

Law No. (6) of 1997
Concerning
Contracts of Government Departments in the Emirate of Dubai
(Amended and Consolidated)¹

We, Maktoum bin Rashid Al Maktoum, Ruler of Dubai,

After perusal of:

The Instructions Concerning Contracts Concluded by the Government of Dubai and its Departments and Corporations issued on 6 February 1988, and their amendments dated 15 March 1988;

The Instructions Concerning Arbitration Clauses in Contracts Concluded by the Government of Dubai and its Departments and Corporations issued on 6 February 1988;

The Instructions Concerning Government Lawsuits issued on 2 July 1993;

Law No. (5) of 1995 Establishing the Department of Finance; and

Law No. (7) of 1995 Concerning the Financial Regulations of Government Departments in the Emirate of Dubai,

Do hereby issue this Law.

Chapter one
Article (1)

This Law will be cited as “Law No. (6) of 1997 Concerning Contracts of Government Departments in the Emirate of Dubai”, and will come into force on the day on which it is published in the Official Gazette.

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¹ *Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict the Arabic text will prevail.*

Definitions and Application of the Law

Article (2)

In application of the provisions of this Law, the following words and expressions will have the meaning indicated opposite each of them unless the context implies otherwise:

Ruler:	The Ruler of the Emirate.
Emirate:	The Emirate of Dubai.
Government:	The Government of Dubai.
Department:	A Government department, including any corporation, agency, or authority affiliated to the Government.
Head of Department:	A head of a Government Department, corporation, agency, or authority.
Director General:	A director general of a Government department, corporation, agency, or authority, or his assignee.
Contract:	A written agreement, including all annexes thereto, between a Department and any public or private legal person or any natural person, to supply materials, implement works, or provide services. This includes accepted purchase orders for materials, work orders, and services orders.
Committee:	The tenders and negotiations committee at a Department.

Article (3)

The provisions of this Law apply to the following Contracts concluded by Departments, except those exempted by the Ruler:

1. Contracts for the supply of materials, implementation of works, or provision of any type of services, under which a Department incurs expenses; and
2. Contracts for the sale or lease of movable or immovable property, under which a Department generates revenues, or any other revenue-generating Contracts.

Chapter Two
Contracts under which Departments Incur Expenses

Section One
Methods for Selecting Contractors

Article (4)

Contractors will be selected through one of the following methods:

1. public tender;
2. limited tender;
3. negotiation;
4. direct agreement; or
5. competitive tender.

Article (5)

Contracts will be concluded based on the following rules and standards:

1. the actual need for supply of materials and provision of services;
2. the economic feasibility studies of projects; and
3. availability of the required budget appropriations.

Article (6)

The authorities mentioned in the following table or their assignees or duly authorised representatives will, within the limits of the amounts indicated opposite each of them in the table, authorise the method of selecting contractors, approve the awarding decisions, sign Contracts, or cancel the awarding or the tender. Dividing purchase transactions by an authority to bypass the powers of a higher authority is prohibited.

Competent Authority Method of Contracting	Director of the Contracts and Procurement Directorate or Competent Entity	Director General	Head of Department
Public tender	--	5,000,000.00	Higher amount
Limited tender	--	2,500,000.00	Higher amount

Negotiation	250,000.00	1,000,000.00	Higher amount
Direct agreement	50,000.00	250,000.00	Higher amount

Article (7)

1. A Committee for tenders and negotiations in which the finance directorate and the Contracts and procurement directorate or competent entity are permanently represented will be formed in each Department pursuant to a decision of its Director General.
2. The Committee may have a technical member experienced in the subject matter of the Contract. This member will be appointed by the Director General where necessary and will have no vote.
3. Meetings of the Committee will be valid only when attended by its chairman or his duly assigned representative and at least two-thirds of the committee members. The Committee's recommendations will be passed by absolute majority vote of the attending members.

Article (8)

A direct purchase committee will be formed in each Department pursuant to a decision of its Director General. This committee will include a member from the finance directorate, and a member from the Contracts and procurement directorate, or the competent division. The decision will determine the Committee's duties, powers, and terms of reference in accordance with the provisions of this Law.

Article (9)

The Contracts and procurement directorate in a Department or its assignee will, in coordination with other concerned directorates, take the initial procedures necessary for concluding Contracts in accordance with the provisions of this Law.

Article (10)

The Contracts and procurement directorate or competent entity in each Department will maintain a register of suppliers, contractors, and professional entities providing various types of services. The register must contain all essential information about these entities and information must be regularly updated. The suppliers, contractors, and service providers will be classified in a manner that facilitates assessment of their technical and financial capabilities, attitude, and performance, to ensure they are qualified to deal with the Department.

Article (11)

Registration on the register will be effected upon the request of a supplier, contractor, or service provider, who will be required to submit the following information and undertake to notify any future variation of such information:

1. the trade name, address, P.O. Box, cable address, telephone numbers, and fax numbers;
2. the legal form and the licence issued by the competent entity;
3. name and signature specimen of the authorised signatory (signatories);
4. types of materials, works, and services provided or performed;
5. names of principals for which they are appointed as agents under agencies registered with the competent entities;
6. track record in performing Contracts with other entities, and the volume and types of works;
7. the company's memorandum of association, or evidence that the company is wholly owned by UAE nationals or that one or more UAE nationals hold no less than fifty-one percent (51%) of the capital, and a statement of the company's capital; and
8. any additional information required by the Department in accordance with its objectives and functions.

Article (12)

A party to be contracted by a Department must:

1. be a UAE national individual or a company owned by UAE nationals in whole or in partnership with foreigners, with no less than fifty-one percent (51%) stake held by UAE nationals, which must be proven by an official registered contract;
2. be licensed by the competent entity;
3. not be prohibited from participating in the tenders and negotiations conducted by any Department;
4. neither be an employee of the Department with which the Contract is made, nor a first-degree relative of the officials in charge of contracting; and
5. meet the financial, and technical or professional conditions stipulated by the terms of the Contract.

Article (13)ⁱ

Notwithstanding the provisions of paragraph (1) of Article (12) of this Law, a Contract may be concluded with a foreign company operating within or outside of the UAE or with a company established in a free zone, provided that the Department is in urgent need of certain supplies or services, for which no appropriate alternative can be provided by local national companies.

Section Two Public Tender

Article (14)

Public tender is the primary method for selecting contractors. A public tender will be initiated through a public announcement within or outside of the UAE, or both. The tendering process and award of tenders will be in accordance with the procedures stipulated in this Law.

