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CATEGORIZATION OF WORKS, CLASSIFICATION & REGISTRATION REQUIREMENTS & PROCEDURES

1 Overview

In order to promote greater professionalism and accountability and as mandated by the Procurement Manual-2007 (Clause 2.3.3), a system for identifying and registering qualified Contractors & Consultants has been assigned as one of the responsibilities to the Construction Development Board (CDB). All Contractors/Consultants who wish to participate in the contracting/consultancy job of construction sector in Bhutan must first be registered with the CDB. The CDB shall maintain a database of Contractors/Consultants who wish to provide services in Construction Industry.

The classification, categorization and registration system for Contractors/Consultants/firms has been developed to provide the Government Agencies with a means of identifying a Contractor's/Consultant's general ability to carry out works based on their current financial capacity, human resources, equipment & facilities, and track record.

The classification, categorization and registration of Contractors/Consultants by the Construction Development Board through the use of uniform procedures and criteria, provides a quick access to updated records of Contractors/Consultants and avoid possible irregularities attributed to adhoc/multiple/inconsistent registration.

The procuring agencies could specify the additional requirement (depending on specific jobs) to that provided in the evaluation of potential Contractors/Consultants. The requirements will vary greatly with the nature of the projects. The specific requirements will be established and assessed in the tender documents during the bidding stage of those projects.

The Contractors will be Classified into Four Class, namely Class A, Class B, Class C and D or Petty Class. The scope of their activities will be categorized into **W1, W2, and W3 & W4 (for detail ref Table 1)**.

The Consultants are categorized into **(a) Civil Engineering Services, (b) Architectural Services & (c) Electrical Engineering Services (for details refer Table 11)**

The registration system is a process of formal pre-qualification and is not limited to a particular contract or project. Proof of enrollment on the CDB Registration System will constitute a presumption of overall suitability and will qualify Contractors/Consultants to participate in the bidding of government or other public work projects. The system prevents the need for formal pre-qualification process of Contractors/Consultants, and therefore allows the government contracts to be awarded and executed faster.

2 Registration System

The Construction Development Board (CDB) has developed a Contractors/Consultants Registration System based upon a classification of Contractors/Consultants and Categorization of Works. The registration of Contractors/Consultants, re-registration, up-gradation, and any matters related to Contractors/Consultants registration shall be carried out strictly in accordance with the specified principles and procedures.

CDB Registration requirement henceforth shall apply to JVs (amongst National Contractors/Consultants or with Foreign Contractors/Consultants) & also to independent Foreign Construction or Consultancy Firms if they wish to participate in contract/consultancy works in Bhutan.

All Ministries/Departments/Agencies (government corporate agencies) concerned in the public sector shall use these Registered Contractors/Consultants according to their classifications and categories in

the execution of infrastructure projects. The private sectors & the NGOs are also encouraged to use the same.

3 Definition of Terms

3.1 Infrastructure Projects

Infrastructure Projects refers to construction, improvement or rehabilitation of roads and bridges, airports, flood control and drainage, water supply and sewerage, irrigation systems, dams, tunnels, buildings communication facilities, dredging and reclamation, power generating plants and other related construction projects that form part of the Government or Public infrastructure programs.

3.2 Consultancy Works

Consultancy works refers to all design, supervision and management works related to Civil Engineering, Electrical Engineering, Architectural Services, Environment, Geo-technical, Socio-Economic studies and other related matters in engineering sector.

3.3 Classification

It refers to the classification of Contractors/Consultants as *Petty (class D), Small (class C), Medium (class B) and Large (class A)*.

3.4 Category

Category to the headings or types of infrastructure projects such as roads and bridges, airports, buildings, etc (Refer Table 1 for description).

3.5 Contractors/Consultants

Contractors/Consultants refer to an individual or corporate body that carry out Civil Works/Engineering & Architectural consultancy works as contracted by the Government / Public Agencies.

3.6 Civil Works

Civil works refers to any activity involving construction, fabrication, repair, renovation, decoration, installation, erection, dredging, and similar activities for the purposes of roads, bridges, irrigation, office buildings, hospitals, schools, or any other works which make use of a combination of labour, machinery, equipment, and technology. Civil works also include other associated works such as electrification, plumbing, water supply etc.

3.7 Track Record

Track record refers to the average amount of work done during the past two years or the largest single contract value done by Contractors/Consultants within the same period.

3.8 Certificate of Registration

Certificate of registration refers to the statement of registration, issued by the Construction Development Board, which is valid for a period of two years. It indicates to what class/category a Contractors/Consultants belongs and the category of project he can work on.

4 Scope of Registration

4.1 General

Contractors/Consultants shall be classified and registered under one of four classifications namely: **Petty (Class D), Small (Class C), Medium (Class B) and Large (Class A)** for each category of Projects.

- a) Direct entry to higher class is available only if the firm is proposed to be a registered company with the MTI as per the Companies Act of Bhutan. This firm however requires to fulfil all the criteria for registration in terms of its capability, requires formal evaluation / assessment and approval of the Board.
- b) if the applicant is an Engineer (*An Engineer with Diploma or Higher Degree and with a minimum of 5 years documented project execution experience, and a direct involvement in projects with a minimum accumulated financial value of Nu. 7.5 million*) & fulfills the equipment & manpower requirements specified for registration, direct entry to Class C can be considered by the Board

The **Consultants** shall be classified into **(i) Civil Engineering Services, (ii) Architectural Services & (iii) Electrical Engineering Services. Consultancy Services will not have any Class**

4.2 Categorization of Infrastructure Projects

Infrastructure projects will be categorized into 4 separate **Headings** itemized under reference **W1 to W4**. Each heading generally covers the types of works that are executed under the Government's infrastructure program. A brief description of each Heading is given in Table 1 below:

Categories	Headings	Description
W1	Roads & Bridges	Construction of roads (laterite, prime and seal Flexible or rigid pavement); timber or concrete or steel bridges, culverts, surface drainage, kerbs, footways, pedestrian overhead crossings, airport runways and aprons
		Rehabilitation, reinstatement, improvement to embankment, slope stabilization, provision of adequate drainage system, re-gravelling or resealing existing pavement, repair, improvement or reconstruction of road sections or repair or reconstruction of damaged or destroyed bridges.
		Construction of all types of bridges, aqueducts and flyovers
W2	Bhutanese Paintings	Internal and external finishing and decorations of all structures in traditional Bhutanese paintings
W3	Buildings, Irrigation, Drainage, Flood Control, Water Supply & Sewerage	Construction of all kinds of buildings including that of timber, masonry, concrete or steel. Services such as storms and sanitary drainage system.
		Rehabilitation and restoration of all physical facilities in damaged or destroyed buildings.
		Construction of drainage systems, terminal buildings, hangers, warehouses Depots, any appurtenant structures.
		The construction includes all the internal electrification(new and renovation, repair), plumbing, painting and finishing work other than Internal and external finishing and decorations of structures in traditional Bhutanese paintings
W4	Power & Telecom Works	Construction, rehabilitation and improvement of civil works in hydropower facilities, such as dams, tunnels and power generating plant buildings. Installation of underground cables, overhead transmission and distribution lines, compound lighting, construction of substations including the installation of switchgear, transformers and low voltage distribution board.
		Construction of Substations & Transmission Lines
		Laying ducts and construction of junction boxes and of manholes for telephone cable networks.

4.3 Permissible work volumes & values of Contractors

The Contractors will be classified according to his/her capabilities for each category of work. There are four classifications ranging from "A" (Large) to "D" (Petty). Contractors' classification will determine the size of construction works that he/she is eligible to undertake, as well as the maximum number of contracts that can be awarded at a time. Table 2 lists the four classifications available for each category of work:

Table 2: Permissible work volumes & values of Contractors				
Details	A (Large)	B (Medium)	C (Small)	D (Petty)
Eligible bid amount (million Nu)	>15	>7.5 & = 15	>1.5 & = 7.5	Upto 1.5
Maximum number of contracts at a time	5	3	3	1
Maximum value of contracts at a time (million Nu)	No ceiling	45	22.5	1.5

Note: The above values are based on the agencies estimate and not the quoted value.

Classification is based upon the Contractors' financial capacity, human resources, equipment and facilities, and track record. For upgrading of classification and/or to request other categories of work, the Contractors may submit an additional Contractors Registration Form (CTR01)

Because a Contractors classification is partly determined by their experience in a sector, it is anticipated that Contractors will maintain different classifications for different categories of work. For example, a Contractor may be eligible as a "B" Contractors for category W1 (Roads and Bridges), yet only be eligible as a "C" Contractors for category W3 (Buildings). In this case, the Contractors will maintain 2 classifications.

W2 will not have any category such as A, B, C or Petty.

4.4 Validity of Certificate of Registration

Contractors/Consultants who have been duly registered with the Construction Development Board will be issued a Certificate of Registration valid for a period of **two years**.

At any time during the validity period of the Certificate of Registration, the Contractors/Consultants/Consultant may submit a request in the approved application form for upgrading of his category and/or for additional classification Headings/Sub-headings.

A fine of Nu.100/ day shall be levied for each day of delay and renewal of the certificate of registration MUST be applied within thirty (30) days of its expiration date. Failure to apply for renewal of CDB Registration within ONE year after the expiry shall be deregistered unless justified otherwise.

4.5 Down grading/Cancellation

If during verification at any time it is found the required criteria are not met, CDB reserves the right to down grade, suspend or cancel the CDB Registration Certificate. Cancellation can be also due to other reasons as mentioned in point # 13 below.

4.6 Eligibility for Bidding

Contractors/Consultants duly registered with the CDB shall be deemed eligible to be considered of Bidding for any contract subject to the limitations of the classification and categorization provided in its Certificate of Registration & any other specific requirements of the project.

4.7 Monitoring of the Capability

The CDB shall monitor the capability of the Contractors/Consultants under its present Classification and the Categorization. It shall, also, take appropriate action (such as downgrading its classification and/or cancelling any category heading) if the Contractors/Consultants fails to maintain the prescribed minimum requirements for such classification and category at any time during the validity of the Certificate of Registration.

5 Registration Requirements

5.1 How to Register

1. Contractors/Consultants should register with the CDB prior to obtaining Trade License from the Ministry of Trade and Industry (MTI). MTI will grant licenses to only those Contractors/Consultants that are recognised with the CDB.
2. The first step towards registering with CDB is to obtain the Contractors/Consultants Registration Form (CTR01 for contractors; **CTF01** for consultancy firms). This form can be downloaded and printed for free of charge from the CDB's from (www.cdb.gov.bt) website.
3. Along with all the forms one also needs to submit Security Clearance & Citizenship ID Card copy (for new registration only) or copies of earlier CDB certificate and trade licenses for re-registration/up-gradation.
4. The completed form shall be submitted to the CAB office for recommendation to the CDB. The CAB office should ensure that all the required information is accompanying the registration request.
5. The CDB registration form requires supporting documentation of all claims. Contractors/Consultants should make sure that all necessary documentation is included with the registration form. There are no exceptions. Incomplete documentation will lead to non-acceptance of registration by CDB until the complete documentation is provided.
6. The CDB will conduct a preliminary assessment of the form to make sure that the all of the necessary information has been provided. Upon acceptance of form, an applicant will need to pay a **processing fee of Nu. 100**. (No processing fee for re- registration). This fee is non refundable and does not guarantee registration by CDB.
7. Upon the submission (by the applicant) & receipt (by CDB) of the completed application form the CDB will perform a detailed assessment of the application. Based on this assessment, the CDB will send a letter to the applicant explaining the categories and classifications for which they are eligible. The letter will also describe the registration fees that must be paid before the registration is completed.
8. A registration certificate is awarded to the applicant after the receipt of fees. Please note that registration fees are calculated per category. The more categories that are awarded, the higher the total registration fees will be. Applicant must insist on proper receipt every time a payment is made.
9. If an applicant does not agree with the CDB's assessment, or desires an exemption from a particular requirement, he/she is eligible to request an appeal to the Board of CDB. Appeals will be decided by the Board during the next scheduled board meeting. For more information regarding the appeal process an applicant shall contact CDB.

