The Unofficial English Translation of
Implementing regulations of Government Tender and Procurement Law

Part I
General Provisions
Chapter One

Article 1:
1- The Government entity shall inform the bidders about the general information about the project, so that they can evaluate the work before obtaining the tender documents, provide necessary clarifications and data on the work and procurement required to be implemented before the deadline for submitting the bids in a sufficient time.
2- Without prejudice to the provisions of Article (12) of the Law, it is prohibited for government employees, consultants and participants in the preparation of tender documents to disclose any information about tender prior to its submission.
3- The government entity shall notify all applicants to tender of any changes therein.
4- The government entity may not amend the conditions, specifications and quantities schedules after the submission of tenders, except in accordance with the provisions of the Law and this regulation, as violation thereof would entail the elimination of tender.

Chapter Two
Pre-Planning

Article 2:
Subject to the provisions of paragraph (1) of Article (12) of the Law, the insurance of works and purchases shall be based on achieving the public interest, the actual need, taking into account the quality, and achieving economic efficiency, with consideration of the developmental aspects and strategic plans.

Article 3:
A- At the beginning of each financial year, the government entity shall provide for the publication of general information on the work and procurement to be carried out during that year, including, at least, the following information:
1. Type and nature of business and procurement.
2. Place of implementation.
3. Method of issuance and contracting.
B- The works and purchases related to national security, weapons and military equipment are excluded from publication.
C- Publication shall be in the portal, on the government entity’s website, and publication shall continue until the business is published.
D- Information on such works and purchases shall be continuously updated.
Chapter Three
Contracting with Unauthorized Foreign Persons

Article 4:
First: Subject to the provisions of paragraph (2) of Article (3) of the Law, the following conditions are required to contract with foreign persons who are not licensed in accordance with the provisions of the Foreign Investment Law:
1- There is no more than a qualified local person, and this is verified by advertising in the portal, and website of the government entity.
2- Conducting the necessary rehabilitation in accordance with the provisions of the Law and this regulation.
3- Obtaining the approval of the Saudi Arabian General Investment Authority.
4- Taking into account the provisions of the preference regulation of local content, SMEs and the companies listed in the financial market.
Second: Insurance of business and procurement shall be made in accordance with the contracting methods provided for in the Law and this regulation.

Chapter Four
Business and Procurement outside KSA

Article 5:
Works and purchases executed outside the Kingdom shall be exempted from the following provisions:
1. Article (9) of the Law.
2. Paragraph (1) of Article (55) of the Law: The entity may, in its sole discretion, use any language it deems appropriate in the drafting of contracts and their annexes, and determine the language used to interpret and implement the contract.

Chapter Five
The Competent Authority for the Unified Procurement

Article 6:
Taking into account the provisions relating to the competent party for the unified procurement provided for in Article (14) of the Law, the unified purchasing authority shall:
1. Prepare business and procurement strategies that define the operating mechanism, purchasing and quantities.
2. Prepare the business and procurement lists needed by the government entity and put them in the portal.
3. Conduct periodic follow-up of procurement data and contracts concluded by government agencies.

Article 7:
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A- The works and purchases exceeding the estimated cost of (SR 5 million) riyals shall be presented to the Center of Spending Efficiency (CSE). It may amend that financial limit after the Minister’s approval.

B- the Center of Spending Efficiency (CSE) shall review the documents, feasibility studies and the estimated cost referred to them by the government entity and reply within period of not more than (fifteen) working days from the date of receipt.

Chapter Six
The Electronic Portal (Website)

Article 8:
Subject to the provisions of Articles (16) of the Law, the procedures of electronic government tenders and procurement shall refer to all operations related to the implementation of the government procurement, including:

Firstly:
A. Register suppliers, Contractors and Contractors in the portal and manage their data.
B. Create purchase orders and requirements.
C. Pre-qualification processes.
D. Advertising in the portal and submission of requests for quotations.
E. Receive and respond to bidder inquiries.
F. Modify tender documents.
G. Receive, Open and Examination the bids.
H. Delay opening and extension of bids.
I. Extension of bidders.
J. Notification of certification.
K. Cancel tender
L. Complete tender and contracting procedures.
M. Publishing summaries of the committee’s decisions referred to in Article (88) out of the Regulations
N. Notifying tenderers of any action required.

Second: The technical reasons referred to in Article (16) of the Law shall mean the technical reasons that prevent the use of the government entity and the bidders of the portal, and completed the tasks assigned to them for more than three consecutive days, as explained by the rules and procedures of the portal.

Third: In case of the portal’s failure for technical reasons, the duration of the implementation of the procedures shall be extended for a period similar to the duration of the failure of the portal. If the technical fault continues for a period exceeding the period referred to in clause (2) of this Article, the procedures may be executed in paper form, provided that the government entity raises the procedures to the portal upon returning to work.

Article 9:
Subject to the provisions of Article (17) of the Law:
1- The portal must include the instructions to use it, and the procedures for putting up the business and purchasing.
2- The portal must allow government agencies and tenderers to perform all operations and requests related to government tenders and purchases, in accordance with the provisions of the Regulations and these Implementing Regulations.
3- The portal must include the confidentiality of data received from users, the offers from bidders, and not to pack them one except in accordance with the provisions of the Law and this regulation.
4- The government body may prepare tender documents, including general and specific conditions, schedules of quantities, the estimated cost of tender and the price of selling tender documents in the portal, provided that the estimated cost is kept from the users, in accordance with the provisions of the Law and these regulations.
5- The portal should allow the bidders to submit their inquiries, receive answers from the government entity electronically and inform all bidders with such inquiries and their answers.
6- The portal provides the detailed reports necessary for the owners of the authorities and the supervisory authorities responsible for the follow-up, review, control of procurement and execution of contracts and The portal should include statistics and data on government tender and procurement, especially the volume of expenditure in the government entity and participation of suppliers or Contractors to achieve transparency and integrity in accordance with the provisions of the Law and these Regulations.
7- Works and purchases related to national security, weapons, and military equipment are excluded from keeping in the records of government agencies at the portal, and the government entity may only keep records related to those purchases with it. The portal must also include records of users' operations, data and information of contractors contracted with the other government entity, to be accessed for the purposes of implementing its projects.

**Article 10:**
The portal publishes a list of Contractors, suppliers and Contractors prohibited from dealing with the government, provided that the advertisement includes the following:
- Name and address of the establishment.
- Commercial Registration Number or License.
- The reason for the prohibition of dealing.
- The number and date of the prohibition decision or court judgment.
- The duration of prohibition from dealing and the expiry date of the prohibition period.

**Article 11:**
The Ministry is responsible for responding to queries and questions regarding the use of the portal in terms of the regular and technical aspect, by providing an official channel of communication between the beneficiaries used for the portal and the supervisory authority in accordance with the provisions of the Law and these Regulations.

**Article 12:**
The Ministry shall issue rules and procedures for using the portal.

**Chapter Seven**
**Conditions of Dealing with Government Agencies**

**Article 13:**
A- Those wishing to deal with the government entity to carry out its purchases and operations under the Law and this Regulation shall have the following documents:
1- The commercial register or the regulatory licenses in the field of advanced work.
2- Certificate of payment of Zakat, tax or both.
3- A certificate from the General Organization for Social Insurance to register the establishment in the Organization, and payment of insurance rights.
4- Certificate of affiliation to the Chamber of Commerce.
5- A certificate from the General Organization for Social Insurance to register the establishment in the Organization, and payment of insurance rights.
6- A certificate of classification in the field of advanced work, if the work is required to be taxed.
7- A certificate of affiliation to the Saudi Contractors Authority, if the submitted works are related to construction and deliberation.
8- A certificate of affiliation to the Saudi Organization of Engineers, if the work of advanced work related to engineering.
9- Proving that the establishment is one of the small and medium enterprises, as determined by the SMEs Authority, if the establishment is of that category.
10- A certificate of achieving the percentage required for Saudization of jobs.
B- Any other documents required by the government entity depending on the nature of the project.
C- The documents referred to in paragraph (a) of this Article shall be valid.
D- In dealing with, NGOs, or non-profit entities, those must have a registration certificate proving that they are a non-profit organization, community or entity from the competent authority.

**Article 14:**
Dealing shall not be allowed in accordance with the provisions of this Law and this Regulation with the following persons:
1- The State’s officials, excluding the following:
A- Non-commercial businesses if they are licensed to practice them.
B- Buying books written by them either directly or through publishing houses.
C- Entrusting them with technical works, purchasing intellectual property rights or works thereof.
D- Entering into public auctions, if the objects desired to be purchased for their private use.
2- Those subject to regulations that stipulate that they should not be dealt with until they are rehabilitated.
3- Bankrupts, or who have requested bankruptcy, proved their insolvency or ordered to be placed under the custody of the judiciary, except to participate in the tender.
4- Companies that have been dissolved or liquidated.
5- A person who has not attained the age of eighteen (18) years.
6- Non-eligibility.

Chapter Eight
Qualification of Bidders

Article 15:
1- The government entity shall carry out pre-qualification in the works and purchases, which have an estimated cost of (20 million) riyals or more.
2- The government entity shall carry out pre-qualification or later in the works and purchases less than (20 million) riyals at its discretion.
3- Qualifying in the electronic reverse bidding shall be through the subsequent qualification of the winning bidder.
4- In the event that the government entity pre-qualifies a tenderer, it may not perform the qualification of that competitor in similar works and purchases, provided that it has not been more than a year since the previous qualification.
5- The works and purchases that are contracted through the direct purchase method and the competition are excluded from the provisions of paragraphs (1 & 2) of this article.

Article 16:
First: Subject to what is stipulated for in paragraph (1 / a) of Article (19) of these implementing regulations, a government entity must conduct a subsequent qualification for the successful bidder in the tender who is previously qualified for it, whenever the period between the pre-qualification and awarding procedure exceeds (One year), in order to make sure his qualifications are the same.

Second: In the event that the successful bidder does not pass the qualification stage, the bidder will be transferred to the next bidder. If it appears that all bidders fail to pass the subsequent qualification stage, the tender shall be canceled.
Third: In the event of a subsequent qualification for the successful bidder, the government Entity must use the criteria used in the prequalification stage.

**Article 17:**
Subject to the provisions of Article (20) of the Law:
1- The government entity shall apply the standards, conditions and mechanisms stipulated in the qualification documents prepared by Center of Spending Efficiency (CSE).
2- In the development of pre-qualification or subsequent qualification criteria, the following shall be considered:
   A- Financial capacity.
   B- Administrative capacity.
   C- Technical capacity.
   D- The volume of existing contractual obligations and volume of completed projects.
   E- Experiences.
   F- Results of previous assessments.
1- Prequalification documents are available electronically through the portal.
2- The qualification criteria must be clear, objective and achievable for the public interest, and should not aim at restricting the dealings to specific persons.

**Article 18:**
The prequalification procedure shall be announced in accordance with the mechanism used in the declaration of tender. The following declaration shall include, but not limited to, the following:
   A- Name of the government entity.
   B- Type of project, nature and place of implementation.
   C- Qualification criteria and procedures.
   D- The date of submitting qualification documents.
   E- The date of notifying the qualified parties.

