
THE STATE-OWNED ENTERPRISE ACT, 2026

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GOVERNMENT OF ZAMBIA

ACT

No. 10 of 2026

Date of Assent: 31st March, 2026

An Act to establish the Government Investment Department and provide for its functions; provide for the incorporation, ownership and governance of state-owned enterprises; provide for transparency and accountability in the governance of state-owned enterprises; provide for the undertaking of public interest service obligations by state-owned enterprises; repeal the Self-Management Enterprises Act, Cap. 408; and provide for matters connected with, or incidental to, the foregoing.

[8th April, 2026

ENACTED by the Parliament of Zambia.

Enactment

PART I

PRELIMINARY PROVISIONS

1. This Act may be cited as the State-owned Enterprises Act, 2026, and shall come into operation on the date appointed by the Minister by statutory instrument.

Short title and commencement

2. In this Act, unless the context otherwise requires—

Interpretation

“annual accounts” has the meaning assigned to the words in the Companies Act;

Cap. 388

Cap. 91	“associate” has the meaning assigned to the word in the Anti-Corruption Act;
Act No. 9 of 2026	“bank” has the meaning assigned to the word in the Banking and Financial Services Act, 2026;
Cap. 18	“bilateral agreement” has the meaning assigned to the words in the Ratification of International Agreements Act;
	“board” means the governing board of a state-owned enterprise constituted under section 15;
Cap. 1	“Cabinet Minister” means a Minister referred to under Article 113(c) of the Constitution;
	“chairperson” means the person appointed as chairperson of the board in accordance with section 15;
Cap. 388	“chief executive officer” has the meaning assigned to the words in the Companies Act;
	“commercial activity” includes an action which involves the buying, selling or trading of goods or services with the primary objective of generating a profit;
Cap. 1	“Consolidated Fund” means the Consolidated Fund established under the Constitution;
Cap. 347	“controlling officer” has the meaning assigned to the words in the Public Finance Management Act;
Cap. 388	“corporate” has the meaning assigned to the word in the Companies Act;
Cap. 1	“council chairperson” has the meaning assigned to the words in the Constitution;
Cap. 1	“councillor” has the meaning assigned to the word in the Constitution;
	“Department” means the Government Investment Department established under section 5;
	“direct ownership” means—
	(a) the sole ownership of shares, or the ownership of more than fifty percent of the share capital, by the Government in a state-owned enterprise; or
	(b) the ownership by the Government of a state-owned enterprise without shares;

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- “director” has the meaning assigned to the word in the Companies Act; Cap. 388
- “economically significant price” means a price that influences supply and demand;
- “emoluments” has the meaning assigned to the word in the Constitution; Cap. 1
- “Emoluments Commission” means the Emoluments Commission established under the Constitution; Cap. 1
- “executive officer” has the meaning assigned to the words in the Companies Act; Cap. 388
- “financial institution” has the meaning assigned to the words in the Banking and Financial Services Act, 2026; Act No. 9 of 2026
- “financially distressed” has the meaning assigned to the words in the Corporate Insolvency Act; Cap. 431
- “fit and proper person” means a person who is—
- (a) financially sound, competent, reputable and reliable; and
 - (b) suitable for a specific responsibility assessed in relation to fit and proper requirements specified under this Act;
- “holding company” means a state-owned enterprise that—
- (a) has been granted ownership powers under section 13(1); or
 - (b) holds shares on behalf of the Minister as a nominee under section 13(2);
- “independent non-executive director” means a person who is not involved in the day-to-day management of a state-owned enterprise and meets the criteria specified in the First Schedule;
- “indirect ownership” means the sole ownership of the shares, or the ownership of the majority of the shares, by the Government in a subsidiary through a state-owned enterprise or any other State institution as may be prescribed;

- Cap. 1 “judicial officer” has the meaning assigned to the words in the Constitution;
- Cap. 305 “legally disqualified” means the absence of legal capacity as provided in section 4 of the Mental Health Act;
- “major infrastructure project” means a large-scale project that requires capital of more than zero-point zero five percent of nominal Gross Domestic Product and includes a natural resource investment project;
- “market failure” means a scenario where a market, if left to operate on its own, does not provide enough goods or services in the Republic to meet the public interest;
- “market production” means the production of goods or services sold in the marketplace at an economically significant price;
- “material relationship” means a personal, familial or business affiliation between associated persons or a transaction that relates to, or is connected with, the wealth, business or family interests of a director;
- Cap. 388 “meeting” has the meaning assigned to the word in the Companies Act;
- Cap. 1 “Member of Parliament” has the meaning assigned to the words in the Constitution;
- “multilateral agreement” means an agreement concluded between Zambia and two or more States or between Zambia and two or more international organisations that does not require the ratification of the State;
- Cap.388 “nominee” has the meaning assigned to the word in the Companies Act;
- “ownership powers” means the ownership by the Government of a state-owned enterprise that is exempt from incorporation as specified under section 7(3);
- “parent company” means a state-owned enterprise primarily engaged in market production that has ownership of a majority of shares or exercises control in a subsidiary;

- “performance management framework” means a framework developed by the Department for the purpose of improving accountability of a state-owned enterprise;
- “practice standard” has the meaning assigned to the words in the Accountants Act; Cap. 390
- “procuring entity” has the meaning assigned to words in the Public Procurement Act, 2020; Act No. 8 of 2020
- “Provincial Minister” has the meaning assigned to the words in the Constitution; Cap.1
- “public interest” means the protection of the welfare of a citizen and includes the equitable provision of essential goods and services and the safeguarding of national or critical infrastructure;
- “public interest service obligation” means an obligation that the Government assigns a state-owned enterprise for the purpose of ensuring that an essential service is provided to the public and includes an activity that a state-owned enterprise or any other company would not normally offer on a commercial basis;
- “recapitalisation” means the process of restructuring the debt and equity structure of a state-owned enterprise to stabilise the capital structure of that state-owned enterprise;
- “regulatory distortion” means a regulatory provision that favours a certain market participant or introduces a regulatory barrier to market entry and competition;
- “relative” has the meaning assigned to the word in the Anti-Corruption Act; Cap. 91
- “reorganisation” means the process of changing the internal structure or operations of a state-owned enterprise to improve the effectiveness, efficiency or competitiveness of a state-owned enterprise by changing the reporting structure, operational processes, management systems or other areas of a state-owned enterprise to achieve the goals of a state-owned enterprise;

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- “restructuring” means the process of reorganising the structure, operations or finances of a state owned enterprise to improve efficiency and profitability by means as may be prescribed to streamline operations, reduce costs or improve productivity;
- Cap. 388 “secretary” has the meaning assigned to the word in the Companies Act;
- Cap. 354 “Securities and Exchange Commission” means the Securities and Exchange Commission continued under the Securities Act;
- Cap. 388 “shareholder” has the meaning assigned to the word in the Companies Act;
- Cap. 1 “State institution” has the meaning assigned to the words in the Constitution;
- “state shareholding” means a form of ownership where the Government owns a majority of shares either directly in, or through, a state-owned enterprise or State institution;
- “state-owned enterprise” means a—
- (a) corporate that is primarily engaged in market production or commercial activity in which the Government—
 - (i) has either indirect, or direct, ownership; or
 - (ii) exercises control to appoint the majority of the board of directors or senior management;
 - (b) statutory corporation that is primarily engaged in market production or commercial activity;
 - (c) parent company;
 - (d) holding company; or
 - (e) subsidiary;

“subsidiary” means a state-owned enterprise that is a subsidiary of another state-owned enterprise and includes a—

- (a) state-owned enterprise in which the holding company or parent company holds more than half in value of the equity share capital, whether the state-owned enterprise is incorporated in a jurisdiction that has or does not have nominal value for share capital;
- (b) state-owned enterprise of which the holding company or parent company is a member, and whose composition of board of directors is controlled by the holding company or parent company; or
- (c) subsidiary of a state-owned enterprise which is itself a subsidiary of a holding company or parent company in accordance with paragraph (a) or (b);

“vice-chairperson” means the person appointed as vice-chairperson under section 15;

“winding up” has the meaning assigned to the words in the Corporate Insolvency Act; Cap. 431

“Zambia Institute of Chartered Accountants” means the Zambia Institute of Chartered Accountants continued under the Accountants Act; and Cap. 390

“Zambia Qualifications Authority” means the Zambia Qualifications Authority continued under the Zambia Qualifications Authority Act, 2024. Act No. 8 of 2024

3. (1) This Act shall not apply to a— Non-application

- (a) state-owned enterprise established under a bilateral agreement or multilateral agreement; or
- (b) state-owned enterprise formed for the purpose of matters dealing with defence or security of the Republic.

