In 2017, the Ministry of Finance issued a draft Government Tender and Procurement Law (the Law) and opened it up for comments and suggestions by interested parties in the private sector and concerned governmental bodies. In regulating the framework for government procurements, the new Law seeks to ensure wider participation among small and medium enterprises and to promote transparency in government tenders and best practices in accordance with international standards. Moreover, it seeks to implement government contracts at fair and competitive prices in order to ensure the optimum use of public funds, while promoting integrity and eliminating the potential for personal interests to play a part in the awarding of government contracts. The Law further seeks to guarantee the fair treatment of bidders, to promote equal opportunity and to promote economic development.

The Ministry stressed that the draft Law will implement and achieve modern concepts of development that meet the needs of concerned public and private sectors, in line with the objectives of Saudi Vision 203.

The new Law proposes the following 15 amendments:

1. Developing mechanisms to enable various criteria to be considered in bid evaluation (price and non-price evaluations) to achieve better value for money.
2. Expanding the use of new procurement methods such as phased competition, framework agreements, electronic reverse bidding, solicitation of consultancy services and competition.
3. Completion of all competition procedures, including submission and opening of offers through a Unified Portal.
4. Requiring a period of suspension between the date of announcing and the date of establishing the winner of a tender in order to enable other bidders to protest or complain about any action taken during the competition.
5. Enabling the formulation of contracts based on varying levels of contractors' performance.
6. Linking payments to performance and allowing government agencies to reduce payments owed in the event of poor performance and subpar quality.
7. Compensating contractors in the event of a change in the prices of the main materials included in the project tender, an amendment to customs tariffs or an increase in fees or taxes.
8. Developing conflict resolution practices during project implementation in line with international best practices.
9. Establishing a Government Procurement Strategy Unit for the conclusion of framework agreements, contracting and services, which are often needed by more than one government agency to enable parties to meet their requirements at competitive prices.
10. Establishing a committee to determine priorities for supporting small and medium enterprises and local content and encouraging their participation in government tenders.
11. Completion of competition procedures and the introduction of advance planning and dissemination of plans through a Unified Portal, which contains a record of the projects and procurements of each government agency and accompanying details.
12. Developing mechanisms to identify and determine the qualifications and ability of bidders to execute contracts, following pre-qualification and post-qualification concepts.
13. Developing mechanisms for preparing competition documents and focusing on the required outputs and performance levels.

14. Giving priority to invitations to limited competitions and calling for negotiations with small and medium enterprises for direct purchase, as well as with non-profit and charitable entities for the bid bond (preliminary guarantee).

15. The development of an alternative mechanism to the bid bond, whereby the bidder executes a commitment to sign the contract and provide the final guarantee if he is chosen as a winner.

The new Government Tenders and Procurement Law will prove to be a key facilitator in achieving Saudi Arabia's goals to reduce dependence on oil, diversify the Saudi economy and develop the health, education, infrastructure, military, recreation and tourism sectors. A streamlined government tender and procurement process will reinforce foreign investment, strengthen the local economy and provide greater levels of transparency in government spending.

Click here to download the final draft Government Tenders and Procurement Law (available in Arabic only at this time)

اضغط هنا لتحميل المسودة النهائية لمشروع نظام المناقصات (متاحة باللغة العربية فقط في هذا الوقت)


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