

[This translation is provided for guidance. The governing text is the Arabic text.]

Public Works Contract

Section One

Contract - Basic Document

It has been agreed in the city of _____

on this day of _____ bearing the date ____/____/____ [*Hijrah*]
dd mm yy

corresponding to ____/____/____ [*Gregorian*]
dd mm yy

by and between:

First: _____

[Name of Ministry or Administrative Body]

represented by _____

and referred to hereinafter as the Work Owner (First Party);

Second: _____

[Name of Contractor, place of incorporation if a company, permanent address, location selected as business address in the Kingdom, and name of authorized signatory (with number and date of authorization given to sign this agreement)]

and referred to hereinafter as the Contractor (Second Party):

Whereas the Work Owner desires to execute _____

[brief description of project or construction work for which contract is desired]

Whereas the Contractor has submitted its offer to carry out, execute, complete and maintain these works after reviewing the contract conditions, specifications and plans, and all documents attached therewith as well as the Law of Government Procurement and Execution of Projects and Works, issued by Royal decree No. M/14 dated 7/4/1397H and its implementing regulations:

Whereas the offer submitted by the Contractor has been coupled by the acceptance of the Work Owner, the two parties mentioned above have agreed as follows:

Article (1): Purpose of the Contract

The purpose of this contract is to perform the following:

This shall include provision of materials, equipment, labor, and all items necessary for the performance, completion and maintenance of the works stated herein, as well as any temporary, additional, or complementary works and amendments which the Work Owner requests the Contractor to perform in accordance with the contract terms and documents.

Article (2): Contract Documents

- 2.1 This contract comprises the following documents:
 - (a) Contract - basic document;
 - (b) Special conditions, if any;
 - (c) General conditions;
 - (d) Special specifications, if any;
 - (e) Plans and drawings;
 - (f) General specifications;
 - (g) Bills of quantities and price categories;
 - (h) Letter of award or acceptance of the offer.
- 2.2 These documents form an integral unit, and each document is considered part of the contract so that the above mentioned documents shall explain and supplement each other.
- 2.3 In the event of a conflict among the provisions of the contract documents, the documents mentioned first in the listing given in Paragraph One of this Article shall prevail over subsequent documents.

Article (3): Contract Term

- 3.1 The Contractor undertakes to perform and complete all the works specified in the contract within a certain period (the contract term shall be written in days, in both numbers and words) including the time of mobilization. This period shall take effect on the date of handover of the work site to the Contractor, pursuant to written minutes signed by the Engineer and the Contractor.
- 3.2 If the Contractor fails to perform the works within the period mentioned in the previous paragraph, it shall be subject to the delay penalty provided for in Article (39) of the General Conditions of the Contract in addition to the costs and remunerations of the Supervisor stipulated in Article (40) hereof.

Article (4): Term for Warranty of Works

The Contractor shall fully warrant the works, subject of the contract, for a period commencing from the date of preliminary handover and ending with the final handover,

taking into consideration the details in Article (41) of the General Conditions of the Contract.

Article (5): Contract Value

- 5.1 The total value of the contract shall be _____ *[to be stated in numbers and in words]* Saudi riyals against its performance, pursuant to the conditions, specifications, plans and bill of quantities and other documents of this contract.
- 5.2 This total value shall be subject to increase or decrease corresponding to changes in the quantity of the actual works performed by the Contractor, pursuant to the contract and in accordance with the additional, complementary works and amendments it performs, upon request of the Work Owner with-in the limits stipulated in the contract conditions.

Article (6): Payment

The Work Owner shall pay the contract value in the method and at times specified in the General Conditions of the contract against the Contractor's performance and completion of the works mentioned.

Article (7):

Without prejudice to provisions of other laws, the Contractor acknowledges that it has not paid money or offered any other benefits or promised the same in order to secure this contract. If proven otherwise payments made or promised shall be deducted from the Contractor's dues, in addition to the Work Owner's right to terminate the contract without compensation and the liability of the contractor and its personnel for such acts.

Article (8): Governing Laws

This contract shall be subject to the applicable laws in the Kingdom and shall be interpreted and executed in accordance therewith, and lawsuits arising therefrom shall be sealed accordingly.

In witness thereof, the two parties have executed this document in the place and on the date shown above.

Section Two

General Conditions

Article (1): Definitions and Interpretations

First: The following words and expressions shall have the meanings stated next to each of them, unless the expressed text or context requires otherwise.

- (a) The Work Owner (The First Party): The ministry or the administrative body which calls for tenders to perform the works and which uses the Contractor or any other body which succeeds to the right to supervise the works.
- (b) The Contractor (The Second Party): The natural or corporate person(s) whose tender the Work Owner accepts. This includes their representatives, successors and replacement upon the approval of the department.
- (c) Engineer: The natural or corporate person appointed at any time by the Work Owner to supervise the execution of the contract.
- (d) The Engineer's Representative: Any resident engineer or any work monitor-in-charge appointed by the Work Owner or the Engineer from time to time to perform the obligations set forth in Article Two of these conditions, within the powers notified in writing by the Work Owner or the Engineer to the Contractor.
- (e) The Works: All the works that must be performed under this contract.
- (f) Temporary Works: All temporary works of whatever kind which can be removed, replaced or canceled during or after work execution.
- (g) Construction Equipment: Machinery, tools and all things required for carrying out the permanent or temporary works, exclusive of the materials or things meant to be part of the permanent works.
- (h) Plans: The plans referred to in the contract or any amendments thereof communicated in writing to the Contractor from time to time.
- (i) Site: The lands or places on, in, under or through which works are to be executed, or any other lands or places provided by the Work Owner for contract purposes, as well as any other places stated in the contract as part of the site.
- (j) Approval: The written approval, including written confirmation subsequent to any previous oral approvals.

