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GAZETTE OF ERITREAN LAWS

PUBLISHED BY THE GOVERNMENT OF ERITREA

Vol. 20/2012 No. 5 Asmara, 5th November, 2012

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PROCLAMATION NO. 170/2012

**A Proclamation to Establish the Eritrean Crops and
Livestock Corporation**

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WHEREAS, in pursuance of its socio-economic development policy and its concrete achievements towards that end, the Government of Eritrea is as determined to accelerate and enhance the growth of the agricultural and livestock domain of Eritrea and ensure sustainable growth in the production and supply of food products for the Eritrean market and export; and

WHEREAS, for and in the acceleration and accomplishment of said agricultural development objectives, the establishment of a reliably capable corporate legal entity is imperative;

NOW, THEREFORE, it is hereby proclaimed as follows:

Article 1. Short Title

This Proclamation may be cited as the “Eritrean Crops and Livestock Corporation Establishment Proclamation No 170/2012”.

Article 2. Establishment

There is hereby established The Eritrean Crops and Livestock Corporation (hereinafter the “**Corporation**”) as an autonomous corporate entity having its own juridical personality with limited liability to the extent of its capital.

Article 3. Head Office of the Corporation

The Head Office of the Corporation shall be in Asmara, and the Corporation may, as it deems necessary, establish branch offices within and outside Eritrea.

Article 4. The Objectives of the Corporation

The socio-economic development objectives of the Corporation are to engage in the investment undertaking for the acceleration and development of the agricultural and livestock domain of Eritrea, for which the Corporation is hereby established to achieve and realize its said socio-economic development objectives, with particular initiation, implementation and maximization of the:

- (1) production of various types of consumable agricultural crops, including grains, pulses, oil seeds, and related by-products and plantation products such as fruits, vegetables, and flowers and related by-products;
- (2) livestock and poultry farming, including cattle, sheep, goats, camels, chickens, pigs/swine and processing of related by-products; and
- (3) domestic supply and export of said agricultural crops, plantations, livestock and poultry products and all their related by-products.

Article 5. Powers and Functions of the Corporation

For the effective implementation and realization of its socio-economic development objectives so addressed hereinabove, the Corporation is authorized and entrusted with all the requisite legitimate powers, including to:

- (1) conduct research and ensure the performance of the requisite professional feasibility studies for and on the acceleration of the development of agricultural crops and plantations, as well as different varieties of livestock and poultry;
- (2) document, maintain and apply the necessary and applicable high health and quality standards of its agricultural crops, plantations, livestock, poultry and their related by-products;
- (3) procure and/or import such necessary equipment, machineries, materials, chemicals and supplies, including seeds, samples of agricultural crops, livestock and poultry;
- (4) collect and utilize information for the domestic sale and distribution as well as for the export marketing of its agricultural crops, livestock, poultry and by-products thereof;
- (5) construct, equip and maintain buildings, silos, storage facilities, grain elevators and all sorts of agricultural machineries and water supply sources, storages and irrigation systems as well as livestock and poultry shelters, means and facilities;

- (6) establish subsidiary companies for investments in all aspects of the socio-economic development objectives of the Corporation in accordance with the Transitional Commercial Code of Eritrea, for which, the Corporation is authorized to encourage and attract Eritrean investment partners in Eritrea and in Diaspora as well as such interested foreign investors for and in such subsidiary companies for which, prior due consultation with and approval by the Board of Directors, shall be required;
- (7) consider and apply such supportive and beneficial acts and involvements for the local farmer-communities adjacent to its development and production areas;
- (8) enter into contracts with any national or foreign natural or juridical person;
- (9) own and dispose of movable and immovable property and issue negotiable instruments;
- (10) sue and be sued in its own name; and
- (11) perform all and whatever legitimate, necessary and incidental to attain its objectives.

Article 6. Capital of the Corporation

- (1) The capital of the Corporation so provided and paid up in full by the sole capital provider or stock holder, the Ministry of Finance of the Government of Eritrea, in cash is 500,000,000.00 (Five Hundred Million) Nakfa consisting of 25,000.00 (Twenty Five Thousand) common shares with the par value of 20,000.00 (Twenty Thousand) Nakfa per share.
- (2) If and when so approved by the President of the State of Eritrea (hereinafter the “**President**”), upon the recommendation of the Board of Directors, the stock holder shall provide the Corporation with such additional capital in whatever form or nature.

Article. 7 Management Structure and Responsibilities of the Corporation

- (1) The management structure of the Corporation is constituted as follows:
 - (a) the Board of Directors;

(b) the General Manager; and

(c) the necessary staff.

