

Law no. 3/2013

**Law of Privatization, Corporatization,
Monitoring and Evaluation of
Government Businesses
(Unofficial Translation)**

Dated 17 January 2013

Law of Privatization, Corporatization, Monitoring and Evaluation of Government Businesses

Chapter 1

Introduction

- Introduction and name
1. (a) This Law states the procedure relating to privatization, corporatization, monitoring, evaluation, selling of public shares from government businesses as under this law and all procedures relating to such activities.
 - (b) This Law shall be called the “Law of Privatization, corporatization, monitoring and Evaluation of Government businesses”.
- Purpose
2. (a) The purpose of this Law is to fulfill the following objectives.
 - i. To strengthen commercial activities and increase the speed of commercial growth;
 - ii. To facilitate a competitive commercial environment and increase the competitiveness of said environment;
 - iii. To stop only specific parties from owning different commercial businesses of the Maldives and facilitate the maximum number of parties to own such businesses;
 - iv. To allow maximum number of the population to take part in government businesses to extend their participation;
 - v. To increase revenue to the Maldivian government;
 - vi. To facilitate the pathway for the growth of government owned companies, government shared companies and commercial businesses run by the government;
 - vii. To establish a strong procedure to appoint government representatives to the Board of government owned companies, government shared companies and commercial businesses run by the government;

- viii. To ensure that the people appointed by the government to the Board of government owned companies, government shared companies and commercial businesses run by the government are fit and proper for the job they are assigned;
 - ix. To establish a strong procedure to act upon while appointing and removing people to the Board of government owned companies, government shared companies and commercial businesses run by the government;
- (b) The Board must ensure that the procedures and guidelines necessary for the implementation of this Law are in line with the Laws of Maldives and International Best Practice.
- (c) Any procedures implemented as under (b) of this chapter will only be valid if it does not violate any other articles of this law. If it does violate any articles, the amount that violates such an article will be null and void.

Chapter Two

Privatization and Corporatization Board

Establishment of Privatization and Corporatization Board

3. (a)A Privatization and Corporatization Board is hereby established as under this article of this Law;
- (b)This place is established to be run without any discontinuation. And this place shall have the right to make claims, defend against claims, own properties as under law of movable and immovable properties under its own name and also have the right to conduct business under its own name and shall have its own seal;
- (c)This law grants the Board the power to carry out operations given to it under this law and the direct and indirect powers required to carry out such operations.

4. (a) This Board will consist of a total 7 members appointed by the President of Maldives, including the president and vice president of the Board who will be nominated as under chapter 9 of this law;
- (b) After nominating members to the Board by the President of Maldives, they have to be approved by the Peoples Majlis.
- (c) Excluding the president and vice president appointed as under this chapter, the 5 remaining members must be appointed from the below mentioned 5 fields. And each of the appointed members must have obtained atleast a level-7 qualification out of the national qualifications and have atleast 3 years of experience in the related field.
 - i. Accounting and Finance field
 - ii. Banking field
 - iii. Business Administration field
 - iv. Law field
 - v. Economics field
- (d) In order to carry out the work of the Board in the same understanding, 4 members from the present term shall be appointed to the next term as well, provided that they meet the requirements of being a member of the Board as under this law. This process shall be carried forward for appointing members to the Board.

Credentials of members

5. The members appointed to the Board as under article 4 of this law must have the following credentials.
 - (a) Be a Muslim;
 - (b) Be a Maldivian;
 - (c) Be sound of mind;
 - (d) Be atleast 18 years of age;

- (e) Must not be convicted of any crimes which has punishment under Islamic law;
- (f) Must not be a Bankrupted person;
- (g) Must not have been convicted of bribery;
- (h) Must not be in the management or Board of Directors of any Government or Private companies;
- (i) Must not be in any positions mentioned in the Memorandum of Association of any political party or equivalent.

Period of Membership 6. (a) The tenure of membership of a Board member is 4 years.

(b) This law will always allow any 4 members of the Board to be reappointed for an additional term as under clause (d) of article 4 of this law.

Vacant post 7. Members post shall become vacant if any of the following situations arises.

- i. Relinquishing from the post of membership by sending a letter to the president;
- ii. Death;
- iii. Absence from 3 consecutive Board meetings without the written consent of the President of the Board
- iv. Termination from membership if the President of Maldives deems it that the member is unable to carry out his responsibilities.
- v. If a member has a decreed debt and does not pay it according to the verdict.
- vi. If a member obtains or takes part in the obtaining of shares either directly or indirectly during the process of privatization of government commercial institution under this law.

vii.If a member loses any of the credentials for being a member specified under this law.