4. The following principles shall be applied in achieving the purpose of this Act: Guiding principles

- (a) the need to address market failure;
- (b) accountability and transparency of a state-owned enterprise;

- (c) fair competition and preservation of market integrity;
- (d) equitable treatment of, and equal access to information to, shareholders; and
- (f) sustainability and resilience of a state-owned enterprise.

PART II

THE GOVERNMENT INVESTMENT DEPARTMENT

Government
Investment
Department

5. (1) There is established, within the Ministry responsible for finance, the Government Investment Department which is responsible for the administration of this Act under the general direction of the Permanent Secretary in the Ministry responsible for finance.

(2) Despite the generality of subsection (1), the functions of the Department are to—

- (a) develop the policies, guidelines, strategies and standards relating to the governance of state-owned enterprises;
- (b) develop a performance management framework for a state-owned enterprise;
- (c) review the portfolio of a state-owned enterprise and make recommendations for reforms and restructuring of a state-owned enterprise;
- (d) review state shareholding in a state-owned enterprise in line with the principles of this Act;
- (e) review shareholder agreements, transfer agreements or any other agreements relating to the sale or transfer of shares, where applicable;
- (f) review a recommendation by a relevant ministry, Government department, state-owned enterprise or other appropriate authority that intends to incorporate a state-owned enterprise;
- (g) review a written proposal for recapitalisation of a state-owned enterprise;
- (h) conduct a periodic review of the financial and operational performance of a state-owned enterprise in line with the performance management framework and performance contracts;

- (i) assess the fiscal risks of a state-owned enterprise;
- (j) develop and publish a comprehensive annual aggregate state-owned enterprise performance report;
- (k) keep and maintain records for information on the financial statements, dividends, grants and recapitalisation of a state-owned enterprise;
- (l) monitor compliance of a state-owned enterprise with the provisions of this Act;
- (m) advise the Minister on matters relating to this Act; and
- (n) perform any other function relating to the incorporation or establishment of a state-owned enterprise as the Minister may prescribe.

6. (1) The Civil Service Commission shall appoint as a public officer, a Director who is responsible for the administration of the functions of the Department.

Director and other staff

(2) The Permanent Secretary in the Ministry responsible for finance may give to the Director, general or specific directions, which are consistent with the provisions of this Act, relating to the performance of the Director's functions and the Director shall give effect to those directions.

(3) The Civil Service Commission shall appoint as public officers, other staff of the Department that the Civil Service Commission considers necessary for the administration and implementation of this Act.

(4) The Director may, in writing, delegate the exercise of any of the functions conferred on the Director by this Act to any other staff that the Director considers necessary.

PART III

INCORPORATION OF STATE-OWNED ENTERPRISES

7. (1) Subject to subsection (3), a state-owned enterprise shall be incorporated in accordance with the Companies Act.

Incorporation of state-owned enterprise Cap. 388

(2) Despite subsection (1), a state-owned enterprise shall not incorporate a subsidiary without the approval of the Minister.

Cap. 388 (3) Despite subsection (1), the Minister may, with the approval of Cabinet, by statutory instrument, exempt an existing state-owned enterprise from being incorporated under the Companies Act.

(4) The Minister may, make Regulations relating to the establishment, restructuring, privatisation or winding up of a state-owned enterprise exempt under subsection (3).

Incorporation, privatisation and winding up of state-owned enterprise **8.** (1) Subject to subsections (4) and (5), the Minister shall, on the Minister's own motion or on recommendation of a relevant ministry, Government department, state-owned enterprise, or other appropriate authority, incorporate, privatise or wind up a state-owned enterprise or acquire state shareholding.

(2) The Minister shall, in incorporating a state-owned enterprise or acquiring state shareholding under subsection (1), take into account the following:

(a) safeguarding the public interest where private sector participants are unwilling to assume the costs or risks of operating that commercial activity or enterprise;

(b) addressing market failure where an essential service is undersupplied, unaffordable or delivered inefficiently due to information gaps, high entry barriers or natural monopoly characteristics; and

(c) enhancing market competition with the objective of improving efficiency, innovation and consumer choice.

(3) The recommendation by a relevant ministry, Government department, state-owned enterprise or other appropriate authority for the incorporation of a state-owned enterprise or acquisition of state shareholding under subsection (1) shall—

(a) specify the reason and objective for the proposed incorporation of a state-owned enterprise or acquisition of state shareholding;

(b) demonstrate the existence of an unsatisfied demand for goods or services that is not being met by private sector participants;

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- (c) demonstrate that the private sector participants in the industry to which a state-owned enterprise is proposed to be incorporated or state shareholding are proposed to be acquired have not entered, or have left the market voluntarily, and not due to the existence of a barrier to competition or other regulatory distortions;
 - (d) demonstrate that Government has taken appropriate measures to eliminate all barriers to entry and competition in the area in which the state-owned enterprise is proposed to operate;
 - (e) specify the environmental, employee or social implications to be considered and measures to be taken or adopted to ensure protection or mitigation of risks associated with the environment, employees or social implications;
 - (f) determine whether the regulatory framework requires any changes to accommodate or ensure proper regulation of the proposed state-owned enterprise, or of the market in which the state-owned enterprise shall operate;
 - (g) analyse the potential impact on trade and competition;
 - (h) justify why the proposed activity or mandate proposed to be carried out by the state-owned enterprise cannot be achieved through an existing state-owned enterprise, a written law or any other means; and
 - (i) enumerate the proposed shareholding structure and total capital requirement for the state-owned enterprise.
- (4) The Minister shall, on receipt of the recommendation referred to under subsection (1)—
- (a) conduct an assessment of that recommendation;
 - (b) prepare a market failure and options assessment report as prescribed on the finding of the assessment;
 - (c) submit the report to Cabinet; and
 - (d) publish the report in the *Gazette* and on the official website of the ministry responsible for finance.
- (5) The Minister shall, in consultation with Cabinet, make a decision on the recommendation referred to under subsection (1) and notify a relevant ministry, Government department, state-owned enterprise or other appropriate authority of the decision of the Minister.

Cessation of
state
shareholding

9. (1) The Minister shall cease the state shareholding in a state-owned enterprise where the—

- (a) purpose for its establishment has been achieved and the continued existence of that state-owned enterprise is no longer required;
- (b) continued operation of the state-owned enterprise is creating market distortion which stifles market development;
- (c) goods and services offered by the state-owned enterprise are provided at a lower cost to the consumer and more cost effectively by the private sector and render the continued existence of the state-owned enterprise unsustainable;
- (d) state-owned enterprise undertaking an economic activity cannot be operated profitably on a sustainable basis or without creating substantial fiscal risk to the Government;
or
- (e) continued operation of the state-owned enterprise is not in the public interest and is contrary to the Government's national investment policies and strategies.

Cap. 431

(2) The Minister shall ensure that where the cessation of the state shareholding of a state-owned enterprise involves winding up, that the winding up is conducted in accordance with the Corporate Insolvency Act and any other written law.

