

Organizational Decree No. 195 / T  
Of 25 June 1974

# Decree no. 195/T

***President of the Republic:***

***- Acting upon rules of Legislative Decree no. 18 of 15 February 1974.***

***Hereby Decrees:***

***Article no. 1:***

Contracts regulations appended hereto shall apply to all public establishments, corporations and other bodies as defined by Article no.1 of Legislative Decree no. 18 of 15 February 1974.

***Article no. 2:***

With effect from the date these regulations come into force, all other contract regulations so far adopted by the bodies governed by the rules of the present regulations shall lose validity as well as all other rules that are contradictory hereto, wherever these are contained in the regulations of such bodies.

***Article no. 3:***

The rules of the present regulations shall not apply to those tenders whose closing date has expired, or whose contracts were concluded before the coming into force of the present regulations.

***Article no. 4:***

The Minister of Finance shall issue the executive instructions of the present regulations.

***Article no. 5:***

The Minister concerned may, by his own order, set forth detailed rules in such a manner that does not run counter to the rules of the present regulations.

***Article no. 6:***

**This decree shall be published in the official gazette.**

**Damascus 25 July 1974,**

***President of the Republic***

***Hafez Assad***

CONTRACT REGULATIONS  
FOR PUBLIC ESTABLISHMENTS,  
CORPORATIONS AND ORGANIZATIONS

**PART ONE**  
**DEFINITIONS**

***Article no. 1:***

For the purpose of the present regulations, the following expressions shall have the definitions hereunder assigned to them:

1. ***MINISTER:*** The Minister under whose authority are the public establishments, corporation or the organization, as the case requires.
2. ***CONTRACTING PARTY:*** The public establishment, the corporation or the organization that signs the contract.
3. ***EXPENDITURE AUTHORITY:*** The person defined by Article no. **32** of Legislative decree **no. 18** of **15 February 1974**.
4. ***PUBLIC BODIES:*** The Ministries, administrations, public establishments and bodies, local administration units, municipalities, municipal concerns, public companies, organizations, mortmain (Waqf) departments and all other public bodies.
5. ***UNDERTAKING:*** The obligation binding the contractor to the contracting party.
6. ***SUCCESSFUL TENDERER:*** The party winning the tender or whose offer is approved subsequent to invitation of tenders, or who is under a contract the ratification of which has not been finalized.
7. ***CONTRACTOR:*** The natural or legal person who is under obligation towards the contracting party for the supply of materials or provision of services or execution of works.
8. ***CONTRACT:*** The set of rules binding the contractor to the contracting party and including the books of general and special conditions, specifications and all other schedules, drawings and documents related to the undertaking.

# PART TWO

## Chapter I

### *Procedure of Securing the Contracting Party's Needs*

#### ***Article no. 2:***

- a) An expenditure arising from the execution of works, provision of services, purchase of materials and all other needs of the Contracting party shall be disbursed in consequence of either of the following:
1. Direct Purchase.
  2. Purchase under Direct Contract.
  3. Tender.
  4. Enquiry for Quotations.
  5. Contract by Mutual Consent.
  6. Competitions.
  7. Execution by trust.
- b) Without prejudice to the rules of this part, the Expenditure Authority may specify the procedure to be followed to meet the required needs.

## Chapter II

### Direct Purchase

#### ***Article no. 3:***

Supply of materials, provision of services or execution of works shall proceed under direct purchase in the following cases:

- a) If the needs are subject to official tariffs.
- b) If the purchase is to be made from a public body.
- c) If the disbursement involved does not exceed ten thousand Syrian pounds, but this ceiling can be majorated to fifteen thousand Syrian Pounds by approval from the respective Minister.

#### ***Article no. 4:***

- a) Direct purchase as indicated in C of preceding Article shall be made through special direct purchase committees.

- b) The expenditure arising from direct purchase shall be disbursed on basis of the relevant invoice issued by the selling party, provided that the invoice shall be endorsed by the concerned direct purchase committee in respect of disbursements specified in **C** of foregoing Article, in order to attest that the purchases conform to the required specifications and that the prices mentioned therein are moderate and comply to prevailing prices.
- c) Direct Purchase Committees shall be set up by an order of the Expenditure Authority who shall determine the number of members on each committee and its function provided that the number shall not be less than three.

***Article no. 5:***

- a) In urgent cases and subject to his own discretion, the Expenditure Authority may consent to the purchase of certain materials whose value does not exceed three hundred **Syrian Pounds** through other than Direct Purchase Committees.
- b) Invoices for expenditures incurred as described in A above shall be endorsed by the expenditure authority.