- | | |
|---|--|
| Salary | 8. The salary of the members of the Board will be determined by the President of Maldives with the advice from the Peoples Majlis. |
| Appointment of President and Vice President | 9. (a) The President and Vice President of the Board will be appointed by the President of Malives.

(b) After appointing the President and Vice President of the Board as under clause (a) of this article, they must be approved by the Peoples Majlis.

(c) The President and Vice President of the Board can be reappointed to a new term when their present term expires, as under this law. |
| Credentials of the President and Vice President | 10. In addition to the credentials of being a member as specified in article 5 of this law, the President and Vice President of the Board must have the following credentials

(a) Must have 10 years experience along with a Masters Degree in Economics or Finance or Commerce or equivalent qualification from a government approved institution.
(b) Must not be employed at any other jobs.

(c) Must not fill any positions at any government or government shared companies and must not be a member of the Directors of any such company.

(d) Must not be a candidate appointed to a position that is chosen under the law or under a lawful election.

(e) Must not be convicted of robbery, misappropriation, burglary, embezzlement, bribery or negligence, in a court of law.

(f) Must not be a member of any political party |

Credentials of the
President and Vice
President

11. (a) The only entity that will work and carry out all duties related to the privatization of government or government shared commercial business, either directly or indirectly as under this law will be carried out by the privatization and corporatization Board.
- (b) Anyone other than the Privatization and Corporatization Board shall not have the jurisdiction to carry out any work specified in this law.

Work

12. Works that will be carried out by the Board will be;
 - (a) To organize, carry out, implement, look after and control the privatization of government businesses
 - (b) To determine the procedure of privatization and get them approved by the President of Maldives.
 - (c) To monitor all the stages of privatization of government businesses.
 - (d) To monitor the progress and maintain the speed of the process of privatization.
 - (e) To determine a list of government companies to be privatized or corporatized and the order they need to be privatized and corporatized which is to be approved by the President of Maldives and carried out as such.
 - (f) To provide a report to the President of Maldives and the Peoples Majlis, based on the following points, after privatizing or corporatizing of any government business.
 - i. The procedure used to privatize or corporatize the government business and why that procedure was followed.
 - ii. The actions taken in order to privatize or corporatize a government business.
 - iii. The revenue received from the privatization and corporatization of government business.
 - iv. Any other details related to the process.

- (g) To carry out a research on the market value of the shares of the government business to be private or corporatized by way of an independent institution.
- (h) To ensure that the process of privatization and corporatization under this law is carried out as per the following guidelines.
 - i. All proceedings related to the privatization must be done with the most transparency and by providing all the details to the general public.
 - ii. The process must be open for all interested investors to compete.
 - iii. The process must be fair and produce results
 - iv. Must not be a preplanned attempt to transfer the ownership to a specific party
- (i) To decide on the credentials of investors and people who want to purchase shares
- (j) evaluate the proposals of investors and people who want to purchase shares
- (k) the following points must be taken into consideration when evaluating the proposals of investors and people who want to purchase shares
 - i. Evaluate the capability of the person who wants to purchase shares of a government business and the place where he can buy said share.
 - ii. Evaluate the potential and experience the person who wants to buy shares of a government business, has in the purchasing, selling and development of companies.
 - iii. Find out the proposed price and conditions
- (l) The privatization process must be carried out in such a way that a person in the private sector, who is doing a similar type of business as the type of business carried out by the government business which is to be privatized, will not be the only person who does such type of business or will not facilitate the creation of a monopoly.

- (m) To determine the documentation required for the privatization of a government business and draft samples of such documents.
- (n) To find out and determine the people who are interested in investing in government businesses
- (o) To create the administrative policies in order to protect the confidentiality of the information obtained and create procedures to maintain such information.
- (p) To maintain a close relationship with all the institutions involved in the privatization project.
- (q) To keep on informing the citizens beforehand, about the major steps and activities involved in the privatization process and fully disclose information about any incidents.
- (r) To carry out evaluations on the magnitude of the impact of the privatization of a particular government business on the economy.
- (s) To carry out the following analysis regarding government companies, government shared companies and commercial government businesses
 - i. Determine the basic characteristics of the people to be appointed by the government to the Board of the Government companies, Government shared companies and commercial government businesses.
 - ii. Implement the procedures for choosing the people to be appointed by the government to the Board of the Government companies, Government shared companies and commercial government businesses and then appoint them.

