

**Law No. (6) of 1997 On Contracts of Governmental  
Departments in the Emirate of Dubai**

**Law No. (6) of 1997 On Contracts of Governmental Departments in the  
Emirate of Dubai**

**We, Maktoum Bin Rashid Al Maktoum, Ruler of Dubai;**

Having perused the instructions, dated February 6, 1988 A.D. and the amendments thereto, dated March 15, 1988 on the Contracts concluded by the Government of Dubai and the departments and institutions affiliated thereto, and instructions issued on February 6, 1988 on the Arbitration Clause under the Contracts concluded by the Government of Dubai and the departments and institutions affiliated thereto, the instructions issued on 02.07.1993 on the Government Lawsuits, Law No.5 of 1995 on the Establishment of the Department of Finance, and Law No.7 of 1995 on the Financial System of the Governmental Departments in Dubai Emirate;

**Have Issued The Following Law**

**Section (I)**

**Article (1)**

This Law shall be called "Law of Contracts of Governmental Departments in the Emirate of Dubai of 1997) and shall come into force from its date of publishing in the Official Gazette.

**Definitions & Application of Law**

**Article (2)**

For the purpose of this Law, the following terms and phrases shall have the meaning set against each, unless the context otherwise requires:

<b>Ruler:</b>	Ruler of Dubai Emirate;
<b>Emirate:</b>	Emirate of Dubai;
<b>Government:</b>	Government of Dubai;
<b>Department:</b>	A governmental department, including an institution, authority or body that is affiliate to a government in the Emirate of Dubai;
<b>Head of Department:</b>	A head of a governmental department, institution, authority or body;
<b>Director General:</b>	a director general of a governmental department, institution, authority or body or the deputy thereof;
<b>Contract:</b>	the written form of agreement concluded between the department and another public or private, natural or corporate personality along with all annexes thereto, with a view to supplying materials, implementation of works or provision of services, including material purchase orders and assignment orders of works and services, when approved;

**The Committee:** Committee of Bidding and Tenders of the Department.

**Article (3)**

The provisions of this Law shall apply to the following contracts concluded by the departments, excluding such exemptions made by the Ruler:

1. the contracts that generate an expense on the department to be concluded with a view to supplying materials, implementation of works or provision of services of all types.
2. the contracts that generate revenue to the department that are concluded with a view to the sale or lease of movables and immovables or any other revenue-generating contracts.
- 3.

**Section (II)**

**Contracts Generating an Expense on the Governmental Departments**

**Chapter (1)**

**Means of Contractor Selection**

**Article (4)**

Contractors are selected by any of the following means:

1. public tender;
2. selective tender;
3. tender;
4. direct contract; and
5. competition.

**Article (5)**

Contracts are concluded in the light of the following rules and bases:

1. actual need to the supply of materials and provision of services;
2. economic feasibility studies of projects.
3. allocation of necessary financial credits in the budget.

**Article (6)**

Means of contractor selection, approval of award results, signature of contracts or cancellation shall be licensed by the competent bodies set forth in the following table or the representatives thereof or such persons duly authorized thereby within the limits of the amounts set against each body in the table. No purchase operations may be divided by the same body with a view to exceeding the powers of the supreme authority.

<b>Competent Authority</b>	<b>Director of Contracts and Procurement Department or the competent authority</b>	<b>Director General</b>	<b>Head of the Department</b>
<b>Means of Contract</b>			
Public Tender	--	5,000,000	Any amount

			exceeding such limit
Selective Tender	--	2,500,000	Any amount exceeding such limit
Tender	250,000	1,000,000	Any amount exceeding such limit
Direct Contract	50,000	250,000	Any amount exceeding such limit

**Article (7)**

1. A committee shall be established by a resolution by the Director General for bidding and tenders within each governmental department, in which the Department of Financial Affairs, Department of Contracts and Procurements or the competent authority are permanently represented.
2. The Committee may include a technical member of experience in the subject matter of the contract. Such member shall be selected by the Director General, whenever necessary, and shall have no counted vote thereon.
3. The meeting of the Committee is only valid when the same is attended by its chairman or his/her legal representative along with two-thirds of the members thereof and the Committee shall make recommendations by the absolute majority of the members in presence.

**Article (8)**

A committee shall be formed for direct procurement within each department by a resolution by the Director General, consisting of a member of the Financial Department and a member of the Department of Contracts and Procurement or the competent division. In which resolution, the duties, powers and course of progress of the Committee are set in line with the provisions hereof.

**Article (9)**

The Department of Contracts and Procurement or the representative thereof within the Department shall take the necessary primary procedures for conclusion of contracts in coordination with departments concerned in accordance with the provisions hereof.

### **Article (10)**

The Department of Contracts and Procurement or the competent body within each department shall keep a register of all suppliers, contractors and occupational institutions that render all types of services. This register shall contain all basic information of such entities and information is periodically updated. In addition, suppliers, contractors and service providers are put in classes in the manner they are assessed in terms of technical and financial aspects, good dealing and performance in order to verify their scope of capacity to deal with the Department.

### **Article (11)**

Entry to the register shall be made at the request of suppliers, contractors or service providers which shall make available the following particulars and undertake to report any change thereto in the future:

1. trade name, address, post office box, telegraphic address, phone and fax numbers.
2. legal form and the license issued by the competent body.
3. name and specimen signatures of the person(s) authorized to conclude contracts.
4. types of materials, works or services in deal.
5. names of authorized agencies officially registered with competent bodies.
6. previous experiences in execution with other bodies and entities, volumes and types of the works.
7. memorandum of association of the company or an evidence that it is 100% owned by citizens or to which capital a citizen subscribes for at least 51% and the amount of the capital.
8. any further requirements imposed by the departments in line with their purposes and specialties.

### **Article (12)**

The contractors with which the department concludes a contract shall:

1. be nationals of the United Arab Emirates (UAE), an individual or an entity 100% owned by nationals or in partnership with foreigners for at least 51% as a national share, provided that this is recorded in an authenticated official contract.
2. be licensed by the competent body.
3. be denied the right to participate in any tenders or bids held by any department.
4. not be an employee of the department with which the contract is concluded and may not be a relative of first degree to officials in charge of contracting.

5. meet the financial, technical or occupational requirements under the terms and conditions of the contract.

### **Article (13)**

The terms and conditions under the previous Article (12) may not apply to the contracts concluded outside the United Arab Emirates or contracts concluded by correspondence with foreign external entities.

