

Republic of Yemen

Ministry of Legal & House of Representatives Affairs

**LAW NO. (10) OF 1997
CONCERNING
THE ESTABLISHMENT OF
THE SOCIAL FUND FOR DEVELOPMENT**

President of The Republic,
HAVING perused the Constitution of the Republic of Yemen,
AND following the approval of the House of Representatives,

BE IT ENACTED as follows:

PART ONE

CITATION AND DEFINITIONS

ARTICLE (1):

This Law shall be cited as "The Law on Establishment of The Social Fund for Development".

ARTICLE (2):

For the purpose of implementing this Law , the words and expressions appearing hereinunder shall have the meanings hereby assigned to each of them , unless the context otherwise requires:

- 1- Republic: The Republic of Yemen.
- 2- Fund: The Social Fund for Development.
- 3- Board: The Board of Directors of the Fund.
- 4- Chairman: Chairman of the Board of Directors of the Fund
- 5- Managing Director: The Managing Director of the Fund.

PART TWO

ESTABLISHMENT OF THE FUND

ARTICLE (3):

By virtue of this Law, a Fund shall be established in the Republic. The Fund shall have a body corporate, an independent financial liability and a complete eligibility for accomplishing its goals. For the sake of achieving its objectives, the Fund shall have the right to possess, lease, rent and dispose movable and immovable funds, and the right to conclude contracts and agreements, and to be a prosecutor or a defendant in accordance with legislation in force.

The Fund shall have the right to form affiliated institutional entities with the task of implementing programmes pertinent to the Fund's activity.

ARTICLE (4) :

The Fund's main premises shall be in the capital Sana'a. Branches and bureaus of the Fund shall be founded in the governorates of the Republic by a resolution of the Chairman of the Fund.

PART THREE

OBJECTIVES AND TASKS OF THE FUND

ARTICLE (5) :

The Fund aims at contributing effectively in the implementation of the State's plan both in the social and economic fields through enabling individuals, households, micro-enterprises and poor & low-income groups to get access to employment & production by providing services, facilities and lawful credits for embarking on service & productive projects. The ultimate objective shall be the contribution to the reduction of unemployment, alleviation of poverty, and handling the impact of the Economic Reform Programme and lessening the burden of its procedures affecting limited-income people.

ARTICLE (6) :

The Fund, in order to accomplish its objectives, shall undertake the following tasks and jurisdictions :

- 1 - Finance, directly or indirectly, productive & services projects carried out by individuals, households, micro-enterprises, and beneficiary groups and categories under lawful & facilitated conditions.
- 2 - Provide the required finance for social development activities, such as health, educational and environmental and other services, according to the Fund's objectives.
- 3 Assist local institutions in developing their capacities and upgrading their efficiency in providing services.
- 4 - Generate new employment opportunities for the beneficiaries through private projects or assisting productive projects to improve standards of life of the rural poor and urban inhabitants and to increase their income level.
- 5 - Implement high-density employment projects, including roads improvement, water and sanitation, and maintenance for public utilities and foundations directly by the Fund in compliance with Article (5).
- 6 - Support training and rehabilitation centres and enhance skills in relevant vocations.

PART FOUR

**JURISDICTIONS OF THE FUND'S BOARD OF DIRECTORS
AND MANAGING DIRECTOR**

ARTICLE (7) :

The Fund shall be managed by a Board formed in the following manner:

- | | |
|---|---------------|
| 1 - Prime Minister | Chairman |
| 2 - Minister of Insurance,
Social Affairs and Labour | Vice Chairman |

- 3 - Minister of Planning and Development Member
- 4 - Minister of Finance Member
- 5 - Minister of Local Administration Member
- 6 - Minister of Education Member
- 7 - Two members representing the Non-Governmental Organizations (NGO's) to be approved by the Minister of Insurance and Social Affairs & Labour.
- 8 - Two members representing efficient private sector corporations, contributing to the smooth operation of the Fund. The two members shall be nominated as candidates by the General Union of Chambers of Commerce & Industry.
- 9 - Two experienced and qualified members to be appointed by the Chairman of the Board of Directors.
- 10- A member from the financial and banking sector.
- 11- The Managing Director of the Fund as its member and Secretary.

ARTICLE (8) :

The Fund's membership term shall be three years liable to renewal.

ARTICLE (9) :

The Fund shall meet at least once every three months upon the invitation of the Chairman. The Fund shall also convene meetings in emergency cases if the need so requires. The Fund may also meet upon the request of at least one third of its members.

ARTICLE (10) :

The Board, if necessary, may invite specialized experts to attend and participate in its meetings. Such experts shall have no right to vote during the Board's discussions.

ARTICLE (11) :

A- Membership of the Board of Directors shall be terminated in the following cases :

1. In case the member shall fail to attend three consecutive meetings without any excuse accepted by the Board.
2. In case the member shall not practise his function for six consecutive months.
3. In case the member shall have court convictions against him from committing fiscal crime or a crime contradicting the rules of honour, honesty, general morals or public welfare.

B- In all cases, withdrawal of membership shall be declared by a resolution of the Board's Chairman.

ARTICLE (12):

The meeting of the Board shall be correct with the presence of quorum.

The Board shall take its decisions by majority of its present members. In the event of equal votes, the side with which the Chairman sides shall overweigh.

