

**Executive Council of the Emirate of Sharjah Resolution No. (4)
of 2002**

**Regarding the Regulation of Purchases, Tenders, and Auctions
For the Departments, Institutions, and Bodies of the
Government of Sharjah**

We, Sultan bin Mohammed bin Sultan Al Qasimi, Crown Prince and Deputy Ruler of the Emirate of Sharjah, Chairman of the Executive Council of the Emirate of Sharjah,

Having reviewed Law No. (2) of 1999 concerning the establishment of the Executive Council of the Emirate of Sharjah and its internal regulations,

And Law No. (3) of 1999 concerning the establishment of the Consultative Council of the Emirate of Sharjah and its internal regulations,

And Amiri Decree No. (2) of 1992 establishing the Financial Audit Department and its amendments,

And Administrative Decision No. (2) of 2001 concerning the establishment of the General Directorate of Purchases and Tenders in the Emirate of Sharjah,

And based on the proposal of the Director-General of the General Directorate of Purchases and Tenders and the approval of the Executive Council of the Emirate of Sharjah,

We have issued the following resolution:

Definitions

Article (1)

The following words shall have the meanings assigned to each of them:

The Emirate: The Emirate of Sharjah.

The Government: The Government of Sharjah.

The General Directorate: The General Directorate of Purchases and Tenders in the Emirate of Sharjah.

The Director: The Director-General of the General Directorate of Purchases and Tenders in the Emirate of Sharjah.

The Central Committee: The committee referred to in Administrative Decision No. (2) of 2001 concerning the establishment of the General Directorate, tasked with implementing all procedural matters related to tenders.

Principles of Procurement and Purchasing Authorities

Article (2)

While ensuring equal opportunities for the largest number of qualified individuals working in the required business or supply fields, procurement, execution of works, and conducting tenders and auctions shall be carried out according to the following rules:-

The General Directorate shall generally undertake the purchase or import of materials, conduct business contracting, execute works, provide services, and conclude contracts for the needs of government facilities and departments in the Emirate of Sharjah. However, other decentralized bodies, institutions, and authorities that have their own procurement system may carry out procurement, tender, and auction procedures themselves through internal committees within the limit of (500,000) five hundred thousand dirhams.

Procedures for amounts exceeding this (without fragmentation) shall be conducted in the presence of a representative from the General Directorate during the meetings of the internal committees.

Commitment to Estimated Amounts

Article (3)

Commitment must be made to the estimated amounts on the purchase request form before initiating procurement procedures, and it must be confirmed that there are no sufficient similar items in stock or an excess above the minimum storage limit.

Methods of Purchasing Items and Providing Services:

Article (4)

Procurement, contracting assignments, execution of works and projects, or provision of other services shall be carried out by one of the following methods:-

- a. Public Tender
- b. Limited Tender
- c. Direct Order

Conditions to be Met by Bidders

Article (5)

The supplier or contractor must meet the following conditions:-

1. Must be a citizen of the United Arab Emirates or a company in which the citizen's share in its capital is not less than 51%.
2. Must have a valid license to practice commercial activities issued by the competent authorities in the Emirate.
3. Must be registered in the suppliers' register at the Purchases Department and have paid the prescribed fees.
4. Any additional conditions required by the entity consistent with its purposes and the scope of the required works or purchases.
5. Tenders in which foreign companies and institutions from outside the country are allowed to participate or those conducted by correspondence are exempted from these conditions.

Prohibited Individuals and Entities

Article (6)

Employees of the General Directorate are prohibited from submitting bids in tenders, nor may they be assigned to execute works or purchase items from them, whether directly or through establishments in which they are partners or agents.

Procedures for Public Tenders and How to Announce Them

Article (7)

A public tender shall be launched by announcing it at least twice in two widely circulated local daily newspapers. The first announcement must precede the deadline for submitting offers and bids by a suitable period of not less than two weeks, in order to provide equal opportunities to the largest number of competitors who meet the required conditions and qualifications.

The announcement may be published in one or more newspapers abroad or through other available advertising media, if the General Directorate deems it necessary.

