Unofficial English Translation of
Government Tenders and Procurement Law

Part One: General Provisions

Chapter I: Definitions

Article 1:
The following terms and phrases, wherever appeared herein, shall have the meanings assigned to each one, unless the context requires otherwise:

Regulation: The law's implementing regulations.
Minister: Minister of Finance.
Ministry: Ministry of Finance.
unit: The Unified Strategic Procurement unit for all government entities.
Government Entities: Ministries, government agencies, bodies, departments, public institutions and agencies with independent public legal personality.
The head of the government entity: the minister, the chief, the governor or the CEO of the government entity.
Portal: A unified electronic portal for government procurement under the supervision of the Ministry.
Framework Agreement: An agreement between one or more government entities and one or more suppliers, contractors or entrepreneurs, including the terms and conditions of the contracts to be awarded during a specified period.
Electronic Reverse Auction (ERA): An electronic method for submitting successively reduced tenders within a specified period for the purpose of selecting the lowest bid.
Consulting Services: Services of a professional or consulting nature, including, but not limited to, prepare studies and research, develop specifications, schemes and designs and supervise on their execution such as the services provided by accountants, lawyers and consultants.
Prequalification: The government entity shall examine the qualifications and capacities required to carry out the work and secure the procurement by the tenderers before submitting the tenders.

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Post- Qualification: The government entity shall, after selecting the best offer, check for the tenderer's qualifications and capabilities for executing the works and secure the procurement before he is awarded.

Stoppage period: a period commencing from the notification date of the winning tenderer to consider their grievances.

Emergency: A situation in which the public safety, security or health is seriously and unexpectedly threatened, or where there is a breach that threatens to cause loss of life or property, and under which the normal tender procedures are useless.

Urgent situation: A situation in which the work execution or the purchase provision in a short time is essential to ensure the safety and adequacy of the work progress with the government entity.

Chapter II: Law objectives

Article 2: The law aims to:

1. Organize the procedures related to the works and procurement, and prevent abuse of power, personal interests' influence for protecting public money.
2. Achieve the best value for public money when contracting and executing the works and procurement at competitive fair prices.
3. Promote integrity and competition, achieve equality and provide fair treatment to tenderers for implementing equal opportunities principal.
4. Ensure transparency in all works and procurement actions.
5. Promote economic development.

Chapter III: Basic Principles

Article 3:

1. The government entities shall deal when executing their works and providing their purchases with the authorized persons in accordance with the applicable rules and regulations.
2. The government entity when dealing with foreign persons to provide purchases or carry out works within the Kingdom shall make sure no more than a qualified local person for providing the purchases or carrying out the required
works, specifying the regulations, conditions and controls necessary for putting the provision therein into effect.

**Article 4:**
All persons who wish to deal with the government entity and fulfill the requirements which qualify them for such treatment shall have equal opportunities and treatment.

**Article 5:**
Provide tenderers with clear and standardized information on the work required, and enable them to obtain the same at a specific time.

**Article 6:**
General tender shall be subject to the principles of openness and equal opportunity.

**Article 7:**
Tenders may only be accepted and contracted according to the law provisions.

**Article 8:**
The works, procurement and contracting shall be within the actual requirements of the government entity, and at fair prices not exceeding the prevailing market prices.

**Article 9:**
Priority shall be given to local SME and domestic content, and to the companies registered in the Money Market. The regulations referred to in paragraph (3) of the article (Ninety-sixth) shall provide for the mechanism of that.

**Chapter IV: Scope of law application**

**Article 10:**
The law applies to all government entities.

**Article 11:**
The works and procurement carried out outside the Kingdom shall be subject to the law provisions, and may be excluded from some of these provisions as indicated by the regulations.

**Chapter V: Advance planning**

**Article 12:**
1. The government entity shall plan in advance its works and procurement, and coordinate with the ministry for providing the funds appropriation at the beginning of each fiscal year by publishing a plan commensurate with its budget, which includes the main information about the works and procurement during the year, without prejudice to the confidentiality of the national security.

2. The government entity publication of its procurement projects and plans shall not entail any obligation.

Chapter VI:

Institutional organization

Article 13:

1. Pursuant to the law provisions, the Ministry shall:
   a. Create, supervise, and continuously develop the portal.
   b. Develop policies, issue directives, instructions and guidelines on the implementation of the law and regulations provisions.
   c. Gather information on tender activities; publish the same on the portal, and follow-up the implementation of the law provisions without prejudice to the roles of other regulatory bodies.
   d. Publish the blacklists of the persons not to deal with them via the portal.

2. The Minister shall approve the forms of tender documents, prequalification documents, contract forms and contractor evaluation forms, and any other document required by the nature of the works or purchases.

Article 14:

In accordance with the law provisions, the unit shall:

1. Identify the works and procurement needed by more than one government entity, standardize their technical characteristics, proceed with all their tender procedures, receive tenders and study and choose the best one, and conclude framework agreements on the behalf of the government entities in accordance with the law provisions.