**Article 19:**
Upon the pre-qualification, the following shall be considered:
**First:**
1- If only one bidder has applied for the qualification, the government Entity must re-perform the pre-qualification after reviewing the qualification criteria or canceling the prequalification procedure and transition to post-qualification.
2- Informing the applicant of the qualification as a result of his rehabilitation, and notify him of the reasons for his dismissal in the event of not passing the qualification.
**Second:** Those who have passed the prequalification to complete the competition procedure of the Law and these Regulations.
Article 20:
The head of the government entity or his authorized representative shall issue a decision to form one or more committees to carry out the pre-qualification and subsequent procedures, in accordance with the following regulations:

1- The number of Committee members shall not be less than three in addition to its Chairman.
2- A decision shall be made in the composition decision to appoint a Deputy Chairman to replace him in the event of his absence.
3- The Committee shall be reconstituted every three years.

Chapter Nine
Tender Documents

Article 21:
Tender documents should include full details of the proposed business and procurement, including:

1. The text of the contract
2. Instructions and conditions of tender.
3. Conditions and specifications for business and procurement.
4. Tables and terms of quantities.
5. Criteria and percentages of bid evaluation.
6. Classification area, if any.
7. Plans and drawings as applicable.
8. Place, time and mechanism of delivering the samples – if required – and their fate after their examination and recovery mechanism.
9. The main contract terms and conditions.
10. The initial and final guarantee.
11. Terms and Conditions of the Framework Agreement, if any.
12. The duration of the suspension to consider the grievance against the decision of award.
13. Any other documents depending on the nature of the business and procurement.

Article 22:
A- The government entity shall provide sufficient copies of the paper tender documents numbered and stamped, if electronic copies are not obtained for technical reasons – on the basis of the reasons referred to in paragraph (Second) of Article (8) of these Regulations – to meet the requests of those who wish to buy them, and may not refrain from selling them or to refrain from providing them for any reason.

B- All soft copies shall be numbered and stamped by the government entity.
**Article 23:**
The government entity should carefully determine the prices of tender documents, so that prices reflect the costs of preparing them only, and not to overvalue them, leading to reluctance of the willing to compete.

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**Chapter Ten**
**Terms and Conditions**

**Article 24:**
Subject to the provisions of Article (22) of the Law, the government entity shall taking into account the following:

1. Not to mention the type, description, type or number in suppliers' lists.
2. Not mentioning certain brands or specifications that apply only to a particular product.
3. Non-contracting for works that are not specified in quantities and / or categories and specifications in the contract (unless otherwise provided in the Law or these Regulations).

**Article 25:**
With regard to contractual and financial obligations, the following should be adhered to:

1. Works and procurement may not be contracted for unless after confirmation of the availability of costs or financial credits, and the entity must take into account the annual cash flows of the contracts in accordance with the budget planning work, including the items to which it is linked.
2. Contracts must include clear conditions for annual cash flows in contracts that extend for more than one fiscal year.
3. A government entity must mention the amount in the awarding letter sent to the winning bidder provided that the award decision does not entail any legal or financial obligation on the government entity except after signing the contract from all parties.

**Article 26:**
The government entity shall update the information of its projects and works prior to its adoption, review the technical specifications, drawings and drawings and make any
amendment or correction thereon, before putting its business in the public tender or securing its purchases, especially those documents that are in the process of being prepared for a long period, or the hardware and software specifications that are constantly updated.

Chapter Eleven
Estimated Cost

Article 27:

First: Subject to the provisions of Article (23) of the Law, the government entity shall establish indicative prices for the business in the schedules of terms and quantities of the tender with the assistance of the technical staff who participated in the preparation of specifications or other specialized pricing agencies when setting prices, the following should be considered:

1. Prevailing market prices
2. Previous prices.
3. Internal and external price references.
4. price statements issued by the authorized authorities. “If any”.
5. Estimated costs of business and procurement prepared by the Center of Spending Efficiency (CSE).
6. The prices shall reflect the actual value of the business and the proposed procurement.
7. To be placed in Encrypted electronic file and send it to the Chairman of the Committee to open the offers before the announcement of tender.

Second: The government entity and the Center of Spending Efficiency (CSE) should maintain the confidentiality of the estimated prices.

Third: The Tender shall be canceled in case the government entity does not set discretionary prices.

Chapter Twelve
Evaluation Criteria of Bids

Article 28:
1. The Center of Spending Efficiency (CSE) shall prepare the criteria for the preparation of the evaluation criteria for bids for the different expenditure categories, in which the price and non-price bid evaluation points shall be divided.
2. The government agencies must adhere to the preparation of standards when preparing the brochure and tender documents, especially the bids evaluation criteria.

**Article 29:**
Subject to the provisions of article (24) of the Law and provisions of the Local Content Regulations, small and medium enterprises, the listed companies in the financial market, evaluation criteria should consider the following:

1- As for works that do not require higher or complex technical capabilities, evaluation of the technical offer should be only on a passing basis and the winning bid is the lowest price.
2- The highest proportion of weights in consulting services that require high technical capabilities shall be technical standards.

**Chapter Thirteen**
**Division of Tender**

**Article 30:**
Subject to the provisions of Article (26) of the Law, the division of tender requires the following:

1. The purpose of retail shall not to switch to other procurement methods.
2. It shall provide for the passport in the tender documents.
3. The nature of works and procurement should be physically divisible by value, duration, terms and elements.
4. Retail is limited to items that are not identical in the tender
5. The retail shall achieve public interest.

**Chapter Fifteen**
**Partnership**

**Article 31:**
a partnership among Contractors to implement one or several projects requires the following:

1- The partnership shall be carried out before submitting the offer under a partnership agreement concluded between the parties of partnership, and authenticated by the Chamber of Commerce or by the authorized parties for registration.
2- The partnership leader shall be specified in the agreement as a legal representative before the government entity to complete the contracting procedures and sign the contract, correspondence and letters.
3- The works to be taken by each Party to the Partnership shall be stated in the Agreement.
4- The Agreement shall provide for the obligation and responsibility of the joint or joint operators to carry out all the work in tender.
5- The bid and all documents and documents shall be sealed by all parties of the partnership.
6- Submitting the partnership agreement with the bid and all its documents.
7- No party to the partnership shall be able to compete in a single place or in partnership with another bidder.
8- The partnership agreement may not be amended after submission without the consent of the government entity.
9- Considering the provisions of the contractors’ classification system, in case of solidarity between contractors.

**Part II**

**Chapter One**

**Contracting methods**

**Article 32:**
The government entity shall carry out its work and procurement, in accordance with the provisions of Law and this regulation shall be governed by one of the following methods:

1- Public tender.
2- Limited tender.
3- Tender in two stages.
4- Direct purchase.
5- The Framework Agreement.
6- Electronic reverse auction.
7- Localization of industry and transfer of knowledge.
8- The tender.

**Chapter Two**

**Public Tender**

**Article 33:**
The Government entity shall declare the public tender, in accordance with the following procedure:

A. Advertising in the portal, provided that the advertisement shall remain in effect until the deadline for the submission of tenders. In addition to advertising in the portal, the government entity may advertise on the website of the official newspaper, and by any other means it deems appropriate.
B. Announcement is made outside the Kingdom for works and purchases that are made abroad and those for which there is not more than one contractor within the Kingdom, in addition to announcing inside KSA according to the aforementioned in paragraph (1) of this article.

C. The advertisement for works and purchases outside the Kingdom shall be on the advertising websites in the country for which the works and purchases are to be carried out and on the website of the Kingdom's embassy. The government entity may add to such means any other means it deems fit. The notice shall be in Arabic and English and the government entity may add any other language it deems appropriate.

D. The public tender notice shall include, but not limited to, the following data:

1. Name of the notifying entity.
2. Tender number, description and purpose.
4. Value of tender documents and the place of sale.
5. Deadline for receiving the bids, and the date of opening the bids.

E. In the event that the publication of the public tender announcement in the portal fails for technical reasons, it shall be posted on the website of the Official Gazette and the project owner. The Entity shall publish the notice in the portal upon its return to work, unless the period of receiving offers has ended.

### Article 34:

1. The period from the date of publication of the advertisement, at the portal, until the deadline for submission of offers, shall not be less than the following:

   A- Fifteen days for the works and purchases, the estimated cost of which is five million riyals or less.
   
   B- Thirty days for the works and purchases, whose estimated cost is more than five million riyals and less than one hundred million riyals.
   
   C- Sixty days for the works and purchases whose estimated cost is 100 million riyals or more.

2. A government entity may, after obtaining the approval of the Minister, reduce the periods mentioned in this article, if the nature of the business and procurement does not require the full period to be fulfilled.

### Article 35:

The government entity shall offer the services of continuous implementation services before the financial year from the expiry date of the existing contract.

### Chapter Three

#### Limited Tender

### Article 36:
The contracting authority may contract in the manner of limited tender in the business and procurement that is available only to a limited number of Contractors, suppliers or Contractors, according to the following controls:

A- A declaration shall be posted on the portal and on the website of the entity to ensure that there are no Contractors or other suppliers in the field of business and procurement required, provided that the declaration shall not be less than twenty days from the date of publication of the declaration.

B- If the declaration or lists referred to in paragraph (3) of this Article indicates the presence of more than five suppliers or Contractors business and procurement shall be issued in a public tender.

C- The government entity shall prepare a list of works and purchases which have only a limited number of Contractors and suppliers, and a list of service providers for such works and purchases, which shall be updated annually.

**Article 37:**
The contracting authority may contract in the manner of limited tender in works and purchases with an estimated value of (500 thousand) riyals or less. If the bid price exceeds the amount of (five hundred thousand) riyals, and the lowest bids or the next in order to reduce the bid to reach this amount, the limited tender shall be cancelled and put into a public tender.

**Article 38:**
The government entity may contract in a manner of limited tender in the business and procurement required sooner according to the following controls:

1- Not be business that can be planned in advance.
2- Not to be urgent cases caused by delay of the government entity in the implementation of business and procurement.
3- The government entity shall estimate urgent cases that do not tolerate the public tender procedures, taking into account the interest of the facility, conditions of implementation, the quantity and type of work and procurement required to be insured.
4- Works with continuous implementation such as maintenance, cleaning, operating, accommodation and transport contracts, periodic and repeatedly secured business, general construction works that are being prepared with their conditions, specifications and plans before implementation are not considered as urgent cases that may be secured by limited tender.

**Article 39:**
The government entity may contract in a limited manner of tender with institutions, NGOs or non-profit entities, taking into consideration the following:
1- There shall be more than one non-profit entity that provides the required works and purchases.
2- The work to which it applies shall be within the scope of the activities for which it was established.
3- Carrying out the work itself.
4- The government entity shall prepare a list of non-profit entities that provide certain services in the area of the government entity’s activity.

**Article 40:**
Consulting services may be provided in accordance with the provisions of limited tender, taking into consideration the following:

**First:** The government entity shall set the conditions and specifications for the consulting services, including at a minimum:

1- A description of the nature of the services and the required work.
2- Objectives to be achieved from consulting services.
3- Scope of consulting services and tasks to be performed by the Consultant.
4- Outputs to be delivered, including results, reports and work performed.
5- Transfer of knowledge, experience and training, if any.
6- Evaluation criteria.

**Second:** At least five offices are invited to submit consulting works.

**Third:** The government entity shall register all the providers of consulting services of all types in the portal.

**Fourth:** The government entity shall approve the lists of consulting offices through the portal to invite them to submit their offers in the required consulting services.

**Fifth:** The government entity should use the direct procurement method to provide consulting services if the conditions of direct purchase are met as provided for in Article (32) of the Law.

**Article 41:**
In the case of the execution of the business and procurement through the limited tender, Subject to the provisions of Article (30) of the Law, the government shall abide by the following:

1- Providing the opportunity for the largest number of bidders, so that the deal is not limited to a government number of them, or to deal continuously with certain persons, keeping lists of persons wishing to register to provide their services in various business and procurement and publishing an ongoing declaration of registration in those lists in the portal.

