

LAW NO. (51)

***President of the Republic,
Pursuant to the constitution rules
and the ratification of the People's Assembly in its
session held on 11.10.1425 AH, corresponding to
24.11.2004 AD,***

Issues the following:

Article 1-

Ratifies the attached contract regulation containing methods of securing the needs of public bodies and selling their properties;

Article 2-

This system shall be applied on all public bodies in the state, whether of administrative, economic or constructional sectors, excluding **Ministry of Defense** and non-constructional establishments and companies affiliated to it;

Article 3-

The rules of both **Law no. 1** for year **1976** and **Legislative Decree no. 20** for year 1994 shall be considered amended in consistence with the rules of this law;

Article 4-

The contract regulation rules applied by the public bodies coming under the rules of this law shall be no more effective;

Article 5-

The rules of this system shall not apply on contracting works announced or concluded prior to its validity date.

Article 6-

This law is to be published in the official journal to be effective from **01.01.2005**.

CONTRACT REGULATION

Part One ***Definitions***

Article 1-

- A) As regards the application of the rules of this system, the following terms shall have the meanings stated in front of each of them:
1. **The Minister**: is the minister under whose management or supervision comes the public body or which is associated with him;
 2. **Paymaster**: is the official in charge of expenditure defined as per the regulations in force in public bodies of administrative nature, or the general director of the public establishment, the public company or the public plant, as the case is;
 3. **The Public Body**: one of the ministries, public administrations, public organizations, local administrative units, municipalities, municipal authorities, Waqf departments, public establishments, public companies or public firms;
 4. **Contractual Obligation**: is the engagement with which the contractor is bound towards the public body;
 5. **Nominated Contractor**: is the one to whom the tender or call-for-offers is awarded or who is bound with a consensual contract which legalization is not yet completed, and to whom the commencement order is not yet notified;
 6. **Contractor**: is the person bound with the public body under a contract for securing its needs, and who has been notified of the commencement order pursuant to this system rules;
 7. **Contract**: the set of rules binding both contractor and public body, including the book of general conditions, books of special conditions, specifications and contract-related tables, sketches and documents;
 8. **Bidder**: is the natural or artificial person duly submitting an offer to the public body upon its request.
- B) The public body may add definitions other than those mentioned in **item (A)** of this article in the books of special conditions, as required by the contract conditions and rules.

Part Two ***Purchase-Governing Rules***

First Chapter ***Methods of Securing the Public Body's Needs***

Article 2-

- A) The expenses resulting from securing the public body's needs are concluded through one of the following methods:
1. direct purchase;
 2. tender;
 3. call-for-offers;
 4. competition;
 5. consensual contract;
 6. executing works on consignment.
- B) Subject to the rules coming in this chapter, the paymaster shall have the right to define the method of securing the required needs.

Second Chapter

Direct Purchase

Article 3-

Securing the public body's needs is carried out through direct purchase in one of the following cases:

- A) If the needs required to be secured depend upon an official tariff;
- B) If securing the required needs will be done by a public body producing them, or the sale or distribution of which or service-rendering is restricted to such a public body;
- C) If the value of one expense does not exceed a hundred thousand Syrian Pounds for each separate case; when necessary, such ceiling may be increased up to three hundred thousand **Syrian Pounds** under the **Minister's** approval, and such ceilings may be amended under the resolution of the **Council of Ministers**.

Article 4-

- A) Direct purchase committees are formed under the paymaster's decision defining the head, members and tasks of each committee, the members of which should not be less than three, including an employee of the public body's accountancy or financial administration.
- B) Upon buying, the direct purchase committees should seek the interest of the public body, obtain more than one written offer from the bodies involved in rendering the required needs, whenever possible, and then choose the most suitable offer to the public body's interest, after being sure of the good quality of the materials, validity of services and moderate prices.

Article 5-

- A) Expense resulting from direct purchase will be paid out pursuant to an invoice issued by the body presenting the needs.

Whereas in case /C/ of **Article 3**, the invoice should be signed by the concerned the direct purchase committee, attesting that the needs conform to the required specifications and that the prices stated in the invoice are moderate, after completing all the required evidential papers.

- B) The paymaster may approve securing some needs the value of each does not exceed fifty thousand **Syrian Pounds** through means other than the direct purchase committees, in cases left to his discretion.
- C) The concluded expense invoices will be legalized by the paymaster as per the rules of the above **item /B/**.

Third Chapter

Tender

Article 6- Tender:

Tender is resorted to when the specifications and conditions of the required needs are exactly and uniformly defined and when the estimated value exceeds the set limits for direct purchase.

Article 7-Tender is based upon:

- A) A book of general conditions issued under a decree pursuant to the Finance Minister's proposal, but not inconsistent with the rules of this system.
- B) A book of special conditions (legal, technical and financial): including sketches and full specifications of the required needs, date of carrying out the tender, bid bonds, performance (final) bonds, delay penalty, work-execution period and else; such a book should be legalized by the paymaster.
- C) A list of the supplies or imports items or works to be executed, with quantities estimated on the basis of the adopted units.
- D) The prices estimated by the public body for each separate item in the works contracts.
- E.) Price list in the works contracts.

Article 8-

When the file study does not help in calculating quantities exactly, the book of special conditions for works-related tenders may state that bidder will be responsible for calculating the quantities of the work and material items included within the contracting or for calculating some of those items, and considering his offered total price as a one price for the total contracting or the total of work and material items the bidder is responsible for.

Article 9-

- A) A tender should be announced fifteen days at least for internal tenders and fifty days at least for external tenders prior to the end of the closing date for submitting offers.
- B) Internal tenders mean those in which the subjects of the **Syrian Arab Republic**, those considered as them and the subjects of Arab countries residing in **Syria** are allowed to participate, while external tenders mean those in which **Arabs** and foreigners are allowed to participate, in addition to those permitted to participate in internal tenders.
- C) In cases requiring speed, periods stated in the preceding **paragraph A** may be decreased, but it should be in no case less than five days for internal tenders and twenty five days for external tenders; such speed range is left to the discretion

of the paymaster (in such cases, the tender announcement should include the phrase “utmost speed”).

- D) The day of tender announcing, as well as the day of performing it, are not be included within the said periods.
- E) After announcing the tender, it is not permitted to amend the book of conditions, sketches and all documents upon which the tender is based, unless the tender is re-announced.