Setting the Specifications, Quantities, Documents, and Conditions

Article (15)

An applicant entity must include the following in its request:

1. clear and accurate statement of full technical specifications of the required materials, and detailed technical drawings and designs of the works to be implemented and the nature and type of services to be provided;
2. classification of the required materials in accordance with the warehouse classification manual of each Department. Specifications must be in accordance with the international standards without mentioning a specific type, trademark, or brand name, except for monopolised materials and products. These products must be determined by a competent technical committee which confirms that they are monopolised. Specimen, samples, illustrative drawings, or catalogues of the monopolised products must be provided;
3. quantities of the required materials based on their stock and consumption rates, subject to the minimum and maximum order quantity;
4. quantities related to works based on the drawings, designs, and schedules of the works to be implemented; and
5. the type, description, method of delivery, and performance and implementation programmes of the services.

Article (16)

The Contracts and procurement directorate or the competent entity in each Department will prepare the tender documents and conditions before announcing the tender. These documents will:

1. include full and clear statement of technical specifications of the required materials, works, or services;
2. include the quantities of the required materials, the schedules and bills of quantities of the required works, or the scope of the required services;
3. where necessary, stipulate that samples, catalogues, illustrative drawings, or implementation programmes be provided by the bidder and bear the seal of the bidder;
4. stipulate that prices and currency of supplies be stated, that prices are specified on the same basis, i.e. (FOB), (CIF), (C&F), or any other basis applicable in external tenders, and that the place and date of delivery, the basis of packaging, weight, volume, size, and origin be specified;
5. state the start and end dates for submitting bids, the date of tender opening, and the validity of bids;
6. state the payment terms and the guarantees for the supply of materials, implementation of works, or provision of services;
7. stipulate that the validity of supplies and satisfactory performance of required works and services are guaranteed, and that maintenance is guaranteed for the period specified in the tender documents;
8. state the penalty clauses, fines, and right to claim compensation where necessary, and any other conditions the Department may deem that bidders must comply with; and
9. be drafted in Arabic in the event of local tenders. Tender documents may be drafted in both Arabic and English where necessary, and in case of any discrepancy between the Arabic and English versions, the Arabic text will prevail. Specifications of technical devices and equipment may be drafted in English only.

Article (17)

The Contracts and procurement directorate or competent entity in each Department, will prepare an accurate study of market prices to determine the estimated cost of supplies, works, or services requested in the tender. For this purpose, the Contracts and procurement directorate will seek the assistance of the competent technical entity within the same Department. This

study will be submitted to the Committee to use it for guidance when comparing the prices offered by bidders.

Tender Announcement

Article (18)

A tender will be announced sufficient time before the date of delivery of the requested supplies, works, or services in order to allow re-tendering where necessary. Tender announcement will be published in two different daily newspapers and displayed on the Department's bulletin board.

In addition, the tender may be announced in other media, and the announcement will be made in Arabic, in both Arabic and English, or in English only if the announcement is published abroad where the subject matter of the tender so requires.

Article (19)

A tender announcement must indicate:

1. the required materials, works, or services;
2. the method of applying for the tender and the entity receiving applications;
3. the time frame for submitting bids, which may be neither less than ten (10) days nor more than sixty (60) days from the date of the announcement;
4. the bid validity;
5. the fees for tender documents, the place where tender documents can be obtained, and the required guarantees; and
6. any other information or requirements the Department deems necessary to be announced.

Article (20)

Tender documents, including tender conditions and lists of required materials; details and specifications of required works; or types of required services, will be delivered immediately after the tender announcement and collection of the fees for tender documents from the persons who wish to participate in the tender. Tender documents must be stamped and numbered by the Department and signed by the director of the Contracts and procurement directorate or the person having his functions.

Article (21)

Where a tender is cancelled before tender opening, the fees for tender documents will be refunded to all participants who have paid them. These fees will be refunded to participants who have submitted their bids only if the tender is cancelled after tender opening, and may not be refunded after tender opening if the submitted bids fail to meet the prescribed specifications or conditions.

General Conditions of Bids

Article (22)

When submitting their bids, all participants must comply with the following :

1. A bid must be submitted in a single envelope containing two envelopes closed with sealing wax. Each envelope must bear the name and seal of the bidder. The first envelope must contain the documents stipulated in Article (12) of this Law, in addition to the signature specimen of persons authorised to sign, conclude, and perform Contracts in person or by proxy. The second envelope must contain the bid and bills of quantities on forms bearing the seal of the Department. These forms must contain the required information and be signed and stamped by the bidder.
2. Bid envelopes must be placed in the bid box of the announced tender. Samples, if any, must bear the seal of the bidder and be handed over to the competent entity in return for a receipt. Bids submitted after the deadline specified in the tender announcement may not be accepted.
3. Bids must be priced in the UAE official currency. The total value of the bid must be written in figures and letters, and in case of discrepancy, the value in letters will prevail. No scratching or erasing may be made on the bills of quantities, prices, and bid value. Corrections must be made by striking out the incorrect part, and must be signed by the bidder. Bids may be priced in a foreign currency in case of tenders inviting bids from abroad.
4. Should a bidder fail to price an item, he will be deemed to be unwilling to include that item in the tender, but his bid in respect of other items may be accepted in the event of a divisible Contract provided that it is in the interest of the Department to accept the bid. In the event of an indivisible Contract, an unpriced item may be assigned the highest price in other bids for the purpose of comparison, and the lowest price in other bids for the purpose of awarding the tender provided that it is in the interest of the Department to accept the bid and without prejudice to the right of the Committee to exclude the bid.
5. Submitted prices will be deemed final, and may not be changed due to fluctuation of prices, currencies, taxes, or charges. Prices will remain binding until delivery of products, completion of works, or provision of services at the specified times and places.

6. Bids submitted on the basis of deducting a certain percentage from the lowest bid may not be accepted, and prices must be clearly and precisely specified for each item in the tender.
7. A participant may submit more than one bid for the same tender, provided that each bid is submitted independently with a separate set of tender documents.
8. Under the penalty of exclusion of the bid, a participant may not omit, delete, modify, or replace any of the bid terms, conditions, or technical specifications.
9. All bid documents will be deemed the personal property of the bidder who obtained the same, and may not be assigned to third parties.

Bid Validity Period **Article (23)**

The following must be observed in determining the bid validity period:

1. A bid validity period must be specified in tender documents, and may be extended for an additional period. However, the bid validity period must not exceed sixty (60) days.
2. A participant may not withdraw his bid if a Department decides to extend, on the same conditions and prices, the period of validity of the bid and guarantees for an additional period commencing from the expiry of the original period.
3. The period required for tests, chemical analysis, and technical experiments for supplies will be added to the bid validity period. In the event of works or services Contracts, bid validity will be extended as required on a case-by-case basis.
4. The decision awarding the tender must be made and the winning bidder must be notified of the same before the expiry of the bid validity period specified in the tender documents or any extension of that period.