Second: Singular and plural

Words mentioned in the singular shall have the same meaning of the plural and vice versa, if the text so requires.

Third: Headings and margins

Headings and margins mentioned in the contract shall not be part thereof, and shall not be taken into consideration in the contract interpretation.

Article (2): The powers of the Engineer

The Engineer has the power to observe and monitor the works as well as to test and examine any material or process used for works performance. The Engineer shall have no

power to release the Contractor from any of its obligations or commitments under this contract. Nor shall it order the performance of any work which may result in delay or increase of the financial obligations of the Work Owner. It may not introduce any changes to the works unless expressly permitted by the Contract.

The Engineer may, from time to time, authorize its representative in writing to exercise any of the powers or authorities vested in him, provided that it shall submit to the Contractor a copy of this written authorization. The written instructions and approvals issued by the Engineer's representative to the Contractor within the scope of the authorization given to him shall be binding upon both the Contractor and the Work Owner, as if they were issued by the Engineer personally. The following shall always be taken into consideration:

- (a) The representative of the Engineer's failure to reject or accept any work or materials shall not affect the power of the Engineer who may, later on, reject the same and order their demolishing or removal.
- (b) If the Contractor is dissatisfied with any decision rendered by the Engineer's representative, the Contractor may refer the matter to the Engineer, who may approve, cancel or amend the said decision.

Article (3): Assignment to others

The Contractor may not assign the contract, any part thereof, any profit or any interest which may arise or result therefrom to other parties without the prior written consent of the Work Owner. Nevertheless, the Contractor shall remain jointly liable to the Work Owner with the assignee for the performance of the contract.

Article (4): Sub-contracting

The Contractor may not enter into a subcontract to carry out the entirety of the works subject of the contract. Unless the contract states otherwise, the Contractor may not enter into a subcontract to execute part of the works without the prior written consent of the Work Owner. Such consent shall not release the Contractor from the liability and obligations imposed on it under this contract.

The Contractor shall remain responsible for any act, fault or neglect committed by any subcontractor or any one of its agents, employees and workers as if such act, fault or neglect was done by the Contractor itself, its agents, its employees, or its workers. Labor contracts concluded by the Contractor as per piece work, shall not be deemed as subcontracting pursuant to this Article.

Article (5): The scope of the Contract

The contract shall include the following:

- (a) Performance, completion and maintenance of the works.
- (b) Provision of workers, work materials, construction equipment and temporary works unless otherwise stated.
- (c) Any other thing, whether of temporary or permanent nature expressly or implicitly required under the contract.

Article (6): The Language of the Contract

- (a) Arabic shall be the language of interpretation and execution of this contract. Nonetheless, the two parties may use a foreign language besides Arabic to write the contract or part of it. In case of any inconsistency between the Arabic and the foreign language texts, the Arabic text shall prevail. Arabic shall be the basis of specifications.
- (b) Correspondence related to this contract shall be in Arabic. Nevertheless, the Contractor may use a foreign language with its translation into Arabic at its own expense. The Arabic text shall prevail in the event of any dispute.

Article (7): Retention of Plans

First: The Engineer shall retain copies of the plans and specifications, provided that it shall give _____ [*number in words and figures*] free copies of the same to the Contractor. The Contractor shall then bear the cost of preparing any additional copy necessary for performing its work and shall return to the Engineer all the plans delivered to it upon completion of the contract. The Contractor shall notify the Engineer or its representative in writing, and within an adequate period, of its need for additional copies of the plans or specifications necessary for the performance of the works.

Second: The Contractor shall undertake to keep at the work site a copy of the plans delivered to it. This copy shall be ready at all appropriate times for inspection and use by the Engineer, its representative or any other person authorized in writing by the Engineer or the Work Owner.

Article (8):

Without prejudice to the provisions of Article (2), the Engineer shall have absolute power to provide the Contractor from time to time, during the contract performance, with any other plans or additional instructions deemed necessary to fulfill its obligations completely and correctly. The Contractor shall execute plans and instructions and comply therewith. If such plans or instructions include an increase of the specified quantities, decrease or change in materials and quality which may entail price increase or decrease, they must be submitted to the Work Owner for approval if they have prices similar to the ones in the price categories, or be agreed upon by the Work Owner, the Engineer and the Contractor.

General Obligations

Article (9): Performance Bond

First: The Contractor shall provide the Work Owner with a work performance bond equal to 5% of the tender price to ensure the contract execution within ten days from the date of the notification by registered mail of its tender acceptance. The Work Owner may give the Contractor an additional grace period of ten days from the date of expiry of the period mentioned above. This performance bond must be irrevocable and in effect throughout the contract period until the final handover.

Second: The bond shall be in the form specified by law and according to the form agreed upon between the Ministry of Finance and National Economy and Saudi Arabian Monetary Agency.

Third: If the successful bidder fails to submit the required bond, the Work Owner shall have the option to either withdraw its acceptance of the bidder, confiscate the temporary bond or carry out the work at the expense of the Contractor pursuant to the provisions of Article (53) of these conditions, without the need for any warning or notice, and without prejudice to the right of the Work Owner to claim necessary compensation from the Contractor for damage and losses incurred as a result thereof.

Article (10): Site viewing

- 10.1 The Contractor shall at its own expense inspect and view the site and the adjacent areas. It shall check by itself, prior to submitting its tender, the site topography and the nature of its soil by making probes and holes for that purpose. It shall review the quantities and nature of the work, the materials necessary for work completion, the means of access to the work site and the facilities needed. In general, it shall collect all necessary information and other factors which may affect its bid.
- 10.2 The Contractor shall be responsible for reviewing engineering and technical designs in full detail. It shall notify the Work Owner and the Engineer of any errors or observations it discovers in the plans and drawings during work execution.

Article (11): Tender sufficiency

The Contractor is required to have completed the collection of information prior to submitting its bid, and to ensure that the prices stated in the list of quantities and price categories are sufficient to cover all its obligations under the contract and all other things and matters necessary for the competent and correct completion and maintenance of the works.