Article 10-

- A) The tender announcements are to be published in the official announcement bulleting and in a daily newspaper, besides affixing copies of such announcements on the announcement board of the public body; when necessary, the tender may be announced by the radio, **TV** and all other information media. Bodies interested in the tender, the **Syrian Arab** trade missions and bodies approved abroad and the foreign missions accredited within **Syria** also may be notified and sent copies of external tender-related announcement.
- B) The tender announcement should include the following data at least:
 1. Tender subject;
 2. Place and date of submitting offers and tender session;
 3. The required bid and performance bonds;
 4. The body from which the tender file can be bought;
 5. The tender file price;
 6. Contract-execution period;
 7. The period during which bidder remains bound to his offer.

Article 11-

- A) Anybody wishing to participate in the tender should meet the following conditions:
 1. He should not be deprived from entering tenders or contracting with public bodies or having a provisional or an executive seizure upon his properties to the interest of public bodies;
 2. He should be registered in the commercial registry as regards **Syrian** bidders and those considered as them;
 3. He should be registered in one of the commercial, agricultural, industrial or tourist chambers- as the case is- in **Syria** as regards **Syrian** bidders and those considered as them;
 4. He should not be convicted with a serious crime or disgraceful offense, unless rehabilitated;
 5. He should not be an employee at any of the public bodies, nor a member of the local administration executive offices within his governorate definitely;
 6. He should not own any plant, firm or branch office in **Israel**, nor be a participant in any firm or organization in it, nor a party in any manufacturing, assembling, licensing or technical help contract with any firm, organization or body in Israel, nor practice such activity -whether in person or through an intermediate- in **Israel**, nor take part whatsoever in supporting **Israel** or its military effort.

- B) The availability of the conditions defined in **paragraphs /1, 5 & 6/ of item (A)** of this article will be ascertained through written declarations submitted by bidder.
- C) The conditions stated in the **two paragraphs /4 & 5/ of item (A)** of this article apply restrictively on natural persons.
- D) The special book of conditions may stipulate certain financial, technical and professional qualifications in those wishing to participate in the tender, and pre-qualification may be stipulated in some contracting works.
- E) The special book of conditions may stipulate exemption from the availability of the two conditions mentioned in the two paragraphs **/2 & 3/ of item (A)** of this article in some tenders whose nature requires that as well as in external tenders.
- F) Public bodies are exempted from submitting all documents defined in **item (A)** of this article.
Foreign companies with no branch or resident representative in the **Syrian Arab Republic** are exempted from submitting documents defined in paragraphs **(2, 3, 4 & 5)** of **item (A)** of this article.
- G) Documents defined in paragraphs **(2, 3, 4 & 5)** of **item (A)** of this article should be reproduced no more than three months ago.
- H) A certificate issued by a public body attesting its having such documents and meeting the legal conditions, provided to submit those documents upon tender awarding, may replace documents defined in this article.

Article 12-

- A) Pursuant to the paymaster's resolution, the tender committee in the public body will be formed from three members at least, including the public body accountant, the financial manager or an employee under either supervision, as the case is.
- B) The paymaster shall not be the head of the tender committee.
- C) The head of the tender committee should have a university degree.
- D) The paymaster may request the help of representatives of the public bodies concerned with tender committees.

Article 13-

Those wishing to participate in the tender should submit the required bid bonds within the period set for submitting offers, the value of which will be defined in the book of special conditions and the announcement.

Article 14-

Offers will be submitted within two closed envelopes placed within a third one addressed to the body defined in the announcement, besides writing the tender subject and the date of performing it:

- A) **First Envelope:** containing the application for participating in the tender and the documents attesting the availability of the conditions stipulated in **Article 11** of this system.

The first envelope should also contain the bidder's declaration that he has taken note of the general and special books of conditions (legal, technical and financial) and the tables of the required supplies or works items of the tender, and that he accepts all conditions and rules set forth in those documents.

- B) **Second Envelope**: containing the financial and commercial offer, along with the unit and total prices, as the case is.

Article 15-

- A) Bidder should specify his chosen domicile in **Syria**.
- B) A non-resident **Arab** bidder and a foreign bidder may specify a chosen domicile outside **Syria**, in case books of conditions stipulate that.
- C) The said chosen domicile will be binding upon bidder even when moving to another one, unless he notifies the public body in writing on his new chosen domicile in the same town; otherwise, all notifications addressed to his first chosen domicile will be definitely deemed valid.

Article 16-

In case bidder is a commission agent, he should clearly state his net commission percentage in the offer; such commission will be directly paid to the agent in Syrian Pounds on the basis of the rate defined by the foreign exchange office valid in the date of opening the documentary credit or the direct transfer of the value, after the final receiving and pursuant to the contract conditions.

Article 17-

Subject to **item B** of **Article 7** and paragraph **6** of **item B** of **Article 10** of this system, bidder should clearly define in his offer the period during which he undertakes to supply materials, perform services or execute works subject of the tender or the call for offers, unless such period is defined by the public body. In comparing between offers, the delivery period will be deemed one of the basic elements; such delivery is preferred to be done as soon as possible. In case offers turn out to be equal as regards all conditions, the offer undertaking to execute the contract within a period less than those set in other offers will be given preference.

Article 18-

An offer will be rejected in one of the following cases:

- A) In case of preparing or submitting it in contradiction with the rules of this system;
- B) In case of presenting it after the date set for presenting offers;
- C) In case of any shortage in the documents or the technical specifications bidder is required to submit pursuant to the rules of this system and the books of conditions. But the tender committee has the right to grant bidders a grace for completing shortages in their offers, excluding bid bonds, prices and price analysis tables if required to be submitted.
- D) The tender committee may accept tenders containing reservations in case bidder agrees in the beginning of the tender session and prior to announcing prices to cancel his reservations and comply with the rules of the books of special conditions, and after he confirms that in writing.

Article 19-

- A) Offers are either presented directly to the body defined in the announcement or sent to it by registered mail, provided to be received and registered in its registration office before the end of the official work hours of the day set as the closing date for submitting offers.

- B) Only one offer is accepted from each single bidder; the offer formerly registered at the registration office of the body defined in the announcement will be the one considered; offers will not be restored, completed or amended after being registered at said registration office.
- C) One offer may contain more than one option, if the book of special conditions stipulates so.

