



**Bureau of Experts at the Council of Ministers
Official Translation Department**

Law of the Saudi Fund for Development

Royal Decree No. M/48
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Translation of Saudi Laws



NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



Law of the Saudi Fund for Development

Article 1

The Saudi Fund for Development (SFD) is a public institution with a legal personality and financial independence. It shall report to the National Development Fund (NDF). It shall be headquartered in the City of Riyadh and it may establish branches within the Kingdom or abroad. It shall participate in financing development projects in developing countries by providing loans and technical assistance loans to finance studies and provide institutional support. The SFD shall also participate in supporting national non-oil exports by financing and guaranteeing them.

Article 2

SFD capital is 25 billion riyals, half of which shall be covered over the following three years according to budgetary considerations and the remainder shall be covered thereafter in accordance with the annual allocations in the State's General Budget.

Said capital may be increased pursuant to a resolution by the Council of Ministers.

Article 3

1. The SFD shall be managed by a board of directors the chairman of which shall be appointed pursuant to an order by the Prime Minister; the Board shall comprise the following members:
 - a) The Executive Director.
 - b) A representative from the NDF.
 - c) Seven members with relevant experience and qualifications, appointed for a term of three years, renewable once.
2. The members referred to in paragraph (1)(c) of this Article shall be appointed pursuant to an order by the Prime Minister upon a recommendation by the Chairman of the SFD's Board of Directors.
3. The Board of Directors shall convene, when necessary, upon a call by its Chairman or Vice-Chairman. The meeting shall be valid if attended by the majority of Board members.
4. Without prejudice to specific stipulations, Board decisions shall be valid if approved by the absolute majority of attending members. In case of a tie, the chairman of the meeting shall have the casting vote.

Article 4

The Board of Directors shall be the highest authority overseeing the management of the SFD and shall have the following powers:

1. Approving the rules and conditions for granting and recovering loans in accordance with the provisions of this Law.

Paragraph (1) bis: Approving the rules and conditions for providing technical



assistance grants to finance studies and provide institutional support, provided that the total annual amount of such grants does not exceed 2% of the SFD's net income.

2. Approving the granting of loans to projects eligible for financing.

Paragraph (2) bis: Approving the rules and conditions for financing and guaranteeing exports to achieve the objectives of developing national exports and to protect the SFD rights.

3. Approving the various investments of the SFD funds.

4. Approving the SFD's administrative and financial regulations and other necessary internal and technical regulations and procedures, provided that the approval of financial regulations or provisions of the financial impact in administrative regulations is made in agreement with the Ministry of Finance.

5. Approving the SFD's budget.

6. Approving the SFD's final accounts and annual report and submitting the same in accordance with statutory procedures.

7. Approving the SFD's strategies as well as the plans and programs necessary for their implementation, and submitting the same for completion of necessary procedures.

8. Overseeing the SFD's implementation of its duties.

9. Approving the SFD's organizational structure.

10. Approving the establishment of the SFD's branches within the Kingdom and abroad, as needed.

11. Reviewing the SFD's periodic reports and taking necessary action.

12. Proposing relevant laws and amendments to existing laws and submitting the same for approval.

13. Approving the conclusion of agreements and contracts by the SFD in accordance with applicable statutory procedures.

14. Determining the financial consideration for covering the expenses of overseeing the management of loans granted by the Kingdom, in agreement with the Ministry of Finance.

15. The Board may form standing or ad hoc committees to carry out certain tasks. Such committees may be composed of Board members or others. The formation decision of each committee shall determine its powers as well as its chairman and members and their remuneration. A committee may seek the assistance of non-members to carry out certain tasks. The Board may delegate certain powers to a Board member or the Executive Director or to any of its committees or any of the SFD's employees.