2. Prepare the lists of works and procurement on which the framework agreements are concluded, enable the governmental entities to review them and the provisions of the framework conventions via the portal.
3. Review the feasibility studies and the estimated costs of purchases and works that the government entities report to the unit, and their related tender documents and pre-qualification ones – if any – and to give an opinion on them within a period specified by the regulations.

4. Prepare the forms of the tender and pre-qualification documents, contracts forms, subcontractors' evaluation forms as indicated by the regulations provisions.

5. Prepare the necessary training programs to develop the capabilities and skills of those who apply the law provisions in the government entities.

**Article 15:**

1. The government entity shall not provide the purchases or carry out the listed works the unit prepares except subject to the framework agreements concluded by the unit.

2. As an exception to the provision of paragraph (1) therein, the government entity shall - after getting the unit's approval – carry out the works and provide the listed purchases in accordance with the law provisions.

3. The government entity prior to submitting its projects or works, or prior to carry out the pre-qualification process - if any – to present the feasibility studies, the estimated costs, tender and prequalification documents - if any, and what is taken of procedures, to the unit for reviewing within the period specified by the regulations. If the unit did not respond during that period, they are deemed to be approved, and the government entity shall comply with the amendments the unit asks.

4. Notwithstanding the provisions of paragraph (3) therein, the government entity may offer its projects, works, pre-qualification procedure - if any- without presenting the feasibility study, the estimated cost, tender and prequalification documents, if any, and what is taken of procedures, to the unit; for the works and procurement whose estimated cost does not exceed the amount specified by the regulations or which involves an emergency or urgent situation; and it is sufficient to notify the unit of what is carried out regarding them.

**Chapter VII:**

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Unified Electronic Portal

Article 16:
The government procurement and tender procedures shall be posted via the portal - unless this cannot be carried out due to technical reasons or for reasons related to the national security - as indicated by the regulations.

Article 17:
1. The portal shall have the highest degree of privacy, confidentiality, security and transparency of information, with ensuring the integrity of the procedures.
2. The portal shall permit access to information and data related to the tenders specified by the regulations for the interested and the relevant parties.
3. The portal shall assign a register for each government entity with all information, data and procedures relating to the contracts it entered into, and the projects and works it has offered as indicated by the regulations.
4. The Ministry shall receive remuneration for the services provided by the portal, provided that a decision is issued by the Council of Ministers to determine the remuneration according to the Ministry proposal.

Chapter VIII:
Treatment Conditions and Tenderers Qualification

Article 18:
The people whom the government entities deal with shall meet the conditions required for implementing the works and providing the purchases as indicated by the regulations.

Article 19:
1. The government entity shall perform pre- or post-qualifications in the works and procurement as indicated by the regulations.
2. In the case of pre-qualification, the invitation to participate in the tender shall be limited to those who have passed the pre-qualification.

Article 20:
The pre- or post-qualification criteria shall be objective, measurable and related to the technical, financial and administrative capabilities and the amount of the contractual obligations of the tenderers, and commensurate with the nature, volume and value of the project or the work.

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Chapter IX: Tender Documents

Article 21:
1. Tender documents shall include the minimum information and data for the proposed works and procurement as indicated by the regulations.
2. Softcopies of the tender documents shall be provided on the portal. If this is not possible for technical reasons, it shall provide sufficient paper copies.
3. The regulations shall specify the criteria for determining the tender's costs and documents.

Chapter X: Terms & Conditions

Article 22:
1. The technical conditions and specifications of the works and procurement shall be in detail, clear and accurate; and to take into account the approved or international standards regarding the items that do not have approved national standards, and not to include a reference to a specific type or item, to determine a specific trade name or trade mark, or to determine specifications that apply only to specific producers or suppliers.
2. Notwithstanding the provision of paragraph (1) therein, a trade name or trademark may be referred to in the cases where it is not possible to describe and determine the technical specifications accurately, provided that to obtain a prior approval from the unit and the tender documents include the phrase "and equivalent thereof".
3. The government shall not exaggerate the technical specifications, and not to exceed the project's needs and requirements and the financial allocations.
4. The government entity shall seek the assistance from the experts and specialists to show their opinions when developing the technical specifications.

Chapter Eleven: Estimated Cost

Article (23)
The government entity shall prior to determining the estimated cost of the works and procurement, examine accurately the market prices, taking into account that when determining the higher limit of the expected contract value total.

Chapter XII:
Criteria of Tender Evaluation

Article 24:
In the tender documents, the government entity shall determine the criteria for evaluating, comparing and approving the tenders as indicated by the regulations.

Article 25:
Non-price evaluation criteria shall be objective and appropriate to the nature of the works and procurement to be offered and to be, as reasonably practical, quantifiable.