Article 20-

- A) The tender will be performed at the time and in the place as defined in a public session into which all bidders are permitted to attend.
- B) The tender committee will open the first envelope, check its contents and decide to accept offers meeting the required conditions for participating in the tender and reject offers not so, while announcing that in public; all documents presented by bidders will be signed by the tender committee.
- C) Rejected offers will be returned to their bidders without opening them
- D)
 - 1. In case only one bidder submits an offer, or in case of accepting only one offer, the tender will be re-announced.
 - 2. The public body may accept the sole offer in the second time in case of deeming that to its interest.
- E) The committee will open the envelopes of the accepted offers and announce their contents in public to the attendance.
- F) Should the tender committee find itself compelled to study and examine offers, it may postpone the tender session to a later date defined and set before the attendance; the committee will carry out its work in such second session before the attending bidders.
- G) Accepted offers are classified according to their prices starting from the least price, after being sure of the unit and total prices and their correctness; then the committee head will announce the name of nominated contractor with the least accepted price.
- H) In case two, or more, offers turn out to be equal in the least price, a new bidding will made only among such equal offers, at the same session and through the sealed envelope method till deciding upon tender awarding.

Article 21-

- A) Decisions of the tender committee will be taken by the majority votes of its present members; in case such votes are equal, the side of the committee head will prevail.
- B) A tender session shall not be valid and legal unless attended by the majority of the tender committee members, including the committee head, provided to be no less than three members.
- C) Objections occurring during the tender session will be settled immediately by voting, while mentioning that in the session minutes.
- D) The committee's decisions announced before the attendance shall be final.
- E) The tender session minutes, including any such objections, will be written in a report signed by all the tender committee members and the present bidders; any

abstention to sign so by the nominated contractor and the rest of bidders will be of no consideration.

Article 22-

- A) The paymaster may previously define the maximum price that could be accepted as a result of tendering pursuant to the report of a specialized committee formed for that purpose; such price will be placed within a red-wax sealed envelope to be opened during the tender session by the tender committee, but without announcing its content before the present bidders.
- B) In case no prices equal to or less than the said price mentioned in **item (A)** of this article are submitted, the committee should ask bidders to submit new prices within sealed envelopes during the same session, but without repeating such procedure during that session.

Should the new prices be unequal to the estimated prices or be more than **5%** higher than them, then the committee would announce the failure of tender.

Article 23-

The public body may divide the tender materials among bidders as it deems fit for its interest, whereby a part of the tender will be awarded to a bidder, with no right for objection, provided such materials are divisible and the book of special conditions stipulates that.

Article 24-

- A) The tender report will be certified by the paymaster who will have the right to cancel the tender results based upon written justified causes, but without having any right whatsoever to amend the result reached by the tender committee.
- B) A nominated contractor will not be considered a contractor unless upon completing legalization procedures and notifying him such legalization; the public body may give up executing the tender subject at any time prior to notifying commencement order to the contractor who will have no right for any compensation.
- C) The nominated contractor should sign the contract within the period set in the book of special conditions, but not exceeding thirty days from the date of notifying him tender-awarding; in case of his failure to attend or his abstention from signing contract as per the rules of the book of special conditions and his accepted offer, the presented bonds will be seized in addition to the right of the public body to claim him damages when necessary.

Article 25-

A nominated contractor will be bound to his offer throughout the period set so in the books of conditions, the announcement or the offer; in case of not being notified the commencement order within that period, then he will have the right during seven days after the said period to relinquish his offer by virtue of a written letter registered at the registration office of public body which has made the tender; otherwise, such commitment to his offer will be definitely renewed for a second period starting from the day following the date of the expiry of the period given to the nominated contractor, and so on each time, but such period of the nominated contractor's commitment to his offer will not exceed six months.

Article 26-

Upon announcing tender, the paymaster shall have the right to consider it restricted among those having the required material and technical conditions and competence, for reasons related with work nature, type or circumstances; in such case, the tender committee, after examining the bidders' documents, will define the names of accepted bidders, and its decision in this respect will be absolute, while the tender procedures will be carried out as stated in the preceding rules.

Fourth Chapter

Call For Offers

Article 27-

Call for offers is resorted to when the public body is unable to set unified specifications and conditions for securing the required needs, in order to distinguish among such offers and choose the best one in the light of the quality, prices and all other conditions.

Article 28-

Subject to the rules stated in the following articles, the rules applied on purchase through tender shall apply on purchase through calling for offers.

Article 29-

- A) Call for offers is done either through announcement or registered letters sent to previously-qualified companies or by both methods or through any communication means addressed by the public body to the largest number of bidders.
- B) The call for offers should at least include the following data:
1. Subject of the call for offers;
 2. Place and closing date for submitting offers;
 3. The required bid and performance bonds;
 4. The body from which the call-for-offers file can be bought;
 5. The file price;
 6. Contract-execution period;
 7. The period during which bidder remains bound to his offer.

Article 30-

Offers will be submitted in three closed envelopes placed within a fourth one addressed to the body defined in the announcement, besides writing the call-for-offers subject, according to the following:

- A) **First Envelope:** containing the participation application and the documents attesting the availability of the conditions stipulated in **Article 11** of this system and other conditions.

This envelope should also contain the bidder's declaration that he has taken note of the announcement, the general and special books of conditions (legal, technical and financial) and the tables of the required supplies or works items, and that he abides by all conditions and rules set forth in those documents.

- B) **Second Envelope**: containing the technical offer and specifications, but with no prices, reservations nor any legal or financial conditions, which will be ignored otherwise.
- C) **Third Envelope**: containing the financial and commercial offer and the table of unit and total prices, clearly prepared by bidder with no erasing, deleting or inserting; this envelope should contain neither reservations nor any legal or financial conditions, which will be ignored otherwise.