Article 5

The SFD shall have an executive director whose appointment and dismissal shall be made pursuant to a decision by the Board of Directors. The appointment decision shall determine his remuneration and other financial benefits. He shall manage the SFD in accordance with this Law and Board decisions, and shall particularly have the following powers:

1. Proposing the SFD's strategies as well as plans and programs necessary for their implementation.

2. Supervising the SFD's activities in accordance with the regulations and



- approved plans and programs.
3. Overseeing the preparation of the SFD's annual report, draft budget, and final accounts, and submitting the same to the Board.
 4. Overseeing reports on implementation of the SFD's plans and programs, and submitting the same to the Board.
 5. Representing the SFD before the judiciary, government agencies, and other relevant entities within the Kingdom and abroad; he may delegate such power to others.
 6. Seeking the assistance of experts, specialists, and consultants in fields relevant to the SFD's activities.
 7. Disbursing from the SFD's budget and conducting all financial transactions in accordance with applicable laws and regulations and within the powers delegated thereto by the Board.
 8. Concluding work, service, and other contracts in accordance with the powers delegated thereto by the Board.
 9. Issuing the decisions necessary to implement the provisions of this Law and its Regulations in accordance with the powers vested in him.
 10. Appointing the SFD's employees in accordance with applicable regulations and supervising the performance of their duties.
 11. Any other power assigned thereto by the Board.

The Executive Director may delegate some of his powers to any SFD employee.

Article 6

Before granting a loan, the SFD shall take the steps necessary to ensure the productivity of the project and viability of repayment, taking into account the following considerations:

- a) The financial solvency of the country requesting the loan, taking into consideration the size of the loan and the adequacy of the financial and economic resources for repayment.
- b) The importance of the project subject of the loan, its priority over other projects, and its integration with other economic facilities of the borrowing country.
- c) The adequacy of the project's technical and economic viability studies.
- d) The availability of sufficient funds to the borrowing country to execute the project, in addition to the loan amount.

Article 7

The SFD loans shall be subject to the following conditions:

- a) The SFD ascertains the economic or social feasibility of the project in the borrowing country.
- b) The loan shall be granted and repaid in Saudi riyals.
- c) The loan amount for any project shall not exceed 5% of the SFD's capital. The SFD's Board of Directors shall determine the percentage of the SFD's contribution to the total cost of the financed project, provided that in satisfying the project's construction needs priority is given to national industry products that conform to required quality standards.



- d) The total amount of active loans granted to any country shall not exceed 10% of the SFD's capital.

The Council of Ministers may, upon a recommendation by the Boards of the Directors of the SFD and the NDF, waive one of these conditions, whenever justified.

Article 8

Each contract concluded by the SFD with any loan recipient country must include provisions to:

- a) allocate the entire loan amount to the relevant project and inform the SFD of the manner of disbursement and the manner of coordination with other sources of financing;
- b) provide assistance and information to the SFD, upon request, regarding work progress in the relevant project from the date of signing the contract until the date of full repayment of the loan;
- c) provide assistance to the SFD employees assigned to undertake tasks related to the loan in the borrowing country and grant them immunity similar to that of diplomatic missions;
- d) facilitate the SFD financial transactions in the borrowing country and exempt the loan amount and the SFD assets from restrictions on the transfer of funds, currencies, and instruments arising directly or indirectly from the amount of the loan;
- e) exempt the SFD transactions and income in the borrowing country from taxes, fees, and other government charges of any type;
- f) exempt the SFD assets in the borrowing country from confiscation, nationalization, custody, sequestration, and seizure; and
- g) classify the SFD documents, records, and correspondence as confidential and provide the SFD with full immunity in the borrowing country from control and inspection of the SFD printed materials.

Article 9

The SFD may request the borrower to provide collaterals for the loan.

Article 10

Without prejudice to the SFD rights arising from the loan contract, the rules of general law, or international norms, the SFD may, if the borrowing country violates any of the obligations of the loan contract, suspend the payment of the unpaid loan installments and consider all paid amounts along with other expenses stipulated in the loan contract to be immediately due, without any notification, warning, or judicial procedure.

Article 11

The SFD's fiscal year shall be the same as the State's fiscal year. At the end of each fiscal year, the SFD's Board of Directors shall submit the SFD's annual report, general budget, and final accounts to the NDF for review and completion of legal procedures.



Article 12

Without prejudice to the jurisdiction of the General Auditing Bureau, the SFD's Board of Directors may appoint one or more certified auditors and comptrollers.

Article 13

The SFD's employees shall be subject to the Labor Law and the Social Insurance Law.