If, during the execution of the works, the Contractor faces any material difficulties or unusual obstacles which could not be reasonably foreseen by any experienced contractor, it shall immediately and within a period not exceeding ten days from the date of discovering such difficulties and obstacles, notify the Engineer or its representative in writing of that matter. In such a case, the Engineer shall submit a report on the matter to the Work Owner, including its opinion on the additional costs incurred by the Contractor due to these difficulties and obstacles after it ensures the occurrence thereof. The report shall be reviewed by the Work Owner to decide what is appropriate. If the Contractor fails to notify the Engineer and claim for compensation within the ten-day period mentioned above, it shall lose its right to claim for such compensation.

Article (12): Works Performance

- 12.1 The Contractor shall execute, complete and maintain the contract works. It shall comply with the written instructions and directives of the Engineer in any matter related or connected to the work whether mentioned in the contract or not. The

- Contractor shall receive instructions and directives from the Engineer or its representative within the limits referred to in Article Two of these conditions.
- 12.2 The Contractor shall commit itself to the following:
- (a) It shall purchase national products and not use similar imported products for the purpose of contract performance.
 - (b) The local or imported products used for the contract performance shall be in conformity with the standards approved by the Saudi Arabian Standards Organization (SASO). Other products of specifications not covered by SASO must conform to one of the well-known international standards to be determined by the performance supervisor.
 - (c) The Contractor shall observe the laws, standards and regulations issued by the competent authorities in Saudi Arabia to protect the Kingdom's environment.
 - (d) The foreign contractor shall award a Saudi contractor not less than 30% of the works contracted. The competent authority shall in agreement with the Ministry of Finance and National Economy, totally or partially exempt the foreign contractor from the obligation to award the Saudi contractor the said percentage, if it is shown that there exists no work that can be performed by a Saudi contractor or if the awarded work is less than 30%. To apply this exemption, the competent authority's technical staff and the Consultant which designed and provided the specifications of the project shall have jointly determined the percentage of exemption whether total or partial when preparing the project and prior to inviting contractors.
 - (e) The Contractor shall purchase the tools and equipment needed for the performance of its contract from Saudi agents in the Kingdom and shall not directly import them from abroad, unless it imports its own used tools and equipment.
 - (f) The Contractor shall obtain the following services from local Saudi businesses:
 1. Personnel and goods transportation services, unless the Contractor performs these services by itself using its own means of transportation and its own staff.
 2. Local insurance services.
 3. Banking services.
 4. Land and building lease and procurement services.
 5. Catering services and supply of foodstuff.
- 12.3 The Contractor shall submit its letters, accounts and statements to the administrative body in Arabic. It shall also keep its local records, account books and documents in Arabic under its own responsibility, accompanied by a certificate from an auditor licensed to practice in the Kingdom. In case the Contractor breaches these conditions, it shall be subject to the specified penalties.
- 12.4 The Contractor shall transport by Saudi Arabian Airlines all that is transportable by air and is connected to the contract such as personnel and materials. In the event that the Contractor breaches these conditions, it shall be subject to the specified penalties. The Contractor shall also transport all that is transportable by sea of materials necessary for the performance of the contract by using Saudi ships and vessels, pursuant to the specified instructions and orders.

- 12.5 Upon signing any contract whose value exceeds five million Saudi Riyals [SR5,000,000], the Contractor shall submit to the government agency the necessary insurance policy issued by a national insurance company indicating insurance of the project and its basic components during performance and up to the preliminary handover of the project.

Article (13): Work Program

The Contractor shall submit with its bid a work schedule showing the arrangements for work progress and the method proposed for carrying out the works.

The Contractor shall also submit in writing to the Engineer or its representative, upon request, any detailed information concerning the arrangements necessary for completion of works, construction equipment, and temporary works the Contractor intends to provide, use or construct as the case may be.

Article (14): Supervision by the Contractor

First: The Contractor shall perform the necessary supervision during and after execution of the works and as the Engineer deems necessary for the Contractor to fulfill its contractual obligations competently and correctly. The Contractor or its representative approved in writing by the Engineer shall constantly and continuously be at the work site and shall devote all its time to supervise work performance. If the Engineer withdraws its above-mentioned approval, the Contractor shall, immediately upon receipt of written notice of such withdrawal, transfer its representative from the work site as soon as possible. It must not use him again at the work site, and it must appoint a replacement to be approved by the Engineer. The new representative shall receive, on behalf of the Contractor, the instructions and directives issued by the Engineer or its representative within the limits specified in Article (2) of these conditions.

Second: If the Contractor's representative does not speak Arabic fluently, the Contractor must provide at the site, and at all times, a translator who speaks Arabic fluently.

Article (15): The Contractor's employees

First: For execution and maintenance of works, the Contractor shall employ the following at the site:

- (a) Experienced and skilled assistant technicians, each in its field, assistants, foremen and competent supervisors to properly monitor works assigned to them.
- (b) Necessary numbers of skilled, semi-skilled and ordinary workers to carry out and maintain works competently and correctly.

Second: The Engineer may at any time object to and request the Contractor to remove immediately from the work site any person employed by the Contractor for performance and maintenance of works or for anything related therewith, if the Engineer finds that person to be of bad conduct, incompetent, or negligent, or if his services are undesirable to the Engineer. In such a case, this person may not be employed again without the written approval of the Engineer. The Contractor shall replace as soon as possible any person so removed from the work site by a substitute approved by the Engineer.

Article (16): Designation of work site

The Contractor shall be responsible for carrying out works in their own locations correctly and perfectly. It shall link them with the original points and basic lines, dimensions and levels provided by the Engineer or its representative. It shall also be responsible for providing all equipment, tools, and manpower necessary for the work. It shall correct any fault which occurs in this performance or points, lines, dimensions and levels at its own expense, unless said fault is a result of incorrect information provided by the Engineer or its representative. In this case, the Work Owner shall bear the cost of the correction.