Article 31-

The tender committee will examine offers in a secret session not attended by bidders, as follows:

- A) The tender committee will open the first envelope, check contents and decides accepting offers meeting the required conditions for participating and rejecting offers not so, while referring the second envelope, still closed, to the technical committee or committees.
- B) The technical committee will be formed pursuant to the paymaster's decision, including legal and financial members; the paymaster may resort to an internal or external consultative expertise office to assume all or some of the tasks of the technical committee.
- C) Before receiving the technical envelopes, the technical committee will set forth bases for technically evaluating offers pursuant to the rules of the special books of conditions (legal, technical and financial), and defining the minimum technically-accepted mark according to the project nature; such bases are to be delivered to the tender committee to take note of and keep a copy in the call-for-offers file.
After taking note of the evaluation bases, the technical committee or committees will open the second envelope sent to it by the tender committee and study such offers as regards the technical aspect as per the evaluation bases; comparison between offers will be done on the basis of the technical value, the manufacturing guarantees and other guarantees presented by bidders; then it will prepare a report on its findings defining technically accepted offers and rejected ones along with the quality marks given to offers; such report then is sent forward to the tender committee.
- D) The public body will have the right to request clarifications from bidders with accepted offers, besides having the right to ask them to correct their offers to the interest of the public body; in such case, all bidders should be allowed to correct and even amend their offers till a date fixed in the notice given to them, along with supplying them with sufficient clarifications to help them submit their new offers in the form and specifications meeting the wish of the public body, besides securing equal chances among such bidders.
- E) After reviewing the report of the technical committee or committees, the tender committee will open the financial envelope of the technically-accepted offers and refer that, along with the report of the technical committee or committees, to the technical committee for studying the financial offers; comparison among them will be made subject to the rules of **Article 17** of this system and on the basis of the quality marks, execution periods and prices; then the technical

committee will prepare the results in special tables, besides preparing a report- signed by all its members- on its findings and refer that along with its recommendations to the tender committee.

- F) Based upon the technical committee's report, stipulated in the preceding item (E), the tender committee will choose the most suitable offer to the interest of the public body.
- G) The tender committee's report will be certified by the paymaster who will have the right to cancel the call-for-offers results based upon written justified causes, but without having any right whatsoever to amend the result reached by the tender committee.
- H) The public body will notify bidder with the best offer on accepting his offer after legalizing the tender committee's report either by registered mail, telegram or telex, the content of which is to be confirmed in a registered letter; notification in such cases will take effect from the date of depositing the registered mail or sending the telegram or telex, whichever occurs first.
- I) The nominated contractor should sign the contract within the period set in the book of special conditions, but not exceeding thirty days from the date of notifying him offer-awarding in writing; in case of his failure to attend or his abstention from signing contract as per the rules of the book of special conditions and his accepted offer, the presented bonds will be seized in addition to the right of the public body to claim him damages when necessary.

Article 32-

The rules of **Article 25** of this system will apply on the call for offers; the nominated contractor will be bound to his offer starting from the day following his being notified in writing that he has been awarded the call for offers.

Fifth Chapter

Competition

Article 33-

- A) The minister may resort to the method of competition whether for the purpose of laying down studies or sketches for a certain project or for executing a project with already made sketches and studies or for both, when there are justified reasons requiring adopting this method.
- B) The competition will be carried out on the basis of a previously made program, with detailed purposes and the possibility of fixing the maximum limit of the amounts estimated for executing the project.
- C) Competition will be announced in the same way used in announcing purchase through calling for offers; the competition may stipulate non-accepting the participation of any person in it prior to presenting his documents or the works executed by him before the public body and approving his participation.

Article 34-

- A) When the competition subject is drawing up studies or sketches for a certain project, the program provided for in **item /B/** of the preceding article should define:
1. prizes, rewards or privileges to be granted to winners;
 2. destiny of the proprietorship of the winning and non-winning studies or sketches.
- B) Prizes, rewards and privileges will be granted pursuant to the report of a panel of arbitrators previously appointed by the concerned minister upon announcing the competition; such panel may recommend that nobody is entitled to be granted all or some of those prizes, rewards or privileges in case it deems that the presented sketches are under the required technical level.

Article 35-

- A) When the competition subject is to execute a previously studied project, the program provided for in **item /A/** of **Article 33** should define the conditions to be available in the competitors' offers, particularly:
1. mentioning the amount required for such execution, along with breaking up that amount into materials, works, charges and profits;
 2. time during which execution will be completed;
 3. execution program, including the materials used;
 4. the required bonds for guaranteeing execution.
- B) When the competition subject is to draw up studies or sketches for a certain project as well as to execute that project, the rules of the preceding article will be applied; in addition to that, competitors will be requested to submit a preliminary study and a preliminary sketch for the required project.

Article 36-

The program may stipulate granting compensations for those who have presented non-winning projects despite being in conformity with the laid-down program and at an acceptable technical level.

Article 37-

- A) The arbitrators' panel may summon competitors in all cases mentioned in this chapter and discuss their projects and offers with them, and introduce some amendments on them.
- B) The panel will write down its work results in a special record, a summary of which is to be broadcast through means decided by the public body; the panel's recommendation will be valid after being certified by the paymaster and offered to the concerned authorities.
- C) The said record will replace the contract after completing legal legalization requirements.

Sixth Chapter

Consensual Contract

Article 38-

The public body may conclude a consensual contract with a party of its option as a result of direct communications it makes according to the conditions and rules stated in this chapter.

Article 39-

A) Consensual contracting is permitted in the following cases:

1. When the manufacturing, possession, trading, supply or import of the required needs of the public body are limited to a certain person, company or body, or when necessity requires buying them in their production sites;
2. When there are important technical, financial or military reasons that require certain bodies to secure the public body's needs;
3. When the purpose of the required needs of the public body is to carry out researches or experiments that require adopting a certain method in execution away from the usual method;
4. In buying real-estates, when there is no public benefit permitting their possession, and after depending upon estimations put forth by a specialized committee in the field of buying real-estates formed by the paymaster for this purpose;
5. In hiring real-estates;
6. In case of the failure of the tender or the call for offers for two successive times, provided consensual contracting is done under the same conditions and specifications set in the book of special conditions and the announcement;
7. In shipping contracts and contracts of insuring shipped goods;
8. When contracting is concluded with public companies, establishments and firms, but subject to **item /B/** of **Article 3** of this system;
9. In emergent cases requiring justified speed, especially when securing materials, performing services or executing works by other methods cannot be done at the required speed;
10. Contracts of importing materials subject to an international stock exchange;
11. When executing the required needs is to complete a certain project under execution by virtue of a previous contracting, in case there are real and technical necessities requiring going on performing the new works by contractor.

B) The paymaster will estimate the cases stated in the preceding **item /A/**.

