for removal.

Article 41 — Chief executive

1. The board shall appoint and remove the chief executive through a competitive, merit-based and documented process.
2. The chief executive manages daily operations, staff, contracts and implementation subject to board oversight.
3. Performance terms, remuneration and material benefits shall be published in aggregate and reported to the Agency.
4. A minister, Agency official or political organization shall not appoint operational staff or interfere in individual employment decisions.

Article 42 — Board committees

1. A material enterprise shall maintain audit and risk, nomination and remuneration, and other committees proportionate to need.
2. The audit and risk committee shall be composed entirely of nonexecutive members and chaired by an independent qualified director.
3. A committee may obtain independent advice within a disclosed budget.
4. Delegation to a committee does not remove collective board responsibility.

Article 43 — Conflicts of interest

1. A director, manager and connected person shall disclose a material direct or indirect interest before consideration of a matter.

2. The interested person shall not receive protected information, deliberate, influence or vote except to supply requested facts.
3. The board shall record the interest, recusal, independent assessment and transaction decision.
4. A concealed or unfair transaction may be set aside and loss recovered under the Commercial Code and this Act.

Article 44 — Related-party transactions

1. A related-party transaction shall occur only on demonstrably fair terms, for enterprise purpose and after independent review proportionate to value.
2. A material transaction requires approval by disinterested directors and notification to the Agency and Auditor General.
3. A transaction with an officeholder, political organization, security body, director, manager or their connected person receives heightened scrutiny.
4. Material terms, value and relationship shall be disclosed unless a narrow lawful protection applies.

Article 45 — Board and executive remuneration

1. Remuneration shall be sufficient to attract competence, proportionate to responsibility and performance, fiscally sustainable and publicly defensible.
2. The Agency shall publish a transparent framework with comparable bands and approval thresholds.
3. A bonus shall not reward monopoly rent, hidden subsidy, unsafe cost reduction, rights violation or short-term action causing foreseeable public loss.
4. Loans, vehicles, housing, foreign currency, pensions and noncash benefits shall be valued and disclosed.

Article 46 — Employees and labour relations

1. Enterprise employees are governed by the Labour Code unless a specific lawful public-service status applies.
2. Recruitment, promotion and dismissal shall be merit-based, nondiscriminatory and free from political, military or family patronage.
3. Collective bargaining, occupational safety, social insurance, pension and worker-information rights shall be respected.
4. National service shall not be used as unpaid or underpaid substitute labour contrary to the National Service Act.

Article 47 — Internal control and risk

1. The board shall maintain documented financial, operational, compliance, cybersecurity, safety and fraud controls proportionate to risk.
2. Material risk, control failure and remediation shall be reported to the Agency and competent regulator promptly.

3. An internal audit function shall have direct access to the audit committee and freedom from management retaliation.
4. Artificial intelligence and automated systems shall remain subject to accountable human decision, testing, auditability, security and data law.

Article 48 — Whistleblowing and protected disclosure

1. An employee, director, contractor or other person may report suspected illegality, corruption, safety risk, financial misstatement or abuse through secure channels.
2. Good-faith reporting shall be protected against dismissal, demotion, intimidation, blacklisting and other retaliation.
3. Confidentiality shall be preserved as far as compatible with fair investigation and defence rights.
4. A knowingly false malicious report is not protected, but an unproved honest report remains protected.

CHAPTER V
PLANNING, PERFORMANCE AND PUBLIC-SERVICE OBLIGATIONS

Article 49 — Corporate plan

1. Each enterprise shall prepare a rolling five-year corporate plan updated annually.
2. The plan shall state mandate, strategy, market, investment, finance, workforce, technology, service, sustainability, risk and measurable results.
3. It shall distinguish commercial activity from each public-service obligation and disclose dependence on State support.
4. The board approves the plan, and the Agency reviews consistency with ownership policy without assuming management.

Article 50 — Annual performance agreement

1. The Agency and enterprise shall adopt an annual performance agreement before the financial year.
2. Targets shall be specific, measurable, balanced and adjusted for authorized public-service obligations and material external conditions.
3. Financial return shall be assessed with service, safety, customer, worker, innovation, climate and long-term value indicators.
4. The agreement and results shall be published except for narrowly protected commercial information.

Article 51 — Monitoring and corrective action

1. The board shall report quarterly to the Agency on performance, cash, debt, risk, procurement and material events.
2. The Agency may require a time-bound corrective plan after material underperformance or control failure.

3. Corrective action shall respect board responsibility and shall not become undisclosed daily direction.
4. Persistent failure may lead to board change, restructuring, insolvency action or an ownership review under lawful procedure.

Article 52 — Public-service obligation

1. A public-service obligation shall be imposed only under law or a written agreement identifying service, beneficiaries, standard, duration and responsible authority.
2. Its net cost shall be calculated transparently, funded through appropriation or a lawful user-charge mechanism and reviewed independently.
3. The enterprise shall not conceal the obligation through cross-subsidy that distorts competition or hides fiscal cost.
4. Equivalent providers shall receive fair opportunity where contracting or subsidy can deliver the service competitively.

Article 53 — Universal and essential services

1. An essential-service mandate shall define continuity, access, affordability, quality, resilience and emergency requirements.
2. Tariff policy shall be established by law or an independent regulator rather than by the ownership agency.
3. Targeted and funded support is preferred to indiscriminate underpricing that destroys service capacity.
4. Disconnection, rationing and priority rules shall respect due process, life, health and vulnerable users.

Article 54 — Capital investment

1. A major investment requires a lifecycle business case, demand analysis, alternatives, procurement strategy, environmental assessment and financing authority.
2. The case shall identify foreign-exchange, completion, operating, climate, technology, corruption and stranded-asset risk.
3. A project shall not proceed merely because financing is offered or a foreign government supports it.
4. Material changes in cost, scope or benefit require renewed approval at the applicable level.