Bid Bond **Article (24)**

1. Bids will be submitted together with a lump sum bid bond in the form of an unconditional and irrevocable letter of guarantee in the name of the relevant Department issued by a bank operating in the UAE. The value of the bid bond will be specified by the Department, and will range between two percent (2%) and five percent (5%) of the estimated value of the bid.
2. A bid bond will be valid as of the submission date and for a minimum of thirty (30) days commencing from the bid expiry date. In the event of extending the bid validity for a further period, the bidder must extend the bid bond validity for the same period, provided that the bidder is notified by a registered letter with acknowledgment of receipt.

3. Bid bonds will be returned to unsuccessful bidders upon expiry of the bid validity period, or before that date if the tender is awarded and the performance bond is received from the winning bidder.
4. Without the need for a notice or court order, a bid bond will be confiscated and considered as revenue received by the Department if the participant withdraws his bid before the date scheduled for tender opening or if he refuses to extend the bid bond validity upon extension of the bid validity period.

Tender Opening and Determining Bids

Article (25)

Bid envelopes will be opened by the Committee in a public session attended by the participants in the tender or their representatives on the date specified in the tender documents. The Committee must complete tender opening in a single session, failing which all documents will be kept in a locked cabinet until the Committee resumes tender opening.

Article (26)

The Committee must follow the following procedures:

1. The Committee must ensure that envelopes are properly sealed with wax, record their number on a list, and indicate a serial number and the tender reference number on each envelope.
2. Envelopes must be opened according to their serial numbers and the name of bidder must be mentioned when opening the envelopes. The envelope containing the documents must be opened first to ensure that requirements are fulfilled and that the bid bond is provided. A list of accepted and disqualified bids and the reasons for disqualification must be prepared. The chairman and members of the Committee must countersign the quotations and bid bonds for all submitted bids.
3. The second envelope containing the prices will be opened and the total price will be announced to all attendants. A list containing the names of participants and the value of their respective bids will be prepared.
4. Letters of bank guarantee submitted as bid bonds will, after verifying that they meet the validity and value conditions, be delivered to the competent financial entity to be maintained and reviewed. Copies of these letters must be sent to the Contracts and procurement directorate or to the competent division.

5. The chairman of the Committee must countersign any scratching or correction. Prices written in figures must also be written in letters. A list of unpriced products or items must be prepared.
6. Samples, catalogues, illustrative drawings, or service programmes contained in each envelope will be recorded in the name of the bidder in the Committee's report. In addition, lists or receipts of samples which are not contained in the envelope will be recorded in the report, and stamped or otherwise distinguished by a mark indicating the submitting entity.
7. The Committee will record the details of bids on the form prescribed for this purpose in a manner that facilitates comparison between bids. Any conditions, remarks, or reservations made by the participants will be recorded in that form.

Article (27)

The Committee will sign the bids after being audited by a competent entity. If the breakdown of prices does not add up to the total bid value, the Committee will be entitled to correct the total bid value even if this leads to an increase of the value, as long as prices of items are the lowest prices among submitted bids.

Article (28)

The Committee will refer bids which require special technical or accounting study, or analysis of samples to a specialised technical entity for considering and analysing them, and submitting findings to the Committee. This must be completed before bids expiry. Where necessary, the validity of bids may be extended.

Article (29)

If a sole bid is submitted for a tender, the Committee may, after considering the bid in view of the study referred to in Article (17), accept or reject the bid in accordance with the exigencies of the public interest. If the sole bid is rejected, the tender will be re-announced. However, if a sole bid is submitted again, the Committee must consider and negotiate it with the bidder. A bid will be considered a sole bid even if other bids are submitted which do not meet the prescribed specifications and requirements, or which contain reservations that lead to their disqualification.

Article (30)

The Committee must observe the following upon selecting a winning bid:

1. The bid of the lowest price must be selected, provided that it meets the prescribed requirements and specifications. The Committee may accept a bid of a higher price,

provided that this decision is reasoned and guided by the study referred to in Article (17) and the provisions of Article (27) of this Law.

2. If the prices and specifications of two bids are equal, the Committee may divide the quantities between the two bidders who offer equal prices if this division is possible and in the interest of work. The Committee may also negotiate to obtain the lowest prices.
3. If the bid of the lowest price contains reservations and the next bid does not include any reservations, the Committee may negotiate with the bidder of the lowest price bid to waive his reservations. However, if the said bidder refuses such waiver, the Committee may award the tender to the next bidder or cancel the tender if this is in the interest of work.
4. When awarding the tender, the Committee may give priority to national industrial products within the limit of ten percent (10%) of the price provided that these products serve the purpose of the tender and match the quality of foreign products.
5. The Committee may cancel the tender if all submitted prices are too high compared to the prices in the study referred to in Article (17) of this Law.
6. If any of the Committee members disagrees with other members, this must be recorded in the Committee's report. If the dissenting member is the technical member, the chairman must refer the matter to a specialised technical committee for advice.
7. For the purpose of comparing local and foreign bids, prices must be calculated on the same basis such as net weight, unit of weight, size, measurements, or delivery site, taking into account the exchange rate of foreign currency at the date of tender opening.
8. The Committee will record the procedures taken in an official report containing its comments and recommendations to be signed by the chairman and members of the Committee. All tender documents and bids will be attached to such report.

Article (31)

1. Upon completion of the tender process and selection of the winning bidder, the Committee will, in accordance with Article (6) of this Law, submit to the competent authority its recommendations for approval.
2. The approval of the Committee's recommendations will be deemed as award of the tender to the winning bidder who will be notified by a registered letter with acknowledgment of receipt. Nevertheless, awarding the tender and notifying the winning bidder will not create any right to the winning bidder against the Department if the Department decides to renege on the awarding decision for any reason. The Department will be liable only as of the date of signing the Contract.