## **Chapter III**

### **Purchase under Direct Contract**

***Article no. 6:***

- a) A direct contract is an agreement on the supply of materials or provision of services from an external source through direct communication between the parties authorized to enter into contract with a contractor by any means of communications which shall subsequently be confirmed in writing specifying the nature of service, materials, prices, quantities and method, place and terms of delivery, as well as the method of satisfying obligations arising there from, in addition to execution warranties, and in general, everything that relates to the subject of the contract and its execution procedures and both parties, obligations.
- b) The rules of this Article shall solely apply to urgent cases whose nature is left to the discretion of the expenditure Authority.

# Chapter IV

## Tender

### ***Article no. 7:***

- a) As and when the estimated value of the materials to be supplied, the services, to be provided and the works to be executed exceeds the limits stipulated above for direct purchase, a tender shall be placed and shall be applied to all cases which are not specifically excluded in the present Regulations.
- b) The tender shall be based on:
  1. Book of general conditions issued by order of the Minister in conjunction with the Minister of Finance in a manner that conforms to the rules of the present regulations.
  2. Book of special conditions (financial, juridical and technical) incorporating all drawings, specifications and studies of the materials to be supplied, the services to be provided or the works to be executed. This book shall be countersigned by the Expenditure Authority.
  3. Itemized lists of all the supplies or works as well as respective quantities in estimate on basis of recognized units, unless the expenditure Authority deems otherwise.

### ***Article no. 8:***

- a) Tender shall be announced at least fifteen days before its date in case of local tenders, and at least fifty days in case of external tenders.
- b) In case calling for speed, the aforesaid period may be reduced at the discretion of the Expenditure Authority but under no circumstances may this period be less than three days for local tenders and fifteen days for external tenders.
- c) The day of the tender announcement and the day of the tender meeting shall not be counted in the aforesaid period.
- d) No amendment whatsoever shall be introduced to the books of conditions or sketches or any other documents on which the tender is based once the tender is announced, unless the tender is repeated.

### ***Article no. 9:***

- a) Tender announcements shall be published only once and in one daily newspaper at least, and in the government's tender bulletin, if any. Copies of these announcements shall also be put up at the announcement Board of the Contracting Party. Moreover, and when necessary, the tender may be announced on the radio and television or through any other

mass media. Accredited Arab representations and commercial missions abroad, or foreign missions accredited in Syria may also be notified of the external tender announcements and some of their documents.

b) The tender announcement shall contain the following data in the least:

1. Subject of the tender.
2. Place and date of submitting offers as well as the tender meeting.
3. Bid Bond and Performance Bond.
4. The party from whom the tender file can be bought and from whom tender conditions and information can be obtained.
5. Execution period of the undertaking.
6. The period the offerer shall remain bound to his quotation.

***Article no. 10:***

a) Prospective tenderers will have to satisfy the following conditions:

1. He shall not be prohibited from entry into a tender or a contract with the contracting party or any other public body.
2. He shall have a commercial register or duly registered at one of the chamber of Commerce, Industry or Agriculture, as the case may be, if the prospective tenderer is not a Syrian Arab or a Palestinian resident in Syria; to the exclusion of a foreign governmental organization that has a governmental character.
3. He shall not be employed by a public body.
4. He shall not be blacklisted under the Israel Boycott Regulations.

b) The book of special conditions may stipulate certain conditions that have to be satisfied by those who desire to participate as regards financial, technical and professional qualifications.

***Article no. 11:***

A prospective tenderer shall submit along with his offer the required bid bond which is specified in the book of special conditions.

Nevertheless, public bodies, or the bodies that are exempted by special Legislative texts, or foreign organizations that have a governmental character shall not be required to furnish this bond provided such an exemption be expressly indicated in the book of special conditions or in the tender announcement.

***Article no. 12:***

An offer shall be placed in three sealed envelopes which are then placed in a fourth envelope addressed to the party specified in the tender announcement and featuring the subject of the tender and the tender meeting date.

***Article no. 13:***

a) The first envelope shall contain all documents attesting that conditions stipulated in Article **no. 10** of the present regulations are satisfied in addition to the required bid bond.

The second envelope shall contain the technical offer and specifications.

The third envelope shall contain the financial and commercial offer together with a list of unit or total prices, as the case may be.

- b) An offer submitted and signed by a number of natural or legal persons shall be binding upon those signatories and offerers jointly and severally towards the Contracting Party.