Article 55 — Digital transformation

1. An enterprise shall use appropriate digital systems to improve service, billing, maintenance, transparency and access.
2. Technology procurement shall avoid vendor lock-in, inaccessible proprietary data, insecure systems and unjustified surveillance.
3. Public-facing services shall provide assisted alternatives for persons without connectivity, literacy or accessible devices.

4. Material automated decisions shall be explainable, reviewable, tested for bias and attributable to a responsible human officer.

Article 56 — Research, innovation and skills

1. A public enterprise shall develop workforce, technical and managerial capacity necessary for its mandate.
2. Training and technology transfer shall use measurable terms rather than symbolic contractual promises.
3. Partnership with Eritrean educational institutions, diaspora professionals and qualified external experts may be pursued openly.
4. Intellectual property funded substantially by public resources shall be managed to protect value and legitimate public access.

Article 57 — Sustainability and climate resilience

1. Enterprise strategy shall address environmental impact, resource efficiency, climate risk, adaptation, pollution and lawful remediation.
2. A board shall consider foreseeable long-term effects rather than transferring cost to communities or future generations.
3. Material environmental liabilities shall be measured, funded and disclosed.
4. Green or sustainability claims shall be evidence-based and subject to independent verification.

Article 58 — Customer and user rights

1. An enterprise providing goods or services to the public shall publish terms, prices, service standards and complaint procedures.
2. Customers shall receive accurate bills, accessible service, timely correction and reasons for adverse decisions.
3. A monopoly or essential-service provider shall not condition service on political support, unofficial payment or unrelated purchase.
4. Consumer, competition, data-protection and sector remedies remain available.

Article 59 — Annual enterprise report

1. Each enterprise shall publish an annual report within four months after the financial year.
2. It shall include audited statements, board report, ownership, mandate, performance, remuneration, procurement, public support, risk and sustainability information.
3. It shall explain public-service obligations, related-party transactions, material litigation and noncompliance.
4. Failure to report shall trigger corrective and enforcement action and shall not be excused by ministry instruction.

Article 60 — Public consultation

1. A material change to mandate, essential service, major investment, closure, restructuring or privatization shall receive meaningful public consultation.
2. Information shall be provided early enough, in accessible form and in languages reasonably understood by affected persons.
3. Workers, customers, local governments, villages, communities, competitors and investors shall have appropriate opportunity to respond.
4. The final decision shall explain how material submissions were considered.

Article 61 — Complaints and administrative fairness

1. The Agency and each enterprise shall maintain accessible complaint channels and publish responsible offices and decision periods.
2. A person affected by an administrative decision shall receive respectful hearing, prompt answer and reasons under Article 24 of the Constitution.
3. Commercial discretion does not excuse discrimination, retaliation, corruption or abuse of monopoly power.
4. Internal complaint procedure does not exclude independent regulator, ombudsman or judicial remedy.

Article 62 — Performance information integrity

1. Performance data shall be defined consistently, supported by evidence and protected from management alteration.
2. The Agency may obtain independent verification and shall publish material restatements.
3. An indicator shall not reward delay, service denial, unsafe conduct or transfer of cost outside the enterprise.
4. Artificially achieved or falsified performance is serious misconduct and shall be referred under applicable law.

Article 63 — Failure and intervention

1. Where an enterprise faces serious financial, governance, safety or service failure, the Agency shall prepare a reasoned intervention recommendation.
2. Measures may include corrective direction to the shareholder, board reconstitution, special audit, restructuring, administration or insolvency proceedings.
3. Intervention shall be proportionate, time-limited, transparent and respectful of creditors, workers, minority shareholders and regulatory independence.
4. Emergency continuity measures do not authorize permanent nationalization, secret subsidy or disregard of law.

CHAPTER VI
FINANCE, DISCLOSURE, AUDIT AND COMPETITIVE NEUTRALITY

Article 64 — Financial statements

1. A public enterprise shall prepare annual and interim financial statements under standards lawfully applicable through the Commercial Code or sector law.
2. Statements shall consolidate controlled entities and disclose material off-balance-sheet arrangements.
3. Accounts shall separate commercial, public-service, regulated and nonregulated activity sufficiently to identify cross-subsidy.
4. Electronic records shall preserve authenticity, access control, audit trail and lawful retention.

Article 65 — External audit

1. Annual statements shall be audited by an independent qualified auditor under the Accountancy and Audit Profession Act.
2. Auditor appointment, rotation, fees and non-audit services shall protect independence.
3. The Auditor General retains every constitutional power to audit enterprise revenue, expenditure and other financial operations.
4. Management, a minister or the Agency shall not restrict audit access or alter an audit conclusion.

Article 66 — Auditor General access and reports

1. The Auditor General may inspect an enterprise, subsidiary, joint venture, public-service contract, guarantee and privatization transaction within constitutional jurisdiction.
2. All records, systems, premises and responsible persons shall be made available subject to lawful privilege and security safeguards.
3. A report shall identify loss, irregularity, weak control and recommended recovery without directing commercial policy beyond audit mandate.
4. The enterprise, Agency and responsible ministry shall publish a time-bound response.

Article 67 — Borrowing and security

1. An enterprise may borrow only within its constitutive authority, approved plan and the Government Borrowing and Public Debt Act.
2. It shall not mortgage public land, natural resources, essential infrastructure or State shares without specific lawful authority.
3. A lender shall verify authority and cannot rely solely on title, letterhead, office or executive assurance.
4. Unauthorized borrowing shall be reported immediately and its validity determined under applicable law without concealing the obligation.

Article 68 — State guarantees and support

1. A guarantee, indemnity, on-lending, capital injection, grant, tax benefit or debt assumption requires lawful budget and public-debt authority.
2. Support shall state amount, purpose, conditions, duration, risk and exit and shall be published.
3. Emergency support shall not reward insiders, preserve an unreformed monopoly indefinitely or subordinate essential public claims without authority.
4. The Agency and Treasury shall monitor compliance and recover support where conditions permit.

