

Saudi Arabia's Anti-bribery and Corruption Law

The outline and enforcement



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Case Study 1

2020: Five people, including two employees of the **General Authority of Zakat and Tax**, were investigated due to the receipt of bribes by the government employees from the other three individuals who worked in the private sector, in two accounting practices and a zakat consultancy. The bribes were in exchange for the reduction of tax bills on several companies. The value of one of these bills exceeded SAR 30 million.

[The Oversight and Anti-Corruption Authority initiates a number of criminal cases](#)



Case Study 2

2020: Three employees working in **Saudi Electricity Company** received bribes amounting to EUR 535,000 (SAR 1,965,450)* from a French company in exchange for accepting their products and increasing the purchase requests for these items. The bribes were paid to bank accounts in another country at the request of the French company, in order to disguise its source, which is considered money laundering. In addition, the employees received cash amounts of approximately EUR 30,000 (SAR 110,212) for travel, residence and subsistence expenses during their visit to the headquarters in France and meeting with the executives without the knowledge of the Saudi Electricity Company.

It was also identified that one of the employees received a kickback amounting to SAR 800,000 (EUR 206,210) from suppliers inside the Kingdom, via a relative, before transferring the money to his own bank account, in exchange for awarding supply contracts to the suppliers from Saudi Electricity Company.

[Saudi Arabia's anti-corruption authority initiates 105 cases recently](#)



*As at today's exchange, but note that this case study was in 2020 when the exchange rate was EUR 1 = SAR 4.4

Saudi Arabia's Anti-bribery and Corruption Law

The Kingdom's response to bribery and corruption has been enshrined in law for many years. In this article we discuss the current anti-corruption law in place within the Kingdom, incorporating some recent amendments in 2021, and analyse some of the statistics being published by the 'Oversight and Anti-Corruption Authority' (Nazaha) in their combat against those who seek to either offer or accept bribes. These changes, and the work of Nazaha, have certainly seen behavioural changes within the Kingdom, with many organisations seeking to increase or implement proactive controls to prevent and identify such behaviour, and instil/formalise their corporate and social responsibilities.

Bribery, corruption and the associated impact

Bribery: offering, giving or receiving anything of value with the intention of inducing a person to act or to reward a person for having acted.



Corruption: dishonest or fraudulent conduct by a person or an organisation which is entrusted in a position of authority.



- A cost to the public - increased costs for goods, etc.
- Promotes and funds organised crime/terrorist financing
- Increases money laundering and moves bribes around the banking system
- Weakens the role of public office
- Threatens the rule of the law
- Can become endemic within society if not stopped

Current legislation

The Kingdom's current anti-bribery law was introduced by Royal Decree M/36 dated 29/12/1412H (corresponding to 27/6/1992G), with amendments made by Royal Decree between 2018 and 2021¹. The table below identifies the main components of the current law:

Definition of bribery	The solicitation, acceptance or receipt of a gift or payment of any sort, or a promise thereof, as a consideration for performing (or not performing) an action, even if the action/non-action taken is legitimate.
Who is covered by the legislation?	Split between the 'Bribee' and the 'Briber' with the Bribee primarily assumed to be public servants. However, the definition of 'Public Servant' was widened in 2021 and now includes non-governmental and private sector organisations (points 6 and 7 below) ² : <ol style="list-style-type: none"> 1. Any person who works for the government or any public corporate entity, whether permanently or temporarily. 2. An arbitrator or expert assigned by the government or any authority with judicial jurisdiction. 3. Any person assigned by a government agency or any other administrative authority to perform a specific task. 4. Any person who works for companies or sole proprietorships that manage, operate, maintain public facilities or provide public services, as well as any person who works for joint stock companies, companies partially owned by the government, and companies and sole proprietorships engaged in banking services. 5. Chairmen and members of the Boards of Directors of the companies set forth in paragraph (4) above. 6. Employees and members of non-government public-benefit societies, as well as chairmen and members of their Boards of Directors. 7. The foreign public official and employees of international institutions and organisations in connection with the conduct of international business.
Bribee³	Any public servant who solicits, accepts, or receives for himself or for others a gift or payment of any sort, or a promise thereof, as a consideration for performing any of his office duties or an alleged office duty, even if the action taken is legitimate.
Briber	Any person who promises, offers, or grants a gift to a Bribee.
Mediator / Accomplice	Any person who is assigned by the Bribee or the Briber to take a bribe and knowingly accepts the same ⁴ . Any person who knowingly agrees, incites or assists in committing such offences shall be considered an accomplice if the offence is perpetrated as a result of said agreement, incitement or assistance ⁵ .