C) Consensual contracting may be adopted in other cases estimated by the concerned minister as a result of a justifying study stating the need to follow this method, including the bases that should be used in defining price and all the other conditions.

D) In the case stated in **paragraph 11** of **item /A/** of this article, there should be verification of the technical or financial reasons that called for not including or considering the new works in the previous contracting; in this case, the new contracting will be in the form of an annex to the previous contracting, while the book of general conditions should stipulate procedures to be taken for

enumerating works performed by contractor during the previous contracting period.

Article 40-

- A) As regards consensual contractors, it is sufficient to have the legal capacity for contracting, besides being not deprived from contracting with the public body or with all other public bodies; but the availability of all or some of the conditions stated in **Article 11** of this system along with the supporting documents may be requested.
- B) The paymaster may stipulate presenting bid bonds or exemption from them.

Article 41-

Consensual contract will be governed by the procedures provided for in **Article 34** of this system, while the contractor's engagement and disengagement will be pursuant to the rules of **Article 25**.

Article 42-

Consensual contracting will be implemented through one of the following methods:

- A) Through preparing a contract clearly stating obligations and rights;
- B) Through an undertaking written down on the book of special conditions, including the contractor's acceptance of the obligation as per the agreed upon conditions in writing;
- C) By correspondence as per the commercial established practices when contracting with foreign markets.

Article 43-

Subject to the rules in force as regards delegating the employees of the public body abroad, securing the needs of the public bodies from external markets may be carried out, when necessary and as estimated by the minister and upon the approval of the prime minister, by means of committees formed for that purpose under the minister's decisions defining the tasks of such committees, how to secure such purchase and all other related rules, without observing the rules of this system, but provided to have contracts legalized as per the rules in force.

Seventh Chapter

Executing Works on Consignment

Article 44-

- A) In each time required by the public body's interest, the need for speed or the impossibility of executing works through contractors, such works can be executed on consignment on the responsibility of the public body undertaking execution however their costs amount to.
- B) Approving executing works on consignment – under the minister's decision- will be pursuant to a report of the concerned public body including reasons justifying works on consignment, accompanied with the whole project file and an estimative statement containing works types, quantities, prices and pother illustrative documents.

Article 45-

The decision of approving executing works on consignment will be considered as an implicit permission to carry out tenders, prepare partial consensual contracts or perform direct purchase for submitting materials and executing the required services and works for the project, as per the rules of this system.

Article 45-

The decision of approving executing works on consignment will be considered as an implicit permission to carry out tenders, prepare partial consensual contracts or perform direct purchase for submitting materials and executing the required services and works for the project, as per the rules of this system.

Part Three

Bonds & Advances

Article 46-

A) Subject to the rules of **Law no. 1 for year 1976, Legislative Decree no. 20 for year 1994** and other legal rules including exemption from submitting bid bonds or performance bonds;

Bid bonds and performance bonds for each tender, call for offers or consensual contract will be defined in the book of special conditions and the announcement as follows:

- bid bonds: at **5%** of the undertaking estimative value (estimative statement prepared by the public body) or at a lump sum in case there is no such estimative statement;
- performance bonds: at **10%** of the contract value.

B) The paymaster may decrease the bid bonds or performance bonds, provided to mention that in the book of special conditions and the announcement.

C) The paymaster may exempt from the bid bonds or performance bonds in spare parts supply contracts and maintenance works contracts.

D) Under the prior approval of the minister, bid bonds and performance bonds may be exempted from in special cases which nature requires that.

E) Presenting bid bonds and performance bonds can be either in cash paid to the fund of the public body or into its bank account if any, or a guarantee, bank transfer, a check approved or certified by the resident banks accredited by the concerned public bodies in the **Syrian Arab Republic**.

Article 47-

A) Bid bonds will be immediately returned to those whose offers are not accepted by the tender committee, whereas those not awarded the tender or the call for offers or with whom contracting is not made, bid bonds will be returned to them after the certification of the paymaster on the tender committee's report.

B) Performance bonds will be returned to their owners after the final receiving as regards supplies and services, whereas for works all bonds will be returned after the provisional receiving in case there are no obligations due upon contractor requiring seizing such bonds.

Article 48-

The nominated contractor should submit the performance bonds within the period specified in the book of special conditions, but not exceeding thirty days from notifying him in writing of being awarded the contracting and prior to signing the contract; the presented bid bonds may be considered as performance bonds in case contractor pays the difference between the two if the bid bonds are less than the performance bonds during the above-mentioned period.

If the bid bonds have been presented through a bank guarantee, this should be replaced by a new guarantee equaling the value of the performance bonds; the public body will keep such performance bonds as a guarantee for well execution of the contract, and also to deduct the delay penalties and all other compensations resulting from damages incurred upon it as a result of the contractor's breach of his obligation.

Article 49-

Subject to the rules stated in **Law no. 1** for year **1976** concerning public constructions companies, the contractor may be granted an advance payment as per the following conditions:

1. The book of special conditions and the announcement should include a text to that effect;
2. Such advance should not exceed **15%** of the contract value;
3. Such advance should not be paid unless after issuing the commencement order and submitting a bank guarantee not less than the advance value;
4. The contractor should waive his right of claiming any increase in prices occurring after receiving the advance, under an explicit text in the book of special conditions and the contract concluded with him.

Part Four

Execution Sanctions

Article 50-

A) Subject to the rules of the next **Article 51**:

Should the contractor be delay in submitting the public body's needs behind the fixed date, the delay penalties stipulated in the contract and the book of conditions will be imposed upon him even if no damages are incurred by the public body; the daily penalty will not be less than **01% one per thousand** of the total value, but the total delay penalties should not exceed **20%** of the contract total value. The daily delay penalties may be computed on the basis of the value of the part which delivery is delayed if so stipulated in the book of special conditions and the announcement, and subject to the two following correlated conditions:

1. the other materials should be delivered within the fixed dates;
2. the part which delivery is delayed should be in the ordinary use independent of the other delivered materials.

B) The technical penalties provided in some contracts are not to be considered as delay penalties.

Article 51-

A) In some special contracting, the total delay penalties may be decreased below the rate stated in **item A** of the preceding article if so stipulated in the book of special conditions and contract.

B) Delay penalties may be exempted from or determined otherwise in cases defined pursuant to the decision of the concerned minister and according to their intrinsic essential nature.