- iii. Evaluate the fiscal status and budget analysis, the use of the capital allotted by the government, maintain the accounts and implement the procedures for the distribution of annual profits, determine the actions to be taken against companies that does not generate a profit, discuss with the relevant authorities about what to do about places that fail to produce a profit even after taking action against them except the places that are run for community services, of Government companies, Government shared companies and commercial government businesses.
- iv. Monitor Government companies, Government shared companies and commercial government businesses.
- v. Enhance the workflow, carry out the research required to monitor the progress and provide advice on how to improve the work of Government companies, Government shared companies and commercial government businesses.
- vi. Investigate the fiscal performance of Government companies, Government shared companies and commercial government businesses.
- vii. Investigate the budget of Government companies, Government shared companies and commercial government businesses.
- viii. Maintain the books, maintain uniformity in auditing of Government companies, Government shared companies and commercial government businesses.
- ix. Investigate the use of the capital allotted by the government and make any investigations related to increasing the capital of Government companies, Government shared companies and commercial government businesses.
- x. Carry out research on taking loans with the government as a guarantor and investigate the use of such loan funds taken by Government companies, Government shared companies and commercial government businesses.

- xi. Advice on the procedure on distribution of the annual profits of Government companies, Government shared companies and commercial government businesses.
 - xii. Determine the actions to be taken against Government companies, Government shared companies and commercial government businesses which do not generate a profit and explore the impact of implementing such actions.
 - xiii. Determine whether the Government companies, Government shared companies and commercial government businesses are run according to the governments' business policies and advise Government companies, Government shared companies and commercial government businesses in order to enforce the governments business polices.
 - xiv. To send the annual report of the previous year to the President of Maldives, the Peoples Majlis and the Auditor General before the end of month of February of each year.
- (t) To carry out all direct and indirect work related to the duties of the Board mentioned in this law.

Board Meetings

13. (a) Atleast 2 board meeting must be held during each calendar month.
- (b) A Board meeting can be held if the president of the Board deems it necessary to carry out the responsibilities of the Board.
- (c) The quorum shall be met if 5 members of the Board are present for the Board meeting.
- (d) The president of the Board must not take part in voting on issues. The president of the Board can vote only when there are equal votes for and against the issue.
- (e) The secretary of the Board meetings will be selected by the president of the Board.

- (g) The Board will be chaired by any of the following people;
 - i. The president or in the case where the president is not present, the Vice president.
 - ii. If the president and the Vice president is unable to attend and the quorum of the meeting is met, then a person elected from among the attending members.

(h) All decision of the Board must be taken by the majority vote of the attending members.

(i) If a Board member is unable to attend the meeting, it must be mentioned in the minutes.

Minutes

- 14. (a) Minutes of all Board meetings must be written.
- (b) The minutes of each meeting must be kept safe for atleast 5 years from the date of the meeting.

Informing conflict of interest

- 15. (a) If any members have a conflict of interest regarding any of the issues discussed at a Board meeting, they must say inform as such.
- (b) The conflict of interest mentioned in clause (a) refers to any conflict of interest either directly or indirectly by the Board member or his family or business partner regarding any issues being discussed or researched by the Board.
- (c) Any member who has informed about a conflict of interest must not take part in the discussions held on the topic unless it has been decided by the Board. They must also not take part in any votes taken on the topic.

Invitation

- 16. (a) The Board can, at its discretion, invite people to attend Board meetings
- (b) The conflict of interest mentioned in article 15 also applies to the people invited to attend Board meetings.

Chapter Three

Secretariat

- Secretariat of the Board
17. (a) A secretariat must be there for the Board
- (b) The secretariat of the Board will be maintained under Ministry of Finance and Treasury.
- (c) The secretariat of the Board must consist of Civil servants elected by the Minister as per advice from the Board
- Secretary General
18. (a) Under the conditions specified by the Board, a secretary general must be appointed by the Board
- (b) The secretary general will be the highest ranking officer among the staff of the secretariat.
- (c) The secretary general will help in the administrative work of the Board and ensure that this Law is executed to its fullest.
- (d) The Secretary general must be present at all Board meetings. If the secretary general is unable to attend then a Board member of his choice will be attending as a replacement.
- (e) The secretary general or his replacement will not be able to cast votes.
- (f) The conflict of interest mentioned in article 15 also applies to the secretary general or his replacement.
- Responsibilities of the secretary general
19. In addition to the duties specified in article 18 of this law, the secretary general has the following responsibilities.
- (a) Any work given by the Board or its president.
- (b) Create and maintain a complete database of the government businesses.