(3) The Minister shall ensure that where the cessation of the state shareholding of a state-owned enterprise involves privatisation, that cessation is conducted as prescribed and in accordance with any other relevant written law, and that the Government's interest in the state-owned enterprise is adequately protected.

(4) The Minister shall at least every three years, review whether the conditions for continued state shareholding as specified under section 8(2) and (3) still exist in order to inform the Minister's decision under subsection (1).

(5) The Minister shall submit the results of a review conducted under subsection (4) to the National Assembly not later than ninety days after the completion of the review.

PART IV
SHAREHOLDER AND OWNERSHIP RIGHTS IN A STATE-OWNED
ENTERPRISE

10. Subject to the Companies Act and sections 8 and 9, the rights of a shareholder in a state-owned enterprise shall include—

Rights of shareholder in state-owned enterprise
Cap. 388

- (a) approving—
- (i) the issuance of new shares or repurchase of shares that affect the rights of a shareholder;
 - (ii) the sale and acquisition of shares in a state-owned enterprise;
 - (iii) the winding up of the state-owned enterprise; and
 - (iv) the entering into transactions that—
 - (a) have the effect of a state-owned enterprise acquiring a right or interest or incurring an obligation or a liability, including a contingent liability, whose value exceeds twenty-five percent of the net assets of the state-owned enterprise; or
 - (b) involve a merger, acquisition, sell, lease or otherwise disposal of assets, whose value exceeds twenty-five percent of the gross assets of a state-owned enterprise's assets;
- (b) amending the articles of association or constitutive documents to change the core business activities of a state-owned enterprise; and
- (c) the fixing of the remuneration of a director for recommendation to the Emoluments Commission.

11. The ownership rights of the Minister in a state-owned enterprise that is exempt from incorporation as specified under section 7(3) shall include—

Ownership rights of Minister in state-owned enterprise that is exempt from incorporation

- (a) participating at general meetings, where applicable;

(b) appointing or removing directors;

(c) approving—

(i) the appointment of auditors and fixing of the auditor's remuneration for recommendation to the Emoluments Commission;

(ii) the winding up of the state-owned enterprise;

(iii) financial statements and annual reports; and

(iv) the entering into transactions that—

(a) have the effect of a state-owned enterprise acquiring a right or interest or incurring an obligation or a liability, including a contingent liability, whose value exceeds twenty-five percent of the net assets of the state-owned enterprise; or

(b) involve a merger, acquisition, sell, lease or otherwise disposal of assets, whose value exceeds twenty-five percent of the gross assets of a state-owned enterprise's assets; and

(c) the fixing of the remuneration of a director for recommendation to the Emoluments Commission.

Shareholding
and
ownership of
state-owned
enterprise
Cap. 349

12. (1) Shares directly or indirectly owned by the Government or ownership powers of the Government, in a state-owned enterprise shall vest in the Minister and shall be held in trust for the people of Zambia in accordance with the Minister of Finance (Incorporation) Act.

(2) Despite subsection (1), shares in a subsidiary may be registered in the name of a holding company or parent company.

(3) The subscription or acquisition of shares in a state-owned enterprise by the Minister shall be paid from the funds appropriated by Parliament.

(4) A holding company or parent company shall, where the Minister has ownership powers in that holding company or parent company, exercise ownership powers in relation to a subsidiary of that holding company or parent company.

13. (1) The Minister may exercise the rights of a shareholder, ownership powers, and oversight over a state-owned enterprise or subsidiary through a holding company.

Holding
company

(2) The shares of a state-owned enterprise or subsidiary vested in the Minister under section 12(1) may be registered in the name of the holding company as a nominee of the Minister in accordance with guidelines issued by the Minister for that purpose.

(3) A holding company referred to under subsection (1), shall hold, manage, coordinate or control state shareholding or ownership on behalf of the Government in a state-owned enterprise that is a subsidiary in a manner as may be determined by the Minister through transfer of shares, agreement or any other form.

(4) A holding company shall exercise the rights of a shareholder, ownership powers, and oversight over its subsidiary in the following manner which includes:

- (a) developing a list of qualified board candidates in accordance with this Act and other applicable written law and any other criteria specified by the Minister and select members of the board for each state-owned enterprise for approval at a general meeting;
- (b) ensuring that subsidiaries adhere to the provisions of this Act and any other written law;
- (c) reviewing strategic and business plans of subsidiaries under its authority in order to promote return on investment and improvement of performance, and to identify financial, operational, strategic, compliance and other relevant risks, and concrete measures to mitigate such risks;
- (d) evaluating and monitoring the performance of all subsidiaries under its authority to assess, at a minimum, implementation of performance targets, profitability, efficiency, financial liabilities, risk management and the impact of the subsidiary on private sector activities and investment;

- (e) monitoring compliance of subsidiaries to statutory obligations and taking remedial measures;
- (f) reviewing the audited financial statements and auditor's report for each subsidiary and propose corrective action plans to address any documented issues at the general meeting;
- (g) developing and submitting consolidated investment plan for its subsidiary to the Minister;
- (h) determining minimum standards and policies on human resource management, remuneration, corporate governance, information technologies, risk management and audit in line with best practices, and policies developed under section 5 and any other written law;
- Cap. 388 (i) appointing or removing directors in accordance with the Companies Act; and
- (j) making recommendations to the Minister on the restructuring of a state-owned enterprise, where appropriate.

PART V

GOVERNANCE OF STATE-OWNED ENTERPRISES

Responsibilities
of Minister
in
governance
of state-
owned
enterprise

14. (1) The Minister shall, for the purposes of this Act—

- (a) adopt a nomination policy for a director of a state-owned enterprise; and
- (b) restructure, wind up or divest state shareholding in line with national policies, principles under this Act and the rationale for state shareholding.

(2) A nomination policy referred to under subsection (1)(a) shall specify a transparent, fair and competitive nomination and selection process of a director of a state-owned enterprise.

Board of
state-owned
enterprise
Cap. 388

15. (1) A board of a state-owned enterprise shall—

- (a) be appointed in accordance with the Companies Act or any other relevant written law; and
- (b) consist of an odd number of directors not exceeding eleven.

(2) A board referred to under subsection (1) shall consist of a majority of independent non-executive directors.

(3) The chairperson and vice-chairperson of a board shall be appointed from among the independent directors.

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- (4) The composition of a board referred to under subsection (1) shall be—
- (a) balanced to ensure relevant professional experience, qualifications and skills; and
 - (b) represented of fifty percent of each gender excluding the chairperson unless it is not practicable to do so.
- (5) A director of a state-owned enterprise shall not sit on the boards of more than two state-owned enterprises.
- (6) A person qualifies for appointment as director if that person—
- (a) possesses the relevant professional experience and competence skills as prescribed; and
 - (b) is a fit and proper person in accordance with the requirements specified in the Second Schedule.
- (7) Subject to the Companies Act, and this Act, a person is not eligible for appointment as director if that person—
- (a) has been convicted of an offence involving fraud and dishonesty;
 - (b) is an undischarged bankrupt;
 - (c) is legally disqualified from performing the functions of a director;
 - (d) is an office bearer or employee of a political party;
 - (e) is a councillor, council chairperson or Member of Parliament;
 - (f) is a judicial officer;
 - (g) has a superior rank in the Defence Forces;
 - (h) is a Cabinet Minister or Provincial Minister;
 - (i) is a Permanent Secretary;
 - (j) is an employee of that state-owned enterprise;
 - (k) has been convicted of an offence under any written law and is sentenced to imprisonment for a term exceeding six months without the option of a fine;
 - (l) has any material relationship with that state-owned enterprise;
- Cap. 388

(*m*) is an employee of a regulatory body which regulates the state-owned enterprise; or

(*n*) is a controlling officer of a State institution.