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2- In otherwise stated in special provision provided, all public tender provisions shall apply to limited tender.
3- The government entity in the portal shall prepare a record of the works and purchases executed as urgent cases.

Chapter Four
Tender in Two Stages

Article 42:
Subject to the provisions of Article (31) of the Law, the tender shall be conducted in two stages, as follows:

First: First Stage:
1. The tender documents shall specify the need of the government entity, the chaos of the contract, the expected performance and the outline of the terms, specifications and other technical characteristics, whether for the work to be performed, the equipment and goods to be acquired.
2. The first stage shall be announced in the portal, in accordance with the procedures of public tender declaration.
3. Initial bids shall be submitted in the first quarter containing proposals of the applicants without mentioning the prices of bids.
4. In addition to what is stipulated in paragraph (3) of this article, the government entity may ask bidders - without obligating them to do so - to provide indicative prices or price limits for the works to be implemented, provided that they are not obligated in the second stage to amend their offers in line with their guiding prices and price limits, or to evaluate their offers accordingly. In addition to what is stated in paragraph (3) of this article, a government entity may request competitors - without obligating them to do so - to provide indicative prices or price limits for the works to be implemented, provided that they are not obligated in the second stage to amend their offers in line with their guiding prices Price limits, or to evaluate their offers accordingly.
5. The government entity may discuss the bidders to clarify the proposals and specifications proposed and make the necessary changes to the specifications to be acceptable and practicable. Such queries and clarifications shall be published on the portal and made available to all bidders.
6. Bids that passed the first stage shall be published in the portal.

Second: Second Stage:
After the end of the first stage, the government entity shall:
A- Prepare and amend technical specifications, preparation of tender documents and evaluation criteria, based on what was reached during the first stage.
B- Send invitations to the bidder to submit their bids.
**Article 43:**
Except as provided, the tender in two stages shall be subject to public tender rules and procedures.

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**Chapter Five**

**Direct Purchase**

**Article 44:**
The government entity, when it wishes to secure the business and procurement which are available only to one Contractor, Contractor or producer, shall take into account the following:

1- That there is a necessary need to secure business and procurement, and that there is no suitable alternative to be obtained from other sources.
2- A declaration shall be posted on the portal and on the website of the entity to ensure that the business and procurement are available only to one producer or supplier, provided that the declaration shall not be less than ten working days from the date of publication of the advertisement, as well as through official commercial sources, databases and information available to the government or other relevant authorities.

**Article 45:**
Subject to the provisions of paragraph (5) of Article (32) of/ the Law, a government Entity may contract directly with one institution or civil society or one non-profit entity that no one else provides the required business and procurement, provided that the works submitted are within its scope of activity.

**Article 46:**
For the execution of works and purchases, the following shall be required:

1- In the following cases:

A. **When there is a serious threat to safety and public health.**
B. **When there is a serious event that threatens to cause loss of life or property.**

2- The use of general or limited tender procedures may result in damage due to the length of the proceedings.
3- The framework agreement doesn’t include the required works and purchases or there is default in implementation.
4- Getting approval of the government entity head
5- Providing the General Accounting Bureau with all agreements, contracts and payment documents related to these businesses and purchases.

**Article 47:**
The head of the government entity shall form a committee of three members, to examine the offers of direct purchase, and to submit recommendations to the holder of authority. It
is also not allowed to combine the chairmanship or membership of this committee with the chairmanship or membership of any other committee formed in accordance with the provisions of the Regulations and these Implementing Regulations.

**Article 48:**
First: The government entity should provide the opportunity to buy directly to the largest number of dealers, so that they do not hesitate to deal with a specific number of them, or to deal continuously with certain companies or institutions, and should keep lists of those wishing to register to provide services in various business and procurement, to be announced on those lists on a continuous basis and to be available to register through the portal.

Second: Without prejudice to the confidentiality of national security, the government entity shall, at the end of the fiscal year, account for direct purchases executed in terms of total value, type of business and procurement, and publication in the portal.

**Chapter Six**

**The Framework Agreement**

**Article 49:**
Taking into account the provisions of articles (thirty-third) of the Regulations, the contracting authority may contract through framework agreements for business according to the following:

A- If the need arises to contract repeatedly for goods or services.
B- If, due to the nature of the goods and services required, prospective customers are expected to have a need to purchase them.

**Article 50:**
The declaration of tender in the event of contracting through the Framework Agreement states:

1- Determining whether the Framework Agreement is open or closed.
2- The most important terms and conditions required by the Agreement.
3- Description of the subject of the Agreement.

**Article 51:**
The Framework Agreement should include:

1. The number of service providers.
2. The duration of the agreement, whether open or closed.
3. The volume and quantities of work expected to be requested; Prices during the term of the agreement.
4. Government entities that may issue purchase orders under the Agreement.
5. Mechanisms for the delivery and receipt of goods or the performance of services.
7. The rules regulating the relationship between all agreement parties, and the procedures to be followed in the event of any dispute between them.
8. General and special conditions and business specifications.

Article 52:
The open framework agreement may include the joining of new Contractors, Contractors or suppliers in their capacity as additional Parties to the Agreement, to be subject to the terms of the Agreement, the government entity that entered into the agreement should publish an invitation to join the portal and its website. The publication of that invitation shall continue throughout the duration of the agreement, provided that the invitation shall include the following:
1- The name and address of the government entity.
2- Qualifications required from the persons wishing to join.
3- The period of time during which the application for admission is allowed.

Article 53:
1- The award shall be made between the government Entity, the Contractor, the supplier or the service provider under the terms of the framework agreement.
2- In the event that more than one supplier, Contractor or service provider, as a party to the Agreement, and in accordance with its terms, they may conduct a closed tender between them.
3- The duration of the fenced-in Framework Agreement shall not exceed three years and the Open Framework Agreement shall have four years the expiry of the framework agreement doesn’t prejudice any contract or approval that arises during its validity.

Chapter Seven
Electronic Reverse Auction ERA

Article 54:
Subject to the provisions of Article (34) of the Law, the Government entity may use the reverse auction method to purchase goods that have an effective competitive market and are available to more than one supplier, Contractor or service provider, in accordance with the following conditions:
1- The bid shall be limited to ready-made goods available in the market.
2- The cost does not exceed (five million) riyals.
3- The bid should be made through the portal, in order to guarantee the integrity of procedures, transparency, and achieve freedom of tendering.
4- ERA procedures should include equality, justice, and equal opportunity between bidders.
5- The bidder shall be informed of the price and prices of the remaining bidders without revealing their identity.
6- The date and time of the start and end of the reverse auction, the possibility of extension of the tours in case of more than one offer, and if the entity considers that the prices are not appropriate.

7- The number of bidders in the ERA shall not be less than (3) at a minimum. If a number of bidders withdraw, leaving only two or fewer, the tender will be cancelled.

8- Applicants wishing to enter the reverse auction shall provide a bid bond in accordance with the terms of the bid when submitting their initial bids.

9- Examination of bids and ensuring that they meet the technical conditions and specifications before entering the auction.

Article 55:
1- The reverse auction shall be announced at the portal and on the website of the government entity.
2- The advertisement, or invitation, shall include the technical conditions, specifications and deadline for registration of those wishing to participate in the ERA, provided that the period from the date of the announcement or invitation to the registration date is not less than (15) days.

Article 56:
1- The ERA pricing criteria are based on the price, and in this case, the lowest price bids corresponding to the terms and conditions shall be the winning bid.
2- All bidders shall have equal and continuous opportunities to provide their prices or bids.
3- In the event of a malfunction in the electronic system through which the auction is conducted, the bidding procedures shall cease immediately, and shall resume, if possible, during working hours on the day specified for the auction. Otherwise, the auction shall be canceled.

Article 57:
The head of the government entity or his delegate shall constitute a committee to carry out the following:
1- Overseeing the reverse auction.
2- Preparing a record containing the procedures and recommendations made by the awarding to the winning bidder, and submitting the record to the authorized person to approve the award.

Chapter Eight
Localization of Industry and Knowledge Transfer

Article 58:
The Commission may contract to settle the industry and transfer knowledge according to the following controls:
1- The localization of the industry or the transfer of knowledge should not result in a monopoly of that industry or knowledge.
2- That the changes and developments in technology, industry and knowledge are taken into account when concluding the agreements.
3- That the commission performs:
   A. Coordination with the Expenditure Efficiency Center and related entities - each according to their competence - to prepare a feasibility study for the targeted industry needed to be localized or the knowledge to be transferred, provided that the study includes the optimal contracting method and expected opportunities and the effect of localizing that industry or transferring knowledge on promoting economic development.
   B. Forwarding the feasibility study to the Ministry to consider approving it: as a prelude to completing what is needed in this regard.
   C. Coordination with the Expenditure Efficiency Center and the relevant entities - after the Ministry’s approval - to prepare documents of conditions, specifications, and contract models: in preparation for the contract.
   D. The agreement to be concluded with the contractor should include a specific purchase percentages of government entities of products of that industry or knowledge, provided that the proportions are determined in coordination with the beneficiaries.

Chapter Nine
The Tender

Article 59:
The contract shall be contracted in order to prepare designs, designs, models or other artistic and intellectual works in accordance with the following terms and conditions:
First: Declaration shall be on the portal and website of the government entity. An invitation may be made to a limited number of bidders with the necessary experience and skills in the required business. The declaration or invitation shall include, at a minimum, the following information:
1- Detailed specifications of the business.
2- The number of winners and bonuses awarded to them without exceeding three.
3- Criteria for trade-offs between bids.
4- The date and place of submitting the tenders, communication mechanisms and inquiries.

Second: The Examination Committee shall conduct the examination of the submitted offers and may call any bidders to discuss their bids, select and arrange the winning bids according to the established criteria.

Third: The method of tender shall be excluded from providing guarantees and the related provisions.
Fourth: The intellectual property shall be the contents of the winning offers to the government entity.

Part III
Chapter One
Submission of Bids

Article 60:
Subject to the provisions of Article (37) of the Law in two electronic files for works and purchases that have an estimated value of (Five Million) Riyals and more, and the government entity may stipulate that for works and purchases whose value is less than (Five Million) Riyals, according to what it considers as benefit-achieving. The Bid shall be submitted in two electronic files on works and purchases that have an estimated value of (five million) riyals or more, and the government agency may stipulate that in works and purchases whose value is less than (five million) riyals, according to what it sees as a detective of the interest.

Article 61:
1. The Tender is submitted electronically after the tenderer enters the required data through the portal into an encrypted file, or two encrypted files if required to submit two technical and financial offers. The tenderer may submit its offer in writing on his own papers, and the lesson is in the event of disagreement with the terms and provisions set by the government entity in its sealed forms.
2. The bid shall be submitted in accordance with an official letter signed by its sponsor or the legal representative to sign.
3. The bid and all attachments shall be stamped with the bidder's stamp.
4. No bid shall be considered after the expiry of the period specified for the submission of tenders.
5. Copies of certificates and documents required and stipulated in Article (13) of these Regulations shall be submitted with the bid.

Article 62:
Before submitting its bid, the applicant for business and purchases must ensure the nature of the works applied, the circumstances associated with implementation, knowledge of all its data and details, and what may affect the categories of its bid and risks of its obligations.

Article 63:
The bidder may not submit an alternative bid with the original bid, unless the tender documents stipulate thereof according to specific terms and conditions set by the government entity.

