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Guidelines for Certified Builders 2022



First Publication 2022

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Contents

Introduction	5
Objective	6
Adoption clause	9
Eligibility	9
Criteria for registration.....	9
Registration process.....	11
Renewal.....	12
Compliance to Project-Based requirement	14
Terms and Conditions of Certification.....	16
Monitoring of Registrants	17
Cancellation & Suspension of certificate.....	17
Duties of the Owner	18
Duty of Certified Builder	18



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 ROYAL GOVERNMENT OF BHUTAN
 MINISTRY OF WORKS & HUMAN SETTLEMENT
 THIMPHU

"Construction Industry: Solutions through innovation and improved technology"

Minister


Foreword

The Ministry of Works and Human Settlement in collaboration with the Construction Development Board institutionalized Certified Builders in the construction industry of Bhutan which will cater to the private building construction works. The key objective of this initiative is to professionalize the industry through adoption of best practices, mechanization and build local skills, amongst others.

The Guideline for Certified Builders is published for the information and guidance of the Clients and the Certified Builders in the private building constructions. The Guideline provides a clear process of registration to the Builders and will assist both the Clients as well as the Builders in drawing an effective agreement to accomplish satisfactory completion of the project ensuring proper quality and quantity control. Further, the Guideline delineates clear division of duties between the Client and the Builders.

In pursuant to the aforementioned objectives, the Ministry of Works and Human Settlement in collaboration with the Construction Development Board issues the the Guidelines for Certified Builders 2022.

This Guideline comes into force from 1st July 2022.



(Dorj) Tshering)

Chairperson

Construction Development Board

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Introduction

The construction sector is one of the major economic sectors in Bhutan. As per the National Accounts Report 2021, even with a negative growth of -20.64% in 2020 due to the COVID-19 pandemic, the sector contributed about 9.5% to the national GDP in 2020. Of this contribution by the sector, the private and public corporations construction together accounted for 61.96%. Thus, the construction of private buildings contributes substantially to the GDP. Furthermore, with the urban population predicted to grow, there will be a continued demand for more buildings. Therefore, this private building sector still has a lot of growth potential, both in terms of economy as well as its ability to create meaningful employment opportunities.

However, despite the opportunity, the construction of private buildings is plagued by a wide range of problems, including the lack of professionalization and mechanization, poor quality, cost and time overruns etc. Thus, with the intent to address these issues, the system of Certified Builders is being instituted. The institutionalization of Certified Builders was developed by a multi-agency taskforce under the Chairmanship of the Hon'ble Zhabtog Lyonpo. The Certified builders shall be mandated to cater to the private building construction works only and is expected to bring about professionalization, specialization, mechanization and resource optimization in their construction activities.

The registration of certified builders including the registration requirements shall be based on this guideline.

Objective

1. The main objectives for the institutionalization of the Certified Builders are to:

a) Professionalize construction practices

Certified Builders carrying out private building construction henceforth will lead to a more planned, systematic and organized construction. The involvement of professionals in the field right from the start to carrying out specialized works like plumbing, mechanical, electrical, carpentry and masonry works etc. would promote professionalism. In addition, occupational health & safety will be mainstreamed.

b) Employment opportunities

The Certified Builders would be required to engage certain number of skilled workers in each project. The builders would also be encouraged or required to hire specialized firms to carry out their specialized works. Furthermore, institution of Certified Builders would also encourage establishment of ancillary industries (prefabrication units, RMC plants, etc) leading to more employment opportunities in the construction sector.

c) Promote mechanization

At present, the individual proprietors constructing their buildings/houses do not have the knowledge and/or the drive to adopt mechanization, and thus resort to manual labour. With the institutionalization of Certified Builders, it will be in the builder's interest to embrace mechanization as it would downsize the manpower requirement and save time. It will make greater

financial sense, hence there will be a greater impetus for mechanization of work which will improve the efficiency and quality of construction.