(c) Advise the Board and make any submissions regarding the privatization of government businesses.

(d) Prepare all information related to the conditions of privatization, procedures and programs to be followed, measures to be taken to implement the main responsibilities of the Board and the yearly goals of the Board regarding the privatization and corporatization of government businesses and submit this information to the Board.

(e) Plan the guidelines for the Boards work and create and run the administrative sections required to carry out the responsibilities of the Board in a transparent manner.

(f) Inform the Board the procedural changes that need to be made to carry out the programs for the privatization and corporatization and conduct any research related to create a competitive and productive environment for the commercial businesses and submits such research to the Board.

(g) Be answerable to the Board and its president and facilitate the administrative work that need to be done to assist the Board to carry out the responsibilities of the Board under this Law.

20. (a) Any staff or consultants appointed by the Board shall inform of any conflicts of interests they or their family members may have either directly or indirectly related to the privatization and corporatization program.

Informing conflict of Interest of Staff

(b) Any disclosure under clause (a) of this article must be made to the secretary general. And a decision will be made against that staff or consultant by the Board.

21. The following people shall sign a written pledge to maintain confidentiality of the Board work before starting his work and submit it to the president of the Board.

Pledgeto secrecy

(a) Every member of the Board.

(b) Every staff of the secretariat of the Board

(c) Every consultant hired by the Board

22. (a) Unless they have written consent, no person shall disclose any information in the name of the Board. And no third party shall be given any such information.
- (b) Even though it is said so in clause (a) of this article, the president of the Board can disclose information about the current activities of the Board with the consent of the Board.
- (c) Any information obtained or which has been brought to the attention of a member or staff, during the course of their work, either by way of his present job or designation, shall not be disclosed to a third party without the express written consent of the Board and such information shall not be made public.
- (d) Any person who is breaching the guidelines stipulated in clause (a) of this article is committing a crime and the punishment of this crime shall be a fine not exceeding Rf. 10,000/- (Ten thousand)

Chapter Four

Privatization Procedure

Privatization

23. (a) The privatization process of a government company must take place under a Divestiture sequence plan approved by the written consent of the President of Maldives.
- (b) The Board must publicize the table of government companies to be privatized by advertising in the government gazette or two Maldivian newspapers.

- v. Determine the financial year, audit the financial statements of the financial year by the auditor and submit the audit report to the Board before 4 months from the end of the financial year.
- vi. Maintain a roster of the immovable properties mentioned in the financial report.
- vii. To refrain from performing any actions that might harm, detriment or destroy any property owned by the business.
- viii. To not start any activity that may be regarded as a capital investment unless in the following instances.
 - (aa) Expenditure related to the renewal of any equipment, vessel or plant related to the daily work of the business.
 - (bb) Expenditure related to the development and promotion of the business.
 - (cc) An expenditure that can be recovered within 2 (two) years
 - (dd) Not be detrimental to the operation of the business.
- ix. Keep all documentation related to the business contracts and all legal and other liabilities.
- x. Not give away any information that might be used to gain an unfair advantage by any possible investors.
- xi. Provide the Board with information relating to the business.

(b) If any activities that needs to be done is not done or any activities that are prohibited is done as under clause (a) of this law it would be considered a crime and the punishment of this crime shall be a fine not exceeding Rf. 25,000/- (Twenty five thousand)

Corporate Plan

28. Every government business must have a corporate plan which should include the following information.
- (a) The goals set to achieve success and the difficulties that will be faced while reaching these goals.
 - (b) The duration it will take to achieve the goals set by the business.
 - (c) The financial goals.
 - (d) The main reasons why the business was created.
 - (e) The main type of work done and the division of the business.
 - (f) The details of the work done during a specific financial year.
 - (g) The share structure or the main procedures of distributing the share profits.
 - (h) The work done as capital investments.
 - (i) If any loans were availed, the type and amount of the loan.
 - (j) The safety precautions taken to prevent any negative influences from different investments.
 - (k) The main procedures in obtaining and releasing products.
 - (l) The main accounting policy used to maintain the financials.