Performance Bond

Article (32)ⁱⁱ

1. An interest-free performance bond of ten percent (10%) of the value of the Contract will be provided by the winning bidder. The performance bond will be in the form of an unconditional and irrevocable letter of guarantee issued by a bank operating in the UAE, and will be submitted on a special form prepared by the concerned Department. Unless the Committee decides otherwise, the performance bond must be valid for ninety (90) days after expiry of the term of the Contract in case of supply and services Contracts, or until final delivery in case of works Contracts.
2. In the event that the Contract value cannot be precisely determined, the value of the performance bond will be a lump sum.
3. The amount of the performance bond must be increased if the value of the supplies, works, or services exceeds the value specified in the Contract. Where a contractor fails to satisfy the full amount of the performance bond, the Department will be entitled to deduct the required amount from any sum due to the contractor.
4. In case of divisible supply Contracts, the amount of the performance bond may be gradually reduced according to the percentage of completion of the Contract, unless this leads to the performance bond becoming less than ten percent (10%) of the value of the uncompleted part of the Contract.
5. Notwithstanding the provisions of paragraph (1) of this Article, exemption from the requirement to provide a performance bond may, subject to the approval of the Director General or his authorised representative, be granted in the following cases:
 - a. where the supply period stipulated in a Contract does not exceed fifteen (15) days from the date of signing the Contract, in which case the validity of the bid bond must be extended for a period of not less than thirty (30) days from the final delivery of supplies;
 - b. in case of Contracts for supplying materials and services, where the party contracting with the Department is a foreign company operating within or outside of the UAE, or a company established in a free zone, and the supplier refuses to provide the performance bond while the Department is in urgent need of these supplies and no appropriate alternative can be provided by another entity;
 - c. without prejudice to Article (64) of this Law, where the value of the Contract does not exceed five hundred thousand Dirhams (AED 500,000.00) and the subject matter of the Contract is performing works or providing consultancy services; or
 - d. without prejudice to Article (64) of this Law, where the contractor is unable to provide the performance bond, and the subject matter of the Contract is performing works

whose value exceeds five hundred thousand Dirhams (AED 500,000.00), up to two million Dirhams (AED 2,000,000.00), in which case ten percent (10%) of the payments owed to the contractor will be retained as security due to failure to provide the performance bond until the final delivery of the project, and the retained amount may be paid to the contractor in return for providing a bank guarantee for the same amount.

6. Public corporations or authorities, and companies in which the Government holds at least fifty percent (50%) of the share capital, may be exempt from the requirement to provide bid bonds and performance bonds.

Article (33)

Where a winning bidder fails to provide or delays in providing the performance bond within the period specified in the tender award notice, a Department must confiscate the bid bond submitted by the bidder, hold him liable for compensation for the damage sustained by the Department as a result of this failure or delay, and collect the amount of compensation from the bidder or deduct it from the bidder's dues payable by any other Department.

Article (34)

Without prejudice to paragraph (4) of Article (32) of this Law, a Department will retain the performance bond until completion of the Contract. If the term of the Contract is extended, the validity of the letter of guarantee will be extended to cover this extension. The performance bond will be released upon meeting all the prescribed requirements and specifications, and expiry of the performance bond. In any event, the contractor or his creditors may not request an attachment against the performance bond during its validity period.

Drafting Contracts

Article (35)

Contracts will be drafted by Departments and will include all elements of agreement, in particular:

1. tender reference number, Contract date, and names, representatives, and domiciles of choice of both contracting parties;
2. subject of the Contract with a brief description of the contracted materials, works, or services;
3. term and commencement date of the Contract, and scheduled date and place of delivery;
4. provisions related to amendment to the Contract by increasing or decreasing quantities;

5. applicable penalties and fines in case of delay in completion, withdrawal from, or discontinuation of the performance of the Contract for any reason;
6. contract price, terms of payment, advance payments, and various guarantees;
7. bills of quantities, prices of supplies and works, and details of services;
8. requirements and cases for subcontracting and requirements for Contract assignment;
9. provisions related to extinction of rights by way of revocation, withdrawal, or cancellation of the Contract;
10. provisions related to settlement of disputes between both parties, and those related to competent courts;
11. general conditions; and
12. particular conditions, if any.

The Contract will be signed by the competent authority within the Department and by the contractor after submission of the required performance bond.

Article (36)

A Contract to which the Government or any Department is a party may not provide that arbitration be conducted outside of Dubai or that any dispute regarding the arbitration or its related procedures be subject to any laws or rules other than those in force in the Emirate. Any provision that contradicts this rule will be deemed void and non-binding.

Notwithstanding the foregoing, where the public interest requires, the Government or any of its Departments, corporations, or authorities may be exempt from compliance with the provisions of this Article pursuant to a written approval of the Ruler.

Article (37)

A Contract may not stipulate compliance with all or any of the FIDIC international contracting standards by way of reference or by attaching them to the Contract, except in special circumstances and subject to obtaining prior written approval from the Ruler.

Article (38)

If a winning bidder fails to sign a Contract within the period specified in the tender award notice without a valid reason, the performance bond will be confiscated and the Contracts and procurement directorate or the competent entity in the Department will submit a memo to the Committee to take any of the following measures:

1. cancel the tender, and re-tender the Contract;
2. award the tender to the next winning bidder;
3. perform the Contract at the expense of the winning bidder, hold him liable for all incurred expenses, and collect these expenses from the bidder or set them off against any amounts due to him from any other Department.

In any event, compensation for the damage suffered by the Department will be collected from the bidder.

Section Three Limited Tender

Article (39)

Limited tender is a tender to which approved suppliers, contractors, or service providers are invited because they are competent and specialised in the subject matter of the tender. Procedures and rules applicable to public tenders will apply to limited tenders, except in respect of tender announcement.

Article (40)

Invitation will be sent to approved suppliers, contractors, and service providers listed in the register mentioned in Articles (10) and (11) of this Law. Unregistered suppliers, contractors, and service providers may be invited where this is in the interest of the Department.

Section Four Negotiation

Article (41)

Negotiation is a special method for selecting contractors, which is adopted in the following cases:

1. where the specifications of required materials, works, or services are difficult to determine accurately and require technical expertise and specialisation;
2. where materials, works, or services are urgently required and may not be delayed until the tender process is complete, or if their value is not commensurate with the cost of tendering;
3. where materials, works, or services have been previously tendered but no bids, unacceptable bids, or a sole bid were received, and re-tendering is not possible due to the urgent need for these materials, works, or services;

4. in case of supply of materials, performance of works, or provision of services after a Contract with a former contractor is revoked;
5. where the Contract is for conducting research and experiments that require a special method of performance which is inconsistent with the tendering process; and
6. where the Contract is for the purchase of real property, for insurance, for freight, or for customs clearance.

Article (42)

Negotiation will be adopted in contracting subject to the financial approval powers stipulated in Article (6) of this Law. The following procedures will apply in this respect:

1. The Contracts and procurement directorate or competent entity will invite suppliers, contractors, or service providers to submit their quotations. The invitation will contain the description and specifications of required materials, works, or services and all requirements, periods, dates, and places that will govern contracting.
2. Negotiation bids will bear the signature and seal of the bidder, and will be submitted during the period specified in the invitation together with all required documents and papers.
3. The Committee will convene on the date scheduled for opening bids to verify that bidders meet the prescribed conditions and to exclude participants who fail to meet these conditions. The name of each bidder and total value of the bid will be recited.
4. The Committee will prepare a report on the procedures followed, including prices, names of the bidders participating in the negotiation, and the Committee's recommendations as to the winning bidder. The report will attach all submitted bids, and will be submitted to the authority responsible for approving the outcome of negotiation.