## **Chapter (2)** **Public Tender** **Article (14)**

A public tender is the basic means for contractor selection. It is launched through public announcement either inside or outside the State and the procedures thereof and decisions thereon shall be in line with the procedures hereunder.

Preparation or Specifications, Quantities, Documentation and Conditioning

### **Article (15)**

The requesting body shall, in its request, observe the following:

1. clear and thorough determination of the complete technical specifications of the materials required and determination of technical designs and layouts of the works sought to be achieved as well as the nature and quality of services to be rendered in details.
2. classification of required materials in accordance with the manual of storehouse classifications with each department and specifications shall be world-class standardized without reference to a certain type, category or trademark, excluding monopolized items and categories, provided that such items are set by a specialized technical committee confirming their monopoly and that a form, sample, illustration or catalogue is provided for the monopolized items.
3. setting quantities in the light of store balance and ratio of consumption of required materials with full observance of minimum and maximum demand.
4. setting work quantities in the light of layouts, designs and schedules of the works sought to be achieved.
5. setting type, description, method of rendering and performance of service and the scheme of implementation.

### **Article (16)**

The Department of Contracts and Procurement or the competent body within each department shall file documents and term of conditions of the tender prior to announcement thereon and these documents shall include:

1. complete and clear technical specifications of required materials, works or services.
2. quantities required to be supplied, schedules of undertaking and quantities of works required to be implemented or the scope of services required to be rendered.
3. requirements of sampling, cataloguing, illustrations or programmes of implementation in the tenders that so entail and sealing the same with the seal of the participant in the tender.
4. requirement of fixing prices of supplies and type of currency, all being on the basis of FOB, CIF, F&C or any other basis in the external tenders as well as determination of date of delivery, basis of packaging, weight, size, amount and origin.
5. the date set for commencement and end of tender submission date, the bid opening date and the fixed term of bid validity.
6. terms of payment, guarantees of supply, implementation of works or provision of services.
7. requirement of guarantee of validity of supplies, proper implementation of works sought to be achieved, services to be rendered and warranty of maintenance throughout the term fixed in the tender documents.
8. penalty clauses and fines and the right to claim for damages in such cases so entailing as well as any other conditions that the department deem necessary to impose on contractors.
9. filing the tender documents in the Arabic language as for domestic tenders and may, when necessary, be filed in Arabic and English, provided that the Arabic version shall prevail in case of a conflict between the Arabic and English versions. Specifications of technical appliances and equipment may be executed in English only.

### **Article (17)**

The Department of Contracts and Procurement or the competent body within each department shall conduct a thorough study of the market prices for estimation of the estimated costs of supplies, works or services required to the tender and seek, for this purpose, the help of specialized technical body within the same department. This study is to be submitted to the Committee of Bidding and Tenders for guidance when comparing prices submitted by participants in the tender.

## **Announcement of Tender**

### **Article (18)**

Announcement of a tender shall be made a suitable time prior to the time fixed for provision of supplies, implementation of works or provision of necessary services in the manner that a tender can be re-launched, when necessary. Announcement of a tender is made by publishing in two (2) daily newspapers as well as in the department's announcement board. In addition, announcement may be made in other mass media and announcement shall be made in Arabic, in both Arabic and English or in English only outside the frontiers of the State if the object of tender so entails.

### **Article (19)**

The announcement shall set forth the following items:

1. required materials, works or services.
2. method of participation requests and the entity to which requests are made.
3. an indulgence of submission of bids not to exceed ten (10) days as from the date of announcement and not to exceed sixty (60) days.
4. the validity term of bid.
5. cash consideration of tender documents, place of obtainment and necessary guarantees.
6. any other particulars that the department deems necessary to announce or require.

### **Article (20)**

Tender documents, including conditions and lists of materials, works details and specifications or quality of required services, are distributed immediately following announcement, after settlement of the prices of documents by entities desirous of participation, provided that the tender documents are numbered and sealed with the seal of the department and signed by the Director of the Department of Contracts and Procurement or the person assuming his/her duties and authorities.

### **Article (21)**

The cash consideration of tender documents shall be given back in case of cancellation of a tender prior to bid opening to all participants which have settled such consideration and shall be given back only to those making bids if cancellation is made after bid opening and this price is not given back after bid opening if the bids submitted are not compliant with specifications or terms in place.



**Article (22)**  
**General Conditions of Bids**

All participants shall comply with the following terms and conditions in their bids:

1. submit bids in one envelope encompassing two (2) envelopes wax-sealed and on each envelope there are recorded the name and seal of bidder. The first envelope to include documents under Article (12) hereof along with the specimen signature of those duly to sign and conclude contracts, while the other envelope includes the bid and bills of quantities in the forms sealed with the seal of the Department to cover the necessary information, signed and sealed with the bidder's seal.
2. Bid envelopes shall be placed within the box of bids of the tender subject matter of the announcement. Samples, in case of being existent with the competent body, shall be delivered by a receipt and sealed by the bidder and no bid may be accepted after the date fixed in the announcement.
3. Bids are priced in the official currency of the State, setting the total amount of bid in both figures and letters, which writing in letters shall be depended upon in case of dispute. In addition, no abrasion or scratch may be made to the bills of quantities, prices and amount of bid and each correction shall be made by scratching out thereon with signature of the bidder. Pricing may be made in foreign currencies in foreign tenders.
4. If a bidder does not set a price of a given item, it shall be deemed to have refrained from bidding on such non-priced item and its proposal for other items may be accepted in divisible contracts in case the department has an interest in approval of such proposal, while in other non-divisible contracts, the highest price in other bids of such item may be put for comparison and the minimum price for award in case the department has an interest in approval of such proposal, without impairing the Committee's right to exclude the same proposal.
5. The prices made shall be deemed final and may not be withdrawn due to fluctuation of prices, currencies, taxes or fees. Such prices shall be adhered to until categories are delivered, works are achieved or services are rendered on due time and place.
6. Bids submitted by declining a percentage of the minimal bid shall be rejected, rather prices are clearly fixed for each item of the tender.
7. A participant may submit several bids to only one tender, provided that each bid should be independently submitted with an independent set of documents.
8. No participant may scratch, omit, amend or provide replacements for any item, condition or technical specification so that his bid may not be excluded.
9. All documents of a bid are personal pertaining to the bidder who obtained them and are nontransferable to third parties.