Article 69 — Dividend policy

1. The Agency and Treasury shall publish a dividend policy balancing fiscal return, solvency, investment, public-service obligations and long-term value.
2. An enterprise board shall recommend distribution based on audited position and the Commercial Code.
3. Government shall not extract a dividend that makes the enterprise insolvent, unsafe or unable to perform a funded mandate.
4. Every dividend and retained-earnings decision shall be recorded in the portfolio report.

Article 70 — Taxes, charges and arrears

1. A public enterprise is subject to tax, customs, fee and social-contribution law on the same basis as a comparable enterprise unless an Assembly Act provides otherwise.
2. A tax exemption or arrears tolerance shall be valued and disclosed as public support.
3. An enterprise shall not use government ownership to delay undisputed obligations to workers, small suppliers or public funds.
4. Restructuring of arrears requires transparent authority and equal treatment under law.

Article 71 — Competitive neutrality

1. A public enterprise carrying on commercial activity shall compete on terms no more favorable than those applying to an efficient private competitor, except for a transparent public-service obligation.
2. It shall not receive preferential credit, land, foreign exchange, procurement, regulatory treatment, information or debt enforcement without lawful justification.
3. The full cost of State support and sovereign advantage shall be measured and disclosed.
4. The Competition Authority may investigate and order remedies under competition law notwithstanding State ownership.

Article 72 — Separation from regulation

1. A ministry or regulator responsible for market rules shall treat public and private enterprises impartially.

2. An enterprise shall not issue licences, determine competitor access or enforce law unless an Assembly Act assigns a narrow function with safeguards.
3. Confidential competitor information obtained through regulation shall not be supplied to a public enterprise.
4. Common directors, staff, systems or premises creating material regulatory conflict shall be separated or independently controlled.

Article 73 — Procurement and sales

1. An enterprise shall procure goods, works and services under the Public Procurement Act and any lawful commercial-enterprise provisions in that Act.
2. Sale of ordinary output shall use transparent commercial practice appropriate to the market and shall not favor connected persons.
3. Material asset disposal outside ordinary business requires valuation, competition and Agency approval under published thresholds.
4. Procurement and sales data shall permit audit of beneficial ownership, price, performance and conflict.

Article 74 — Beneficial ownership

1. The enterprise and Agency shall identify the natural beneficial owners of a material supplier, borrower, partner, purchaser and transaction adviser as required by law.
2. Layers of entities, nominees, trusts or foreign registration do not excuse identification of ultimate control.
3. Information shall be verified proportionately and shared with competent authorities under data-protection safeguards.
4. A person refusing required disclosure is ineligible for the transaction until cured and may be referred under applicable law.

Article 75 — Public access to information

1. Ownership policy, registers, annual reports, audited statements, public support, material contracts and final transaction information are public records.
2. Protection may apply only to specific personal, security, trade-secret, bid or legally privileged information where disclosure would cause a recognized harm.
3. A refusal shall identify the legal ground, segregate releasable information and provide review rights.
4. Embarrassment, poor performance, political sensitivity or evidence of wrongdoing is not a lawful ground for secrecy.

Article 76 — Legislative oversight

1. The Agency shall submit its ownership policy, portfolio report, privatization programme, audited accounts and material risk notices to the National Assembly.
2. An Assembly committee may summon responsible officials, receive records and make recommendations without selecting a bidder or directing daily management.

3. Protected information may be received under proportionate procedure but shall remain available to the Auditor General and lawful investigation.
4. Failure to answer oversight shall be addressed under the National Assembly Procedure, Privileges and Immunities Act.

CHAPTER VII
RESTRUCTURING, MERGER, INSOLVENCY AND CLOSURE

Article 77 — Restructuring proposal

1. A material restructuring requires a published proposal stating problem, objective, options, cost, financing, timetable, rights effects and expected result.
2. The proposal shall distinguish operational reform from debt transfer, privatization and liquidation.
3. Workers, creditors, customers, local communities and minority owners shall receive timely information and opportunity to respond.
4. Approval shall follow the same level of authority required for the affected capital, debt, property and mandate.

Article 78 — Operational restructuring

1. Operational restructuring may address governance, staffing, technology, procurement, pricing, assets, products and internal organization.
2. It shall use fair labour procedure, protect safety and service continuity and avoid sham outsourcing.
3. A target shall not be met by concealing cost, deferring maintenance or transferring liability to the State without approval.
4. Progress, cost and outcomes shall be reported against the approved plan.

Article 79 — Financial restructuring

1. Conversion, forgiveness, assumption or rescheduling of enterprise debt requires Treasury analysis and authority under public-finance and debt law.
2. Loss allocation shall be transparent among the State, enterprise, creditors, shareholders and responsible persons.
3. Public support shall be conditional on governance, operational and reporting reform proportionate to risk.
4. A restructuring shall not prefer a connected creditor or erase evidence of illegality.

Article 80 — Merger and division

1. A merger, consolidation or division shall comply with the Commercial Code and receive Agency approval for the State shareholder.
2. The proposal shall assess competition, service, debt, workers, technology, land, environment and minority rights.
3. A strategic or major transaction requires every approval applicable under Article 91.

4. Assets, liabilities, records and proceedings shall transfer only through a documented and registered legal process.

Article 81 — Insolvency

1. A public enterprise is subject to insolvency and reorganization provisions of the Commercial Code unless a specific Assembly Act provides a necessary essential-service procedure.
2. State ownership creates no implied guarantee and shall not postpone a required insolvency filing.
3. Essential-service continuity may be protected through lawful financing, administration or transfer without concealing creditor losses.
4. Directors and officers retain duties arising near and during insolvency.

Article 82 — Liquidation and closure

1. An enterprise without sustainable public rationale or viable restructuring may be liquidated under the Commercial Code after the required public decision.
2. A closure plan shall protect records, environment, workers, pensions, creditors, customers, public land and essential services.
3. Disposal shall maximize fair public value without requiring continuation of wasteful operations.
4. Residual property and proceeds shall vest in the State through the proper public fund after lawful claims.