Article 64:
The bid that violates the conditions, specifications and tender documents is excluded, and the Bid Examination Committee may see otherwise if the violation is formal and does not affect the bidder's ability to adhere to the terms and specifications.

**Article 65:**
A- If bids cannot be submitted through the portal for technical reasons in accordance with the provision of Clause (Second) of Article (8) of these Regulations, they shall be submitted in sealed envelopes by official mail or delivered to the government Entity at the specified place to receive the bids, taking a receipt indicating the date and time of delivery.
B- The entity shall submit the offers that are submitted on paper to the portal to be kept in their records after being opened by the opening committee.

**Article 66:**
The names of persons who submitted their bids through the portal shall be announced after the date of submission of bids and opening thereof. If it is not possible to advertise in the portal, it shall be announced on the government entity’s website.

**Article 67:**
A- If the government entity is unable to decide on the consignment during the validity period of the offers, it shall prepare a document explaining the reasons and justifications for the delay in determining the award and The bidders shall be notified with their desire to extend the validity of their offers for a period not exceeding ninety days.
B- Any bidder agrees to extend shall extend its guarantees and inform the government body within two weeks from the date of notification of the extension request. If the periods referred to in this Article have passed, the government entity may not extend the validity of the bids until after the approval of the Ministry on the basis of justified reasons. Otherwise, the tender shall be canceled.

**Article 68:**
The bidder may withdraw his bid before the expiry of the period specified for receiving bids, and the government entity shall refund the bid bond to it.

**Chapter Two**
**Writing Prices for Bids**

**Article 69:**
1. The bidder must submit its price according to the terms, conditions and the approved Bills of Quantities. It shall not make any amendment, reservation thereto or delete any tender clause or specification. The violating bid shall be excluded.
2. The prices of individual and total bids in the Bill of Quantities shall be written in a number and written in the local currency, unless otherwise provided for in another currency.
3. The Bidder may not modify, delete, or scrape in the Price List. Any correction made by the bidder must be rewritten, written, signed and stamped.
4. If the price categories, which have been modified, erased or blurred, are more than 10% (ten per cent) of the price list, the bid may be excluded.
5. The bidder shall not make or leave any tender Article without pricing unless the conditions of tender permit it.

Chapter Three
Bid Bond

Article 70:
1. The bid cannot be accepted without a bid bond or with a minimum bid bond of 10% (ten percent) of the value of the guarantee required. The Tender Examination Committee shall, before recommending the award, instruct the Underwriter to request him to complete the shortfall in the guarantee within (10 days) Otherwise, it shall be withdrawn and the bid bond will not be returned to it.
2. The original primary letter of guarantee is presented with the bid, provided that it is valid for a period of no less than (Ninety) days from the date specified for opening the bids. In the event that the guarantee is less than a period not exceeding (Thirty) days, the Bid Examination Committee - before recommending the award to the incomplete guarantee bidder - must ask him to complete the deficiency in the guarantee within a period determined by it, otherwise he will be considered withdrawn and the primary guarantee will not be returned. A day or two days are not considered as a short period of guarantee.
3. The government entity shall request the extension of the bid bond for those who are entrusted with the work in the event of expiry of its validity period before the performance bond is submitted.
4. Bid bonds shall be given to the bidders after deciding on the award, as well as in the case of the elimination of tender or after the expiry of the time specified for the validity of the offers, unless the bidder wishes to continue to link to its bid as stipulated.
5. Contrary to what was mentioned above and where there is no text that requires the confiscation of the primary guarantee, primary guarantees are returned to their owners, and the government entity may, at its discretion or at the request of the bidders, release their primary guarantees before deciding on the award, if it becomes clear after opening the bids and price exposure that the prices of those bids are high.

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or in case violating the conditions and specifications, which prevents awarding any of them.

Chapter Four
Opening the Bids

Article 71:
The head of the government entity or its authorized representative shall issue a decision to form one or more committees to open the bids, in accordance with the following rules:
1. At least three Committee members shall be added to the Chairman.
2. In the composition decision, a Deputy Chairman shall be appointed to replace him in his absence.
3. The Committee shall be reconstituted every three years.

Article 72:
Subject to the provisions of Article (44) of the Law, the Commission shall open the following tenders:
1. Bid shall be opened at the specified hour and day, and the opening of bids shall be at the end of the period of receiving the bids. In the bids, which include technical and financial proposals, the Commission will open only technical performances, in the presence of the interested parties.
2. In the bid, which includes technical and financial proposals, the technical proposals shall be submitted after opening them, the financial proposals shall be submitted before opening them, and the minutes of the committee shall be submitted to the examination committee.
3. If the Bid Opening Committee is unable to perform its work for justifiable reasons, the date of opening the bids shall be postponed as long as necessary and necessary, the applicants shall be notified thereof. In this case, new offers may not be accepted during the delay period.
4. The Bid Opening Committee shall ensure the confidentiality and integrity of the bids, their agreement with the provisions of the Regulation, fill in the record of the number of bids submitted, and to give serial numbers to each bid, in the form of fraction for the number of the bid and numerator for the number of bids submitted.
5. The Commission shall announce the name of the bidder, its total price and the price of the increase or reduction in the original bid letter, whether it has provided the bid bond and the guarantee value and whether it has submitted the required documents or not. In the bids, which include technical and financial proposals, the Committee shall announce the name of the bidder only.
6. The Chairman of the Committee and all members shall keep the samples, the specifications of the equipment and materials (catalogs) provided with the proposal, sign the original bid letter, bill of quantities, the bank guarantee letter, the certificates attached to the bid, estimated price record, and the record in which the Committee records its proceedings.
7. The Commission shall confirm the contents of the envelopes that it has opened, and the prices included therein shall not be amended, rectified or obscured. They shall also limit the number of unquoted items, or whose individual or aggregate portal prices have not been recorded, in a number and in writing.

8. The Bid Opening Committee may not exclude any bid, request the bidders to correct the errors or avoid the notes contained in their bids, and may not receive any bids, envelopes, letters or samples submitted by the bidders during the bids opening session.

9. After completing the work of the tender opening committee, it shall forward its minutes and the documents of the tender to the examination committee, not exceeding the period specified for it under paragraph (3) of Article (44) of the Law.

Article 73:
First: The period of receipt and postponement of tenders shall be extended in the following cases:

1. If it becomes apparent that the statutory period for receipt of bids specified in Article (34) of these Regulations has not been completed, the party shall announce the extension of the acceptance of bids and postpone the opening thereof for the completion of this period in accordance with the procedures for announcing the public tender, with the notice of the purchasers of the tender documents.

2. If there are acceptable grounds for extending the receipt of bids, as if substantial errors have been discovered in the Bill of Quantities, if the government entity has modified the tender documents and conditions, responded to a justified request from most of the purchasers of the tender papers (accepted by the government entity), in the absence of bids for tender, or in case of opening the bids electronically.

Second: The extension of the acceptance of bids and the postponement of the opening of an appropriate period shall be announced, in accordance with the procedures for announcing the public tenders, with the buyer's notice of the tender documents.

Chapter Five
Examination of Bids

Article 74:
Without prejudice to the provisions of Article (45) of the Law, the number of Committee members shall not be less than three in addition to its Chairman. The Committee members shall include the Comptroller, qualified qualification officer and a member who possesses technical knowledge in the nature of the business and procurement in the place of tender. The formation decision shall include the appointment of a Deputy Chairman to replace him in his absence, and a reserve member for each member who replaces him in the event of his absence. The Committee, including its Secretary, shall be reconstituted every three years.
Article 75:
When examining the proposals, the examination committees must adhere to the qualification criteria, evaluation criteria and conditions of tender.

Article 76:
A- Subject to the provisions of a special provision, the Examination Committee may request the bidders to write in writing any data or ambiguity in their bids, without prejudice to equal opportunities, equality between bidders, and not lead to change in fundamental issues including price, and that the bid that violates the terms and specifications shall not be rendered an acceptable bid.
B- Competent departments in tenders and purchases at the government entity may not address the bidder as referred to in paragraph (a) of this Article, except with prior approval of the Examination Committee.

Article 77:
If the bidder does not submit with his bid any of the required certificates referred to in Article (13) of these regulations, or the certificate submitted is expired, a period specified by the Examination Committee shall be granted, provided that it shall not exceed ten working days for the completion of such certificates. If it fails to provide it on time, it shall be excluded from tender and its bid bond shall be returned.

Article 78:
The committee shall open estimated prices file, the financial proposals for the accepted technical proposals on the specified date after notice of the accepted technical proposals. Prices shall be announced to the attendees from the owners of the bids.

Article 79:
1. If the bidder fails to set prices for certain items, the Bids Examination Committee has the right to exclude the bid or to consider the unquoted items to be charged to the total bid value. The bidder shall be deemed to agree to this condition at the time of submitting its bid.
2. In the supply contracts, the bidder shall not be considered as not submitting its bid for unquoted items, and its offer shall be excluded if tender conditions do not specify the division.
3. If the Contractor does not execute the items loaded on the total value of the bid, they shall be carried out at its expense or deducted at the cost thereof according to the average price of the items for the applicants, or the price that the Bids Examination Committee estimates in the case of one bid or non-pricing the neglected items by the bidders.
4. If the government entity defaults the implementation of any item charged to the total value of the bid, the cost of the bid shall be deducted in accordance with the method specified for its pricing referred to in paragraph (3) of this Article.

**Article 80:**
If two or more bids are equal in the overall assessment, the bid shall be based on the lowest price bids. The government shall equalize the tender between equal bids if it is stipulated to divide in the terms and conditions. If division is not stipulated, the priority will be in the award of small and medium size enterprises. Otherwise, a closed tender will be held between equal bids.

**Chapter Six**
**Correction of Bids**

**Article 81:**
1. The tenders review committee shall review the Bills of Quantities and prices contained in the bid, whether in singulars or totals, and make necessary corrections in the bid.
2. If there is a difference between the price indicated in writing and the price indicated in numbers, the price in writing shall apply. If there is a difference between the unit price and the total price, the unit price shall apply.
3. If there are indications that the price is incorrect according to the correction method mentioned in paragraph (2) of this Article, after ascertaining the financial balance of the prices of items, after comparing the price with its counterparts in the other bids, the market rate and discretionary prices, the Bids Examination Committee may take the price contained in the bid to prove its validity. If the bidder refuses this price, it shall be excluded from the tender.
4. The Bids Examination Committee may recommend the exclusion of the bid if the accounting errors in prices after correction in accordance with the provisions of this Article exceed more than 10% (ten percent) of the total bid value in increase or decrease

**Article 82:**
1. The Bids Examination Committee to ensure the moderation of the price of the best bids corresponding to the conditions and specifications, guided by the last prices dealt with, market prices, and estimated indicative prices for tender.
2. The Committee shall examine the re-pricing of items if they are found to have been randomly developed and do not represent the real price of the items, provided that this does not affect the total price of the bid. If the bidder rejects the re-pricing, it shall be excluded from the tender and its bid bond shall be returned.
3. The bid that is based on a reduction of a percentage, or a certain amount, shall be excluded from the lowest bids.
Chapter Seven
Negotiation with Bidders

Article 83:
First: Subject to the Article (47) of the Law, shall be negotiated according to the following two stages:
1. Award to the bidder whose price reaches the specified or required amount.
2. The cancellation of the bid shall be upon the recommendation of the Bid Examination Committee to the person with the authority to cancel, who in that case must cancel it.