***Article no. 14:***

A tenderer shall indicate in his offer an address he selects in Syria.

***Article no. 15:***

A tenderer shall clearly indicate in his offer, the period of time during which he undertakes to supply the materials, provide the services or execute the works subject of the tender, unless the Contracting Party has already indicated this in the books of conditions. The period of delivery may be taken as a chief element in the comparative study of the offers.

The method of calculating the delivery period shall be determined in the books of special conditions.

***Article no. 16:***

- a) An offer shall be declined if it is found failing to meet general and special conditions books.
- b) The tenderers committee may give a time limit for the tenderers to supply documents lacking in their offers except for the bid bond, the quotation, price analysis bills if such documents are required with the offer.

The tender committee, may, moreover, accept those offers which contain reservations if the tenderer agrees at the beginning of the tender meeting, and before the quotations are disclosed, to withdraw his reservations and to observe the rules of the tender books and confirms this in writing on his offer.

***Article no. 17:***

- a) Offers shall be submitted directly to the party specified in the announcement or sent to it by registered mail on the condition that the offer be received by this party and registered at its office before the end of the working hours of the deadline specified for submitting offers which must precede the date of the tender meeting.
- b) Only one offer shall be accepted by a given tenderer and the offer which comes first in registration at the concerned party's office shall be considered. Offers may not be recovered, completed or modified after they have been registered in the said office.

***Article no. 18:***

- a) The tender meeting takes place at the specified time and place, and in an open session which all tenderers may attend.

- b) The tender committee unseals the first envelope and examines its contents and decides to accept the offers submitted by those who satisfy the conditions set for participation in the tender and rules out the offers of those who fail to meet the set conditions. The committee then declares this to those attending and returns to them the second and third envelopes which remain sealed together with other documents submitted with the offer.
- c) In such cases as there is only one tenderer or one accepted offer, the tender shall be repeated after being re-announced. Yet, the contracting party may accept the only offer submitted in the second time.
- d) The committee unseals the envelopes which contain the technical offer and specifications and declares their contents to those attending the meeting and rules out the offers which contain reservations that cannot be entertained according to the books of general or special conditions.
- e) In those cases that call for technical examination and scrutiny of the offers, the committee may postpone its decision to another meeting whose date shall be determined and announced to those attending the meeting. So the third envelope which contains the financial and commercial offer remains sealed until the new meeting determined for deciding over the offers.
- f) The accepted offers shall be sorted out according to prices in an ascending order starting with the lowest price and the committee chairman then declares the name of the successful tenderer who has quoted the lowest price.
- g) If two or more offers are equal in quoting the accepted lowest price, a new tender shall take place only between those offers and in the same meeting and under sealed envelopes. If the offers are equal again, the result is referred to the Expenditure Authority who selects one from among them.
- h) Minutes of the tender meeting, including all objections raised, shall be put down in writing and all members of the committee as well as all present tenderers shall set their hands to it, and if a successful tenderer abstains from signing, it shall not be considered. The minutes of meeting shall be an official document.
- i) All documents submitted by the tenderers shall be signed only by the committee members.

***Article no. 19:***

- a) Decisions of the tender meeting shall be taken by a majority vote of the present members. In case of equal votes, the decision shall be to the side containing the vote of the chairman of the committee.
- b) The tender meeting shall be deemed legal if attended by a majority of the committee members, provided always they are not less than three including the chairman.

- c) Objections raised during the tender meeting shall be decided by voting. This shall be stated in the minutes of meeting.
- d) The committee's decisions which are announced to the meeting shall be deemed final.

***Article no. 20:***

The Expenditure Authority may specify in advance the maximum price which can be accepted in consequence to the tender and this price shall be placed in an envelope sealed with red wax which is to be opened by the tender committee at the tender meeting but its contents shall not be announced to the tenderers. And if there are no offers that are equal to, or below this price, the committee shall ask the tenderers to quote new prices under sealed envelopes in the same meeting. This procedure may not be repeated. If the new prices are not equal to the estimated prices or exceed them by a proportion also exceeding that specified by the Expenditure Authority which is appended to the maximum price of the estimate maximum value, the committee shall declare that the tender has ended in failure.

***Article no. 21:***

The Contracting party may award the tender to one or more tenderers as it deems fit whereupon a part of the order shall be placed with one contractor who may not object thereto, provided always such a procedure be stated in the book of special conditions.

