



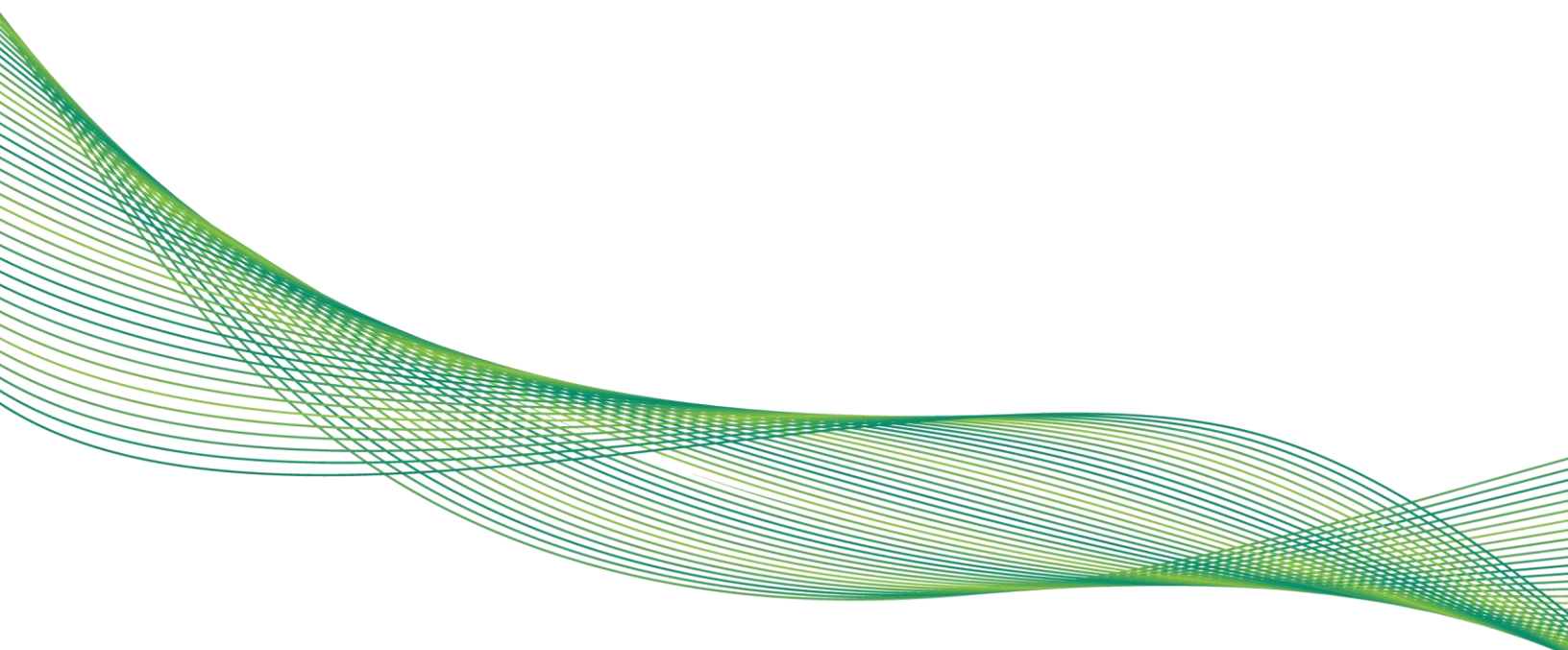
**EXECUTIVE REGULATIONS
OF THE
GOVERNMENT TENDERS AND PROCUREMENT LAW**

Issued by Royal Decree No. M/128 dated 13/11/1440 A.H.

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Including acting accordingly as of 1/9/1441 A.H., corresponding to 24/4/2020





Section I: General Provisions

Chapter 1

Equality and Transparency

Article (1):

1. The Government Authority shall inform all the bidders of the information related to the work scope of the project so as to evaluate the works before procuring the tender documents, and it shall provide the necessary clarifications and data about the works and procurements required to be performed in sufficient time before the bid submission date. The Government Authority shall not discriminate among the bidders in any of the above.
2. Subject to the provisions of Clause (1) of Article (12) of the Law, the Government Authority's employees, and the consultants and individuals who participate in preparing the tender documents, may not disclose any information about the tender before offering thereof.
3. The Government Authority shall inform all the bidders of any changes made to the tender.
4. The Government Authority may not amend the conditions, specifications, and bills of quantities after the submission of bids, except under the provisions of the Law and these Regulations, otherwise, the tender shall be aborted.

Chapter 2

Pre-Planning

Article (2):

The procurement of the works and procurements shall be based on fulfillment of the public interest, the actual needs of the Authority, and it shall observe quality, fulfillment of economic effectiveness in such works and procurements, taking into account the development aspects and strategic plans in place.



Article (3):

1. Subject to Clause (1) of Article (12) of the Law, during the first quarter of every fiscal year, the Government Authority shall publish the plan of its works and procurements. Such plan shall include the following information as a minimum:
 - a. The type and nature of the works and procurements;
 - b. Place of execution; and
 - c. The offering and contracting method.
2. The works and procurements related to the national security, weapons, and military equipment shall be excluded from publishing.
3. The information shall be published on the E-Portal and the website of the Government Authority, and it shall remain published until the works are offered.
4. Information of the plan shall be continuously updated.

Chapter 3

Contracting of Non-Licensed Foreign Individuals

Article (4):

1. Subject to Clause (2) of Article (3) of the Law, contracting of unlicensed foreign persons in accordance with the provisions of the Foreign Investment Law shall be conditional upon the following:
 - a. Announce on the E-Portal and the Government Authority's website to verify the unavailability of more than one qualified local person.
 - b. Obtain the approval of the Ministry of Investment.
 - c. Necessary qualification shall be performed in accordance with the provisions of the Law and these Regulations.



- d. Compliance with the provisions of the regulations of preference of local content, SMEs, and the companies listed on the capital market to procure the works and items.
2. The works and items shall be procured in accordance with the contracting approaches set forth in the Law and these Regulations.

Chapter 4

Works and Procurements Executed Abroad

Article (5):

The works and procurements executed abroad shall be excluded from the following provisions of the Law:

1. Article (9) of the Law;
2. Clause (1) of Article (55) of the Law, where the Government Authority may, as it deems fulfilling the best interest, use any language other than the Arabic language in drafting the contracts and contract documents and appendices, provided that the Authority prepares a version translated into Arabic of any of these documents.

Chapter 5

Competent Body for Unified Procurement

Article (6):

Subject to Article (14) of the Law, the Center of Spending Efficiency (CSE) shall:

1. Develop the strategies of the works and procurements, which shall specify the mechanism of contracting and procurement, as well as the quantities;
2. Develop the lists of the works and procurements frequently required by the Government Authority and post such lists on the E-Portal;
3. Conduct periodical follow-up of the data of the procurements and contracts concluded by the Government Authority.



Article (7):

1. The Government Authority shall present to the CSE the feasibility study, estimated cost, the tender documents, and the pre-qualification documents, if any, and the procedures it performed concerning the works and procurements whose estimated cost exceeds twenty-five million (25,000,000) Riyals. The CSE may, upon the Minister's approval, amend such amount.
2. The CSE shall review the documents presented by the Government Authority under Clause (1) of this Article and it shall respond within no later than fifteen working days from the date of receipt thereof.

Chapter 6

E-Portal

Article (8):

First. Without prejudice to the confidentiality requirements for the sake of national security, the E-Portal, indicated in Article (16) of the Law, shall contain information about the Government Tenders and Procurements Law, including:

1. The Government Tenders and Procurement Law and its Executive Regulations, and the decisions and circulars issued toward the application of the Law.
2. Regulations relevant to the Law, including the regulations of preference of local content, SMEs, and the companies listed on the capital market, and other economic development goals.
3. The policies, directives, instructions, guidelines, and training manuals related to the execution of the Law and these Regulations.
4. The strategies and initiatives in place to enhance the effectiveness in the government procurements.
5. Annual work and procurement plans of the government entities.
6. Information of the framework agreements in place to be availed by the government entities.



7. Information of the previous procurement procedures carried out by the government entities, and the planned procedures, or the procedures in progress, provided that such information is up to date and includes the progress of such procedures.
8. Announcements and other notifications which should be published under the Law and these Regulations.
9. Forms of tender documents, qualification documents, and forms of contracts related to the works and procurements of the government entities.
10. Minutes of the bid opening committees and reports related to the tender procedures applicable at the government entities.
11. Decisions regarding the settlement of complaints, violations, and grievances issued by both the complaint examination committees mentioned in Articles (86) and (88) of the Law.
12. Annual reports or other reports in relation to the Government Tenders and Procurement Law.

Second. The Government Tenders and Procurement procedures mentioned in Article (16) of the Law mean all the transactions related to performing the government procurement cycle through such E-Portal. They shall be accessed and executed through the E-Portal:

1. Registration of suppliers and contractors on the E-Portal and management of data thereof;
2. Create purchase and needs requests;
3. Conducting of the qualification processes;
4. Making announcements on the E-Portal and submitting requests for quotations;
5. Receiving and responding to bidders' inquiries;
6. Amending the tender documents;
7. Receiving, opening, and examining the bids;
8. Postponing and extending the opening of technical proposals;



9. Extending the bid validity term;
10. Sending notice of the award;
11. Aborting the tender; and
12. Proceeding with the tender and contracting procedures.
13. Publish summaries of the decisions issued by the committee mentioned in Article (88) of the Law.
14. Notify the bidders of any procedure required for the same.

Third. The technical reasons indicated in Article (16) of the Law mean the technological failures that affect the E-Portal and prevent the Government Authority or the bidders and the bidders from using the E-Portal and completing the tasks assigned thereto for a period exceeding three consecutive days, as set out in the rules and procedures of the E-Portal.

Fourth. In case of failure of the E-Portal for technical reasons, the period prescribed to perform the procedure which was not completed shall be extended for a period that equals the period of failure. If the technical failure continues for a period that exceeds the period set out in clause (Third) of this Article, and the Government Authority fails to perform the procedures by any alternative way, the Government Authority shall perform the procedures in paper format, provided that the Government Authority uploads the completed procedures on the E-Portal once it is back up and running.

Article (9):

Subject to Article (17) of the Law:

1. The E-Portal shall contain the instructions of its use and information on how to perform the procedures of offering the works and procurements.
2. The E-Portal shall allow the government authorities and the bidders to perform all the processes and applications related to the Government Tenders and Procurements, in accordance with the provisions of the Law and these Regulations.
3. The E-Portal shall ensure preservation of the confidentiality of data received from the users, and the bids submitted by the bidders, and that no person shall have



- access thereto except in accordance with the provisions of the Law and these Regulations.
4. Exclusive of the estimated cost of the project, the Government Authority shall post the tender documents, including the general and specific conditions, bills of quantities, and the costs of tender documents on the E-Portal.
 5. The Government Authority shall provide all bidders with access to the inquiries it receives concerning the tender offered, and the respective responses, without revealing the identity of the bidder who submits the inquiry.
 6. The E-Portal shall provide the detailed reports required for the authorized persons and supervisory entities responsible for following up, reviewing, and controlling the procurement processes and performance of contracts. The E-Portal shall include statistics and data of the government tenders and procurements, especially the amount of spending in the Government Authority, the percentages of participation of the suppliers or contractors in a manner to achieve transparency and integrity, in accordance with the provisions of the Law and these Regulations.
 7. The works and procurements related to the national security, weapons, and military equipment shall not be filed on the government authorities' registers on the E-Portal. The Government Authority may deem that it is sufficient to keep the records related to such procurements therewith. The E-Portal shall contain records of the users' transactions, as well as data and information of the contractors dealing with the Government Authority so that other government authorities can access the same to execute their projects.

Article (10):

The E-Portal shall publish a list of the contractors and suppliers banned from dealing with the Government. The announcement shall include the following:

1. Enterprise name and address;
2. Commercial register or legal license number;
3. Cause of ban;
4. Number and date of the decision or judgment imposing the ban; and



5. Duration and expiry date of the ban.

Article (11):

The Ministry shall respond to the inquiries and questions related to the use of the E-Portal, in the regulatory and technical aspects, by providing an official communication channel among the entities that use the E-Portal in conformity with the provisions of the Law and these Regulations.

Article (12):

The Ministry shall issue the rules and procedures of using the E-Portal.

Chapter 7

Conditions of Dealing with the Government Authorities

Article (13):

1. Any person who wishes to deal with the Government Authority to perform its procurements and works under the Law and these Regulations shall provide the following documents:
 - a. The commercial register or legal license related to the area of works subject of the bid, whenever the bidder is not legally obliged to be registered in the commercial register;
 - b. Certificate proving payment of Zakat or tax, or both whenever the bidder is obliged to pay Zakat and tax;
 - c. Certificate issued by the General Organization for Social Insurance (GOSI) proving that the enterprise is registered with the GOSI and pays its insurance rights;
 - d. Chamber of Commerce certificate of membership, whenever the bidder is legally obliged to join the Chamber of Commerce;
 - e. Certificate of classification in the area of the works subject of the bid if classification is required for such works;



- f. Saudi Contractors Authority certificate of membership in case the works subject of the bid are related to constructions and contracting;
 - g. Saudi Council of Engineers certificate of membership, in case the works subject of the bid are related to engineering works;
 - h. Evidence that the enterprise is a local small and medium enterprise, if it belongs to such category, as determined by the Small and Medium Enterprises General Authority;
 - i. Certificate proving fulfillment of the required job Saudization percentage; and
 - j. Any other documents requested by the Government Authority depending on the nature of the project.
2. The documents mentioned in clause (1) of this Article shall be valid at the time of opening the bids.
 3. In dealing with any of the nongovernmental institutions or societies, or nonprofit entities, it is required that it has a certificate of registration issued by the competent authority which proves that it is a nongovernmental institution or society, or a nonprofit entity.
 4. The works and procurements executed outside of the Kingdom of Saudi Arabia by foreign persons shall be exempted from providing the documents mentioned in clause (1) of this Article, except the documents provided in the sub-clauses (a) and (j).