Inspection of works execution on their sites or inspection of the points, lines, dimensions and levels by the Engineer or its representative shall not, in any case, release the Contractor from its responsibility to ensure their correctness.

The Contractor shall maintain all signs necessary for performing works on their sites as well as the points, dimensions and levels.

Article (17): Guarding and lighting

The Contractor shall, at its own expense, provide all the necessary lights, guards, fences and monitors, at the times and places specified by the Engineer, its representative or any public authority in order to protect the works, ensure safety of the public or any other matter.

Article (18): Injuries to persons and property

The Contractor shall be liable for all losses or damages to persons and properties incurred as a result of the work execution or maintenance or causes related therewith. It shall be liable for all lawsuits, claims and expenses resulting therefrom.

The Contractor shall not be responsible for the following:

- (1) Unavoidable losses or damages which may occur to the easement rights related to neighboring as a result of work Performance according to the contract.
- (2) Losses or damages which may occur to persons and properties due to a fault or negligence on the part of the Work Owner, any of its employees, agents hired hands or workers.

Article (19): Sending of notices and payment of charges and fines

First: The Contractor shall in any manner send all necessary notices and pay all charges required by laws, regulations and decisions regarding performance of the works, temporary works or matters related to the relevant laws and rules in any way.

Second - Compliance with Laws and Decisions: The Contractor shall comply with the laws, regulations and decisions issued by the competent public authorities with respect to works or temporary works. It shall also comply with the laws and rules of the public agencies and relevant companies. It shall be held responsible and shall pay the specified fines of any kind which result from its violation of such laws, regulations or decisions.

Article (20): Relics and other things of value

All coins, precious items, antiquities, buildings, relics and other items of geological or archeological value discovered at the work site shall be the sole property of the Work

Owner. The Contractor shall take appropriate precautions to prevent its workers or any other person from transferring or damaging any of these items. The Contractor shall, immediately upon finding such items and prior to transferring them, notify the Work Owner, its representative or the competent authority of this discovery, and follow its instructions regarding handling of such items at the expense of the Work Owner.

Article (21): Patent rights and ownership

The Contractor shall protect and indemnify the Work Owner for all lawsuits and procedures resulting from or arising out of violating any right concession, design, trademark, name or other registered right regarding any of the construction equipment or machines and materials used in performing works or temporary works or both. It shall also protect and indemnify the Work Owner for all actions, claims, procedures, damages, charges, fees, and expenses resulting therefrom or related therewith regardless of their amount.

Article (22): Blocking traffic and causing damage to adjacent properties

The Contractor shall be responsible for all operations necessary to carry out the works or temporary works within the scope permitted by the contract requirements in a manner that does not violate the laws and requirements of public convenience and not block access to public and private roads and passages nor entry to and exit from properties, whether possessed by the Work Owner or any other person.

The Contractor shall also protect the Work Owner, prevent damages to be incurred by it and indemnify it for any actions, claims, procedures, damages, charges, fees or expenses of whatever amount if they result from these matters or related to them and to the extent of the Contractor's liability.

Article (23): Abnormal Traffic

First: The Contractor shall take all reasonable steps and means to protect public roads or bridges connected with the work site, or the roads leading to it, against any damages or blockages resulting from the traffic caused by the Contractor or any of its subcontractors according to applicable laws.

The Contractor shall, in particular, choose the roads, select and use vehicles, limit and distribute the load to minimize abnormal traffic to and from work site, as much as is possible and appropriate, to avoid unnecessary damages and blockages which may occur to these roads and bridges.

Second - Special Loads: If it becomes necessary for the Contractor to transport a load or more of construction equipment, machinery, prefabricated units or parts of the work units on part of a public road or bridge and this transport will cause damage to that road or bridge without prior protective actions, the Contractor shall notify the Engineer or its representative beforehand in writing of the weight of the load to be transported, its other specifications and the Contractor's proposals regarding protection and fortification of said road or bridge.

The Contractor shall comply with the Engineer's instructions in this respect. If the Engineer or its representative fails to send to the Contractor, within fourteen days from receipt of the notification, a response stating that there is no need to take any protective

actions or fortification, then the Contractor shall, at its own expense, carry out its own proposals or amendments thereof which the Engineer deems necessary.

Article (24): Giving opportunity to other Contractors

The Contractor shall, upon the Engineer's instructions and orders, allow other contractors employed by the Work Owner to perform their works. The Contractor shall give the same opportunity to the workers of said contractors, the Work Owner's workers or the government workers employed in the work site or next to it, to perform any work not included in the contract or to perform any contract concluded by the Work Owner in relation to the works, either attached or supplementary to them.

Article (25): Evacuation of work site after work completion

Upon work completion, the Contractor shall immediately evacuate the work site and remove all construction equipment, materials, debris and temporary works of any kind. It shall leave all work site and all works clean and ready for use, or in a shape acceptable to the Work Owner.

Workers

Article (26): Employment of workers

The Contractor shall make the necessary arrangements to employ and treat all workers, citizens or foreigners alike, according to the provisions of the Labor Law, Social Insurance Law, and Residence Law as well as other laws. The Contractor shall also provide its workers with work requirements including sanitary housing, proper means of transport. and health care, as stipulated in the Special Conditions.

Article (27): Statements of workers

The Contractor shall, at the times specified by the Engineer or its representative, provide a detailed statement of the names of all its employees and workers and any other information which may be requested by the Engineer or its representative concerning workers or construction equipment.

Article (28): Materials and workmanship

All materials and workmanship shall be in conformity with Saudi standards or those specified in the contract and with the Engineer's instructions. Such materials and workmanship shall, from time to time, be subject to tests the Engineer may decide to make at the place of production of such materials, on the site, in all these locations, or elsewhere.