***Article no. 22:***

- a) Minutes of the tender meeting shall be countersigned by the Expenditure Authority who may cancel the tender results for reasons justified in writing and retained in the tender file. But under no circumstances may he revise the result reached by the tender committee.
- b) In such a case the tender shall be referred to concerned authorities, if any, to examine it in light of the laws and regulations in force.
- c) A successful tenderer shall not be considered a contractor unless notification is completed and he is duly notified thereof to execute the undertaking. The Contracting Party, however, may retract from execution of the tender any time before the contractor is so notified and he may not claim any indemnity therefore.
- d) If no contract is concluded between the contracting party and the Contractor after the ratification of the tender, the minutes of meeting established by the Committee shall be considered a contract by and between them after the legal procedures of ratification have been completed. If the successful tenderer or his agent or representative, fails to attend the tender meeting or to sign the relevant minutes of meeting, the contractor shall be notified that his undertaking has been accepted either by registered mail or by a telegram whose contents shall be confirmed by a registered letter. Notification by either procedure

followed shall be deemed to have been effected as from the date of posting the registered mail or the telegram dispatched, whichever is earlier.

e) The tender committee shall not accept any underbidding in prices, nor shall the expenditure Authority accept underbidding except under the following two conditions:

- 1-The reduction resulting from underbidding may not be less than 10 percent of the price under which the tender has been awarded to the successful tenderer.
- 2-The underbidding tenderer shall enclose his offer with the legal bonds.

***Article no. 23:***

In principle the successful tenderer shall remain bound by his offer throughout the period determined for its validity in the contract or in the Books of Conditions. If he does not receive the go-ahead order within this period, he shall have the right, within seven days to abandon his offer by a letter to be registered at the Contracting party's office. Otherwise, his offer's validity shall be renewed automatically for another period equal in duration to the first one.

***Article no. 24:***

- a) The tender committee shall be formed by order of the expenditure Authority, with the condition that one of its members shall be a staff member of the contracting Party's financial department.
- b) The Expenditure Authority shall issue an order specifying the documents required to confirm that conditions are satisfied for participation in a tender, and the basis of forming tender committee and all other matters related to the tender.

## **Chapter V**

### **Call for Quotations**

***Article no. 25:***

Quotations shall be invited when it is not possible for the Contracting Party to determine integral specifications or conditions for the materials to be supplied, the works to be executed or the services to be provided, so that this party can examine the offers and select the best in quality, price and other conditions.

***Article no. 26:***

Subject to the rules of subsequent articles, purchase through calls for quotations shall be governed by the rules of Article **no. 8 (D)**, Article **no. 9 (A)**, Articles **10,11,14,15,17,19,20,21** and Articles **23 (B,C)** and Articles **22** and **24** of the present regulations.

***Article no. 27:***

- a) Offers shall be invited through an advertisement and/or through registered letters addressed by the Contracting Party to the largest number of prospective tenderers to examine the books of conditions, if any, and to put forward their offers within the time limits prescribed in Article **no. 8** of the present regulations and subject to Article **no. 9 (A)** in case of an advertisement.
- b) A call for quotations shall contain the following data at least:
1. Types of the required materials, works or services.
  2. Deadline for submitting offers and the procedure thereof.
  3. Validity of the offer.
  4. Place of submitting offers.
  5. A demand for details of offers with regard to specifications, prices, terms of payment, period of delivery or execution of works.
  6. Other conditions that the Contracting Party deems necessary to be fulfilled.

***Article no. 28:***

Offers containing certain conditions that run counter to conditions which the book of special conditions has stipulated they must not be contradicted shall not be accepted.

***Article no. 29:***

- a) The tender committee shall in a closed meeting examine the offers and proceed to unseal the envelope containing the supporting documents to determine the accepted offers and makes out a minutes of the meeting.
- b)** The committee shall then unseal the envelopes that contain the technical offers of those whose offers have been accepted. These technical offers shall be referred to a technical committee or committees appointed for the purpose by the Expenditure Authority in order to post the offers into special ledgers, study them technically and comparatively on the basis of technical value, manufacturer warranty and other guarantees submitted by the tenderers, period of execution, etc. after the technical study has been completed, the envelopes containing the financial and commercial offers shall be unsealed and the prices shall be examined and compared. The technical committee shall then put forward its complete study of the financial and technical aspects together with its recommendations to the tender committee.
- c) The minister may appoint a local or foreign consultant office to take over the work of the technical committee or part of it.

***Article no. 30:***

- a) On the strength of the technical committee's report, the tender committee shall put forward its view as to the offer that best serves the interests of the Contracting Party.

