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Draft Law for NGOs, 2008
Translation from Al Watan newspaper, 18/1/2008

Summary:

At the end of last December, the Saudi Consultative Council approved regulations governing charitable societies and non-governmental organisations. Amongst the most prominent amendments made to the Government draft law by the Consultative Council is recognition by the Council of family foundations, provided these foundations are under the supervision of the National Commission for Charitable Societies and Non-Government Organisations. This will bestow a legal capacity upon family foundations which have spread in Saudi society in recent years. According to the new regulations, family foundations will become part of civic society organisations, according to the report prepared by the journalist Abdullah bin Fallah, and published in the Saudi newspaper Al Watan on Friday 18/1/2008.

A new chapter has also been added in its provisions about the National Commission for Charitable Societies and Non-Government Organisations regulating the work of the charitable societies and NGOs in order to ensure flexibility. Two Articles have been added, one concerning the budget of the Commission and the other with its tasks. This is in addition to another Article pertaining to the Board and Members of the Commission. A new Article was added designating the financial resources of the charitable society and the controls on receiving foreign aid via the Commission.

A new chapter was also added dealing with specific unions between charitable societies and NGOs. This will enable these societies and NGOs to establish specific unions, whereby civic society will regulate itself under the internal control of these unions.

The most important articles of the draft law as quoted by Al Watan newspaper.

Aims of the Regulations

- To regulate, develop and protect non-government work
- To participate in national development.
- To empower the citizen and encourage his participation in running and developing the community.
- To promote a culture of voluntary work amongst members of the community.
- To achieve social cohesion.

[Article One – missing]

Article Two:

According to the provisions of these regulations, a society shall be deemed to be each group organised to last for a particular or non-particular period of time, made up of natural persons or body corporate, or of both, non-profitable, established to perform good deeds, or cohesion or carry out religious, social, cultural, health, educational, vocational, creative activities or provide humanitarian services, whether through financial or material aid or through technical expertise.

Article Three (New):

Charitable societies and NGOs shall be classified for the purposes of these regulations as follows:

One: Charitable Societies

According to the provisions of these regulations, a charitable society shall be deemed to be each group organised to last for a particular or non-particular period of time, made up of natural persons or body corporate, or of both, basically non-profitable, established to perform good deeds, or cohesion or to carry out religious, social, cultural, health, environmental, educational, scientific, vocational, creative, youth or human rights activities, protection of the consumer, provide humanitarian services or any similar non-governmental activity, whether through financial or material aid or through technical expertise or other, whether this activity is directed to public service, like public good organisations, or directed basically to serve specialists or an occupation like vocational, scientific or literary societies.

Two: Non-Government Organisations (NGOs)

According to the provisions of these regulations, an NGO shall be deemed to be any entity established by a person/s, natural or body corporate or both, for a particular or non-particular period of time, is basically non-profitable, in order to achieve one or more public good or specialist purpose, and depends on monies allocated to it by the founder/s. Non-government foundations of all types shall be deemed NGOs.

New Chapter

Article Four

An authority designated "The National Commission for Charitable Societies and Non-Governmental Organisations" shall be established in accordance with the provisions of these regulations. It shall be a body corporate with an independent budget. It shall be linked to the Prime Minister and shall be based in Riyadh. It may establish branches or offices in the regions of the Kingdom, as necessary.

Article Five (New):

The Commission shall have an independent annual budget which shall be prepared and issued in accordance with the arrangements pertaining to issuing the State Budget. Its financial year shall begin and end as per the State Budget. This budget shall include Government aid decreed for charitable societies. As an exception, the first financial year of the Commission shall begin effective the date of its establishment and end with the ending of the State financial year.

Article Six:

The Tasks of the Commission (New)

The Commission is the authority responsible for the affairs of charitable societies, NGOs and unions within the scope of the provisions of these regulations and other relevant regulations. It may take, as it sees fit, decisions which achieve the aims of these regulations, in particular:

1. It shall register and licence charitable societies, NGOs and unions.
2. It shall grant government aid to registered charitable societies.
3. It shall follow up the performance of charitable societies, NGOs and unions including financial control. The bylaw specifies the rules pertaining thereto.
4. It shall act to develop charitable societies and NGOs.
5. It shall support and effect research and studies, organise conferences and seminars on its own or in conjunction with other similar organisations doing public work.
6. It shall approve the charters of the charitable societies, NGOs and unions.
7. Study the amalgamation of charitable societies and NGOs whatever the type of charitable society or NGO.