Article (14):

First: In accordance with the provisions of the Law and these Regulations, the Government Authority and its contractors shall be prohibited from dealing with the following persons in relation to the works contracted upon with the Government Authority, and at any point during the contracting stages:

1. Public servants, excluding:
 - a. Noncommercial works if they are licensed to practice the same;



- b. Purchasing of books written by them, or any of their intellectual rights, whether from them directly or through the publishing houses or other entities;
 - c. Assigning them to create works of art; and
 - d. Participating in public auctions in case the items sought are for their personal use.
2. Persons who are prohibited from dealings under the laws, including those prohibited under a court order or a decision issued by a legally authorized entity, until the ban period expires.
 3. Persons who are broke, or whose insolvency was established, or against whom an order was issued to be put into receivership.
 4. The companies which were dissolved or liquidated.
 5. The persons who are below eighteen years of age.
 6. Incapacitated persons.

Second: Subject to clause (1/b) of Article (76) of the Law, any person who has not been subject to one or more liquidation procedures, in accordance with the provisions of the Insolvency Law, is not deemed to be bankrupt.

Chapter 8

Qualifying of Bidders

Article (15):

1. The Government Authority may perform pre-qualification for major or complex projects, or projects of high cost exceeding fifty million (50,000,000) Riyals, in order to determine the qualified bidders before inviting them to submit bids.
2. The Government Authority should perform post-qualification for the works and procurements which were not subject to pre-qualification.
3. In the event the Government Authority performed a previous qualification of any bidder, it may refrain from qualifying such bidder in similar works and procurements, provided that the date of the previous qualification must not be more than one year.



4. The contest and direct procurement approaches shall not be subject to the provisions of clauses (1) and (2) of this Article in case of executing works and procurements whose estimated cost exceeds one-hundred thousand (100,000) Riyals, or in the emergency cases.

Article (16):

1. Subject to clause (1/a) of Article (19) of these Regulations, the Government Authority must perform post-qualification of the successful bidder who passed the pre-qualification in the tender if the interval between the pre-qualification and the award exceeds one year to ensure that he is still qualified.
2. In the event the successful bidder fails to pass post-qualification, the next bidder shall be selected and so on. If all the bidders fail to pass the post-qualification, then the tender shall be aborted.
3. In the event of subjecting the successful bidder to post-qualification, the Government Authority shall adopt the same criteria which have been adopted in the pre-qualification stage.

Article (17):

Subject to Article (20) of the Law:

1. The Government Authority shall apply the criteria, conditions, and mechanism set forth in the qualification documents developed by the CSE.
2. The following criteria shall be observed in setting the pre-qualification or post-qualification criteria:
 - a. Financial capabilities;
 - b. Administrative capabilities;
 - c. Technical capabilities;
 - d. Amount of outstanding contractual obligations and the amount of completed projects;



- e. Experience;
 - f. Project's size, nature, and estimated cost; and
 - g. Results of past assessments.
3. The pre-qualification documents shall be electronically provided through the E-Portal.
 4. The qualification criteria shall be clear, objective, and serve the public interest, and do not target dealing with particular bidders.

Article (18):

The performance of pre-qualification shall be announced by the mechanism used to announce tenders. The announcement shall include the following information as a minimum:

1. Name of the Government Authority;
2. Project's type, nature, and place of execution;
3. Qualification criteria and procedures;
4. Date of submitting qualification documents; and
5. Date of announcing the qualified persons.

Article (19):

1. In conducting the pre-qualification, the Government Authority shall observe the following:
 - a. If only one bidder applies for qualification, or if one bidder passed the qualification, the Government Authority shall review the qualification criteria and re-conduct the pre-qualification, or abort the pre-qualification and replace it with post-qualification.

- b. The person applying for qualification shall be notified of the qualification results, including the reasons of elimination thereof.
2. The person who passes pre-qualification shall be invited to complete the tender procedures in accordance with the provisions of the Law and these Regulations.

Article (20):

The Head of Government Authority, or his authorized deputy, shall issue a decision to form one committee or more to conduct pre-qualification and post-qualification, subject to the following rules:

1. The committee shall include three members in addition to its Chairperson. At least one of such members must have technical knowledge about the nature of the works and procurements subject of the tender.
2. It is not allowed to combine the membership or presidency of this committee with the membership or presidency of any other committee set forth in the Law and these Regulations.
3. The formation decision shall state appointing a deputy to cover for the Chairperson in his absence.
4. The committee shall be re-formed every three years.

Chapter 9

Tender Documents

Article (21):

The tender documents shall include full details of the works and procurements subject of the tender, including:

1. Bidding instructions and conditions;
2. Conditions and specifications of the works and procurements;
3. Bills and items of quantities, or service delivery criteria;



4. Bid evaluation criteria and ratios;
5. Area of classification, if any;
6. The plans and drawings, as the case may be;
7. The place, time, and mechanism of sample delivery, if required, and where they will end up after examination, and the mechanism of recovery thereof;
8. The wording of the contract to be concluded, and terms and conditions thereof, as well as the payment methods and mechanism of penalty calculation;
9. Terms and conditions concerning the local content, if any;
10. Bid bond and performance bond;
11. Terms and conditions of the framework agreement, if any;
12. Standstill period prescribed to consider complaints against the decision of award, excluding the works and procurements carried out through direct procurement or contest ; and
13. Any other documents based on the nature of the works and procurements.

Article (22):

1. The Government Authority shall provide sufficient hard copies of the general tender documents, in case it is not possible to obtain soft copies for technical reasons, based on the reasons mentioned in clause (Third) of Article (8) of these Regulations. The Government Authority may not refrain from providing such documents without a legal ground.
2. All the soft copies shall be numbered.

Article (23):

1. The Government Authority shall be accurate in determining the cost of the tender documents so that they reflect the cost of their preparation only, and it may not

- overestimate the prices in a manner that leads the bidders to abstain from participating in the tender.
2. The cost of preparing the tender document mentioned in clause (1) of this Article shall not include the technical and consulting works related to such documents.

Chapter 10

Conditions, Specifications & Obligations

Article (24):

Subject to Article (22) of the Law, the Government Authority shall commit itself to the following in setting the conditions and specifications:

1. Not to state the type, description, item, or number listed on the suppliers' lists;
2. Not to state particular trademarks or specifications that only apply to a certain product; and
3. Not to contract upon works whose quantities, categories, and /or specifications are not stated in the contract, unless otherwise stated in the Law or these Regulations.

Article (25):

Concerning the contractual and financial obligations the following rules should be observed:

1. Contracting upon the works and procurements shall only be permitted after ensuring availability of costs or funds. The Authority shall consider the annual cash flows of contracts in conformity to the budget planning activities, including the items engaged therewith.
2. When it is critical to save time in performing the tender procedures, the Government Authority may offer the tender of call for bids before securing the funds required for the works and procurements, provided that the Government Authority shall state in the tender documents that the contract shall not be awarded and signed until the funds or cost of the works and procurements are secured.



3. The contracts entered into should contain clear conditions regarding the annual cash flows prescribed in the contracts which extend for more than one fiscal year.
4. The Government Authority should mention in the decision of the awarding addressed to the successful bidder that it does not create any legal or financial obligation on the Government Authority except after the signing of the contract by all parties.

Article (26):

The Government Authority shall update the information of its projects and works before approving the same, and it shall review the technical specifications, drawings, and plans, and make any amendment or correction thereto prior to offering its works in a general tender or procuring of its items, especially the documents which have been prepared a long time ago, or the specifications of the devices and programs which are subject to continuous upgrade.

Chapter 11

Estimated Cost

Article (27):

1. Subject to Article (23) of the Law, the Government Authority shall set indicative estimated prices for the works in the bills of items and quantities related to the tender. Toward this procedure, the Government Authority shall use the technical team that participated in preparing the specifications or other entities specialized in pricing. In setting the prices, all the following criteria shall be considered:
 - a. The prices prevailing in the market;
 - b. The prices adopted in previous dealings;
 - c. The price references adopted locally and abroad;
 - d. Data of prices issued by the competent authorities, if any;



- e. Estimated costs of the works and procurements prepared by the CSE, pursuant to the data and references set out in this Article;
 - f. The prices shall reflect the actual value of the offered works and procurements; and
 - g. The estimated prices shall be put in an encrypted electronic file and submitted to the chairman of the bid opening committee prior to announcing the tender.
2. The Government Authority and CSE, and all those involved in establishing the estimated prices shall maintain the confidentiality of such prices.
 3. The tender shall be aborted if the Government fails to set estimated prices therefor.

Chapter 12

Bid Evaluation Criteria

Article (28):

1. The CSE shall prepare the rules of developing the bid evaluation criteria for the various spending categories, where pricing and non-pricing bid evaluation points shall be divided.
2. The Government Authorities shall observe the preparation of criteria when they prepare the RFP and tender documents pursuant to the controls mentioned in clause (1) of this Article, especially in the bid evaluation criteria.
3. Subject to Articles (24) and (25) of the Law, the tender documents shall include the evaluation criteria to be used, and the mechanism of applying the same.

Article (29):

Subject to Article (24) of the Law and the provisions of the Regulations concerning the Preference of Local Content, SMEs, and Companies Listed on the Financial Market for the works and procurements, the bid evaluation criteria should be clear, objective, and serve the public interest, and not intended to award the works to particular bidders, and the following shall be observed in preparing such criteria:



1. For the works that do not require high technical or sophisticated capabilities, it is allowed to assess the technical proposal and rely on the minimum pass mark only and the bid with the lowest price will be the successful bid; and
2. The higher percentage of the weights shall be adopted in the consulting services that require high technical capabilities for the technical criteria.

Chapter 13

Division of Tender

Article (30):

Subject to Article (26) of the Law, division of tender shall be subject to the following conditions:

1. The division is not intended to shift to other procurement approaches;
2. The tender documents shall include: the division approach, the items to be divided, and the mechanism of awarding thereof;
3. The nature of the works and procurements shall be divisible in reality in terms of the value, duration, items, and elements;
4. In case it is required for the best interest to divide the similar items, the consent of the CSE shall be obtained before offering the tender.
5. The division shall serve a public interest.

Chapter 14

Solidarity

Article (31):

First: Bidders may join forces to implement one or multiple projects, subject to the following conditions:



1. The solidarity shall be concluded before submitting the bids under an agreement concluded by the joint contractors, and certified by the chamber of commerce or the authorized notarizing entities. The bidders who plan to conclude solidarity should submit a written letter with their bid, undertaking to enter into a solidarity agreement if they are informed that they will be awarded the tender;
2. The agreement, or the letter of undertaking, shall specify the leader of the solidarity who shall act as the legal representative before the Government Authority and shall complete the contracting procedures, sign the contract, and for the purpose of correspondence and communications;
3. The agreement, or the letter of undertaking, shall specify the works that will be assumed by each of the joint contractors;
4. The agreement, or the letter of undertaking, shall stipulate that the joint contractors shall be jointly or severally responsible for executing all the works offered in the tender;
5. The bid and all documents thereof shall be signed by all the joint contractors;
6. The solidarity agreement shall be submitted along with the bid and all the bidding documents;
7. None of the joint contractors may submit an individual bid in the tender, whether solely or with another bidder; and
8. The solidarity agreement may not be amended after submission thereof, unless the amendment is approved by the Government Authority.
9. The provisions of the Law concerning Classification of Contractors shall be observed in case the solidarity is held among contractors.

Second: Unless otherwise required in the solidarity procedures, the tender documents should provide the qualification criteria that will be used to evaluate all parties to the solidarity, and which should be met by each bidder in the solidarity.

Third: The Government Authority shall dismiss any bid provided by the parties to the solidarity if any one of them withdraws or violates the tender conditions or the provisions of the Law and these Regulations, unless the other party to the solidarity is qualified to perform such works solely after obtaining his approval in writing.



Section II

Chapter 1

Contracting Methods

Article (32):

The Government Authority shall perform its works and procure its items in accordance with the provisions of the Law and these Regulations through any of the following methods:

1. General tender;
2. Selective tender;
3. 2-phase tender;
4. Direct procurement;
5. Framework agreement;
6. Online reverse auction;
7. Industry localization and knowledge transfer; or
8. Contest (competition).

Chapter 2

General Tender

Article (33):

The Government Authority shall announce the general tender in accordance with the following procedures:

1. All general tenders shall be announced on the E-Portal, provided that the announcement remains posted until the deadline for submission of bids. In addition to the E-Portal, the Government Authority may announce the tender on the website of the Official Gazette, and via any other means it deems fit.



2. For the works and procurements conducted outside of the Kingdom for which no more than one supplier or contractor is available within the Kingdom, they shall be announced outside of the Kingdom, in addition to announcement inside the Kingdom, pursuant to clause (1) of this Article.
3. Tenders announced outside of the Kingdom shall be announced on the advertising websites in the country where the works and procurements shall be conducted, and on the website of the Saudi Embassy, if any. The Government Authority may use an additional means for announcement as it deems fit. The tender shall be announced in Arabic and English in addition to the language of the country where the announcement is made, and the Government Authority may add another language as it sees fit.
4. The announcement of general tender shall include the following data as a minimum:
 - a. Name of announcing entity;
 - b. Tender number, description, and object;
 - c. Area of classification, if any;
 - d. Cost of tender documents, and point of payment thereof;
 - e. Deadline for receiving of bids, and the bid opening date.
5. In case it is not possible to announce the general tender on the E-Portal for technical issues, it shall be announced on the Official Gazette and its website, and the website of the owner of the project, and the Government Authority publish the announcement on the E-Portal once it back up and running, unless the bid receipt period expires.