Privatization procedures

29. (a) Any of the following procedures can be used by the Board to privatize a government business under this law.
- i. Public sale of shares.
 - ii. By submitting competitive bids.
 - iii. Selling shares to a specific entity by making a business agreement.

- iv. Producing shares more than that owned by the government and selling those shares.
- v. Sale of the properties of the business.
- vi. Re-organizing the business before selling all or part of the business.
- vii. Selling the business to the entities running the business or its staff.
- viii. Conducting business under the public private partnership guidelines.
- ix. Any other process decided by the Board and approved by the President of Maldives.

(b) Unless specified otherwise in the regulations made under this law, a government business shall be sold not less than the present market value.

Valuation	30.	<p>(a) Valuation of government business shall be carried out before privatization or corporatization as under this law.</p> <p>(b) The valuation mentioned in clause (a) of this article shall be done using a valuer. The report on the price determined by the valuer shall be submitted to the Board.</p>
People who can a business place	31.	The shares of a government business can be bought by both Maldivians and Foreigners.
Selling of shares to members	32.	Shares of a government business shall not be kept by a member of the ministers cabinet, Board members, Board committee members or Board consultants unless bought under a initial public offer.
Established Fund	33.	An established fund can buy the shares of a government company with the consent of the people who contributed to the fund.
Crediting	34.	The shares of a government business shall not be sold on credit, to be paid later.

- | | | |
|------------------------------------|-----|--|
| Negotiating sale | 35. | If the Board is trying to sell all or part of the shares of a government business to be privatized, to a particular entity, a negotiation team consisting of Board approved members can be appointed by the Board to negotiate with the buyer. |
| Negotiation team | 36. | <p>(a) A team called the negotiation team shall be appointed by the Board as under article 35 of this law.</p> <p>(b) The members of the negotiation team mentioned in clause (a) of this article shall have the following credentials.</p> <ul style="list-style-type: none"> i. Must have professional expertise and experience in businesses. ii. Must not have had a bad history in business or have a bad reputation in business. iii. Must be sworn to maintain the secrets of the Board. iv. Must not have either direct or indirect conflict of interest with the government business. |
| Transforming into a public company | 37. | If the Board decides to transform a government company scheduled for privatization, into a public company, the Board has the right to do so as per the Companies Act. |
| Acting as a broker | 38. | Even if mentioned otherwise in another law, a Bank or a financial institution can act as a broker to facilitate this law. |
| Liquidation | 39. | The Board has the right to liquidate a government business through a court of law as under Companies Act, provided that the rights of the shareholders are not lost. |
| Formalities of sale | 40. | <p>(a) The following people shall sign the agreement to sell the shares of a government business</p> <ul style="list-style-type: none"> i. If the shares are directly under the ownership of the government, the finance Minister. ii. If any other shares, the owner of the shares. |

(b) The ownership of the shares shall be changed as per the Companies Act.

- Maintaining records
41. The following records shall be maintained in writing.
- i. The full name of the places scheduled to be privatized under this law.
 - ii. The official names, designations and addresses of the Banks, accountants, lawyers, valuers and consultants involved in the privatization process.
 - iii. The bidders and their bid amount.
 - iv. The winning bidders and the reason they won.
 - v. The values of the shares and if any shares have any conditions, the details of such conditions.
 - vi. Any other information determined by the Board.

Chapter Five

Corporatization procedure

- Corporatization a specific institution
42. If the minister deems it necessary to corporatize a government institution, he shall discuss with the relevant minister and corporatize such institutions under this law by publicizing the news in the government gazette.
- Meaning of Corporatization
43. Corporatization is obtaining the following result through the amendment to the structure and procedures of an active institution.
- (a) Transforming the institution to be able to compete in a competitive business environment by bringing changes to its structure, process, circumstances and situation.
 - (b) Provide the opportunity for the maximum number of Maldivian and Maldivian owned companies to take part in the ownership and running of a government institution.

(c) Set specific goals and work to reach those goals.

