



شعبة الترجمة الرسمية
Official Translation Department

Statute of the General Authority for Small and Medium Enterprises

Council of Ministers Resolution No. 301
April 18, 2016

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.



Statute of the General Authority for Small and Medium Enterprises

Article 1

In this Statute, the following words shall have the meanings assigned thereto, unless the context requires otherwise:

Monshaat: General Authority for Small and Medium Enterprises.

Statute: Statute of the General Authority for Small and Medium Enterprises.

Board: Monshaat's board of directors.

Governor: Monshaat's governor.

SMEs: Small and medium enterprises.

Article 2

1. Monshaat shall have a public legal personality and financial and administrative independence. It shall report to the Minister of Commerce.
2. Monshaat shall be headquartered in the city of Riyadh, and it may establish branches and offices within the Kingdom.

Article 3

Monshaat aims to regulate, develop, and support the SMEs' sector in the Kingdom according to best international practices to increase the SMEs' productivity and contribution to the GDP, and to enhance the absorptive capacity of the Saudi economy, in a manner that leads to the creation of jobs for Saudi nationals and the localization of technology. Monshaat shall assume the following powers and duties:

1. Classifying and assessing SMEs.
2. Developing a national strategy for SMEs; monitoring its implementation upon approval; and developing work plans and timeframes, in coordination with relevant government and private agencies.
3. Proposing laws, regulations, and policies to develop and support SMEs, and monitoring their implementation upon approval.
4. Diversifying the SMEs' financial resources, cooperating with supporting public and private agencies, and encouraging venture capital initiatives.
5. Setting policies and criteria for financing projects classified as SMEs, and coordinating with financing entities to provide the loans approved by Monshaat.
6. Providing administrative and technical support to SMEs in order to develop their capabilities, including administrative, technical, financial, marketing, and human capabilities.
7. Supporting the establishment of financing entities and encouraging banks and funds to play a greater role in financing and investing in SMEs.



8. Creating and supporting programs necessary for developing SMEs.
9. Establishing service centers to issue all the required documents in coordination with relevant public and private agencies.
10. Eliminating administrative, regulatory, technical, and procedural obstacles, and addressing information and marketing challenges facing SMEs, in cooperation with relevant agencies.
11. Creating and regulating business and technology incubators.
12. Setting and promoting programs and initiatives to create investment opportunities for SMEs, and localizing relevant technology to enhance the performance and productivity of SMEs, including supply chains.
13. Cooperating with ministries, government agencies, and relevant international organizations.
14. Organizing and participating in relevant local and international conferences, seminars, meetings, exhibitions, and other events, and implementing their recommendations, in accordance with applicable statutory procedures.
15. Conducting relevant studies, research, and statistical surveys.
16. Preparing, implementing, and supporting programs and projects to promote self-employment and entrepreneurship, and to encourage initiatives, innovation, and research.
17. Issuing financial guarantees for entities which finance SMEs licensed to operate in the Kingdom, in agreement with the National Debt Management Center.

Article 4

Monshaat shall have a board of directors composed of the following:

- a) The Minister of Commerce, Chairman.
- b) The Governor, member.
- c) A representative from the Ministry of Finance, member.
- d) A representative from the Ministry of Commerce, member.
- e) A representative from the Ministry of Economy and Planning, member.
- f) A representative from the Ministry of Human Resources and Social Development, member.
- g) A representative from the Ministry of Education, member.
- h) A representative from the Ministry of Industry and Mineral Resources, member.
- i) A representative from the Ministry of Communications and Information Technology member.
- j) A representative from King Abdulaziz City for Science and Technology, member.



- k) A representative from the Saudi Central Bank, member.
- l) A representative from the Social Development Bank, member.
- m) A representative from the Saudi Industrial Development Fund, member.
- n) A representative from the Human Resources Development Fund, member.
- o) A representative from the Ministry of Environment, Water, and Agriculture, member.
- p) A representative from the Council of Saudi Chambers of Commerce and Industry, member.
- q) Two persons with interest in SMEs activities, to be appointed upon recommendation by the Chairman of the Board, members.

The rank of representatives of government agencies shall not be lower than Grade 14, or its equivalent. Board members referred to in paragraphs (p) and (q) of this Article shall be appointed pursuant to a Council of Ministers resolution upon a recommendation by the Chairman of the Board. Board membership shall be for a term of three years, renewable once.

Article 5

The Board shall be Monshaat's highest authority and shall oversee its management and the conduct of its business. It shall, subject to this Statute, take all decisions necessary to achieve its objectives, and shall, in particular, assume the following powers and duties:

1. Supervising Monshaat's implementation of its duties.
2. Approving Monshaat's policies and plans.
3. Issuing Monshaat's administrative and financial regulations in coordination with the Ministry of Finance and the Ministry of Civil Service, and other internal regulations.