Article (34):

1. The interval between the date of announcement on the E-Portal and the deadline for submission of bids shall not be less than:
 - a. Fifteen days for the works and procurements whose estimated cost amounts to five million Saudi Riyals and less;



- b. Thirty days for the works and procurements whose estimated cost exceeds five million Saudi Riyals and less than one hundred million Saudi Riyals; and
 - c. Sixty days for the works and procurements whose estimated cost amounts to one hundred million Saudi Riyals and more.
2. The Government Authority may, after obtaining the Minister's approval, reduce the periods set out in this Article, if the nature of the works and procurements do not require completion of the respective period in full.

Article (35):

The Government Authority shall offer the works of continuous services one fiscal year before expiry of the outstanding contract.

Chapter 3

Selective Tender

Article (36):

The Government Authority may adopt the selective tender approach to contract upon the works and procurements which are only available at a limited number of contractors or suppliers, subject to the following rules:

1. An announcement shall be published on the E-Portal and the website of the Government Authority to make sure that there are no other contractors or suppliers in the area of the required works and procurements. The announcement shall remain published for at least twenty days from its publishing date;
2. If the announcement or the lists indicated in clause (3) of this Article reveal that there are more than five suppliers or contractors, the works and procurements shall be offered in a general tender; and
3. The Government Authority shall prepare a list of the works and procurements which are available at a limited number of contractors and suppliers and a list of the service providers of such works and procurements, and such lists shall be

updated on an annual basis, and they shall be available to the public via the E-Portal.

Article (37):

Where the selective tender approach is adopted to contract upon the works and procurements whose estimated value amounts to five hundred thousand Saudi Riyals maximum, and the prices of the bids submitted exceed five hundred thousand Saudi Riyals, and the lowest bidder or the next lowest bidder do not accept to lower their bids to that amount, then the selective tender shall be cancelled and they shall be offered through a general tender.

Article (38):

In adopting the selective tender approach to procure the works and procurements required urgently, the Government Authority shall abide by the following rules:

1. The works contracted upon are works that cannot be pre-planned;
2. The slowdown by the Government Authority in implementing the works and securing the procurements shall not be considered as an urgent case;
3. The Government Authority shall determine the cases which are too urgent to sustain the general tender procedures, taking into account the best interest of the facility, implantation circumstances, and the amount and types of works and procurements required to be procured; and
4. The continuous service contracts, such as maintenance, cleaning, operation, and catering and transport, the works procured regularly and repeatedly, and the public construction works which are prepared and whose conditions, specifications, and plans are set before they are implemented, shall not be considered urgent cases that may be procured through selective tender.



Article (39):

The Government Authority shall contract nongovernmental organizations or associations or nonprofit entities, subject to the following conditions:

1. There are more than one nonprofit entity that provides the required works and procurements;
2. The works applied for fall within the activity for which they were established;
3. They shall execute the works on their own; and
4. The Government Authority shall develop a list of the nonprofit entities that provide certain services in the area of the Government Authority's activity, and such list shall be available to the public through the E-Portal.

Article (40):

Consulting services shall be procured in accordance with the provisions of selective tender, subject to the following:

1. The Government Authority shall set the conditions and specifications of the consulting services, which shall include as a minimum:
 - a. A general description of the nature of the required services and works;
 - b. The objectives aspired from the consulting services;
 - c. The scope of consulting services and the tasks which shall be performed by the consultant;
 - d. The required deliverables; including the findings, reports, and works completed;
 - e. Transfer of knowledge, experience, and training, if any; and
 - f. Evaluation criteria
2. The Government Authority shall draft lists of the consulting firms on the E-Portal to be used when invitations are sent, provided that the number of firms invited to submit their bids is not less than five (5) consulting firms.



3. When the Government Authority drafts the lists mentioned in clause (2) of this Article, it shall publish an announcement on the E-Portal soliciting EOIs of the consulting firms to be added to the lists. Such announcement shall indicate that the Government Authority will invite a limited number of the bidders listed on the lists who fulfilled the qualification criteria specified in the announcement to submit their bids.
4. The Government Authority may use the direct procurement approach to secure the consulting services if they meet the direct procurement conditions set forth in Article (32) of the Law.

Article (41):

Subject to Article (30) of the Law, if the works and procurements are executed through selective tender, the Government Authority shall:

1. Give as many bidders as possible the opportunity to participate so that the Government Authority does not deal with a limited number of bidders. The Government Authority shall maintain lists of the persons who wish to be registered to provide services in different works and procurements. Further, the Government Authority shall continuously publish an announcement on the E-Portal regarding registration in such lists.
2. The announcement mentioned in clause (1) of this Article shall include:
 - a. A description of the works, procurements, or services, including their categories which can be used in such lists.
 - b. The conditions which should be met by the parties who seek to be registered in order to be added to such lists, and the criteria that will be adopted by the Government Authority to verify whether such conditions are met.
 - c. The name and address of the Government Entity that keeps the lists and contact information thereof, as well as the mechanism of accessing the documents relevant with such lists.
 - d. The validity period of the lists, and the mechanism of renewal or cancellation thereof. In case the validity period is not specified, the mechanism of notifying the registered parties that such lists will no longer be used shall be indicated.



3. The Government Authority shall develop a register of the works and procurements executed through selective tender being urgent cases.
4. The Government Authority shall enable the applicants who wish to register to apply at any time to be registered in the lists of the various works, procurements, and services, and it shall list all the qualified applicants within a short period of time.
5. The Government Authority shall immediately announce its decision concerning the request for registration submitted by the applicants to be added on the lists, or in case any of them is deleted from such lists for failure to fulfil the registration conditions, and it shall clarify the reasons of its decision in writing.

For matters not provided for, the selective tender shall be subject to all the provisions of the general tender.

Chapter 4

2-Phase Tender

Article (42):

Subject to Article (31) of the Law, a 2-phase tender shall be conducted as follows:

First: Phase 1:

1. The tender documents shall specify the Government Authority's needs, purpose of the contract, expected performance, the qualifications required to complete the works, and general information related to the conditions and specifications, and other technical features, whether of the works required to be executed, or the equipment and goods required to be procured.
2. The first phase shall be announced on the E-Portal as per the general tender announcement procedures.
3. Initial bids shall be submitted in the first phase, including the suggestions of the bidders, and they shall not state the bid prices.



4. In addition to clause (3) of this Article, the Government Authority may request the bidders, without obliging them, to provide reference prices or price limits of the works required to be performed, provided that the bidders are not obliged in the second phase to adjust their bids in line with the reference prices or price limits presented by them, or evaluate their bids based on such reference prices or price limits.
5. The Government Authority may approach the bidders to discuss the content of the bids and the proposed specifications, and it may make the necessary changes to the specifications in order to become acceptable and practically viable, and it shall publish such inquiries and clarifications on the E-Portal to be made available to all the bidders.
6. The bids that passed the first phase shall be announced on the E-Portal.

Second: Phase 2:

Upon completion of Phase 1, the Government Authority shall:

1. Prepare and amend the technical specifications, and make the tender documents and evaluation criteria ready based on the findings concluded in the first phase.
2. Send invitations to the accepted bidders to submit their bids.

Article (43):

Except as provided for, the 2-phase tender shall be subject to the provisions and procedures of the general tender.

Chapter 5

Direct Procurement

Article (44):

Where the Government Authority wishes to procure the works and procurements which are only available at one supplier, contractor, or producer, it shall observe the following:



1. It is necessary to procure the works and procurements and there is no appropriate alternative that can be secured from other sources;
2. Announcement shall be published on the E-Portal and the website of the Government Authority, which term may not be less than ten (10) working days, to make sure that the works and procurements are only available at one contractor, producer or supplier. The Government Authority shall also verify the same through other official sources and the databases and information available at other authorities.

Article (45):

Subject to clause (5) of Article (32) of the Law, the Government Authority shall directly contract one nongovernmental organization or association or one nonprofit entity which are the only providers of the required works and procurements, provided that the provided works fall within their activity.

Article (46):

Execution of the works and procurements in the emergency cases shall be subject to the following conditions:

1. Occurrence of any of the following cases:
 - a. There is an unexpected and serious threat to the public safety and health, and public security; or
 - b. There is a grave event that foreshadows loss of lives or property.
2. Adoption of the general tender or selective tender procedures shall cause significant damage due to the extended duration of the procedures.
3. The framework agreement does not cover the required works and procurements, or failure to perform the same.
4. Obtain the approval of the Head of Government Authority.
5. Provide the General Auditing Bureau with all the agreements, contracts, and disbursement vouchers related to such works and procurements.



Article (47):

1. Under a decision issued by the Head of Government Authority, or deputy thereof, one committee or more shall be formed of three members, from whom a chairperson shall be appointed, to examine the direct procurement bids and file the recommendations to the authorized person. Further, it is not allowed to combine the presidency or membership of this committee with the presidency or membership of any other committee formed in accordance with the provisions of the Law and these Regulations.
2. Except the additional works, the works and procurements exceeding thirty thousand (30,000) Riyals and less shall not be presented to the committee responsible for examining the direct procurement bids.
3. The works and procurements mentioned in clause (2) of this Article shall be determined by the competent person.

Article (48):

1. The Government Authority shall give as many persons as possible the opportunity to be engaged in direct procurement so that it does not deal with a limited number of them, or do not regularly deal with particular companies or institutions. The Government Authority shall maintain lists of the institutions and companies that wish to be registered to provide their services in different works and procurements. Such lists shall be continuously announced and registration in such lists shall be available through the E-Portal.
2. Without compromising the national security requirements, in the end of the fiscal year, the Government Authority shall count the direct procurement transactions executed in terms of the total value and type of works and procurements, and it shall publish such information on the E-Portal.
3. Without prejudice to the provisions of direct procurement, when the Government Authority adopts such approach, it may invite one person or more, or publish an announcement on the E-Portal for the duration it determines, before concluding contracts under such approach. This shall not apply to the provisions of clauses (1) and (4) of Article (32) of the Law, and clause (2) of Article (44) of these Regulations.

Chapter 6

Framework Agreement

Article (49):

Subject to Article (33) of the Law, the Government Authority may contract upon the works using framework agreements in the following cases:

1. If the need arises to contract frequently to procure goods, works, or services; and
2. If it is expected in the future, due to the nature of the goods and services required, that the need will arise to procure the same.
3. If the need to deal with emergency cases arises.

Article (50):

In case of contracting using the framework agreement, the announcement of the tender shall indicate:

1. Whether the framework agreement is open-ended or close-ended, so as to allow adding of new contractors or suppliers as parties of such agreement after concluding the agreement in accordance with its terms;
2. The procedures required to file an application to enter into a framework agreement, and the required qualification criteria;
3. The key terms and conditions required in the agreement;
4. Description of the subject matter of the agreement; and
5. Any other information or requirements set out in the tender documents to conclude framework agreements.



Article (51):

The framework agreement shall include the following information:

1. The number of service providers who are parties to the agreement;
2. Term of the agreement, and whether it is open-ended or close-ended;
3. The volume and quantities of the works and procurements expected to be requested;
4. The item prices applicable throughout the term of the agreement, and the mechanism used to lower such prices, as though the contractor submitted or proposed to third parties a lower price for the works, procurements, or services, or upon proposing reduced prices based on the required quantities;
5. The terms of the agreement to be concluded after the award;
6. The conditions of tender procedures that will be adopted among the suppliers or contractors parties to the agreement;
7. The Government Authorities which may issue purchase orders based on the agreement;
8. Mechanisms of delivery and receipt of goods, or performance of services;
9. The method of payment of the financial consideration;
10. The mechanism of updating the agreement specifications during its term, without affecting the core of the agreement;
11. The rules governing the relation among all the parties to the agreement, and the due procedures in case any dispute arises amongst them; and
12. The general and specific conditions and specifications of the works.

Article (52):

Announcement of the framework agreement shall be subject to the provisions of announcing the contracting mechanism adopted to conclude the framework agreement. When the Government Authority concludes an open-ended framework agreement it shall

publish an invitation to join on the E-Portal and on its website throughout the term of the agreement. Such invitation shall include the following information:

1. Name and address of the Government Authority;
2. The qualifications required to be met by the bidders who wish to join; and
3. The period prescribed to file an application to join.

Article (53):

1. The Government Authority and the contractor, supplier, or service provider shall agree, as per the conditions set forth in the framework agreement.
2. In case there is more than one supplier, contractor, or service provider as parties to the agreement, a close-ended tender may be conducted amongst them pursuant to its conditions.
3. The term of close-ended framework agreement may not exceed three years, and the term of the open-ended framework agreement may not exceed four years. Expiry of the framework agreement may not prejudice any contract or approval created during its effectiveness.