Contents of Tender Documents

Article (8)

Tender documents must provide comprehensive data and information for competitors, including in particular the following:-

- a. Sufficient technical specifications for the items to be supplied, detailed schedules of the required quantities, programs for the services to be performed, supported by designs and illustrative technical drawings prepared for this purpose.
- b. The specified period for the validity of the bids and the guarantee (bond) required from the bidder.
- c. Specification of prices for supplies in terms of weight, volume, measurement, place, and time of delivery.
- d. The basis for the place of delivery (FOB, CIF, or C&F) must be specified in advance for foreign tenders and supplies, and the name of the shipping company shall be considered.
- e. The price and place to obtain a copy of the bid documents.
- f. Delay penalties and sanctions that will be imposed if the supplier fails to meet their obligations.
- g. The obligation to comply with the decisions of the boycott of Israel.

h. Any other special conditions or reservations that the General Directorate deems necessary to impose on the bidders.

Language of the Tender and Contract

Article (9)

The conditions of the tender or contract and the related correspondence must be in Arabic. They may be translated into English, with the page divided into two vertical sections, one for Arabic and the other for English, provided that the contract states that the Arabic text shall prevail in case of any discrepancy.

How to Submit Bids

Article (10)

Bids shall be submitted to the entity specified in the announcement, signed by their owners and stamped with their seal on the approved forms. The schedules of quantities and prices shall be placed in an envelope sealed with red wax.

All tender documents are personal and exclusive to the bidders who obtained them and may not be transferred to others.

Avoiding Erasures and Cancellations

Article (11)

Erasures and cancellations in the schedules of quantities and price lists must be avoided. In case of correction, it should be done by crossing out and rewriting, with the bidder's signature next to the correction.

Currency

Article (12)

Prices in the bids shall be written in the official currency of the United Arab Emirates in numbers and words, unless the announced tender conditions permit the submission of prices in other currencies.

Refraining from Specifying a Price

Article (13)

If a bidder fails to specify a price for an item or a clause in the schedules, it shall be considered a refusal to enter the tender for that item or clause.

Requirement to Submit Final Prices

Article (14)

The prices stated in the bid are final and may not be revoked or excused by fluctuations in prices, currency exchange rates, customs duties, or any other fees or circumstances. The price should include all expenses and fees borne by the bidder until delivery to the warehouses, provided that the prices are separate from the technical specifications.

Materials closely linked to international metal prices are exempted from the provision of this article. In this case, the General Directorate must specify in advance the international stock exchange according to which the prices of the materials will be determined and re-determined on the day following the issuance of the purchase order or contract.

Rejection of Bids Proposing a Percentage Reduction

Article (15)

Bids submitted on the basis of a percentage reduction or a certain amount from the lowest bid will not be accepted; the bid must include a fixed total price.

Likewise, bids received after the opening of any of the tender envelopes will not be accepted.

Necessity of Adherence to Specifications and Standards

Article (16)

The bid for the supply of items shall be in accordance with the samples and approved specifications for supply, which the bidder must review. The

submission of the bid is considered an implicit acknowledgment thereof, requiring supply in accordance with them.

In cases where the supply of certain items and materials is subject to chemical specifications and ratios, such as foodstuffs, chemicals, or medicines, the acceptance of the supply will be based on the conformity of the analysis results of the supplied items with the required specifications and ratios.

If it is stipulated that samples of the items must be submitted, the bid will not be accepted unless it is accompanied by those samples or proof of their submission to the required entity.

Permission to Submit More Than One Offer

Article (17)

A bidder may submit more than one offer if they so desire, provided that a separate set of conditions and tender documents is submitted for each offer, and it is clearly stated that each set represents an independent offer.

Modification of Specification Conditions

Article (18)

The bidder may not delete any condition from the technical specifications or make any modification to them; otherwise, the Central Committee will exclude the bid.

However, if the bidder wishes to set special conditions, make specific remarks, make a modification to the technical conditions for the better or for newer technology, or if they wish to reduce their prices, they may state all of this in a separate letter attached to the bid before the deadline for opening the tender envelopes.

Bid Validity Period

Article (19)

Subject to the provisions of Article (18) above,

The bidder is bound by their bid from the date of its submission, and their bid shall remain valid and irrevocable until the end of the period specified in the bid conditions.

If necessary, the General Directorate may request bidders to extend the validity period of their bids at the same prices and conditions before their validity expires.