Chapter XIII:
Tender Division

Article 26:
The works and procurement cannot be divided in order to reach direct purchasing validity, limited competition or the powers of authorized officials.

Chapter XIV:
Solidarity of tenderers

Article 27:
Tenders may be accepted in solidarity as indicated by the regulations.

Part Two:
Contracting Methods

Chapter One:
General Tender

Article 28:
All works and procurement shall be subject to general tender except for those exempted by virtue of the law provisions.

Article 29:
1. The general tender shall be announced on the portal as indicated by the regulations.
2. The regulations shall specify the advertisement means of the general tender if it cannot be announced on the portal for technical reasons.

Chapter II
Tender Limited

Article 30:
The government entity may contract in limited competition method in the following cases:
1. If the works and procurement are available only to a limited number of contractors or suppliers the entrepreneurs.
2. If the works and procurement do not exceed their estimated value (five hundred thousand riyals), by inviting as many competitors as possible, not less than five. In that case, the priority of directing the invitation to negotiate and submit the tenders shall be given to the local small and medium enterprises.
3. Urgent situations.
4. If the works and procurement are available to the civil institutions, associations or other non-profit organizations provided that the government entity shall undertake what is contracted by itself.
5. Advisory services.
The regulations shall specify the necessary controls and procedures for implementing this article.

Chapter III:
Tender in two stages

Article 31:
The government entity shall offer the tender in two stages if the technical specifications and the final contractual terms cannot be fully and precisely determined due to the complex and specialized nature of some works and procurement as indicated by the regulation

Fourth chapter:
Direct procurement

Article 32:
The government entity may contract by direct procurement method in the following cases:
1. To provide the procurement of arms and military equipment and their spare parts through the General Authority for Military Industries.

2. If the works and procurement are available exclusively to one entrepreneur, contractor or supplier, and no an approved alternative.

3. If the estimated cost of the works and procurement does not exceed the amount of one hundred thousand riyals. In this case the priority of directing the invitation to negotiate and submit the tenders shall be given to the local small and medium enterprises.

4. If the use of this method is necessary to protect national security interests and cannot use with it the general or limited tender methods. In this case, the government entity shall, after concluding the contract, prepare a report containing the reasons for adopting this method and providing the General Auditing Bureau with a copy of it.

5. If the works and procurement are available to a civil institution, association or non-profit organization provided that the government entity shall undertake what is contracted by itself.


Without prejudice to the competence of the General Authority for Military Industries, as stated in paragraph (1) therein: The regulations shall specify the necessary controls and procedures to implement the provisions therein.

**Chapter V:**

**Framework Agreement**

**Article (33)**
The Government entity may enter into a framework agreement with the winner, including the provisions under which the contract shall be executed, in cases where it is not possible to determine the quantities of items, the volume of the contracted works or services or their implementation date as indicated by the regulations.

**Chapter VI:**

**Electronic Reverse Auction**

**Article 34:**
The Government entity may use the Electronic Reverse Auction method as described in the regulations, putting into consideration the following:
1. The government entity shall prepare detailed technical specifications.
2. A competitive market is available to ensure effective tendering.
3. Receive tenders via the portal and sort them automatically.
4. Determine the start and end dates of the bidding.
5. Provide tenderers with the necessary information and instructions for using the portal.

Chapter VII:
Industry localization and Transfer of Knowhow

Article 35:
The unit on its own or at the request of a government entity shall - after getting the Ministry's approval - contract on localizing the industry and transferring the knowhow in accordance with the controls specified by the regulation.

Chapter VIII:
Tender

Article 36:
The government entity may contract on the best idea and design, or other intellectual property rights, by competition method as indicated by the regulations.

Part Three:
Tenders and Award

Chapter I:
Submission of Tenders

Article 37:
1. Submit encrypted tenders via the portal as indicated by the regulations.
2. Submit the tenders on the specified time for approving, and the tenders that contravene that shall not be approved.
3. Tenders to be submitted in sealed envelopes may be approved if they cannot be submitted via the portal for technical reasons.
4. The government entity shall announce the persons who have submitted their tenders via the portal, and if the portal cannot be used for technical reasons, it shall announce them by the means as indicated by the regulations.

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Article 38:
The government entity may require submitting a sample of the required purchases.

Article (39)
1. The tenders' validity period in the competitions is ninety (90) days from the date specified for opening the offers. If the tenderer withdraw his tender during this period, he shall not refund his bid bond.
2. The government entity may extend the tenders' validity period for a period of ninety (90) days. Any bidder who wishes to continue in the competition shall extend the validity period of his bid bond.

Article 40:
1. The total prices and the increased amounts shall be determined by an increase or decrease in the offer letter. Any decrease to be provided by an separate letter shall not be considered even if enclosed to the tender.
2. The tenderers shall not, except in cases where they may be negotiated in accordance with the law provisions, amend the offer prices by increase or decrease after submission.