Article 52-

In case the contracting subject is submitting imported materials and the public body assumes opening the documentary credit, in this case the contractor should deliver that public body all the required documents and information to get the import license and open the credit; the contractor shall be responsible for any delay in submitting such documents and information.

The penalties provided in the book of conditions will apply on such delay, whether resulting in delaying execution or not.

Should the contractor be delay in submitting the above-mentioned documents and information for thirty days after the expiry of the period set in the book of conditions, then the public body shall have the right to withdraw the contracting as per the rules of this system, unless the books of conditions stipulate otherwise.

Article 53-

A) Contractor will not be responsible for the delay occurring because of the public body or other public bodies.

B) Contractor will be exempted from delay penalties in case of being a pure victim of a force majeure out of his control, for the period of delay resulting from such force majeure.

C) Contractor will be exempted from contract execution in case it is absolutely impossible for him to execute the contract rules, when such case is not the result of his default and caused by circumstances completely out of his control.

D) In case of the occurrence of general exceptional circumstances or events that could not be foreseen, a matter that makes the contract execution, if not impossible, a heavy burden forewarning a gross loss, then contractor will have the right to claim a fair compensation.

E) Deciding the case stated in **item A** of this article will be the right of the public body, besides its right to decide cases which come under **items B** and **C** of this article upon the contractor's request and after the approval of a committee formed for this purpose pursuant to the minister's decision as follows:

- a consultant from the State Council, nominated by the State Council Chairman- as president;
- a representative of the **Finance Ministry**- as a member;
- a consultant from the public body with the rank of a manager at least- as a member;
- the contractor or its deputy- as a member;
- a representative of the **Central Office for Finance Control**- as a member.

The committee's decisions will be adopted by the majority votes of its attending members; and in case of equal votes, the president's side will avail, while the committee's decision in this case will be absolute and not liable for any reconsideration.

As for taking any decisions concerning the case stated in **item D** of this article, this will be task of the **Administrative Judiciary** only.

- F) Contractor should submit his requests for extending the contract period as a result of sudden events, emergent or force majeure circumstances during contract execution within fifteen days from the date of the occurrence of the cause leading to delay, explaining causes forcing him to be so delay; in case contractor does not submit such a request within the said period, this will be considered as an acknowledgement on his part of the non-existence of justified reasons for any delay, and consequently as a waiver of his right of objection to penalties imposed upon him as a result of such delay.
- G) Each of the president and members of the committee provided in **item E** of this article will be granted a compensation of two hundred Syrian Pounds for each session; such compensation will not be subject to the compensation maximum limits in force; the contractor will assume such compensations in all cases, while the said compensation may be amended under the **Prime Minister's** decision.

Article 54-

- A) The paymaster will have the right to decide withdrawing the contract execution from contractor and have it executed at the contractor's account in the following cases:
1. In case contractor does not commence contract execution at the time set for that as per the rules of this system or the book of conditions;
 2. When the volume of the completely rejected quantities exceeds one-third of the contracted quantity, or one-fourth of any part of it in case contract stipulates delivering them divided in successive batches;
 3. In case it becomes established for the public body that the contractor has committed acts of cheat, fraud or bribery;
 4. In case contractor breaches his obligations and abstains from rectifying such breach within the period defined by the public body;
 5. If contractor violates the set work program lest it should not be performed on time, and in case there is an exceptional technical or administrative necessity to be completed on time, or when the delay penalty is expected to exceed, or has already exceeded, the rate defined in **Article 50** of this system;
 6. In case contractor declares his inability to go on with contract execution.
- B) Prior to contract-withdrawal, contractor will be warned about that for one time and for a period defined in such warning in cases provided in **paragraphs 1-2-3-4-5** of the preceding item; during the said period, contractor will the have the right to submit his objections to the public body, and in all cases contractor remains responsible for execution during that; the public body should decide about such objection within no more than fifteen days from the date of registering the objection at the public body's registration office.

- C) The paymaster will have the right to take back such procedure in case contractor submits sufficient guarantees for the well execution of contract and if that is to the public body's interest, unless the execution commencement order has been issued to the new contractor.

Article 55-

- A) Upon withdrawing the contract execution or contractor's abstention, the paymaster will have the right to secure the needs at the contractor's expense as per the following:
1. through tendering or calling for offers in ordinary cases;
 2. On consignment or by consent arrangement upon failure of the tender or the call for offers, or when there are actual technical or administrative necessities calling for performing works through ways other than tender.
- B) Contractor will be notified on procedures taken according to **item A** of this article.
- C) In case a surplus or excess in prices results from performing contract pursuant to the rules of **item A** of this article, such surplus will be the right of the public body.

Article 56-

The book of general conditions stipulates cases in which the public body may interfere in supporting the contractor's workshops at his expense or sharing him in managing them, besides stipulating settling account with him and how to practice such authority in the said cases.

Article 57-

Contractor will be deemed as being already forewarned as regards due obligations, delay penalty and other penalties incurred upon him immediately upon the date fixed in contract or books of conditions without the need for any procedure.

Article 58-

- A) Under the minister's justified decision, a contractor-whose ill faith or incompetence during executing the public body's contracting works becomes established-will be deprived from making contracts with that public body; such deprivation will be temporary for a period not exceeding five years; whereas deprivation from concluding contracts with all public bodies will be effected pursuant to the **Prime Minister's** decision based upon a proposal from the concerned minister.
- B) The **Prime Minister** or the minister may reconsider decisions taken pursuant to the preceding item at least after the elapse of **one year**.

Article 59-

Contracting will definitely deemed as revoked in the following cases:

- A) Contractor's death in case his personal qualifications are significant in such contracting; otherwise, contract will not be revoked for this reason, unless the public body is of the opinion that the contractor's heirs do not have enough guarantees for executing the work in a good way. Revoking in such a case will

not result in any compensation for the contracting parties, and bonds will be returned to heirs unless other obligations have been due upon the contractor;

- B) Contractor's insolvency;
- C) Judicial liquidation; but the public body will have the right to approve contractor's going on executing his obligations in case the court permits that;
- D) In case of an established violation of the rules of **paragraph 6 - item A** of **Article 11** of this system, where the contractor's bonds will be seized, but without prejudice to the public body's right in prosecuting him for damages incurred upon it as a result of such revocation.