- Use for corporatization 44. The purpose of corporatization is to improve the commercial productivity and reach the following goals.
- (a) To strengthen the productivity and results of government companies.
 - (b) The increase the responsibilities of the institution.
- How to achieve the corporatization goals 45. The corporatization goals can be reached by acting on the corporatization procedures mentioned in article 46 of this law.
- The major procedures of corporatization 46. The corporatization procedures consist of the following 4 main policies, each consisting of specific guidelines.
- (a) first policy : The goals shall be clear
- To fulfill this policy the following guidelines shall be met
- i. Each company shall have clear and non-conflicting goals.
 - ii. The goals shall be clearly specified.
 - iii. Financial goals shall be clearly specified.
 - iv. End result of goals shall be clearly specified.
 - v. Instead of regulating activities of the company by themselves, assign the task of regulating to another institution.
- (b) second policy : Providing independence and power
- To fulfill this policy the following guidelines shall be met
- i. Each company must have a directors Board
 - ii. Ensure the Board carries out its responsibilities to reach the goals set by the company.
 - iii. Provide an independent environment for the company to decide on the company's important decisions,

business decisions and carry out the work of the company.

- iv. Decide on goals that are measurable and will produce results in running the company.
- v. If the government has a role in running the company, the role shall be clear.

(c) Third Policy : Taking responsibility

To fulfill this policy the following guidelines shall be met

- i. The Directors Board of the company shall be jointly and severally liable to the shareholders of the company.
- ii. The basic guideline for being answerable will be the corporative statement of the company.
- iii. Identify the company's results by comparing them to the company's goals

(d) Fourth Policy: To not give any further importance in a competitive environment.

To fulfill this policy the following guidelines shall be met

- i. Ensure that specific people do not own a specific property or a service.
- ii. Even if it's a government company, no extra importance or protection shall be given that is not given to a private company.
- iii. If the role of the government company is so wide in the market that other people cannot prosper in the market, to change the policies of the company to allow competitive business environment.
- iv. To stop any work done to provide negative influences by staying at the present level of the market.

- How to corporatize 47. If the minister decides to corporatize a government institution as under article 42 of this law, the institution shall be corporatized by the Board, by way of a company made under Companies Act.
- Procedure for corporatization 48. (a) Before corporatization of a government institution, a corporatization chart shall be publicly announced.
- (b) The following information shall be included in the corporatization chart mentioned in clause (a) of this article.
- i. The institutions shall be governed by 4 policies mentioned in article 46 of this law.
 - ii. A table of how the 4 policies mentioned in clause (i) of this article is being followed and how to fully comply with them.
 - iii. If a government institution is to be transformed into a company, which law shall govern the company and to what extent.
 - iv. The changes brought to the accounting principles of the company.
 - v. The date and the changes that are to be made to the running of the institution and the changes to the financial principles.
 - vi. How to value the properties of the institution and how to produce a capital of shares and date on which the work is to be finished.
- Changing of ownership and property 49. If a government institution is to be turned into a commercial business company, in addition to the publication of corporatization chart, guidelines on how to deal with the following issues must also be publicized.
- (a) If a government institution is to be turned into a commercial business company, the previous work done by the institution must be made clear to the new company.

- (b) If a government institution is to be turned into a commercial business company, to specify which properties and rights shall be transferred to the new company.
- (c) When transferring property from a government institution to a company, if any payments need to be made, the payments and how to make payments need to be made clear.
- (d) Which agreements made by the institution shall be carried forward and which agreements shall be terminated.
- (e) How the rights of the staff working in the government institution will change to the new company.
- (f) How to create a temporary Board of Directors and what the Boards responsibilities of the Board will be.
- (g) How to create share capital and how to complete share capital

Chapter 6

Financial

- | | |
|---------------------|---|
| Budget of the Board | 50. The estimated budget of the board for the upcoming year should be sent to the Ministry of Finance and Treasury including the estimated income to the Board, Recurrent expenditure and Capital expenditure according to the financial act and regulation of the state. |
| Financial Year | 51. The financial year of the Board will be the concluding 12 months from January 1st to 31st December of each year. |
| Account Maintenance | 52. (a). The financial notes of the board should be maintained by the board as per the policies set by the Auditor General |

(b). The financial notes and maintenance of the board should be audited by independent auditors every year

Annual Report

53. (a). An annual Report detailing the works carried out by the board within the financial year should be submitted to the President and the Parliament within 3 months of the concluded financial year

(b). The following information should be included in the report mentioned in (a) of this section

(1). Audited Audit Report

(2). Income statement and audited expenditure statement

(3) Audited Balance Sheet

(4) Any other information deemed relevant by the Board

(5) Internal Audit Report conducted by an independent auditor

Speed Indicating Report

54. At the end of June and December of each year, the board should submit a report containing the following details:

(a). The work carried out by the Board during those 6 (six) months

(b) The main proposals received to the Board

(c) The proposal accepted by the Board

Chapter Seven

Some Common Policies

- | | | |
|--|-----|--|
| Knowledge of rights | 55. | (a). Any party that want to be submit an issue or interest regarding a business entity of the state that is going to be privatized should present these concerns to the board within 60 (sixty) days of the announcement regarding the privatization of the company.