Chapter II:
Bid bond

Article (41)
1. The tenderer shall submit an bid bond at the percentage of 1% to 2% of the tender value. The tender that is submitted without a bond shall be excluded.
2. The regulations shall determine the provisions concerning the bid bond.

Article 42
An exception to the provisions of Article 41 herein, no bid bond shall be required in the following cases:
1. Direct procurement.
2. Competition.
3. The inter-contractions the government entities provided that they shall execute the works and provide the procurement by themselves.
7. Contracting with a civil institution, association or non-profit organization, provided that the government entity shall undertake what is contracted by itself.
4. Contracting with local SMEs.

**Chapter III: Open the offers**

**Article (43)**

One or more committees shall be formed by a decision of the head of the government entity or his authorized representative for opening the tenders as indicated by the regulations.

**Article (44)**

1. The tenders shall be opened in the presence of all the members of the Committee at the end of the period of receiving the offers with making minutes for that purpose. In the cases where it is required to submit a technical offer separate from the financial offer, the technical offers shall be opened without the financial offers, and the regulations shall set out the procedures for opening the offers.
2. The tenderers may attend the opening sessions.
3. The Committee, within three (3) days from the date of opening the offers, may refer its minutes to the Bid Evaluation Committee.

**Chapter IV: Offers Evaluation & Contracting Validity**

**Article (45)**

1. One or more committees shall be by constituted by a decision from the head of the government entity or his authorized representative to evaluate the offers as indicated by the regulations. The Committee shall evaluate the offers and submit its recommendations on awarding the best offer, in accordance with the regulation provisions, and may seek assistance in preparing its recommendations by the specialists.
2. The unit may participate in attending the meetings of the Bid Evaluation Committee and shall have the powers granted to the remaining committee members.
3. The Committee shall issue its recommendations and record them in minutes stating the contrary opinion - if any - and the reasons for each opinion, and all
the actions and procedures it has taken. The minutes shall be submitted to the competent authority to decide on the award in accordance with the law provisions.

4. It is not permissible to combine the chairmanship of the Bid Evaluation Committee and the determination authority to decide on the tender, also not permissible to combine the chairmanship of the Bid Opening Committee and the chairmanship of the Bid Evaluation Committee or its membership.

Article 46:

1. The tenders shall be evaluated in accordance with the criteria set forth in the tender documents. The offers in violation shall be excluded and the bid bonds to be returned to the owners.

2. If the offers are submitted in two electronic files or in two sealed envelopes, the technical offers shall be evaluated without the financial ones, the unacceptable technical offers to be excluded and the financial offers to be returned without opening them in addition to the bid bonds to the owners.

3. The Committee shall open the financial offers of the accepted technical offers, shall make its recommendations for the best offer, in accordance with the evaluation criteria announced in the tender documents.

Article (47)

The Bid Evaluation Committee may negotiate with the best tenderer, then with the next tenderers in order in the below two cases:

1. If the best offer price exceeds the prevailing market prices, the committee shall determine the reduction amount in accordance with those prices, and request in writing from the owner to reduce its price, if he fails or does not reach the specified amount, the committee shall negotiate with the next tenderer, and so on with the rest of the tenderers until the specified price is reached, otherwise, the tender is cancelled.

2. If the value of the best offer exceeds the approved amounts of the project, the Committee shall request in writing from its owner to reduce its offer in accordance with the approved amounts, if he fails or does not reach the
specified amount, the Committee shall negotiate with the next tenderer and so on with the rest of the tenderers until reaching a price that agrees with the approved amounts, otherwise the government entity shall - after getting the unit approval - cancel some items or reduce them to reach the approved amount, provided that the project utilization or offers soring not to be affected, if not possible to cancel some project items or reduce them, the tender shall be cancelled.

Article (45)
No tender may be excluded because of its low price, unless it is less than 20% or more than the estimated cost and the prevailing prices in the market, provided that the Bid Evaluation Committee, after reviewing the estimated prices, shall discuss with the tenderer with the low bid and ask him in writing to provide details of his tender components explaining the reason behind the low tender, and if the Committee is not convinced of its ability to implement the contract, it may recommend to exclude the offer.

Article (49):
The government entity shall announce the tendering results and notify the other tenderers about that as indicated by the regulations.

Article (50)
1. If only one offer has been made, or several offers have been submitted however they are not in conformity with the tender documents except for one offer, this offer may only be accepted if its prices are similar to the prevailing prices in the market and after getting the approval of the head of the government entity.
2. The regulations shall specify the necessary provisions when the offers are equal.

Article (51)
The tender shall be canceled in the following cases:
1. If the tender documents contain material errors that cannot be remedied.
2. If a measure contrary to the provisions of the law or the regulations is taken and cannot be corrected.

3. If there are clear indications that there is fraud, corrupt practices or collusion between tenderers or parties related to the competition in a manner that the tender cannot be awarded in accordance with the law provisions and the regulations.