Article 60-

- A) The paymaster will have the right to revoke the contract when completely giving up its execution pursuant to the public interest requisites, besides his right to order ceasing work execution temporarily.
- B) In case ceasing execution exceeds one whole year, then contractor will have the right to revoke contract if he requests so.
- C) Revoking or ceasing execution pursuant to the rules of this article will result in contractor's having the right to get a fair compensation for the damages actually incurred upon him; the judiciary shall determine such compensation.

Part Five

Diverse Rules

Article 61-

- A) Materials, services or works will be received by special committees formed by the public body; the book of general conditions states how to create such committees and how to practice their works.
- B) The book of special conditions determines the guarantees required for the presented needs to be in harmony with the contracting conditions; receiving in this case will be carried out in two stages: provisional receiving and final receiving.

The said book of conditions also defines the corresponding rights and obligations in each of the two cases.

Article 62-

- A) The paymaster will have the right to increase or decrease the contractual quantities during contract execution period at no more than **30%** for each separate item or material from contractor under the same conditions and prices defined in the contract, with no need for a new contract, provided such increase or decrease total value will not exceed **25%** of the contract total value.
- B) In case of increasing, the contractor will be granted an additional period in proportion with the increase nature and volume, but only for such an increase.

Article 63-

Subject to the rules of **Article 49** and **Article 53** of this system, in case a price increase occurs after submitting offer and throughout contract execution period only leading to increasing the costs of the total parts not yet executed at more than

15% of their value pursuant to the contract, then the contractor will assume **15%** of such increase, while the public body will assume the remainder.

Article 64-

In case a price decrease occurs after submitting offer, then the public body will enjoy the same rights granted to contractor under the rules of the preceding article.

Article 65-

A) The contractor, whether a **Syrian Arab** or who is considered so, an **Arab** or a foreigner, should nominate a chosen domicile for him in Syria to be clearly stated in the contract; the said chosen domicile will be binding upon contractor even if he moves to another, unless he notifies the public body in writing on his new chosen domicile in the same town; otherwise, all notifications sent to his first chosen domicile will be definitely considered as valid.

1. immediately upon delivering the same to him, to his agent or to his legal representative;
2. within 48 hours if sent by telegram or by telex;
3. within 5 days of contracts if sent by registered mail to his chosen domicile defined in the contract; in case notification under any of the means mentioned in this article is not possible, then the public body may resort to notifying him through one of the local newspapers, when required.

Article 66-

A) The **Administrative Judiciary** in the **Syrian Arab Republic** is the concerned authority to settle any dispute arising from the contract.

B) The books of special conditions and contract may stipulate resorting to arbitration as per the established procedures before the **Administrative Judiciary**; the arbitration committee will be presided by a justice from the **State Council** nominated by the **State Council Chairman** and two members: one chosen by the public body and one by the contractor.

C) Under the approval of the concerned minister in person, and aside from the rules of the two preceding **items A** and **B**, external contracts may provide for a special arbitration body.

Article 67-

The **Syrian Arab** legislation will be the sole reference in all that is related with contract validity, interpretation and application of its rules and in any dispute arising out of its execution.

Article 68-

A) As regards all matters not stipulated in the contract, books of special conditions (legal, technical and financial), tables of quantities and prices and the book of general conditions, the contractor will be subject to this system upon inviting tenders, calling for offers or concluding contract in case of consensual contracting.

B) The contractor's offer and all its annexed documents will be an integral part of the contract, and contractor, upon signing the contract, will be deemed as having taken note of and understood all the above documents.

- C) In case of any discrepancy among the rules of those documents, the rules stated in them will be applied as per the following serial priorities:
1. the contract;
 2. the book of special conditions (legal, technical and financial);
 3. the book of general conditions;
 4. the technical specifications and charts; in case of contradiction, the detailed charts will be considered better than the general ones, and the special technical specifications better than the general technical ones;
 5. the table of prices;
 6. the contractor's offer and its amendments approved by the public body in case if being the result of a tender, call for offers or consensual contracting.

Article 69-

- A) Contractor should immediately carry out all orders and instructions notified to him in writing by the public body or its representative, and in case he deems that such orders encroach upon the limits of duties imposed him under contract, then he should submit his objections, reservations and requests arising out of such orders, instructions or works not included within contract within fifteen days from the date of being notified of them, at the risk of non-acceptance.
- B) All contractor's requests arising from sudden events, emergent conditions or force majeure during executing contract for works considered as not included in the contract should be submitted to the public body within fifteen days from the date of the occurrence of such cases justifying those requests, at the risk of non-acceptance.

Article 70-

Contractor will assume all costs resulting from the contracting process, such as duties, stamps, costs of announcing in papers and other information media, as well as all other duties and taxes defined in the laws and regulations in force.

Article 71-

While maintaining the rules concerning exempting some public bodies from duties, in contracting works including imports from abroad it is possible to include special conditions related with the following in the contract:

- A) Having one of the two parties assume the customs duties and their complements, all various port duties, the duties imposed upon import licenses and other duties imposed upon the entry of the goods into the country and clearing them;
- B) Having one of the two parties assume the consequences of amending the duties mentioned in the previous paragraph or imposing new duties.
- C) For applying the rules of the preceding **items /A and B/** in cases other than consensual contract, it is provided that the book of special conditions should include a text on their application.

Article 72-

External contracts may stipulate the following in contracting or undertaking:

- A) Having the public body assume all or part of the various duties and taxes due upon the contractor or undertaker;

- B) Having the public body assume costs of announcing in papers and other information media.

Part Six

Sales-Regulating Rules

First Chapter

Sales Methods

Article 73-

- A) Sale, leasing or investing real estates of public bodies, as well as other articles, needs and materials decided to be sold, is carried out through one of the following methods:
1. direct method;
 2. consensual contract;
 3. auction;
- when effective laws and regulations do not stipulate adopting another method
- B) Public bodies of economic nature and subject to **Legislative Decree no. 20 for year 1994** and **Law no. 1 for year 1976** may resort to the following sale methods, in addition to those mentioned in **item /A/** of this article:
1. sale by direct contract;
 2. sale by engagement (correlation);
 3. sale through approved agents within and outside the country;
 4. sale on consignment.

Article 74-

The paymaster appoints the sale committees, but it is inadmissible for the paymaster to be the committee chairman.