(8) The Third Schedule applies to a board.

Functions of
board

16. (1) A board shall be responsible for providing oversight and strategic direction to a state-owned enterprise.

(2) Despite the generality of subsection (1), the functions of a board are to—

(*a*) advise the shareholders, or the Minister, where the Minister has ownership powers, on matters relating to the supervision, risk management, internal controls and operation of a state-owned enterprise;

(*b*) develop, negotiate and execute performance contracts entered into with the shareholders, or the Minister, where the Minister has ownership powers;

(*c*) approve the organisational structure of the state-owned enterprise, taking into account the financial sustainability of the state-owned enterprise;

(*d*) ensuring that decisions, rules and guidelines for the operation of the state-owned enterprise align with the primary objective of the state-owned enterprise;

(*e*) approve—

(i) policies, frameworks, plans and the annual budget and oversee the implementation of the policies, frameworks, plans and the annual budget;

(ii) any transactions with third parties in accordance with the policies of a state-owned enterprise; and

(iii) the financial statements prepared by the state-owned enterprise and cause the financial statements to be submitted to the Secretary to the Treasury;

(*f*) monitor and evaluate the performance of a state-owned enterprise against its policies, frameworks, plans and the annual budget;

- (g) enter into transactions relating to mergers, acquisitions, divestitures, reorganisation, restructuring or other similar transactions, subject to the approval of the shareholders or the Minister, where the Minister has ownership powers;
- (h) monitor and manage areas of potential conflicts of interest between a director and a state-owned enterprise;
- (i) develop and submit an investment plan of a state-owned enterprise to the shareholders or the Minister, where the Minister has ownership powers;
- (j) make recommendations on any matter relating to the state-owned enterprise at a general meeting; and
- (k) conduct annual board performance evaluations of the directors.

(3) Subject to the other provisions of this Act, a board shall establish committees on matters dealing with audit, risk management, finance and investment, human resource and remuneration, nomination and any other matter that the board considers necessary.

17. (1) The Emoluments Commission may, on the recommendation of the shareholders, or the Minister, where the Minister has ownership powers, determine the remuneration of the directors of a state-owned enterprise.

Remuneration
of directors

(2) The shareholders, or the Minister, where the Minister has ownership powers, shall, in recommending the remuneration referred to under subsection (1), consider the financial sustainability of a state-owned enterprise.

(3) Despite subsections (1) and (2), the remuneration of directors of a state-owned enterprise shall be on a quarterly basis and may include board meeting fees and retainer fees.

(4) Despite subsection (3), a director shall not be entitled to board meeting fees if the director has not attended any board meeting in a quarter.

(5) A director shall not be entitled to any benefits from a state-owned enterprise, including—

- (a) personal to holder vehicles;
- (b) housing allowances;
- (c) preferential access to goods or services provided by the state-owned enterprise;
- (d) club memberships, association memberships or similar benefits;
- (e) annual retainers or honoraria not expressly authorised by this Act;
- (f) stock options, equity-based compensation, or profit sharing schemes;
- (g) variable pay, unless specifically authorised by any other written law; or
- (h) any other additional benefits as may be prescribed.

(6) A state-owned enterprise shall disclose the remuneration received by directors in the audited financial statements of a state owned enterprise which shall be published in the *Gazette* and an official website of a state-owned enterprise.

(7) The disclosure referred to under subsection (6) shall include the form, amount and basis for each remuneration.

Chief
executive
officer

18. (1) A board shall appoint a chief executive officer of a state- owned enterprise who shall be responsible for the day-to-day management of a state-owned enterprise.

(2) The responsibilities of the chief executive officer in the day-to-day management of a state-owned enterprise shall include the following:

- (a) implementing goals, targets and strategic objectives as determined by a board;
- (b) risk management, internal controls and legal and regulatory compliance; and
- (c) the proper financial management and expenditure for all funds, assets and any resources appropriated to the state- owned enterprise.

(3) The chief executive officer shall—

- (a) be an *ex-officio* member of a board;
- (b) not have voting rights on a board; and
- (c) not be entitled to a board meeting fee or a retainer.

(4) A person qualifies for appointment as a chief executive officer if that person—

- (a) holds a degree or its equivalent recognised by the Zambia Qualifications Authority; and
- (b) possesses the relevant qualifications and professional competencies, as prescribed.

(5) A person does not qualify for appointment as a chief executive officer of a state-owned enterprise if that person—

- (a) is serving as a director of that state-owned enterprise;
- (b) has served as a director of that state-owned enterprise within the last preceding three years;
- (c) has a material relationship with the state-owned enterprise;
- (d) has been convicted of an offence involving fraud or dishonesty;
- (e) is an undischarged bankrupt;
- (f) is legally disqualified from performing the functions of a chief executive officer;
- (g) is an office bearer or employee of a political party;
- (h) is a councillor, council chairperson or Member of Parliament;
- (i) is a judicial officer;
- (j) has a superior rank in the Defence Forces;
- (k) is a Cabinet Minister or Provincial Minister;
- (l) is a Permanent Secretary;
- (m) has been removed from a public office for misconduct;
- (n) has been convicted of an offence under any written law and is sentenced to imprisonment for a term exceeding six months without the option of a fine; or
- (o) is a controlling officer of a State institution.

(6) The chief executive officer shall hold office for a term of five years and may be re-appointed for two further and final terms of five years.

(7) The office of a chief executive officer shall become vacant if that chief executive officer—

- (a) dies;
- (b) is convicted of an offence under any written law and is sentenced to imprisonment for a term exceeding six months without the option of a fine;
- (c) is adjudged bankrupt under any written law;
- (d) resigns by notice, in writing, to the board;
- (f) breaches a fiduciary duty;
- (g) misappropriates funds or assets of a state-owned enterprise;
- (h) is found guilty of professional misconduct;
- (i) is legally disqualified from performing the functions of a chief executive officer; or
- (j) holds a position in a political party.

Secretary and
other staff
Cap. 388

19. (1) Subject to the Companies Act, a board shall appoint a secretary of a state-owned enterprise who shall perform the secretarial functions of the board.

(2) A board may appoint other staff of a state-owned enterprise that the board considers necessary for the performance of the functions of the state-owned enterprise.

Terms and
conditions of
appointment
and
remuneration
of chief
executive
officer,
secretary
and other
staff

20. A board shall determine the terms and conditions of appointment and remuneration of a chief executive officer, secretary and other staff of a state-owned enterprise.

PART VI

FINANCIAL PROVISIONS AND DISCLOSURE

Financial
year

21. The financial year of a state-owned enterprise shall be a period of twelve months ending on 31st December in each year.

Accounts
and audit

22. (1) A state-owned enterprise shall cause to be kept proper books of account and other records relating to its accounts.

(2) The accounts of a state-owned enterprise shall be audited by the Auditor-General or an auditor appointed by the Auditor-General in accordance with the Public Audit Act.

Cap. 378

(3) A state-owned enterprise shall, in addition to the audit referred to under subsection (2), have the financial statements of the state-owned enterprise audited annually by an external auditor.

(4) A board shall, at a general meeting, recommend the external auditor referred to under subsection (3) to the shareholders, or the Minister, where the Minister has ownership powers, for appointment, to audit the state-owned enterprise.

(5) The external auditor referred to under subsection (3) shall be an audit firm registered with the Zambia Institute of Chartered Accountants.

(6) Despite subsection (5), an individual in the audit firm under subsection (5) shall not be engaged as an auditor by the same state-owned enterprise for a period of more than seven consecutive years in any of the following roles:

- (a) as the partner responsible for signing an audit report;
- (b) as an individual appointed to perform the audit quality review; or
- (c) as an individual involved in any other key audit roles.