(2) The Board of Directors (hereinafter the **"Board"**), which shall be constituted

by the ministers of Agriculture (the Chairperson), Finance, Trade and Industry,

Local Governments, as well as the head of the Eritrean Investment Center (hereinafter the **"Board Members"**), each of whom shall be appointed by the

President.

(3) The Board is, pursuant to the provisions of Articles 8 and 10 hereof, hereby entrusted with ultimate management responsibility of the Corporation for the implementation and realization of the socio-economic development objectives of the Corporation so envisaged in accordance with this Proclamation.

(4) The General Manager of the Corporation, who shall be appointed by the President, is, subject to the provisions of sub-Article (3) hereinabove, the Chief Executive Officer (CEO) of the Corporation for the actual and routine performance, implementation and realization of the national aspirations and the socio-economic development objectives of the Corporation.

(5) For the implementation of their respective management duties and responsibilities, the Board and the General Manager shall, upon the latter's consolidated submission for the Board's consideration and approval of employment, coordinate the selection process of the requisite human resources and qualifications and agree upon the related employment terms and conditions that will constitute the staff of the Corporation.

Article 8. The Board's Management Authority

(1) The Board Members who are entrusted with ultimate joint management authority of the Corporation, are hereby granted with the full power and authority to ensure that the Corporation implements, effectuates and realizes in real terms the acceleration and enhancement of the socio-economic growth and

development of the agricultural domain of Eritrea as so specified in this Proclamation, including responsive performance by international standards and domestic demands, as well as commensurate business returns.

(2) The Board which is entrusted with the overall management authority of the undertakings of the Corporation in accordance with this Proclamation shall be accountable to the President for the Corporation's performance and its outcome.

(3) Without limiting the generality of the foregoing, the Board is authorized and entrusted with the responsibility to:

- (a) formulate and maintain, as and when appropriate, short and long-term investment programs, work-plans and business prospects of the Corporation and project detailed, pragmatic and result-oriented activities and undertakings, along with the budget therefor and expected services, achievements and financial returns therefrom, for which, the General Manager's inputs and recommendations shall be considered;
- (b) ensure that the requisite feasibility studies are conducted for due consideration and the decision on the establishment of regional (Zoba) and sub-regional (sub-Zoba) development and production areas of crops and livestock and/or marketing centers, conveniences and services;
- (c) liaise and consult with domestic or international government and non-governmental bodies or private enterprises for and in relation with the enhancement of its functions and responsibilities;
- (d) conduct a regular review and evaluation of its activities and performance within the context of the objectives of the Corporation and national expectations, as well as record and implement such necessary steps and directives thereon;
- (e) negotiate and secure development funds and/or loans and financial

facilities from within or outside the State of Eritrea for the realization of the objectives of the Corporation, it being understood that all sorts of workable and convenient forms and types of guarantees may be required therefor; and

- (f) update the President with the outcome of its regular reviews on the activities and performance of the Corporation.

Article 9. Board Meetings

- (1) Meetings of the Board shall, subject to the provisions of sub-Article (2) hereinbelow, for the review and assessment of the business performance of the Corporation, be convened in accordance with their scheduled regular quarterly meetings, apart from special meetings that may be required upon the call therefor by any Board Member or the General Manager.
- (2) The Board shall, upon the Chairperson's directives, conduct an Annual Meeting of the Board once a year following the end of each Fiscal Year, for which, among others, the Board shall consider, evaluate and resolve such appropriate actions and/or recommendations on:
 - (a) the business performance of the Corporation;
 - (b) the audited Balance Sheet, Profit and Loss Account, Asset Inventory and other financial reports; and
 - (c) the determination and implementation of the delivery of the net profit to the sole capital investment provider, the Ministry of Finance of Eritrea, it being understood that it may, in consultation with and upon the approval by the Minister of Finance, establish and retain a reserve fund from the net profits each year in the maximum amount of 10% (Ten Percent) out of each of such year's net profit until such reserve

fund equals 60% (Sixty Percent) of the capital, for which the Board is

authorized to effect such necessary adjustments.

- (3) The presence of a minimum of 3 (three) Board Members in person shall constitute a quorum for any meeting of the Board and all actions and resolutions taken at a meeting of the Board Members shall be adopted by the affirmative vote of a majority of the Board Members present at the meeting in person, and it being understood that the Chairperson shall preside over all meetings of the Board and have a casting vote in case of a tie.
- (4) The substance of the proceedings of all meetings of the Board and any resolutions adopted therein shall be recorded in minutes of proceedings by the secretary of the Board Meeting.

