

NEW NGO FRAMEWORK IN DUBAI

The Dubai Government has issued a new framework law governing the establishment and regulation of non-governmental organisations (NGOs), an initiative in support of a key strategy of the UAE government to formulate a comprehensive framework for charities and humanitarian organisations, having declared 2017 as the Year of Giving.

In our previous [briefing](#) regarding charities and fundraising laws in Dubai, we made reference to Federal Law No. 2 of 2008 concerning Public Welfare Associations and Organisations (the Federal Associations Law), which regulates a form of NGOs at the Federal level and for Emirates which do not have their own framework laws for NGOs. In Dubai, Executive Resolution No. 26 of 2013 (the Dubai Charity Law) governs charities, Quran memorisation centres and Islamic foundations and now the new Law No. 12 of 2017 (the NGO Law) seeks to address the legislative gap for NGOs and other non-profit organisations in Dubai.

OVERVIEW

The NGO Law was published in the Dubai Official Gazette Issue No. 418 and entered into force as of the date of publication on 18 July 2017. The Law sets out the requirements for establishing NGOs in Dubai, pursuant to the licensing and regulatory oversight of the Community Development Authority (CDA).

The applicable laws referred to in this briefing include:

- Federal Law No. 2 of 2008 concerning Public Welfare Associations and Organisations
- Dubai Law No. 8 of 2015 on Dubai's Community Development Authority (the "CDA Law"). This law supersedes Dubai Law No. 12 of 2008 (as amended), which initially established the CDA
- Dubai Law No. 12 of 2017 on the Regulation of Non-Governmental Organisations in the Emirate of Dubai. Note that certain translations also refer to this law as the Law Regulating Civil Organisations or Non-profit Organisations.

FREQUENTLY ASKED QUESTIONS

What is a non-governmental organisation?

Article 2 of the NGO Law defines an NGO as a non-profit entity (or group), composed of one or more natural or legal persons, that practices or carries out the activities listed in Article 5 of the NGO Law. The law separates NGOs between non-governmental associations and non-governmental institutions,

Key points:

- Dubai Law No. 12 of 2017 establishes a framework for NGOs in Dubai
- The Community Development Authority is responsible for licensing, monitoring and regulating NGOs in the Emirate
- Charities are still regulated by the Islamic Affairs and Charitable Activities Department of Dubai
- Further implementing regulations concerning fees, application process and governance code for directors are expected to be issued.

with the former being understood to comprise a group of non-governmental institutions and have different corporate governance requirements.

The types of activities which an NGO may be authorised to practice include *"social, health, educational, cultural, scientific, professional, creative, technical, humanitarian areas and any other areas seeking public benefit as determined by a decision of the Director General [of the CDA]"* (Article 5). This definition closely follows, but does not absolutely replicate, the equivalent definition provided in the Federal Associations Law. In particular, certain activities such as in relation to religious or feminist aims, which are included in the Federal Law, are not expressly stated in the Dubai Law. These activities may be included or further clarified by implementing regulations issued by the CDA. We also note that the CDA Law more broadly defines an NGO as *"a non-profit entity established...based on allocating funds to engage in any of the activities aiming to achieve goodness, solidarity and cooperation among the community members"*.

What entities are excluded from this Law?

The following types of entities are excluded from the scope of the NGO Law pursuant to Article 3:

- Public welfare associations and institutions, as regulated by the Federal Associations Law
- Bodies working in the field of youth and sport care, as regulated by Federal Law No. 7 of 2008
- Private associations, institutions and public interest institutions established by legislation issued by the Ruler of Dubai
- Charities, Quran memorisation centres and Islamic institutions, as licensed and regulated by the Dubai Charity Law
- Business councils which are licensed by the Dubai Chamber of Commerce and Industry pursuant to Dubai Law No. 8 of 1997.

However, the NGO Law applies to existing NGOs that fall within its scope as well as those yet to be established.

What is the difference between an NGO and a charity?

The Dubai Charity Law defines a charity as an organisation which is concerned with religious or charitable affairs, and while there are no exhaustive provisions defining "charitable affairs", activities may include the collection of donations for humanitarian causes, orphan sponsorship, building mosques and other types of aid and relief campaigns and charitable events. Charities in Dubai are also regulated by the Islamic Affairs and Charitable Activities Department (IACAD).