Chapter 7

Online Reverse Auction

Article (54):

Subject to Article (34) of the Law, the Government Authority may adopt the online reverse auction approach to procure goods that are available at more than one supplier, contractor, or service provider, subject to the following conditions:

1. The auction shall be restricted to the goods readily available in the market;
2. The tender cost shall not exceed five million Saudi Riyals;
3. Auction shall be conducted through the E-Portal to ensure the integrity of procedures and transparency, and ensure freedom of competition;



4. The procedures of the online reverse auction shall include equality, justice and equal opportunities among the bidders;
5. Bidders shall be informed of the order of their respective prices and the prices of other bidders while maintaining the anonymity of the bidders.
6. The date, and start and end times of the reverse auction shall be specified, and the possibility of extending the rounds in case more than one bids are equal, and if the Government Authority deems that the prices are not appropriate;
7. The number of bidders in the online reverse auction may not be less than three. In case a number of bidders withdraw and only two or less remain, the auction shall be cancelled;
8. Any person who wishes to participate in a reverse auction shall present a bid bond along with their initial bids in accordance with the auction conditions; and
9. The bids submitted by the bidders shall be examined by the Authority to ensure conformity to the conditions and technical specifications before they participate in the auction.

Article (55):

1. The online reverse auction shall be announced on the E-Portal, and on the website of the Government Authority.
2. The announcement shall include the conditions, technical specifications, and deadline for registering those who wish to participate in the online reverse auction, provided that the interval between the announcement or invitation date and the deadline to register participation applications shall not be less than fifteen days.

Article (56):

1. In the online reverse auction, the awarding criteria shall be based on the price, and in such a case, the bid with the lowest price shall be the successful bid.



2. All the bidders shall have equal and continuous opportunities to submit their prices or bids.
3. In case of failure of the electronic system on which the auction is performed, the auction procedures shall be suspended immediately, and they shall be resumed during the official working hours on the date set for the auction, otherwise, the auction shall be cancelled.

Article (57):

The Head of Government Authority, or his authorized deputy, shall form a committee to:

1. Supervise the online reverse auction.
2. Draft a report of the procedures performed and the committee's recommendations of awarding the auction to the successful bidder. Such report shall be filed to the competent authority to determine the awarding.

Chapter 8

Industry Localization and Knowledge Transfer

Article (58):

The Authority may conclude contracts to secure industry localization and knowledge transfer, subject to the following rules:

1. The industry localization or knowledge transfer shall not lead to monopolizing of such industry or knowledge.
2. The changes and developments of technology, industry, and knowledge shall be considered when the agreements are concluded.
3. The Authority shall:
 - a. Coordinate with the CSE and the related entities, each within its field of competence, in preparing a feasibility study of the industry intended to be localized, or the knowledge intended to be transferred. Such study should

include the optimum contracting method, expected opportunities, and how such localization or transfer would boost economic development.

- b. File the feasibility study to the Minister for approval, in order to complete the necessary procedures.
- c. Coordinate with the CSE and related entities, after obtaining the Ministry's approval, to prepare the documents of terms and specifications, and contract forms, in order to conclude the contract.
- d. The agreement intended to be concluded with the contractor should determine the rates which the government authority would buy from the products of such industry or knowledge. Such rates will be determined in coordination with the beneficiaries.

Chapter 9

Contest (Competition)

Article (59):

Contracting through the contest approach shall be conducted with the objective of developing designs, plans, or maquettes or other works of art and intellect, subject to the following conditions and rules:

1. The contest shall be announced on the E-Portal and website of the Government Authority. The announcement shall include the following information as a minimum:
 - a. General specifications of the works;
 - b. Number of winners and the awards that will be given, provided that the number of winners does not exceed 3;
 - c. Selection criteria to be applied on the bids submitted; and
 - d. The date and place of bid submission and the mechanisms of communication and inquiries.



2. The bid examination committee shall examine the submitted bids and it may approach any bidder to discuss his bid, then it shall select the successful bids and arrange them in order according to the criteria in place.
3. The contest approach shall be exempted from the provision of the bonds and related provisions.
4. The intellectual property of the content of successful bids shall be the property of the Government Authority.

Section III

Chapter 1

Bid Submission

Article (60):

Subject to Article (37) of the Law, the bid shall be submitted in two electronic files, for the works and procurements whose estimated value amounts to five million Saudi Riyals and more. The Government Authority may impose such conditions on the works and procurements whose estimated value is less than five million Saudi Riyals, as it deems fit to serve the best interest.

Article (61):

1. The bid shall be submitted in electronic format after the bidder enters the data required in the tender documents through the E-Portal in one encrypted file, or two encrypted files in case it is required to submit two proposals; financial and technical.
2. Notwithstanding clause (1) of this Article, for the works and procurements executed outside of the Kingdom by foreigners, the Government Authority may provide in the tender documents that the bidders may submit their bids on their respective letterhead. In case of difference, the terms and conditions stipulated by the Government Authority in its approved forms shall prevail.



3. The bid, and all of its enclosures, shall be submitted under an official letter signed by the submitting entity; or the legal representative thereof.
4. Any bid submitted after the deadline prescribed for bid submission shall be disregarded.
5. The bid shall be enclosed with copies of the documents set forth in Article (13) of these Regulations.

Article (62):

1. The bidder that bids to execute the works and procurements shall, prior to submitting of his bid, examine the nature of the works subject of the bid, and the circumstances of implementation, and all the data and details thereof, and any information that would affect his bid brackets and the risks of his obligations.
2. The Government Authority shall give the bidders the opportunity to conduct field visits to the project site whenever possible, based on the nature of the project.

Article (63):

A bidder may not submit an alternative bid along with the principal bid unless this is provided for in the tender documents in accordance with specific conditions and specifications set out by the Government Authority.

Article (64):

Any bid that is noncompliant with the conditions, specifications, and the tender documents shall be excluded. The Bid Examination Committee may decide otherwise if the noncompliance is just a formality that does affect the bidder's ability to comply with the conditions and specifications.



Article (65):

1. In the event it is not possible to submit the bids through the E-Portal for technical issues in accordance with clause (Third) of Article (8) of these Regulations, they may be submitted in sealed envelopes via the official mail, or submitted to the Government Authority in the place specified to receive the bids against a receipt indicating the submission date and time.
2. The Government Authority shall upload the bids which are submitted in paper format on the E-Portal to be filed in its records after they are opened by the bid opening committee.

Article (66):

The names of bidders who submit their bids shall be announced on the E-Portal after the deadline for submission and opening of bids. If it is not possible to announce this information on the E-Portal, it shall be announced on the website of the Government Authority.

Article (67):

1. Should the Government Authority fail to determine the awarding during the bid validity term, the bid examination committee shall draft a report stating the reasons and justifications of such delay. The Government Authority shall inform the bidders of its desire to extend their bid validity term for an additional period not exceeding 90 days.
2. Any bidders who accept the extension shall extend their bonds and notify the Government Authority of the same within two weeks from the date of the notification requesting extension. Bidders who do not come forward during this period shall be deemed to disagree to extend their bids and they shall be refunded of their bid bonds.
3. In case the periods mentioned in this Article expire, the Government Authority may not extend the bid validity term without the Ministry's consent based on justified reasons; otherwise, the tender shall be cancelled.



Article (68):

A bidder may withdraw his bid before expiry of the period prescribed to receive the bids, and the Government Authority shall return his bid bond thereto.

Chapter 2

Drafting of Bid Quotation

Article (69):

1. A bidder shall submit his price in accordance with the conditions and specifications, as well as the approved bills of quantities, and he may not make any amendment or express any reservation thereof, or cross out any of the items or specifications in the tender, and the violating bid shall be excluded.
2. The item and total prices of the bid shall be written down in the bills of quantities in figures and letters and they shall be expressed in the local currency, unless another currency is provided for.
3. A bidder may not adjust, delete, or erase the price list and any correction made by the bidder shall be re-written in figures and letters and it shall be signed.
4. In case the price brackets which were adjusted, deleted, or erased exceed ten percent (10%) of the price list or the total value of the bid, the bid may be excluded.
5. A bidder may not leave any of the tender items non-priced, unless this is permitted in the tender conditions.

Chapter 3

Bid Bond

Article (70):

1. A bid presented with no or incomplete bid bond may not be accepted. The Government Authority should accept a bond which is incomplete by maximum ten percent (10%) of the required bid value. In this case, and before the bid



- examination committee recommends awarding the bid to the bidder whose bid bond is incomplete, it shall request completion of the bond within a period to be specified by the committee that does not exceed ten (10) working days, otherwise, the bidder shall be deemed to have withdrawn and he may not be refunded the bid bond.
2. The original bid bond letter shall be presented with the bid, provided that it is valid for a period not less than ninety (90) days from the date prescribed to open the bids. In case the bid bond term is incomplete by thirty days at least, the bid examination committee shall, before recommending awarding the bid to the bidder whose bid bond has an incomplete term, request completion of the term within a period to be specified by the committee, otherwise, the bidder shall be deemed to have withdrawn and he may not be refunded the bid bond. A shortfall of 1 or 2 days of the bid bond term shall not be deemed as a shortfall in the bond term.
 3. The Government Authority shall request extending of the bid bond term of the bidder to whom the works are awarded in case the bond validity term expires prior to submitting the performance bond.
 4. The bid bonds shall be refunded to the unsuccessful bidders after determining the award, and in case of cancelling the tender, or after expiry of the validity period of bids, unless the bidder expresses his wish to carry on with his bid, in accordance with the provisions of the Law and these Regulations.
 5. Contrary to the above, and for matters for which no provision was provided for that requires confiscation of the bid bond, the bid bonds shall be refunded to the respective bidders, and the Government Authority may, at its own discretion, or upon the bidders' request, release the respective bid bonds before determining the award if it is discovered upon opening of the envelopes and reviewing the prices that the prices of such bids are high, or violate the conditions and specifications, which would make it unlikely to award the tender to any of them.

Chapter 4

Opening of Bids

Article (71):

The Head of Government Authority, or his deputy, shall issue a decision forming one or more bid opening committees, subject to the following rules:

1. The committee shall be comprised of at least 3 members in addition to its chairperson;
2. The formation decision shall state appointing a deputy of the chairperson to replace the chairperson in his absence; and
3. The committee shall be re-formed every three years.

Article (72):

Subject to the provisions set out in Article (44) of the Law, the bid opening committee shall:

1. Open the bids upon the expiry of the period prescribed to receive the bids. For the bids that involve two electronic files, the committee shall open the technical proposals only in the presence of the bidders who wish to be present.
2. For the bids that involve two electronic files, the technical proposals shall be referred after they are opened, while the financial proposals shall be referred unopened, along with the minutes of the committee, to the bid examination committee.
3. In case the bid opening committee fails to assume its tasks for justified reasons, the bid opening shall be postponed for the required and necessary period, upon the approval of the Head of the Government Authority, or deputy thereof, and another date shall be scheduled and the bidders shall be informed of the same. In such a case, new bids may not be accepted during the period of delay.
4. The bid opening committee shall ensure the confidentiality and integrity of the bids and conformity to the format specified in the Law and these Regulations. The committee shall establish in its minutes the number of bids submitted, and it shall



- assign a serial number to each bid in the form of a common fraction where the numerator shall represent the bid number and the denominator shall represent the number of bids submitted.
5. The Bid Opening Committee shall announce the name of the bidder, his total price, and the increase or decrease made to the price set out in the letter of original bid, and whether he submitted a bid bond, and the amount of such bond, and whether he submitted the required documents. For the bids involving two electronic files, the committee shall announce the name of the bidder only.
 6. The chairperson and all members of the committee shall conduct an inventory of the samples, and the specifications of equipment and items (catalogues) presented with the bid, the signature on the letter of original bid, the bills of quantities, letter of bank guarantee, and the certificates enclosed with the bid, as well as the minutes of the estimated price and the minutes where the committee records its procedures.
 7. The bid opening committee may not rule out any bid, or ask the bidders to correct the errors or avoid the observations noted in their bids. Further, the bid opening committee may not receive any bids, envelopes, letters, or samples submitted thereto by the bidders during the bid opening session.
 8. The Bid Opening Committee shall note the content of envelopes opened, and in case of tenders that do not require submitting the bid in two electronic files, committee shall note the adjustment, correction, or erasure made to the prices contained therein, and it shall specify the non-priced items, or the items whose item and total prices are not expressed in figures and letters.
 9. In case the tender requires filing of the proposals in two electronic files, the bid opening committee may not open the financial proposals until the bid examination committee returns such bid thereto. The bid opening committee shall apply the procedures set forth in this chapter when it opens the financial proposals.
 10. After the bid opening committee completes its procedures, it shall refer its minutes and the tender documents to the bid examination committee, by no later than the period prescribed in clause (3) of Article (44) of the Law.



Article (73):

1. The bid receipt term shall be extended and bid opening shall be postponed in the following cases:
 - a. If it is discovered that the period duly prescribed to receive the bids mentioned in Article (34), which is set out in Article (36) of these Regulations, is incomplete, the Government Authority shall announce extension of the bid acceptance term and postpone opening thereof to complete such period, in accordance with the general tender announcement procedures, and it shall notify the buyers of the tender documents of the same; and
 - b. If there are justified reasons to extend the bid receipt period, for example if the committee discovers material errors in the bills of quantities or in the tender documents, or if the Government Authority amends the tender documents and conditions, or based upon a justified request filed by the majority of the tender documents' buyers, or in case no bids were submitted for the tender, or in case it is not possible to open the bids electronically.
2. The extension of the bid acceptance period and postponing of bid opening for an appropriate period shall be announced in accordance with the general tender announcement procedures, and the buyers of the tender documents shall be informed of the same.

Chapter 5

Examining of Bids

Article (74):

Subject to the provisions of Article (45) of the Law, the members of the bid examination committee shall not be less than 3 members in addition to its chairperson. The members shall include a financial controller, who is duly qualified, and a member who has technical knowledge about the nature of works and procurements subject matter of the tender. The formation decision shall stipulate appointing a deputy of the chairperson, from among its members, to replace the chairperson in his absence, and an alternate member for each member. The committee shall be re-formed, including secretary thereof, every three years.