Article (43)

Subject to the provisions of Articles (41) and (42), where the value of a Contract exceeds one hundred thousand Dirhams (AED 100,000.00), the general rules of public tender will apply to the negotiation to the extent permitted by the nature of negotiation and the special circumstances warranting the adoption of negotiation. However, if the Contract value is less than this amount and the products, works, or services are to be delivered within fifteen (15) days, a written undertaking by the contractor to perform the negotiated Contract will be sufficient, in which case the contractor will be exempt from the performance bond.

Section Five Direct Agreement

Article (44)

Direct agreement is an exceptional method for selecting contractors, which is adopted in the following cases:

1. monopolised materials, services, or works where it is not feasible to conduct a public tender, a limited tender, or a negotiation;
2. urgently required materials, services, or works, in which case the direct agreement must be limited to minimum work requirements;
3. materials, services, or works which have fixed prices or tariffs;
4. materials, services, or works rendered by a Department or a company in which the Government holds at least fifty-one percent (51%) of the capital;
5. services that require high and specialised qualifications and competencies; and
6. books, periodicals, audio and video tapes, computer software, and high-tech equipment.

Article (45)

In case of direct agreement, contractors will be selected through one of the following methods:

1. Where the estimated value of supplies, works, or services exceeds one hundred thousand Dirhams (AED 100,000.00), a direct purchase committee will request quotation(s) from the supplier(s) or contractor(s), in which case suppliers or contractors will be required to submit the performance bond prior to execution of the Contract.
2. Where the value of products, works, or services ranges between ten thousand Dirhams (AED 10,000.00) and one hundred thousand Dirhams (AED 100,000.00), the direct purchase committee referred to in the preceding paragraph will request quotation(s). In this case, the decisions of this committee must be approved by the competent authority, whereupon a purchase order or work order will be issued, which indicates the required products, works, or services and their prices, supply or performance period, penalties, and any other requirements.
3. Where the value of products, works, or services is less than ten thousand Dirhams (AED 10,000.00), the director of a Department or his authorised purchasing representative will issue a direct order for the purchase of products, performance of works, or provision of services. An invoice will be submitted to the finance directorate together with the

supporting documents in accordance with the purchasing procedure. In this case, referring to relevant quotations is advisable.

Section Six
Competitive Tender
Article (46)

Competitive tender is a special method of contracting adopted to prepare studies, designs, or technical drawings for a certain project or for a certain purpose. Competitive tenders are conducted pursuant to the following rules and procedures:

1. A Department will specify the detailed objectives, scope, and specifications of the project, and the prizes, rewards, and remunerations to be awarded to winners. The Department will determine the ownership of winning and non-winning reports, studies, designs, and drawings, and any other conditions the Department deems appropriate.
2. Invitation to participate in the competitive tender will either be published in the media, or directly sent to persons having the high experience and qualifications required for the project offered for competitive tendering.
3. Pursuant to a decision of the Director General, a jury will be formed of a number of specialists in the subject matter of the competitive tender to review and evaluate the submitted reports, studies, designs and drawings. The jury may invite participants to discuss their submissions.
4. The jury will record its proceedings in a report which states submitted bids; the opinions and standards adopted when comparing bids; and the jury's recommendations on the selection of the winning bidder and the ranking of other bids. The jury will submit the report containing these recommendations together with the bids to the competent authority to take the appropriate decision.
5. The jury may decide that no participant is entitled to the prizes, rewards, or remunerations, if it deems that the submitted bids are not up to the required technical standard.

Section Seven
Procedures for Performance of Contracts
General Provisions

Article (47)

The definite term for performing supply or services Contracts will commence from the day following Contract signing unless otherwise stated in the Contract. In works Contracts, the term will commence from the date of handing over the site to the contractor. If the contractor, or his representative, fails to attend on the specified date to take over the site, a relevant report will

be issued and a copy of this report will be served on the contractor. In this case, the date specified for the handover of the site will be the commencement date of the Contract.

Article (48)

1. A Department has the right to increase or decrease the quantities of a Contract before or during its performance or within any extension period at the same rates and within thirty percent (30%) of the total Contract value. The increase and decrease of quantities may not be set off against each other regardless of the dates on which they occur.
2. Variation of quantities may exceed the limit stipulated in the preceding paragraph only if necessary funding is available and the contractor agrees not to increase the prices stipulated in the Contract where these prices are still reasonable and do not exceed market prices.
3. Variation may involve adding products, works, or services not stipulated in the Contract provided that these are related to the subject matter of the Contract, in which case direct agreement on the same may be concluded with the original contractor.
4. All variations must be referred to the Committee to make the appropriate decision and submit this decision to the competent authority for approval. Approved variations will be included in an addendum to the Contract which will be signed by contracting parties.

Article (49)

A contractor must perform the Contract in accordance with the requirements and provisions stipulated therein, and in particular must not delay in performance, failing which the contractor will be subject to the penalties and fines stipulated in the Contract and in this Law. Where non-compliance by the contractor occurs due to an emergency, force majeure, or act of the Department, the contractor must submit an application for exemption from penalties and fines together with a proof of the occurrence of such emergency, force majeure, or act within thirty (30) days from this occurrence. The application will be referred to the Committee for consideration and verification. The Committee will make a decision on whether or not to grant the exemption, which will be enforceable only upon approval of the Director General.

Failure to submit an application within the above period will be deemed as acknowledgement by the contractor that there are no reasons to justify non-compliance with the Contract, and a waiver of the contractor's right to object.

Article (50)

A Contract may contain provisions allowing for advance payments subject to the limits and conditions stipulated in this Law and in the Contract. In any event, advance payments must be made against bank guarantees in the same amount and currency.

Article (51)

A Contract may not be assigned or performed through subcontractors for the original contractor without obtaining the approval of the relevant Director General based on the recommendation of the Committee. In any event, the original contractor will remain jointly liable with the assigns or subcontractors towards the Department for any non-compliance with the Contract.

Article (52)

A Department may revoke a Contract in any of the following cases:

1. where the contractor commits an act of deceit, fraud, or bribery, in which case the performance bond will be confiscated, the remaining works will be completed at the expense of the contractor, and the Department will reserve the right to claim damages;
2. bankruptcy or insolvency of the contractor, in which case the performance bond will be confiscated and the Department will reserve the right to claim damages; or
3. death of the contractor, in which case the Department may terminate the Contract and return the performance bond to the heirs of the contractor, or proceed with the Contract allowing the heirs, or some of them, to continue performing it in their personal capacity in accordance with the provisions of the Contract. In this case, the Department will hold the heirs liable for the obligations arising out of the Contract, particularly those related to the guarantees that must be provided by these heirs.