- b) The Expenditure Authority shall issue his decision selecting thereby the offer that best serves the interests of the Contracting Party, in case he does not endorse the view of the tender committee, his decision shall contain his reasons for this denial.
- c) The tenderer whose offer has been ultimately accepted shall be so notified by the Contracting party within seven days from the date of its ratification by concerned authorities either by registered mail or telegram to be confirmed by registered letter. In these cases notification shall be deemed effected as from the date of posting the registered mail or of the telegram dispatch, whichever earlier.

## **Chapter VI**

### **Competition**

#### ***Article no. 31:***

- a) The Minister may choose the procedure of the competition for the purpose of having studies and sketches laid out for a certain project as and when there are good reasons requiring this procedure.
- b) The competition announcement shall specify all relevant points particularly the subject matter, conditions, the procedure of deciding the winners and the method of work of the selection panel, the rewards, incentives and privileges that will be awarded to the contestants.

## **Chapter VII**

### **Contract by Mutual Consent**

#### ***Article no. 32:***

The Contracting Party may enter into contract by mutual consent with any party it selects in consequence to direct communication made in compliance with the rules and Procedures outlined in the present chapter.

#### ***Article no. 33:***

- a) A Contract by mutual consent shall not be concluded except under the following conditions:
  - 1. When the required materials, services or works are exclusively manufactured, owned, traded, supplied, or imported by one certain person, certain company or certain party or when their prices are determined by a world stock exchange.

2. When there are important technical, financial or military reasons, or economic agreements that require a certain party to supply the materials, provide the services or execute the works.
3. When the required materials, services or works are needed for conducting research or test in such a case as calling for a specific procedure of execution.
4. When the required materials, services, or works have already been placed in tender or bid for quotation as stipulated by the present regulations but no tenderer has participated or no suitable offers have been submitted.
5. Upon the purchase of real estates when there is no public benefit admitting its expropriation.
6. Upon renting a real estate.
7. When the supply of materials, providing services or executing work is required to be performed in lieu of a defaulting or refraining contractor and at his expense, or upon cancellation of a contract.
8. In contracts involving transport or insurance policies on the shipped goods.
9. In cases calling for justifiable speed when the materials services or works cannot be so quickly ensured by the other methods.
10. When such materials, services or works are required by the Armed Forces and aim at serving such military purposes as can not be sought through other channels.
11. When contracts are concluded with public establishments or corporation or their affiliated firms without prejudice to Article **no. 3 (B)** of the present regulations.
- 12.
13. When the required materials, services, or works are needed for the completion of a certain project which is under execution through a preceding contract and if there are special technical and real necessities that require the contractor to continue performance of the new works.
14. When the materials, services or works are required for execution of works by trust.

b) The cases outlined in the preceding clause **(A)** shall be determined at the discretion of the Expenditure Authority.

***Article no. 34:***

It only required that possible parties to a contract by mutual consent shall not be prohibited from entering into contract with the Contracting Party or with public bodies. They may be further required to satisfy all, or part of, the conditions stipulated in Article **no. (10)** of the present regulations and produce the supporting documents.

***Article no. 35:***

a) A contract by mutual consent shall be deemed in force as of the date the contractor is notified of the go-ahead order after ratification is completed. Yet, the Contracting Party may decline to execute the contract any time before the contractor is notified of the go-ahead order and shall not be claimed of any indemnity therefore.

b) The contractor shall remain bound to his undertaking with the Contracting Party as ruled by Article **no. (23)** of the present regulations.

***Article no. 36:***

A contract by mutual consent shall take one of the following forms:

- a) A contract clearly outlining the rights and obligations.
- b) An undertaking stated in the book of conditions in which the contractor accepts the undertaking in accordance with agreed written conditions.
- c) By correspondence that conforms to commercial forms when a contract is entered with foreign markets.

***Article no. 37:***

Subject to rules in force that govern the procedure of delegating abroad personnel of the Contracting Party, and where necessity arises which the Minister determines, the Contracting Party's requirements may be obtained from foreign markets through special committees formed by order of the Minister who specifies the functions of these committees, the method of procuring the purchase and all other relevant rules without reference to the present regulations provided always that such contracts shall be ratified in compliance with pertinent rules in force, if any.