Article (29): Access to the work site

The Engineer, or any person authorized by it, may see the work and have access to the work site and all workshops and places where work is performed or where materials or

processed materials and tools necessary for the works are supplied. The Contractor shall provide all facilities and assistance necessary for exercising this right.

Article (30): Work test before covering

First: No work may be covered or hidden without the approval of the Engineer or its representative. The Contractor shall allow the Engineer or its representative to test and measure any work to be covered or hidden. When such work is ready or about to be ready for testing, the Contractor shall submit to the Engineer or its representative a written notice to come as quickly as possible in order to test and measure the works, unless the Engineer or its representative deems the matter unnecessary and notifies the Contractor thereof.

Second - Uncovering work and making openings in it: The Contractor shall, from time to time, uncover any parts of the works and make openings in them or through them at the Engineer's instructions. The Contractor shall also restore said parts to their previous condition in a way that is satisfactory to the Engineer.

If said part or parts of the work are covered after being tested in accordance with Paragraph One of this Article, and if it becomes necessary to uncover them or make openings in or through them again, the costs of uncovering and restoration shall be borne by the Work Owner, provided that they are found to be in conformity with the contract. Otherwise, all costs shall be borne by Contractor.

Article (31): Removing works and materials in violation of the Contract

First: During work execution stage, the Engineer may, from time to time, issue the following orders in writing:

- (a) removing from the work site any materials the Engineer deems inconsistent with the contract, provided that their removal shall be in the period(s) specified in said order.
- (b) substituting such materials with good and suitable materials.
- (c) removing any work and re-doing it correctly if the Engineer considers such work to be in violation of the contract in material or in workmanship, regardless of any previous test of the said work and despite any prior payment of any part of its cost.

Second - The Contractor's default in complying with the Engineer's orders: If the Contractor fails to comply with the Engineer's instructions, the Work Owner may employ other persons and pay them the necessary wages for executing the said instructions, provided that the Contractor bears all the costs resulting therefrom or related thereto. The Work Owner may claim such expenses from the Contractor or deduct them from any amounts due or may become due.

Article (32): Suspension of work

The Contractor shall, pursuant to a written order from the Work Owner, suspend the work progress or any part thereof for a period or in a manner which the Work Owner considers necessary for work safety. The Contractor shall, during work suspension, protect the work and ensure its progress the degree the Engineer considers necessary.

The Work Owner shall not bear the costs resulting from such suspension if they occur in one of the following cases:

- 1. if it is stipulated in the contract.

2. if it is necessary, in order to perform the work properly, or if it occurs by reason of weather conditions or by reason of the Contractor's default.
3. if it is necessary for the safety of works or any part thereof.

Time of Work Commencement and Delay

Article (33): Work commencement

The Contractor shall commence work immediately upon handover of the work site. It shall perform the work with due speed and without delay.

Article (34): Site Handover and Possession

First: Except as otherwise stated in the contract regarding specifying the parts of the site to be delivered to the Contractor from time to time, the arrangement under which such parts are to be delivered and in compliance with any requirement mentioned in the contract regarding the order under which the works are to be carried out, the Work Owner shall deliver to the Contractor the necessary part of the site with the written order of the Engineer to start the work, to enable the Contractor to assure work performance in accordance with the time schedule referred to in Article (13) of these conditions, if any. Otherwise, performance shall be according to the appropriate proposals submitted by the Contractor to the Engineer and approved by it in a written notice. The Work Owner shall, from time to time during work progress, hand over to the Contractor other parts of the site as necessary in order to enable it to continue performance of the works and complete them in the appropriate time, whether according to the time schedule or to the proposals submitted by the Contractor as the case may be.

Second - Rights of Passage: The Contractor shall bear all necessary charges and expenses to secure the private or temporary rights of access it needs in respect of access to the site. It shall, also, prepare at its own expense, any additional housing facilities outside the site which it needs for work purposes, in accordance with the relevant instructions of the competent authorities.

Third: Except as otherwise specified, the site boundaries shall be as shown in the contract plans. If the contractor needs a land outside the site boundaries for its works in connection with the projects, it shall obtain it at its own expense.

Fourth: The Contractor shall prepare, at its own expense, suitable temporary fences for the site or part thereof whenever necessary to the safety of workers, the public or animals, or for the protection of work.

Article (35): Work completion period

Subject to any requirement mentioned in the specifications regarding the completion of any specific part of the works, the work shall be completed within the period stated in the contract.

Article (36): Extension of work completion period

The contract period shall be extended pursuant to Article Nine of the Law of Government Procurement and Execution of Projects and Works.

Article (37): Prohibition of work at night and during official holidays

Except as specifically stated later, the Contractor may not execute any work at night during Fridays or during other official holidays without written permission from the Engineer or its representative, unless such work is necessary or unquestionably indispensable to save lives or property, or to ensure the safety of the work provided that the Contractor shall immediately notify the Engineer or its representative of that matter. The application of the provisions of this Article shall not be mandatory in cases where work performance customarily occurs by alternation or in two shifts.

Article (38): Rate of work progress

First: If the Engineer observes at any time that the rate of the work progress is too slow to ensure work completion within the period specified, it shall so warn the Contractor in writing. The Contractor must then take the steps necessary and approved by the Engineer, to accelerate work progress in a way that enables it to complete the work in the periods specified.

Second - Periodic Reports: The Contractor shall, periodically, submit to the Engineer - as determined by the Work Owner - a detailed report on the progress of work supported by plans and evidential documents.