Article (75):

The bid examination committees shall abide by the qualification and assessment criteria and the tender conditions in evaluating the bids.

Article (76):

1. Subject to the matters provided for, the bid examination committee may request from the bidders in writing to clarify any data or ambiguity in their bids, without compromising the equal opportunities and equality among the bidders, and such step may not change material issues, including the price, and may not turn a bid that violates the conditions and specifications into an eligible bid. Bidders shall reply in writing to the clarification requests issued concerning their bids.
2. The competent departments at the Government Authority may not approach the bidders concerning the matters mentioned in clause (1) of this Article, without the prior approval of the bid examination committee, and on a case-by-case basis.

Article (77):

In case a bidder fails to enclose with his bid any of the certificates required in Article (13) of these Regulations, or if the certificates submitted are expired, a grace period that will be determined by the bid examination committee, which may not exceed ten working days, shall be granted to complete such certificates. Should the bidder fail to submit such certificates on time, he shall be excluded from the tender and his bid bond shall be confiscated.

Article (78):

1. For the tenders that require submitting two proposals; technical and financial, the bid examination committee shall:
 - a. Return the financial proposals of the bids accepted in the technical aspect to the bid opening committee to open them pursuant to the procedures set forth in Chapter (4) of Section (3) of these Regulations.

- b. Open the estimated prices file after the committee receives the minutes of the bid opening committee of the financial proposals associated with the accepted technical proposals.
2. For the tenders that require submitting the bid in a single file, the bid examination committee shall open the estimated prices file upon receiving the minutes of the bid opening committee.

Article (79):

1. Should the bidder overlook pricing of some of the items, the bid examination committee shall be entitled to rule out the bid or consider the non-priced items as included in the total value of the bid, and the tenderer shall be deemed to have accepted such decision when he submits his bid.
2. For the supply contracts, the tenderer shall be deemed to have not submitted a bid for the non-priced items, and his bid shall be ruled out if the tender documents do not permit the division.
3. In case the contractor fails to execute the items included in the total bid value, they shall be executed at his own expense, or an amount equaling cost thereof shall be deducted based upon the average item price proposed by the bidders, or the price estimated by the bid examination committee in case of single bid or the non-pricing of the items overlooked by the tenderers.
4. Should the Government Authority abandon executing any of the items included in the total bid value, an amount equaling their cost shall be deducted as per the method set out to price the same according to clause (c) of this Article.
5. Subject to Article (64) of these Regulations, the bid examination committee may refrain from dismissing the bids that contain slight differences that do not cause a material change in the terms and specifications specified in the tender documents, or if the bid contains errors that can be corrected without affecting the essence of the bid in accordance with Articles (81) and (82) of these Regulations.
6. The bid examination committee may subject the bid that contains slight differences or reservations, and complies with the terms and specifications, to a detailed assessment and comparison against the bids, and the impacts of such differences or reservations, if any, on the costs shall be taken into account.



7. Subject to clauses (5) and (6) of this Article, the bid examination committee shall dismiss any bid that contains material differences than the terms and specifications set out in the tender documents.

Article (80):

If two or more bids are equal in the total evaluation, the contract shall be awarded to the bid with the lower price, and if they are still equal, the Government Authority may divide the tender among the equal bids, in case the division is permitted in the conditions and specifications. In case the division is not permitted, the SMEs shall be given priority in awarding, otherwise, a close-ended tender shall be carried out among the equal bids.

Chapter 6

Correction of Bids

Article (81):

1. The bid examination committee shall review the bills of quantities and prices set out in the bid, whether the item or total prices, and it shall make the necessary arithmetical corrections to the bid.
2. In the event of discrepancy between the price expressed in letters and the price expressed in figures, the price expressed in letters shall prevail. In the event of discrepancy between the unit price and total price, the unit price shall prevail, except in the case of having material errors in the price expressed in figures, or the price of the total units, such as misplacing of a decimal point, the bid examination committee may adopt such prices.
3. The bid examination committee may recommend ruling out of the bid if the arithmetical errors, after being corrected in accordance with the provisions of this Article, exceed ten percent (10%) of the price list or the bid total value, whether by increase or decrease.



Article (82):

1. The bid examination committee shall ensure that the price of the best bid that conforms to the conditions and specifications is reasonable, guided by the prices adopted in the recent dealings, the prices prevailing in the market, and the indicative estimated prices of the tender.
2. The bid examination committee may re-price the items if it is revealed that they were not meticulously priced, and that such prices do not represent the real price of the items, provided that re-pricing does not affect the bid total price. In case a tenderer refuses the re-pricing, he shall be excluded from the tender, and his bond shall be refunded thereto.
3. A bid which is based on reducing a percentage, or a specific amount, shall be ruled out from the lowest bids.

Chapter 7

Negotiating with Bidders

Article (83):

Subject to Article (47) of the Law, negotiation shall be held subject to the following conditions:

1. The bidder whose price reaches the specified or required amount.
2. The tender shall be aborted under a recommendation by the bid examination committee to the entity that has the authority to abort tenders, which in such a case must abort the tender.

Article (84):

In case the bid examination committee addresses the bidder who proposed prices which are at least 25% lower than the estimated cost as per Article (48) of the Law, the competency of such bidder shall be taken into account, such as whether he received pre-qualification or whether his technical proposal was subject to assessment in case the tender requires two proposals; technical and financial. Further, it should also consider the



nature of the required works whose execution is not compromised by the low prices, such as the supply contracts and the like.

Chapter 8

Announcing the Tender Results

Article (85):

1. The Government Authority shall announce the successful bid on the E-Portal and inform the respective bidder. The announcement shall include the following information as a minimum:
 - a. The person who submitted the successful bid;
 - b. Information about the project;
 - c. Total value of the project; and
 - d. Contract execution term and place.
2. The other tenderers shall be informed of the tender results and the reason of elimination thereof, including the technical scores of their bids.
3. The results and data of the tenders and procurements whose value exceeds one hundred thousand Riyals shall be published on the E-Portal within 30 days maximum. Information of contracts shall be published on a contract-by-contract basis. Such data shall include the following information:
 - a. Contractor's name and address, and contract type;
 - b. Term and value of the contract, and place of its execution; and
 - c. Site handover date, and date of receipt of works.
4. The purchases of weapons, ammunition, and military equipment and supplies, and purchases related to national security shall not be announced or published.

Chapter 9

Refund of Tender Documents Cost

Article (86):

1. The tender documents cost, if any, shall be refunded to their respective bidders if the tender is aborted in the following cases:
 - a. The tender documents include material errors;
 - b. The tender procedures violate the provisions of the Law and these Regulations;
 - c. If it is necessary for the public interest;
 - d. If any of the violations set out in clause (3) of Article (51) of the Law is committed, for bidders who are not involved in such violations;
 - e. The bid prices exceed the fund allocated.
2. The cost of tender documents shall be refunded to the respective buyers in case the bid submission term is extended for the second time, and the buyer expressed his wish to discontinue in the tender.
3. If the abortion is conducted after opening the bids, the cost of the tender documents shall not be returned except to the bidders who submitted their bids.

Chapter 10

Standstill Period

Article (87):

The Government Authority shall impose a standstill period, subject to the following rules:

1. The standstill period may not be less than five working days and not more than ten working days from the date of issuing and announcing the decision of award. The Government Authority shall announce the standstill period on the E-Portal;

2. In case it is not possible to announce the standstill period on the E-Portal or the Government Authority's website for technical reasons, the bidders shall be advised via e-mail;
3. Subject to Article (87) of the Law, the Government Authority shall receive complaints, if any, against the decision of award, or any of its procedures, through the E-Portal;
4. The Government Authority may not accept any complaint after the prescribed standstill period;
5. The decision of award shall not be effective until the expiration of the standstill period and settlement of complaints, if any.



Section IV

Conclusion and Execution of Contracts

Chapter 1

General Provisions

Article (88):

- Upon provision of the performance bond, the Government Authority shall set a date to sign the contract. If the contractor fails to appear on the set date without an acceptable excuse, he shall be served a notice, and if he fails to appear to sign the contract within fifteen (15) days from the date of notice, the contracting shall be terminated by a decision issued by the competent person, and the performance bond shall be confiscated, without prejudice to the Government Authority's right to claim compensation from the contractor for any damage it sustains. The committee set forth in Article (88) of the Law shall be provided with a copy of the decision to examine such violation.
- Subject to clause (2) of Article (55) of the Law, it is not allowed to start on the works contracted upon before the signing of the contract.

Article (89):

1. The contract shall be executed in at least six copies; one copy for each of the contractor, the department concerned with supervising the execution, the competent accounting department, the General Auditing Bureau, the CSE or the General Authority for Military Industries, as the case may be, and the Authority.
2. The General Authority of Zakat & Tax shall be furnished with the information it requests about the contract, including:
 - a. The contractor's name and address;
 - b. Subject matter, total amount, and financial terms of the contract;
 - c. Contract execution start and completion dates; and
 - d. Any amendments made to the contract.



Article (90):

1. Correspondence and notifications shall be exchanged between the Government Authority and the contractor through the E-Portal. Further, the Government Authority may also use any of the following means:
 - a. National address;
 - b. Postal address through the postal service providers;
 - c. Electronic mail and text messages.
2. Notifications made pursuant to clause (1) of this Article shall be legally effective from the date of issue thereof.

Article (91):

The Government Authority may stipulate in the contract that summer holidays shall be excluded from the terms of the cleaning and maintenance contracts and contracts of other services concluded with the educational entities or similar entities, and the number of workers and unnecessary contract items shall be reduced if such entities downsize their activity during such period.

Article (92):

1. In the performance-based continuous service contracts, the Government Authority may set the conditions referred to in clause (3) of Article (56) of the Law, pursuant to the following rules:
 - a. The conditions should reflect focus on the contract deliverables and to what extent they satisfy the actual needs of the Authority instead of considering that it is sufficient for the contractor to meet its obligations.
 - b. Setting proper performance measurements of the works with technical specifications that are based on performance and deliverables.

- c. Linking the payments with the performance measurements in order to verify whether the executed works meet the actual needs of the Authority, in terms of the required quality standard.
2. The Government Authority may terminate the contract if the contractor's performance declines, provided that the contractor scores less than (70%) in the performance level for three consecutive times and fails to rectify its status as indicated in clause (2) of Article (76) of the Law.

Article (93):

1. All the government authorities shall undertake to present their contracts which term exceeds one year, or which value amounts to at least Five Million Riyals, to be reviewed from the financial aspect before signing thereof.
2. The Government Authorities shall review their contracts from the legal and drafting aspects, and make sure they match the approved contract forms. For the non-standard contracts, they shall be drafted as per their nature in accordance with the Law and these Regulations, and guided by the approved contract forms, and they shall be reviewed pursuant to this clause before they are submitted to the Ministry for review from the financial aspect.

Chapter 2

Contracting Types

Article (94):

First: The Government Authority shall conclude contracts to execute its works and projects under the following contract types:

1. General constructions contract;
2. Continuous services contracts;
3. Supply contract;
4. Information technology contract;



5. Consulting services contract;
6. Project management contract;
7. Design contract;
8. Manufacturing contract;
9. Movable items lease contract;
10. Movable items sale contract; and
11. Any other contracts to execute certain works for the Government Authority.

Second: In case of executing the works and procurements outside of the Kingdom, the Government Authority shall apply the contract forms allocated for such works. As for the countries that apply their own contract forms, such forms may be applied subject to the provisions of the Law and these Regulations.

Article (95):

The Government Authority may conclude contracts to execute the works under any of the following contracting modes:

1. The contracts charged based on the actual measurement of the quantities, items, and numbers executed on-site, in accordance with the following rules:
 - a. In the general constructions and services works in accordance with the bills of quantities calculated based on the designs and plans approved previously; or
 - b. Where the prices of work items are fixed but the quantities are not accurately specified or it is difficult to estimate such quantities conclusively;
 - c. The invoices shall be paid in form of payments based on the completed works, provided that the completed works are measured in the site where the works are executed.



2. Turnkey contracts, in accordance with the following rules:
 - a. In the contracts of constructions, major infrastructure, and industrial facilities, and the like.
 - b. The contractor shall be responsible for conducting the designs, and for execution on site.
 - c. The contracts shall be executed in accordance with the technical specifications set out in the tender conditions.
 - d. The contract shall be executed for a lump sum in accordance with the specifications set by the Government Authority.
 - e. The Government Authority may include the fit-out and furnishing items in the turnkey contracts.
3. Lump sum contract, in accordance with the following rules:
 - a. In the small works, or the works whose quantities are not measurable, or the works which are still outstanding after completion of the project.
 - b. The lump sum shall cover all the works.
4. Contracting based on a specific margin or profit amount. Such approach shall be used for the formally priced items, or the items that can be priced by the Government Authority, provided that the Authority prescribes a maximum limit of the costs which the contractor should not exceed without its consent, and the contractor shall submit detailed reports on such costs to the Government Authority on a periodical basis.
5. Contracting based on performance in accordance with quantitative criteria set therefor.
6. Contracting of consultants to supervise the projects for a specific percentage of the constructions contract value, in case the consultant did not participate in setting the terms and specifications, or otherwise for a lump sum, provided that such percentage or the lump sum does not exceed three (3) percent of the contract value, and such percentage may not be increased in any case, however, a lump sum can be added which may not be increased in the event the contract is extended or changes are made to the project.