(b). As stipulated in (a) of this section if for any reason, the party do not submit the concerns to the board within 60 (sixty) days it will be assumed that for the purpose of this law the party withdrew their rights. |
| Acquiring of assets and documents to the Board | 56. | Any asset, information or documentation acquired by the Government with regard to privatization when the Board is established with this law those assets, information and documentation will be transferred to the Board. |
| Sovereign Guarantee | 57. | The government will only be responsible for the loan of a business institution of the state or to the financial responsibilities or to a debt by that institution only by the terms of reference or written documentation of the Government Guarantee. |
| Settlement of issues with arbitration policy | 58. | If the investor to a state business institution and the board have any disagreements or have any disagreements on the privatization works it shall be settled as per mutual understanding by both parties according to international arbitration regulations. |
| Submission of false information | 59. | (a). if any person, intentionally submit false information or did not specify any information that has to be clearly specified, or acquired confidential information that has to be withheld is an offense. The person who does such an offense shall be fined by an amount not greater than |

35,000 (thirty five thousand) Rufiyaa.

- (b). If anyone is found guilty of an offense as mentioned in (a) of this section they shall be banned from taking part in acquiring shares of state owned enterprise undergoing privatization.
- (c). If a business institution of the state is privatized under this act, all agreements made by the institution before privatization unless otherwise stated in this act will come to an end.
- (d). Under this act if a business institution of the state is announced as listed to be privatized, any agreement made after the announcement and if that agreement was made so as to oppose privatization, that agreement will not be viewed as valid.

Investigation of
previous work

- 61. (a). If any government business institution was sold or privatized before this act came into being then the Board has the power to investigate if the privatization was carried out according to the best interest to the Government.
- (b). If the investigation carried out as per (a) of this clause concludes that the privatization was not carried out according to the best interest of the Government then the Board has the power to redo the privatization work accordingly as per the policies and guidelines defined in this act.

Setting of Regulations

- 62. The Board shall set regulations for the following:
 - (a) Opening for the bid
 - (b) Policies as to how companies will select parties for share offering
 - (c) Policies on bid submitters pre-qualification and registration
 - (d) Policy on common announcements
 - (e) Policy on bid evaluation

- (f) Policy on bid selection
- (g) Policy on negotiation
- (h) Policy on implementation when a business institution is changed as per agreement
- (i) Audit policy that has to be implemented before and after sale
- (j) Other policies needed to best govern the other policies of this act

- | | | |
|--------------------------------------|-----|--|
| Setting and governing of regulations | 63. | The regulations that have to be set under this act shall be set and governed by the Board. |
| Entry into force | 64. | This act shall enter into force when this act is passed, ratified and published in the Government Gazette. |
| Interpretation | 65. | <p>In this law, unless otherwise the context requires, the following words and phrases shall have the following meanings.</p> <p>“Board” means, the privatization and corporatization Board appointed under article 3 of this law.</p> <p>“Bank” means, the Banks or financial institutions operating in Maldives under Maldives Monetary Authority.</p> <p>“President” means, the president of the Board appointed under article 3 of this law.</p> <p>“Corporatization” means, changing a government office or institution into a company and rearrange its properties and change the office into a commercial business.</p> <p>“Consultant” means, the special people appointed by the Board to consult regarding the privatization proceedings. This includes Banks, accountants, lawyers and valuers.</p> <p>“Capital investment” means, The fixed assets of a company used for their development of business. Or the expenditure required to obtain capital asset.</p> |

“Divetiture sequence plan” means, the list specifying the order of privatization of government businesses.

“Established Fund” means, pension fund, social security fund, compensation fund, or retirement fund of retired civil servants.

“Secretary General” means, the highest officer of the secretariat appointed by the Board as under article 18 of this law.