Delay Fine

Article (39):

If the Contractor delays the work completion and fails to fully hand it over at the specified dates, and if the Work Owner sees no reasons to withdraw the work from it, the Contractor shall pay a fine for the delay period for the completion of work after the date specified for the handover. This delay fine shall be computed on the basis of the average daily cost of the project, by dividing the contract price by its period according to the following:

- (a) A fine on the first part of the delay period equal to one fourth of the average daily cost for each day of delay, until the longer period of the two periods reaches fifteen days or five percent (5%) of the contract period.
- (b) A fine on the second part of the delay period equal to half of the average daily cost for each day of delay, until the longer period of the two periods reaches thirty days or ten percent (10%) of the contract period.
- (c) A fine on the third part of the delay period that is equal to the average daily cost for each day of delay following the longer of the two periods stated in Paragraph (b).

The total of fines imposed may not exceed ten percent (10%) of the contract value. If the Work Owner is of the opinion that the delayed part of the work will not preclude full use of the work, at the date of its completion, and will not interfere with the use of any other benefit, or negatively affect the completed part of the work, then the total fine shall not exceed ten percent (10%) of the price of the delayed works.

Supervision Costs Due to Delay

Article (40):

In addition to the fine stated in the previous article, the Contractor shall bear the fees of the project supervisor during the period for which the Contractor is subject to the fine. Such fees shall be computed according to the supervisor's contract stipulation, whether it is a periodical amount or a percentage of the contract value. But if supervision is based on a lump sum amount or done by the government body, the supervisor's fees shall be computed as follows:

$$\begin{aligned} & \text{contract price} \times 1/100 \\ & \times [\text{delay period by day divided by contract period by day}] \end{aligned}$$

Article (41): Warranty Period

First - Definition of Warranty Period: The expression "maintenance period" mentioned in the contract conditions means the period specified in the contract, which starts from the date of the preliminary handover up to the date of the final handover. In the event that the preliminary handover is divided into parts, the warranty period for each part shall be computed as of the date of its preliminary hand over.

Second - Performing Repair Works and Others: Since the purpose is to deliver the works to the Work Owner at the end of the warranty period or as soon as possible afterwards, and since the works should be delivered in a condition of excellence and perfection satisfactory to the Engineer, and not worse than their condition at the beginning of the warranty period - except for what may result from normal wear and tear - the Contractor shall perform any works of repair, amendment, reconstruction, or correction of any defect requested in writing by the Work Owner or the Engineer, during the warranty period or at the final handover. It is assumed that the maintenance works shall not include repairing anything which may result from wear and tear to the works delivered, unless it is a result of a fault in maintenance or performance.

Third - The Cost of Performing Repair Works and Others: The Contractor shall perform all repair works at its own expense, if, in the Engineer's opinion, repair is required due to the materials or the workmanship used not conforming to the contract or by reason of the contractor's negligence in performing any explicit or implicit obligation under this contract.

Fourth - Remedy of the Contractor's Default to Carry out the Works Requested by the Engineer: If the Contractor refrains from performing any of the works stated in this Article and requested by the Engineer, the Work Owner may carry out such work by itself or by other contractors and collect the costs of the said work from the Contractor. It must deduct such costs from the amounts due or may become due to the Contractor.

Fifth: The Contractor shall guarantee against whole or partial collapse which may occur to the work constructed by it within ten years from the date it delivers the project to the administrative body, if the collapse results from a fault in the execution; unless the contract parties have agreed upon a shorter period for the life span of the construction works.

Article (42): The Contractor's obligation to search for the reasons of defect, error or flaw

If requested in writing by the Engineer, the Contractor shall search for the causes of any defect, error, or flaw according to the Engineer's instructions. If such error, flaw, or defect is already under the Contractor's liability, the costs of searching shall be borne by the Contractor. In such a case, it shall correct, rectify, and repair that error, flaw or defect at its own expense, pursuant to the provisions of Article (41) of these conditions.

Article (43): Amendments, additions and cancellation

First: The Engineer may, after obtaining the approval of the Work Owner or within the authorities given to it perform any change in the form, quality or quantity of the works or any part thereof it deems appropriate. The Contractor must perform that, provided it does not cause any change in the contract itself or exceed the limits specified in the following paragraph.

Second: The Work Owner may, during the contract performance, increase the amount of works by not more than ten percent (10%) of the total contract value or decrease the same by not more than twenty percent (20%) of the total contract value, provided that the contract value be amended by increase or decrease accordingly.

Third: The Contractor must not perform any of the changes referred to earlier without an order in writing from the Engineer.

Article (44):

First - assessment of changes: The Engineer shall specify the value, if any, which it sees should be added to or deducted from the amount mentioned in the tender due to any excess or additional work carried out or canceled, upon its instructions.

The assessment of such work shall be according to the rates mentioned in the contract, if the Engineer considers them applicable. If the contract does not include any rates applicable to excess or additional work, the Work Owner and the Contractor shall decide the fair prices thereof

Second - Claims: The Contractor shall send the Engineer a monthly statement giving, in detail, full information on all claims with respect to the additional expenses to which the Contractor decides it has a right as well as all excess and additional works ordered by the Engineer within its power and executed by the Contractor during the preceding month. Any claim related to the payment of the value of such work shall not be considered, unless it is included in the information referred to earlier and included in the monthly statement mentioned above.

Article (45): Equipment, temporary works and materials

First - using equipment and others in the works: All equipment, temporary works and materials provided by the Contractor after bringing them to the site shall be wholly designated for construction and completion of the works alone. The Contractor may not transfer them or part of them from the site without written approval from the Engineer, unless they are transferred from one place to another on the same site. The Engineer may not decline to give such written approval without a reasonable justification.

Second - Transfer of equipment and others: The Contractor shall, upon completion of work, remove from the site all the above-mentioned construction equipment, remaining temporary work, and unused materials it brought to the site as well as cleaning the site.

Third - Non-liability of the Work Owner for any breakdown occurring to the equipment and others: The Work Owner shall not, at any time, be liable for any loss or damage that may occur to any equipment, temporary works, or materials, except those mentioned in Article (54) of these conditions.