Article 83 — Land and natural resources on restructuring

1. State ownership of land and natural resources under Article 23(2) of the Constitution is not converted into private ownership by restructuring or privatization.
2. A lawful lease, licence, concession or use interest shall comply with the Land Act and the applicable natural-resource Act.
3. Affected villages, pastoralists, customary users and local governments shall be consulted and their lawful interests protected.
4. Unused or improperly transferred public land shall return to lawful administration without speculative windfall.

Article 84 — Records and evidence

1. A restructuring, merger, insolvency or closure shall preserve corporate, financial, employment, land, environmental, transaction and historical records.
2. Records subject to investigation, audit, litigation or public archive duty shall not be destroyed.
3. Digital transfer shall preserve metadata, authenticity, access control and readable formats.
4. Concealment, removal, alteration or destruction shall be referred for recovery, discipline and prosecution under applicable law.

Article 85 — Review after restructuring

1. The Agency shall evaluate a material restructuring within two years after implementation and publish the result.
2. The evaluation shall compare actual cost, service, employment, competition, fiscal risk and value with the approved case.
3. Failure shall lead to a revised ownership recommendation and accountability for misrepresentation or neglect.
4. A successful result does not excuse an unlawful process or undisclosed conflict.

CHAPTER VIII
PRIVATIZATION POLICY, PROGRAMME AND APPROVAL

Article 86 — Privatization is not presumed

1. No enterprise shall be privatized merely because it is State-owned, unprofitable, profitable, technologically outdated or attractive to a buyer.
2. The decision shall identify a legitimate public objective and compare continued ownership, reform, competition, regulation, concession, partial sale and full sale.
3. Short-term revenue shall not outweigh sustainable service, competition, strategic, fiscal, worker, community and intergenerational value.
4. A purchaser's proposal or foreign-government offer is not a substitute for public analysis and authorization.

Article 87 — Privatization programme

1. The Agency shall prepare a time-limited privatization programme identifying enterprises proposed for study or transaction.
2. The programme shall state preliminary rationale, expected method, timetable, fiscal effect, capacity and public consultation.
3. Cabinet may recommend the programme, but it takes effect only after approval by resolution of the National Assembly.
4. Approval of a programme authorizes preparation and only those transactions that this Act does not reserve for further approval.

Article 88 — Public consultation on programme

1. A draft programme and supporting nonconfidential information shall be published for at least sixty days.
2. Consultation shall include workers, customers, local governments, villages, communities, business, investors, professional bodies and civil society.
3. The Agency shall provide hearings and assisted participation reasonably accessible outside Asmara.
4. The final programme shall summarize material submissions and explain changes or rejection.

Article 89 — Privatization proposal

1. Before a transaction, the Agency shall prepare an enterprise-specific privatization proposal.
2. It shall describe mandate, ownership, assets, liabilities, rights, performance, public support, market, public-service obligations and legal constraints.
3. It shall include alternatives, valuation range, transaction method, buyer eligibility, competition, fiscal, worker, community, land, environment and implementation analysis.
4. Advisers, data sources, assumptions, uncertainty, conflicts and required approvals shall be disclosed.

Article 90 — Independent review of proposal

1. A major proposal shall receive independent legal, financial, competition, labour, environmental and sector review proportionate to its effects.
2. The Auditor General may examine process integrity and public-finance assumptions without determining policy.
3. The Competition Authority shall advise on market structure, access, concentration and remedies.
4. Material disagreement among reviewers shall be included rather than suppressed.

Article 91 — Approval categories

1. A transaction below published materiality thresholds may be approved by the Agency Board within an Assembly-approved programme and appropriation.
2. A major transaction requires approval by resolution of the National Assembly after submission of the final proposal.
3. Privatization of a strategic enterprise, transfer of State control over a port or airport, or disposition of an interest constitutionally requiring legislation requires a specific Assembly Act.
4. Splitting, staging, subsidiary transfer, option, lease or concession shall not be used to avoid the applicable approval.

Article 92 — Matters reserved to a specific Assembly Act

1. A specific Assembly Act is required to transfer control of an enterprise designated strategic by law.
2. It is required to dispose of substantially all State interest in a systemic bank, national network, major port, airport or enterprise exercising an essential national monopoly.
3. It is required to grant a privatization interest that would alter State ownership of land or natural resources under Article 23(2) of the Constitution.
4. It is required where the transaction creates a sovereign guarantee, tax, exclusive right or future public obligation not authorized by existing law.

Article 93 — Submission to the National Assembly

1. The President or responsible minister shall submit the proposal, draft instrument, reviews, valuation summary and public-consultation report.
2. The Assembly shall receive sufficient time, expertise and unredacted confidential access to conduct meaningful scrutiny.
3. The responsible committee may hear the Agency, enterprise, Treasury, Auditor General, Competition Authority, workers, communities, experts and public.
4. Approval may impose lawful conditions but shall not select a bidder or negotiate commercial terms.

Article 94 — Validity and material change

1. A transaction approval expires after two years unless the approving instrument provides a shorter period.
2. A material change in asset scope, method, valuation, buyer class, State support, public-service protection or risk requires renewed approval.
3. The Agency shall report delay and changed market conditions before proceeding under an existing approval.
4. Ministerial or Cabinet instruction cannot waive an approval condition.

Article 95 — Suspension or withdrawal

1. The Agency shall suspend a transaction upon credible evidence of corruption, collusion, material misvaluation, bidder ineligibility, legal defect or serious public harm.
2. It may withdraw a transaction where fair value or lawful objectives cannot be achieved and shall publish reasons.
3. A bidder has no right to completion before a valid final agreement and satisfaction of conditions.
4. Suspension shall protect bid security, confidential information, evidence and fair treatment.

Article 96 — No secret privatization

1. Control, management, profit, use or substantial assets of a public enterprise shall not be transferred through an unpublished agreement, side letter, nominee or informal possession.
2. A management contract, concession, joint venture, recapitalization or dilution is treated according to its economic substance.
3. Every material transaction shall be registered, reported and published after lawful redaction.
4. A secret commitment creates personal and public-law consequences and binds the State only to the extent recognized by constitutional law.