10. Once CDB accepts the registration request complying with all the requirements, CDB Certificate will be issued within a week from the date of receipt of all required/acceptable information.
11. Issuance of CDB Registration does not constitute the fulfillment of all the requirements to obtain Trade License. Requirements for Trade License will be stipulated by the concerned agencies.

5.2 Criteria for New Registration of Contractors

The Registration shall be effect based on the fulfillment of set criteria of Technical Capabilities; Financial Capacity & the Track Record. All of these criteria are elaborated below:

5.2.1 Technical Capability (Personnel and Equipment Resources)

Applicants should satisfy the Construction Development Board that they have necessary full-time personnel stationed in Bhutan to undertake the work corresponding to the Classification/Category Heading applied for.

Personnel qualifications such as technical/professional qualifications (academic certificates) and years of relevant experience of each personnel shall be submitted with the application. The applicant must produce evidence of having employed (Pay roll supported by TDS & Health contribution submission to Department of Revenue & Custom) the required minimum Permanent staff for the last 6 months prior to the registration application.

If an employee has left the company his/her Cv's cannot be used by the firm for registration and any other official purpose.

Table 3 Contractors' Minimum Requirements: Human Resources (Permanent Personnel- for Upgradation)							
Criteria	A		B		C		D (petty)
	W ₁ & W ₃	W ₄	W ₁ & W ₃	W ₄	W ₁ & W ₃	W ₄	
Permanent Key Employees							
Manager	1	1	1	1	1	1	1
Graduate Engineer	1 (Civil)	1 (Elec)	1 (Civil)	1 (Elec)	-	-	-
Diploma Engineer	2 (Civil)	2 (Elec)	1 (Civil)	1 (Elec)	1 (Civil)	-	-
Accountant	1	1	1	1	-	-	-
Site supervisor	3 (Civil)	3 (Elec)	2 (Civil)	2 (Elec)	1 (Civil)	1 (Elec)	-
Minimum number of employees	8	8	6	6	3	2	1

The following documents have to be attached to authenticate information on key personnel's:

- Curriculum Vitae of all employees (against table 3 above) with his/her signature including submission of academic transcripts, years of experience, and other relevant information to demonstrate competence;
- Proof of TDS and Health contribution for the last 6 months;
- Applicants must also have owned construction equipment adequate to undertake the work corresponding to the Classification/Category applied for. The minimum requirements to be qualified for "Technical Capability" for different classifications are specified in Table 4 below:

Table 4 Contractors' Minimum Requirements of Equipment & Facilities (for New Registration)													
Sl.	Mandatory Equipment & Facilities	A			B			C			D(Petty)		
No.		W1	W3	W4	W1	W3	W4	W1	W3	W4	W1	W3	W4
A	W1, W3 & W4												
1	Excavator (or) Pay loader (or) (Motor grader for W1)	1	1	-	-	-	-	-	-	-	-	-	-
2	Truck (Truck/Tractor for Class C)	1	1	1	1	1	1	1*	1*	1	-	-	-
3	Air compressor	1*	1*	1*	1	-		-			-	-	-
4	Road roller	1			-			-			-	-	-
5	Survey equipments (theodolite/Total stn.)	1	1	1	1	1*		-			-	-	-
6	Concrete mixer (10/7 cft) & (7/5 cft for Class C)	-	1	1		1	1	1	1		-	-	-
7	Vibrator		1	1		1	1	1	1	1	-	-	-
8	Steel shuttering set (sft.)		5000			2500					-	-	-
9	Water pump	-	-	1	-	-	-	-	1		-	-	-
10	Crane Truck	-	-	1							-	-	-
11	Meggar	-	-	1	-	-	1	-		1	-	-	-
12	Max puller	-	-				1				-	-	-
B	Bhutanese Painting – W2: as registered												
1	Safety equipments (Safety belts, helmets, goggles,)				1 set								
2	Ladder (Aluminum /steel folding)				1 set								

* Minimum of one for all categories.

In case a firm is registered in both W1 & W3 – firm should have an excavator for W1 and any other heavy construction machineries /equipment for W3 as deemed appropriate by CDB.

To fulfill the minimum mandatory requirement of equipment and facilities, a Contractor/Consultant must:

- show that the registration of equipments declared to CDB are be in the name of applicant only.
- submit blue book copies supported by Route Permits and insurances for all RSTA registered equipments.
- submit equipments verification reports duly endorsed by a Govt. Engineer (not less than the rank of AE) for those equipment, which are not dealt by RSTA.

5.2.2 Financial Capacity

Applicants should satisfy the Construction Development Board that they have sufficient resources to meet the financial requirements, which normally arise. They are required to submit with their applications suitable financial statements (e.g. company annual report, audited (audited by registered firms with the Royal Audit) financial statements/balance sheets, certified financial statements) that will clearly indicate the financial position of the applicant for the preceding years. The Credit/OD facilities should be signed by no less than Divisional Head.