7. Any other contracting form as agreed upon with the Ministry.

The contract forms shall indicate the conditions of using the mentioned contracting modes.

Chapter 3

Receipt of Sites

Article (96):

1. The Government Authority shall handover the work site in the general construction contracts within the period set out in clause (2) of Article (59) of the Law. Should the Government Authority delay handing over the site within the set period, the contractor may request termination of the contract in accordance with the provisions of Article (133) of these Regulations.
2. In the continuous services contracts where the works cannot be commenced before preparing the work site to ensure continuity and non-interruption of the service, the work site shall be delivered (on an initial delivery basis) so that the contractor can prepare for the works in coordination with the contractor of the outstanding contract. Then the site shall be delivered to start executing the contract once the former contract expires. The tender conditions shall stipulate the preparation period which shall not be included in the contract term.

Article (97):

1. If the contractor slackens or refrains from receiving the work site, a notice shall be served thereto, and if he fails to receive the site within fifteen days from the date of notice, the Government Authority shall draft a report to handover the site to the contractor as a legal handover, and the contractor shall be notified of the same and a notice shall be served thereto to start execution within fifteen days from the date of notification. If such period expires and the contractor has not started the execution, the contract may be terminated in accordance with the provisions of Article (76) of the Law.
2. If the contractor argues that obstacles prevent him from receiving the work site, he shall have no right to refuse the receipt. If the contractor has reservations about



the site, he shall record the same in the site handover report, and the Government Authority shall ensure that the site is sound and ready to start the execution.

Chapter 4

Responsibility of Contractor with the Government

Article (98):

1. In the general constructions contracts, the contractor shall be responsible for reviewing the engineering and technical designs thoroughly, and he shall inform the Government Authority of any errors in the specifications or plans, or any other errors once discovered which would compromise the integrity of buildings. Further, the contractor shall review the reports and recommendations of soil survey; however, this shall not discharge the consultant, designer, or supervisor from their contractual responsibilities.
2. The contractor may not abandon his obligations based on the Government Authority's failure to perform its obligations.
3. The contractors and the Government Authority shall execute their contracts in accordance with their terms, in good faith, and as required for the sound functioning and best interest of the public facility.

Article (99):

1. Unless a shorter period is agreed upon, the contractor shall warranty any destruction in his works, in whole or in part, that takes place within ten years from the date of delivering the works to the Government Authority as an initial delivery, whenever such destruction arises from a flaw in execution.
2. In addition to the warranty provided by the manufacturers, the supplier shall warranty the goods, devices, equipment, and plant against any defects or damage, as determined in the tender documents or the contract.

Chapter 5

Performance Bond

Article (100):

Subject to clause (1) of Article (61) of the Law, if the Government Authority deems that it is in the best interest of the project to increase the percentage of the performance bond to over five percent (5%) of the contract value, it shall seek the Minister's prior approval before offering of the works and it shall state the performance bond percentage in the tender documents.

Article (101):

The Government Authority shall request extending the performance bond validity term in the constructions contracts in the event the contractor delays performance of the maintenance and warranty works and such delay continues after expiry of the warranty year indicated in clause (1) of Article (128) of these Regulations.

Chapter 6

Advance Payment Guarantee

Article (102):

The advance payment guarantee shall equal the advance payment, and it shall be effective until the advance payment is recovered in full. The Government Authority shall address the bank that issues the advance payment guarantee to lower the guarantee value with the same percentage recovered from the advance payment, based on the invoices, and on the deduction date, without the contractor's request.



Chapter 7

Extension of Guarantees

Article (103):

1. The Government Authority shall request extending the guarantee validity term before they expire, in case the reasons which warrant extension of their validity exist, under the Law, these Regulations, and the terms of the contract.
2. The Government Authority shall send the request for extension to the bank directly and shall furnish the contractor with a copy thereof. The guarantee term shall be extended to the necessary period. The request for extension shall stipulate that if the bank fails to complete the extension procedures before the expiry of the guarantee validity term, the bank shall pay the guarantee amount to the Government Authority immediately.

Chapter 8

Confiscation of Guarantees

Article (104):

1. In the event the reasons of confiscating the banking guarantee of the contractor exist, the Government Authority shall present the matter to the bid examination committee or the direct procurement bid examination committee, as the case may be, for consideration and to present a causative recommendation to the entity responsible for determining the award, taking into account the impacts of the confiscation and the guarantee validity term. The Authority may request extending the guarantee for a reasonable term if the procedures of issuing the confiscation decision require such extension.
2. The request for confiscation shall be restricted to the guarantee related to the transaction where the contractor breached his obligations, and it shall not include confiscation of the guarantees of other transactions, whether with a single or multiple entities. Further, the guarantee may not be confiscated for reasons other than the reasons for which the guarantee was issued.



3. When the bid bond is confiscated in the divided tenders, only the part of the bond which is related to the value of works which have been awarded to the contractor shall be confiscated.
4. If the Government Authority decided to confiscate the guarantee, it shall request the issuing bank directly to confiscate the same expressly using the phrase “Confiscation of Guarantee” and the bank shall respond immediately.

Chapter 9

General Provisions concerning the Guarantees

Article (105):

1. The Government Authority may accept a bank guarantee issued by a foreign bank, provided that such bank is approved by the Saudi Arabian Monetary Authority, in the cases where bidders cannot submit a guarantee issued by or through a Saudi bank for the works and procurements executed abroad.
2. In the event the guarantee is issued by a foreign bank through a national bank, the national bank shall abide by the conditions and rules of the bank guarantees set out under the Law and these Regulations.
3. The Government Authority shall verify the veracity of all the guarantees provided under the Law and these Regulations, once it receives such guarantees, through the respective issuing banks.
4. The guarantee may be issued by multiple banks, where each bank shall provide a certain percentage of the guarantee amount.
5. The guarantee shall be payable upon the first request made by the Government Authority, without the need of a court order or a decision issued by an arbitration tribunal.
6. The guarantee shall be unconditional, irrevocable and clear of any deductions related to taxes, fees, or other charges.
7. The Government Authority shall maintain special records to control the guarantees presented by its contractors, and to follow up procedures to request an extension of the guarantee terms, or confiscation or release thereof.



8. The banking guarantees may be switched from a bank to another; provided that the guarantee is not released until a replacement guarantee is secured.
9. The Government Authority may accept bank guarantees issued by branches of foreign banks licensed in the Kingdom.
10. Where the works and procurements are executed outside of the Kingdom, the Government Authority may accept cash guarantees or bank checks in the countries where it is not possible for foreign persons to obtain bank guarantees.

Article (106):

1. Unless otherwise provided in the laws, the provisions governing the guarantees and their forms and conditions which are set out in the Law and these Regulations shall apply to all the guarantees requested by the Government Authority pursuant to their provisions, including the guarantees requested in the public auctions held to sell immovable items, for matters not regulated by a special provision.
2. The forms and formats of the banking guarantees approved by the Ministry shall be adopted, in accordance with the provisions of the Law and these Regulations.

Chapter 10

Cash Security Deposit

Article (107):

The Government Authority may request payment of a portion of the banking guarantee in cash for the catering and water provision contracts, or in the cases that must be secured urgently, subject to the following rules:

1. The cash security deposit shall not exceed the cost of works for five days;
2. The cash security deposit shall be submitted to the Government Authority;
3. The cash security deposits shall not be added to the fund account or the financial records at the Authority, and they shall be ready upon the request of the committee supervising the execution of works. The committee shall disburse from



- the cash security deposit upon the approval of the department manager at the beneficiary of the contract;
4. The Government Authority shall inform the contractor in order to replenish the cash security deposit to compensate the sum disbursed thereof immediately. If the contractor delays replenishment, the sum shall be deducted from the amounts due thereto;
 5. The cash security deposit may not be used or confiscated for purposes other than its designated purposes.
 6. The cash security deposit, or the remaining part thereof, shall be refunded to the contractor upon completion of the contract, under the voucher submitted to the contractor; and
 7. The cash security deposit may be deposited in an account with the Saudi Arabian Monetary Authority, or a bank, pursuant to the financial and accounting instructions applicable at the Ministry.

Chapter 11

Payment of Financial Consideration

Article (108):

The Government Authority may pay an advance payment not exceeding ten percent (10%) of the contract total value to the contractor, subject to the following conditions:

1. The advance payment shall be paid after the contractor provides the respective advance payment guarantee, and it shall be collected from the amounts due to the contractor in form of multiple payments at a percentage equal to the advance payment, from each invoice starting from the first invoice;
2. The advance payment may not be issued when the outstanding contracts are extended, or when additional works are assigned; and
3. The Government Authority may divide the advance payment so that it is issued to the contractors in form of multiple payments.



Article (109):

The amounts due to the contractors shall be issued based on the parts completed of the works after deducting the penalties or other deductions imposed on the contractor, according to the following procedures:

1. After the contractor completes a percentage of the works, he shall take an inventory of the parts executed on site and match the same with the bills of quantities, and he shall prepare a monthly or a provisional invoice as per the payment conditions set under the contractor, and he shall submit the same to the consultant, or to the Government Authority directly in case there is no consultant for the project.
2. Upon receiving the invoice, the project consultant shall review the completed works on site to make sure they comply with the specifications and bills of quantities agreed upon under the contract, and then the consultant shall draft a report of the same and submit such report along with the invoice within ten working days from the date of receiving the invoice.
3. The Government Authority shall complete the invoice approval procedures and submit the payment order to the Ministry within fifteen working days from the date of receiving the consultant's report or the invoice submitted by the contractor.
4. The Ministry shall pay the payment order within forty-five (45) working days maximum from the date of receiving the payment order. In case the payment order is returned to the Government Authority for amendment or clarification, the term set out in this Article shall commence from the date of resending the payment order by the Government Authority after completing the necessary action in respect of such order.
5. The project consultant shall, in case a dispute arises between the consultant and the contractor, provide the Government Authority with the claim submitted by the contractor along with a list of his reservations within ten working days from the date of receiving the claim from the contractor. The Government Authority shall settle the dispute between the consultant and the contractor within fifteen working days maximum after receiving the claim and it shall pay the dues which are not subject to dispute.



Article (110):

The value of offshore contracts may be paid by opening documentary credits, in accordance with the Regulations of Documentary Credits approved by the Ministry.

Article (111):

1. The Authority may deduct (10%) maximum of the amount of every invoice to create the final invoice amount, provided that total deducted percentages do not exceed the final invoice percentage set out in clause (2) of this Article.
2. The final invoice which shall not be less than ten percent (10%) of the value of the general constructions contracts, and five percent (5%) of value of other contracts, shall be paid upon the initial delivery of the works, or supply of procurements, and after submission of the following certificates by the contractor:
 - a. Certificate of completion of works issued by the Government Authority which owns the project;
 - b. Certificate issued by the General Authority of Zakat & Tax establishing payment of Zakat or due tax;
 - c. Certificate issued by the General Organization for Social Insurance (GOSI) proving that the enterprise is registered with the GOSI and pays the insurance dues; and
 - d. The certificates which must be submitted under the adopted contract forms.

Article (112):

The contractor may forfeit the amounts due thereto under the contract upon the approval of the contracting authority and according to the forfeiture format approved by the Ministry, without compromising the rights of the suppliers and subcontractors, and the rights which may be due to the Government Authority or other government authorities from the contractor.

Chapter 12

Adjustment of Contract Prices

Article (113):

Except the fixed profit margin contracts, the contract prices shall be adjusted, whether by increase or decrease, in the cases set under Article (68) of the Law, subject to the following provisions:

First: Compensation shall be conducted in case of adjusting the customs tariff, charges, taxes, or the officially priced items or services by increase, after the bid submission date, subject to the following conditions:

1. The contractor shall prove that he paid the customs tariff, charges, taxes, or the officially priced items or services based on the brackets adjusted by increase as a result of supplying items designated for the contract works;
2. Adjustment of the customs tariff, charges, taxes, or the officially priced items or services has not been issued after expiry of the contract performance term; and
3. The contractor has not incurred the same as a result of late performance on his part, unless it is established that the delay was beyond his control.

In all cases, the amount of difference in the charges, taxes, or officially priced items or services upon reduction thereof shall be deducted from the contractor, unless he proves that he paid the same based on the brackets which were effective prior to the adjustment.

Second: Compensation shall be provided for the rising of the prices of raw materials; namely cement, iron, asphalt, ready-mix concrete, wood, pipes, or cables, or any other raw materials as determined by, or in agreement with, the Ministry, subject to the following conditions:

1. The change in prices occurred after the bidder submitted his bid;
2. The change in prices is not due to delay in performance on the part of the contractor;
3. The adjustment of item prices shall not be considered except for the cases where the change in prices, by increase or decrease, in the market per item amounts to ten percent (10%) in accordance with the price indexes issued by the competent authority;



4. The change in prices increases the cost of contract by over five percent (3%) of the contract total value; and
5. The amount of difference between the prices of raw materials set under clause (Second) of this Article shall be deducted from the contractor if they decrease in accordance with the percentages and conditions mentioned regarding the compensation for increase.