Second Chapter

Direct Method

Article 75-

Sale, leasing or investing by direct method is carried out in the following cases:

- A) In case the sales depend upon an official tariff;
- B) In case the sale will be done to one of the public bodies;
- C) In case the sales value in each time does not exceed one hundred thousand **Syrian Pounds**; this value may be amended under the decision of the **Council of Ministers** if necessary; but in this case, sale, leasing or investing will be done by the sales committees;
- D) In case the matter is related with selling a real estate to an **Arab** or foreign state for occupancy or erecting installations on it for its political, consular, commercial or cultural missions provided having the sale contract legalized under a decision issued by the **Council of Ministers**.

Article 76-

- A) Sales committees will be composed of a chairman and two members at least.
- B) Sales committees should seek the interest of the public body when undertaking sale, leasing or investing through obtaining more than one written offer as far possible from those wishing to buy, hire or invest, and then choosing the most suitable offer to the public body's interest.

Third Chapter

Mutual Consent

Article 77-

Sale, leasing or investing by mutual consent is carried out in the following cases:

- A) In case the sales value does not exceed two hundred thousand **Syrian Pounds**; this value may be amended under the decision of the **Council of Ministers** if necessary;
- B) In case of the failure of the auction for two successive times under the same declared conditions and specifications;
- C) Upon leasing the public body's real estates, unless the concerned paymaster decides leasing through auctioning.
- D) Notwithstanding the rules of the preceding **item /A/**, it is permitted to resort to the method of consensual sale in the following cases:
 1. Selling the real estates of the industrial and commercial zones erected outside the residential areas;
 2. Sale of real estates on which it is unsuitable to erect an independent building pursuant to the effective laws and regulations, whether resulting from enforcing regulatory plans, from appropriation or from any other cause of ownership.
- E) Conditions for sale by mutual consent in cases defined in the preceding **item /D/** will be defined pursuant to the decision of the **Council of Ministers**, provided the sale price should not be less than the cost price.

Article 78-

- A) The public body should define an estimated value for the things to be sold, leased or put into investment.
- B) In all cases of sale by mutual consent, the public body should resort to calling offers from parties wishing to buy; this will be done either by announcing during the period defined by the paymaster or by directly contacting the said parties, according to the required speed and need estimated by the body authorized to sell.
- C) The sale committee will examine such offers, choose the best one after being sure of the presented prices and put down its procedures in a report to be a reference for preparing the mutual consent contract.

Fourth Chapter

Auction

Article 79-

Sale, leasing or investing is carried out through auction when the value exceeds two hundred thousand **Syrian Pounds**, or in cases where the paymaster decides to resort to auction; the said value may be amended if necessary pursuant to the decision of the **Council of Ministers**.

Article 80-

Auction is carried out through one of the following two methods:

- A) auction by sealed envelope;
- B) public auction.

Article 81-

- A) Before making the auction, the paymaster will form a committee for determining the estimated value of the movable and immovable properties to be sold, leased or invested.
- B) The paymaster will define the deposits required for taking part in the auction.

Article 82-

The auction made through the sealed envelope method will be carried out as per the rules related with tenders.

Article 83-

- A) The public auction will be carried out in a public session with the participation of interested persons who have the required conditions.
- B) The auction announcement will define the date and time of carrying out the auction, while the applications for it are accepted till the hour set for opening the auction session.
- C) The public body may set a preliminary price for opening up the auctioning process.
- D) Increases less than a half percent over the previous offer value will not be accepted.

Article 84-

- A) The paymaster may resort to the method of contracting by mutual consent in case the auction fails for two successive times.
- B) The auction will be considered unsuccessful if the public body does not get a price equaling or exceeding its estimated value as per the rules of **Article 81** of this system.

Article 85-

Subject to the rules stated in this chapter, the other rules applicable for tenders will apply on auctions, while rules applicable for buying through direct method and mutual consent will apply on selling through direct method and mutual consent.

Fifth Chapter

Sale By Direct Contract & Other Sale Forms

Article 86-

- A) Sale by direct contract is done through direct contact between those authorized to sell and buyers by any contact means or call for offers, provided such direct contacts will be confirmed by written documents later.
- B) The direct contract sale should define type of services, products, works, supplies and commodities, their prices and quantities, delivery method, place and conditions, method of settling the resulting obligations and execution sanctions, and generally speaking, all matters related with contract subject and the obligations of both parties.
- C) Cases of performing sale by direct contract, conditions and procedures will be defined in the operations system of the concerned public body.

Article 87-

- A) Sale by engagement (correlation) is applied when deferred dates are set for delivery, as well as conditions related with type and form of goods.
- B) The operations system of the concerned public body will define cases, rules and conditions under which sale by engagement (correlation) are finalized.

Article 88-

Sale through authorized agents and sale on consignment are carried out against a commission defined pursuant to the **Economic Committee's** recommendation and the **Prime Minister's** approval.

Part Seven

General & Provisional Rules

Article 89-

- A) Subject to the rules coming in the **Local Administration Law** issued under **Legislative Decree no. 15** for year **1971**, its amendments and its executive list issued under **Decree no. 2297** for year **1971** and its amendments, as well as the rules of **Legislative Decree no. 24** dated **13.04.1972**, the powers of the concerned minister as stipulated in this system will be practiced as follows:
 1. By the minister or his authorized representative;
 2. By the competent authority in the public bodies pursuant to their Regulations or as determined by the competent reference, in case such rules are not existent in those regulations;
 3. By the presidents of the local councils or municipalities as stipulated by the regulations in force or by the **Minister of Local Administration and Environment**, in case such rules are not existent in those regulations;
 4. By the religious endowments (**Waqf**) councils or directors as regards the religious endowments departments as stipulated by the regulations in force or by the **Minister of Religious Endowments**, in case such rules are not existent in those regulations.
- B) The **Minister of Local Administration and Environment**, under a decision issued by him, may decrease the amounts stated in **item C** of **Article 3**, **item C** of **Article 75** and **item A** of **Article 77** and **Article 79** of this system, as

concerns the administrative or municipal units and in the light of the volume of the budget of each.

Article 90-

The **Minister** of **Finance** will issue the applied and explanatory instructions required for implementing the rules of this system.

Damascus on / /

President of the Republic
Bashar al-Assad