Article 6

1. Board meetings shall be held at Monshaat's headquarters and shall be presided by its Chairman or his designee from among Board members. Board meetings may, if necessary, be held elsewhere in the Kingdom.
2. The Board shall convene periodically four times a year. The Chairman of the Board may call for a meeting if the need arises or if requested by at least three members.
3. A Board meeting shall be deemed valid only if attended by the majority of members, including the Chairman or his designee. Board decisions shall be passed by the majority vote of attending members. In case of a tie, the meeting chairman shall have the casting vote.
4. Board deliberations and decisions shall be entered into minutes signed by the chairman of the meeting and attending members.
5. A Board member may not abstain from voting nor vote by proxy. A dissenting member may request his objection and reasons therefor be entered into the meeting minutes.



6. A Board member shall not disclose any of Monshaat's confidential information he becomes privy to by virtue of his membership.
7. The Board may invite experts and consultants to attend its meetings in a non-voting capacity.

Article 7

The Board may form standing or ad hoc committees from among its members and others to carry out certain tasks. The formation decision of each committee shall designate its chairman and members and determine its powers and duties. A committee may seek the assistance of non-members in the performance of its duties.

Article 8

Monshaat shall have a governor whose appointment and dismissal shall be pursuant to a Board decision. The appointment decision shall determine his remuneration and other financial benefits. The Governor shall be in charge of the management of Monshaat in accordance with this Statute and Board decisions. He shall assume the following powers and duties:

1. Supervising Monshaat's activities in accordance with the regulations and approved plans and programs.
2. Proposing Monshaat's general policies and the plans and programs necessary for their implementation, submitting the same to the Board for approval, and monitoring their implementation.
3. Proposing plans to support SMEs.
4. Preparing Monshaat's draft annual budget and final accounts and submitting the same to the Board.
5. Representing Monshaat before the judiciary, government agencies, and other relevant entities within the Kingdom and abroad.
6. Proposing Monshaat's regulations and approving relevant work procedures, subject to the regulations and the Board's decisions.
7. Disbursing from the approved budget and conducting financial transactions in accordance with applicable laws and regulations and the powers granted to him by the Board.
8. Preparing progress reports relating to Monshaat's plans and programs, and submitting the same to the Board.
9. Concluding contracts for carrying out Monshaat's works and services in accordance with the laws and the powers vested in him.
10. Preparing the annual report on Monshaat's activities which shall include challenges encountered and recommendations to overcome such challenges, and submitting it to the competent authorities after being approved by the Board.
11. Signing agreements, protocols, and contracts upon Board approval, subject to applicable statutory procedures.



12. Supervising Monshaat's organization of regional and international conferences, forums, and events and its participation therein.
13. Issuing the decisions necessary for the implementation of this Statute and its regulations and approved rules and procedures, in accordance with the powers vested in him.
14. Appointing Monshaat's employees in accordance with the regulations, and supervising the performance of their duties.
15. Approving training and scholarship plans and programs for Monshaat's employees, and monitoring their implementation.
16. Assuming any other power assigned thereto by the Board or Monshaat's regulations.

Article 9

1. Monshaat's financial resources shall be as follows:
 - a) Allocations in the State budget.
 - b) Fees for services rendered by Monshaat.
 - c) Gifts, aids, grants, bequests, and endowments accepted by the Board.
 - d) Returns on its investments.
 - e) Any other resource approved by the Board.
2. Monshaat's funds shall be deposited in an account opened with the Saudi Central Bank. Monshaat may, with the approval of the Ministry of Finance, open accounts with any bank licensed to operate in the Kingdom. Disbursement from said funds shall be made in accordance with Monshaat's approved budget.

Article 10

1. Monshaat shall have an independent annual budget issued in accordance with the State budget issuance arrangements.
2. Monshaat's fiscal year shall be the same as the State's fiscal year. As an exception, Monshaat's first fiscal year shall commence on the date this Statute enters into force and shall end on the date the State's following fiscal year ends.

Article 11

Monshaat shall submit its final accounts to the Council of Ministers within 90 days from the end of its fiscal year, and shall provide a copy thereof to the General Court of Audit.

Article 12

Monshaat shall, within 90 days from the end of its fiscal year, submit to the President of the Council of Ministers an annual report on its achievements,



compared to the General Development Plan, challenges encountered, and recommendations for improvement.

Article 13

Without prejudice to the jurisdiction of the General Court of Audit, the Board shall appoint and determine the fees of an external auditor, or more, licensed to practice in the Kingdom to audit Monshaat's accounts, transactions, statements, annual budget, and final accounts. In case of multiple auditors, they shall be jointly liable for their work before Monshaat. The auditor's report shall be submitted to the Board, and a copy thereof shall be provided to the General Court of Audit.

Article 14

Monshaat's employees, with the exception of the Governor, shall be subject to the Labor Law and the Social Insurance Law.

Article 15

This Statute shall be published in the Official Gazette and shall enter into force on the date of its publication.