## **Chapter VIII**

### **Execution by Trust**

***Article no. 38:***

- a) Whenever the interests of the Contracting Party so require, or whenever a speedy action so requires, or if it is not possible to have works executed through contractors, such works may be executed by trust and at the responsibility of the contracting Party.
- b) In such cases as works are executed by trust, the Expenditure Authority shall issue an order of approval based on report submitted by the concerned committee and containing the motivating reasons that justify an execution by trust appended there to by the complete project file along with an estimate of the type of work, prices and other explanatory documents.

***Article no. 39:***

An order approving the execution of works by trust shall be considered an implicit permission to call tenders, or conclude partial contracts by mutual consent or make direct purchase, for the supply of materials, provision of services or executing works needed for the project without prejudice to the rules of the present regulations.

# Chapter IX

## Bonds & Advance Payments

### ***Article no. 40:***

- a) A bid bond for each tender or call for offers shall be at the rate of (5) percent of the value estimated by the Contracting Party, or a lumpsum, and the performance bond shall be (10) percent of the contract price.
- b) The Contracting Party, subject to an approval by the Expenditure Authority, may reduce the rates of the bid or performance bonds provided that such an act be stated in the announcement and the book of special conditions. Yet in cases of direct purchase or a contract by mutual consent the bonds amounts shall be left to the discretion of the Minister as he deems fit for each case.
- c) The bid and performance bond shall be in cash payable to the Contracting Party's cashier or by cheque certified by the drawee bank or through a bank guarantee or bank transfer from a resident bank. Commercial securities can be accepted in cases of contracting with artists or artistic groups or those who provide designs or artistic works which can be considered intellectual production.

### ***Article no. 41:***

- a) Bid Bond shall be refunded by those whose offers have not been accepted. As for those unsuccessful tenderers or those with whom no contracts have been concluded, Bid Bond may be refunded once the results are declared.
- b) Performance Bonds shall be released after the final acceptance of the supplies or services, but after the provisional acceptance of the works executed provided always that no obligations upon the contractor require further retention of the bonds.

### ***Article no. 42:***

A successful tenderer shall produce the performance bond within a period of time specified in the book of special conditions and not exceeding 15 days from the date he is notified in writing that he has been awarded the undertaking, and then the furnished bid bond may be considered part of a performance bond if meanwhile the contractor furnishes the balance between the two bonds, if any.

In such cases as a bid bond was furnished in the form of a bank guarantee, the bid must be substituted by a new bank guarantee, of a value equivalent to the performance bond and the bid bond is returned to the contractor once the performance bond is furnished.

The Contracting Party shall retain the performance bond as a security for the contractor's good performance of obligations stipulated in the contract concluded with him and for deduction of any delay penalty that may occur or deduction of all other indemnities resulting

from loss or damages affecting the Contracting Party in consequence to the contractor's failure to fulfill obligations.

***Article no. 43:***

Advance payments may be made to contractors in accordance with relevant laws in force if the books of special conditions so stipulate.

## **Chapter X**

### **Execution Remedies**

***Article no. 44:***

A contractor who fails to supply the materials, or provide the services or execute the works within the period of time determined therefore shall be charged a delay penalty specified in the contract or in the book of conditions even though the Contracting Party suffers no damage therefrom. This delay penalty shall not be less than **0.1%** per day of the global price, and the total penalties shall not, per undertaking, exceed **20%** of the global price of this contract.

The book of special conditions or a contract for certain undertakings of special nature may state such a delay penalty below the said rates. The Minister may also issue an order determining those contracts whose special nature call for exemption from penalty, or determining a penalty by another form.

***Article no. 45:***

In case an undertaking involves the supply of imported materials, and the relevant letter of Credit is to be opened by the Contracting Party, the contractor shall in this case submit to the Contracting Party and within the period of time specified in the book of special conditions all documents required for obtaining an import licence and for opening the letter of Credit. The contractor shall be held responsible for any delay occurring from his failure to present the documents within the period specified. Such delay shall be deemed subject to the penalties described in the book of conditions whether or not this leads to a delay of execution beyond the established period of time.

Should the contractor fail to provide the documents and information mentioned above and a period of 30 days has elapsed following the expiry of the period specified in the preceding clause, the contracting Party shall have the right to cancel contract in compliance with rules of the present regulations unless the contract or books of conditions otherwise provide.