d) Improve quality of construction

Quality of construction will improve through involvement of professional supervision consistently, skilled workmanship, use of proper machines and equipment, experience and technical knowledge possessed by the builder and supervisor. Furthermore, there will be a three-layer quality check, initially by the site supervisor/ engineer of the Certified Builder, the owner of the property, and the respective local government.

e) Cost reduction

Since the certified builders will be carrying out many such projects, the construction cost will reduce due to availability of materials at cheaper rate when buying in larger quantities (economies of scale) and greater bargaining power compared to individual house owners. Furthermore, the Builders would be able to invest in quality scaffolding, formworks, machines and equipment which can be used for several projects simultaneously. Material usage can also be optimized, multiple site camps can be integrated into one and multi-tasking of their employees in supervising several sites together will bring down cost while ensuring quality in construction. In addition, the building will start to pay back earlier as the period of construction will be reduced.

f) Time saving

The construction works can be completed much faster by the certified builders because of their experience as well as the availability of adequate machineries, professionals and manpower. Furthermore, with the requirement to enter into an agreement and to prepare work schedules, the Certified Builder will complete the work within the agreed time frame. In addition, the agreed penalties for delay would act as deterrent to delay the work.

g) Accountability

The certified builders will be accountable for quality, safety and performance of the infrastructure. Furthermore, they will also be liable for non-compliance to the relevant rules and regulations, guidelines and other legal instruments.

Adoption clause

2. This guideline shall come into force w.e.f. 1st July 2022.

Eligibility

3. An individual, hereinafter referred to as applicant, is entitled to be a Certified Builder, if the applicant fulfills registration criteria under this Guidelines, provided the applicant is:
 1. a Bhutanese citizen;
 2. 18 years and above of age; and
 3. qualified to practice lawful trade under relevant laws.

Criteria for registration

4. The registration criteria will be based on minimum requirement human resource and equipment as provided below respectively:

(1) MINIMUM HUMAN RESOURCES REQUIRED

Description	Qualification	Number
a) Project Manager	Bachelor's degree	1
b) Project Engineer	BE Civil Engineer or	1
	Diploma in Civil Engineering*	2
c) Site Supervisor	Any technical graduate (Architect, Civil or Electrical) including Civil or electrical TTI graduates	1

Note: * optional

(2) MINIMUM MANDATORY EQUIPMENT REQUIRED

Description	Number
Rebar bending machine	1
Rebar binding machine	1

5. The proprietor of Certified Builders can suffice as one of the human resource mentioned in clause 4 (1), (a) & (b) of this guidelines if he/she fulfils the required qualification.
6. The following documents shall be submitted to authenticate human resource mentioned in clause 4 (1) of this guidelines:
 - a) Academic transcripts;
 - b) Latest Undertaking Letter; and
 - c) Certification by professional body as may be applicable.
7. The following documents shall be submitted to authenticate equipment required under clause 4 (2) of this guideline:
 - a) Invoice or cash memo endorsed by Department of Revenue & Customs (DRC) if the equipment procured is/are within 1 year;
 - b) Purchase agreement if the equipment is/are purchased from other individual or entities in Bhutan.
 - c) Equipment other than those provided in clause 7 (a) and (b) of this guideline shall furnish verification letter from local government.
 - d) For renewal of registration certificate, physical verification letter for the equipment shall be issued by local government according approval.

Registration process

8. An applicant aspiring to get registered as Certified Builder shall apply online using the online application form as available at www.citizenservices.gov.bt/cdb
9. In pursuant to clause 8 of this guideline, the applicant shall upload documents required in clause 6 and 7 of this guideline which shall be verified by Construction Development Board (CDB).
10. After verification of application, the applicant shall receive a message or email notifying the status of the application with application number which can also be tracked at www.citizenservices.gov.bt/cdb by searching on 'Track Your Application' button.
11. Applicant shall receive intimation regarding the registration status as follows:
 - a. **Registration successful:** Applicant shall receive a message or email notifying successful registration and the amount of registration fee to be paid for the issuance of the Registration Certificate; or
 - b. **Registration unsuccessful:** Applicant shall receive a message or email with the reason for unsuccessful registration after which the applicant requires to re-apply complying with the reasons mentioned therein.