**Article (23)**  
**Bid Validity Term**

In fixing the bid validity term, the following points are observed:

1. Bid validity terms are fixed in the tender documents and may be extended to further terms, not to exceed sixty (60) days.
2. A bidder may not withdraw its bid if the Department resolves to extend the bid validity term and guarantees for further terms commencing from the expiry date of the term fixed at the same prices under the same terms and conditions.
3. Term required for conducting chemical analysis, testing or technical experiments of supplies shall be added to the bid validity term. However, the bid validity term shall be extended as necessary in case of contracts of works or services.
4. A bid is decided on and the successful bidder is notified prior to the expiry of the bid validity term in the tender documents or any extension or addition thereto.

**Article (24)**  
**Bid Bond**

1. Bids shall be submitted with a bid bond of a fixed amount in the form of unconditional and irrevocable bank letter of guarantee, issued to the order of the department from a domestically operating bank. The amount of such bond shall be fixed by the Department for 2-5% of the estimated value of the bid.
2. The bid bond shall be valid as from its date of submission and up to 30 days following the expiry of the bid validity term. In case of extension of the bid validity term, the bidder shall extend the validity term of the bid bond in line with such term of extension, provided that it is notified in writing to that effect with a registered letter with acknowledgment of receipt.
3. The bid bond shall be given back to the unsuccessful bidders on or prior to the expiry of the bid validity term in case of award of the contract and the final bond shall be sought from the successful bidder.
4. The bid bond shall be forfeited and deemed a revenue of the department if a participant withdraws its bid prior to the bid opening fixed date or the bidder rejects to extend the bond validity term if the bid term is resolved to be extended, and this shall be made without notice or judicial judgment.

**Article (25)**  
**Bid Opening & Decision-Making**

Bids are opened by the Committee in a public session attended by participants or their representatives on the time fixed in the tender documents and the

committee shall finalize its duties as a whole in the session itself. In case the committee does not perform its duties in the same session, all the tender documents shall be kept in a closed safe until the committee resumes its duties.

#### **Article (26)**

The Committee shall follow the following procedures:

1. ensure the validity and authenticity of wax sealing of envelopes and record their numbers in a list and serialize each envelope, highlighting the number of tender.
2. Bids are opened as per their serial numbers, setting the bidder's name on bid opening. The first envelope, including documents, shall be opened for verification of satisfaction of required conditions and of the existence of the bid bond. In addition, a list of accepted bids and excluded bids and the grounds of exclusion will be prepared. The head and members shall stamp the quotations and bid bond in all submitted proposals.
3. The second envelope, encompassing prices, shall be opened and the total price is recited at the hearing of those present and a statement shall be filed to set the names of participants and amount of bids.
4. Bank letters of guarantee submitted as a bid bond shall be submitted to the competent financial authority for reservation and follow-up, after making sure of the conditions in terms of the term and amount and a copy of which shall be sent to the Department of Contracts and Procurement or the division competent thereto.
5. The Head of Committee shall use a distinct mark to stamp each scratch or correction and the prices set in figures shall be written in letters and non-priced categories or items shall be set.
6. Sampling, catalogues, illustration or rendered service programmes shall be recorded within their envelopes in the name of bidder in the minutes of the Committee. In addition, statements or receipts of samples kept within the envelopes are recorded and sealed or a distinguished mark is placed to highlight the bidder submitting them.
7. The committee shall release the bids in the form set for this purpose in the manner that comparison is possible. The statement of release shall include any conditions, remarks or reservations provided by participants.

#### **Article (27)**

The committee shall sign bids after the same are being audited by a competent body. Should the total detailed prices be non-correspondent to the total amount, the committee may correct the total amount even if such action will increase the value, as soon as the detailed prices are the least among bids submitted.

### **Article (28)**

The Committee shall refer bids in need to be technically or accountingly studied or to be sample-analyzed to a competent technical body for study, analysis and forwarding findings to the Committee. This shall be done prior to the expiry of the bid validity term, which may be extended, when necessary.

### **Article (29)**

If only one bid is submitted, the Committee may accept or reject the same after study thereof as per the requirements of interest in line with the study stipulated under Article (17) hereof. In case the bid is rejected, the tender is re-launched. In case only one bid is submitted, the Committee shall study the same and make tender with its bidder and the bid shall be considered sole tender even if other noncompliant bids are submitted therewith or such bids contained reservations that resulted in them being excluded.

### **Article (30)**

In selecting the winning bid, the Committee shall observe the following items:

1. selection of the bid with the lowest price, provided that this bid is compliant with conditions and specifications in place and the Committee may accept the bid with the highest price provided that the resolution is justified and in the light of the study under Article (17) and Article (27) hereof.
2. In case prices and specifications are the same in two bids, the Committee may split quantities between bidders of the same price if split is possible and such split will serve the interests of work. In addition, the Committee may hold negotiations for getting the least price possible.
3. If the bid with the lowest price incurs one or several reservations and the bid following it is unreserved, the bidder of the lowest price may be negotiated to waive its reservations. Rejecting this, the Committee may award the bid to the next bidder following thereto or cancel the tender if such action will be for the interests of the department concerned.
4. The Committee may give priority to price within the limits of 10% of national industrial products on award if such action will achieve the required purpose and correspondence of quality with foreign product.
5. The Committee may cancel the tender if all prices proposed are high, compared to the study under Article (17) hereof.
6. If a member of the Committee gets in difference of views with other members, the difference shall be recorded in minutes of the Committee. If such member of different view is the technical member, the Head of the Committee shall refer the object of difference to a competent technical committee to give opinion thereon.

7. All prices shall be calculated on unified basis in terms of net weight, unit of weight, size, volume or place of delivery, with observance of foreign exchange rates in equal rate on the bid opening day for comparison of local and foreign bids.
8. The Committee shall record its procedures in official minutes highlighting its remarks and recommendations. Such minutes shall be signed by the Head and all members of the Committee and all tender and bid documents shall be attached thereto.

### **Article (31)**

1. Following completion of works and determination of the successful bid, the Committee shall make its recommendations to the competent authority as per Article (6) hereof for approval.
2. Approval of the Committee's recommendation shall constitute an award of bid to the successful bidder that shall be notified by a registered letter with acknowledgment of receipt. However, award of the bid and notification of the successful bidder may not create any right thereto towards the department in case of withdrawal of award for any reason and the Department may only be bound from the date of signature of the Contract.