Third: Procedures for considering the compensation:

1. In the event the contractor believes that he is entitled to any financial compensation in the cases mentioned in Article (68) of the Law, he shall submit a claim to the consultant, supported with the required documents and evidence, within 60 days maximum from the date of the incident, to the consultant, or to the Government Authority directly for the projects that do not require a consultant.
2. The consultant shall consider the claim presented by the contractor within 21 days maximum from the date of receiving the complete claim and he shall submit a report on such matter to the Government Authority.
3. The Government Authority shall, upon receiving the consultant's report or the contractor's claim, consider the contractor's request for compensation from the technical, financial, and legal aspects, then it shall present the report and its findings to the bid examination committee to issue the required recommendation within forty-five days maximum from the date of receiving the claim.
4. The Government Authority shall file the minutes of the bid examination committee after it is approved by the Head of Government Authority enclosed with the documents related to the claim to the committee set forth in Article (86) of the Law to consider whether the contractor is entitled to receive compensation and to issue the necessary decision within forty-five days maximum from the date of receiving the complete claim.
5. The compensation paid by the Government Authority to the contractor under this Article may not exceed twenty percent (20%) of the contract total value and it shall be paid by the Government Authority directly. The contractor shall approach the Administrative Court to claim any compensation amounts that exceed the percentage set out in this clause.
6. The Government Authority may not consider compensation for any claims submitted by the contractor except as set forth in Article (68) of the Law.



Chapter 13

Increase or Decrease of the Contractor's Obligations

Article (114):

Subject to Article (69) of the Law, in the event the Government Authority decides to increase or decrease the contractor's obligations, or make any amendment or variation of the works contracted upon, it shall abide by the following rules:

1. The additional works shall be an object of the contract and do not fall outside of its scope;
2. The required adjustments or variations of the works shall serve the best interest of the facility, without prejudice to the conditions and specifications, or without changing the scope of works, or the nature of contract or its financial balance;
3. Ensure the availability of the sums required to cover the additional works before assigning the contractor to execute the additional works;
4. If the additional works do not have matching items or quantities in the contract, the matter shall be presented to the bid examination committee or the direct procurement bid examination committee, as the case may be, to consider the request of assigning such works, and the suitability of the prices proposed by the contractor. If the contractor refuses the committee's conclusions, contracts shall be concluded with other contractors to execute such additional works, pursuant to the provisions of the Law and these Regulations;
5. Additional works may not be assigned after the Government Authority receives the works subject of the contract; and
6. All the orders increasing or decreasing the contractor's obligations, and prescribing the due periods for the additional works shall be issued by the entity responsible for determining the award.



Article (115):

The contractor may not perform any works or services not included within the quantities and items of the contract, unless the same is authorized. The contractor shall not be entitled to the consideration of the works executed in violation of this provision.

Article (116):

The terms of the continuous service contracts, such as maintenance, cleaning, operation, and catering services, may be extended up to ten percent (10%) maximum of the contract total value as additional works, provided that such percentage has not been exhausted in performing other additional items or quantities.

Chapter 14

Contract Assignment

Article (117):

Without prejudice to the provisions of Article (70) of the Law, in the event the contractor submits a request to assign the contract, or a part thereof, to another contractor, the Government Authority shall observe the following:

1. The contractor provides justified reasons to assign the contract, or a part thereof, and the contractor has not assigned any other project within the past three years preceding the conclusion of the contract subject of assignment;
2. The matter shall be presented to the bid examination committee to consider the request for assignment and issue and submit the required recommendation to the Head of Government Authority, provided that the committee shall provide in its minutes all the justifications and reasons on which it founded its recommendations;
3. In case the authorized person approves the assignment, the request for assignment along with the minutes of the committee and the related documents shall be submitted to the Ministry for approval;



4. The assignment shall be performed under an agreement concluded by the parties to the assignment and attested by the Chamber of Commerce. The agreement shall set the obligations of such parties toward the project and the Government Authority. Such agreement shall not be effective unless it is approved by the Government Authority;
5. The assignee contractor shall meet the conditions required to deal with the Government Authority, and he shall be classified in the domain and degree of the works assigned thereto. Further, he shall pass the qualification if the project requires qualification, or if the Government Authority decides that qualification should be performed. Assignment shall not undermine or compromise the feasibility of the project assigned; and
6. The cases of assignment shall be listed in the register of contractors on the E-Portal once they are approved.

Chapter 15

Subcontracting

Article (118):

1. Subject to Article (71) of the Law, subcontracting shall be subject to the following conditions:
 - a. Obtain the Government Authority's approval before contracting;
 - b. The contracts concluded with the subcontractors shall include the quantities and works assigned to them and the prices of contracts concluded therewith in accordance with the requirements, conditions, and specifications of the project;
 - c. The subcontractor is not from among the persons mentioned in Article (14) of these Regulations, and he shall be licensed to exercise the works which he is contracted to perform, and he shall be classified in the respective area and at the required degree if the works require classification, and it shall have sufficient qualifications and capabilities to perform such works;
 - d. The works and procurements assigned to the subcontractor do not exceed thirty percent (30%) of the contract amount;

- e. The principal contractor shall be responsible before the Government Authority for the works subject of the subcontracts in accordance with the conditions and specifications set out in the contract;
 - f. The subcontractor may not contract any other subcontractor to perform the works he is contracted to perform;
 - g. The principal contractor shall submit an undertaking to allow the Government Authority to pay the amounts due to the subcontractors from the amounts due to the principal contractor, in the event the principal contractor fails or delays payment of their due amounts for the parts of the project which they have executed;
2. It is allowed to conclude subcontracts to execute works and procurements that exceed 30% of the contract amount and amount less than 50% of the contract amount, subject to the prior consent of the CSE and the Government Authority, and provided that such works and procurements are assigned to more than one subcontractor.

Chapter 16

Penalties

Article (119):

In prescribing the delay penalties for the works executed under the framework agreement approach, the total value of the purchase order shall be the total value of the contract.

Article (120):

When the Government Authority estimates the penalties in the contract conditions, it shall set out in the tender conditions and contract conditions the method used to deduct the penalties so that the penalty covers all aspects of the default, or the delay in implementation, and can be applied gradually. Further, the penalty shall be consistent with the gravity of the violation, whether at a lump sum, or a certain percentage of the value of the item subject of the default, or another method which shall be consistent with the nature of the item subject of the default.



Article (121):

In addition to the deduction of penalty, the value of the items and services which are not executed, or which are executed contrary to the agreement, regardless of their value, shall be deducted as unsecured items.

Article (122):

In the general constructions contracts, if the Government Authority deems after the initial delivery that the delayed part does not compromise the feasibility of the work to the fullest on the prescribed completion date, and that it would not disturb the use of any other facility, or undermine the completed works, then the penalty shall be imposed on the value of the delayed works only, as per the method of calculating penalty on the principal works. However, the total penalty may not exceed twenty percent (20%) of the value of the delayed works.

Article (123):

1. In the mixed contracts, if the contractor defaults or delays in performing his obligations, the penalty shall be imposed on each part based on its nature. However, the penalty may not exceed the maximum penalty prescribed under the Law, provided that the parts of the contract are separate from each other, in terms of the execution term, handover, and total value.
2. In the event the contract parts are not separate, the penalty shall be applied based on the dominating activity.

Chapter 17

Extension of Contracts, Exemption of Delay Penalty, and Suspension of Works

Article (124):

The contractor shall perform the contract within the prescribed execution period, and according to the schedule approved by the Government Authority. The Government Authority may not issue a decision to extend the contract, or inform the contractor of



extension of his contract in cases other than the cases set forth in Article (74) of the Law. Giving the contractor an opportunity to complete the works and adjusting the schedule while deducting the penalty shall not be considered as a penalty-free extension.

Article (125):

1. The orders suspending the contractors from executing the works, in whole or in part, shall be issued by the competent authority which determines the awarding. The order issued to suspend the works shall correspond to the actual standstill period and the contractor shall be notified of suspension by a letter setting the start date of the suspension of works, in whole or in part. Further, the contractor shall be notified of the resuming of works when the grounds for suspension no longer exist.
2. The contractor shall be compensated for the full suspension period with similar periods, and if the suspension was partial, he shall be compensated with periods that are consistent with the impact of the suspended part on the project progress, based upon a technical report prepared by the consultant (if any).
3. The contractor shall be compensated for every thirty consecutive days of full suspension, with three days, so that he can prepare to resume the works, provided that the total compensation periods do not exceed forty-five days.
4. In the event the contractor is assigned to execute additional works, the contract execution period shall be extended for a period consistent with the amount of additional works assigned to the contractor.

Article (126):

Other than the cases of extension granted due to suspension or assignment of additional works or the insufficiency of the designated funds, the Government Authority shall extend the contract pursuant to the following procedures:

1. The consultant shall prepare a technical report on the reasons and justifications that warrant the extension, after the contractor submits a request in this regard. The consultant shall submit such report to the Government Authority within twenty-one days after receiving the request. In case the project does not require a consultant, the contractor shall submit the request for extension to the



- Government Authority directly, indicating the reasons and justifications of the extension.
2. The request for extension shall be considered by the Government Authority from the technical aspects, and a report on the extension period shall be drafted and presented to the bid examination committee for consideration and to issue the appropriate recommendation to the authorized person within a period not exceeding thirty days. The minutes of the bid examination committee shall include the reasons and justifications of the extension.
 3. Upon the approval of the authorized person, the contractor shall be notified of the extension and a copy of this notification shall be sent to the consultant to adjust the schedule within seven days. If there is no consultant of the project, the contractor shall adjust the schedule within the period set out in this clause and as determined by the authorized person.
 4. The extension period should be consistent with the circumstances that warrant the extension.

Chapter 18

Receipt of Works

Article (127):

1. In the general constructions contracts, if the contract term expires and the contractor has not handed over the works, the Government Authority shall form a technical committee to preview the works and prepare a report in conjunction with the contractor, in order to determine the completed works and the completion rate and to identify the causes of delayed performance.
2. In the general constructions contracts, the initial receipt of works shall be carried out after the contractor presents a notification of completion of works. The Government Authority shall form a committee to start preview and receipt of works within fifteen days from the date of receiving the contractor's notification. In the event the Government Authority fails to receive the project for reasons not attributed to the contractor, such as problems that prevent operation or commissioning, or any other reason which falls under the responsibility of the Government Authority, it shall prepare a preview report, in conjunction with the



contractor or representative thereof, to take an inventory of all the completed works in the project.

Article (128):

1. Without prejudice to the provisions of Article (124) of these Regulations, the contractor shall warranty any project performed under a general constructions contract for one year commencing from the initial receipt date. For the incomplete parts in the project, if any, the warranty period shall commence from the date of receipt of such parts.
2. Within the warranty year mentioned in clause (1) of this Article, the contractor shall maintain, repair, and replace any defects that emerge in the items, machines, or equipment, or defects in implementation. Receipt of the works by the Government Authority without expressing observations thereon or on the defects that emerge, or on the items that do not conform to the specifications, which were not detected during the initial receipt, shall not release the contractor from warranty and maintenance of the same, otherwise, they shall be executed at the contractor's expense after giving him a notice through the method which the Government Authority deems fit, without exceeding the prevailing prices.
3. The warranty and maintenance mentioned in clause (2) of this Article shall not include the regular or ordinary maintenance arising from usage, unless it arises from a defect in the items, machines, equipment, or implementation, in accordance with the technical principles.
4. In the general constructions contracts, the final receipt of the works shall be conducted after expiry of the warranty and maintenance period, and after the contractor performs his obligations and delivers the plans, and specifications of the machines and equipment as well as the documents related to the project, in accordance with the contract terms.

Article (129):

1. In the continuous contracts, the Government Authority shall form a technical committee to preview and receive the works thirty days before the contract term expiry date, under a report to be signed by the contractor, or representative thereof. In case any default or deficiency is discovered in the implementation of



- works, the contractor shall complete implementation thereof; otherwise, they shall be executed at the contractor's expense after giving him a notice through the method which the Government Authority deems fit, without exceeding the prevailing prices, or the value of such works shall be deducted from the invoices of the contractor.
2. The final receipt of the works shall be conducted after the expiry of the contract term pursuant to the mechanism and procedures mentioned in clause (1) of this Article.

Article (130):

1. Subject to the rules and procedures of Government Warehouses, the supplier shall deliver the items to the Government Authority's warehouses, or to the delivery point prescribed in the contract.
2. The Government Authority shall receive the items which require examination on a temporary receipt basis and a notification of temporary receipt that contains the items supplied shall be drafted. The date of temporary receipt of the items, in case they are accepted, shall be deemed the date of the final receipt.
3. The supplier shall be notified of the date of the examination and receipt committee meeting in order to be present during the examination and final receipt. The committee's decision accepting or refusing the items shall be deemed effective once it is approved by the authorized person.
4. In the event the examination committee refuses one or more of the supplied items, the supplier shall be notified by a registered letter of the rejected items, reasons of rejection, and that they must be withdrawn within seven days and replacement thereof must be supplied within a period prescribed by the examination committee. The Government Authority shall not be liable for any loss or damage to the items that occur after the period prescribed to withdraw the same.
5. If the supplier requests re-analysis of the items which were rejected for inconsistency with the specifications or the approved sample, and such request was accepted, the supplier shall incur the analysis expenses, unless the result is in his favor.

Chapter 19

Contract Termination

Article (131):

1. Subject to Articles (76) and (77) of the Law, the contract shall be terminated by a decision issued by the authorized person, upon the recommendation of the bid examination committee or the procurement committee, as the case may be, and the contractor shall be notified of the same pursuant to the provisions of Article (90) of these Regulations.
2. The Government Authority shall seize the amounts due to the contractor in case of terminating the contract to cover all the amounts due thereto from the contractor until final accounting of all the works of the project is carried out.
3. Subject to Article (76) of the Law, if the Government Authority deems that it is in the best interest to continue implementing the works uninterruptedly, then it shall have the right to suspend the decision of termination and assume management of the project on its own or through a consultant at the contractor's expense.
4. In case of performing a selective tender among the bidders next to the successful bid in accordance with the provisions of clause (3) of Article (76) of the Law, all the bidders of the bids next to the successful bid shall be invited, and in all cases, the number of invited bidders should not be less than three.