Case Study 3

2021: An employee at the **Ministry of Education** was convicted of accepting a bribe and was sentenced to two and a half years in jail and a fine of SAR 25,000.

Governor, judge and colonel among officials penalized for corruption



¹ Anti-Bribery Law amendments: Article No.9 was amended on 1/02/1440H (corresponding to 10/10/2018), Articles No.17 & 21 were amended on 7/11/1440H (corresponding to 10/07/2019), Article No.14 was amended on 14/02/1442H (corresponding to 1/10/2020), and Articles No.5, 8 & 15 were amended on 27/04/1443H (corresponding to 2/12/2021).

² Article 8 of the Anti-Bribery Law

³ See Articles 1 – 6 of the Anti-Bribery Law

⁴ Article 11 of the Anti-Bribery Law

⁵ Article 10 of the Anti-Bribery Law

Punishment

Depending on the role played:

- Articles 1-3, 5, 7, 9: Imprisonment for a term not exceeding 10 years and a fine not exceeding SAR 1,000,000 or by either penalty;
- Article 4: Imprisonment for a term not exceeding three years and a fine not exceeding SAR 100,000 or by either penalty;
- Article 6, 11: Imprisonment for a term not exceeding two years and a fine not exceeding SAR 50,000 or by either penalty; and
- Article 9 (Repeated 1 and 2): Imprisonment for a period not exceeding five years or a fine not exceeding SAR 500,000 or both.

Any Public Servant (remembering the wide remit of the definition) convicted of any offence under the anti-bribery law will be dismissed and prevented from assuming any public position going forward.

In addition, Article 15 allows for any money, benefits or privilege gained from the bribery to be confiscated.

Any national or foreign private companies involved in the bribery can expect a fine not exceeding 10 times the value of the bribe or being banned from entering into procurement contracts with Ministries or public corporate entities for a minimum of five years.



Case Study 4

2022: A former **ambassador** was sentenced to six years in prison and a fine of SAR 300,000 after he was found guilty of accepting bribes and abuse of office for illegally issuing Hajj and Umrah visas in return for sums of money.

[Senior officials among several people sentenced to jail for graft, abuse of power](#)

Expansion of the law to cover non-governmental and private sector organisations

In 2018 and 2021, a number of changes were enacted that widened the scope of the law, which before this was primarily focused on public sector employees. The table below highlights the key changes:

Article 5: "Any public servant who solicits..." changed to "Any person who solicits....".

Article 8: Added points 6 and 7 to the definition of public servant (as described on Page 6).

Article 9 expanded:

- Article 9: "Any person who offers a bribe and such offer is rejected...." is changed to "Any person who offers a bribe or has been promised a bribe and such offer or promise is rejected".
- Article 9 (Repeated 1) is added, which includes the offence for being the Briber of a private organisation⁶ and/or the Bribee as someone working for such a private organisation.
- Article 9 (Repeated 2) is added, which includes the offense for being the Bribee of a private organisation⁷ (as a person working for such a private organisation).

Article 15 is amended to expand and clarify the confiscation of "the money, advantage or interest subject of the crime whenever possible, or to confiscate its value, as the case may be, and to confiscate any proceeds resulting from that money, advantage or interest".