Article 84:
In case the Bids Examination Committee discusses the owner of the bid whose prices are lower by (25%) and above the estimated cost as stipulated in Article (48) of the Law, it shall take into account the competence of the bidder as if it had already undergone a prior qualification or has undergone a technical evaluation if the tender is in two envelopes, and take into account the nature of the work required that does not affect the implementation by low prices, such as supply contracts and the like.

Chapter Eight
Announcing the Tender Results

Article 85:
First: The government entity shall announce the winning bid in the tender in the portal and notify the owner thereof. The declaration shall include the following information as a minimum:
A- The winning bidder.
B- Information about the project.
C- Total value of the project.
D- Duration and location of the contract.
Second: The other bidders shall be notified of the tender results and the reason for their exclusion, including the technical grades of their bids.
Third: The electronic Portal shall publish the results of the tenders and purchases and its data in the portal which is more than (100 thousand) riyals every thirty days at a maximum. The data shall include the following information:
A- Name, address and type of contract.
B- The duration, value and place of execution of the contract.
C- Date of site handover and date of receiving the works.
D- The contract information shall be published separately.

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The procurement of arms, ammunition, military equipment, supplies and procurement related to national security shall be excluded from advertising and publication.

Chapter Nine
Returning the Value of Tender Documents

Article 86:
First: The value of the tender documents shall be returned to the bidders if they are canceled, in the following cases:
A- When there are substantial errors in the tender documents.
B- When its procedures violate the provisions of the Law and these Regulations.
C- If the public interest so requires.
D- If it been canceled because any of the bidders commit any offense, as referred to in paragraph (3) of Article (51) of the Law, for those who have nothing to do with such offenses.
E- If the tender is canceled due to higher bid prices than the approved amounts.

Second: The value of the tender documents shall be returned to its buyers in the event that the bid is extended for the second time, and the buyer expresses his unwillingness to continue in bidding.

Third: The value of the tender documents shall not be returned if the cancellation after the opening of the envelopes is for those who submit their bid for the tender

Chapter Ten
The Suspension Period

Article 87:
The government entity shall comply with a period of suspension in accordance with the following controls:
1- The Authority shall determine, through the portal, the duration of the suspension, which shall not be less than five working days and not more than ten working days from the date of announcing the tender results.
2- In the event that it is not possible to advertise in the portal or the Ministry's website for technical reasons, the bidders shall be notified by electronic Portal.
3- Taking into account what is stipulated in Article (87) of the regulations, the government entity receives complaints about the award decision or any of its procedures through the portal.
4- The government entity may not accept any grievance after the expiry of the period specified for suspension.
5- Ensure that the decision is not considered void until the period of suspension and the decision on grievances, if any, have ended.
Part Four
Conclusion and Implementation of Contracts
Chapter One
General Provisions

Article 88:
1- After submitting the performance bond is given, the Entity shall specify a date for signing the contract. If the Contractor delays the specified date without an acceptable excuse, it shall be notified thereof. If it fails to attend to sign the contract within fifteen (15) days from the date of the notice, the contract shall be terminated.
2- Subject to what is stipulated in paragraph (2) of Article (55) of the Regulations, it is not permissible to start the implementation of the contracted works before signing the contract.

Article 89:
A- The contract shall be issued at least five copies, a copy of the Contractor, a copy of the supervisor of the execution, a copy to the accounting department, a copy to the Public Audit Bureau, a copy to the competent unified purchasing authority and a copy to the Commission.
B- The General Authority for Zakat and Income shall be informed with the information required by the contract, which includes:
   − Name and address of the Contractor.
   − Subject of the contract, its total value and financial conditions.
   − Date of commencement and completion.
   − Any amendments to the contract.

Article 90:
1- Correspondence and letters between the government Entity and the Contractor shall be made through the portal. In addition, the government Entity may use one of the following methods:
   A- The national address.
   B- Postal address through postal service companies.
   C- Approved E-mail and text messages
2- The notification made in accordance with the provision of paragraph (1) of this Article shall result in its legal effects.

Article 91:
The government Entity may exclude the period of summer vacation in the contracts of cleaning, maintenance, other services in the educational bodies and the like, employment numbers and unnecessary contract elements may be reduced if these entities are engaged in a limited activity during that period.

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Article 92:
1- In service contracts with continuous implementation that depend on performance, the government entity may set the conditions referred to in paragraph (3) out of Article (56) of the regulations, in accordance with the following terms:
   a- The conditions should reflect the focus on the contract outputs and the extent to which they fulfill the actual need of the entity, rather than being satisfied with the contractor's implementation of its obligations.
   b- To develop performance measures appropriate for works with technical specifications that depend on performance and outputs.
   c- The payments should be linked to the performance measures so that it can be verified that the work carried out to meet the actual needs of the entity, in terms of the required quality level.
2- The government entity may terminate the contract when the contractor's performance level is low, provided that it has obtained a score less than 70% in the performance level for three consecutive times, and that it has not reformed its conditions as referred to in paragraph (2) of Article (76) of the regulations.

Article 93:
All government entities are obliged to offer their contracts whose execution period exceeds (one year) or amounts to (Five Million) SAR or more to the Ministry for review before signing it.

Chapter Two
Types of Contracts

Article 94:
First: The government Entity contracts for the execution of its works and projects according to the following types of contracts:
1- General construction contracts.
2- Contracts of services with continuous implementation.
3- Supply contracts.
4- Information technology contracts.
5- Consulting service contracts.
6- Project Management Contracts.
7- Design contracts.
8- Manufacturing contracts.
9- Movables lease contracts.
10- Movables sale contracts.
11- Any other contracts for the execution of certain works of government facilities.
**Article 95:**
The government Entity may contract to carry out the work according to any of the following patterns:

**First:** Contracts that are calculated on the basis of actual measurements on the nature of the quantities, items and numbers that have been implemented according to the following controls:
1. They shall be in the public construction works and services according to the Bills of Quantities calculated according to the designs and plans approved in advance.
2. When prices for business items are determined but quantities are not specified accurately or difficult to be finally estimated.
3. The disbursement of financial dues shall be made in the form of payments based on what has already been done on measurement of the work done at the site of the implementing the works.

**Second:** Turnkey contracts, according to the following controls:
1. In construction contracts, major infrastructure, industrial facilities, and the like.
2. The Contractor shall be responsible for the design and implementation on site.
3. Implementation shall be in accordance with the technical specifications stipulated in the conditions of tender.
4. The execution of the contract shall be in a lump sum according to the specifications specified by the government entity.

**Third:** Lump sum contracts according to the following controls:
1. In simple works or the quantities cannot be measured, or the remaining work after the implementation of the project.
2. The lump sum shall cover all works.

**Fourth:** Contracts according to a specified profit margin. The use of this method shall be in officially priced materials, or it may be priced by the government entity, provided that the entity sets an upper limit for costs that the contractor should not exceed without its approval, and that the contractor submit to the government entity detailed periodic reports for those costs.

**Fifth:** Performance contracts according to specific quantitative criteria.

**Sixth:** Contracts with Consultants to return the projects to a specific percentage of the value of the constructions or a lump sum, in the event that the consultant did not participate in setting the conditions and specifications or in a lump sum, otherwise, and provided that the percentage or lump sum does not exceed (three) 3% out of the contract value, and this percentage should not be increased in any way, but a lump sum amount may be assigned and not to be exceeded, in case the contract is extended or changes are made to the project.
Seventh: Any other contract type in agreement with the Ministry. Contract forms shall illustrate the terms of use of the contracting patterns referred to.

Chapter Three
Handover of Sites

Article 96:
A- The government entity shall have the obligation to handover the works site in the general construction contracts within the period specified in paragraph (2) of the (59) of the Law. If the government entity delays the delivery of the site within the specified period, the Contractor shall be entitled to request termination of the contract in accordance with the provisions of Article (136) of these Regulations.
B- The work site shall be handed over in service contracts with continuous implementation, the work of which shall require processing, service and non-interruption (initial delivery) before the expiry of the existing contract, to enable the Contractor to prepare and arrange the works in coordination with the existing Contractor. The site shall then be delivered to start execution of the contract after the end of the previous contract. The terms of the tender shall also stipulate the period of processing and commissioning, which are not included within the contract term.

Article 97:
A- If the Contractor delays, slowed or the fails to receive the work site, it shall be notified. If the site is not received within fifteen days from the date of notification, the entity shall furnish a report to handover the site to the Contractor legally, and the Contractor shall be informed and warned to commence execution within fifteen days from the date of notification thereof. If this period has expired and the work has not commenced, the contract may be terminated in accordance with the provisions of Article (76) of the Law.
B- If the Contractor objects due to impediments preventing it from receiving the work site, it has no right to refuse the receipt. If it has reservations regarding the site, it shall record them in the site handover record, and the government entity shall ensure the safety of the site and its readiness to begin implementation.

Chapter Four
The Contractor’s Liability with the Government

Article 98:
1. In the general construction contracts, the Contractor shall be responsible for reviewing the engineering and technical designs in all their details. It shall notify the entity of technical errors affecting the safety of establishments, or the errors found in the specifications or schemes immediately after they are discovered. It
should also review the soil examination reports and recommendations. This does not relieve the design or supervising Consultant of their contractual responsibilities.

2. The Contractor may not abandon its obligations based on the government entity’s violation of implementing its obligations.

3. The Contractors and the government entity shall execute their contracts in accordance with their terms in good faith and pursuant to good progress and interest of the public facility.

**Article 99:**

1. Unless a lesser period is agreed, the Contractor shall guarantee the total or partial destruction of what has been established within ten years from the date of delivery to the government entity, whenever it results from a defect in implementation unless it is agreed that the facilities will remain for less than ten years.

2. In addition to the manufacturers’ warranty, The supplier shall guarantee the goods, devices, equipment and mechanisms of any defects or cancellations, as determined by the government entity, in addition to guaranteeing the manufacturers.

**Chapter Five**

**The Performance Bond**

**Article 100:**

Subject to the provisions of paragraph (1) of Article (61) of the Law, if it considers that it is in the interest of the project to raise the performance bond rate beyond 5% (Five percent) of the contract value, the government entity may take prior approval of the Ministry before issuing the works, and tender documents shall include the performance bond rate.

**Article 101:**

The entity shall extend the validity period of the performance bond in the construction contracts if the Contractor is late in carrying out maintenance and guarantee works, and this extended beyond the end of the guarantee year as referred to in paragraph (1) out of Article (128) of these regulations.

**Chapter Six**

**Advance Payment Guarantee**

**Article 102:**

The advance payment guarantee must be equal to its value, and be valid until the entire payment is recovered. The Entity shall inform the bank that issued the guarantee to reduce
its value by the same percentage as the advance payment according to the installments on the deduction date without the Contractor’s request.

**Chapter Seven**  
**Extension of Guarantees**

**Article 103:**
1. The government entity shall extend the validity of the guarantees before their expiry, if the specific reasons for extending their validity are available under the Law, these Regulations and terms of the contract.
2. The government entity shall apply for the extension directly to the bank, and shall provide the Contractor in a form thereof. The extension shall be for the necessary period and the extension request shall indicate that if the bank does not terminate the extension before the expiry of the guarantee period, it must pay the guarantee amount to the entity immediately.