Initial Guarantee

Article (20)

1. The bid must be accompanied by an initial guarantee of not less than 5% of the bid value in cases where the bid value exceeds (100,000) one hundred thousand dirhams. However, this condition may be waived when necessary to ensure speed in the case of purchasing spare parts from foreign companies through correspondence.

The initial guarantee shall be in the form of a letter of guarantee issued by a bank operating in the United Arab Emirates for a period starting from the date of its submission and extending for at least thirty days after the end of the bid validity period. If the General Directorate extends the validity period for an additional term in accordance with the provisions of the preceding article, the bidder must, upon notification, extend the guarantee period by that additional term, otherwise the initial guarantee will be confiscated.

2. If a bidder submits more than one bid in a single tender, it is sufficient to provide one initial guarantee of 5% of the value of the highest bid submitted.

3. If the bidder withdraws their bid before the bids are decided upon, the initial guarantee provided by them will be confiscated without notice.

Refund of the Initial Guarantee

Article (21)

The initial guarantee will be returned to the owners of unsuccessful bids without the need for them to submit a request, immediately after the bids

are decided upon. The initial guarantee will also be returned to the successful bidder once the final guarantee has been collected from them.

Receiving Bid Envelopes and Samples

Article (22)

Bidders shall submit their bids in closed envelopes sealed with red wax. Samples that are delivered separately from the bid envelopes must be stamped with the bidder's seal and signature or a distinctive mark and kept by the entity to which the bids are submitted until their supply is accepted or rejected, and then returned to the bidder.

Opening Envelopes and Deciding on the Tender

Article (23)

The Central Committee shall open the envelopes at the specified time and place, verify that the bid meets the required tender documents and conditions, and exclude non-compliant bids.

Bidders or their representatives have the right to attend the envelope opening session.

Tabulation of Bids

Article (24)

Bids shall be tabulated on the designated forms in original and two copies. The selection shall be based on the degree of quality and the lowest price, provided that the committee states in writing the justifications supporting its choice. When calculating prices, the type of currency, unit of weight and measurement, place of delivery, and method of supply for foreign suppliers shall be taken into account.

Authority to Approve or Cancel the Tender

Article (25)

The Central Committee shall have the authority to approve or cancel the tender due to high prices or if only one bid is submitted and the committee sees no benefit in re-tendering, provided that the committee documents this in the minutes.

Disagreement among Committee Members

Article (26)

If the members of the Central Committee disagree, the points of disagreement must be recorded in the committee's minutes, and the Director-General shall have the authority to resolve it. If the disagreement is with the technical representative(s), the technical staff shall, if necessary, submit a report to the requesting entity to seek the assistance of one or more technical experts.

Contents of the Committee's Minutes

Article (27)

The committee shall record all its procedures in official minutes, documenting the events of the tender session, the committee's observations, and recommendations, including all objections. It shall be signed by all committee members, and the tabulation sheets, tender documents, and submitted bids shall be attached. The committee then submits the matter to the General Directorate.

Awarding Procedures

Article (28)

Before the final award to the winning bidder, the General Directorate shall take the following measures:

- a. Notify the three lowest-priced bidders by registered letter with acknowledgment of receipt to offer the largest possible discount. Based on

their responses, the committee shall request an additional discount from the bidder who offered the best discount and then award the tender to them.

b. Conclude a contract with the winning bidder that includes all the elements of the agreement, in addition to referencing the tender number on the basis of which the contract was drawn up.

The winner shall be notified that they may not assign the contract or any part of it without prior written consent from the authorized entity.

c. Request the submission of the final guarantee from the winning bidder within ten days from the date of signing the contract with them. The Central Committee may extend this period for suppliers residing abroad.

Value of the Final Guarantee

Article (29)

1. The final guarantee shall be set at 10% of the bid value. The validity of the letters of guarantee submitted as final guarantees must extend for a period of (90) ninety days after the end of the contract period, unless the committee decides otherwise.

2. The final guarantee shall be retained in full until the contract is fully executed and all conditions and specifications are met, at which point the guarantee amount shall be returned to its owner.

Entities and Persons Exempt from Submitting the Final Guarantee

Article (30)

1. Public institutions and companies, and those in which the government holds at least a 51% share of their capital, are exempt from providing both the initial and final guarantees.