As seen from the recent changes to the anti-bribery law, the provisions of the law have broadened significantly to include both individuals of the private sector organisations, including international organisations, and the private sector organisations themselves.

These changes should be of no surprise given Vision 2030 and the large international investments being made into KSA.

Case Study 5

2022: A former judge at the **General Court** in one of the regions was convicted for bribery and forgery with the participation of another judge in forging a ruling. He was sentenced to four years and six months in prison and fined SAR 110,000.

Governor, judge and colonel among officials penalized for corruption



⁶ And various other non-governmental entities

⁷ And various other non-governmental entities

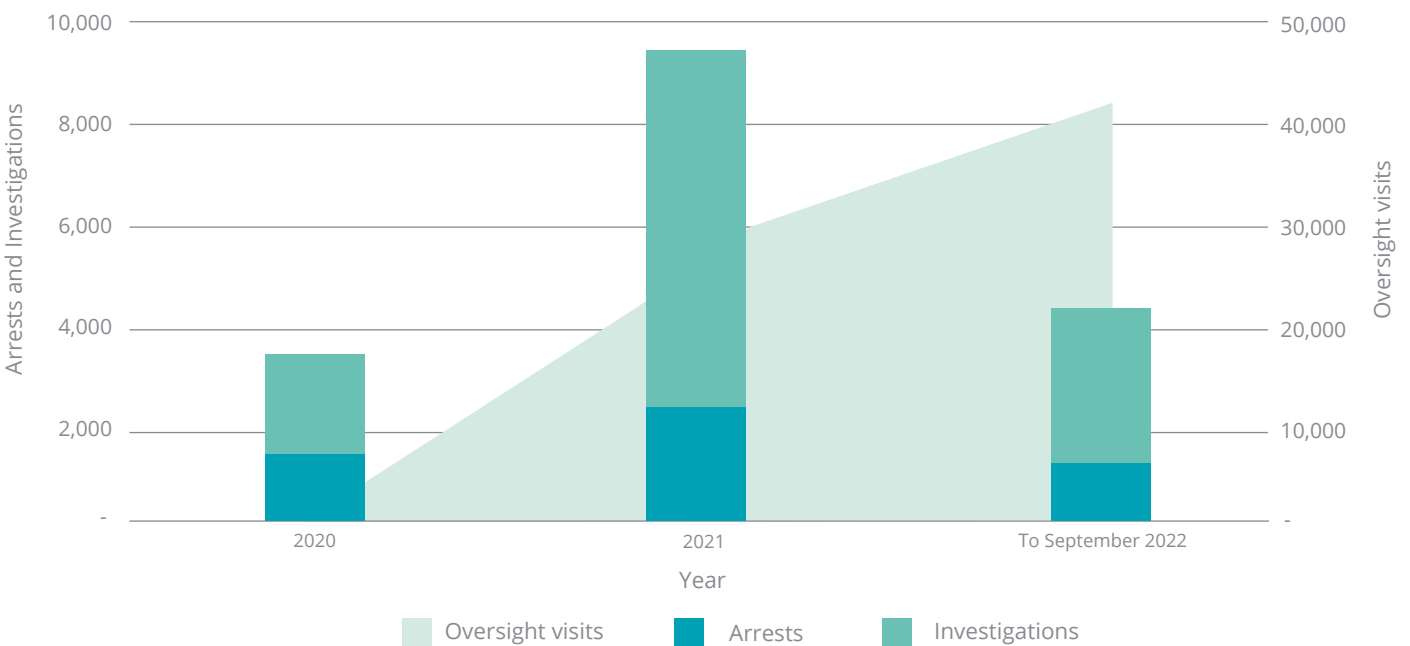
Bribery and Corruption statistics reported by Nazaha

Information about individual investigation cases is, understandably, restricted. However, we have built a picture of Nazaha's bribery and corruption activity based on their regular monthly tweets⁸ in addition to various articles identified in the press.