**Chapter Eight**  
**Confiscation of Guarantees**

**Article 104:**
1. If the reasons for the confiscation of the bank guarantee for the Contractor specified by the Law, these Regulations and the terms of the contract are available, the government entity shall submit to the Bids Examination Committee or the competent purchasing committee as the case may be, to study the case and submit a caused recommendation to the authorized party with the award.
2. The request for confiscation shall be limited to the guarantee of the process in which the Contractor has breached its obligations and does not extend to the confiscation of guarantees for other processes, either in one or more parties, nor may the guarantees be confiscated for reasons other than the reasons for which the guarantee was provided.
3. When the bid bond is confiscated in a partitioned tender, the confiscation shall be limited to a part of the guarantee value attributed to the value of works that were awarded to the Contractor.
4. If the government entity decides to confiscate the guarantee, it may ask the bank that issued the guarantee to confiscate it explicitly so as to use the term “Guarantee Confiscation”. The request for confiscation shall be addressed directly to the Bank, and the Bank shall immediately respond to the request.

**Chapter Nine**  
**General Provisions in Guarantees**

**Article 105:**
1. The government entity may accept the bank guarantee issued by a foreign bank, provided that it is accredited by the Saudi Arabian Monetary Agency, in cases where the bidder is unable to provide a guarantee from a Saudi bank or through him in the business and purchases that are carried out outside the Kingdom.

2. If the guarantee is provided by a foreign bank mediated by a local bank, the local bank shall comply with the terms and conditions of the bank guarantees specified by the Law and these regulations.

3. The government Entity shall ensure the validity of the guarantees provided by the bidders and the Contractors, as well as the guarantee of the advance payment and the performance bond through the guarantees issuing banks as soon as they receive such guarantees.

4. The guarantee may be provided by several banks, under which each bank undertakes to perform a specified percentage of the value of the guarantee.

5. The guarantee shall be payable at the first request by the government Entity, without the need for a judgment or decision by an arbitral tribunal.

6. The guarantee shall be unconditional, irrevocable and free of any deductions for taxes, fees or other expenses.

7. The government Entity shall have special records to monitor the guarantees provided by its Contractors and follow-up the procedures to request their extension, confiscation or release.

8. Bank guarantees may be exchanged from one bank to another, provided that the guarantee is not released until the alternative has been secured.

**Article 106:**
A- in a matter not regulated by special provision, the provisions, forms and conditions of guarantees referred to in the Law and these Regulations shall apply to all guarantees required by the government entity to apply their provisions, including the guarantees required in general auctions for the sale of movables.

B- Forms and formula of bank guarantees approved by the Ministry shall be adhered to in accordance with the provisions of the Law and these Regulations.

**Chapter Ten Cash Insurance**

**Article 107:**
The government entity may ask for insurance in lieu of the bank guarantee in the subsistence contracts and water supply contracts, or in cases requiring urgent insurance according to the following controls:

1. The amount of technical insurance shall not exceed the cost of the work for five days.

2. The amount of cash insurance shall be delivered to the government entity.

3. These amounts shall not be included in the Fund's account or financial records and shall be ready at the request of the Supervisory Committee for the execution of
works. The disbursement shall be affected by the Committee after the approval of the Managing Director in the beneficiary of the contract.

4. The entity shall inform the contracting party to compensate the disbursed amounts immediately. If it delays, the amount shall be deducted from its dues.

5. Cash insurance may not be used or confiscated for purposes other than what is allocated to it.

6. Cash insurance, or the remainder thereof, may be returned to the Contractor after completing the execution of the contract, under the bond delivered to the Contractor.

7. The amount of cash insurance may be deposited in an account with the Saudi Arabian Monetary Authority SAMA or at a bank in accordance with the financial and accounting instructions of the Ministry.

Chapter Eleven
Money Disbursement

Article 108:
The government entity may make an advance payment to the Contractor not exceeding 10% (ten percent) of the total contract value in accordance with the following conditions:

1. The disbursement of the advance payment shall be affected after the Contractor has provided the guarantee for it and shall be paid in installments equal to (percentage) of the advance payment from the value of each installment, starting from the first installment.

2. An advance payment may not be disbursed upon the extension of existing contracts or commissioning of additional work.

3. The government entity is required to divide the advance payment so that it is disbursed to the Contractors in installments.

Article 109:
The Contractor's dues shall be disbursed in accordance with the works accomplished, after deducting what is achieved by the Contractor, including fines or other deductions, according to the following procedures:

1. After completing a percentage of the work, the Contractor shall determine what has been carried out on the ground and comply with the Bills of Quantities, prepare a monthly or interim payment according to the terms of payment specified under the contract, and submit it to the Consultant.

2. The project Consultant shall review the works carried out on the nature of each payment submitted to it by the Contractor and ensure that they comply with the agreed specifications and Bills of Quantities under the contract and prepare a report to be submitted with the payments within ten working days from the date of receiving the claim from the Contractor.
3. The government entity shall complete the procedures for approving the abstract and submit the payment order to the Ministry within fifteen working days from the date of receiving the claim.

4. The Ministry shall issue the payment order within a period not exceeding (60) working days from the date of receiving the payment order. In the event that the payment order is returned to the government entity for the purpose of amendment or clarification, then the period mentioned in this article begins from the date the government entity returns the payment order after its completion of what is needed in it.

5. The project Consultant shall, in case of disagreement with the Contractor, file the claim to pay the Contractor's dues to the government entity within ten working days from the date of receipt of the claim by the Contractor – together with a statement of reservations. The government entity shall settle the dispute between the Consultant and the Contractor in a period not exceeding (15) working days.

**Article 110:**
The value of foreign contracts may be paid by opening letters of credits, in accordance with the letters of credits Regulation approved by the Ministry.

**Article 111:**
1. The entity may deduct a percentage not exceeding (10%) out of the value of each Progress Report Claim to form the amount of the final PRC, provided that the sum of the percentages deducted does not exceed the percentage of the final PRC shown in paragraph (2) of this Article.

2. The final installment, that must be not less than 10% (ten percent) in general construction contracts and 5% (five percent) in other contracts, shall be disbursed after initial delivery of works or supply of the purchases and the Contractor shall submit the following certificates:
   A. A certificate of work completion from the government Entity that owns the project.
   B. A certificate from the Zakat and Income Authority confirming the payment of Zakat or tax due.
   C. A certificate from the General Organization for Social Insurance for registration of the establishment and payment of insurance rights.
   D. The certificates to be submitted under the terms of the approved contracts.

**Article 112:**
The Contractor may assign the amounts due under the Contract, after the approval of the Contracting entity, in accordance with the assignment formula approved by the Ministry; provided that this does not prejudice the rights of suppliers and sub-contractors, and that the government Entity or other governmental bodies have rights towards the Contractor.
Amendment of Contract Prices

Article 113:
The prices of the contract shall be amended in cases specified under Article (68) of the Law by increase or decrease in accordance with the following procedures and conditions:

First: Compensation shall be made in case of modification of customs tariff, fees, taxes or materials, services that are officially overcharged - after the date of submitting the bid - taking into account the following:

A - The Contractor proves that he has paid the customs tariff, fees, taxes, materials or services that are officially priced on the basis of the modified categories by increase as a result of the supply of materials for the contract works.

B - The amendment of the customs tariff, fees, taxes, materials or services, which are officially priced, shall not be issued after the expiry of the period specified for executing the contract.

C - The Contractor shall not be liable thereto as a result of its delay in implementation, unless it proves that the delay was due to a reason out of its will.

In any case, the amount of difference in fees, taxes, materials or services officially priced after reduction shall be deducted from the Contractor, unless the Contractor proves that they are paid on a category basis before modification.

Second: The prices of raw materials specified under this Article shall be compensated for (cement, iron, asphalt, concrete, timber, pipes, cables) or any other raw materials specified by the Ministry or by agreement with them, in accordance with the following conditions:

A - The price change shall be in effect after the date of submitting the contract by the Contractor.

B - The reason for this shall not be due to the delay in implementation due to the reasons of the Contractor.

C - The amendment in the prices of items shall not be considered except in the case he changes in prices in the market for the single item exceeds by an increase or decrease of 10% (10 percent) according to price indices issued by the competent authority.

D - The increase in the price of the contract shall result in an increase in the cost of the contract by more than 5% (five percent) of its total value.

E - The amount of the difference in prices of raw materials specified under this Article shall be deducted from the Contractor if it decreases in accordance with the proportions and conditions referred to in the compensation for the increase.

Third: Procedures for considering compensation:

1 - The Contractor shall, if it considers that it is entitled to any financial compensation in the cases referred to in Article (68) of the Law, submit its claim supported by the necessary documents and proofs to the Consultant within a period not exceeding (sixty) days from the occurrence of the incident, its assumed knowledge of its occurrence or through the remainder of the contract term.
2- The Consultant shall study the Contractor’s claim referred to in paragraph (1) of this Article within a period not exceeding twenty-one (21) days from the date of receiving the claim for completed documents and submit a report thereof to the government entity.

3- After receiving the Consultant’s report, the government entity will study the applicant’s request in terms of technical, financial and legal aspects, and then submit the report and results of the study to the Bids Examination Committee to issue the necessary recommendation within a period not exceeding (forty-five) days from the date of receiving the claim.

4- The government entity shall submit the minutes of the Bids Examination Committee after it has been approved by the head of the authority, accompanied by the documents related to the claim to the Committee provided for in Article (86) of the Law in order to consider the Contractor’s entitlement to compensation and to issue the necessary decision in this regard within a period not exceeding (forty-five) days from the date of receiving the completed claim.

5- The compensations paid to the Contractor under decisions issued by the government entity in accordance with the terms and conditions of the Law and these regulations shall not exceed 20% (twenty percent) of the total contract value, and the compensations shall be paid by the employer directly.

6- The government entity shall not consider compensation for any claims submitted by the Contractor except as provided in Article (68) of the Law.

Chapter Thirteen
Increasing and Decreasing the Contractor’s Obligations

Article 114:
Subject to the provisions of Article (69) of the Law, In the event of exercising its powers to increase or reduce the Contractor’s obligations, or to make any modification or change in the work of the Contractor on its implementation, the government Entity shall observe the following controls:

1- The additional work shall be the object of the contract and not outside its scope.

2- The amendments or changes necessary for works shall achieve the interest of the facility, but not leading to violate the terms and conditions, change in scope of work, nature of the contract or its financial balance.

3- Ensuring the availability of the necessary amounts to cover the value of additional works before awarding the Contractor.

4- If the additional works do not have similar items or quantities in the contract, the purchase shall be submitted to the Bids Examination Committee or the purchasing committee, as the case may be, to study the request for assignment of such works, and the appropriate prices provided by the Contractor. If the Contractor does not agree with the committee’s decision, the works shall be executed by other Contractors in accordance with the provisions of the Law and these Regulations.
5- No additional works may be assigned after the government entity has received the contract works.

6- All orders for the increase or reduction of the Contractor's obligations and the amounts due for additional works and change orders shall be issued by the authorized person in the award.

**Article 115:**
The Contractor may not perform any works or services which are not covered by the quantities and items of the contract, unless with a written record. The Contractor shall not be entitled to the value of the works carried out by it in violation thereof.

**Article 116:**
The duration of services contracts may be extended for continuous implementation, such as maintenance, cleaning, operation and accommodation services, not exceeding 10% (ten percent) of the total contract value as additional work, provided that this percentage has not been utilized in the execution of additional items or quantities.

**Chapter Fourteen**
**Assignment/Waiver of the Contract**

**Article 117:**
Without prejudice to the provisions of Article (70) of the Law, if the Contractor submits a request for waiver of the contract or part thereof to another Contractor, the government entity shall consider the following:

1- There are justified reasons for the Contractor to waive the contract, or part thereof, and the Contractor has not waived any other project during the three years preceding the conclusion of the contract to be assigned.

2- Submittal to the Bids Examination Committee to study the request for assignment, issue the necessary recommendation and submit to the head of the government entity, provided that the record contains the reasons and justifications on which the Committee depended in its recommendations.