The credits and loans received from financial institutions, bank's statements of account and financial statements etc. of an applicant shall be treated as confidential information and should not be disclosed to any other person except official use.

The minimum requirements for "Financial Capacity" for different classifications are specified in Table 5 below.

Table 5 Contractors' Minimum Requirement for qualification in Financial Capacity (for New Registration)

Criteria	A	B	C	D (Petty)
Option I: Net Worth: (Total cost of assets owned)	Nu. 5,000,000	Nu. 2,250,000	Nu. 675,000	N/A
Option II: Net Worth: (Total cost of assets owned)	Nu. 2,000,000	Nu. 750,000	Nu. 225,000	N/A
& Average Annual Turnover: (Trial Balance)	Nu. 32,500,000	Nu. 15,000,000	Nu. 4,500,000	N/A
Option III: Net Worth: (Total cost of assets owned)	Nu. 2,000,000	Nu. 750,000	Nu. 225,000	N/A
& Average Annual Credits: OD/Credit Facilities	Nu. 10,000,000	Nu. 2,250,000	Nu. 675,000	N/A

Financial capacity can be shown by:

- *submitting financial statements such as audited/certified financial statements/balance sheets, company annual report etc. that would clearly indicate the financial position of the preceding years in case of option II.*

5.2.3 Track Record

The Applicants are expected to have satisfactorily executed works similar to those Category Headings for which they wish to be classified and registered. The minimum requirement for works completed in past is given in Table 6 below:

Table 6 Track Record Requirements for Contractors (for New Registration)				
Class	A	B	C	D (Petty)
a) To RE-VALIDATE OR RE-REGISTER	i) Applicants must be currently registered as class 'A' Contractors/Consultants.	i) Applicants must be currently registered as class 'B' Contractors/Consultants.	i) Applicants must be currently registered as class 'C' Contractors/Consultants.	i) Currently Registered with CDB
	ii) Works in progress or completed one project in the applied category valued at least Nu. 15 million, or alternatively participated in at least five (5) biddings during the previous two years.	ii) Works in progress or completed one project in the applied category valued at least Nu. 7.5 million, or alternatively participated in at least five (5) biddings during the previous two years.	ii) Works in progress or completed one project in the applied category valued at least Nu. 1.5 million, or alternatively participated in at least five (5) biddings during the previous two years.	ii) Works in progress /completed one project, or participated in at least two (2) biddings in the last two years.
b) To UPGRADE	i) Applicants must be currently registered as class 'B' Contractors/Consultants.	i) Applicants must be currently registered as class 'C' Contractors/Consultants.	i) Applicants must be currently registered as class 'D' Contractors/Consultants.	N/A
	ii) Completed three projects in the applied category valued at least Nu. 7.5 million each, or alternatively, one project in the applied category valued of at least Nu. 12 million, during the previous two years.	ii) Completed three projects in the applied category valued at least Nu. 4.5 million each, or alternatively, one project in the applied category valued at least 6.0 million, during the previous two years.	ii) Completed three projects in the applied category valued at least Nu. 0.50 Million each, or alternatively, one project in the applied category valued at least Nu. 0.90 Million, during the previous two years.	
c) For NEW REGISTRATION	Direct Entry available as special case only when established as an incorporated company under the Company Act of Bhutan. Requires formal assessment and approval of the Board.	Direct Entry available as special case only when established as an incorporated company under the Company Act of Bhutan. Requires formal assessment and approval of the Board.	Engineer above Diploma level with a minimum of 5 years documented project execution experience, and a direct involvement in projects with a minimum accumulated value of Nu. 7.5 million.	No track record is required

Applicants must produce work completion certificates detailing the name of the work, brief nature of work, value of work, period of work execution and signed by not less than the Head of the Department/Agency.

5.3 Criteria for Up-gradation of Contractors

5.3.1 Technical Capability (Personnel & Equipment Resources)

Applicants should satisfy the Construction Development Board that they have necessary full-time personnel stationed in Bhutan to undertake the work corresponding to the Classification/Category Heading applied for.

Personnel qualifications such as technical/professional qualifications (academic certificates) and years of relevant experience of each personnel shall be submitted with the application. The applicant must produce evidence of having employed (Pay roll supported by TDS & Health contribution submission to Department of Revenue & Custom) the required minimum Permanent staff for the last 6 months prior to the registration application.

If an employee has left the company his/her Cv's cannot be used by the firm for registration and any other official purpose.

Table 7 Contractors' Minimum Requirements: Human Resources (Permanent Personnel-for Upgradation)								
Criteria	A			B		C		D (petty)
	W ₁ & W ₃	W ₄	W ₁ & W ₃	W ₄	W ₁ & W ₃	W ₄		
Permanent Key Employees								
Manager	1	1	1	1	1	1	1	
Graduate Engineer	1 (Civil)	1 (Elec)	1 (Civil)	1 (Elec)	-	-	-	
Diploma Engineer	2 (Civil)	2 (Elec)	1 (Civil)	1 (Elec)	1 (Civil)	1 (Elec)	-	
Accountant	1	1	1	1	-	-	-	
Site supervisor	3 (Civil)	3 (Elec)	2 (Civil)	2 (Elec)	1 (Civil)	1 (Elec)	-	
minimum # of employees	8	8	6	6	3	3	1	

Following documents has to be attached to authenticate information on key personnel:

- Curriculum Vitae of all employees (against tables 4 above) with his/her signature including submission of academic transcripts, years of experience, and other relevant information to demonstrate competence,
- Proof of TDS and Health contribution.
- If an employee has left the company his/her Cv's cannot be used by the firm for registration any other official purpose without the written consent of the individual.