An NGO is predominantly a non-profit entity, which may be established for non-charitable purposes, such as for cultural, creative or social development, and other public benefit reasons (see above). There may be NGOs which are concerned with or established for charity, in which case it would be prudent to liaise with the relevant authorities such as the CDA or IACAD in first instance in order to determine the appropriate regulatory framework which would apply to such an entity.

Does an NGO have to be licensed?

Yes, Article 7 of the NGO Law specifically provides that any persons wanting to establish an NGO or conduct the activities listed in Article 5 must obtain a licence and other necessary approvals and permits from the relevant authorities. Further, the same article prohibits any public or private entities from allowing their facilities to be used for NGO activities by anyone not authorised to do so in accordance with the NGO Law. An NGO only acquires its legal personality once details of its licence and registration in the Register of NGOs are published in the Dubai Official Gazette (Article 16).

The term of an NGO licence is for one year, renewable annually, although it can be extended to up to three years; subject to the approval of the CDA (Article 17 of the NGO Law).

What is the CDA and what is the remit of its authority?

The CDA is a Dubai Government public authority originally established in 2008. In 2015, the CDA's objectives were further clarified by Dubai Law No. 8 of 2015. The objectives include (amongst others) to:

- develop social policies and propose legislation related to social development, social services and social sector organisation
- regulate, license, monitor, and supervise NGOs and social service providers in Dubai
- regulate and issue permits for voluntary work
- establish social services programmes for the community, particularly for vulnerable members of society
- raise awareness and establish education programmes in respect of social development-related matters.

The CDA has broad authority over NGOs and any for-profit or non-profit organisations providing public and private social services, which includes any *"services which contribute to social development in general; such as awareness raising, counselling, shelters, day care, home care, social rehabilitation, protection from abuse, negligence and exploitation and the provision of financial benefits whether in cash or in kind"*.

The NGO Law also provides the CDA with extensive oversight of an NGO's organisational affairs and activities, including in relation to the NGO's programmes, organisations which the NGO may cooperate with (both within and outside the Emirate of Dubai), its external contributions, any materials produced or distributed by the NGO and financial accounts (Article 40), the NGO's employees, volunteers and beneficiaries (Article 41). Chapter 5 of the NGO Law sets out the CDA's authority over an NGO's finances (Article 42) and programmes (Article 43). Further; the CDA can access the NGO's facilities and documents for inspection purposes (Article 44) and impose remedial and administrative penalties for breach of the law (Article 45 and 46).

What are the requirements and process for establishing an NGO?

The NGO Law provides that with regards to a non-governmental association, the founders must first form an interim committee of at least three members from amongst themselves. The committee is responsible for electing one or more representatives to complete the licensing procedures (Article 10). The licensing procedure involves submitting an application to the CDA using a

standard form, which we understand has yet to be issued, and supporting documents including articles of association (Article 11). The CDA may grant a provisional approval of the licence following which the relevant NGO cannot carry out any of its proposed activities or make changes to the details submitted to the CDA (Article 12). The relevant NGO then has six months from the date of the provisional licence to complete the licensing procedures, including providing a place of establishment and obtaining the necessary permits to practice its activities from the relevant authorities (Article 14).

For non-governmental institutions, Article 35 (B) provides that the CDA Director-General shall issue a decision specifying the conditions and procedures for the establishment of such entities in Dubai. Article 37 also provides that non-governmental institutions shall be governed by the provisions relating to non-governmental associations with regards to licensing, registration procedures and obligations as well as other provisions as appropriate to their nature.