12. Applicant shall pay the registration fees of Nu. 5,000.00 (Nu. Five Thousand) only within 30 days from the day the application is approved.
13. Failure to pay the fee as provided in clause 12 of this guideline shall result in cancellation of the application without any further notice.
14. Applicant shall require to re-apply if the application is cancelled in pursuant to clause 13 of this guideline.
15. Applicant shall pay the applicable fees and penalties through G2C payment gateway or at the CDB Office or at the nearest RRCO. If applicable fees and penalties are paid using other than G2C payment gateway, the applicant shall submit a copy of the money receipt to CDB.
16. Applicant shall receive a user credential via email to log in to the registration system after payment of the registration fees.
17. Applicant shall be able to print system generated registration certificate upon successful registration and payment of fees.

Renewal

18. The validity of the registration certificate shall be for 2 years.
19. The registrant is required to apply for renewal within 30 days before expiry of registration certificate.
20. The requirement of human resources and equipment under clause 4 to 7 shall apply for renewal of registration certificate.

21. The registrant shall pay renewal fee of Nu. 2500.00 (Nu. Two Thousand Five Hundred) only.
22. A late fee of Nu. 100.00 per day will be levied after grace period of 30 days from the expiry date of registration certificate.
23. Failing to pay the fees for approved application within 30 days shall lead to cancellation of the application.
24. Firms failing to renew their registration certificate after 13 months from the expiry date will be de-registered.
25. De-registered registration certificate remains in force for 2 years from the date of deregistration except for those applicants who could not renew despite reasonable efforts.

Compliance to Project-Based requirement

26. A certified builder shall deploy the following minimum project based skilled human resources and equipment requirement for the execution of the work:

(1) MINIMUM SKILLED HUMAN RESOURCES REQUIRED

Description	Qualification	Nos.	Maximum nos. of building for supervision
Site Engineer	BE Civil Engineer with 1+ years of relevant experience or Diploma in Civil Engineering with minimum of 3+ years' experience	1	3
Mason	NC2 or Higher	1	1
Carpenter	NC2 or Higher	1	2
Plumber or Electrician	NC2 or Higher	1	3
Total		4	

(2) MINIMUM EQUIPMENT (OWNED or HIRED) REQUIRED

Description	Nos.
a. Concrete mixer with lift; or b. Self-loading Concrete Mixer 3 cu.m along with concrete pump and its accessories; or c. Link/agreement with batching plant (RMC)	1
Rebar bending machine	1
Rebar binding machine	1

27. The deployed skilled human resource mentioned in clause 26 (1) of this guideline shall be as per the rules of Ministry of Labour and Human Resources (MoLHR).

28. The Owner and Certified Builder shall execute a contract agreement as prescribed in *Annexure I* and submit to relevant local Government and CDB.
29. Alternatively, the Certified Builder can get into an agreement with registered Specialized Firms to carry out specialized works with prior notice to the owner.
30. Any specialized works can be subcontracted to certified Specialized Firms or certified individuals with prior notice to the owner.
31. The relevant local government shall update the project based human resources and equipment listed in the agreement as given in clause 26 (1) & (2) of this guideline in the CDB system.

Terms and Conditions of Certification

32. The Certified Builder is qualified to participate in construction of private buildings within the country.
33. The Certified Builder is responsible for complying with the relevant Guidelines and other legal instruments issued from time to time by the CDB and any other relevant laws during the validity period.
34. Without compromising the individual rights and the prevailing laws, CDB reserves the right to use and disclose such information in any form of publication in the interest of general public.
35. The Certified Builder shall be liable for penalty for forgery of documents as mentioned in the Penal Code of Bhutan and any other relevant laws.
36. Registration certificate once issued would not relieve the certificate holder of any relaxation on the minimum requirements for registration.
37. In pursuant to the provisions of Companies Act of Bhutan and other applicable laws, the certificate issued is non-transferable except to the legal heir.
38. Registration certificate cannot be leased or subleased to any individual or another firm.
39. CDB or relevant authority may verify the resources committed for the projects as and when necessary.