Activity levels

As seen below, activity levels at Nazaha have increased substantially over the last two to three years, particularly in relation to oversight visits, with 28,438 oversight visits in 2021⁹, and 41,738 up to the end of September 2022. 2021 appears to have been a record year for both investigation cases and arrests, and the overall trend from 2020 to 2022 is an increase in activity. It is interesting to note that, despite the growing number of inspections and investigations, arrests are down year to date which may be the result of greater awareness and compliance with laws and regulations.

Number of arrests, investigations and oversight visits



Reporting/Referrals to Nazaha

Current information on the source of investigations has not been identified in the public domain. However, we note that in 2017 and 2018¹⁰ the majority of cases (2017 - 74%; 2018 - 80%) were reported directly to Nazaha by whistleblowers, with the remainder being as a result of personal visits and investigations. It is noted that the Nazaha App was the most direct route to reporting a suspicion in 2018, and it is likely that this remains a key referral source for Nazaha.

This is no surprise as it is generally accepted that whistleblowers (at either a corporate or regulatory body level) are the primary source of tip-offs for fraud, bribery and corruption.

Article 17 states that "Any person who provides incriminating information on any of the offences set forth in this Law that substantiates the offence and he is not a briber, accomplice, or mediator shall receive a reward not less than SAR 5,000 and not more than half of the money confiscated. Such reward shall be determined by the authority deciding upon the offence. The Ministry of Interior may, upon the approval of the President of the Council of Ministers, pay a higher reward than the amount prescribed under this Article."

⁸ https://twitter.com/nazaha_gov_sa

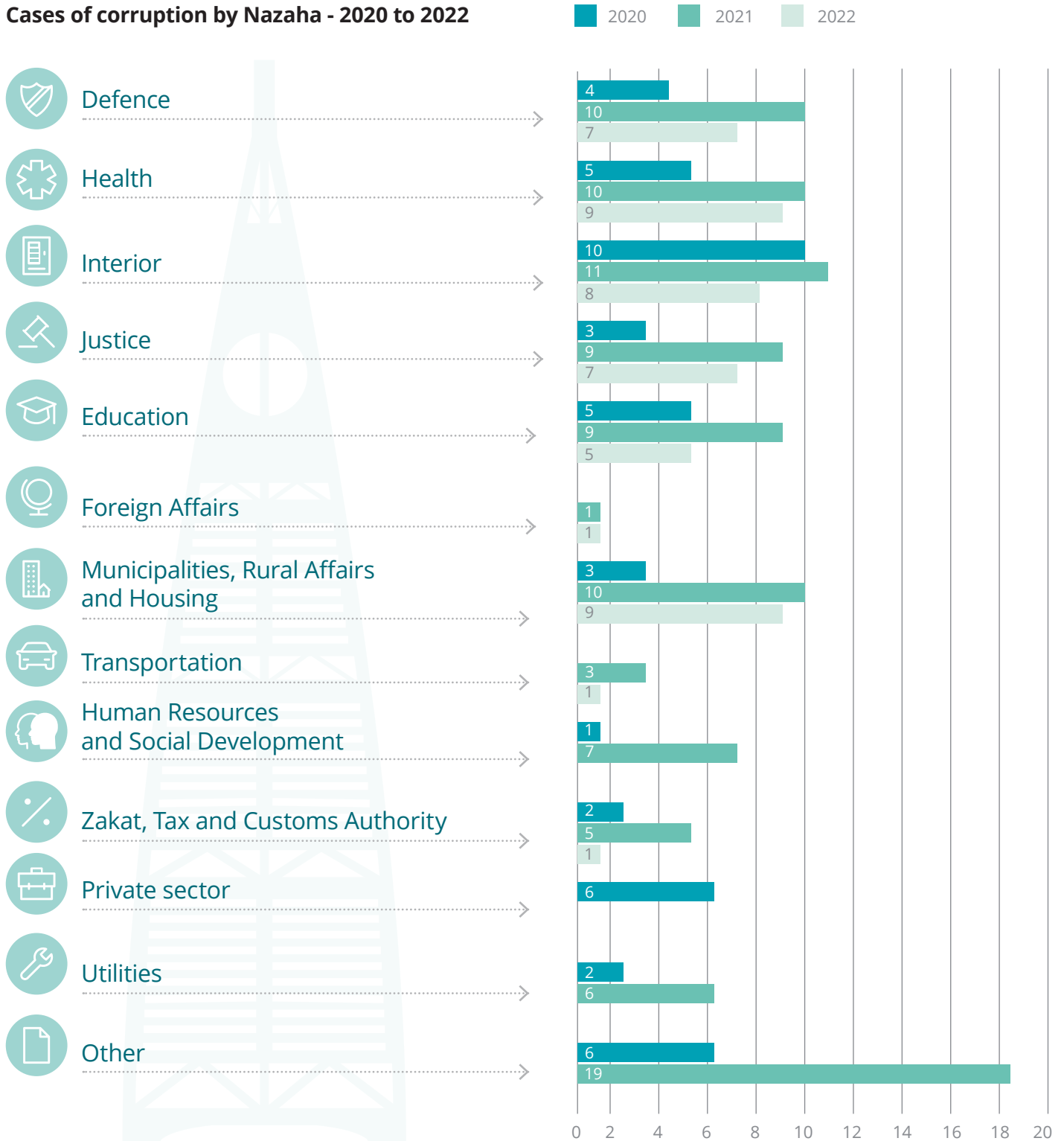
⁹ Oversight Visit data has not been identified in the public domain for 2020.