Article (53)

Directors General will form the necessary committees to follow up the performance of Contracts during all performance phases. Decisions issued in this regard will determine the duties of these committees and regulate their work, including preparing the inspection, handover, and follow-up reports, and satisfying all requirements for performance of Contracts.

Section Eight Supply Contract Procedures

Article (54)

Depending on the nature of supplied materials, a Department will have the right to inspect and examine the supplies at the place of manufacture before they are consigned to it provided that this is stipulated in the Contract.

Article (55)

If a supplier delays in supplying, or fails to supply, all or part of the required materials beyond the deadlines stipulated in the Contract, or if the supplied materials are rejected by the receiving committees, a Department may, pursuant to a decision by its Director General, extend the deadline for an additional period of up to thirty (30) days without charging any delay penalty, if this is in the interest of the Department:

- In case of failure to supply materials by the stipulated deadline, or any extension thereof, the supplier will be charged delay penalty of two percent (2%) of the value of delayed materials for each week of delay or part thereof, in which case the aggregate delay penalty may not exceed ten percent (10%) of the total value of delayed materials. However, if the delay in supplying part of the materials precludes the use of all materials, the delay penalty will be charged based on the total value of materials.
- If the supplier continues to delay the supply until the penalty amount reaches the maximum limit, the Department will, without further need for a legal notice or court judgment, have the right to:
 1. purchase the materials at the expense of the supplier and hold the supplier liable for the difference in prices in addition to ten percent (10%) of the value of purchased materials as administrative fees; or
 2. revoke the Contract, confiscate the performance bond, and claim damages.

Article (56)

Supplies will be received in two stages as follows:

- a. Initial receipt
 1. Supplies will be initially received at the time and place specified in the Contract. An initial receipt document will be issued and signed by the warehouse keeper if the receipt takes place in a warehouse, or by the officer in charge of the site if the receipt takes place at site.
 2. The warehouse keeper or the officer in charge of the initial receipt must verify that the supplies conform to the specifications stipulated in the supply Contract and the number, weight, or size details stated in the supplier's invoice, or conform to the details stipulated in the shipping documents or delivery note. The receiving officer must record any observations related to the condition of packages or boxes, and must clearly state in the initial receipt document that the supplies are subject to inspection and testing. The receiving officer must allocate an appropriate place for storing each type of supplies provided by a specific supplier until they are inspected and finally approved. The invoice

and a copy of the initial receipt document will be sent to the finance directorate at the relevant Department.

b. Final receipt

1. An inspection and receipt committee will be formed pursuant to a decision of the Director General. Where dictated by the nature of materials, the entity requesting these materials will be represented in this committee.
2. The above committee will convene no later than seven (7) days after the date on which it is notified of the initial receipt by the warehousing section. The supplier must be notified of the date of this meeting to attend in person or delegate a representative to attend the inspection and final receipt.
3. Supplied materials will be inspected, tested, and received in accordance with the conditions and specifications stipulated in the Contract and attached documents, and will be compared with the sealed and approved samples, catalogues, and drawings. Where necessary, the committee may seek assistance of any specialised technical entity to verify conformity of supplies to technical specifications.
4. Imported materials will be inspected in presence of a representative of the insurance company within the period specified in the insurance contract, and will be checked against the approved invoice and shipping documents. Seals, shipping marks, boxes, and box contents will be examined to verify their integrity and record any damage, shortage, excess, or non-conformity with the specifications in order to establish the liability of the insurance company or supplier in accordance with the terms of the Contract.
5. Rejected materials will be excluded, in order to be returned to the supplier.
6. An inspection and receipt report will be prepared, which will include all actions taken, inspection and examination results and reasons for acceptance or rejection of all or part of the materials. The report will be signed by all members and submitted to the finance directorate and other competent entities.
7. Where the supplies which are contracted for outside the UAE arrive before the relevant commercial invoice is received and the inspection and receipt committee deems, based on valid reasons, that these materials must be received, the receipt procedures stipulated in this Law will be followed based on the pro forma invoice or any other documents, in which case the supplier will be required to send the commercial invoice immediately. In case of discrepancy between the supplies and the pro forma invoice, receipt may be postponed until the commercial invoice arrives, or else supplies may be received upon taking the necessary actions to preserve the rights of the Department.

8. The supplies' final receipt document will be issued by the competent officer based on the inspection and receipt report. Supplies will be entered into the inventory records or the assets and property records, as applicable.

Article (57)

The inspection and receipt report will be referred to the Committee or to the purchase committee, as applicable, in the following cases:

1. to determine any disputes arising between the supplier and the inspection and receipt committee;
2. to determine any disputes arising between the technical member(s) and other members of the inspection and receipt committee; or
3. where the inspection and receipt committee agrees to the supply of alternative materials that meet all or most of the specifications stipulated in the Contract and meet the work requirements, to decide, at its own discretion, to accept the alternative materials at the original prices stipulated in the Contract or at lower prices.

Article (58)

In case of rejection of materials, the following will apply:

1. The warehouse keeper will store the rejected materials separately until they are delivered to the supplier.
2. The Contracts and procurement directorate or the competent division at a Department will notify the supplier, by a registered letter with acknowledgment of receipt, of the rejection of materials and the reasons for rejection, will request the supplier to remove the materials and supply alternative materials within a period specified in the letter, and will advise the supplier of the consequences of refusal or failure to act accordingly.
3. If the supplier abstains from or refuses receiving rejected materials within the period specified in the notification letter, the supplier will be charged a storage penalty of one percent (1%) of the value of rejected materials per week, in which case, the aggregate storage penalty may not exceed five percent (5%) of the value of materials, in addition to the prescribed delay penalty.

If the supplier insists on his refusal or abstention, the Department will have the right to sell the materials at public auction, recover all expenses and penalties, and return the balance to the supplier.

4. Where the supplier requests technical re-inspection or re-analysis of the rejected materials, the resulting expenses will be borne by the supplier unless the outcome of re-inspection and

re-analysis is in his favour, in which case the Department will pay all expenses, provided that it approves in advance the entity conducting inspection and analysis.

Article (59)

Materials which, due to their nature, do not require thorough technical inspection may be finally received by the warehouse keeper provided that their value does not exceed twenty five thousand Dirhams (AED 25,000.00). Where the value of materials exceeds this limit, the inspection and receipt procedures stipulated in the preceding Articles will apply.