4. If all bids violate tender documents.

5. If the public interest so requires.

Article (52)
In case of the tendering cancellation, the tenderers shall refund the value of the tender documents and the bid bonds as indicated by the regulations.

Chapter V: Stoppage Period

Article (53)
The Government entity shall, after the issuance of the award decision, comply with a stoppage period not less than five (5) days and not exceeding ten (10) days; during which no award and signing of the contract cannot be approved in order to enable the tenderers to bring their grievances of the award decision.

Chapter VI: Authorities

Article (54)
1. The authority to decide on tenders for executing the works, the purchases and commissioning additional works shall be granted to the head of the government entity, and he may authorize third party in the following two cases:
   a. Decide on the tenders for executing the works and providing the purchases not more than (ten million)
   b. Commission additional works not exceeding (five million riyals) per a project or (10%) of the project cost; whichever is less.
2. The authority to cancel the competition shall be granted to the head of the government entity, and he may authorize third party to do so.

3. The authority to terminate the contracts shall be granted to the head of the government entity, and he may authorize third party to do so.

4. The authority to decide on the direct purchase shall be granted to the head of the government entity, and he may authorize third party within the limit of three (3) million riyals.

5. The authorization shall be graded according to the responsibility of the authorized person.

Part Four:
Conclusion and Implementation of Contracts

Chapter I:
Phrasing and Duration of Contracts

Article (55)

1. The contracts, documents and annexes are phrased in Arabic, and another language may be used in addition to Arabic, provided that the Arabic is the prevailing language in interpreting and implementing the contract, and determining the specifications, plans and correspondence related thereto.

2. The government entity shall be satisfied with mutual correspondence instead of issuing the contract if the contract value does not exceed three hundred thousand riyals.

Article (56)

1. The execution duration of service contracts with continuous implementation, such as maintenance, cleaning, operating and lodging shall not exceed five years. It may be increased in the contracts whose nature requires that after getting the ministry approval.

2. In all contracts, the period specified for the project execution shall be commensurate with the volume and nature of the works, and with the annual appropriations allocated for the project disbursement.
3. Service contracts with continuous implementation shall include conditions on the level of performance and continuous evaluation, so that the government entity may terminate the contract or reduce the payments if the performance is not satisfactory, and the regulations shall set out what is necessary to implement the provision therein.

Article (57)
The regulations shall specify the types of contracts that the government entities may use.

Article (58)
It is permissible to include within the contracts articles relating to the transfer of knowhow, training and operational skills to employees of the government entities.

Article (59)
1. The contract shall be concluded between the government entity and the winning tenderer after being informed of the award decision and submitting the final guarantee letter.
2. The contractor of the general construction contracts may execute the contract within sixty (60) days from the notification date of the award decision unless the tender documents stipulate otherwise.

Article (60)
1. The government entities shall submit their contracts, to be determined by the regulations, to the Ministry for reviewing prior to signing them. The Ministry shall review these contracts within fifteen days from the date of receiving thereof. If the Ministry does not respond during that period, they are deemed to be approved. This article shall not apply to the entities that have no provisions in the state's general budget.
2. The regulations shall specify the rules governing the application of this article.

Chapter II
Final Guarantee

Article (61)
1. The award-winning person shall submit a final guarantee of (5%) of the contract value, within fifteen (days) from the date of submission. This period may be extended for a similar period. In case he delays in this the bid bond shall not refunded and the negotiations shall begin with the next tenderer in accordance with the law provisions, and the guarantee percentage may be increased after getting the minister approval.

2. The tenderer owner shall, if a local SME, pay a financial penalty to the government entity equal to the value of the bid bond, if it withdraws its bid prior to ending the tender validity period, does not provide the final guarantee if it was awarded. In the case of passing (sixty) days from the withdrawal date of its tender, from the deadline expiration date of the final guarantee provision without paying the prescribed penalty; it shall be penalized by preventing it from dealing with any government entity for a year.

3. The final guarantee is not required in the following cases:
   a. If the works and procurement value does not exceed (one hundred thousand) riyals.
   b. Contracting by and between the governmental entities.
   c. Contracting with private organization, association or non-profit entity.
   d. Contracting with the companies in which the State owns not less than at least (10%) of its capital.
   e. If the contractor supplies all the items to be supplied in the award, and they have been approved by the government entity within the period specified of depositing the final guarantee, or has supplied part thereof and this part was approved with its price was sufficient to cover the final guarantee, provided that not to disburse the amount covers the guarantee value except after the contractor executes his commitment.
   f. If the contractor is entrusted with additional works.

4. The final guarantee shall be retained until the contractor fulfills its obligations and receives the project finally, in accordance with the terms and conditions of the contract.
Article (62)
The final guarantee in the service contracts with continuous implementation shall be reduced annually according to the performed works, provided that the guarantee shall not in any case be less than 5% of the value of the remaining works of the contract.

