



**Bureau of Experts at the Council of Ministers
Official Translation Department**

Contractor Classification Law

Royal Decree No. M/9
August 26, 2021

Translation of Saudi Laws

NOTES:

1. This translation is provided for guidance. The governing text is the Arabic text.
2. The translation of Saudi laws takes the following into consideration:
 - Words used in the singular form include the plural and vice versa.
 - Words used in the masculine form include the feminine.
 - Words used in the present tense include the present as well as the future.
 - The word “person” or “persons” and their related pronouns (he, his, him, they, their, them, and who) refer to a natural and legal person.

**For any comments or inquiries, please contact the Official Translation
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Contractor Classification Law

Article 1

In this Law, the following words shall have the meanings assigned thereto, unless the context requires otherwise:

Ministry: Ministry of Municipal and Rural Affairs and Housing.

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Law: Contractor Classification Law.

Regulations: Implementing Regulations of this Law.

Classification: The assessment of a contractor's financial, technical, administrative, and execution capabilities, in order to assign said contractor to a field, activity, and appropriate grade in accordance with the provisions of this Law and the Regulations.

Contractor: A natural or legal person licensed to execute, solely or jointly, a contract in one of the fields specified in the Regulations.

Field: The type of work under which a contractor is classified.

Activity: A sub-type of work within a certain field.

Grade: The grade a contractor receives upon classification.

Criteria: A set of standards used for classification.

Article 2

The Ministry shall, in coordination with relevant agencies, classify contractors, and issue, amend, suspend, and cancel classification certificates in accordance with the provisions of this Law and the Regulations. Classification requests and classification amendment requests shall be decided within the period specified in the Regulations.

Article 3

Government agencies and bodies, institutions, and entities having public legal personality may not accept any offer or bid for any project subject to classification unless the contractor is classified, and the project is within the field, activity, and grade under which said contractor is classified.

Article 4

Classification fields, activities, and grades shall be determined and amended pursuant to a decision by the Minister in accordance with the controls specified in the Regulations, provided that the determination of classification fields and activities be based on the National Classification of Economic Activities.



Article 5

The financial limits of each grade shall be determined and amended pursuant to a decision by the Minister upon agreement with the Minister of Finance and the Minister of Economy and Planning.

Article 6

Assigning a contractor an appropriate grade in one classification field or activity, or more, shall be made according to the following criteria and conditions:

1. Financial capacity: Financial statements.
2. Technical, administrative, and execution capabilities: Organizational structures as well as administrative and technical personnel.
3. Number of projects as well as their types and values.

And any other criteria or conditions specified in the Regulations.

Article 7

A contractor may request the amendment of his classification certificate by applying for an upgrade or the addition or deletion of any field or activity, provided that his request is accompanied by supporting information and data, in accordance with the conditions specified in the Regulations.

Article 8

The Minister or his designee shall issue a decision to classify a contractor by assigning him to one field or activity, or more, and to an appropriate grade based on available information and data. The contractor shall be issued a certificate to this effect for the term specified in the Regulations.

Article 9

If two or more contractors jointly execute a project, each contractor must be classified in the field of said project, and at least one of them must be classified in the field and the grade required for the execution of the project, and the classification grade of the remaining contractors must be of the same grade required for the execution of the project or lower by one grade only.

Article 10

If a legal change occurs in the contractor's status which affects his classification, the contractor must submit a request to amend the classification certificate in accordance with the cases specified in the Regulations.

Article 11

A contractor licensed to work pursuant to the Foreign Investment Law shall be classified according to the classification procedures applicable to Saudi contractors. The Council of Ministers may grant an exemption thereto pursuant to controls set thereby.



Article 12

The Ministry shall charge a fee for services rendered in accordance with this Law; the services and their corresponding fees shall be determined in agreement with the Ministry of Finance.

Article 13

Government agencies and bodies, institutions, and entities having public legal personality shall, for classification purposes, provide the Ministry with the information, data, and remarks requested thereby relating to contractors as well as the projects executed or being executed by contractors, as specified in the Regulations.

Article 14

Inspectors, designated pursuant to a decision issued by the Minister, shall collectively or individually detect and establish violations of the provisions of this Law and the Regulations, access records and information, and obtain copies of necessary documents. The Regulations shall specify the work rules and procedures of said inspectors.

Article 15

1. Without prejudice to any harsher penalty stipulated in any other law, any person who violates the provisions of this Law or the Regulations shall be subject to one or more of the following penalties:
 - a) Downgrading of the classification.
 - b) Suspension or non-renewal of the classification for a period not exceeding five years.
 - c) Cancellation of the classification.
2. The Minister shall, pursuant to a decision issued thereby, issue a classification table of the violations and their corresponding penalties that are within the limits provided for in this Law, taking into account the nature and gravity of each violation, and the aggravating and mitigating circumstances thereof.

Article 16

1. A committee or more comprising at least three members, one of whom is a Sharia or legal specialist, shall review contractors' objections against classification decisions, decide violations of the provisions of this Law and the Regulations, and impose the penalties stipulated in Article 15 of this Law.
2. The committee stipulated in paragraph (1) of this Article shall be formed pursuant to a decision by the Minister for a renewable period of three years. Said decision shall name the chairman of the committee who must be a Sharia or legal specialist. Committee decisions shall be issued by majority vote and shall be reasoned.
3. The Regulations shall specify the work rules and procedures of the committee stipulated in paragraph (1) of this Article and its supporting staff as well as the remuneration of the committee's members and supporting



staff.

4. Decisions of the committee stipulated in paragraph (1) of this Article may be appealed before the Administrative Court.

Article 17

The Minister shall issue the Regulations within 90 days from the date of publication of this Law in the Official Gazette.

Article 18

This Law shall be published in the Official Gazette and shall enter into force 90 days as of the date of its publication.

Article 19

This Law shall supersede the Contractor Classification Law issued by Royal Decree No. (M/18), dated 20/3/1427H and any provisions conflicting therewith.