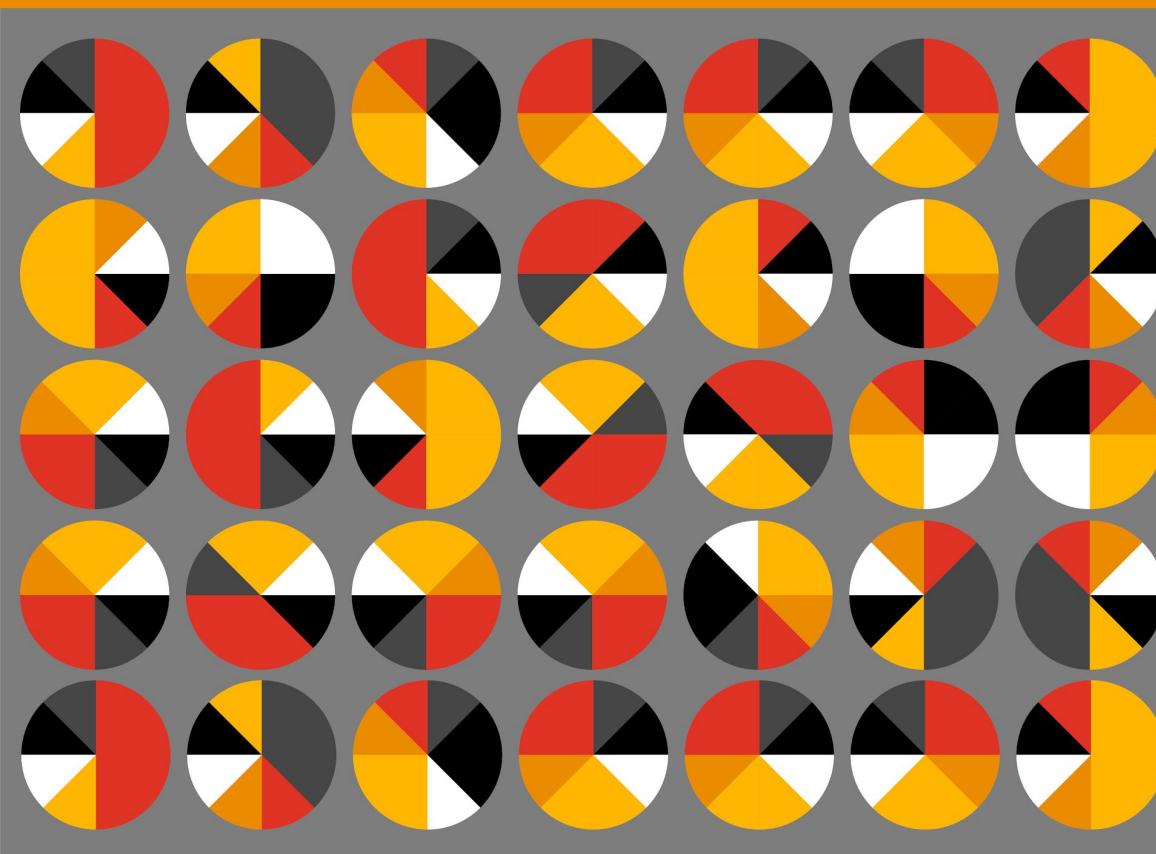


Saudi Arabia passes new Universities Bylaw

December 2019



In brief

International and foreign universities are now able to establish branches in the Kingdom of Saudi Arabia pursuant to the new Universities Bylaw approved by Royal Decree No. (M/27) of 2/3/1441H and issued in the official gazette, the "Bylaw".

The Bylaw establishes a universities regulator, the Universities Affairs Council, which shall replace the Higher Education Council where law is repealed by the new Bylaw.

In detail

The Universities Bylaw confirms financial and administrative independence for all universities and sets out their required governance structure granting them a one year grace period to adapt and comply with the new requirements.

The Universities Affairs Council, which is governed by a board of directions with representatives from the Ministry of Finance, Ministry of Civil Service, Ministry of Economy and Planning, Ministry of Labor, and private sector representatives, is granted the authority to set out policies and regulatory framework for universities in the Kingdom, including approving universities internal bylaws, financial and administrative policies, enabling universities to have efficient governance frameworks that supports their growth and effective operations while being compliant with regulatory requirements.

The Bylaw also enables the universities to establish their own education curriculums provided they procure accreditation, and to set out their financial resources including setting up education investment companies, which will contribute to operational cost reduction for universities, encouraging creative financial and revenue models in higher education, reducing dependence on state budget and paid tuition.

Similarly, the Bylaw permits local Saudi universities to expand regionally and internationally through setting up branches outside the Kingdom.

Foreign and international universities wishing to establish branches in the Kingdom will have to get the approval of the cabinet which is based on the recommendation of the Universities Affairs Council, and will have to fulfil the regulatory requirements to be detailed by the council in these regards.

The Bylaw enables having new operational models in universities in the Kingdom through corporatisation, or Public Private Partnerships. The Royal Decree approving the Bylaw provides that the Council, through cabinet approval, shall pilot three universities first and report to the cabinet on the progress and outcome of such changes in operations, to then be gradually applied to other universities by the cabinet decree.

The Takeaway

The new Bylaw allows more flexibility for the setup and financial structures of local universities, helping them reach financial independence through the enablers introduced by the new Bylaw. This shall provide ample opportunity for Saudi universities to build on their niche educational expertise and develop their new educational systems abroad.

International and foreign universities will also be able to enter into Saudi through the new enabling regulatory and governance frameworks which will allow for diversification in higher education in the Kingdom.

We will continue to observe the implementation of the new Bylaw, and the anticipated regulatory policies under the Universities Affairs Council, and will provide further updates as the relevant details become available.

Should you have any particular inquiries in relation to the new bylaw, please feel free to get in touch with us.



Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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