Article 10. Executive Management Duties and Responsibilities

- (1) While the overall management of the Corporation is vested in the Board, the General Manager of the Corporation, in his capacity as the Chief Executive Officer, is hereby entrusted with the actual and direct corporate management duties and responsibilities for effective performance and implementation of the development, operation, production, and the domestic distribution and export marketing of all sorts and varieties of agricultural crops, livestock, poultry and related by-products.
- (2) Without limiting the generality of the foregoing, the General Manager has, in particular, the following duties and responsibilities to:
 - (a) represent the Corporation, to all effects and purposes, before judicial and quasi-judicial bodies, Government departments, municipal authorities, domestic and/or foreign business organizations, agencies or entities and governments, financial institutions such as banks and insurance agencies or any other natural or juridical person/s for and in the interest and activities of the Corporation;
 - (b) open an account or accounts with a bank or banks in Nakfa or in any

foreign currency and to operate same and to draw, endorse and sign in the name of the Corporation, all cheques, drafts, payment orders, transfers, assignments, and any other financial instruments whatever relating to the Corporation's activities, including the use of letters of credit, performance securities and others for domestic and international transactions;

- (c) sign and execute any agreement or transaction on behalf of and in the interests of the Corporation;
- (d) initiate business loans and/or credit facilities for and on behalf of the Corporation from any banks or other financial institutions within or outside Eritrea and to execute and implement contracts and undertakings therefor, it being understood that in each and any of such events and actions, the Board's prior approval and authorization shall be a pre-condition;
- (e) employ and/or dismiss and replace the staff of the Corporation, provided
this shall be done in consultation with and the prior approval of the Board in the case of management staff;
- (f) carry out the decisions and/or directives of the Board and execute and follow up same;
- (g) keep and cause to be kept financial accounts, records, books of up-to-date
inventories of product materials and assets of the Corporation in consonance with the standard applicable practice;
- (h) prepare and submit to the Board detailed quarterly reports on the activities
of the Corporation as well as a comprehensive annual report relevant to each Fiscal Year on the activities of the Corporation, including Balance Sheet, Profit and Loss Account and Asset Inventories; and
- (i) designate any person at the management level to act on his/her behalf in
case of absence or illness and appoint a lawyer or lawyers to consult and act for the Corporation, as and when necessary.

Article 11. The Co-ordination Committee

- (1) The Co-ordination Committee (hereinafter the “**Committee**”) is hereby constituted to avail and contribute its cooperation to the Corporation for the smooth implementation and realization of socio-economic growth and national development objectives of the Corporation.
- (2) The Committee members shall comprise the Administrators of the 6 (Six) regions (Zobas) of Eritrea.
- (3) The Committee shall, upon the invitation of the Chairperson of the Board of the Corporation, attend a formal meeting with the Board (hereinafter the “Committee-Board Meeting”) at the end of each fiscal year with due participation of the General Manager, it being understood that extraordinary meetings may also be conducted.
- (4) The prime purpose of the annual Committee-Board Meeting is to ensure and maintain the smooth and productive performance of the Corporation so as to enhance and contribute to the socio-economic development of Eritrea, and for the Committee-Board Meeting, among others, to:
 - (a) update the Committee with the performance and progress of the Corporation of each of such fiscal year; and
 - (b) consider, formulate and recommend whatever possible or practicable steps that may be required from the Committee and/or the Board to facilitate, enhance, expand and reach out to the society engaged within the context of the objectives of the socio-economic growth of the Corporation.

Article 12. Fiscal Year

The Fiscal Year of the Corporation shall be the same as that of the Government.

Article 13. Accounts

The General Manager of the Corporation shall:

- (1) cause proper books of accounts to be kept on the income and expenditures,
assets and liabilities and all other transactions of the Corporation; and

- (2) within 4 months after the end of the Fiscal Year, submit for audit the financial statements and accounts to an accredited independent External Auditor or Auditors, who shall conduct the audit according to generally accepted accounting principles.

Article 14. External Auditors

- (1) The Independent External Auditors mentioned in Article 13 hereof shall
be appointed and the remuneration for their services to the Corporation determined by the Board.
- (2) The External Auditors shall audit the financial books and records, as well as the business performance of the Corporation, verify the correctness and accuracy of the Balance Sheet, Profit and Loss Accounts and the Inventory of Assets and related records and submit their evaluations and opinion on the performance status and financial situation of the Corporation to the Annual Meeting of the Board, along with their recommendations, if any.

Article 15. Taxes

Nothing in this Proclamation shall exempt the Corporation from payment of taxes, duties and dues or any fees due to the Government and its agencies.

Article 16. Duration of the Corporation

The Corporation is established for an indefinite duration.

Article 17. Entry Into Force

This Proclamation shall enter into force as of the date of its publication in the Gazette of Eritrean Laws.



Done at Asmara, this 5th day of November, 2012,
The Government of Eritrea.