8. It shall set out and approve the rules required to coordinate between official bodies and charitable societies, NGOs and unions within and without the Kingdom, in accordance with these regulations.
9. It shall set out and approve the financial and administrative bylaws required to manage the affairs of the Commission.
10. It shall set out and approve a regulatory bylaw to collect donations and the means to do so.

Article Seven (New):

The Board is the highest authority in the Commission entrusted to regulate and monitor non-governmental work in accordance with the provisions of these regulations. The Board shall be constituted as follows:

1. A member of the Council of Ministers shall be nominated, by Royal decree, as Chairman.
2. Representatives of government sectors, the seniority of post of each of them to be not less than fourteen, as follows:
 - A representative of the Ministry of Social Affairs, Member.
 - A representative of the Ministry of Islamic Affairs, Religious Endowments, Invocation and Guidance, Member.
 - A representative of the Ministry of Higher Education, Member.
 - A representative of the Ministry of the Interior, Member.
 - A representative of the Ministry of Trade, Member.
3. Representatives of non-government organisations who have previous experience and a record for giving, as follows:
 - Three representing non-government societies working in public service, Members.
 - Two representing professional societies, Members.
 - Two representing scientific societies, Members.
 - Two representing non-governmental organisations, Members.
 - A representative of the Chambers of Commerce, Member.

The Chairman shall appoint a Deputy from amongst the members. The Board may invite whosoever it sees fit to assist it without that person having the right to vote. Members of the Board shall be appointed by a decree issued by the Council of Ministers, based on a nomination by the Chairman of the Board, for a period of four years renewable once. Should a vacancy arise for any reason, a replacement shall be appointed based on a nomination by the Chairman of the Board. Attendance allowances at the Board meetings shall be determined by decree issued by the Council of Ministers.

4. The Board shall meet at least four times a year at the invitation of the Chairman. The meetings of the Board shall not be deemed to be proper unless more than half the members attend, amongst them the Chairman. The Board shall pass its decisions by a majority vote amongst the members and should there be parity, the Chairman's vote will be the deciding factor.
5. The Board may meet in extraordinary session if at least three of its members call for the Board to meet to discuss any emergency developments which require a decision by the Board.

Article Eight: New

The Commission shall have a Secretary General, of outstanding rank, who will be appointed by Royal order based on a nomination by the Chairman of the Board. The charter will determine his duties and authorities.

Article Nine: Fund for Supporting Charitable Societies “New”

1. There shall be established in accordance with these regulations a fund designated “Fund for Supporting Charitable Societies”. This shall be linked to the Board and its duties shall be to support and develop the programmes of the charitable societies, in accordance with that which is stipulated in the charter of the Fund.

2. Resources of the Fund:

- Funds allocated for it in the State Budget.
- Receipts from alms, donations, grants and endowments.
- Disposable funds at banks, financial institutions, companies and the like.
- Funds reverting to the Fund after the dissolution of charitable societies.
- Revenue from the Fund’s investments of its resources.
- What the State allocates from customs and excise revenue.

3. The Board shall pass a separate bylaw for the Fund specifying how the Fund and its monies are to be managed and showing the rules governing spending from the Fund.

[Article Ten – missing]

Article Eleven: “Amendment”

The charitable society may establish branches within the Kingdom provided it informs the Commission accordingly. The charter shall determine the manner in which these branches are to be established and their responsibilities, and other provisions pertaining thereto.

Article Twelve: “Addition”

The society shall be made up of the following bodies:

1. The General Assembly.
2. The Board of Directors.
3. The permanent committees formed either by the General Assembly or the Board of Directors. The responsibilities of each committee shall be determined by the decree issued for its formation.
4. The executive body.

Article Thirteen: “Charter” (Re-drafting)

The charter of the society shall include the basic information and data, in particular:

1. Name, main headquarters and geographical scope of services of the society.
2. The purpose for which it was established.
3. Names, personal details, civil register number and permanent addresses of founders.
4. Conditions and types of membership and rights and duties of members.
5. Resources of the society and how they are dispensed.
6. Specifying the beginning and end of the financial year.
7. Specifying the number of the members of the Board of Directors and its period in office (provided it does not exceed four years) and specifying the election process within the society.
8. Methods of financial control.
9. Rules pertaining to the bodies representing the society, the responsibilities of each of them, how their members are selected and termination of their membership.
10. How the charter of the society is amended or how branches of the society are to be established and how it can be amalgamated with other societies.

11. The rules applying when the society is dissolved by choice and to whom its monies revert. It is not permitted that its charter stipulates that its monies revert to other than a society with similar activity and is registered according to the law.