***Article no. 46:***

a) –

1. A contractor shall not be held responsible for any delay caused by the Contracting Party or by any other public body.

2. A contractor shall be released of delay penalties if he is purely a victim of force majeure which is beyond his control and only in respect of the period of delay caused by this force majeure.
3. A contractor shall be released of executing the undertaking if it becomes absolutely impossible for him to carry out the contract and if this is not due to any failure on his part but rather due to circumstances completely beyond his control.
4. If there are such unforeseen or generally exceptional circumstances or events as would make the contract execution, though not impossible, exhausting to the contractor or putting him in face of a grave loss, the contractor shall have the right to file a claim for a fair compensation.

b) –

1. The case referred to in A-1 above shall be solely resolved by the Contracting Party with the Minister's fair approval.
2. The cases referred to in **A-2-.3.4** above shall be resolved by arbitration if not resolved in accordance with Regulation of settlements provided for in Legislative Decree **No.18 of 15.2.1974**. in case of local arbitration, the arbitrators may be authorized to promote conciliation.

***Article no. 47:***

- a) The expenditure Authority has the right to retract execution of an undertaking from a contractor and have it executed on his own account in either of the following cases:
1. If the contractor fails to commence execution of the undertaking at the scheduled time stipulated in the contract or books of conditions.
  2. When the quantities of materials definitely refused exceed one third of the contracted quantities or two thirds of any part thereof if the contract provides for partial deliveries in consecutive lots.
  3. If the Contracting Party has become certain that the contractor has committed an act of deceit, fraud or bribery.
  4. If the contractor fails to fulfil his obligations or refrains from rectifying his error within the period of time specified by the contracting Party.
  5. If the contractor fails to adhere to the timetable of work and it is feared he may not accomplish the contract as scheduled, particularly, where there is a technical or economic necessity for its accomplishment on the specified date, or if it is foreseen that the delay penalty would exceed the rate specified in Article **no. 43** above or has already exceeded it.
  6. If the contractor announces his inability to continue executing the undertaking.
- b) The contractor shall be only once given notice that the undertaking would be withdrawn from him within a period of time to be specified in the relevant letter before retracting the contract as per clauses **1,2,3,4,5** of the preceding paragraph, and contractor may lodge his objections with the Contracting Party within this period. At any rate, the contractor shall remain bound to executing the work during the notice period.

c) The Minister, upon a proposition by the General Director, has the right to rescind this measure if the contractor furnishes adequate guarantees for the good performance of the undertaking and it appears that this is in the best interests of the contracting Party unless he has already given a go-ahead order to a new contractor.

***Article no. 48:***

In cases where an undertaking is withdrawn, or a contractor has failed, the Contracting Party may purchase the material, have the services rendered or the works executed at the contractor's expense as following:

1. Through tender in normal cases.
2. By trust or by contract of mutual consent when a tender fails or if there is special technical or economic necessities that call for execution of works through other channels than by tender.

b) The Contractor shall be notified of the measures taken in accordance with A above.

c) If it happens that a certain amount of money was saved in consequence to execution of the undertaking in pursuance of A above, this money shall be the right of the Contracting Party.

***Article no. 49:***

The book of general conditions shall state the cases where the Contracting party may intervene to support the contractor's workshops and at the latter's expense, or participate with him in their management. It shall also state the procedure of settling accounts with him and the ways exercising this authority in the said cases.

***Article no. 50:***

If, after offer submission or during contract execution, there occurs a rise in prices which makes execution of obligations totally or partially exhausting to the contractor and if the contractor so applies to the Contracting Party, the arbitrators committee shall observe rules of commercial laws and norms without prejudice to the rules of Article 43 of the present regulations, and the contractor shall bear the increase resulting from price rise if it does not exceed 15 percent of the contract price.

***Article no. 51:***

If there occurs after offer submission a fall in prices, the Contracting Party shall enjoy the same rights as the contractor does in accordance with the preceding Article.

***Article no. 52:***

A contract shall be automatically deemed null and void in either of the following cases:

a) If the contractor dies and his personal qualifications are of due consideration in the contract. But if these qualifications are not duly considered, the contract shall not be rescinded for this same reason.

Yet if the Contracting Party deems that the contractor's successor does not have the adequate securities for the good performance of the work and that the cancellation of the

contract does not involve in this case any indemnity to either of the contracting parties. The bonds shall be released to the successors if there are not such obligations by the contractor as would call for their retention.

- b) If the contractor goes bankrupt.
- c) In case of judicial Liquidation. Yet, the Contracting Party may agree that the contractor continue to fulfil his obligations if the court of law so allows.
- d) If it is established that the contract has violated rules of Article **10-A4**. in such a case the bonds shall be seized without prejudice to the Contracting Party's right to prosecute the contractor for indemnities to compensate for the damages affecting the Contracting Prty from such cancellation.