Article 97 — Adviser procurement and duties

1. A valuer, investment adviser, lawyer, auditor, auctioneer and other transaction adviser shall be procured competitively under the Public Procurement Act.

2. The adviser owes duties of competence, independence, confidentiality, candour and conflict disclosure to the State.
3. Fees shall not depend solely on completion or favor the highest nominal price over lawful public value.
4. Adviser work, assumptions, communications and fees are auditable public records subject to narrow protection.

CHAPTER IX
VALUATION, TRANSACTION METHODS AND SELECTION

Article 98 — Valuation requirement

1. Every privatization requires a current independent valuation of the enterprise, assets, liabilities and transferred rights.
2. A major transaction shall use at least two independent approaches or valuers unless reasons demonstrate that one can reliably establish value.
3. Valuation shall consider income, market, assets, liabilities, land-use interest, monopoly position, public support, environmental cost and transaction conditions.
4. Absence of reliable records shall lead to verification and risk adjustment rather than arbitrary discount.

Article 99 — Valuation independence

1. A valuer shall disclose ownership, clients, financing, family, referral and future-work interests related to the transaction.
2. The valuer shall not represent a bidder, receive bidder compensation or acquire an interest in the privatized enterprise.
3. Methods, assumptions, sensitivity and limitations shall be documented for independent reproduction.
4. The Agency shall not direct a predetermined value and shall publish any material revision with reasons.

Article 100 — Reserve value and public disclosure

1. The approving authority shall establish a reserve value or equivalent minimum public-value condition before binding bids.
2. The reserve may remain confidential during bidding but shall be secured against alteration and disclosed after completion or cancellation.
3. A sale below the reserve requires renewed major-transaction approval supported by independent reasons and public-interest analysis.
4. A public summary shall disclose valuation range, methods and material assumptions without compromising active competition.

Article 101 — Permitted methods

1. Methods may include public share offering, competitive tender, transparent auction, pro rata offer, negotiated sale under Article 104, lease, concession or another approved competitive method.
2. The method shall maximize lawful public value, competition, participation, execution certainty and post-transaction accountability.
3. An employee, management, cooperative or community purchase may be used only on fair terms and with safeguards against coercion and insider advantage.
4. The method and reasons shall be included in the approved proposal.

Article 102 — Public offering

1. A public offering shall comply with the Commercial Code, securities law, audited disclosure and equal-allocation rules.
2. The prospectus shall describe the State's retained interest, rights, intended future sales and material public-service obligations.
3. Retail, employee and diaspora participation may receive a transparent limited allocation without concealed discount or political preference.
4. Underwriting, stabilization and adviser arrangements shall be procured, disclosed and monitored.

Article 103 — Competitive tender or auction

1. The Agency shall publish qualification, evaluation, timetable, asset, liability, agreement and bid-security requirements sufficiently for informed competition.
2. Criteria and weighting shall be fixed before bids and shall distinguish price from investment, service, employment and other lawful commitments.
3. Bid opening, evaluation, clarification and negotiation shall have secure records and independent observers for a major transaction.
4. A material deviation or post-bid concession requires equal treatment or rebidding unless the approved procedure expressly permits it.

Article 104 — Negotiated transaction

1. Direct negotiation may occur only after genuine competition fails, a unique right makes competition impracticable, or an urgent continuity need is demonstrated.
2. The Agency shall obtain independent value and market testing and document why competition cannot reasonably achieve the objective.
3. A major negotiated transaction requires prior National Assembly approval identifying the basis and safeguards.
4. Identity, value, material terms and reasons shall be published promptly after agreement.

Article 105 — Bidder eligibility

1. A bidder shall demonstrate legal identity, beneficial ownership, financing, competence, integrity, tax status and capacity to perform proposed commitments.
2. Disqualification may arise from corruption, collusion, organized crime, material misrepresentation, serious labour or environmental abuse, insolvency or unlawful conflict.
3. A proportionate rehabilitation and self-cleaning assessment may consider restitution, management change, cooperation and effective compliance.
4. A political opinion, diaspora residence, ethnicity, region, religion or lawful criticism is not a ground of ineligibility.

Article 106 — Foreign participation

1. A foreign State, enterprise or person may participate subject to the Investment Act, competition, national-security, sector and treaty law.
2. Review shall identify ultimate foreign State control, subsidies, sanctions, strategic dependence, data access and reciprocal obligations.
3. Restriction shall be prescribed by law, evidence-based, proportionate and not a disguise for favoritism.
4. No neighboring or other State acquires sovereign, territorial, military or port authority through purchase of an enterprise interest.

Article 107 — Consortia and financing

1. A consortium shall disclose each member, control arrangement, beneficial owner, financing source, liability and proposed post-closing ownership.
2. Borrowing secured primarily on the target's assets or public guarantee shall be evaluated for solvency and public risk.
3. A bidder shall not use undisclosed State funds, enterprise cash or circular financing to pay the purchase price.
4. A material financing change before closing requires approval and may require reevaluation.

Article 108 — Evaluation and recommendation

1. An evaluation committee of qualified, conflict-free persons shall assess bids only against published criteria.
2. Each score, verification, clarification, dissent and recommendation shall be recorded with reasons.
3. The Agency Board shall approve the recommendation but may reject it only for stated lawful reasons supported by the record.
4. No President, minister, military officer, party official or unofficial adviser may substitute a preferred bidder.

Article 109 — Notification and standstill

1. The Agency shall notify each bidder of the intended selection, material score and review rights.
2. A standstill of at least fifteen working days shall precede contract signature for a major transaction.
3. Protected information shall be withheld only to the extent necessary, with a sufficient explanation for effective review.
4. Urgency does not remove standstill unless an independent court authorizes a proportionate exception to protect essential service.