40. The Certified Builder as may be applicable shall update any changes online in their establishment address, contact details or any pertinent particulars within one month from the respective changes.
41. The Certified Builder is subject to verification whenever the CDB deems necessary for which the mandatory requirement of manpower and equipment as may be applicable during which the registrant must extend necessary support and cooperation.

Monitoring of Registrants

42. CDB shall undertake compliance monitoring as and when required.

Cancellation & Suspension of certificate

43. CDB shall suspend the registration certificate, if the Certified Builder:
 - a) has been negligent in the provision of his service; or
 - b) failed to comply with terms and conditions of certification.
44. CDB shall cancel the registration certificate if the Certified Builder:
 - a) has obtained certificate of registration or renewed certificate by fraud or misrepresentation; or
 - b) has abandoned works, without good cause; or
 - c) Failed to renew certificate within one year from lapse of renewal date.

45. The Certified Builders shall complete the ongoing works, if any, awarded prior to suspension or cancellation of certificate.

Duties of the Owner

46. The owner who commissions a construction work through Certified Builder shall:
- a) handover all necessary documents including the approved drawing;
 - b) handover site with clear demarcation;
 - c) determine mutually agreed project duration;
 - d) ensure that construction contract is administered and managed as per the terms and conditions of the contract formulated under this guideline;
 - e) make payment as per the agreement with the Certified Builder;
 - f) demand the deployment of committed resources for the project or else report to local government and the CDB and
 - g) furnish all information as the CDB or local government may require.

Duty of Certified Builder

47. Certified Builder undertaking a construction work shall:
- a) comply to the approved drawings;
 - b) notify and submit to the concerned local government any information and document relating to construction works;
 - c) ensure construction and supervision of works are conducted by a relevant certified/registered professionals;
 - d) prepare and execute quality control, quality assurance plan,

construction management plan;

- e) adopt occupational health and safety standards and practices including welfare facilities, work-safety insurance for employees (including labours) engaged in the project;
- f) ensure public safety in and around the construction premises;
- g) ensure deployment of committed resources for the project;
- h) restore any infrastructure and public amenities damaged during construction at the Certified Builder's cost;
- i) process and obtain occupancy certificate after the completion of the structure;
- j) ensure the construction works are carried out in accordance with the existing relevant legislations; and
- k) be responsible for professional negligence.

48. In addition to above duties, the owner and CB shall mutually agree on other roles and duties in the agreement.

Annexure 1

CONTRACT (SAMPLE)

BETWEEN

“BUILDER’S NAME”

AND

“OWNER’S NAME”

For construction of House/building

THIS AGREEMENT is made on,

BETWEEN

The Owner: (Name), CID, (address), hereinafter referred to as "the Owner" (which expression shall include its authorised representatives, successors and assigns)

AND

The Builder: (Name of the builder), (Address), a Certified Builder by the CDB (CDB no...), hereinafter referred to as "the Builder" (which expression shall include its authorised representatives, successors and assigns)

WHEREAS the Owner possess a plot of land (plot no., Thram no.....) at (location) and desirous of constructing a house/building in the said plot of land as per the building permit approved by by the LG (letter no./ref. no. approval Letter from the LG annexed), and the Owner has accepted the contract price quoted by the Builder for the execution and completion of the Works and the remedying of any defects therein.

The Owner and the Builder agree as follows:

1. **Scope of Work:** (Define the scope of work)

2. Duration of the Contract

- 2.1 The Builder shall commence the Works on the date (*Commencement date*) mutually agreed by the parties, and shall proceed expeditiously without delay and shall complete the Works by(*completion Date*).
- 2.2 The Builder hereby covenants with the Owner to execute and complete the Works and remedy any defects therein in conformity in all respects with the provisions of the Contract, towards consideration of the payments to be made by the owner to the builder.

3. **Contract Amount:** *(include modalities of payment and variations, if any agreed by the parties. It can be lumpsum or plinth area rate)*

- 3.1 The contract price shall be Nu., and thereafter as adjusted in accordance with the provisions of the Contract.