Applicants (contractors) must also have owned construction equipment adequate to undertake the works corresponding to the Classification/Category applied for. The minimum requirements to be qualified for "Technical Capability" for different classifications are specified in Table 8 below:

Table 8 Contractors' Minimum Requirements of Equipment& Facilities (for Upgradation)										
Sl. No.	Mandatory Equipment & Facilities	Class B proposing to upgrade to Class A			Class C proposing to upgrade to Class B			Class D (petty) proposing to upgrade to Class C		
		W 1	W3	W 4	W 1	W3	W 4	W 1	W 3	W4
1	# Excavator (or) Pay loader (or) (Motor grader for W1)	1	1	-	-	-	-	-	-	-
2	Truck (Truck/Tractor for Class C)	1	1	1	1	1	1	1*	1*	1*
3	Air compressor	1*	1*	1*	1	-	-	-	-	-
4	Road roller	1	-	-	-	-	-	-	-	-
5	Survey equipments (theodolite/Total stn.)	1	1	1	1	1*	-	-	-	-
6	Concrete mixer (10/7 cft) & 7/5 cft for Class C)	-	1	1	-	1	1	1	1	-
7	Vibrator	-	1	1	-	1	1	1	1	1
8	Steel shuttering set (sft.)	-	5000	-	-	2500	-	-	-	-
9	Water pump	-	-	1	-	-	-	-	1	-
10	Crane Truck	-	-	1	-	-	-	-	-	-
11	Meggar	-	-	1	-	-	1	-	-	1
12	Max puller	-	-	-	-	-	1	-	-	-

* Minimum of one for all categories (approved during 40th BM.

In case a firm is registered in both W1 & W3 – firm should have an excavator for W1 and any other heavy construction machineries /equipment for W3 as deemed appropriate by CDB.

To fulfill the minimum mandatory requirement of equipment and facilities, Contractors/Consultants must:

- show that the registration of equipments declared to CDB are be in the name of applicant only.

- *submit blue book copies supported by Route Permits and insurances for all RSTA registered equipments.*
- *submit equipments verification reports duly endorsed the authorized govt. Engineer for those equipment, which are not dealt by RSTA.*

5.3.2 Financial Capacity

Applicants should satisfy the Construction Development Board that they have sufficient resources to meet the financial requirements, which normally arise. They are required to submit with their applications suitable financial statements (e.g. company annual report, audited (audited by registered firms with the Royal Audit) financial statements/balance sheets, certified financial statements) that will clearly indicate the financial position of the applicant for the preceding years. The Credit/OD facilities should be signed by no less than Divisional Head.

The credits and loans received from financial institutions, bank’s statements of account and financial statements etc. of an applicant shall be treated as confidential information and should not be disclosed to any other person except official use.

The minimum requirements for “Financial Capacity” for different classifications are specified in Table 9 below.

Table 9 Contractors’ Minimum Requirement for qualification in Financial Capacity (for Upgradation)			
Criteria	Class B proposing to upgrade to Class A	Class C proposing to upgrade to Class B	Class D (petty) proposing to upgrade to Class C
Minimum Value of Turnover in any One Year during the last 3 years (Profit & Loss Statements)	Nu. 22.5 million	Nu. 11.25 million	Nu. 0.75 million
Net Worth: (Total cost of assets owned) &	Nu. 4,000,000	Nu. 1000,000	Nu. 5000,000
Credit Rating	Nu 10,000,000	Nu 5,000,000	Nu 1,000,000

Financial capacity can be shown by:

- *submitting financial statements such as audited/certified financial statements/balance sheets, company annual report etc. that would clearly indicate the financial position of the preceding years in case of option II.*

5.3.3 Track Record

The Category Headings are as of Table 1 & Table 8, applicants are generally expected to have executed works similar to those Category Headings for which they wish to be classified and registered.

In addition to the above requirements, applicants are expected to have a consistent satisfactory performance record from the concerned procuring agencies where they had executed the works. Those with poor performance history may get their registration cancelled.

Contractors/Consultants are expected to have executed engineering or construction and consultancy works similar to those category headings for which they are classified and registered as specified in Table 10 below and have a consistently satisfactory performance record.

Table 10 Track Record Requirements for Contractors (for Up-gradation only)			
Criteria Contract Range	(Class ‘B’ proposing to upgrade to Class ‘A’)	(Class ‘C’ proposing to upgrade to Class ‘B’)	(Class ‘D’ proposing to upgrade to Class ‘C’)
a) To Upgrade	i) Applicants must be currently registered as class 'B' contractor.	i) Applicants must be currently registered as class 'C' contractor.	i) Applicants must be currently registered as class 'D' contractor.
b) To UPGRADE	ii) Completed three projects in the applied category valued at least Nu. 7.5 million each, or alternatively, one project in the applied category valued of at least Nu. 12 million (80% of 15m), during the previous two years.	ii) Completed three projects in the applied category valued at least Nu. 4.5 million each, or alternatively, one project in the applied category valued at least 6.0 million(80% of 7.5m), during the previous two years.	ii) Completed three projects in the applied category valued at least Nu. 0.50 million each, or alternatively, one project in the applied category valued at least Nu. 0.90 million, during the previous two years.
b) To UPGRADE	The above works should have been completed to the satisfaction of the client. Such satisfactory completion certificates should be signed by no less than Head of Department / Organization.	The above works should have been completed to the satisfaction of the client. Such satisfactory completion certificates should be signed by no less than Head of Department / Organization	The above works should have been completed to the satisfaction of the client. Such satisfactory completion certificates should be signed by no less than Head of Department/Organization.

5.4 Registration of Consultants

A consulting firm/consultant, who wishes to be registered with CDB, shall submit an application to the CDB Secretariat in a standard application form prescribed by CDB.