Article 110 — Transaction agreement

1. The agreement shall state assets, liabilities, price, payment, conditions, warranties, indemnities, service duties, investment, employment, environment, reporting and remedies.
2. It shall contain no side letter or oral term and shall identify the entire agreement and approval history.
3. Public obligations shall be measurable, time-bound and secured proportionately rather than expressed as unenforceable aspiration.
4. The Advocate General shall certify legal authority and form before a major agreement is signed.

Article 111 — Closing and payment

1. Closing shall occur only after approvals, competition clearance, financing verification, payment security and other lawful conditions are satisfied.
2. Purchase money shall be paid through traceable accounts into the public fund designated by the Public Finance Management Act.
3. The Agency shall reconcile assets, liabilities, records, titles and possession through a signed closing statement.
4. Deferred payment shall bear fair security and interest and shall not transfer irreversible control without protection.

Article 112 — Publication after completion

1. Within thirty days after closing, the Agency shall publish purchaser and beneficial owners, price, method, valuation summary, material obligations, advisers and fees.
2. It shall disclose State support, retained interest, contingent liability, land or resource use interest and competition condition.
3. The full agreement shall be published after redacting only information protected by a specific law and documented harm test.
4. The Agency shall preserve unsuccessful bids and evaluation records for audit and review.

CHAPTER X
PUBLIC-INTEREST SAFEGUARDS AND POST-TRANSACTION DUTIES

Article 113 — Competition protection

1. Privatization shall not replace a public monopoly with an unregulated private monopoly.
2. Structural separation, open access, price regulation, licence conditions, asset division or other remedy shall be established before transfer where necessary.
3. The Competition Authority shall retain jurisdiction before and after completion.
4. A promised investment or high price does not excuse harmful concentration or exclusion.

Article 114 — Continuity of public service

1. An essential service shall have a funded and enforceable continuity plan before transfer.
2. The competent regulator, not the seller alone, shall monitor quality, access, tariff, safety and emergency performance.
3. A performance bond, licence, step-in right or operator-of-last-resort mechanism may be required proportionately.
4. Failure shall trigger graduated remedies without arbitrary confiscation.

Article 115 — Workers

1. Workers and their representatives shall receive timely information and consultation on employment effects before approval.
2. Accrued wages, leave, social-insurance, pension, injury and collective-agreement rights shall be identified and protected under the Labour Code.
3. Transfer, redundancy, retraining and severance shall use fair procedure and shall not discriminate against former national-service members or protected groups.
4. A buyer's employment commitment shall be measurable and enforceable but shall not prevent necessary lawful adaptation indefinitely.

Article 116 — Employee participation and ownership

1. Employees may participate through a transparent share allocation, cooperative bid or savings arrangement without coercion.
2. Employee shares shall not substitute for wages, pension, severance or consent and shall carry clear risk disclosure.
3. Management shall not use confidential information, enterprise credit or worker pressure to obtain an unfair purchase advantage.
4. Trustees and representatives shall act independently for beneficiaries and publish fees and conflicts.

Article 117 — Communities and local government

1. A transaction materially affecting a host community shall assess employment, services, land use, environment, local revenue, heritage and displacement.

2. Affected villages and local governments shall receive early information, accessible consultation and reasoned response.
3. A community-development commitment shall be specific, funded, monitored and additional to legal duties.
4. Community benefit shall not be purchased from selected leaders or used to waive individual and collective rights unlawfully.

Article 118 — Land, housing and displacement

1. A privatization shall identify every occupied, leased, customary, village, pastoral, residential and public-service interest in affected land.
2. No person shall be displaced without authority, notice, participation, due process, just compensation where required and suitable remedy under the Land Act.
3. Worker or public housing shall not be transferred as vacant commercial property while lawful occupants are concealed.
4. A buyer receives no greater land interest than the State or enterprise could lawfully transfer.

Article 119 — Environmental liabilities

1. The proposal and agreement shall identify known and reasonably discoverable pollution, restoration, closure and climate liabilities.
2. Liability allocation shall be transparent and shall not release a responsible person beyond environmental law.
3. The price shall not be increased artificially by transferring undisclosed remediation cost to the public.
4. Financial assurance shall protect cleanup and post-closure obligations where risk warrants.

Article 120 — National security and critical infrastructure

1. A security review shall address control of critical systems, ports, communications, energy, finance, data, supply chains and emergency capability.
2. Security restriction shall be based on defined risk, accountable civilian decision and proportionate mitigation.
3. Classified evidence may be reviewed by authorized Assembly and judicial procedure and shall not conceal corruption or commercial favoritism.
4. A foreign State purchaser acquires commercial rights only and no police, military, diplomatic, territorial or sovereign authority.

Article 121 — Protection of minority investors

1. A partial privatization shall provide equal information, voting, pre-emption, appraisal and related-party protections under the Commercial Code.
2. The State shall not use control to extract value unfairly, and a private controlling owner shall not oppress the State or minority owners.

3. A shareholder agreement and special State right shall be disclosed and no broader than a lawful public purpose requires.
4. Future share sales shall respect class rights and approved ownership policy.

Article 122 — Broad participation

1. Transaction design may promote transparent participation by Eritrean citizens, workers, cooperatives, pension funds, local investors and diaspora investors.
2. Participation measures shall be affordable, administratively fair and compatible with enterprise viability and competition.
3. No allocation may be based on party support, military history, family connection, ethnicity, region or unofficial payment.
4. Nominee schemes and forced subscriptions are prohibited.

Article 123 — Use of proceeds

1. All privatization proceeds shall be paid into the Consolidated Fund or another fund established by an Assembly Act.
2. Transaction costs, debt settlement and employee obligations may be paid only under transparent appropriation and reported gross and net.
3. Proceeds shall not be retained by the Agency, ministry, enterprise, political organization or security body except for an expressly appropriated administrative amount.
4. The budget shall state intended use and shall not treat one-time proceeds as permanent recurring revenue.