(7) An individual referred to under subsection (6) shall be eligible to perform the functions of an auditor after the expiration of the following periods:

- (a) in the case of a partner responsible for signing the audit report, five years;
- (b) in the case of an individual appointed to perform the audit quality review, three years; or
- (c) in the case of an individual involved in any other key audit roles, two years.

(8) The fees of the external auditor shall be paid by the state-owned enterprise.

23. (1) A state-owned enterprise shall cause to be prepared a financial statement in accordance with the practice standards recognised by the Zambia Institute of Chartered Accountants that the Minister may determine.

Financial reporting

(2) A state-owned enterprise shall, not later than ninety days after the end of the financial year—

(a) in the case of a state-owned enterprise that is not a subsidiary, submit to the Secretary to the Treasury, an annual report and audited financial statements; and

(b) in the case of a subsidiary, submit an annual report and audited financial statements to a holding company or parent company.

(3) A holding company or parent company shall, on receipt of an annual report and audited financial statement under subsection (2)(b), within ninety days after the end of the financial year, submit the annual report and audited financial statement to the Secretary to the Treasury, as prescribed.

(4) An annual report referred to under subsection (2)(b) shall include information on the following:

(a) an audited financial statement;

(b) summarised audit and risk report of a committee of a board;

(c) an analysis of the progress towards key performance targets in the contracts between a board and the shareholders, or the board and the Minister, where the Minister has ownership powers;

(d) grants or recapitalisation funds received from Government or any other source and the purpose; and

(e) an environmental, social and governance report.

(5) A holding company or parent company shall, within six months after the end of a financial year, submit to the Secretary to the Treasury the following information:

(a) a consolidated annual report on the activities of the holding company or parent company during that financial year; and

(b) a consolidated audited financial statement for the holding company or parent company during that financial year.

(6) The Minister shall, not later than seven months after the end of a financial year, cause to be laid before the National Assembly the annual aggregate state-owned enterprise performance report of all state-owned enterprises.

(7) The aggregate annual report referred to under subsection (6) shall include:

- (a) a financial analysis of the state-owned enterprise;
- (b) a highlight of major investment or disinvestment undertaken by a state-owned enterprise;
- (c) an overview of corporate governance practises in a state-owned enterprise;
- (d) a summary of monies remitted from the Government and any other source; and
- (e) dividends declared and paid by a state-owned enterprise.

24. (1) A board of a state-owned enterprise other than a subsidiary shall, at the end of the quarter of a financial year, submit to the Secretary to the Treasury the following information:

Quarterly reports

- (a) outstanding guaranteed and non-guaranteed debt for both foreign and local currency denominated debt;
- (b) outstanding on-lending debt for both foreign and local currency denominated debt;
- (c) grants and recapitalisation received from Government or any other source;
- (d) outstanding pension liabilities, including gratuities and defined pension obligations;
- (e) arrears between state-owned enterprises; and
- (f) outstanding tax obligations.

(2) Despite subsection (1), a board of a subsidiary shall submit the information referred to under subsection (1) to a holding company or parent company.

(3) A holding company or parent company shall, on receipt of the information referred to under subsection (2), at the end of a quarter of a financial year, submit the information to the Secretary to the Treasury, as prescribed.

Publication
of
information

25. (1) A state-owned enterprise shall, not later than six months after the end of a financial year, publish the following information in the *Gazette* and an official website of a state-owned enterprise:

- (a) annual reports and audited financial statements;
- (b) costs and funding arrangements relating to public policy objectives or public interest service obligations;
- (c) financial assistance, including guarantees, subsidies and capital transfers received from another state-owned enterprise or any other source; and
- (d) major investment to be undertaken by the state-owned enterprise.

(2) A state-owned enterprise shall, not later than one month of any change in the following information, publish in the *Gazette* and an official website of a state-owned enterprise:

- (a) shareholding structure and voting rights of the shareholders;
- (b) participation rights of the Minister, where the Minister has ownership powers;
- (c) composition of the board and senior management of a state-owned enterprise; and
- (d) mandate and objective of a state-owned enterprise.

Request for
information

26. (1) A state-owned enterprise shall, on request by the Minister, relevant ministry, holding company or parent company, submit information relating to the affairs of a state-owned enterprise or its subsidiaries to the Minister, relevant ministry, holding company or parent company.

(2) Despite subsection (1), a state-owned enterprise shall not submit information relating to an employee or a customer of the state-owned enterprise, or any other person, if the information shall result in the identification of another person.

PART VII

RECAPITALISATION, RESTRUCTURING, INVESTMENT AND DIVIDENDS

Recapitalisation
of state-
owned
enterprise

27. (1) A board may, by resolution, make a written proposal for recapitalisation of a state-owned enterprise.

(2) The written proposal for recapitalisation under subsection (1) shall be accompanied by—

-
- (a) a statement on the current state of the state-owned enterprise;
 - (b) an estimation of the recapitalisation requirements;
 - (c) the reasons for and justification of the proposed recapitalisation;
 - (d) a description of the intended use of any additional equity or a loan of a shareholder or a loan from the Minister, where the Minister has ownership powers;
 - (e) the expected return of the recapitalisation;
 - (f) an assessment of the associated risks and proposed risk management strategy; and
 - (g) a management action plan outlining measures to ensure the efficient use of equity or a loan of a shareholder or a loan from the Minister, where the Minister has ownership powers.
- (3) A board of a state-owned enterprise, other than a board of a subsidiary shall, after making the written proposal referred to under subsection (1), submit the written proposal to the Secretary to the Treasury.
- (4) The Secretary to the Treasury may, on receipt of the written proposal referred to under subsection (1), provide a favourable written opinion to the board on terms and conditions that the Secretary to the Treasury may determine, if the state-owned enterprise shows that the proposed recapitalisation shall not—
- (a) confer an undue advantage on the state-owned enterprise over other market participants; and
 - (b) result in a distortion or substantial lessening of competition in the relevant sector.
- (5) The terms and conditions referred to under subsection (4) may include—
- (a) a minimum required return to be provided on the equity or a loan of a shareholder or a loan from the Minister, where the Minister has ownership powers;
 - (b) additional key performance indicators to be incorporated in a performance contract executed in accordance with this Act;

- (c) additional reporting obligations to the Secretary to the Treasury including methods of verification of agreed milestones;
- (d) phased disbursement of equity or a loan of a shareholder or a loan from the Minister, where the Minister has ownership powers based on the achievement of agreed milestones; or
- (e) sanctions or remedial measures to be imposed in the event of non-compliance with the conditions.

(6) A board shall, on receipt of the favourable written opinion referred to under subsection (4), present the written proposal for recapitalisation to the shareholders or the Minister, where the Minister has ownership powers, at a meeting.

(7) The shareholders or the Minister, where the Minister has ownership powers, may, at a meeting referred to under subsection (6), approve the written proposal where—

- (a) a board submitted the written proposal for recapitalisation to the Secretary to the Treasury at least two months before the date of the meeting at which the written proposal is considered; and
- (b) the Secretary to the Treasury has provided a favourable written opinion to a board on the written proposal.

(8) A recapitalisation under this section may take the form of equity or a loan of a shareholder or a loan from the Minister, where the Minister has ownership powers.

Recapitalisation
of subsidiary

28. (1) A board of a subsidiary shall, after making a written proposal for recapitalisation referred to under section 27 (1), submit the written proposal to a holding company or parent company.

(2) A holding company or parent company shall, on receipt of the written proposal referred to under subsection (1), assess the written proposal and the possibility of providing the necessary recapitalisation funds or recommend alternative measures.

(3) A holding company or parent company shall provide the necessary recapitalisation funds, where the subsidiary shows that the proposed recapitalisation shall not—

(a) confer an undue advantage on the subsidiary over other market participants; and

(b) result in a distortion or substantial lessening of competition in the relevant sector.