Article (63)
Bonds shall be accepted if they are in accordance with one of the following forms:

1- A bank guarantee letter from a local bank.
2- A bank guarantee letter from a bank outside the Kingdom submitted by a local bank.
3- Any other form specified by the regulations.

The regulations shall specify the terms and conditions of the bonds and their forms.

Chapter III: Remuneration

Article (64)
The contract values shall be paid in Saudi riyals and the government entity may specify in the tender documents one or more of other currencies provided that to obtain a prior approval from the Ministry.

Article (65)
The total contract value shall include all the costs of its execution in accordance with its terms, including the value of the duties and taxes paid by the contractor, and they may not be exempted, or exempting the profits of the contractors with the government entity, or exempting their employees incomes of the tax or paying thereof on behalf of them except what is excluded by a private regulatory text.

Article (66)
The government entity shall pay the contractor an advance payment against a bank guarantee equal to this value as indicated by the regulations.

Article (67)
The contractor's dues with the government entity shall be paid as indicated by the regulations.

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Chapter IV:
Price Adjustment & Variation Orders

Article (68)
The prices of contracts or framework agreements may not be adjusted by increase or
decrease except in the following cases:
   1. Changing the prices of the main materials or services included in the tender
      items, and which are specified by the regulations.
   2. Amending the customs tariff, fees or taxes.
   3. If there were material difficulties during the execution of the contract that could
      not be expected.
The regulations shall specify the conditions and procedures necessary for applying the
provisions therein.

Article (69)
The government entity shall, within its actual needs, issue variation orders by
increasing in the contract not more than (10%) of its value, and may issue variation
orders by decreasing not more than (20%) of its value as indicated by the regulations.

Chapter V:
Contract Waiver and Subcontracting

Article (70)
The contractor may not assign the contract or any part thereof to other contractor,
entrepreneur or supplier unless it has obtained written approval from the government
entity and the ministry. The regulations shall clarify the terms and conditions of the
contract waiver or part thereof.

Article (71)
   1. The Contractor may not sub-contract with other contractor, entrepreneur or
      supplier without obtaining a written consent of the government entity. The
      regulations shall specify the terms and conditions of the subcontracting.
   2. The Government entity may make payments directly to the contractor, the
      entrepreneur or the subcontractor. The regulations shall specify the terms and
      conditions thereof.
3. The Contractor shall in all cases be liable in solidarity with the contractor, the entrepreneur or the subcontractor for the contract implementation in accordance with its terms.

**Chapter VI:**

**Fines and Contracts Extension**

**Article (72)**
If the contractor delays in the contract implementation overdue the schedule; a fine delay not exceeding (6%) of the value of the supply contract, and not exceed (20%) of the value of other contracts shall be imposed. Such percentages may be increased as per a prior approval of the Minister, provided that such increase shall be explained to the tenderers prior submitting their bids.

**Article (73)**
If the contractor defaults in executing his obligation with the service contracts with continuous implementation, he shall be fined not exceeding (20%) of the contract value, with deducting the value of the works that have not been implemented. Such percentage may be increased as per a prior approval of the Minister, provided that such increase shall be explained to the tenderers prior submitting their bids.

**Article (74)**
The contract extension and the fine exemption shall be in the following cases:

1. If the contractor is entrusted with additional works, provided that the added period is commensurate with the volume, nature and commissioning date of the work.
2. If the annual financial appropriations for the project are insufficient to complete the work on time.
3. If the delay is because of the government entity or emergency circumstances.
4. If the contractor delays in executing the contract for reasons beyond his control.
5. If the government entity issues an order to suspend the works or part thereof for reasons that do not belong to the contractor.
The regulations shall specify the rules and procedures for the contracts extension and the exemption from fines.

**Chapter VII:**

Partial withdrawal and the implementation at the expense of the contractor

**Article (75)**
The government entity may withdraw part of the works and procurement and execute them at the expense of the contractor if he violates its contractual obligations after issuing a notice to him. The regulations shall clarify what is necessary for applying the provision of this article.

**Chapter VIII:**

Termination of contracts

**Article (76)**

1. The government entity shall terminate the contract in the following cases:
   a. If it is found that the contractor has initiated - by himself or through others - directly or indirectly, offering a bribe to one of the employees of the entities subject to the law provisions or has been awarded the contract by the way of bribery, fraud, deceit, forgery, manipulation or has committed any of such acts during the contract execution.
   b. If the contractor goes bankrupt, or bankruptcy is declared, was proven insolvent, was placed under custody or the company has been dissolved or liquidated.
   c. If the contractor waives the contract without getting a written consent of the government entity and the ministry.