3- In the case of the approval the authorized party, the request for assignment shall be accompanied by minutes of the committee and relevant documents to the Ministry.

4- The assignment shall be made under an agreement approved by a competent authority to be concluded by the assigning parties to specify their obligations to the project and the government entity. The agreement shall not be effective unless it is approved by the government entity.

5- The assignee Contractor shall meet the conditions of dealing with the government entity, and shall be categorized in the field and degree of the work assigned to it. It shall also pass all the requirements of technical evaluation and qualification if the project is required to be qualified to, or the government entity considered
qualification and that the assignment does not result in disabling the use or damage to the project.

6- Cases of assignment shall be recorded after approval in the Contractor's register at the portal.

Chapter Fifteen
Subcontracting

Article 118:
First: Subject to the provisions of Article (71) of the Law, subcontracting requires the following:
1- Obtaining the prior approval of the government entity before contracting.
2- Contracts with sub-contractors shall include the quantities, the works assigned to them and prices of contracting with them according to the requirements, terms and specifications of the project.
3- The sub-contractor should not be one of the persons referred to in Article (14) of these Regulations and shall be licensed, in the contracted works to be executed by the main Contractor, or to have sufficient qualifications to carry out the work entrusted to it and classified in the field and to the degree required.
4- The work and procurement assigned to the sub-contractor shall not exceed 30% of the contract value.
5- The main Contractor shall be responsible to the government Entity for the work contracted to implement the subcontracts in accordance with the terms and specifications.
6- The sub-contractor may not subcontract with any sub-contractor to perform the work contracted with it.
7- The main Contractor shall provide a confirmation from the Contracting Party that the government Entity shall be entitled to take over the rights of the sub-contractors from the main Contractor's receivable in the event of failure or delay to pay their rights for the parts they implemented from the project.

Second: Sub-contracting may be carried out for the execution of works and purchases of more than 30% and less than 5% of the contract value, subject to obtaining the prior approval of the competent authority for unified procurement, and that such work and procurement shall be assigned to more than one sub-contractor

Chapter Sixteen
Fines

Article 119:
When implementing delay penalties for works executed by method of the framework agreement, the total value of the purchase order is the total value.

**Article 120:**
The government entity shall, when estimating the fines in the terms of contracts, set forth the method of determining the fine so that the fine covers all aspects of default, or delay in implementation, and shall be included in the application, with the fine’s appropriation to the degree of violation, whether at a lump sum, by a fixed percentage of the value of the item under default in implementation or in another means appropriate to the nature of the item under implementation default.

**Article 121:**
In addition to the deduction of the fine, the value of the items and services that are not implemented, or which have been implemented contrary to what has been agreed upon, regardless of their value, shall be deducted as unsecured items, such as underperformance, poor performance, shortage of technicians, workers, materials or equipment necessary for execution.

**Article 122:**
If a Contractor fails to perform its obligations in service contracts with ongoing implementation, such as maintenance, cleaning and operation, provision of accommodation services, transport and manufacture contract, a fine shall be imposed on it in the contract, provided that the total fine does not exceed 20% (twenty percent) of the total contract value.

**Article 123:**
A- If, in performance of its obligations, the Contractor fails or delays in the mixed contracts, the fine shall be applied to each part according to its nature, and not to exceed the upper limit of the rate of fine established by the Law, provided that the parts of the contract are separate from each other, in terms of execution time, delivery, and total value.

B- If the parts of the contract are not separate, the fine shall be applied in accordance with the dominant activity.

**Chapter Seventeen**
**Extension of Contracts, Exemption from Delay Fine and suspension of Works**

**Article 124:**
The Contractor shall execute the contract to complete the period specified for the implementation of the contract. The government entity may not issue a decision to extend the contract or inform the Contractor of the extension of his contract, other than the cases specified under Article (74) of the Law. Granting the Contractor an opportunity to complete
the work and adjust the time schedule with the fine shall not be considered an extension of the fine.

**Article 125:**
First: Orders to stop Contractors from the work or part thereof, shall be issued by the authorized party in the award. The order for suspension must be in line with the actual period of suspension, and the Contractor shall be notified, by letter specifying the commencement date or part of the suspension, and shall be notified of the resumption of works after ending the reasons for suspension.
Second: The Contractor shall be compensated for the entire total suspension period by similar periods. If the suspension is partial, it shall be compensated for a period commensurate with the effect of the part that depends on the progress of the project, based on a technical report prepared by the Consultant.
Third: The Contractor shall be compensated for every 30 consecutive days of total suspension with three days for processing and preparing for the resumption of work, provided that total compensation periods shall not exceed forty-five days.
Fourth: If the Contractor is assigned to carry out additional works, the execution period of the contract shall be extended for a period commensurate with the size of the additional works assigned to the Contractor.

**Article 126:**
In cases other than extensions due to suspension, assignment of additional works, or lack of financial approval, the government entity may extends the contract according to the following procedures:
A- The Consultant shall prepare a technical report on the reasons and justifications that require the extension, after submitting a request in this regard from the Contractor, and submit its report to the government entity within twenty-one days.
B- The request for extension shall be studied or a report on the duration of the extension shall be prepared. The report shall be submitted to the Bids Examination Committee to study it and prepare the appropriate recommendation for the authorized party, provided that the minutes thereof include the reasons and justification for the extension within a period not exceeding thirty days.
C- After the authorized party’s approval, the Contractor shall be notified with the extension and a copy shall be sent to the Consultant to amend the schedule within seven days.
D- The duration of extension shall be commensurate with the circumstances of such extension.

**Chapter Eighteen**
**Receipt of Works**

**Article 127:**
First: If the contract term in the general construction contracts has expired and the Contractor has not delivered the works, the entity shall form a technical committee to inspect the works and prepare a joint report with the Contractor to limit the completed works, the percentage of completion and identify the causes and obstacles of the delay in implementation.

Second: The works in general construction contracts shall receive in a preliminary receipt after the Contractor submits a notice of their completion. The government entity shall form a committee to start the inspection and receipt within fifteen days from the date of receiving the notice of the Contractor. If the entity cannot receive the project for reasons not related to the Contractor, such as the existence of what prevents the operation or experience, lack of electricity, or for any other reason which is one of the entity’s responsibilities, it shall prepare a minutes of inspection with the participation of the Contractor or its representative, to calculate all the works completed in the project.

Article 128:
First: Without prejudice to the provisions of Article (124) of this Regulation, the project shall remain in the general construction contracts in guaranteeing the Contractor, for a period of not less than one year, as the first date of receipt. This period shall begin with the project's shortfalls, if any, from the date of their receipt.
Second: During the year of guarantee as referred to in paragraph (First) of this Article, the Contractor shall maintain, repair and replace any defects in the materials or equipment, or defects in implementation. The receipt of works does not prevent the entity’s observations thereof without the submission thereof, the appeared shortcomings, or non-conforming materials, which were not remedied during the initial receipt, without the Contractor's obligation to ensure and maintain them. If it does not comply with this, the works shall be carried out on its account after being warned in such manner as the entity deems appropriate, without exceeding the prevailing prices.
Third: The guarantee and maintenance referred to in paragraph (2) of this Article shall not include periodic or regular maintenance works resulting from the use, unless due to technical principles, to a defect in material, hardware, equipment or implementation.
Fourth: The works shall be received as a final receipt in the general construction contracts after the end of the period of guarantee and maintenance after the Contractor has fulfilled its obligations, delivered the drawings and specifications of equipment, devices and documents related to the project, in accordance with the terms of the contract.

Article 129:
First: In the contracts of continuous implementation, the government entity shall be a technical committee to inspect and receive the works before the expiry of the contract period by thirty days, under a record signed by the Contractor or its
representative. If any shortfall or lack of implementation is found, the Contractor shall commit to complete its implementation. If it does not comply with this, it shall be executed at its expense after its warning in such manner as the Entity deems appropriate, or to be deducted from the Contractor's entitlements.

Second: The works shall be finally received after the expiry of the contract period according to the mechanism and procedures referred to in paragraph (First) of this Article.

**Article 130:**

First: Subject to what is stated in the rules and procedures of government warehouses, the supplier shall deliver the Articles to the warehouses of the government entity or to the place specified for delivery under the contract.

Second: The Entity shall receive the items that need temporary checking. A provisional notice of receipt shall be issued, indicating what has been supplied. The date of provisional receipt of the items, if accepted, shall be the date of final receipt.

Third: The Supplier shall feel the date of the meeting of the Examination and Receipt Committee, to attend the final examination and receipt procedures. The Committee's decision to accept or reject the items shall be effective as soon as it is approved by the authorized party.

Fourth: If the inspection committee rejects one or more of the items supplied, the supplier shall be notified of the rejected items and the reasons for their refusal. They must be withdrawn within seven days and supplying an alternative during a period determined by the Bids Examination Committee. The Entity shall not be responsible for the loss or damage caused to the items after the expiry of the period specified for withdrawal.

Fifth: If the supplier requests to re-extend the rejected items because they do not conform to the specifications or approved sample, and accepts this request, it shall bear the expenses of the analysis, unless the result is in its favor.

**Chapter Nineteen**

**Termination of the Contract**

**Article 131:**

1- Subject to the provisions of Articles (76) and (77) of the Law, the contract shall be terminated by a decision of the head of the government Entity on the recommendation of the Bids Examination Committee or the Procurement Committee as the case may be, and the Contractor shall be notified in accordance with the provisions of Article (90).
2- The government Entity to seize the Contractor's entitlements in the event of termination of the contract to cover all rights to the Contractor, pending the final accounting of the project.

3- Subject to the provisions of Article (76) of the Law, if the government Entity considers that it is in the interest to continue the implementation of the works without interruption, it shall have the right to suspend the termination decision and administer the project itself or through a Consultant at the Contractor's expense.

4- In the event of a limited tender between the bidders following the successful bid in accordance with the provisions of Clause (third) of Article (76) of the Law, all bidders following the winning bidder in order must be invited to the arrangement and at least three thereof should be invited.

**Article 132:**
In the event of contract termination for the public interest, the Contractor shall be notified thereof and the termination shall be effective (thirty) days from the notice date. The government entity may not terminate the contract under this Article to carry out the work itself or arrange for its execution by another Contractor. After the Contractor receives the notice of termination of the contract, it shall cease to work, remove its equipment, settle its accounts and provide its guarantees.

**Article 133:**
The government entity may terminate the contract by agreement between it and the Contractor in the following cases:

1. If it is delayed in handing over the work site to the Contractor for a period exceeding 60 (sixty) days, after notice of the Contractor to the government entity, and the duration of (thirty) days passed from the date of notifying the company of the without handing over the site or taking acceptable procedures for site handover. The failure of the government entity to hand over parts of the site shall not be deemed subject to provisions of this Article as long as the Contractor can work in other parts.

2. If the government entity continues to suspend the entire work in accordance with the provisions of Article (128) of the Regulation for a period exceeding (one hundred and eighty) days from the date of the letter of order to suspend the work for reasons not related to the Contractor, after a notice of the Contractor to the government entity to enable it to resume the works, and thirty (30) days passing from the date of notifying the company without enabling the Contractor to resume the works or take acceptable procedures to enable it to work.

3. If the execution of works becomes impossible due to force majeure.

**Article 134:**
First: In the case of termination of the contract, the Contractor shall:

A- Stop performing any work unless such work has been instructed by the Consultant to protect persons or property or to ensure the safety of the business.
B- Hand over to the government entity the project documents, mechanical equipment, materials and other works on the Site, which are the property of the government entity.
C- Remove all other supplies from the site except for safety.