Article 124 — Post-transaction monitoring

1. The Agency shall monitor price payment, ownership, investment, service, employment, environmental and other material commitments for their stated duration.
2. The buyer shall provide verified reports, and the Agency may inspect records reasonably necessary for contractual monitoring.
3. Performance results, waivers, disputes and remedies shall be published annually.
4. Monitoring shall end when obligations expire and shall not become informal control of a private enterprise.

Article 125 — Transfer restrictions and change of control

1. A time-limited restriction on resale or change of control may protect qualification, security, service or anti-speculation objectives.
2. Consent criteria shall be stated in the agreement and administered reasonably and without extracting unofficial benefit.
3. Beneficial ownership and financing shall be reverified before a restricted transfer.
4. A restriction shall not entrench an inefficient owner or prevent lawful creditor remedy beyond necessity.

Article 126 — Breach and contractual remedies

1. Remedies may include correction, damages, payment acceleration, bond call, licence action, step-in, share reversal or termination according to agreement and law.
2. A remedy shall be proportionate to breach, public harm, cure, reliance and rights of innocent persons.
3. A material waiver or settlement requires Agency Board approval, independent legal advice and publication of reasons.
4. Political connection, foreign pressure or fear of embarrassment shall not excuse enforcement.

Article 127 — No arbitrary renationalization

1. A privatized enterprise or property shall not be reacquired merely because Government changes policy, ownership is unpopular or the enterprise becomes profitable.
2. Compulsory acquisition requires an Assembly Act, genuine public interest, due process and just compensation under Article 23(3) of the Constitution.
3. Contractual reversal for proven breach shall follow the agreed and judicially reviewable remedy.
4. Emergency control shall be temporary, necessary and subject to prompt legislative and judicial oversight.

CHAPTER XI
REVIEW, REMEDIES, LIABILITY AND ENFORCEMENT

Article 128 — Administrative review

1. A bidder or directly affected person may request Agency reconsideration of a procedural or eligibility decision within fifteen working days.
2. The review shall be conducted by persons not involved in the challenged decision and shall provide access to sufficient reasons and evidence.
3. A reasoned decision shall issue promptly and before irreversible closing where practicable.
4. Reconsideration does not exclude judicial review or a remedy under another Act.

Article 129 — Judicial review

1. A court may review legality, authority, fairness, reasonableness, conflict, competition and compliance with required approval.
2. The court may suspend, declare invalid, remit, restrain, sever, preserve evidence or grant another just remedy.
3. Relief shall protect the Constitution and public value while considering innocent workers, customers, creditors and investors.
4. Commercial urgency and completed steps do not make an unconstitutional transaction immune from review.

Article 130 — Interim relief

1. A court may order an interim standstill where a serious issue and risk of irreparable public or private harm are shown.
2. It shall consider transaction integrity, service continuity, competition, bidder fairness, delay and practical reversibility.
3. Security for costs shall not be set so high as to defeat a credible public-interest challenge.
4. An abusive challenge may be controlled through ordinary procedural law rather than denial of access to court.

Article 131 — Civil recovery

1. The State, enterprise or Agency may recover loss, secret profit, bribe, diverted asset, overpayment and reasonable investigation cost from a responsible person.
2. A director, officer, adviser, buyer and connected person may be jointly liable according to participation, duty and causation.
3. Restitution and tracing may follow property and proceeds subject to rights of a good-faith purchaser for value.
4. Recovery is additional to discipline, contract remedy, disqualification and criminal process.

Article 132 — Invalid and unauthorized transactions

1. A transaction lacking an approval expressly required by the Constitution or this Act is unlawful and subject to judicial determination of effect.
2. The court shall not presume that deposit, registration, payment, possession or official assurance cures missing authority.
3. In fashioning relief, the court shall protect public property and consider restitution, severability, reliance and innocent third parties.
4. An official who purported to authorize the transaction remains accountable notwithstanding any separate claim against the State.

Article 133 — Debarment and disqualification

1. The Agency may, after fair procedure, disqualify a bidder, adviser, director or officer for serious corruption, collusion, misrepresentation, conflict concealment or material breach.
2. Duration and scope shall reflect seriousness, recurrence, cooperation, restitution and effective rehabilitation.
3. The decision and review rights shall be published, with protection of lawful investigation and personal data.
4. Debarment under procurement, competition, financial or professional law shall be coordinated without duplicate punishment for the same facts.

Article 134 — Referral and cooperation

1. The Agency shall refer credible evidence of crime, corruption, tax evasion, money laundering, sanctions breach or professional misconduct to the competent authority.
2. It shall cooperate with the Advocate General, Auditor General, Competition Authority, National Bank, revenue, police and foreign lawful counterparts.
3. Information exchange shall respect purpose, security, privacy, privilege and fair-trial rights.
4. The Agency has no independent power of arrest, detention, criminal search or prosecution.

Article 135 — Penal and integrity laws

1. Bribery, theft, fraud, forgery, abuse of office, laundering, obstruction and related conduct are governed by the Penal Code and the Anti-Corruption and Public Integrity Act.
2. This Act shall not duplicate a criminal offence or lower a procedural safeguard established by those laws.
3. An administrative or civil finding does not determine criminal guilt.
4. Acquittal does not bar a distinct civil or administrative proceeding applying its lawful standard, subject to finality and fairness.

Article 136 — Limitation and records

1. A civil claim based on concealed corruption, beneficial ownership or diverted public property accrues when the material facts were or reasonably could have been discovered.
2. The Agency shall retain transaction and ownership records for at least twenty-five years and permanently where archival law requires.
3. A litigation, audit or investigation hold suspends ordinary destruction.
4. Limitation, prescription and evidence are otherwise governed by the Civil and procedural Codes.

Article 137 — Good-faith protection

1. A Board member, staff member or adviser is not personally liable for an act done lawfully, honestly and with reasonable care under this Act.
2. Protection does not cover bad faith, corruption, gross negligence, knowing illegality, conflict concealment or unauthorized benefit.
3. The Agency may provide lawful defence and insurance consistent with accountability.
4. This Article does not remove the right to an effective remedy against the Agency, enterprise or State.