2. The government entity may terminate the contract in the following cases:
   a. If the contractor delays the commencement of works or delays in their implementation or breaches any of the conditions of the contract and did not correct its conditions within fifteen days from the date of issuing a notice to him in writing.
   b. If the contractor dies. In which case the contract shall be terminated, the dues to be settled and bonds to be returned. The government entity may
continue in contracting with the heirs - after getting their agreement – provided they have the technical qualifications and bonds necessary to complete the contract execution.

c. If he enters into a sub-contract to implement contract works without obtaining a written consent from the government entity.

3. In the case of the contract termination, the remaining parts thereof may be offered in the same manner in which the works and procurement were offered. The government entity may invite for a limited tender for the tenderers that followed the winning bid in the order, asking them to submit new tenders then evaluate them according to the law provisions.

4. The regulations shall specify the conditions and procedures necessary for applying the provisions therein.

**Article (77)**
The government entity may terminate the contract if the public interest so requires, or if the termination is agreed upon with the contractor, after the approval of the Ministry and in accordance with the conditions and procedures specified in the regulations.

**Article (78)**
Upon the termination of the contract under paragraph (1), paragraph (2/a) or paragraph (2/c) of Article 76 herein, the final guarantee shall be confiscated without prejudice to the right of the government entity to charge the contractor due to the harm it suffered, and to provide the Committee mentioned in Article 88 herein with a copy of the decision to consider into prohibiting the Contractor from dealing with the government entity.

**Chapter IX**

**Contractor Performance Evaluation**

**Article (79)**
The Contractor performance shall be evaluated by the Government entity after the completion of the contract implementation using the contractor performance evaluation form. The results of the contractor's performance evaluation are not announced until
evaluation decision has become final. The regulations shall specify the necessary controls and procedures for implementing the same, and shall determine the impact of the contractor’s poor performance.

Chapter V:  
Sell Movables

Article (80)  
The government entity may waive the movable property to other governmental bodies and its affiliates, provided that the Ministry to be notified about that. The government entity that owns the movables shall notify the other government entities with the movables classes and their quantities, and sets a period for them to show interest to buy the movables. If they did not reply during that period, it may sell it through the public auction if its estimated value is (two hundred thousand) riyals or more, and they shall be announced on the portal and the website of the government entity in accordance with the advertisement rules of the general tenders.

Article (81)  
The movables with a value estimated at (two hundred thousand) riyals shall be sold either by public bidding, or in the manner that the government entity deems to be in the interest of the State Treasury, provided that the entity gives the scope to the largest number of tenderers.

Article (82)  
1. If the bidding is in sealed envelopes, the tenderer shall submit with his offer an bid bond of (2%) of the offer value.
2. The winner shall increase his guarantee to (5%) of his offer value within fifteen (15) days of the award date. If this period ends without increasing it, the bid bond shall not be refunded, and the guarantee shall not be released except after paying in full the movables value it buys in addition to the transport expenses, and the bonds shall be returned to those who are not awarded the auction.

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3. If the auction is public, the winner shall provide a guarantee of 5% of its value. Bank check or cash amount may be accepted as a guarantee with the public auction.

Article (83)
If no bid is made after announcement, it shall be announced again. If no one submits for the second time, the owner has the right to invite specialists in the field of items to be sold and offer to sell them. If no appropriate price is provided, he may grant them the civil associations and institutions or non-profit entity, provided that the Ministry to be notified about that.

Article (84)
The regulations shall specify the auction procedures and composing sale committees therein.

Article (85)
The government entity shall secure some of its needs in the manner of leasing, or replacing its movables with new ones as per the controls indicated by the regulations.

Section VI
Consideration of complaints and irregularities

Article (86)
1. A committee or more of the specialists, no less than five, shall be formed by a decision of the Minister, in which the Committee's Chairman and Vice-Chairman shall be appointed and it shall also provide for one or more reserve member. The Committee shall be reconstituted every three years and may be renewed. The Minister shall issue a decision specifying the committee's rules of action and its procedures, and shall specify the remuneration of its members and secretary.

2. The Committee shall be responsible for:
a. Considering the grievances of the competitors against the award decision or any decision or action taken by the government entity before the award decision.

b. Considering the contractor grievances against the performance evaluation decisions.

c. Considering the requests of price adjustment in accordance with the provisions of Article (68) herein.

3. The Committee decisions shall be binding to the government entity.

Article (87)

1. Each competitor shall be entitled to complain to the government entity against any decision taken, within five (5) days from the issue date of the decision, and may also complain to the government entity on the award decision, during the stoppage period referred to in Article 53 herein.

2. The government entity shall decide on the grievance within fifteen days from the date of receiving the complaint, if that period has passed without a decision made on the complaint, it shall be deemed as a rejection.

3. The complainant shall, within three days from the notification date of the decision of rejecting his grievance or from the date of the period passing referred to in paragraph (2) therein without a decision on his grievance, complain to the Committee referred to in Article 86 herein.

4. The Committee referred to in Article 86 herein shall decide on the complaints received and notify the authority owners within fifteen days from the date of receiving thereof. This period may be doubled by a decision from the Committee.