The table below sets out further requirements for both types of NGOs:

	Non-governmental Association	Non-governmental Institution
Founders	Ten or more (Article 8 (1)) although the Director-General of the CDA may provide exemptions to this requirement	One or more (Article 2)
Nationality	Two founders must be of UAE nationality (Article 8 (1)) Two directors must be of UAE nationality (Article 23)	One trustee must be of UAE nationality (Article 36) There is no similar express requirement regarding founders
Residency	A founder must be a UAE resident (if a GCC national) or otherwise hold a valid residency of at least three years (Article 8 (2) (d) and (e))	While not stated in an express provision, a founder may be required to be a UAE resident (if a GCC national) or otherwise hold a valid residency of at least three years due to Article 37
Articles of Association	Yes (Article 8 (3)). The articles must include: <ul style="list-style-type: none"> the association's name, geographical scope and proposed seat its purpose, activities and target groups the founders' names, nationalities, occupations and residence in the UAE the conditions and type of membership, procedures for membership and cancellation of membership and members' rights and duties 	Yes (Article 35). The articles must include: <ul style="list-style-type: none"> the institution's name, geographical scope and headquarters its purpose and target group of activities a detailed statement of funds to be allocated to achieve its objectives its governance regulations, including the method for appointing the chairman, board of trustees and director the conditions for voluntary

	<ul style="list-style-type: none"> • the rules and principles governing ordinary and extraordinary general assembly meetings, procedures for invitations, conditions of validity and for making decisions • the procedures for forming the board of directors • the conditions governing the lapse and loss of membership • the rules for amending the articles, establishing or closing branches and mergers • the sources of the association's financial resources and the rules governing its expenditure and financial accounts • the conditions for voluntary dissolution and liquidation. 	<p>dissolution and liquidation.</p> <p>The articles may also be derived from an official document or an attested will.</p>
Directors/ Trustees	One chairman and five or more directors (Article 23)	One chairman and five or more trustees (Article 36)

Can a foreign or international NGO establish itself or a branch in Dubai?

Article 8 (4) of the NGO Law provides that a non-governmental association may not be a branch of a licensed association outside of the UAE and Article 38 (13) states that an NGO may not be a branch or a party affiliated to any association outside the UAE. This appear to indicate that foreign or international NGOs cannot establish in Dubai under this new regime. It remains to be seen whether further implementing regulations may be issued to clarify this point.

What is the timeframe for obtaining a licence?

The CDA shall issue its decision on applications for licences within thirty days from the date of submission (Article 11 (C) of the NGO Law). This period can be subject to a one-time extension and an application is considered rejected if a decision is not issued during such period. Note that the CDA may grant a provisional licence, which will allow an NGO six months to complete its licensing requirements (see above).

What are the costs for establishing an NGO?

The CDA has yet to issue the relevant fees associated with the licensing and application process (Article 57 of the NGO Law). Further, there may be costs relating to obtaining or renting premises for the NGO, obtaining permits from other authorities such as IACAD, employees' salaries, and legal and accounting fees.

Is there a public register of licensed NGOs?

Article 15 of the NGO Law states that NGOs shall be registered in a Register maintained by the CDA. It remains to be seen whether such a register would be publicly accessible, such as on the CDA's website. However, Article 16 also provides that NGOs will be published in the Dubai Official Gazette.

Can an NGO conduct fund-raising activities?

Yes. Article 39 of the NGO Law allows an NGO to collect donations or advertise fundraising after obtaining prior written consent from the CDA and the IACAD.

Can an NGO use its funds for purposes other than for non-profit?

Yes, subject to conditions. Article 34 of the NGO Law provides that an NGO must spend its funds for the purposes for which it was established. An NGO may not trade, enter into speculative financial activity or distribute any revenues or returns to its directors, founders, members of the General Assembly or employees. However, an NGO may invest excess funds in order to achieve a return which will help with its objectives, after obtaining approval from the CDA and relevant authorities. Article 38 (5) also provides that an NGO may only practice commercial activities after obtaining prior written consent from the CDA and a commercial licence from the relevant authorities, provided that the proceeds are dedicated to serving the NGO's objectives.

Can an NGO open a bank account with a foreign bank?

Article 33 of the NGO Law provides that an NGO must deposit its cash money with a licensed national bank in Dubai. Article 38 (6) also states that an NGO must obtain prior approval from the CDA in order to open a bank account with one of the national banks licensed to operate in the Emirate. Therefore, an NGO may only open an account with a bank licensed in Dubai, however it is uncertain as to whether this includes foreign banks which are licensed to operate in Dubai.

Can an NGO enter into partnerships or agreements with other NGOs?