Or

The plinth area rate is Nu...../sq.ft or sq.m and thereafter as adjusted in accordance with the provisions of the Contract.

- 3.2 The Owner hereby covenants to pay the Builder in consideration of the execution and completion of the Works and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.

4. Details of key personnels and equipment

The details of the Key personnel and equipment, forming part of the contract, shall be appended in the schedule of Key Personnel and equipment. *(This should be in accordance with the requirements as outlined in the Guideline for Certified Builders).*

5. Work plan

- 5.1 The Builder shall submit the work plan which shall be endorsed by the Owner.
- 5.2 The Builder shall carry out the works in accordance with the work plan.

6. Specification

(The specification of the materials shall be included as mutually agreed between the parties)

The Builder shall carry out works in accordance with the specification and drawing.

7. Sub-contract

7.1 If the specialized works are to be sub-contracted to certified specialized firms, the Builder shall inform the Owner and an agreement shall be signed between the Specialized firm and the Builder.

7.2 The Builders shall be responsible to the Owner for the works carried out by the Specialized Firms.

8. Safety

8.1 The Builder shall be responsible for the safety of all activities on the site.

8.2 The Builder shall assume full responsibility and comply with all applicable regulations for safety of site operations and methods of construction, and shall adopt measures to prevent injuries to persons or damage to properties or utilities.

8.3 The Builder shall be fully liable for loss or damage resulting from his/her failures to take the necessary precautions at the site.

9. Payment *(Mutually agreed terms of payment)*

9.1 The Builder shall be entitled to be paid the value of works executed, as per the payment schedule below, subject to works completed without defect and any addition or deductions which may be due:

- | | |
|---|-----|
| a) Advance on signing of this agreement: | Nu. |
| b) Completion of each slab: | Nu. |
| c) Completion of Roofing: | Nu. |
| d) Completion of Painting: | Nu. |
| e) On issuance of Occupancy Certificate by the LGs: | Nu. |

recover from the Builder.

- 13.3 Deduction or payment of LD shall not discharge the Builder's liabilities and obligations of the contract.

14. Defect Liability Period (DLP)

DLP shall be years (*minimum 12 months – specify exact duration*) from the date of completion of the works.

15. Correction of Defects

15.1 The Owner may at any time prior to the expiry of DLP notify the Builder of any defects. The Builder shall respond to the notice within 7 calendar days.

15.2 The Builder within (time agreed by the parties) shall at the Builder's expense repair defects or faults in construction due to defective or improper materials or bad workmanship on the Builders part which appear within DLP.

15.3 If the Builder fails to rectify the defects, the Owner may repair the defects, with notice to the from Local Government and Builder, and recover the cost of rectification from the Builder.

16. Duties of the Owner and Builder

(shall be as specified in the Guideline for Certified Builders)

17. Termination of Contract

(The Ground for termination will be decided by the parties).

18. Payment upon termination

18.1 If the contract is terminated due to breach or negligence of the Builder, the Builder shall be liable to pay 20% of the value of the remaining work upto a maximum of 10% of the initial contract amount .

18.2 If the contract is terminated by the Owner for their convenience, the Builder shall be entitled to value of work done, materials ordered, cost for removal of equipment and repatriation of workers.

19. Work completion

The Owner shall take over the site and the works, and shall issue the completion certificate within days of taking over.

20. Dispute settlement

All disputes arising in connection with this contract shall be resolved amicably, failing which the parties may draw agreement for arbitration/adjudication or submit their dispute to the court of law.

21. Contract Closure

The contract shall come to an end by the end of DLP. The parties are released from the further performance and discharged from any liabilities or claims thereafter. However, professional liability shall remain as per the prevailing laws.

IN WITNESS WHEREOF, the Parties hereto have caused this contract to be signed in their respective names as of the day and year first above written.

For and on behalf of the Owner

For and on behalf of the Builder

Affix legal stamp

Affix legal stamp

Signature

Signature

Name

Name:

CID:

CID:

Witness of Owner

Witness of Builder

Name and CID:

Name and CID

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