### **Article (32)** **Final Bond**

1. The bidder shall settle a final bond of 10% of the amount of bid and no interest may be accrued thereon. Such bond shall be in the form of unconditional and irrevocable bank letter of guarantee issued by a domestically operating bank in the form set by the department concerned. Such bond shall be valid for ninety (90) days following the expiry of the contract in case of contracts of supplies and services and following final delivery in case of contracts of works, unless the Committee is of another opinion.
2. The amount of final bond shall be determined for a fixed amount in the contracts which financial consideration cannot be thoroughly fixed.
3. The amount of bond shall be raised in case the amount of supplies, works and services exceed the amount fixed in the contract. Should the contractor fail to settle the amount of bond, the department shall have the right to deduct the required amount from its dues and entitlements.
4. The amount of final bond may be gradually decreased in the contracts of supply accepting retail as per the percentage of execution of the contract, provided that the amount of bond should not be less than 10% of the amount of the remaining portion of the subject matter of the contract. In addition, no decline may be made to the contracts of works and services and no-retail supply contracts.

5. Final bond may be exempted if the term of supply in the contract does not exceed fifteen (15) days from the contract signature date, provided that the validity term of bid bond should be extended for a period no less than thirty (30) days from the final delivery date and these provisions shall be stipulated in the contract.
6. Final bond may be excluded in foreign contracts regarding the supply of materials and services that have no agent in the State. Should the supplier fail to provide such bond and the department is in bad need to such supplies, exemption shall be made at the approval of the Director General.
7. Public institutions, agencies and companies of which capital the government subscribes of at least 50% may be exempted from the provision of bid and final bonds.

### **Article (33)**

If the successful bidder abstains or delays to provide the amount of the final bond within the term fixed in the letter of award, the department shall forfeit the bid bond provided thereby and charge it compensations of the damages befalling thereon as a result of its abstention or delay and collect the amount of these compensations or any other dues payable to the successful from any other department.

### **Article (34)**

Without prejudice to the provisions of Paragraph (4) of Article (32), the final bond shall be kept with the department until the contract is wholly executed. The validity term of the letter of guarantee shall be extended in case the term of contract is extended in line with such extension of term. Bond shall be given back after satisfaction of all conditions and specifications and expiry of its term. In all cases, neither the contractor or its creditors may seize the amount of bond throughout its term of validity.

### **Article (35)**

#### **Execution of Contract**

The contract shall be executed by the department and shall include all aspects of agreement, in particular:

1. number of tender, date of the contract, the contracting parties and their representatives and their selected address.
2. subject of the contract, with a brief summary of the contracted materials, works or services.
3. term of execution, time of outset, determined date of delivery and place of delivery.
4. provisions on incidental amendments to the contract for raise or decrease of quantities.

5. fines and penalties applicable in case of delay of achievement, withdrawal or suspension of execution for any reason whatsoever.
6. financial consideration of the contract, terms of payment, payments made and all types of guarantees.
7. bills of quantities, prices of supplies and works and details of services.
8. terms and conditions of subcontracting and terms of assignment of the contract.
9. provisions on expiry of the contract, by means of cancellation, withdrawal or termination.
10. provisions on resolution of disputes between the parties and the courts of competence.
11. book of general conditions.
12. book of special conditions, if any.

The contract shall be signed by the competent body from the department and by the contractor after submission of the due final bond.

#### **Article (36)**

No contract to which Dubai Government or any affiliate department is part thereto may include a provision that arbitration shall be made outside Dubai or that any conflict in connection with arbitration and its procedures be subject to any laws or practices other than the laws and practices applicable in Dubai Emirate and any provision to the contrary shall become invalid and non-binding.

Excluding from the above provisions and whenever the public interest so requires, the government or any department, institution and agency thereto may, by a written consent by the Ruler, be exempted from abidance by this Provision.

#### **Article (37)**

No contract may provide for abidance by the Contracts of the International Federation of Consulting Engineers (FIDIC) or any terms once referred to or appended to the contract, unless for exceptional circumstances and a prior written consent of the Ruler is obtained.

#### **Article (38)**

In case the successful bidder fails to sign the Contract without any accepted excuse within the term fixed in the letter of award, the final bond shall be forfeited and the Department of Contracts and Procurement or the competent authority of the Department shall forward a memorandum to the Committee to act in line with any of the following options:

1. cancellation and re-launch of the tender.

2. continuance of the tender and awarding it to the bidder following the successful one.
3. implementation of the object of the tender at the expense of the successful bidder and charging the bidder any expenses emerging or any dues thereon to any other department.

In all cases, the bidder shall pay compensations for damages befalling the department.

**Chapter (3)**  
**Selected Tender**  
**Article (39)**

Selected tender is such tender to which, invitation is addressed to supplier, contractors or service providers authorized to deal with for their efficiency and specialty in the object of the launched tender and shall be subject to the procedures and rules applicable to the public tender, excluding announcement.

**Article (40)**

An invitation shall be addressed to the suppliers, contractors and service providers authorized to deal with by virtue of the register under Article (10) and (11) of the Law. Other non-registered parties in the register may be invited if the department has an interest in this concern.

**Chapter (4)**  
**Tender**  
**Article (41)**

A tender shall be a special method for selection of contractors and shall be made in the following cases:

1. if the required materials, works are difficult to be determined in terms of specifications thoroughly and require the technical experience and specialty.
2. in case the need to materials, works or services cannot be deferred for completion of the tender procedures or their amount does not match the costs of bidding.
3. if such materials, works or services have been previously sought for bid with no bidders, unaccepted bids or sole bid and they are in such need that no re-launch of tender can be sustained.
4. in case of supply, achievement of works or provision of services in lieu of a terminated contractor.
5. if the object of the contract aims at conducting research and experiments that entail a manner of implementation not in line with the approach of the tender.
6. if the subject of the contract is the purchase of properties, insurance, shipment or clearance.



### **Article (42)**

Contracting shall be made through tender within the financial liabilities set under Article (6) hereof and shall be subject to the following procedures.