Article (46): Quantities

The quantities mentioned in the quantity list represent the estimated quantities of the works. Payment shall be on the basis of the actually performed quantities.

Article (47): Measurement of Works

Unless otherwise stated, the Engineer shall verify by measurement the value of the work completed according to the contract. Also, when the Engineer desires to measure any part of the works, it shall notify the Contractor, its authorized agent or representative thereof, and all or any one of them must appear in person or send an authorized agent to assist the Engineer or its representative in performing such measurement. It shall submit to the Engineer or its representative all information request by either of them.

Article (48): Method of Measurement

First: Unless otherwise explicitly stated, the works shall be measured on a net basis only.

Second: The metric system shall be used for all measurements and purposes related to this contract, unless otherwise expressly stated in the contract.

Article (49): Use of Explosives

The Contractor may not use any explosives without written permission from the Engineer. The Engineer must ensure before using explosives that the Contractor has complied with relevant laws and instructions. The refusal of the Engineer to give such permission shall not be ground for filing a claim against the Work Owner. However, the Engineer may not decline to give such permission without reasonable ground.

Article (50): Payment; Preliminary and Final Handover; and Guarantee Period

- (a) The Work Owner may when necessary pay to the Contractor an advance payment on credit not exceeding ten percent (10%) of the contract value after handing over the work site against a bank guarantee in the same amount which shall be deducted from the actual dues of the Contractor in the same percentage.
- (b) The Contractor's dues shall be paid according to the actual work completed and according to the progress payment approved by the Consultant or the technical body supervising the project. Such progress payment shall be paid periodically at a rate of at least one progress payment every month.
- (c) Last progress payment - which shall not be less than ten percent (10%) of the contract value or the work completed - shall be deferred till the preliminary handover of the

project and submission of a Zakat and Income Tax Department certificate showing payment of zakat and income tax due.

- (d) After the preliminary handover of the works and submission of a certificate from the Department of Zakat and Income Tax, the Work Owner shall pay the deferred percentage from the value of all actually completed works, after deducting from it what remains from the amounts already paid to the Contractor on credit or any other dues from him.
- (e) The final account shall be sealed and the performance bond provided under Article (9) hereof shall be released on the final handover of the works, after the end of the warranty period and the Contractor's submission of the formal minutes as proof thereof.
- (f) Subject to the provisions of the laws and instructions, all payments shall be made in Saudi Arabian currency unless otherwise stated in the special conditions, if any.

Article (51): Preliminary Handover

The Contractor shall, immediately upon work completion, remove all equipment, materials, soil and debris from the site, and make it level and ready for use. It shall notify the Work Owner of that in writing, who shall determine the inspection date in preparation for the preliminary handover. The Work Owner shall determine the inspection date by written notice within not more than fifteen days from receiving the Contractor's notification thereof.

At the time of works handover, the Work Owner or its representative shall inspect the works and accept them preliminarily in the presence of the Contractor or its representative. The minutes of the preliminary handover shall be prepared in as many copies as needed, and one copy shall be given to the Contractor. If handing over is made in the absence of the Contractor in spite of notifying it by registered mail, the absence of the Contractor shall be recorded in the handover minutes. If it appears from inspection that the works are properly completed, the date of the Contractor's notice to the Work Owner of its readiness to hand over the works shall be considered the date for work completion and the start date of the warranty period. If it appears from inspection that the works are not properly executed, this shall be recorded in the minutes, and handover shall be postponed until the completion of the works to be executed or repaired.

In the event it appears from the preliminary handover that there are items or parts not completed by the Contractor, and if the preliminary handover committee considers that the unfinished works shall not interfere with benefiting from the works and use thereof, the Work Owner may consider the works preliminarily handed over and request the Contractor to complete the unfinished works in a reasonable period. If the Contractor fails to do so, the Work Owner may deduct the value of such works and assign the execution thereof to another party at the expense of the Contractor and claim price differences accordingly.

Article (52): Final Handover

The Contractor shall, in an appropriate time prior to the end of the warranty period, send written notice to the Work Owner to fix a date for inspection in preparation for the final handover. If such inspection shows the conformity of the works to the conditions and

specifications, they shall be finally accepted by minutes prepared by the Work Owner or its representative in as many copies as needed, signed by both parties or their representatives, and a copy of this shall be given to the Contractor.

If deficiency, defect or flaw is found in some of the works at the time of inspection, even if that is not included in the preliminary handover minutes, the acceptance shall be postponed and the warranty period shall be extended until the Contractor corrects the deficiency or repairs the defect or flaw within a reasonable period specified by the Engineer. If the period elapses before the Contractor discharges its obligation, the Work Owner may, at its own discretion, make the necessary repairs at the expense of the Contractor, or deduct their cost from the guarantee according to the list of quantities and prices.

Withdrawing the Work from the Contractor

Article (53):

Without prejudice to the provisions of other relevant laws, the Work Owner may perform the following:

First: The right to withdraw the work from the Contractor and take possession of the site in any of the following cases:

- (a) If the Contractor delays commencement of work, slows down work progress or stops work completely to a degree which the Work Owner renders it impossible to complete the work in the period fixed therefor.
- (b) If the Contractor withdraws from, abandons, quits, assigns or sub contracts the work without prior written permission of the Work Owner.
- (c) If the Contractor breaches any of the contract conditions or refuses to perform any of its contractual obligations, and fails to remedy the same despite the elapse of fifteen days from its notification in writing to perform the correction.
- (d) If the Contractor offers or promises to offer, personally or through an intermediary, any gift, loan, or reward to any government employee, worker or any other person connected to the work subject of this contract.
- (e) If the Contractor becomes bankrupt, requests declaration of its bankruptcy, or if insolvency is established, or an order appointing a receiver therefor is issued or the Contractor is a company that has been liquidated or dissolved.