ARTICLE (13):

The Board formulates the Fund's general policy and supervises its activities to realize the provisions of this law. Without prejudice to the provisions hereinbefore, the Board shall have the following jurisdiction & authority :

- a - Issue resolutions, systems and regulations streamlining financial, administrative and technical affairs related to the Fund.
- b - Approve the Fund's draft budget and balance sheets within two months of the end of the fiscal year.
- c - Adopt the Fund's Plan of Action and budget estimates.
- d - Approve the semiannual report prepared by the Managing Director on the Fund's actions and financial position.
- e - Identify the scope of the tentative application of the Fund's tasks and subsequent phases of application.

- f - Set up the Fund's organizational structure to be attached to the Regulation that organizes its operation in compliance with its responsibilities and expansion of its activity.
- g - Appoint the Fund's auditor and specify his/her remuneration.
- h - Adopt the financial allocations of the projects financed by the Fund if such allocations exceed the Fund's Managing Director authorization specified in the Regulation organizing the Fund's actions.
- i - Adopt establishment of the Fund's branches according to the Plan of Action and recommendation of the Managing Director.
- j - Any other tasks proposed by the Board's Chairman or Managing Director.

ARTICLE (14):

The Board of Directors may form committee(s) comprising of some of its members, and assigned to carry out specific tasks pertaining to its jurisdictions.

The Board may also assign the Board's Chairman, Managing Director or another member to take over some of the Board's jurisdictions or to carry out a specific task.

ARTICLE (15):

The Chairman of the Board, upon proposal of the Minister of Insurance and Social Affairs & Labour, shall appoint the Fund's Managing Director to be selected from the best short-listed applicants following the announcement of the post by the Minister of Insurance and Social Affairs & Labour.

ARTICLE (16):

Under the supervision of the Board, the Managing Director shall take over the management of the Fund's functions and settlement of its affairs, and shall be in charge of implementing the policy adopted by the Board.

Without prejudice to the provisions herebefore of this Law, the Managing Director's jurisdictions & tasks are as follows :

- 1 - Select and recruit the Fund's employees, supervise them, follow up their work, assess their performance, and conduct accountability.
- 2 - Implement the Board of Directors' resolutions related to the Fund's action.

- 3 - Prepare and submit the Fund's draft budget, Plan of Action and Final Statement of Accounts to the Board of Directors.
- 4 - Sign contracts of projects financed by the Fund.
- 5 - Represent the Fund before the judiciary.
- 6 - Submit semiannual reports to the Board of Directors on the Fund's activity, expenditures and financial position.
- 7 - Monitor and control the Fund's operations at all sites, and promote its activities.
- 8 - Approve financing applications submitted to the Fund, within the limits of the Managing Director's purview specified in the regulation organizing the Fund's action.
- 9 - Submit to the Board the data & reports required by the Board, and any other duties assigned to the Managing Director by the Board. The Managing Director may authorize other employees of the Fund in practising some of the tasks falling in the Managing Director's jurisdiction.

PART FIVE

THE FUND'S FINANCE & ACCOUNTS

ARTICLE (17):

The Fund's financial resources shall comprise of the following :

- a) - The annual appropriations allocated by the Government in the State's general budget for the purpose of supporting the Fund.
- b) - Loans and Lawful & simplified credit facilities.
- c) - Assistance, donations and grants provided by local and international governments, individuals, agencies or corporations, and which are agreed upon by the Board.
- d) - Revenues earned from the Fund's activities, or in return for services rendered and works carried out by the Fund for others.
- e) - The Fund's investment benefits.

- f) - Any other investment adopted by the Board of Directors in accordance with legislation in force.

ARTICLE (18):

The Fund shall have the right to get transferred funds or in-kind resources from central or local governmental agencies, and from donors (individuals, institutions or corporations).

ARTICLE (19):

The Fund's accounts shall be supervised by financial accountants selected from the Fund's employees who only shall have the right, in addition to the Managing Director, to sign cheques and expenditure bills issued by the Fund or withdrawn on its account. Every branch of the Fund's branches shall have its own independent accounts.

ARTICLE (20):

All financial contributions relating to the financing of the Fund shall be deposited in the name of the Fund in an accredited bank, and all deposits and withdrawals shall be conducted consistently with measures & procedures in force.

ARTICLE (21):

The Fund's finances shall not be used except for purposes hereby defined.

ARTICLE (22):

The Fund's annual budget shall be included in the independent and attached budgets of the State's general budget.

ARTICLE(23):

The Fund's accounts shall be annually reviewed by independent auditors appointed by a resolution of the Chairman of the Board of Directors according to the Board's decision.

ARTICLE (24):

The Fund shall be bound to control and financial & accounting inspection by the Central Organization for Control and Accountancy.

ARTICLE (25):

Materials and goods imported by the Fund, and the Fund-financed projects, shall be exempted from all customs & tax fees applied thereof.

ARTICLE (26):

This Law shall come into force as of the date of its issuance, and shall be published in the Official Gazette.

Promulgated at the Republic
Presidency in Sana'a

Date : 28th Ramadhan , 1417 A.H.
Corresponding to 7th February, 1997 A.D.

Brigadier Ali Abdulla Saleh,
President of the Republic