2. A supplier may also be exempted from completing the payment of the final guarantee if, before the expiration of (10) ten days from the date of signing the contract, they supply all the contract materials and the beneficiary entity receives and finally accepts them.

Failure of the Winning Bidder to Sign the Contract

Article (31)

If the winning bidder fails to complete or is absent from signing the contract without an acceptable excuse within (10) ten days from the date of written notification, they shall be considered withdrawn, their initial guarantee shall be confiscated, they shall be barred from participating in tenders for a period of not less than one year, and the tender shall be re-issued or awarded to the next lowest price.

The Contract and its Documents

Article (32)

All documents and attachments of the contract shall be considered complementary and integral to it and an inseparable part thereof.

Limited Tender Procedures

Article (33)

A limited tender is conducted by inviting suppliers or business owners approved for their efficiency or specialization to submit their prices for the required purchases or works, from whom the acceptable competitors are chosen. All rules and procedures applicable to public tenders, except for the public announcement, shall apply to limited tenders.

Purchase by Direct Order

Article (34)

Purchasing by direct order may be done in the following cases:-

1. Items and supplies that are produced or supplied by only one specific entity, making it impossible to conduct a tender or practice.
2. Prices that are governed by fixed pricing or international stock exchanges.

3. Items that are urgently needed, where purchasing is limited to the minimum quantity required for work until the procurement procedures through other methods are completed.

Recording Justifications for Purchase

Article (35)

A memorandum shall be prepared with the reasons for purchasing materials or executing works by direct order and shall be presented to the Central Committee for prior approval.

Commencement of Execution

Article (36)

The period for commencing execution in supply contracts begins from the day following the signing of the contract, with the possibility of extending this for the period to begin from the date of opening letters of credit in cases where this is agreed upon. The execution period in works contracts begins from the date of site handover.

Permission for Increase and Decrease in Quantities

Article (37)

The General Directorate has the right to modify the quantities of the contract before, during, or upon its renewal by increasing or decreasing them at the same prices without compensating the contractor, within a limit of 30% of the total contracted amount.

Delay Penalties

Article (38)

If the supplier is late in supplying all or part of the required quantities by the date specified in the contract, the Directorate has the right to take one of the following measures:

1. Grant the supplier an additional grace period for supply if it is deemed to be in the interest of the Directorate. In this case, a penalty of (1%) of the value of the materials delayed shall be imposed on the supplier for the first week, and the penalty will increase to (2%) thereafter for each week or part thereof, with a maximum of (10%) of the value of the materials the supplier was late in supplying.
2. Purchase the materials at the supplier's expense, charging them for the difference in increased prices and administrative expenses at a rate of (10%) of the value of the materials purchased at their expense.
- c. Terminate the contract, confiscate the final guarantee, and claim necessary compensation, resorting to the Sharjah courts in case of disputes.

Exemption from Penalty

Article (39)

Upon the supplier's request, they may be exempted from the delay penalty if it is proven with supporting documents that the delay or part of it occurred due to force majeure circumstances beyond their control or due to a reason attributable to the Directorate.

Sending the Purchase Order

Article (40)

The supply order (purchase order or contract) is sent to the supplier after the final guarantee is completed for matters that require this guarantee.

Receiving Items

Article (41)

When items are supplied on the specified date, they are temporarily received at the warehouses of the beneficiary entity as specified in the contract. A separate place is allocated for storing each type of material supplied by a specific supplier until it is inspected and finally accepted.

Formation of the Inspection Committee

Article (42)

An Inspection and Acceptance Committee is formed by a decision from the beneficiary entity. Within five days of the arrival of any items valued at more than (10,000) ten thousand dirhams, the committee shall notify the supplier of the date of inspection and acceptance to attend in person or send a representative during the inspection and acceptance process. For items valued at less than (10,000) ten thousand dirhams, the committee will rely on the inspection results conducted by the warehouse keeper under the supervision of the responsible employee - or whomever the beneficiary entity delegates.

Inspecting and Comparing Items

Article (43)

Subject to what is stated in Article (38) of this resolution, the supplied items must be inspected and compared with the approved samples and other specifications, and the rejected items must be isolated until they are returned to the supplier.