Section Nine Works Contract Procedures

Article (60)

A contractor will be responsible for maintaining order in the work site and will be liable for any damage to public or private property caused by him or his workers, or as a result of the performance of the Contract. The contractor must comply with the applicable laws and bylaws concerning workers and their rights and safety.

Article (61)

A contractor will be deemed to have agreed to the designs, drawings, specifications, and bills of quantities of a Contract, and have acknowledged that they are sufficient to ensure proper implementation of works under the Contract. Without prejudice to the provisions of Article (48) of this Law, a Department may, whether prior to or during the performance of the Contract, correct any error or omission in the specifications, drawings, or designs without compensating the contractor, on condition that this will not result in any change in the main specifications, increase in quantities or measurements, change in the term of the Contract, or removal of completed structures.

In any event, the contractor must ensure the validity and suitability of the approved specifications, drawings, designs, and quantities, and must notify the Department or the consultant of his observations regarding the same.

Article (62)

A contractor must:

1. submit to the Department and the supervising consultant, within the time frame stipulated in the Contract, a work schedule that includes all stages of performance until final completion, and obtain the Department's approval of the schedule.

2. not engage subcontractors without a written approval from the Department and the supervising consultant. This approval will not exempt the contractor from full liability for the performance of the Contract.
3. complete works under the Contract, including any variation orders issued in respect of these works so that initial delivery takes place by the deadlines stipulated in the Contract, or by any extended deadlines resulting from variation orders.

Article (63)

Where a contractor delays the commencement or remarkably delays performance of works and the Department is ascertained that this will prevent completion of works by the deadline, or suspends work for a period exceeding fifteen (15) consecutive days, withdraws from performing work, or fails to comply with the provisions of the Contract, the Department will have the right to withdraw the works from the contractor and take any of the following actions:

1. carry out all uncompleted works through direct order, in which case the contractor will have no right to claim any cost savings; or
2. negotiate with another contractor to complete the works.

In order to ensure performance of works, a Department will have the right to retain any tools or equipment belonging to the defaulting contractor at the work site, and use the same to complete the works without any liability for damage to these tools and equipment. The contractor will be liable for all damages to which the Department may be entitled due to withdrawal of works from the contractor, and will also be liable for ten percent (10%) of the value of uncompleted works to cover the administrative fees incurred by the Department to perform the works.

To ensure settlement of these amounts, the Department may seize the contractor's tools and equipment existing at the work site after completion of works.

Article (64)

Payments will be made to the contractor as follows:

1. on-account payments of ninety percent (90%) of the value of completed works and eighty five (85%) of the value of materials supplied to the work site as per the statements of completed works (summary reports) and statements of supplied materials which are provided by the contractor, and financially and technically audited and approved by the supervising consultant and the technical unit at the Department.
2. a final payment based on the final statement of completed works provided by the contractor, the payment certificate approved by the supervising consultant, and the

approval of the Department. Disbursement of the final payment will be subject to the following:

- a. on-account payments previously disbursed in respect of the works or materials will be deducted; and
- b. five percent (5%) of the final payment will be retained as guarantee until the final receipt of the project. The retained amount may be released to the contractor against a bank guarantee of the same value.

Article (65)

The contractor must complete all works stated in the Contract in accordance with the conditions and completion date stipulated therein. If the contractor fails to comply with the completion date, he will be charged a delay penalty to be specified in the Contract for every day of delay, on condition that the total delay penalty will not exceed ten percent (10%) of the value of the Contract. Without prejudice to the right of the Department to hold the contractor liable for the supervising consultant's fees for the period of delay, the delay penalty will commence to accrue upon the occurrence of the delay without the need for any notice, legal proceedings, or proof of the damage. The provisions of Article (63) of this Law may apply if the amount of penalty exceeds ten percent (10%) of the value of the Contract.

The contractor may also be exempt from the delay penalty in accordance with the provisions and procedures stipulated in Article (49) of this Law.

Article (66)

In case of general, exceptional, inevitable, and unforeseeable circumstances or events which make it onerous for a contractor to implement works and expose the contractor to gross loss due to circumstances beyond his control, the contractor must continue implementing the works and will have the right to claim reasonable compensation by submitting an application to the relevant Committee. The Committee will consider the application and submit its recommendations regarding it to the relevant Director General for approval.

Article (67)

A contractor will notify the relevant Department and consultant of the completion of works and will request to hand over completed works. Initial receipt will be conducted, in the presence of the supervising consultant, by a committee to be formed pursuant to a decision of the Director General of the Department. This committee must ensure that the contractor has completed the works in accordance with the provisions and annexes of the Contract, or else may receive the works with reservations regarding certain deficiencies, in which case the committee will prepare a list of deficiencies and set the dates for their remedy. In case of failure by the contractor to

remedy such deficiencies, the provisions of Article (63) of this Law will apply. The initial receipt report will be submitted to the Director General to take the necessary action.

Article (68)

Upon completion of the works, a contractor must remove all materials, debris, and construction residue from the site and must level uneven ground at the site, failing which the relevant Department will have the right to carry out these works at the expense of the contractor and deduct the cost from the dues payable to the contractor.

Article (69)

A contractor will remain liable, for a period of one (1) year from the date of initial receipt, for guaranteeing and maintaining the works subject matter of the Contract, and must remedy any defect that results from defective implementation of works.

The contractor will also remain liable for a period of ten (10) years in respect of any substantial defects in the constructions that result from defective implementation of works, without prejudice to the liability of the supervising consultant for such defect.

Article (70)

Upon expiry of the warranty and maintenance period of the Contract, the final receipt of works will be conducted by a receiving committee in presence of the consultant. Performance by the contractor of all his obligations will be verified, and thereupon a final receipt certificate will be issued by the receiving committee and the consultant and approved by the Director General. The retained guarantees will be released based on this certificate.

Article (71)

All provisions of this Law, particularly those relating to works Contracts, will apply to turnkey projects. Upon receipt of such projects, movables with which the project is fitted or furnished must be recorded in special lists in order to be entered into the assets register of the relevant Department and be subject to the provisions related to spatial property held in trust.

Article (72)

No works Contracts may be concluded on lump sum basis unless this is warranted by the nature of the required works and it is impossible to accurately determine the quantities and prices of individual items. Nevertheless, a Department will seek to determine the prices of main items in these Contracts to rely on them in case of any addition or cancellation of works based on variation orders or due to any other reason.

Section Ten
Services Contracts Procedures
Article (73)

The procedures provided for in Section Seven of this Law will apply to the services Contracts entered into by the Department. Each Department will determine the conditions related to each type of Contract, and in doing so will refer for guidance to the procedures related to supply Contracts or works Contracts depending on the nature of the services Contract and its relevance to either type of Contracts.