1. The Department of Contracts and Procurement or the competent authority invites suppliers, contractors or service providers to make their quotations. Such invitation shall include a statement of required materials, works or services, their specifications along with all terms, conditions, times and places to govern the contract.
2. tender proposals shall be submitted within the term fixed in the invitation and shall be signed by the bidder and sealed with its seal, along with all required documentation and papers.
3. The Committee shall meet on the time determined for it to open bids, make sure of bidders' satisfaction of required terms and conditions, exclude noncompliant bidders and recite the name and total amount of proposal of each bidder.
4. The Committee shall file minutes of the procedures followed, including prices and names of entities in the tender and its recommendation on the determination of the successful bidder. The minutes shall be attached with all proposals made and be forwarded to the body competent to approve the tender results.

### **Article (43)**

Subject to Articles 41 and 42 hereof, the tender shall be subject to the general rules of the public tender in such limits that are not contradictory to the nature of tender and the special case thereof as regards to contracts exceeding in amount AED 100,000. For lower-value contracts and the delivery of categories, works or services will be made within fifteen (15) days, it is sufficient that the contractor files a written acknowledgment to implement the subject of the tender and shall, in such case, be exempted from the final bond.

### **Chapter (5)**

#### **Direct Agreement**

### **Article (44)**

Direct agreement is an exceptional method of selection of contractors that is followed in the following cases:

1. monopolized materials, services or works with which no public tender, selected tender or tender can be held.
2. materials, services or works urgently required to be delivered, provided that the agreement shall be made on the minimum amount required.
3. materials, services or works subject to a compulsory pricing or fixed tariffs.

4. materials, services or works rendered by any department or company to which capital the government subscribes to at least 51%.
5. services that require high and specialized competencies and qualifications.
6. books, circulars, audiovisual tapes, computer software and thorough technical appliances.

#### **Article (45)**

contractors of direct agreement are selected by any of the following methods:

1. The Committee of Direct Procurement shall request for proposals of quotation from one or several supplier(s) or contractor(s), if the estimated amount of supplies, works or services exceeds AED 100,000. In which case, the contractor or supplier will be asked to provide the final bond for execution of the contract.
2. The Committee of Procurement referred to under the above paragraph shall make one or several request for proposals (RFP) to the categories, services or works exceeding in amount AED 100,000 and AED 100,000, provided that the resolutions of the Committee shall be approved by the competent authority. Thereafter, a purchase order shall be issued to set categories or a work order is issued to set categories, works or services required, their prices, term of supply, term of achievement, penalties and any other terms.
3. Direct assignment by the Director General or such party assigned thereby to procure categories, implement works or render services of a value less than AED 10,000 and provide a receipt of the amount to the Financial Department along with supporting documents as per the procurement procedures with preferable reference to quotations, if possible.

#### **Chapter (6)**

#### **Competition**

#### **Article (46)**

Competition is a special method for contracting that is sought to develop studies, designs or technical layouts of a given project or purpose as per the following rules and procedures:

1. The department shall set detailed purposes and scope of the project, rewards, remunerations and compensations that will be given to successful competitors, the course of property of successful and unsuccessful reports, studies, designs and layouts as well as other terms and conditions deemed proper by the department.
2. Invitation for participation in the competition is made either through advertising and publishing in mass media or through direct invitation of entities of experience and skills in the project subject matter of the competition.

3. An arbitration committee shall be formed by a resolution by the Director General, consisting of a number of specialists in the field of the competition to study and assess required reports, studies, designs and layouts. Such Committee may recall participants for discussions on their proposals.
4. The arbitration committee shall record its procedures in minutes setting the submitted proposals, the opinions and criteria approved for preference of proposals and its recommendation on the selection of the successful competitor and order of following proposals. Such minutes shall be forwarded with the recommendation, along with proposals to the competent authority for decision making.
5. The arbitration committee may resolve that a competitor is non-eligible to rewards, remunerations or compensations if, in its opinion, the proposals made are not to the required technical level.

**Chapter (7)**  
**Contract Execution Procedures**  
**General Provisions**  
**Article (47)**

The fixed term for execution of contracts of supply and services shall commence as of the day following date of contract signature, unless otherwise is provided for. Terms of works contracts shall commence as from the delivery of site to the contractor. In case the contractor or its deputy is not present to assume the site in the date so fixed, minutes shall be taken to this effect and the contractor is served a copy of these minutes. Which date shall be the fixed date of execution.

**Article (48)**

1. The department may amend quantities of the contracts prior to or during execution or on the extension of the term of execution for increase or decrease at the same prices within the limits of 30% of the total contracted amount and no offset may be made between the increases and decreases, irrespective of their date of processing.
2. The amendment may exceed the limit provided for in the previous clause (1), provided that the necessary funds are available and the contractor approve to the non-increase in the contract prices if the prices are still suitable and do not exceed the market prices.
3. The amendment may include the inclusion of new categories, works or services not provided for under the contract, however relevant to the subject thereof. In this case, a direct agreement thereon can be concluded with the principal contractor.
4. All amendments to the proposal shall be referred to the Committee to make a decision thereon and forward the same to the competent authority

for approval. An addendum shall be made to the contract to include the determined amendments and shall be signed by the two contracting parties.

#### **Article (49)**

The contractor shall put the contract into effect in accordance with the set terms and rules, and in particular non-delay of execution. Otherwise, the contractor will be subject to the fines and penalties provided for under the contract and hereunder. In case such default occur due to accidental circumstances or a force majeure or for a cause on the part of the department, the contractor shall apply for exemption from fines and penalties, along with an evidence of the accidental circumstance, the force majeure or the cause within thirty (30) days of occurrence. Such application shall be referred to the Committee for study and verification of validity and the Committee shall make its decision thereon for exemption or rejection, which decision shall only be valid after approval by the Director General.

Non-submission by the contractor of this application within the above fixed term shall constitute a contractor's acknowledgment of the non-existence of reasons for default of execution and its right of objection shall hereby be waived.

#### **Article (50)**

The contract may include a provision allowing the payment of monies on account within the limits and under the terms provided for herein and in the contract. In all cases, payment must be on account against a bank guarantee in the same amount and currency.

#### **Article (51)**

The contract may not be assigned to or executed through subcontractors with the principal contractor unless after approval of the Director General at the recommendation of the Committee. In all cases, the principal contractor shall be liable before the Department jointly with its assignee or subcontractor for any breach to the contract execution.

#### **Article (52)**

The department may terminate the contract in the following cases:

1. in cases of fraud, manipulation or bribery on the part of the contractor; in which case, the final bond will be forfeited and execution will be effected at the contractor's expense with retention of the right to claim for damages.