NGOs are subject to a number of prohibitions under the NGO Law, including the following acts:

- Forming any entity with any other association within and outside the UAE (Article 38 (12))
- Entering into an agreement, coordination or cooperation with institutions or entities outside the state (Article 38 (17))
- Affiliating, participating in or merging into any association or institution outside the UAE without obtaining the approval of the CDA (Article 28 (18)).

It is recommended to liaise with the CDA at first instance if an NGO is considering entering into any partnerships or agreements with other NGOs.

What other types of activities or actions would require further approvals from the CDA or relevant authority?

In addition to the above, an NGO would require prior approval from the CDA in relation to the following:

- Establishing branches (Article 20)

- Amending its Articles of Association, replacing its directors, changing its name or seat of establishment (Article 21)
- Nominating a chairman or a member to the board of directors (Article 23 (F))
- Proposing to merge with another NGO (Article 29 (4))
- Receiving donations, grants, gifts and wills (Article 31 (3))
- Organising or participating in conferences, seminars, meetings, lectures or any other activities within or outside the UAE (Article 38 (11))
- Inviting or hosting any very important persons (VIPs) to or in Dubai (Article 38 (14)) (although there is no definition given as to which persons may be considered VIPs)
- Providing remunerations or financial allowances to members of the board of directors (Article 52).

Does this law apply to NGOs in a free zone?

Certain free zones in Dubai, including the International Humanitarian City (IHC) and the Dubai International Financial Centre (DIFC), recognise and provide for the establishment of non-profit organisations. While not expressly stated in the law, it is unlikely that the NGO Law would apply to NGOs established in these free zones, unless such entities intend to conduct activities outside of the free zone in onshore Dubai. Further, civil and commercial laws are not applicable in a financial free zone such as the DIFC, therefore, non-profit incorporated organisations (NPIOs) are likely to be outside of the remit of the NGO Law.

What are the duties and liabilities of an NGO's founders, directors or trustees?

Founders

- The interim committee (referred to above) shall convene a General Assembly within six months from the issuance of the licence in order to elect the board of directors (Article 19 of the NGO Law).

Directors and trustees

- The board of directors shall manage the affairs of the NGO and provide it with the necessary means for carrying out its activities and achieving its purposes (Article 23). The board of trustees shall be governed by the same provisions regarding the board of directors, to the extent appropriate (Article 36 (C)). Therefore, the directors or trustees of an NGO are responsible for ensuring the NGO's compliance with its obligations pursuant to the NGO Law, particularly those set out under Article 38.
- An NGO's articles of association shall specify the conditions that shall be met by the members of the board of directors (Article 23 (B)). Note that the CDA shall also issue a code of governance for directors (Article 53).
- The chairman of the board of directors (or trustees) shall represent the NGO before the courts and others (Article 23 (E) and Article 36 (B)).

Can a director of an NGO be on the board of more than one NGO?

No. Article 24 (B) of the NGO Law provides that no person may be on the board of directors of more than one NGO which practice the same activity.

However, the CDA's Director-General may provide an exemption to this prohibition.

Can a director of an NGO accept financial remuneration for being on the board?

Article 24 (C) of the NGO Law states that no person may simultaneously assume the membership of the board of directors and work for a fee or remuneration. However, an NGO may provide remuneration and any other financial allowances to its directors for performing their duties, after obtaining prior written approval from the CDA and pursuant to a resolution passed by the General Assembly (Article 52).

What are the penalties for breaching this law?

Any person who breaches the provisions of the NGO Law may be subject to the following penalties set out under Article 46, which include:

- A warning
- A fine between AED500 and AED100,000 (the fine shall be doubled for breach of the same offence within one year of the previous offence, but not exceeding AED200,000)
- Suspension of the NGO's activity; not exceeding three months
- Dissolution of the board of directors or trustees
- Closure or dissolution of the NGO, or a revocation of its licence.

Note that the NGO Law allows the CDA to impose any appropriate penalty on the NGO in accordance with the seriousness and gravity of the violation, which may exceed the penalties set out in Article 46.

CONCLUSION

The NGO Law is a helpful development for establishing a robust social welfare framework in Dubai. However, certain considerations remain to be addressed by the CDA, including the relevant fees involved, the establishment of a Register, the conditions for establishing non-governmental institutions and the governance regulations for directors of NGOs.

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