5.4.1 General overview

The registration system for Consultants has been introduced in the functions of Construction Development Board, to provide the procuring agencies of the Government with a means of identifying a consulting firm's or an individual consultant's technical ability to perform the required technical services.

It has long been observed that most architectural designs in Bhutan are prepared by individuals who are not qualified and in most cases the identity of the architect is also not recorded. This has led to a general decline in quality and sense of responsibility of the designers.

To encourage professionalism and to protect the interests of the Client, the CDB shall register all architects (Bhutanese and non-Bhutanese) who wish to provide professional services in Bhutan.

All professionally qualified architects (Bachelor of Architecture or Master of Architecture) who wish to have the privilege of signing/approving architectural designs are requested to register immediately with the CDB. Signatures of non-registered Architects shall henceforth no longer be recognized by any of the City/Municipal, Dzongkhag or other authorities for the purpose of issuing building permits.

Additionally, architects in the private sector who have registered, and wish to compete for government or corporate contracts are required to register as a 'firm' with the CDB immediately. Consultancy firms already registered with the CDB under 'architectural consultant' will need to re-register.

Non-Bhutanese firms operating / desiring to operate in Bhutan shall also be required to register.

The registration forms for *individual* and *firm* registration may be downloaded from the Construction Development Board website (www.cdb.gov.bt). More detailed information on registration process may be obtained from the CDB Secretariat.

Similarly it has been felt strongly that even the Engineering Consultancy Firms or Consulting Engineers need to register immediately with CDB. At this initial stage, a very simple registration system, which can provide information about financial strength, manpower and their technical qualifications, equipment and facilities to perform services, past experiences in different engineering fields, etc. will be established. It is left to the procuring agencies to specify and additional requirements of (manpower, qualification, equipment, equipment, financial & track record) that may be specifically required for undertaking the assignment under consideration.

All ministries, departments and Dzongkhag administrations and their procuring agencies shall use only consulting firms or individual consultants who are registered with CDB.

The CDB shall in, appropriate time, enforce that only those professionally (where the CEO/Management Head is a professional) managed firms will be issued consultancy licenses and CDB Certificates in order to ensure the delivery of the professional services in the construction industry.

5.4.2 Types of Consultants

The construction industry employs a variety of different consultants such as architects, structural engineers, soils investigators, HVAC specialists, landscape architects, town planners and so on. Each service is a different professional specialization requiring its own registration criteria.

The following are the list of consultancy services related to construction industry that needs to be registered with CDB:-

- 1. Geo-technology***
- 2. Surveying***
- 3. Urban Planning***
- 4. Social***
- 5. Architectural and Interior Design***
- 6. Structural***
- 7. Environmental***
- 8. Roads and Bridges***
- 9. Water Supply and Sanitation***

- 10. Irrigation and Water Resources***
- 11. Landscaping and Site Development***
- 12. Construction Management and Site Supervision***
- 13. Solid Waste***
- 14. Distribution of Electrical Power***
- 15. High Voltage Power transmission***
- 16. Hydro Power Construction***
- 17. House Wiring***

Since all the above services are of different professions and are basically in the field of civil engineering, electrical engineering and architectural, the consultant will be registered as three different services. All the above services will be categorized under the following three services:-

- a. Civil Engineering Services (CES)
- b. Architectural Services (AS)
- c. Electrical Engineering Services (EES)

The classification of Engineering & Architectural Consultants is shown in Table 11 below. The three classifications are further sub-divided into the following categories.

Table 11 Classification of Consultants	
References	Headings
A. Civil Engineering Services (CES)	
C1	Structural
C2	Geo-Tech Studies
C3	Social & Environmental Studies
C4	Road and Bridges
C5	Irrigation & Water Resources Engg.
C6	Construction Management & Supervision
C7	Services: Water Supply, Sanitation, Sewerage, Solid Waste and Surveying
B. Architectural Services (AS)	
A1	Architectural & Interior Designs
A2	Urban Planning
A3	Landscaping & Site Development
Electrical Engineering Services (EES)	
E1	Rural electrification and Transmission line
E2	Urban electrification & Communication and Scada
E3	Sub-station
E4	Major Hydro Power Construction
E5	Small Hydro Power Construction
E6	Mini Hydro Power Construction
E7	House Wiring

5.4.3 Eligibility for practicing as Consultants

A consulting firm or individual consultant duly registered with the CDB shall be considered eligible for practicing as qualified consultants in construction industry subject to the limitation of their technical capacities, which shall be evaluated by the concerned procuring agency.

5.4.4 Monitoring of the Registered Consultant's Performance

The CDB shall update the history of the registered consultants from time to time. The CDB shall monitor the capability and performance of the registered consultants. The consultants are expected to maintain high professional ethics and perform their services to the best of their ability with sound professional judgment. Those with poor performance history may be refused registration or re-registration.

5.5 Criteria for Registration of (Consultants)

The Registration takes into effect based on the fulfillment of set criteria of Technical Capabilities; Financial Capacity & the Track Record. All of these criteria are elaborated below:

5.5.1 Technical Capability (Personnel and Equipment Resources)

Applicants should satisfy the Construction Development Board that they have necessary full-time personnel stationed in Bhutan to undertake the work corresponding to the Classification/Category Heading applied for.

Personnel qualifications such as technical/professional qualifications (academic certificates) and years of relevant experience of each personnel shall be submitted with the application. The applicant must produce evidence of having employed (Pay roll supported by TDS & Health contribution submission to Department of Revenue & Custom) the required minimum Permanent staff for the last 6 months prior to the registration application.

For the Firms to be eligible for Architectural Services Registration, they must have RBIA registered Bhutanese Architect/(s).

If an employee has left the company his/her Cvs cannot be used by the firm for registration and any other official purpose.