**Article 135:**
The government entity shall, after notice of termination of the contract, become effective, carry out the following:
A- Accounting the Contractor for the works carried out on the site and recovering the remaining balance of the advance payment amount, if any.
B- Pay the Contractor the value of supplies and materials on the site, as approved prior to the date of notice of termination. It shall also pay the value of the materials and supplies that it has already supplied and imported for the contract and shall not be damaged on site, provided that the Contractor submits a proof of purchase for the purpose of carrying out the contract work and prepares all the supplies and materials paid by the government entity.
C- Releasing the advance payment guarantee and the performance bond.

**Chapter Twenty
Partial Withdrawal**

**Article 136:**
1. If the Contractor violates a part or parts of the project, the government entity shall implement this part at the Contractor’s expense after warning to remedy its situation within fifteen days, without exceeding the prevailing prices.
2. Partial withdrawal from the Contractor shall be affected by a decision of the head of the government entity or his authorized representative on the recommendation of the Bids Examination Committee or the Procurement Committee as the case may be, and the Contractor shall be notified thereof.

**Article 137:**
The government entity shall impose retention of the entitlements of the Contractor, from which the works are withdrawn, without exceeding the value of the works carried out on its account until the cost of such works is paid either directly or as a deduction from its dues.

**Article 138:**
If the entity decides to implement the partially withdrawn work at the Contractor's expense, the execution shall be in accordance with the terms and conditions which were agreed on with the Contractor from which the works are withdrawn.

**Article 139:**
If the works in which the Contractor defaulted represent one or more clauses of the contract and the Contractor continues to carry out the rest of the work, the works are remaining after the initial receipt, in the final receipt notices which the Contractor is required to repair, or the contract is of continuous implementation that cannot afford delay or urgent cases, the entity is entitled to carry out the remaining works at the expense of the Contractor by making a limited invitation between the applicants in accordance with the provisions of this Law and these Regulations, provided that all the bidders that were following the winning bid in order shall be invited to the arrangement. Their number shall not be less than three in any case or shall be put in a new tender in accordance with the provisions of this Law and these Regulations.

Chapter Twenty-One
Performance Evaluation of the Contractor

Article 140:
First: The Contractor’s performance shall be evaluated according to the type of contract, as follows:
1- Contracts with ongoing implementation, such as maintenance and others, periodic evaluation of the Contractor’s performance, in addition to the final evaluation of the Contractor’s performance after implementation of the contract.
2- Instant supply contracts, the final evaluation of the Contractor’s performance at the end of the contract and after the receipt of works.
3- Framework Agreements: Each Purchase Order is evaluated by the government entity in addition to the final evaluation of the Contractor's overall performance in the agreement.

Second: The government entity shall provide in the contract the time schedules for the evaluation of the Contractor according to the type of evaluation.

Third: The government entity shall abide by the evaluation criteria contained in the form prepared by the competent authority for unified procurement.

Fourth: The government entity shall publish the results of the evaluation and the results of evaluation after they are finalized by uploading them in the portal and recording them in the Contractor’s register. The rest of the government agencies are enabled to access the results.

Fifth: If the Contractor obtains a grade less than (70%) repeatedly in the performance level for three consecutive decades, it shall be referred to the Committee provided for in Article (88) of the Law to consider the prevention of dealing with it.

Part V
Chapter One
Selling Movables

Article 141:
Taking into account the provisions is stated in the rules and procedures of government warehouses, the government entity shall be a committee of not less than three members, to estimate the value of the Articles and movables to be sold, taking into account the appreciation of the Articles and the cost and age of consent and other factors affecting the estimate of the price. A pricing entity with experience in the field of items to be sold may be used if the government entity does not have sufficient experience.

**Article 142:**
The estimated prices shall be placed in a sealed envelope and shall be opened only by the Chairman of the Sales Committee in the presence of its members after opening the auction envelopes, or ending the auction.

**Article 143:**
A- The government entity shall have a committee of not less than three members to conduct the public auction, or opening envelopes and examining the bids of the items to be sold in the auction by sealed envelopes.

B- The Committee shall ensure the validity of envelopes, bid documents and the guarantees provided and review of prices. The bidders or their representatives shall be notified of the bid prices.

C- The Committee shall complete the bidding procedures, determine the best bids corresponding to the conditions of the auction, and make its minutes to the authorized party to approve the award.

D- If the auction is public, the Committee shall prepare, after the end of the auction, a record stating the bid procedures and price of the award, the guarantee submitted to it, and shall submit its record to the authorized party to approve the award.

This will be by conducting a limited invitation between the bidders to compete in accordance with the provisions of the regulations and these implementing regulations, provided that the invitation is sent to all bidders that followed the winning bid in order, and their number should not be in any case less than (three), or that these works are put in a new bid.

**Article 144:**
If bid prices fall below the estimated price by more than 15% (fifteen percent), they shall be declared again after being revalued. If an appropriate price is not obtained, it may be sold or disposed of in accordance with the provisions of Article (83) of the Law.

**Article 145:**
If the Articles or movables are rapidly damaged by storage, they may be sold in accordance with the provisions of Article (81) of the Law.

**Article 146:**
The bid shall be decided within a period not exceeding thirty days from the date of opening the bid envelopes, or the end of the public auction. If this period continues without a decision on the auction, the bidder may return its bid and recover its guarantee in a letter to the entity within ten days of the expiry of the period prescribed for determining the award, and whoever did not submit during this period shall be deemed to be in agreement with continuation of the bid.

**Article 147:**
The awarded bidder shall pay the bid value within ten days from the date of notification of the award approval. A delay in payment shall be notified by a registered letter. If the value is not paid within fifteen days from the date of notification of warning, the guarantee shall be confiscated and other bidders shall be negotiated in order to reach the price of the bidder. If this price is not reached, it will be re-bided.

**Article 148:**
After paying the value of the sold items and movables, the buyer undertakes to transport what he purchased during a period not exceeding fifteen days from the date of payment. If he fails to do so, he shall be given a written letter to transport them during a similar period. If he does not transport them, the guarantee provided by him shall not be released until they are transported as provided for in paragraph (2) of Article (82) of the Law, and may be charged with storage fees. The government entity is not responsible for loss or damage to the items and movables sold after the expiry of the time limit for their transport.

**Article 149:**
It is permissible to use brokers who are licensed to perform the public auction, in return for a commission paid by the buyer, not exceeding 2.5% (two and a half percent) of the value of the sales. Brokers shall be selected in accordance with the provisions of the Law and Regulation.

**Chapter Two**

**Lease of Equipment, Hardware and Software**

**Article 150:**
If it wishes to provide some of its rental needs, such as equipment, vehicles, computers and computer programs, the government entity should observe the following controls:

1- The lease shall achieve the interest to the government Entity better than the purchase.
2- The estimate of the need to rent shall be based on a technical report prepared by a specialized technical committee, which shall be approved by the authorized party in the award.
3- The leased equipment or supplies shall be medically insured by the lessor, or under the guarantee of the lease term, with its commitment in all cases to maintain them during the term of the lease.

4- The lease period shall be commensurate with the approved cost of the contract in the budget, but not exceeding five years.

Chapter Three  
Replacing Devices and Equipment with New Ones

**Article 151:**
When it wishes to replace its devices or equipment with new ones and pay the difference in value, the Government shall observe the following controls:

1- The end of life of the devices, a device that has the status of continuous update and development, when it does not meet the needs of the entity, or when the cost of maintenance and spare parts is high compared to the cost of the new devices and maintenance.

2- The replacement shall achieve saving for the public treasury better than the sale.

3- A technical committee shall be formed from the government Entity to inspect the old apparatuses and prepare a technical report thereon, including what is mentioned in paragraphs (1, 2) of this Article with an indication of the date of purchase, the cost of the insurance, the current condition and the estimated value.

4- The conditions and specifications of the new devices to compete shall guarantee the estimated value of the old devices and shall compete in the value of the new equipment.

5- The competent item at the Entity shall be allowed to deduct the full cost of the new asset.

6- The total cost of the new asset shall be deducted from the estimated approval. The old asset shall be recognized as government sales and is remitted to the old asset supplier with the difference in value.

**Article 152:**
In the public tender, the government entity’s needs that are rented or replaced by new equipment shall be issued. They may be secured by limited tender or direct purchase in accordance with the provisions of the Law and this regulation.

Part VI  
Complaints and Final Provisions

Chapter One  
Dispute Resolution

**Article 153:**
Subject to what is stipulated in paragraph (4) of Article (86) of the law, the following provisions apply:

1- The guarantee shall be presented upon grievance before the committee referred to in Article (Eighty-Six) of the Law.
2- Grievance shall not be accepted in the event the guarantee is not presented or is presented incomplete.
3- The guarantee is valid for a period of no less than thirty days from the date of submitting the grievance.
4- The grievant shall not be obligated to renew the guarantee period in the event that its validity expires without deciding on the grievance.

Article 154:
To settle disputes by means of arbitration, paragraph (4) of Article (92) of the Law stipulates the following conditions:

1- Arbitration shall be conducted on contracts of infrastructure and major projects exceeding their estimated value of one hundred million riyals.
2- Arbitration shall be in accordance with the Saudi Arbitration Law and its Implementing Regulations. Arbitration shall not be accepted by international arbitral tribunals outside the Kingdom.
3- Arbitration and its terms shall be subject to the contract documents.

Article 155:
In the event of a technical dispute between it and the Contractor that may lead to the failure of the project or damage to the employer, the Contractor or any of the State's facilities, the government entity may resolve the dispute amicably. If it is unable to do so, the dispute shall be resolved through a Board to resolve the dispute according to the following procedures:

1- A dispute resolution board shall be composed of a team composed of a representative of the government entity and a representative of the contracting party. The ministry may appoint a Chairman of the board from the government sector or the private sector.
2- The Chairman and members of the Board shall be required to be experienced and competent in the field under dispute.
3- The government entity shall submit a technical report to the Board on the subject of the dispute, including its point of view, the Contractor’s point of view and the view of the Consultant supervising the implementation of works, including documents related to the subject matter of the dispute. The Board can also preview the works on the ground and enter the site.
4- If it considers that resolution of the dispute requires recourse to an expert, the Board may request the opinion and advice from one of the parties that it sees, the cost of which shall be equally shared between the parties in the dispute.
5- The Board shall decide on the dispute within thirty (30) days from the date of receiving the report and relevant documents.
6- The Board shall issue its decision by majority vote, and the dissenting opinion, if any, shall be explained. If the parties of the dispute agree to the Board’s decision, it shall be final in the matter of the dispute. In the event of their objection or one of them objects to the decision, it shall be returned to the Board, indicating the opinion under the objection and the Board shall decide on it within fifteen days. The decision against the 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 Chairman of the Board and the government entity’s representatives. They shall be paid by the government entity that owns the project.
8- The consideration of any dispute between the parties shall not preclude the continuation of the Contractor’s performance of its obligations.
9- The resolution of the dispute through the Board shall be limited to technical disagreements between the government entity and the Contractor without any other claims.

Chapter Two
Final Provisions

Article 156:
Subject to the provisions contained in these regulations, the General Authority for Military Industries issues the rules regulating the work and tasks referred to in Article (Fourteenth) and Paragraph (1) out of Article (thirty-second) of the law.

Article 157:
These Regulations shall be published in the Official Gazette and shall be applied from the date of enforcing Law, they shall also be reviewed two years after the date of their application.