## **Chapter XI**

### **Miscellaneous Rules**

#### ***Article no. 53:***

- a) Receipt of the materials, services, or works shall be acknowledged by special committees set up by the Contracting Party for the purpose, and the book of general conditions shall state the method of forming these committees and how they shall function.
- b) The book of special conditions shall define the guarantees required to examine the consistency of the materials, services, or works to the contract conditions. In such cases and where necessary their receipt shall be acknowledged in two stages: provisional acceptance and final acceptance. The book of special conditions shall also state the corresponding rights and obligations in these stages.

#### ***Article no. 54:***

- a) The expenditure Authority may order the increase or decrease of the contracted quantities at the same terms and prices mentioned in the contract without the necessity of concluding a new contract therefore. However the rates of increase or decrease shall be specified in the books of special conditions or in the contract, provided such rate may not exceed 25 percent of the overall value of each of the contracts for works, services, and supplies.
- b) In case of increase, the contractor may be given an additional period of time proportional to the nature and volume of this specific increase only.

#### ***Article no. 55:***

- a) A contractor whose mala fide or incompetency is established during undertakings performed in favor of the Contracting Party shall be prohibited from entering into contract with the Contracting Party by order from the Minister. This disqualification,

however, shall be temporary for a period of time not exceeding three years. But disqualification and prohibition from entering into contract with all public bodies shall be by order from the Prime Minister and at the Minister's proposition.

- b) The prime Minister, as the case may be, may reconsider the orders issued under the preceding clause after the lapse of one year at least.

***Article no. 56:***

a) Unless otherwise stated in the contract, a contractor shall be liable to the rules of the books of special and general conditions. The contractor's offer and all the papers and documents appended thereto shall be considered an integral part of the contract. By having merely signed the offer, a contractor shall be deemed as having perused and understood all these documents.

b) Contracts may not contain terms and conditions that do not conform to the rules of the present regulations and the book of general conditions.

***Article no. 57:***

A contractor shall submit all applications and claims for cases of force majeure, unforeseen accidents or emergencies occurring during the execution of the contract or for works he considers not covered by the contract (including applications for extension of the contract period) to Contracting Party within 15 days from the date

of occurrence of the event leading to delay or causing the claim submitted by him and he shall explain the motivating reason of his application. The contractor's failure to submit his application or claim within the said fifteen days shall be deemed a waiver of his right to object, particularly his objection to delay penalties incurred on delay of execution.

***Article no. 58:***

A contractor may contain a clause admitting recourse to arbitration subject to rules and conditions specified therein.

## ***PART THREE***

### ***Rules Governing Sales***

***Article no. 59:***

A sale of services, products and works by wholesale, semi wholesale or in retail shall be effected in either of the following procedures:

1. Direct sale.
2. Sale by direct contract.
3. Sale by engagement.
4. Sale by auction.

***Article no. 60:***

A direct sale may be effected if the sales are based on definite tariff according to the Operations System.

***Article no. 61:***

- a) A direct contract sale may be effected through direct communication between those persons authorized to make the sale and the buyers by any method of communication or through calls for bids provided always that direct communication shall be confirmed later in writing.
- b) A direct sale contract shall define the nature of services, products, works, equipment, and commodities, as well as their prices, quantities, place, method and terms of delivery, modalities of accomplishing the obligations arising therefrom, the execution remedies, and generally everything relating to the subject of the contract and contractual obligations.
- c) The cases, terms, and procedures of a sale by direct contract shall be defined in the Operation Systems.

***Article no. 62:***

- a) A sale by engagement may be effected when future dates are fixed for deliveries as well as conditions pertinent to the nature and form of the goods.
- b) The Operation System shall determine the cases, rules and terms under which a sale by engagement is made.

***Article no. 63:***

- a) A sale by auction may be made in either of the following cases:
  - 1. For a sale of stationary assets.
  - 2. For other cases where the Expenditure Authority decides to resort to auction.
- b) Auction may be public or under sealed envelope.
- c) The operations System shall define the conditions of participation in an auction, and the documents that cover the auction and its type, and all other relevant matters.

***Article no. 64:***

Estates that can be rented under the Contracting Party's regulations may be leased under contract of mutual consent if the annual rent of the leased property does not exceed ***ten thousand Syrian Pounds***, but by auction if such rent exceeds this amount.

***Article no. 65:***

A sale, or lease, to a public body may be effected by direct sale or direct contract or sale by engagement as is specified in the Operations System.