2. in case the contractor becomes bankrupt or insolvent in which case, the final bond will be forfeited, with retention of the right to claim for damages.
3. in case of the contractor's death; in which case, the department may terminate the contract, give back the heirs, maintain the contract and permit all or some of the heirs to resume execution in line with provisions of the contract. Such heirs will be charged all arising liabilities and required guarantees in particular.

#### **Article (53)**

The Director General shall be liable to form necessary committees to follow up the execution of the contracts in all stages. The resolutions issued in this concern shall include the duties and course of performance of such committees, drafting inspection, receipt and follow-up reports along with all contract execution requirements.

#### **Chapter (8)**

#### **Procedures of Supply Contracts**

#### **Article (54)**

The department shall have the right to inspect and examine the supplies at the place of manufacture prior to shipment in line with nature of supplied materials, provided that this should be provided for in the contract.

#### **Article (55)**

Should the supplier delay all or part of the required quantities in the times set under the contract or does not supply or its supplies are rejected by the receipt committees, the Department may by a resolution by the Director General grant the supplier a further indulgence not to exceed 30 days without delay penalty if such indulgence is in the interest of the Department.

- If the supplier delays to supply on due times or beyond the times fixed in the contract, it shall be subject to a delay penalty for 2% of the amount of materials delayed to supply for each week or a part of a week, provided that the total amount of such delay penalties may not exceed 10% of the amount of such materials and that the delayed materials do not preclude the utilization of all required materials; otherwise, the delay penalty shall be imposed on all the amount of such materials.
- If the delay of supply remain until the penalty reaches its peak value, the Department may take any of the following procedures without notice or judicial judgment:
  1. purchase materials at the supplier's expense, charging it the difference of prices along with 10% of the amount of supplies against administrative expenses.
  2. terminate the contract, forfeit the final bond and claim for damages.

## Article (56)

Supplies are received at two stages as follows:

- (a) primary receipt, observing the following:
  1. supplies are primarily received at the time and place set in the contract through executing a primary receipt document signed by the storehouse supervisor if the delivery is made at the storehouse or an official of the work site if supplies are received at site.
  2. the storehouse supervisor or site official who has performed the primary receipt shall make sure that the supplied items are compliant and in line with the provisions of the supply contract, the supply invoice in terms of number, weight or size, bills of lading or the receipt note and shall set any remarks on the condition of bottles or boxes. In addition, he shall set in the primary receipt document that the items supplied are under testing and examination and shall allocate a proper place for preservation of each type of supplied item from a certain supplier until the same is inspected and finally accepted. The invoice along with a copy of the primary receipt document will be served on the financial division of the department.
- (b) final receipt, observing the following:
  1. forming a committee for examination and receipt by a resolution by the Director General, in which the requesting entity is represented, if the nature of materials so requires.
  2. the said committee shall convene within a period not exceeding seven (7) days from the date it is notified of the primary receipt from the storehouse division and the supplier shall be informed of the time of convention or serving a representative thereof during examination and final receipt.
  3. examining, testing and receiving supplied materials as per the terms and specifications in the contract and the documents attached thereto, comparing the same to the sealed and approved samples as well as the catalogues and drawings. Such committee may seek the help of any specialized technical entity to verify the scope of compliance of items with technical specifications, when necessary.
  4. examining imported items from abroad within the term fixed in the insurance contract at the presence of the representative of the insurance company and correspondence of supplies to the approved invoice and bills of lading, verifying the validity of seals, marks, boxes and their content and highlighting any damage, decrease, increase or violation of specifications for fixation of the liability of the insurance company or supplier as per the terms and conditions of the contract.
  5. excluding rejected items in order to be returned back to the supplier.
  6. filing minutes of examination and receipt, including therewith all actions taken, results of examination and inspection and grounds of acceptance or rejection of all or some items. These minutes shall be signed by all

members and sent to the financial division and other competent bodies and entities.

7. in case of receipt of items contracted upon abroad prior to the receipt of their commercial invoices and the committee of examination and receipt is of the opinion that such items shall be received for reasonable grounds, the procedures of receipt hereunder shall be applied on the basis of the pro forma invoice or any other documents and the supplier shall be asked to send the commercial invoice at once. In case of any difference between the supplies and the pro forma invoice, receipt may be deferred until the commercial invoice is received or is made with observance of necessary actions to keep and reserve the rights of the department.
8. the final receipt document of supplies is issued by the competent official in the light of minutes of examination and receipt and supplies are added to the records of storehouses or the record of assets and properties, as the case may be.

#### **Article (57)**

The minutes of examination and receipt shall be referred to the committee of bidding and tenders or the committee of procurement, as the case may be, in the following cases:

1. in case of a difference between the supplier and the committee of examination and receipt.
2. in case of a difference between members of committee of examination and receipt and the technical member(s) thereof.
3. if the committee of examination and receipt accepts replacement materials or similar in terms of specifications to the specifications under the contract and the acceptance of the same shall satisfy the requirements of work, the committee of bidding and tenders or the committee of direct procurement shall, as the case may be, decide by acceptance in the same original value of the materials under the contract or at less value, at its discretion.

#### **Article (58)**

In case of rejected materials, the following actions shall be observed:

1. the storehouse supervisor shall keep the rejected materials severally until they are delivered to the supplier.
2. the department of contracts and procurement or the competent division of the department shall notify the supplier of the rejection and reasons for rejection of materials with a registered letter with acknowledgment of receipt, requesting their withdrawal and supply of replacement items within a period fixed in the letter and the consequences of withdrawal or abstention.
3. in case the supplier refuses to receive or abstains from receiving rejected materials on the expiry of the period fixed in the letter, a storage penalty

shall be imposed for 1% of the amount of such materials on a weekly basis; such penalty may not exceed in total 5% of such value in addition to the set delay penalty. In case such rejection or abstention remains, the department may sell such materials in auction, collect all charges and penalties and return the remaining amount to the supplier.

4. in case the supplier requests re-analysis and technical examination of the rejected materials, the supplier shall bear any emerging charges, unless the results of examination and analysis are in its favor. In this case, the department incurs all charges, provided that it has previously approved the entity of examination and analysis.

#### **Article (59)**

Materials that do not essentially need to undergo thorough technical examination may be finally received by the storehouse supervisor provided that these amounts should not exceed AED 25,000 and procedures provided for under the previous articles shall be adopted for examination and receipt of any amounts in excess thereto.