Chapter Three
Contracts Generating Revenue for
Departments

Section One
Direct Agreement and Negotiation

Article (74)

This includes Contracts for the sale or lease of assets and movable or immovable property owned by a Department in respect of which a sale or lease decision is made, or any other Contracts generating revenue for the Government. Such sale or lease must be conducted through one of the following methods:

1. direct agreement;
2. negotiation; or
3. auction.

Article (75)

Direct agreement method is used for the sale or lease upon prior approval of a Director General in the following cases:

1. if the sale or lease is made to a public entity;
2. if the estimated value of sales does not exceed one hundred thousand Dirhams (AED 100,000.00);
3. leasing by direct agreement may be conducted, regardless of the rent, by a committee formed for such purpose pursuant to a decision of the relevant Director General which provides for the procedures to be followed by this committee. In any event, the Director

General will decide on the sale or lease and approve the outcomes of the committee's proceedings.

Article (76)

Sale by negotiation will be adopted if the estimated value of sales ranges between one hundred thousand Dirhams (AED 100,000.00) and five hundred thousand Dirhams (AED 500,000.00), and will be adopted regardless of the estimated value of sales if sale by public auction fails. A Director General will be authorised to approve sale by negotiation, adopt its outcomes, and sign the resulting Contract.

Article (77)

The following rules and procedures will apply to sale by direct agreement and sale by negotiation:

1. The competent entity at a Department will estimate the value of materials and items to be sold based on their cost prices, market prices, term of use, and any other factor causing price increase or decrease.
2. The competent entity at the Department that intends to sell any of its assets will notify other Departments of such intention and will send a list of these assets indicating their type, quantity, number, and any other required details. It will request these Departments, within the time frame specified in the notice sent to them, to express their interest in the purchase or acquisition of assets in accordance with the regulations in force.
3. In case no Department is interested in the materials and items offered for sale, the competent entity will invite bids from third parties interested in the purchase by contacting these parties directly or sending them relevant correspondence.
4. Where dealing in the materials offered for sale requires a special licence from any Department, direct agreement or negotiations will be conducted only with parties having such licence or who undertake to export the items outside of the UAE once the sale and delivery of such items are completed.
5. Bids submitted will be referred to the Committee for review and selection of the highest bid in light of the estimated value of materials and items offered for sale. The Committee will prepare a report which includes the committee proceedings, the bids received, and the decision rendered by the Committee, and will submit this report to the relevant Director General for approval and signing of the Contract with the buyer.

Section Two Auction

Article (78)

Sale by auction will be adopted if the estimated value of items or materials offered for sale exceeds five hundred thousand Dirhams (AED 500,000.00). A Director General will be authorised to approve the auction, to decide on its outcomes, and to sign the resulting Contract.

Article (79)

The following rules and procedures will apply to sale by auction:

1. A competent entity will estimate the value of assets offered for sale and determine the security deposit to be provided taking into consideration the purchase price, estimated useful life, technical condition, usability, and market prices of the assets. The estimated value will be approved by the relevant Director General.
2. An auction committee will be formed pursuant to a decision of a Director General, determining the type of auction, be it sealed-bid auction or public auction.
3. The auction will be announced, and the announcement must include the following:
 - a. description of the assets offered for sale, including the type, quantity, location, and possibility of inspection, and any other information;
 - b. type of auction, be it sealed-bid auction or public auction, and date and place of submitting and opening sealed bids or conducting public auction;
 - c. security deposits required from participants in the auction; and
 - d. any other information deemed necessary by the auction committee.
4. In case of sealed-bid auctions, the auction committee will, at the place and time specified in the announcement, open the sealed bids and determine the highest bid. Public auctions will be conducted under the supervision of the auction committee in public sessions attended by the participants who meet the relevant conditions, including payment of the prescribed security deposit. The auction committee will set the opening price for the auction, which may not be less than fifty percent (50%) of the estimated value of assets.
5. The auction will be awarded to the highest bidder, that is, the bidder who offers the highest price. Such a bidder will be the winning bidder.
6. The auction may be cancelled if the highest bid is less than fifty percent (50%) of the estimated value of assets offered for sale by auction.

7. The auction committee will prepare a report on the procedures followed, which will include the outcome of the auction, last bid received, and the decision of the auction committee to award or cancel the auction. This report will be submitted to the relevant Director General for approval.
8. In case the auction is cancelled, negotiation will be adopted.
9. Paid security deposits will be returned to unsuccessful bidders at the auction session in return for the receipts issued to them upon providing these security deposits.

Article (80)

The winning bidder will be required to top up the security amount paid by him to twenty-five percent (25%) of the bid value. This security will be provided as a performance bond in the form of a bank guarantee valid for the period agreed upon for payment of the full price.

Article (81)

A Contract will be executed with the winning bidder, which will include the key requirements and obligations arising from awarding the auction, particularly those provided for in Article (82) of this Law.

Article (82)

1. Sold items will be delivered to the winning bidder upon full payment of the price. The winning bidder must collect items within one (1) month from the date of payment of their price or as stipulated in the Contract, failing which he will be charged storage, safekeeping, and administrative fees at the rate of one percent (1%) per day up to ten percent (10%) of the value of items. These fees will be paid before delivery of items.
2. Should the buyer fail to pay the price within one (1) month from the date of awarding the auction, the performance bond paid by him will be confiscated and the assets will be re-auctioned or a negotiation will be conducted, as deemed appropriate.
3. In case the subject matter of auction is not sale of materials, the winning bidder must perform his obligations no later than one (1) month from the date of executing the Contract, failing which he will be liable to pay the penalty stipulated in the Contract.

Chapter Four General Provisions

Article (83)

Subject to the Instructions Issued on 2 July 1992 Concerning Government Lawsuits, the courts of the Emirate will have jurisdiction over any disputes arising between any Department and its contractors in relation to Contracts concluded under this Law.

Article (84)

The Director of the Department of Finance will issue standard templates and general conditions for all types of Contracts referred to in this Law in accordance with the provisions of this Law. All Departments will comply with these templates and conditions.

Article (85)

The Director of the Department of Finance will issue the resolutions and instructions required for the implementation of the provisions of this Law.

Article (86)

Any provision in any other law or legislation will be repealed to the extent that it contradicts the provisions of this Law.

Article (87)

This Law will be published in the Official Gazette.

Maktoum bin Rashed Al Maktoum

Ruler of Dubai

Issued in Dubai on 22 April 1997

Corresponding to 15 Thu al Hijjah 1417 A.H.

ⁱ As amended by Law No. (2) of 2009

ⁱⁱ As amended by Law No. (8) of 2014