5. The government entity may not complete the contracting procedures except after taking into consideration what follows:

a. The stoppage period ends without receiving any grievances.

b. In the case of receiving of a grievance and accepting it, the actions taken in violation of provisions herein shall be corrected if possible; otherwise the tender shall be canceled. In the case of the government entity correction to the actions taken in violation of the law provisions results in another bid winner, the excluded tenderer only shall be granted an opportunity to
submit his grievance to the government entity during a similar stoppage period, and the provisions of this article shall apply on his grievance.
c. In the case of receiving a grievance and rejecting it, and the period referred to in the paragraph 5 herein lapsed without making a decision on the complaint by the Committee.

Article (88)

1. A committee or more of the specialists, no less than five, shall be formed by a decision of the Minister, in which the Committee's Chairman and Vice-Chairman shall be appointed and it shall also provide for one or more reserve member. The Committee shall be reconstituted every three years and may be renewed. The Minister shall issue a decision specifying the committee's rules of action and its procedures, and shall specify the remuneration of its members and secretary.

2. This committee shall consider the tenderers and contractors irregularities with the law provisions and contracts concluded with them.

3. Without prejudice to any penalty provided for in any other law, the Committee may issue a decision against the violator to prevent the Government entities from dealing with him for a period not exceeding five years, or to reduce its classification, if any, or both.

4. The Committee may instead apply the penalty prohibition against the violator; impose on him a fine not exceeding (10%) of the total value of his tender.

5. The decisions of the Committee shall be effective from their issue date, unless a decision is issued by the Administrative Tribunal to cease their effectiveness.

6. The Committee decisions may be complained against before the Administrative Tribunal within sixty (60) days from the notification date of the decision.

7. The decision summary shall be published at the expense of the violator in a local newspaper or in any other appropriate means, in the following cases:
   a. If the period referred to in paragraph (6) therein lapsed without the complainant files a complaint before the Administrative Tribunal.
   b. If a final judgment is given by the Administrative Tribunal in support of the Commission's decision.
Section VII
Final Provisions

Article (89)
The Government entities may enter into contracts by and between each other by direct agreement, provided that they undertake their own works or procumbent provision, and may also act on behalf of each other in proceeding with the contracting procedures.

Article (90)
The contracting shall be with those who are authorized to work directly, no mediation is allowed in the contracting, and the distributor or authorized agent of the original manufacture shall not be deemed a mediator.

Article (91)
The government entity is obliged to use the approved forms of contracts, tender documents, qualification documents, and the contractors' performance evaluation forms.

Article (92)
1. The government entity shall execute the contract in accordance with its terms and if it fails to fulfill its obligations, the contractor may initiate a claim before the Administrative Tribunal for remuneration.
2. The government entity, after the Minister's approval, may agree to arbitration as indicated by the regulations.
3. The Regulation shall specify other means of resolving the disputes arising during the contracts execution.

Article (93)
The companies that carry out the works and procurement on behalf of government entities shall abide by the law provisions.

Article (94)
Any violation of any provision herein shall expose the responsible person for disciplinary action, in accordance with the provisions of employees discipline law, the work system and other penal provisions applicable to employees and workers, and the government entity has the right to initiate a civil action against the violator, if needed.

Article (95)
If a need emerged that requires to exclude a law provision, the matter shall be reported to the Prime Minister to form a committee of three members, including the minister and the head of the competent government entity to study the matter, specifying the exception exactly, its justifications and reporting of what they see to the Prime Minister for guidance.

Article (96)
Subject to the provisions of the relevant laws, the Ministry shall prepare the following:

1. Regulation for conflict of interest on the application of the rules and regulations.
2. Regulation for conduct and ethics of those responsible for applying the law provisions and the regulations.
3. Regulation for domestic content support, Small and Medium Enterprises, the companies registered in the Money Market for the works and procurement, in conjunction with the Domestic Content and Private Sector Development unit, the General Authority for Small and Medium Enterprises and the Capital Market Authority, provided to include:
   a. Preference mechanisms of the domestic content, and how it is calculated and applied in the works and procurement, including a preference ratio in the technical and financial bids evaluation or a mandatory percentage of the domestic content of the total contract value.
   b. Preference mechanism of the local SMEs and the companies registered in the Money Market in the works and procurement, including a preference rate in the bids evaluation, a specific price range or a percentage of the total value of the contracts.
c. The fines resulting from non-compliance of contractors with domestic content requirements.

The Council of Ministers shall issue the regulations referred to therein.

Article (97)
The Minister shall issue the regulation within ninety (90) days from the publication date of the law in the Official Gazette, and shall come into effect from the law implementation date.

Article (98)
This law shall replace the Government Tenders and Procurement Law issued by Royal Decree No. (M/58) dated 04/09/1427 H, and eliminate what conflicts with its provisions.

Article (99)
The law shall be effective ninety days after the date of its publication in the Official Gazette.

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