Second: Withdrawing the work from the Contractor shall be by written notice based upon a recommendation by the Tender Examination Committee without need to take any judicial or other action.

Third: The Work Owner may at its discretion take the appropriate steps to ensure the work performance according to the required specifications and within the specified period, including assigning management of the project to a consulting office without resort to withdrawing the work.

Article (54): Effects of work Withdrawal

First: In the event of withdrawal of work from the Contractor, the Work Owner may at its absolute discretion resort to any one of the following procedures:

1. Contract with the next bidder to carry out the work for the same prices offered by it. If it refuses, the Work Owner shall negotiate with the other bidders to perform the work.
2. Call for a new tender for all or part of the uncompleted works at the expense of the Contractor in all cases.

Second: If any of the cases mentioned in the previous article occurs, the Work Owner may sequester the materials, equipment and tools available on the site for use in the work performance without paying any amount for that to the Contractor or any other party, and without any liability for any damage or loss which may occur to them as a result of such use. It may also have recourse against the Contractor for all losses and damages resulting from work withdrawal. If the final guarantee is not sufficient to cover these losses and damages, the Contractor shall pay to the Work Owner, upon its request, the difference due to it from the Contractor. If the Contractor refuses to pay such difference despite written notification of the same, the Work Owner may sell the sequestered materials, equipment and tools, as well as take all necessary measures to obtain its dues in full from the Contractor.

Third: After settlement of the Contractor's account with the Work Owner, the Contractor may remove from the site its equipment, machinery and materials.

Article (55): Special Risks

Special risks mean war, invasion by enemy forces, military actions and the like.

The Contractor shall not be liable for compensation or the like against any damage or destruction to the works, the temporary works, the Work Owner's property, property of a third party, or any breakdown, or harm to lives, if such damage, destruction or breakdown arises from the special risks.

Except for what is subject to removal and rejection pursuant to Article (31), the Contractor shall be paid by the Work Owner the value of the works, the temporary works or materials when it is established that they are allocated for work, if damage or destruction occurring thereto results from the special risks, whether they take place on the work site, near it or on the way to it. The Contractor may be paid by the Work Owner the costs necessary for repairing the works or the temporary works to the extent considered necessary by the Engineer, on the basis of cost price, plus the reasonable profit as determined by the Engineer.

Any destruction, damage or loss of lives which results from an explosion or pressure in any place or at any time by reason of a mine, bomb, missile, ammunition, explosives or any war materials shall be deemed resulting from the special risks and shall be subject to relevant provisions of this Article, unless it results from the Contractor's own act or negligence, or the act or negligence of its subcontractors or their workers.

In the event a war erupts during the effective period of this contract the Contractor shall take all possible measures and make efforts to complete the works. It shall always take into consideration the Work Owner's right to terminate the contract by written notice addressed to the Contractor at any time after eruption of war. By giving such notice, the contract becomes terminated except for the rights of the two parties stipulated in this

Article and Article (56), and without prejudice to the rights of either of the two parties related to any violation prior to the contract termination.

Article (56):

In the event the contract is terminated due to eruption of war as stated above, the Work Owner shall pay the Contractor all its dues for the works carried out, plus the price of the materials and goods supplied to the site, after deducting the amounts due to him from the Contractor from the balance of the advanced payments made to the Contractor or any other amount paid to the Contractor against the work performance.

Article (57): Settlement of Disputes

Any dispute which may arise from the implementation of this contract and not amicably settled by the two parties, shall be referred to the Board of Grievances to issue a final decision thereon.

Notices

Article (58): Notification

All notices pertaining to this contract shall be exchanged either by hand delivery against an acknowledgment receipt, or by official or registered mail. Such notices shall be deemed effective if delivered by the above-mentioned methods to any of the following addresses in the Kingdom:

For the Work Owner: _____

For the Contractor: _____

Any address may be changed by notifying the other party thirty days from its date of change.

Article (59): The Work Owner's Default

The Work Owner shall execute the contract conditions in good faith, and pay to the Contractor its due installments without delay.

If the Work Owner breaches any of the contract conditions or fails to pay in due date, the Contractor shall be entitled to claim compensation for losses resulting from this default or breach. However, the Contractor may not suspend the work for any delay of payment on the Work Owner's part because of any fault attributable to the Contractor. The Contractor shall be deemed as waiving any compensation not claimed within thirty days from the incidence for which it claims compensation.

Article (60): Taxes and Fees

The Contractor shall be subject to the laws of the Kingdom pertaining to taxes and fees. It shall be responsible for the payment of such taxes and fees on their specified dates and in the amounts due to the competent authorities. In the event of amendment of taxes and fees in the Kingdom by increase or decrease after submitting the tender, the contract value shall be increased or decreased accordingly. For payment of the difference resulting from an increase in custom duties, the Contractor shall submit proof that it has already paid the difference of custom duties as a result of supplying materials allocated for the contract works after the fees increase amendment. It has to present proof that it has not been compensated for the difference resulting from of the prices amendment according to this Article.

Article (61): Boycott of Israel ¹

(1) The Contractor acknowledges that the laws and instructions of importation and customs of Saudi Arabia are applied to import and shipment of any products or parts thereof to or from the Kingdom. The Contractor shall in particular acknowledge that it is prohibited according to said laws and instructions to import any products or parts thereof to the Kingdom if:

- (a) their origin is Israel;
- (b) they are manufactured, produced or imported by companies established according to Israeli laws;
- (c) they are manufactured, produced or imported by Israeli citizens or by persons residing in Israel.

(2) The Work Owner on its general authority shall solely have the right in the final selection of carriers, insurance companies, or service companies working in the Kingdom that are suggested by the Contractor, or any goods imported pursuant to the provisions and conditions of this contract.

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¹ Amended pursuant to Decision No. 21 dated 1414 H.