Article (132):

Terminating a contract by the Government Authority just to undertake the works by itself, or through another contractor, shall not be deemed an act for the public interest. In the event of terminating a contract for the sake of the public interest, the Authority shall notify the contractor of the same. In this case the termination shall be deemed effective after thirty (30) days of the date of notification

Article (133):

The Government Authority shall terminate the contract in agreement with the contractor in the following cases:



1. If the Government Authority delays handover of the worksite to the contractor for a period exceeding the period set out in clause (2) of Article (59) of the Law, and after the contractor has notified the Government Authority of the same and it has failed to hand over the site, or take acceptable actions to hand over the site, within thirty (30) days from the date of notice. Failure by the Government Authority to hand over parts of the site shall not be subject to this Article as long as the contractor can still work on the other parts; or
2. If the Government Authority continues suspending the entire works for a period exceeding one hundred and eighty (180) days from the date of letter ordering to suspend the works for reasons not attributed to the contractor, and after the contractor sends a notification to the Government Authority to enable him to resume performing of the works and thirty (30) days have passed after the date of notification without enabling the contractor to resume performing the works or taking acceptable actions to enable the contractor to work; or
3. If it is impossible to perform the works due to a force majeure event, subject to the notice requirements and the grace period for termination stipulated in the contract.

Article (134):

In case of terminating the contract, the contractor shall:

1. Stop performing any work unless the consultant advises otherwise to protect the persons or property or to ensure the integrity of the works;
2. The contractor shall furnish the Government Authority with the documents related to the project, and the plant, items, and other works present within the site which are considered the property of the Government Authority; and
3. Remove all other supplies from the site, except those required for safety.

Article (135):

1. Once the notification of contract termination becomes effective, the Government Authority shall:



- a. Charge the contractor for the works executed on site and recover therefrom the remaining amount of the advance payment, if any; and
 - b. Pay to the contractor the value of the supplies and materials stored on site which were approved prior to the notification of termination of works. The Government Authority shall also pay to the contractor the value of the materials and supplies which he has already procured and imported for the purpose of the contract and which were not brought in the site, provided that the contractor provides the Government Authority with evidence of procurement of the same for the purpose of executing the works under the contract. All the materials and items supplied and whose price was paid by the Government Authority shall be deemed its property.
2. Upon termination of the contract in accordance with the provisions of Article (77) of the Law, the Government Authority shall release the advance payment guarantee and the performance bond after conducting the necessary settlements.

Chapter 20

Partial Withdrawal

Article (136):

1. If the contractor defaults performing one or more parts of the project, the Government Authority shall serve a notice to the contractor requesting to rectify the default within fifteen days. If the contractor fails to comply, the Government Authority shall perform such part at the contractor's expense, without exceeding the prevailing prices.
2. Parts of the works shall be withdrawn from the contractor by a decision issued by the Head of Government Authority, or his deputy, upon the recommendation of the bid examination committee or the procurement committee, as the case may be, and the contractor shall be notified of the same.

Article (137):

The Government Authority shall seize the amounts due to the contractor from whom the works were withdrawn, and such seized amounts may not exceed the value of the works



executed at his own expense until the cost of such works is paid, whether directly or by deduction from the amounts due to the contractor.

Article (138):

If the Government Authority decides to execute the works which were partially withdrawn at the contractor's expense, they shall be executed in accordance with the conditions and specifications contained in the contract concluded with the contractor from whom the works were withdrawn.

Article (139):

If the works subject of default by the contractor represent one or multiple items of the contract while the contractor continues executing the rest of the works, or if the works subject of default are works which remain outstanding after the initial receipt, or which are contained in the observations issued during the final receipt which should be rectified by the contractor, or if the contract is a continuous contract that may not sustain delay or it is an urgent case, the Government Authority shall have the right to execute the remaining works immediately at the contractor's expense.

Chapter 21

Assessment of Contractor's Performance

Article (140):

1. Contractor performance shall be conducted based on the contract type, in the following manner:
 - a. Subject to clause (3) of Article (56) of the Law, for the continuous contracts, the contractor performance shall be subject to regular assessments pursuant to the conditions of the performance level set out in the contract, in addition to the final assessment upon completion of the contract.
 - b. In the immediate supply contracts, contractor performance shall be subject to final assessment at the end of the contract and upon receipt of works.



- c. In the framework agreements, each purchase order shall be assessed by the Government Authority. Further, the overall contractor performance in the agreement shall be subject to final assessment.
2. The Government Authority shall state in the contract the dates of contractor assessments based on the assessment type.
3. The Government Authority shall follow the assessment criteria set out in the form prepared by the Competent Body for Unified Procurement.
4. The Government Authority shall notify the contractor of the assessment results. Once such results are final, the Government Authority shall upload the same on the E-Portal and file them in the contractor's register. All other government authorities should be enabled to access such assessment results.
5. If the contractor repeatedly scores less than 70% in the performance level for three consecutive contracts, he shall be referred to the committee set forth in Article (88) of the Law to consider ban dealing therewith.



Section V

Chapter 1

Selling of Movable Property

Article (141):

Subject to the Rules and Procedures of Government Warehouses, the Government Authority shall form a committee of at least three specialist members to appraise the items and movables intended to be sold. The appraisal shall consider the condition, cost, and expected life of the items and other factors that affect appraisal of the price. If the Government Authority does not have sufficient experience, it may seek a pricing entity that has experience in the items intended to be sold.

Article (142):

The estimated prices shall be submitted in a sealed envelope which may not be opened except by the chairperson of the sale committee in the presence of its members after opening the auction envelopes or after the public auction.

Article (143):

1. The Government Authority shall form a committee of no less than three members to conduct the public auction, or to open the envelopes and examine the bids of the items intended to be sold in a sealed-bid auction.
2. The committee shall check the integrity of the envelopes, auction documents, and the bonds submitted, and it shall review the prices. Then the committee shall inform the bidders, or their representatives, who are present of the bid prices.
3. The committee shall proceed with the auction procedures and determine the best bid that meets the auction conditions. Then the committee shall submit its report to the competent authority that determines the awarding.
4. In case the auction is public, after the end of the auction, the committee shall draft a report stating the auction procedures and the successful bidder as well as the

bond provided by such successful bidder. The committee shall submit such report to the competent authority to determine the awarding.

Article (144):

In the event the prices offered in the auction are at least fifteen percent (15%) lower than the estimated prices, another calling shall be made after conducting re-appraisal of the prices. If a suitable price is not offered in the second time, the items may be sold or granted in accordance with the provisions of Article (83) of the Law.

Article (145):

In case the items or movables are perishable by storage, they may be sold in accordance with the provisions of Article (81) of the Law.

Article (146):

Decision of the auction award shall be issued within no later than thirty days from the envelope opening date, or from the end of the public auction. Should this period lapses without deciding the award, the bidder may withdraw his bid and recover his bond under a letter to the Government Authority within ten days from the expiry of the period scheduled to decide on the award. Bidders who do not come forward during this period shall be deemed to agree to continue with their bids.

Article (147):

The successful bidder shall, after increasing his bond to (5%) of his bid value, pay the price of the movable items and the cost of transfer thereof in full within ten days from the date of receiving notification of the award. If the bidder fails to pay, he shall be served a written notice and if he fails to pay within fifteen days from the date of notice, his bond shall be confiscated and negotiations will be held with the next bidders respectively to agree on the same price which was proposed by the first successful bidder. If such price is not reached, another calling of the auction shall be made.



Article (148):

Upon payment of the price of the sold items and movables the buyer shall transfer the purchased items within fifteen days maximum from the date of payment, and if he delays the transfer, a written notice shall be served to the buyer to transfer them within an equal period. In case such period expires and the buyer did not transfer the items, his bond may not be released until he transfers the items, pursuant to clause (2) of Article (82) of the Law, and he may be charged with the storage charges. The Government Authority shall not be liable for any loss or damage of the sold items and movables after the period scheduled to transfer them.

Article (149):

Licensed brokers may be sought to conduct the public auction for a commission to be incurred by the buyer which may not exceed 2.5% of the price of sold items. The brokers shall be selected in accordance with the provisions of the Law and Regulations.

Chapter 2

Rent of Equipment, Devices, and Programs

Article (150):

Where the Government Authority wishes to procure some of its needs through rental, such as the equipment, cars, and computer devices and programs, it shall observe the following rules:

1. Rental must serve the best interest of the Government Authority better than buying.
2. The need to rent shall be assessed based on a report prepared by a specialized technical committee and approved by the entity authorized to decide the award.
3. The rented devices or supplies shall be insured by the lessor, or are under the lessor's guarantee throughout the lease term, and the lessor shall be obliged in all cases to maintain such items throughout the lease term.



4. The lease term shall be consistent with the cost designated for the contract in the budget and it may not exceed five years.

Chapter 3

Replacement of Devices and Equipment

Article (151):

Where the Government Authority wishes to replace its existing devices and equipment with new ones and pay the difference in value it shall observe the following rules:

1. The expected life of the equipment has expired, or the equipment is of the type that requires continuous upgrade and development, or they do not meet the Government Authority's needs, or the cost of maintenance and spare parts is high as compared with the cost of new equipment and maintenance thereof.
2. The replacement realizes greater savings for the public treasury as compared to the sale.
3. The Government Authority shall form a technical committee to examine the outdated equipment and prepare a technical report thereon which shall indicate their purchase date, cost, current condition, and estimated value. The technical committee shall state in the report that it has verified the items set out in clauses (1 and 2) of this Article.
4. The conditions and specifications of the new equipment offered for tender shall include the estimated value of the outdated equipment and the subject of the tender shall be the value of the new equipment.
5. The relevant item at the Government Authority allows deduction of the entire cost of the new asset.
6. Total cost of the new asset shall be deducted from the designated funds. The value of the outdated asset shall be recorded in the revenues as government sales. The outdated asset shall be issued to the supplier along with the difference in value.

Article (152):

The needs of the Government Authority which are procured by rental or replacement of existing devices and equipment with new ones shall be offered in a general tender, and they may be secured through selective tender or direct procurement pursuant to the provisions of the Law and these Regulations.



Section VI

Settlement of Complaints and Final Provisions

Chapter 1

Settlement of Disputes

Article (153):

Subject to clause (4) of Article (86) of the Law, the following provisions shall apply:

1. The guarantee shall be presented at the time of filing a complaint before the committee indicated in Article (86) of the Law.
2. The complaint may not be accepted in case the guarantee is not provided, or the guarantee amount provided is incomplete.
3. The guarantee shall be effective for a period not less than thirty (30) days from the date of filing of the complaint.
4. The complainer is not required to renew the guarantee term in case it expires while the complaint is not resolved.

Article (154):

Subject to clause (2) of Article (92) of the Law, agreement to resort to arbitration shall be conditional upon the following:

1. Arbitration shall be restricted to the contracts whose estimated value exceeds one hundred million Saudi Riyals. The Minister may amend such limits as he deemed proper.
2. The laws of the Kingdom of Saudi Arabia shall apply to the subject-matter of the dispute. Arbitration before international arbitration panels outside of the Kingdom and enforcement of procedures thereof shall be inadmissible except for the contracts concluded with foreign persons.
3. The arbitration and its terms shall be set forth in the contract documents.



Article (155):

In case a technical dispute arises between the Government Authority and the contractor that might undermine the project or cause damage to the employer, the contractor, or any of the State's facilities, the Government Authority may settle the dispute amicably, and if this is not possible, the dispute may be resolved by a body formed for dispute resolution as per the following procedures:

1. The body shall be formed of a team that includes a representative of the Government Authority and a representative of the contractor. The Ministry shall appoint the chairperson of the dispute settlement body from the government or private sector.
2. The chairperson and members of the dispute settlement body must have experience and competence in the area of dispute.
3. Each party to the dispute shall provide the body with a technical report on the issue subject matter of the dispute, including its input as well as the documents related to the subject of the dispute. Further, the consultant who supervises the execution of works, if any, shall provide a report that presents his input about the dispute. The body shall be enabled to review the works on site and access the work site.
4. Should the dispute settlement body deem that settlement of the dispute requires seeking an expert, it may seek advice from any expert, and the cost of such advice shall be equally shared between the disputing parties.
5. The dispute settlement body shall settle the dispute within thirty days from the date of receiving the report and related documents.
6. The dispute settlement body shall issue a decision by majority and the opposing opinion, if any, shall be stated. If the disputing parties accept the decision, it shall be deemed final on the subject matter of the dispute. If both the disputing parties, or any of them, disapprove the decision, it shall be sent back to the dispute settlement body along with the opinion subject of opposition and the board shall settle the same within fifteen days. The decision issued towards both parties shall be enforceable and the affected party shall have the right to resort to the competent judicial authority.
7. The Ministry shall determine the remuneration and fees of the chairperson of the dispute settlement body and the representatives of the Government Authority, which shall be incurred by the Ministry.



8. Examination of disputes by the dispute settlement body may not preclude the contractor from performing his obligations.
9. Disputes settled by the dispute settlement body shall be limited to the technical differences which arise between the Government Authority and the contractor only.

Chapter 2

Final Provisions

Article (156):

Subject to the provisions set out herein, the General Authority for Military Industries shall issue the rules that organize the works and missions indicated in Article (14) and clause (1) of Article (32) of the Law.

Article (157):

These Regulations shall be published in the Official Gazette and enter into force on the date the Law enters into force. These Regulations shall be reviewed after two years of application thereof.