Table 12 Consultancy Services: Minimum Requirements: Human Resources (Permanent Personnel)					
Requirements	A: Civil Engineering Services				
	C ₁ & C ₄	C ₂	C ₃	C ₇	C ₅ & C ₆
Permanent Key Employees:-					
(i) Manager	1*	1*	1*	1*	1*
(ii) Graduate Engineer	1 (Civil)	1 (Civil or GeoTech)	1 (Social Science or Environmental)		
(iii) Diploma Engineer				1 (Civil)	1 (Civil)
(iv) Draft Person	1			1	1
Minimum # of employees	3		2	3	3

Requirements	Architectural Services
	A ₁ , A ₂ & A ₃
(i) Manager	1*
(ii) Architect (Bhutanese)	1
(iii) Graduate Engineer	
(iv) Diploma Engineer	
(v) Draft person	1
Minimum # of employees:	3

Requirements	C: Electrical Engineering Services				
	E1	E2 & E6	E3 & E5	E4	E7
Permanent Key Employees:-					
(i) Manager	1*	1*	1*	1*	1*
(ii) Graduate Engineer	1 (Elect)	1 (Elect)	1 (Civil)	1 (Civil)	
			1 (Elect)	1 (Elect)	
				1 (Mech)	
(iii) Diploma Engineer		1 (Civil)			1 (Elect)
(iv) Draft Person	1	1	1	1	
Minimum # of employees:	3	4	4	5	2

Following documents has to be attached to authenticate information on key personnel:

- Curriculum Vitae of all employees (against table 3 above) with his/her signature including submission of academic transcripts, years of experience, and other relevant information to demonstrate competence.

- Proof of TDS and Health contribution.
- If an employee has left the company his/her Cvs cannot be used by the firm for registration any other official purpose without the written consent of the individual.

Applicants must also have owned construction equipment adequate to undertake the work corresponding to the Classification/Category applied for. The minimum requirements to be qualified for “Technical Capability” for different classifications are specified in Table 13 below:

Table 13 Consultancy Services: Minimum Requirements of Equipment & Facilities:						
SI #	Mandatory Equipment & Facilities	Categories				
		C ₃	C ₂	E ₁	E ₂	E ₃
1	Soil Studies Equipment	1 set	-	-	-	-
2	Surveying Equipment	-	1 set	-	-	-
3	Multi Meter	-	-	1	1	1
4	Four Terminal Earth Tester	-	-	1	1	1

- To fulfill the minimum mandatory requirement of equipment and facilities, Contractors/Consultants must:
- show that the registration of equipments declared to CDB are be in the name of applicant only.
 - submit blue book copies supported by Route Permits and insurances for all RSTA registered equipments.
 - submit equipments verification reports duly endorsed the authorized govt. Engineer for those equipment, which are not dealt by RSTA.

5.5.2 Financial Capacity

Applicants should satisfy the Construction Development Board that they have sufficient resources to meet the financial requirements, which normally arise. They are required to submit with their applications suitable financial statements (e.g. company annual report, audited (audited by registered firms with the Royal Audit) financial statements/balance sheets, certified financial statements) that will clearly indicate the financial position of the applicant for the preceding years. The Credit/OD facilities should be signed by no less than Divisional Head.

The credits and loans received from financial institutions, bank’s statements of account and financial statements etc. of an applicant shall be treated as confidential information and should not be disclosed to any other person except official use.

The minimum requirements for “Financial Capacity” for different classifications are specified in Table 14 below.

Table 14 Consultancy Firms: Financial Capacity

Criteria	All type of consultancy firm
Option I:	
Net Worth: Total Cost of Asset Owned	Nu 1,00,000.00
Option II:	
Net Worth:	Nu 50,000.00
&	
Average Annual Turnover: (Trail Balance)	Nu 1,00,000.00
Option III:	
Net Worth:	Nu 50,000.00
&	
Average Annual Credits: (OD/Credit Facilities)	Nu 1,50,000.00

Financial capacity can be shown by:

- o submitting financial statements such as audited/certified financial statements/balance sheets, company annual report etc. that would clearly indicate the financial position of the preceding years in case of option II.

5.5.3 Track Record

Consultants firms are expected to have executed works similar to those category headings for which they are classified and registered as specified in Table 15 below and have a consistently satisfactory performance record.

Table15 Consultancy Firms: Track Record	
Criteria	Requirement
Re- validate Or Re-Register	i) Currently Registered with the CDB ii) Works in progress/ completed one project, or participated in at least two (2) biddings in the last two years.
New Registration	N/A

6 Schedule of Fees

6.1 Processing Fee

The Application for a new application, or a re-registration, or an upgrading of category should be submitted with the Application Form.

6.1.1 New Registration & Re-registration & Upgradation Fee

A Contractor/Consultant, who is issued a new Certificate of Registration, shall pay the *Registration Fee* corresponding to the Classification. The Contractors/Consultants shall apply for re-registration one month before the expiry of the registration validity.

Registration fees are based on the categories (W1-W4) that are applied for. The more categories the Contractors/Consultants apply for, the higher their fees will be.

The following table provides the fee structures. Fees are paid after the CDB has assess a Contractors/Consultants' application and has determine their eligible categories and classifications. All fees must be paid before a registration certificate will be issued.

Table 16 Schedule of Fees			
Categorization	Fees (Nu) per Category Heading		
	Processing Fee	New registration	Re-registration
Petty	100	200	100
Small	100	1200	600
Medium	100	4000	2000
Large	100	6000	3000
Individual Architect	100	2000	2000
Consultancy Services (Firm)	100 for all categories	5000 for all categories	5000 for all categories

6.1.2 Late fees

A late fee of Nu 100 per day will levied (with 1 month of grace period after the expiry of the validity period) subjected to maximum of ONE month for Petty and ONE year all other categories.