¹⁰ 2017 https://www.aleqt.com/2018/01/28/article_1322266.html; 2018 - <https://saudigazette.com.sa/article/559454/SAUDI%20ARABIA>

Sectoral analysis

By analysing the results of Nazaha's Twitter feed, we have sought to interpret the sectors being investigated, based on the description of the ministries and businesses involved*. Whilst we cannot tie these results to investigation or arrest numbers, there is a clear pattern as to the key sectors where bribery and corruption is identified. Some of the sectors included are unsurprising, given both their budgetary size, for example Defence, Health and Local Government (Municipalities), as well as a breadth of services in the Kingdom, such as Interior, which covers various lead governmental functions, Police, Judiciary, Traffic, among others.

Cases of corruption by Nazaha - 2020 to 2022



*These classifications are based on a sector basis, not a ministerial basis.

Given the current bias in the data to the government/public sector, it will be interesting to see how or if these trends change going forward, especially with the recent law changes that will allow a more focused investigation into private sector dealings. As seen from various global fraud, bribery and corruption surveys, we would ordinarily expect to see the following sectors also being represented:



A nighttime photograph of a modern skyscraper under construction. The building's facade is illuminated with blue lights, and several construction cranes are visible against the dark sky. The image is partially obscured by a teal overlay at the bottom.

A white magnifying glass icon with a shield inside the lens, set against a teal background.

Case Study 6

2021: A retired Major General and two retired employees in the 15th rank, and with senior positions in the **Ministry of National Guard**, were arrested for obtaining cash from local and foreign contracting companies with the ministry.

The first received an amount of SAR 20.5 million in cash real estate.

The second person received an amount of SAR 30.1 million in cash instalments, and the third received an amount of SAR 147.4 million in real estate.

The bribes totalled SAR 198 million and were paid in exchange for facilitating contracts to the foreign contracting companies.

SAR 198 million seized in anti-corruption probe

The recent changes in the anti-bribery law in the Kingdom extends the focus of ongoing investigations (both nationally and internally), which has already seen increased levels of activities by Nazaha. These activity levels are unlikely to slow down.

All organisations, whether located in the Kingdom or trading within it, need to be aware of the law and have robust policies and procedures in place to prevent bribery and corruption, and have processes in place to identify instances that may have already occurred/be in progress. Willful blindness is never a defense to such behaviour.

Bribery and corruption will continue to not be tolerated, and the financial and personal penalties are severe.



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