#### **Chapter (9)**

#### **Works Contracts Procedures**

#### **Article (60)**

The contractor shall be liable for preservation of order at site and for the damages befalling public and private properties due to the contractor or its staff actions or as a result of execution of the contract and shall abide by the laws and regulations applicable to workers and their rights and ensure their own safety and security from risks and dangers.

#### **Article (61)**

The contractor shall be deemed to have approved the designs, layouts, specifications and bills of quantities of the contract and that the same are sufficient for validity of works, subject matter of the contract and the department may make good any error or omission to any specification, layout or design without reimbursing any damages to the contractor prior to or during execution of the contract, provided that such action should not result in any change of basic specifications or increase of quantities, measurements or the term of the contract and that such correction should not result in the cancellation of completed constructions, without prejudice to Article (48) of this Law.

In all cases, the contractor shall make sure of the validity and completeness of approved specifications, layouts, designs and quantities and inform the department or the consultant involved of any remarks thereon.



### **Article (62)**

The contractor shall observe the following actions:

1. the contractor shall submit to the department and the supervisor consultant a schedule of works, including all phases of execution until final completion within the term fixed in the contract and obtain its approval of such schedule.
2. the contractor may not enter into contracts with subcontractors unless with a written consent from the department and the supervisor consultant. However, such contracts may not discharge it from complete liability for the execution of the contract.
3. the contractor may achieve the works subject matter of the contract, including change orders issued thereon, in the manner that primary delivery is made on a timely basis as per the contract or any extension thereto due to change orders.

### **Article (63)**

If the contractor delays to embark on working or notably slackens in the manner that the department cannot complete works on time, stops working for a period exceeding fifteen (15) uninterrupted days, withdraws from work or acts in breach to the terms and conditions of the contract, the department may withdraw from work and take any of the following actions:

1. the department may by direct order execute all works not completed and the contractor has no right to claim for any saving realized.
2. the department may recruit any contractor for completion of works.

In addition, the department may, in guarantee of the implementation of works, retain any requirements and equipment belonging to the defaulting contractor and make use of the same for the completion of works without any liability for any damage to such requirements and equipment and the contractor shall, as a result of withdrawal of work therefrom, incur all damages payable to the department for any losses along with 10% of the amount of works not completed to cover the administrative charges incurred by the department for possession of such works.

To guarantee collection of such amounts, the department may retain any requirements and equipment belonging to the contractor being at the work site on completion of works.

### **Article (64)**

Payments shall be made to the contractor as follows:

1. payments under account equaling 90% of the completed works and 85% of materials supplied to the work site under invoices and statements of supplied materials provided by the contractor, following their technical

- and financial audit and approval by the supervisor consultant and the technical entity of the department.
2. the final payment of works as per the statement of final completion submitted by the contractor and the certificate of payment approved by the supervisor consultant and the department consent. On payment, the following shall be observed:
    - (a) deduction of pre-made payments under account of works or materials.
    - (b) retaining an amount equal to 5% of the amount of final payment for guarantee until the project is finally received. This retained amount may be returned back to the contractor against a bank guarantee in the same amount.

#### **Article (65)**

The contractor shall achieve all works in the contract as per the terms and conditions and at the time set therein. In case the contractor delays to act on time, it shall be subject to a delay penalty in a certain amount to be fixed under the contract for each delay of penalty not to exceed 10% of the amount of the contract. Such penalty shall be charged once the delay occurs without any notice or taking any judicial proceedings and without verification of damage, without prejudice to the department's right to charge the contractor the supervisor consultant's fees against its supervision throughout the delay period. Provisions of Article (63) hereof may apply if the amount of imposed penalty exceeds 10% of the amount of the contract.

In addition, the contractor may be exempted from the delay penalty as per the provisions and procedures under Article (49) of this Law.

#### **Article (66)**

In case general exceptional sudden or unexpected circumstances or events occur and result that the implementation of works is troublesome and the contractor is vulnerable to a grave loss in which it has no hand, it shall resume execution and shall have the right to claim for fair compensations by a request submitted to the committee of bidding and tenders for study and making recommendation to the Director General for approval.

#### **Article (67)**

The contractor shall notify the department and consultant of its completion of works, requesting them to receive the same. Primary receipt shall be made in the presence of the supervisor consultant by a committee to be formed by a resolution of the Director General and the committee shall make sure of the contractor's performing the achieved works in line with the contract and the addendum thereto or reserved receipt of some non-completed works, filing a list thereof and fixing their completion time under provisions of Article (63)

hereof in case of non-completion of non-completed works by the contractor. Minutes shall be submitted to the Director General to take necessary actions.

#### **Article (68)**

Following completion of works, the contractor shall level and evacuate the site from all materials, dust and remains. The department may implement such works at the contractor's expense in case of non-completion and deduct such value from its due amounts.

#### **Article (69)**

The contractor shall remain liable for a period of one (1) year from the date of primary receipt for warranty and maintenance of the works subject matter of the contract and shall repair any defect therein due to poor execution. In addition, the contractor shall remain liable for a period of ten (10) years for any material defect to the facilities due to poor execution, with no discharge of the liability of the supervisor consultant for such defect.

#### **Article (70)**

Final receipt of works shall be made after the expiry of the period of warranty and maintenance by the receipt committee in the presence of the consultant. In addition, the contractor shall be verified to have met all obligations thereon and the certificate of final receipt is issued by the committee and consultant and approved by the Director General and thereby, the retained guarantees are paid.

#### **Article (71)**

All provisions hereof, in particular the provisions of the works contracts, shall apply to turnkey projects. On receipt of such projects, transferred items with which the project has been prepared or furnished shall be registered and limited in special lists in order to be recorded in the record of assets with the department and the provisions on spatial trusts shall be observed.

#### **Article (72)**

Lump-sum contracts may only be concluded when the nature of the works sought to be implemented and their several prices and quantities cannot be exactly set. However, the department seeks to fix the prices of some main items in these contracts for dependence when obtaining any additions or omissions to works as a result of change orders or for any other reasons.

**Chapter (10)**  
**Service Contracts Procedures**  
**Article (73)**

Procedures under Chapter (7) hereof shall apply to the service contracts concluded by the department and each department shall set the conditions of each type of contracts, seeking guidance of the procedures of the contracts of supply or works as per the nature of the service contracts and the scope of its relation to either party of contracts.

