Abstract

Mohamed S Eid

Contract Administration Guidelines for Public Infrastructure Projects in the United States and Saudi Arabia: Comparative Analysis Approach

International construction, where contractors perform works in foreign countries, poses cultural and contractual risks resulting from the dissimilarities in social and legal outlooks. One of the major risks that leads to disputes in such international projects is poor contract administration. Research has been focused toward the cultural risks and ex-post dispute resolution in international construction, missing the important ex-ante dispute avoidance aspect. This paper addresses this knowledge gap with a special focus on the Kingdom of Saudi Arabia (KSA), which is the largest economy in the Middle East and North Africa. The paper does so by providing in-depth—yet practical—contract administration guidelines for U.S. contractors working in public works projects in KSA. The focus was put on KSA because of its economic strength and because KSA’s associated contractual risks are uniquely relevant to those of other countries. To this end, the authors conducted comparative analysis between the Saudi Public Works Contract (PWC) and the U.S. Federal Acquisition Regulation (FAR) with respect to change orders, extension of time, liquidated damages, differing site conditions, and dispute resolution. Through exhibiting the important contractual and legal considerations that are unique to KSA, the outcomes of this research include: (1) a comparative checklist showing the similarities and differences between the two governmental approaches and (2) a matrix of relative opportunities and risks of the PWC and FAR. Such an approach of analyzing the Saudi contracting environment from a U.S.-based context has not been undertaken before. As such, the study is beneficial to the U.S. contractor as it facilitates the understanding of the contractual premises in KSA and the associated risks and opportunities. This enhanced understanding will not only improve performance and minimize risks but also promote the contractor’s strategic presence in the global market.