(4) The provisions of section 27(3), (4), (5), (6) and (7) shall apply where a holding company or parent company is unable to provide the necessary recapitalisation funds to a subsidiary under this section.

(5) Despite subsection (3), a holding company in which the Government has ownership powers or sole ownership of shares shall not provide any equity, capital contribution or any other recapitalisation without the approval of the Minister.

(6) The holding company referred to in subsection (5) shall, when seeking the approval of the Minister to provide any equity, capital contribution or any other recapitalisation, submit a recapitalisation plan for that financial year.

(7) The recapitalisation plan referred to under subsection (6) shall include—

(a) a subsidiary to be recapitalised in the financial year and the amounts required for recapitalisation;

(b) a clear statement of the purpose and basis for the recapitalisation;

(c) a comprehensive business case demonstrating why alternatives, including asset disposals, covenant waivers, third-party financing, restructuring or liquidation are unavailable or unsuitable; and

(d) an assessment of fiscal impact on the national budget and any contingent liabilities including guarantees.

(8) The Minister may, where the Minister approves the recapitalisation referred to under subsection (5), set performance conditionalities tied to recapitalisation of a subsidiary including reporting and restructuring.

(9) A recapitalisation under this section may take the form of equity or a loan of a shareholder or a loan from the Minister, where the Minister has ownership powers.

- Restructuring
- 29.** (1) A board of a state-owned enterprise shall, where a state owned enterprise is financially distressed, submit a business restructuring plan outlining the actions which the state-owned enterprise proposes to undertake to avoid the insolvency of that state-owned enterprise to the—
- (a) in the case of a state-owned enterprise, other than a subsidiary, the Minister; or
 - (b) in the case of a subsidiary, a holding company or parent company.
- (2) A holding company or parent company shall, on receipt of a business restructuring plan in accordance with subsection (1)(b)—
- (a) review the business restructuring plan and make a recommendation on the action to be undertaken by a subsidiary to avoid the insolvency of the subsidiary; and
 - (b) where necessary, inform the Minister of the financial distress of the subsidiary.
- (3) The Minister shall, on receipt of the business restructuring plan in accordance with subsection (1)(a) or information on the financial distress of a subsidiary under subsection (2), review the business restructuring plan or the information, as the case may be, and make a decision on the action to be undertaken by the state-owned enterprise or subsidiary.
- (4) The Minister shall, where the business restructuring plan referred to under this section involves privatisation, ensure that the privatisation of a state-owned enterprise is conducted as prescribed and in accordance with any other relevant written law.
- Investment policy
- 30.** (1) A board shall develop an investment policy with a list of—
- (a) assets that the state-owned enterprise holds or may purchase; and
 - (b) ineligible assets or non-core assets.
- (2) The investment policy referred to under subsection (1) shall reflect the core activities and core assets of a state-owned enterprise.
- (3) A board shall submit the investment policy referred to under subsection (1) for review and approval—

- (a) in the case of a state-owned enterprise other than a subsidiary, to the shareholders or the Minister, where the Minister has ownership powers, at a meeting; or
- (b) in the case of a subsidiary, to a holding company or parent company.

(4) A holding company or parent company shall, on receipt of the investment policy in accordance with subsection (3)(b), submit at a meeting the investment policy to the shareholders or the Minister, where the Minister has ownership powers.

(5) A state-owned enterprise shall, where the investment policy referred to under this section relates to a major infrastructure or natural resource investment project with capital requirements of more than zero point zero five percent of nominal Gross Domestic Product—

- (a) require the commission of an independent feasibility study, environmental and social impact assessment, and proof of financial viability; and
- (b) publish the notice of intention to undertake the activities under paragraph (a), at least three months prior to the commencement of the activities in the *Gazette* and an official website of a state-owned enterprise.

31. (1) The shareholders of a state-owned enterprise shall, on the recommendation of a board, approve by resolution, the amount of declared dividends to be paid by a state-owned enterprise to the shareholders.

Dividends
and
distributable
annual net
profit

(2) The Minister shall, where the Minister has ownership powers, on the recommendation of the board, approve the amount of the distributable annual net profit to be declared and paid by a state-owned enterprise to the Government.

(3) A board shall, in considering whether to recommend the declaration of dividends or distributable annual net profit under subsection (1) and (2), consider various factors including the solvency, liquidity position and future investment needs of the state-owned enterprise.

(4) Despite subsection (3), a holding company in which the Government has ownership powers or sole ownership of shares shall remit one hundred percent of the distributable annual net profit to the Government.

(5) Despite subsection (4), the Minister shall prescribe a ceiling on the operational and capital cost for a holding company in which the Government has ownership powers or sole ownership of shares.

(6) A state-owned enterprise that declares dividends under subsection (1) shall distribute the dividends out of distributable annual net profit and remit the dividends to the shareholders within ninety days after the approval of the distribution of dividends by the shareholders.

PART VIII

PUBLIC INTEREST SERVICE OBLIGATION

Public
interest
service
obligation

32. (1) A relevant ministry shall, where that relevant ministry requires a state-owned enterprise to undertake a public interest service obligation, write to the Minister requesting that a state-owned enterprise undertakes the public interest service obligation.

(2) Despite subsection (1), the Minister may, by statutory instrument, limit the number of public interest service obligations that a state-owned enterprise may undertake.

(3) The Minister shall, where the Minister, on receipt of the request under subsection (1), determines that a state-owned enterprise should provide the public interest service obligation, seek approval from Cabinet for the state-owned enterprise to undertake the public interest service obligation.

(4) The Minister shall, where Cabinet grants approval for the state-owned enterprise to undertake a public interest service obligation, ensure that the Minister responsible for a relevant ministry, the Minister and a state-owned enterprise referred to under subsection (1), enter into a written agreement for the state-owned enterprise to provide the public interest service obligation.

(5) The written agreement referred to under subsection (4) shall contain the following information:

- (a) the nature and quality of the public interest service obligation to be provided by the state-owned enterprise;
- (b) costs and the parameters used to determine the costs to be incurred by the state-owned enterprise for providing the public interest service obligation;
- (c) the fees to be charged by the state-owned enterprise for the public interest service obligation;

- (d) the payment modality to compensate a state-owned enterprise, where the fees charged by the state-owned enterprise are insufficient to cover the costs incurred by a state-owned enterprise in providing the public interest service obligation, as prescribed;
- (e) conditions to be met for compensation under paragraph (d); and
- (f) any other information as prescribed.
- (6) The compensation referred to under subsection (5)(d) shall be —
- (a) limited to the public interest service obligation provided by a state-owned enterprise; and
- (b) proportional to the net cost of the public interest service obligation provided by the state-owned enterprise.
- (7) The written agreement referred to under subsection (4) shall be published in the *Gazette* and the official website of the ministry responsible for finance.
- (8) The Minister shall, within thirty days of entering into the agreement referred to under this section, submit the written agreement to the National Assembly.

33. (1) A state-owned enterprise providing a public interest service obligation may, where the provision of the public interest service obligation is no longer necessary or feasible for public benefit, provide the service on a commercial basis.

Transition
to
commercial
viability

(2) The Minister may prescribe the criteria for the regular assessment of the continued necessity or feasibility of a public interest service obligation for the purposes of subsection (1).

(3) The assessment of the continued necessity or feasibility of a public interest service obligation referred to under subsection (2) shall be conducted at least every three years.

PART IX

COMPETITIVE NEUTRALITY

34. (1) The Government shall—

- (a) treat all state-owned enterprises and enterprises in the private sector on a non-discriminatory basis; and

Non-
discrimination
and
preferential
treatment

(b) not give preferential treatment, or an undue advantage, to a state-owned enterprise over an enterprise in the private sector, or vice versa.