7 Mode of payment

All fees shall be payable by crossed cheque or banker's cheque or cash in accordance with the procedures specified in *The Financial Manual, the Royal Government of Bhutan*. Fees once paid are not refundable. The Construction Development Board will adjust the fees after giving prior notice.

8 Change in contractors/consultants' particulars

Registered contractors/consultants are required to inform the construction development board of any changes in its management status, address or any pertinent particulars within one month of such change.

9 Change in CDB Certificate

The following changes may become necessary as & when the case arise:

9.1 Change in the Ownership

The change/transfer of ownership of CDB Certificate (only for Bhutanese firms/individuals) will be allowed under the following conditions:

1. The Transferee should be a direct inheritor of licensee/certificate holder proven by property inheritance documents duly endorsed by competent authorities.
2. He/she should have been associated in the same business for more than 5 years and continuously worked not less than 3 years prior to the request for transfer of CDB.
3. Transfer of CDB Registration maybe allowed to be effected within the validity period of the certificate.
4. A nominal lump-sum transfer fee to be charged for the change in ownership
5. Change of ownership in the CDB Registration Certificate will not constitute/warrant an automatic/right for change of Trade License. It will be at the discretion of the MTI to grant/not grant the change in the Business license as per their norms prevailing at that time.

9.2 Change in the Firm's Name

1. The change shall be announced with reasons in the news media after which one month observation period will be kept before processing the change.
2. Original CDB Certificate shall be surrendered to CDB
3. A processing fee of Nu 500/- will be charged for the change

9.3 Change in the Location

1. The change shall be announced with reasons in the news media after which one month observation period will be kept before processing the change.
2. Original CDB Certificate shall be surrendered to CDB
3. A processing fee of Nu 500/- will be charged for the change

9.4 Change due to down gradation

1. Submit complete registration forms.
2. Enclose the Original CDB Certificate or pay late fees.
3. CDB registration fees as applicable
4. Letter of consent for down gradation

10 References

In processing applications, inquiries may be made with the applicant's bankers or with its former clients or professionals who had supervised the works of the applicant. It is implied that the applicant has authorized the CDB to make such inquiries, as the CDB may consider necessary. Should the applicant's bankers or any reference person impose any service charge for the inquiry, the cost shall be borne by the applicant.

11 Certificate of registration

The Certificate of Registration is the property of the Construction Development Board and it must be returned to the office where the Contractors/Consultants is registered whenever the Contractors/Consultants' registration has expired or is withdrawn for any reason.

12 Registered office

Each Applicant (at least one partner in case of JV) must be a Bhutanese National and must establish a registered office with proper postal address.

13 Terms & conditions of certification

- ❖ The issuance of CDB Registration Certificate will be based largely on the submission of the applicant at the time of registration application (CDB shall from time to time carry out the physical verification process).
- ❖ CDB does not take the responsibilities of any false/fabricated submission that could have led to the fulfillment of the criteria and subsequent issue of CDB Registration Certificate.
- ❖ CDB Registration Certificate once issued would not relieve the certificate holder of any relaxation on the minimum requirements for registration.
- ❖ The CDB Registration shall be issued in the name of the establishment and also has reference of the proprietor/promoters.
- ❖ Certificate issued is non-transferable even if the promoters separate and establish similar companies.
- ❖ Certificate is valid during the period for which it was issued provided it has not be cancelled or suspended or revoked by CDB
- ❖ A Contractor/Consultant shall apply for renewal of registration within 30 days before expiry
- ❖ No Contractors/Consultants can submit, participate of be on the contention for award if the registration has expired
- ❖ No Contractors/Consultants can undertake/implement works which is not within the scope of the registration.
- ❖ The registration is subject to verification whenever the CDB so desires.

- ❖ The registered company shall inform CDB of the awarded work within one month of the award
- ❖ The Registration Certificate is the property of CDB and shall be promptly return on demand by the CDB as & when the case may be.

14 Cancellation & suspension of CDB Certificates

The CDB Registration Certificate can be revoked, suspended or cancelled at any given time if the:

1. Holder undertakes unlawful participation in the procurement process.
2. Entity does not possess the minimum requirements during the physical verification process (at the discretion of CDB)
3. Entity has obtained the same due to false submissions.
4. Entity becomes bankrupt/winds up.
5. Entity has been charged by the court.
6. Re-registration is not done within ONE year from the expiry of validity

15 Registration of Foreign Firms/JVs

Henceforth any JV between Foreign Firm(s) & Bhutanese Companies or Foreign Firms (independently) wishing to participate (whether on invitation by the prospective client or through advertisement) in the Construction/Consultancy works in Bhutan need to be registered with CDB.

Joint Ventures between Bhutanese Firm(s) & Foreign will be issued specific CDB Certificate and they can participate in the specified work.

The Applicant must submit the following information:

- ✓ The Bhutanese Firm must already have a valid CDB Registration Certificate
- ✓ The Foreign Firm wishing to obtain the CDB Registration Certificate must first prove that they are a legal entity in their place of operation.
- ✓ The application must specifically mention the job for which CDB registration is required.
- ✓ The CDB Registration Certificate will be used only within Bhutan
- ✓ Brief Company Profile
- ✓ Copy of License/incorporation from the country of establishment (attested by District Magistrate)
- ✓ Copies of Relevant Past Experience (authenticated by client)
- ✓ Financial information (balance sheet) of past 5 years
- ✓ Power of Attorney of Authorized signatory (rank must atleast of second in command in the hierarchy)
- ✓ Any other requirement that CDB may specify

Once all the required details are submitted in every respect CDB will review the submission and if acceptable issue the Certificate within 2 weeks from the date of application.

The fees for the registration will be same as that specified in Table 15.