Article Fourteen: Resources of the society “New”

1. The resources of the society shall be made up from the following sources:
 - a. Membership fees, if applicable.
 - b. Proceeds from the society's activities.
 - c. Zakat paid to the societies whose activities include Zakat banks.
 - d. Alms, grants, endowments and donations.
 - e. Proceeds from investment of the society's funds. The society may not take part in monetary speculation.
 - f. What it is allocated from government aid.
 - g. What the Fund allocates to support its programme and to develop it.
 - h. Financial resources realised by the society through running a government organisation, or implementing some of its programmes or projects.
3. It may not receive outside aid without the approval of the Commission. The bylaw shall determine the controls pertaining thereto.

[Articles Fifteen to Nineteen – missing]

Article Twenty: “Amendment”

1. The ordinary and extraordinary meeting of the General Assembly shall be deemed proper if 51% of the working members are in attendance. If this quorum is not achieved, the meeting shall be postponed to another session to be held within a minimum of one hour and a maximum of fifteen days from the date of the first meeting. In this situation, the ordinary meeting of the General Assembly will be deemed proper with the attendance of those members present, and with respect to the extraordinary meeting with the presence of not less than 25% of the members.
2. Decisions of the ordinary meeting of the General Assembly shall be passed by an absolute majority of those members who are present.
3. Decisions of the extraordinary meeting of the General Assembly shall be passed by two thirds of those members who are present.

Article Twenty One: “New”

1. The General Assembly shall elect members of the Board of Directors by secret ballot for a period of four years, renewable once.
2. The Commission may assign someone to be present to ascertain that the voting process takes place according to the charter.

[Article Twenty Two – missing]

Article Twenty Three:

1. The Board of Directors of the Society shall submit to the Commission a detailed annual report of the financial year just ended within three months from the end of the financial year. This report should have been approved by the General Assembly and include monitoring of the society's activities and a comprehensive financial report, approved by the auditor, as well as a copy of the estimated budget for the new year.

2. There shall be recorded in a special register the name of each member, his civil register number, and date of birth, occupation, address, date of joining the society, and membership fee paid, if applicable, and every change taking place in this data.
3. There shall be recorded – in registers dedicated for this purpose – the meetings of the General Assembly and the Board of Directors, their decisions and the decisions taken by the executive official of the society who is authorised to do so by the Board of Directors. Each member of the society is entitled to look at these registers.
4. The accounts of the society shall be recorded in registers showing in detail income and expenditure, including donations and the sources of these donations.
5. The society shall contract an authorised chartered accountants office to audit its accounts.
6. The society shall deposit its cash in its name with a bank in the Kingdom. No monies shall be withdrawn from this account except by signature of two responsible officials in the society. The charter of the society shall determine who these responsible officials will be.
7. The society shall display at its headquarters or on its website its final accounts one week prior to the convening of the General Assembly.
8. The society shall abide by the provisions of the Sharia, public order, and public decency and by everything which maintains national unity.
9. The society shall issue a membership card to each member.

[Articles Twenty Four to Twenty Six – missing]

Article Twenty Seven “Amendment”

a. The Board may suspend the activities of the society temporarily and submit before the relevant judiciary to dissolve the society or amalgamate it with another society, when there is sufficient evidence and a justifiable cause, in the following situations:

1. If the number of its members is less than ten.
2. If it deviates from its aims or commits serious violations of this law or its bylaw or the charter of the society.
3. If it becomes incapable of fulfilling its financial obligations.
4. If it dispenses its funds for purposes not specified for it.
5. If it violates the provisions of the Sharia, public order or public decency.

b. If it becomes evident to the Board that serious mistakes have been committed which affect the society’s ability to run the organisation or implement programmes or projects entrusted to it, the Board may take the following measures:

1. Stop, temporarily, the project entrusted to the society to implement, until the violations have been removed.
2. Withdraw the project entrusted to the society to implement.
3. Dismiss the Board of Directors of the society and appoint a temporary Board of Directors until the General Assembly is invited to convene, within a maximum period of sixty days from its appointment, to elect a new Board of Directors. The bylaw will regulate the way such a meeting will take place. The duty of the temporary Board of Directors shall end once a new Board of Directors has been elected.

Article Twenty Eight

The Commission and the society are entitled to appeal before the relevant judiciary, in accordance with the applicable laws.