(2) The Government shall not grant a state-owned enterprise preferential—

(a) access to financing, including subsidies from equity, debt or grants from the Government, a financial institution or a bank in which the Government has direct ownership or indirect ownership or another state-owned enterprise;

(b) access to pricing for land, natural resources, energy, utilities, electronic communication spectrum or labour; or

(c) treatment in procurement and through a procuring entity.

(3) Subject to subsection (2)(c) the Government shall ensure a procuring entity provides equal treatment and non-discrimination between state-owned enterprises and private bidders.

Financing by Government

35. Financing of a state-owned enterprise by the Government, a financial institution or a bank in which the Government has direct ownership or indirect ownership shall be based on market terms.

Exemption relating to non-discrimination and preferential treatment

36. Despite section 34, the Minister may, by statutory instrument, in the interest of a public interest service obligation, exempt a state-owned enterprise from the provisions of this Part.

(2) The exemption referred to under subsection (1), shall be limited and proportionate to the determined cost of the provision of the public interest service obligation by a state-owned enterprise.

PART X

MONITORING AND EVALUATION

Strategic and business plan of state-owned enterprise
Performance contract

37. A state-owned enterprise shall develop and implement a strategic and business plan relating to the operations of a state-owned enterprise.

38. (1) The shareholders, or Minister, where the Minister has ownership powers, shall enter into a performance contract with a board for the effective operation of the state-owned enterprise.

(2) A performance contract referred to under subsection (1) shall include—

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- (a) the mandate of the state-owned enterprise, including the extent of public interest service obligation, where applicable;
 - (b) key investments and activities to be undertaken by a state-owned enterprise in accordance with the strategic and business plan of the state-owned enterprise;
 - (c) an estimate of the amount of dividends to be distributed to the shareholder;
 - (d) the financial and non-financial key performance indicators, baseline and targets, in which the state-owned enterprise shall be assessed by the shareholders, or Minister, where the Minister has ownership powers, in relation to the mandate of the state-owned enterprise;
 - (e) risk management and internal controls, strategies including measures for safeguarding public assets; and
 - (f) monitoring and evaluation mechanism including frequency of progress reporting.
- (3) A performance contract referred to under subsection (1) shall be valid for three years.
- (4) A board shall submit to the shareholders, or Minister, where the Minister has ownership powers, a proposed performance contract or where the board intends to amend a performance contract before its expiry, a draft proposed amended performance contract, in writing, at least thirty days prior to when the proposed performance contract or proposed amended performance contract is intended to take effect.
- (5) A performance contract referred to under subsection (1) shall be signed by the chairperson of a board and the shareholders or the chairperson and the Minister, where the Minister has ownership powers.
- (6) The targets referred to under subsection (2)(d) may be integrated into the performance assessment of a chief executive officer of a state-owned enterprise.
- 39.** (1) A board shall, prior to the commencement of a financial year, adopt an annual operating plan based on the strategic and business plan and the performance contract.

(2) An annual operating plan referred to under subsection (1) shall take effect on the first day of the financial year to which the plan applies.

(3) A state-owned enterprise shall, every six months, submit a report to the shareholders, or the Minister, where the Minister has ownership powers, detailing progress made on the strategic and business plan, performance contract and annual operating plan referred to under this Part.

Monitoring and evaluation of performance contract

40. (1) The shareholders or Minister, where the Minister has ownership powers, shall, every six months of a financial year, evaluate and monitor the implementation of a performance contract of a state-owned enterprise.

(2) A board shall evaluate and monitor the performance contract of a chief executive officer.

PART XI

GENERAL PROVISIONS

Dissolution of board

41. The shareholder, or Minister, where the Minister has ownership powers, may dissolve a board of a state-owned enterprise where the board fails to—

(a) have a financial statement of a state-owned enterprise audited for two years by an external auditor in accordance with section 22(3); and

(b) meet targets in the performance contracts as prescribed.

Contraction of debt by state-owned enterprise
Act No. 15 of 2022

42. The provisions of the Public Debt Management Act, 2022, shall apply to the contraction of debt by a state-owned enterprise.

Exemption from provision of Act
Act No. 9 of 2026
Act No. 38 of 2021
Cap 354

43. The Minister may, where there is inconsistency between a provision of this Act and a provision of the Banking and Financial Services Act, 2026, the Insurance Act, 2021 and the Securities Act, by statutory instrument, exempt a state-owned enterprise from a provision of this Act if that state-owned enterprise is regulated under the —

Act No. 9 of 2026
Act No. 38 of 2021
Cap 354

(a) Banking and Financial Services Act;

(b) Insurance Act; or

(b) Securities Act.

44. (1) The Department shall keep and maintain a register of state-owned enterprises. Register

(2) A register referred to under subsection (1) may be in electronic form.

(3) The register referred to under subsection (1) shall —

(a) contain prescribed particulars and information; and

(b) be kept at the office of the Department and shall be open for inspection to members of the public during normal office hours.

(4) The Director may, on an application by a person, issue to the person a certified extract from the register on payment of a fee that the Director may determine.

45. (1) The Director shall, cause copies of a register, and any alterations of, or additions to, the register referred to under section 44 to be printed and published in the *Gazette* and a daily newspaper of general circulation in the Republic or any other electronic media that the Director may determine. Publication of copies of register

(2) Subject to this Act, a copy of the last printed and published register is *prima facie* evidence in legal proceedings of what is contained in that register and the absence of any name of a state-owned enterprise from the copy shall be *prima facie* evidence that the state-owned enterprise is not incorporated.

46. An action or other proceedings shall not lie or be instituted against a director or member of staff of the Department in respect of, an act or thing done or omitted to be done in good faith in the exercise or performance of any of the powers, functions or duties conferred under this Act. Immunity

47. Where an offence under this Act is committed by a body corporate or unincorporate body, with the knowledge, consent or connivance of a director, manager or shareholder of that body corporate or unincorporate body, that director, manager or shareholder is liable, on conviction, to the penalty specified for that offence. Offence by principal officers of body corporate or unincorporate body

48. (1) A person commits an offence if that person—

(a) obstructs, assaults, insults, hinders or delays an officer of the Department in the lawful exercise of the powers conferred on that officer under this Act; General offences

(b) knowingly makes, or causes to be made, to the Director or any staff of the Department, false information in any material particular; or

(c) breaches the fiduciary duties of director.

(2) A person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

Guidelines **49.** (1) The Department shall, in the performance of its functions under this Act, issue guidelines that are necessary for the better carrying out of the provisions under this Act.

(2) The Department shall cause to be published the guidelines issued under this Act in the *Gazette* and in a daily newspaper of general circulation in the Republic or any other electronic media that the Department may determine.

(3) The guidelines published under subsection (2) shall bind the persons regulated under this Act.

Regulations **50.** (1) The Minister may, in consultation with the Department, by statutory instrument, make Regulations for the better carrying out of the provisions of this Act.

(2) Despite the generality of subsection (1), the Regulations made under that subsection may provide for the—

(a) restructuring or privatisation of a state-owned enterprise;

(b) criteria for the regular assessment of the continued necessity or feasibility of a public interest service obligation;

(c) method for compensating a state-owned enterprise for performing a public interest service obligation;

(d) corporate governance code for state-owned enterprise; or

(e) any other information required to be prescribed under this Act.

Repeal of
Cap. 408 and
savings and
transitional
provisions

51. (1) The Self-Management Enterprises Act is repealed.

(2) Despite subsection (1), the Fourth Schedule applies to the savings and transitional provisions.

(3) Despite subsection (1), the Minister shall, within two years from the date of commencement of this Act, review all State institutions to determine which State institutions are state-owned enterprises and update the register of state-owned enterprises kept and maintained under this Act.

(4) A statutory corporation that is primarily engaged in market production or commercial activity shall, within six months from the date of commencement of this Act, comply with the provisions of this Act.