Laboratory Examination and Analysis

Article (44)

In the case of items whose acceptance depends on the results of chemical examination and analysis or on the basis of approved conditions and samples, a sample is taken from the supplied items after being sealed with the seal of the inspection committee and the seal of the supplier or their representative, and sent to the chemical laboratory to match its analysis results with the analysis of the original sample for guidance during the inspection. The chemical laboratory's certificate will be one of the payment documents.

Minutes of the Inspection Committee

Article (45)

The inspection committee shall draw up minutes of the results reached, which will be used as the basis for the payment of dues in cases where payment is not made through letters of credit immediately upon shipment of the materials from the country of origin.

Payment for Materials

Article (46)

Subject to cases where payment is made through letters of credit, the concerned entity, after receiving and accepting the items and verifying compliance with the contract terms, shall prepare the payment document attached with the following:

- a - The original invoice.
- b - The supply order or contract.
- c - The final inspection and acceptance report.
- d - The laboratory or technical inspection report if the items require it.
- e - The receipt document or warehouse addition slip.
- f - A statement of delay penalties, if any.

Chapter Two

Auction

Article (47)

Sale by auction is conducted to dispose of movable assets that are surplus to the needs of the concerned entity if the estimated value of the items or materials to be sold exceeds (30,000) thirty thousand dirhams. The Central Committee is responsible for approving the auction, deciding on its results, and signing the resulting contract.

Auction Procedures

Article (48)

The following rules apply when conducting an auction:

1. The competent authority determines the estimated value of the assets to be sold, taking into account the purchase cost of these assets, their useful life, their technical condition, their usability, and referencing market prices, and notifies the General Directorate thereof.
2. An auction committee is formed by a decision of the Director-General, which specifies the method to be followed in the auction, either by sealed envelope or by public auction.
3. The auction is announced, and the announcement must include the following:
 - a. A description of the assets to be sold in terms of type, quantity, location, and the possibility of inspection, and any other data.
 - b. The type of auction, whether by sealed envelope or public auction, and the time and place for submitting and opening envelopes or holding the auction session.
 - c. The participant in the auction must provide an initial guarantee equivalent to 5% of the offer value.
 - d. Any other data that the auction committee deems necessary to clarify in the announcement.
4. The auction committee, at the place and date specified in the newspapers or at the concerned entity, will announce the opening of the envelopes and select the highest bid if the auction is by sealed envelope. If the session is public and open, it will be supervised by this committee in the presence of those wishing to participate who meet the required conditions, including the payment of the prescribed guarantee. The committee sets an initial price to open the auction.
5. The auction is awarded to the owner of the highest bid that no other participant exceeds, and they are considered the winner.
6. The auction may be canceled if 50% of the estimated value of the subject of the auction is not obtained.

7. The auction committee prepares a report on the procedures it followed, including the result of the auction, the last price submitted, and its decision to award or cancel. This report is submitted to the Central Directorate for approval.

8. In case of cancellation of the auction, a negotiation process is resorted to.

9. The submitted guarantees are returned to all participants who did not win the auction, and the receipts given to them are collected.

Increasing the Guarantee Value

Article (49)

The value of the guarantee submitted by the winning bidder is raised to 25% of the offer value as a final guarantee in the form of a bank guarantee valid for the period agreed upon for payment of the price.

Concluding a Contract with the Winning Bidder

Article (50)

A contract is drawn up with the winning bidder that includes the most important conditions and obligations arising from the award.

Delivery of Items

Article (51)

1. The sold items are delivered to the person who won the auction after they pay their value. They must collect the items within a maximum period of one month from the date of payment, or as stipulated in the contract. If they are late, they will be charged storage, security, and administrative fees at a rate of 1% per day, with a maximum of 10% of the value of the items. These fees must be paid before collection.

2. If the buyer fails to pay the price within a maximum period of one month from the date of the award, the final guarantee paid by them will be confiscated, and the auction will be re-held, or a negotiation will be

conducted as the situation requires, and that buyer will be prohibited from entering the auction or negotiation for a period of not less than one year.

Article (52)

This resolution shall be effective from the date of its issuance and shall be published in the Official Gazette.

Issued on:

Monday: 09 Safar 1423 H.

Corresponding to: 22 April 2002

Sultan bin Mohammed bin Sultan Al Qasimi

Crown Prince and Deputy Ruler of the Emirate of Sharjah

Chairman of the Executive Council of the Emirate of Sharjah