[Article Twenty Nine – missing]

Giving the attribute of Public Good “Re-drafting”

Article Thirty

1. A society shall be deemed to be for the public good if it aims to achieve a public interest and this is stipulated in its charter.
2. The charter shall determine the conditions and measures required to attribute to it the characteristic of Public Good.
3. Granting or cancelling the attribute of Public Good shall be given by a decision of the Board.

Article Thirty One “Amendment”

There shall be determined, by Royal Decree, the privileges bestowed on societies which are for the public good, particularly that its funds, in whole or in part, may not be seized. (Translator: next sentence not clear but translated literally as:) or remove the attribute of public good in order to achieve the purpose for which the society was established, in a manner which does not conflict with the laws in force.

[Articles Thirty Two to Thirty Three – missing]

Non-Government Organisations “Re-drafting”

Article Thirty Four

A non-government organisation or a non-government fund may be established to achieve one or more purposes of public good or intended for a particular purpose. The organisation shall assume the attribute of body corporate after the Commission approves its registration. The resources of the organisation shall be those allocated for it by the founder/s, or endowments, or gifts or wills and from donations within the country.

Article Thirty Five

The charter of non-government organisations shall include the following information:

1. Name of the organisation, its geographical scope of operation and its main headquarters.
2. Name of founder/s and his/their personal details.
3. The purpose which the organisation was established to achieve.
4. Detailed statement of the funds dedicated to achieve the purpose of the organisation and where its funds will go when it is dissolved.
5. Management structure of the organisation including the method by which the chairman of the board of trustees is appointed and the method in which the executive official is appointed.

Article Thirty Six

Each non-government organisation shall have a board of trustees made up of at least three people who will be appointed by the founder/s. The chairman and members may be from the founders or from others. The Commission shall be informed of these appointments and of any amendment to the board of trustees. If a board of trustees is not appointed or there are one or more vacancies and it is not possible to appoint a replacement/s by means of the method quoted in the charter of the organisation, the Commission will make the appointment/s.

Article Thirty Seven

The board of trustees of the organisation shall run the organisation in accordance with its charter. The chairman of the board of trustees shall represent the organisation before the judiciary and before others. The chairman may delegate whom he sees fit to represent him with the approval of the board of trustees.

Article Thirty Eight

The organisation shall have an annual budget and audited final accounts. It is permissible – with the approval of the board (of trustees) – to settle for a statement in lieu of final accounts containing its income and expenditure, and the way its funds are spent with regard to the nature of the funds allocated in accordance with its charter.

Article Thirty Nine

The Commission shall prepare a special register for these organisations. The bylaw shall determine the special conditions for this register, the procedures for registration and the information which should be registered.

[Article Forty – missing]

Article Forty One

1. Those running the affairs of the organisation, in which a decision has been issued to suspend its activities or a ruling has been issued to dissolve it, may not deal freely with its funds or documents.
2. The law shall determine the method by which the organisation is liquidated and the method in which its funds and documents are dealt with, should a ruling be passed to dissolve it.

Article Forty Two

The Commission and the organisation have the right to appeal before the relevant judiciary, in accordance with the laws in force.

Article Forty Three

The provisions of these regulations, pertaining to non-government organisation, shall apply to that for which no text is quoted in this chapter.

Article Forty Four

Charitable societies and non-government organisations may establish specific unions amongst themselves which shall have the characteristic of a body corporate. The charter of the society or organisation shall determine the way the union is formed and its responsibilities.

Article Forty Five

The group of founders of such unions shall be made up from the societies or organisations or from both. The union, in its foundation and dissolution, is subject to the provisions governing the establishment and dissolution of societies, to the provisions of these regulations and to its executive bylaw.

Article Forty Six

The group of founders shall set out a charter for the union which shall conform with the provisions of these regulations and its executive bylaw, and should be approved by the board.

Chapter Seven

General Provisions

Article Forty Seven

1. Charitable societies which are for the public good may collect donations in accordance with the bylaw governing collection of donations.
2. Other charitable societies which do not hold the characteristic “public good” may collect funds – after receiving the approval of the Commission – in order to implement specific programmes.
3. The bylaw shall determine the controls necessary to collect donations.

Article Forty Eight

The provisions of these regulations shall apply to charitable societies and non-government organisations which are licensed at the time these regulations are issued, apart from the provisions pertaining to establishment, registration and publication. Charitable societies and non-government organisations must amend their charters in a manner which conforms with the provisions of these regulations within a maximum period of one year from the date of these regulations coming into force.

Article Forty Nine

The Board shall issue the executive bylaw for these regulations within a maximum period of one hundred and eighty days from the date of their publication.