(5) Subject to section 7(3), an existing state owned enterprise which is not incorporated under the Companies Act shall, within three years from the date of commencement of this Act, be incorporated in accordance with the Companies Act and comply with this Act. Cap. 388

(6) A state-owned enterprise shall, with the approval of the Minister, within three years from the date of commencement of this Act, divest from non-core assets to assets that meet the mandate of the state-owned enterprise. Cap. 388

(7) The Minister shall, in collaboration with the Minister responsible for commerce, trade and industry, within two years from the commencement of this Act, publish a competition impact review of legislation relating to a state-owned enterprise with an implementation timetable to repeal or amend law and practises that distort competition in favour of state-owned enterprises.

FIRST SCHEDULE

(Section 2)

CRITERIA FOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Criteria for
independent
non-
executive
director

An independent non-executive director shall meet the following criteria:

- (a)* is capable of unbiased and objective decision making in the interest of the state-owned enterprise;
- (b)* has not been employed by the state-owned enterprise, including its major shareholders, in the past five years;
- (c)* is not an adviser or consultant to a state-owned enterprise and is not affiliated with a company that is an adviser or consultant to a state-owned enterprise;
- (d)* is not affiliated with a significant customer or supplier of a state-owned enterprise, including a bank or other financial institution owned by any of the major shareholders;
- (e)* has no personal service contracts with a state-owned enterprise or its senior management;
- (f)* is not affiliated with a non-profit organisation that receives significant funding from a state-owned enterprise;
- (g)* is not employed as a chief executive officer of another company where a director of a state-owned enterprise serves on that company's board;
- (h)* is not a member of the immediate family of an individual who is, or has been during the past five years, employed by the state-owned enterprise as an executive officer;
- (i)* is not, nor in the past five years has been, affiliated with or employed by a present or former auditor of a state-owned enterprise; and
- (j)* is not an executive officer of a state-owned enterprise or that person's relative, surviving spouse, in-law, heir, legatee and successor of any of the foregoing or the executor.

SECOND SCHEDULE

(Section 15(6) (b))

REQUIREMENTS FOR FIT AND PROPER PERSON

The shareholders, or Minister, where the Minister has ownership powers, shall, for the purpose of determining whether a person proposed to be appointed as director is a “fit and proper person”, take into account the following criteria:

- (a)* has the skills, knowledge and experience required for decision making in the interest of a state owned enterprise;
- (b)* holds a degree or its equivalent, recognised by the Zambia Qualifications Authority;
- (c)* is a business-person of repute or a recognised professional with relevant sectoral experience;
- (d)* is financially sound;
- (e)* has good reputation and exhibits high ethical standards;
- (f)* is not disqualified to act as a director under this Act or any other relevant written law; and
- (g)* has not been subject to an order made by the Securities and Exchange Commission or any other regulatory body, withdrawing or refusing to grant any licence or approval to that person which has a bearing on the capital market.

THIRD SCHEDULE

(Section 15 (8))

ADMINISTRATION OF A STATE-OWNED ENTERPRISE

Tenure and
vacancy of
office of
director

1. (1) Subject to the other provisions of this Act, a director of a board shall hold office for a term of three years and may be re-appointed for a further term of three years.

(2) Despite subparagraph (1), a director is eligible for re-appointment after six years of serving the two terms referred to under that paragraph.

(3) A board shall, at least nine months before the expiry of a performance contract, advise the shareholders or Minister, where the Minister has ownership powers, the expiration date of the performance contracts of the board or a director.

(4) A director shall, on the expiration of the term for which the director is appointed, continue to hold office until another director is appointed, but in no case shall the further period exceed four months.

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(5) In addition to the provisions of the Companies Act, the office of a director shall become vacant, where that director—

(a) is absent, without reasonable excuse, from three consecutive meetings of the board of which the director has had notice, without prior approval of the board;

(b) is convicted of an offence under this Act or any written law and is sentenced to imprisonment for a term exceeding six months without the option of a fine;

(c) is adjudged bankrupt;

(d) is found guilty of professional misconduct;

(e) is legally disqualified from performing the functions of a director; or

(f) holds a position in a political party.

(6) The shareholders, or Minister, where the Minister has ownership powers, shall, where the office of a member of a board becomes vacant, appoint another person in place of the member of a board who vacates office and the member appointed shall hold office for a term of three years and may be re-appointed for a further term of three years.

2. (1) Subject to the other provisions of this Act, a board may regulate its own procedure. Proceedings of board

(2) A board shall meet for the transaction of business at least once every three months at a place and time as the board may determine.

(3) There shall preside at a meeting of a board—

(a) the chairperson;

(b) in the absence of the chairperson, the vice-chairperson; or

(c) in the absence of the chairperson and the vice-chairperson, a director as the directors present may elect for the purposes of that meeting.

(4) A shareholder, or Minister, where the Minister has ownership powers, may be represented by a proxy at a general meeting.

(5) A board shall cause minutes to be kept of the proceedings of every meeting of a board and of every committee of the board.

3. (1) A person who is present at a meeting of a board or any committee of a board at which a matter is the subject of consideration, and in which matter that person or that person's relative or associate is directly or indirectly interested in a private capacity shall, as soon as is practicable after the commencement of the meeting, declare that interest and shall not, take part in a consideration or discussion of, or vote on, a question relating to that matter. Disclosure of interest

(2) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which the disclosure is made.

4. (1) A person shall not, without the consent, in writing, given by, or on behalf of, a state-owned enterprise publish or disclose to an unauthorised person, other than in the course of duties of that person, the contents of a document, communication or information which relates to or which has come to the knowledge of that person in the course of that person's duties under this Act. Prohibition of publication or disclosure of information to unauthorised person

(2) A person who contravenes subsection (1) commits an offence and is liable, on conviction, to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

(3) A person who, having information which to that person's knowledge has been published or disclosed in contravention of subsection (1), unlawfully publishes or communicates the information to another person, commits an offence and is liable, on conviction, to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

FOURTH SCHEDULE

(Section 51 (2))

SAVINGS AND TRANSITIONAL PROVISIONS

1. (1) A person who, before the commencement of this Act, was an employee of a state owned enterprise shall continue to be an employee of a state-owned enterprise, as if employed in accordance with this Act.

Staff of
state-owned
enterprise

(2) The service of the persons referred to in subparagraph (1) shall be treated as continuous service.

(3) Nothing in the Act affects the rights and liabilities of any person appointed or employed by the state-owned enterprise before the commencement of this Act.

2. (1) A person who immediately before the commencement of this Act held office as a director shall continue to hold office as a director for a period of two years after which the shareholders, or Minister, where the Minister has ownership powers, shall appoint the directors in accordance with this Act.

Director of
board

(2) Subject to subparagraph (1), every deed, bond or agreement, other than an agreement for personnel service, to which a state-owned enterprise was a party immediately before the commencement of this Act, whether or not of a nature that rights, liabilities and obligations could be assigned, shall, unless its subject matter or terms make it impossible that it should have effect as modified, as provided under this paragraph, have effect as if—

- (a) the state-owned enterprise had been party to it;
- (b) for any reference to a state-owned enterprise there was substituted, with respect to anything falling to be done on or after the commencement of this Act, a reference to a state-owned enterprise; or
- (c) for any reference to any officer of a state-owned enterprise, not being a party to it and beneficially interested, there were substituted, as respects anything falling to be done on or after the commencement of this Act, a reference to that officer of a state-owned enterprise, as a state-owned enterprise shall designate.

Legal
proceedings

3. (1) Any legal proceedings or application of a state-owned enterprise pending immediately before the commencement of this Act by or against a state-owned enterprise, may be continued by or against a state-owned enterprise.

(2) After the commencement of this Act, proceedings in respect of any right, liability or obligation which was vested in, held, enjoyed, incurred or suffered by a former state-owned enterprise may be instituted by or against a state-owned enterprise.