**Section (III)**  
**Contracts Generating Revenues to the Governmental Departments**  
**Chapter (1)**  
**Direct Agreement and Tender**  
**Article (74)**

These contracts include sale or lease of assets, movables and immovables passing in title to the department that are resolved to be sold or leased any other contracts generating revenue to the government, provided that such action shall be taken through any of the following means:

1. direct agreement;
2. tender; and
3. auction.

**Article (75)**

Direct agreement shall be adopted for sale or lease with a prior consent from the Director General in the following cases:

1. if the sale or lease is made to any of the public entities.
2. if the estimated value of sales does not exceed AED 100,000.
3. lease may be made, irrespective of the amount of lease, by means of direct agreement through a committee formed for this purpose by a resolution by the Director General, including the procedures to be adopted by the committee. In all cases, sale or lease is decided and the results of the committee are approved by the Director General.

**Article (76)**

Sale is made by tender if the estimated sales amount exceeds AED 100,000 and does not exceed AED 500,000. In case of offering sales in a public auction and such offering fails; in which case, sale is made by tender irrespective of the estimated sales amount and the Director General shall be competent to approve the sale by means of tender, approve results of the same and sign the contract emerging therefrom.

### **Article (77)**

The following rules and procedures shall apply in sale processes by means of direct agreement and tender:

1. the competent body of the department shall set an estimated amount to materials and items to be sold through guidance by cost prices, market prices, term of use and any other factors that may affect in increasing or decreasing the prices.
2. the competent body of the department wishing to sell some assets thereof shall inform other governmental departments of its desire of sale attaching hereto a list of assets including their details in terms of type, quality, number and any necessary clarifications, requesting such departments to reveal their desire of purchase or transfer in line with the regulations applicable within a certain term to be set in the letter addressed.
3. in case no department is desirous of making use of the materials and items to be sold, the competent body shall request for proposals from the entities desirous of purchase through direct contacts or letters to be served on such entities.
4. if the materials to be sold entails a special license from governmental departments, direct agreement or tender shall only be made between entities holding such license or such entities that undertake to export such items abroad once the same is sold and delivered thereto.
5. Proposals made shall be referred to the committee for study and selection of the best in terms of price in light of the estimated amount of materials and items to be sold. In this concern, minutes shall be filed to cover all procedures adopted, proposals made and the decision thereon; which minutes shall be referred to the Director General for approval and signature of the contract with the purchaser.

### **Chapter (2)**

#### **Auction**

### **Article (78)**

Sale is made by auction in case the estimated amount of items or materials to be sold exceeds AED 500,000 and the Director General shall be competent to approve the sale by means of tender, approve results of the same and sign the contract emerging therefrom.

### **Article (79)**

The following rules and procedures shall be made on performing auction:

1. the competent body shall set and fix the estimated amount of assets to be sold as well as the amount of bonds to be provided; taking into consideration the cost of purchase of such assets, their expected life age, technical status and usability in line with market prices; which amount to be approved by the Director General.

2. the auction committee is formed by a resolution by the Director General, setting the means to be adopted in auction either in sealed envelope or by public auction.
3. the auction shall be announced; which announcement shall include the following items:
  - (a) a statement of assets to be sold in terms of type, quantity, place of existence, ability of inspection and any other particulars.
  - (b) a statement of type of auction in the sealed envelope or public auction, setting date and time of bid submission and opening or the processing of the auction session.
  - (c) a statement of bonds to be provided by the participants in the auction.
  - (d) any other statements that the committee deems necessary to be declared in the announcement.
4. the auction committee shall open bids at the time and place set in the announcement and select the proposal with the highest price in case of bids in sealed envelopes; while in public sessions, such bid opening and selection shall be made under the supervision of this committee in the presence of those participants which have satisfied required conditions, including the payment of the fixed bond. The committee shall set a primary price to open the auction of no less than 50% of the estimated amount.
5. the auction shall be awarded to the bidder with the highest price which no other participant exceeds. This bidder shall be the winning bidder.
6. an auction may be cancelled in case no obtaining can be made of 50% of the estimated amount of the object of auction.
7. the auction committee shall file minutes with the procedures it has adopted, including therein the result of auction, the last quotation made and its decision for award or cancellation. Such minutes shall be submitted to the Director General for approval.
8. in case of auction cancellation, a tender can be sought.
9. bonds provided shall be returned to all participants not awarded the auction in the same session. In return, the receipts submitted to them shall be regained.

#### **Article (80)**

The amount of bonds made by the winning bidder shall be raised to 25% of the amount of proposal as a final bond in the form of bank guarantee valid to the term agreed upon for payment of the price.

#### **Article (81)**

A contract shall be concluded with the winning bidder to cover all terms and obligations arising from the award, in particular the provisions of Article (82) hereof.

### **Article (82)**

1. sold items shall be delivered to the person awarded the auction after settlement of their amount. Such awarded person shall draw such items within a period not exceeding one (1) month from the date their price is settled or as per the provisions of the contract concluded. In case such person delays to act in such manner, it shall be charged fees of storage, custody and administrative expenses for 1% per day, not to exceed 10% of the value of items. Such fees shall be settled prior to receipt.
2. in case the purchaser does not settle the price within a period not exceeding one (1) month from the date of award, the paid final bond shall be forfeited and the auction is re-launched or a tender is processed, as necessary.
3. in case of auction for non-sale of materials, the entity awarded shall satisfy its obligations within a period not exceeding one (1) month from date of contract conclusion and in case of default, the fine fixed in the contract shall be charged thereon.

### **Section (IV)** **General Provisions** **Article (83)**

Subject to the Instructions issued on 02.07.1992 on the State Lawsuits, the courts of Dubai Emirate shall be competent to consider any disputes emerging between any department and the parties contracting therewith in respect of the contracts concluded hereunder.

### **Article (84)**

The Director of the Department of Finance shall issue the model form of all contracts hereunder as well as the general terms and conditions in line herewith. All departments shall abide by such form and terms and conditions.

### **Article (85)**

The Director of the Department of Finance shall issue the resolutions and instructions necessary to put the present Law into effect.

**Article (86)**

Any provision under any other law or legislations shall, to the extent the same is contradictory hereto, be null and void.

**Article (87)**

This Law shall be published in the Official Gazette.

**Maktoum Bin Rashid Al Maktoum  
Ruler of Dubai**

**Issued in Dubai, on April 22, 1997 A.D.,  
Corresponding to Dhu Al-Hijjah 15, 1417 A.H.**