CHAPTER XII
TRANSITIONAL, REPEAL AND FINAL PROVISIONS

Article 138 — Opening inventory

1. Within six months after commencement, every ministry, public body and enterprise shall disclose all State interests, subsidiaries, assets, debt, guarantees, accounts, boards, employees and material contracts.
2. The Agency, Treasury and Auditor General shall verify the inventory and identify missing, disputed and unauthorized interests separately.
3. Named legacy enterprises shall not be presumed to exist, be public or have a stated legal status without current evidence.
4. The verified opening register and unresolved matters shall be published within twelve months.

Article 139 — Reconstitution of the Agency

1. The Agency Board shall be appointed within six months through the procedure in this Act.
2. Pending appointment, a temporary implementation team of civil servants may preserve records and prepare systems but shall not privatize an enterprise.
3. Former Agency and ministry records, property and lawful functions shall transfer under an audited schedule.
4. No former officeholder has an automatic right to Board or senior management appointment.

Article 140 — Initial ownership review

1. Every public enterprise shall receive an initial legal, financial and ownership review within twenty-four months.
2. Priority shall be given to strategic, financially distressed, monopolistic, unaudited and high-fiscal-risk enterprises.
3. The review shall recommend confirmation, corporatization, reform, merger, privatization, transfer or liquidation.
4. No recommendation takes effect without the approval required by this Act.

Article 141 — Legacy privatization contracts

1. A lawful contract concluded before commencement continues according to its terms and applicable law.
2. The Agency shall inventory and monitor surviving development, payment, employment, transfer and other material obligations.
3. Continuation does not validate corruption, lack of authority, fraud or an unconstitutional disposition, which shall be addressed through due process.
4. A buyer shall receive notice and opportunity to respond before an adverse administrative recommendation.

Article 142 — Existing boards and management

1. An existing board and manager continues temporarily to preserve lawful operations until reviewed under this Act.
2. The Agency shall complete board skills, integrity and conflict assessments within twelve months.
3. A person removed or not reappointed receives every employment, contract and procedural right lawfully applicable.
4. Transition shall not create tenure beyond an existing lawful term.

Article 143 — Existing employees

1. Employment continues on existing lawful terms subject to the Labour Code and a lawfully approved restructuring.
2. Accrued wages, leave, social-insurance, pension, injury and collective rights shall be verified and recorded.
3. National-service personnel working in an enterprise shall be released or employed in accordance with the National Service Act and applicable executive regulations.
4. A transition shall not be used for collective punishment, political screening or replacement by unpaid labour.

Article 144 — Existing debt and guarantees

1. The Treasury shall verify every enterprise debt, guarantee, indemnity, security and arrear under the Government Borrowing and Public Debt Act.
2. Registration does not validate an unauthorized obligation, and uncertainty shall be disclosed.
3. A creditor shall have fair opportunity to provide authenticated evidence.
4. No new State guarantee arises from commencement or registration under this Act.

Article 145 — Transitional accounts and audits

1. Each enterprise shall prepare an opening balance sheet under this Act within twelve months.
2. Assets, land interests, inventories, receivables, liabilities, contingencies and related-party balances shall be physically and legally verified.
3. The Auditor General may prioritize special audits and direct preservation of evidence.
4. Uncertainty and prior noncompliance shall be disclosed rather than concealed through arbitrary adjustment.

Article 146 — Regulations

1. The President may issue regulations on recommendation of the Agency and responsible minister for operational implementation of this Act.
2. Regulations may prescribe thresholds, registers, reporting, nomination, valuation, bidding, monitoring and transition procedures within statutory policy.

3. They shall not establish an enterprise, privatize a strategic asset, create a tax, guarantee, offence, monopoly or compulsory acquisition beyond an Assembly Act.
4. A generally applicable draft shall receive public consultation and publication before effect, except for a narrowly justified temporary technical measure.

Article 147 — Agency rules and guidance

1. The Agency may issue forms, technical standards and guidance necessary for consistent administration.
2. A binding rule requires express authority, consultation and publication and shall be distinguished from nonbinding guidance.
3. Guidance cannot change an approval threshold, valuation duty, bidder right or enterprise obligation established by law.
4. Every instrument shall have a stable identifier, commencement date and accessible revision history.

Article 148 — Review of prior instruments

1. The Agency, Minister, Advocate General, Treasury and Auditor General shall review every prior public-enterprise and privatization instrument within twelve months.
2. Authentic enacted text, transactions and records shall not be silently altered.
3. A necessary saving or further repeal shall be proposed to the National Assembly with reasons.
4. An unpublished directive is not preserved as authority to own, borrow, dispose, appoint or privatize.

Article 149 — Repeal

1. The National Agency for the Supervision and Privatization of Public Enterprises Proclamation 83/1995 is repealed.
2. The amendment to that Proclamation enacted by Proclamation 114/2001 is repealed.
3. Repeal does not extinguish a lawful right, liability, proceeding, contract, payment, record or completed transaction.
4. A prior subordinate instrument expires twelve months after commencement unless lawfully remade earlier under this Act.

Article 150 — Periodic review

1. An independent review of this Act and State ownership shall begin within five years after commencement and every seven years thereafter.
2. It shall assess ownership rationales, performance, competition, fiscal risk, governance, privatization outcomes, workers, communities and public confidence.
3. The review shall invite evidence nationally and from diaspora, investors, labour, villages, academia and civil society.
4. The report, Agency response and Government response shall be submitted to the National Assembly and published.

Article 151 — Commencement

1. This Act enters into force ninety days after publication in the Gazette.
2. Articles concerning preservation of records, unauthorized disposition, conflicts, audit access and opening inventory apply immediately upon publication.
3. No privatization may be approved during the first six months after publication except by a specific Assembly Act addressing an essential emergency.
4. Implementation shall be supported by lawful appropriation and a public two-year institutional plan.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA