



1. New Contractor Classification
2. New Point Based System For Contractor Selection
3. Evaluation tool e-tool



Chencho Tshering

New Contractor Classification

Outline of the Presentation

- Objective
- Old Classification System
- New Classification System

Objective:

To introduce the new system for contractor classification that allows more flexibility and opportunities to the contractors in execution of works to their best capacity and capability.

Old Classification System

CLASS "A"

Allowable Range > 19 Million

Maximum Project = 5 works



CLASS "B"

Allowable Range 9-19 Million

Maximum Project = 4 works



CLASS "C"

Allowable Range 2-9 Million

Maximum Project = 3 works



CLASS "D" (PETTY)

Allowable Range < 2 Million

Maximum Project = 1 work

Requirement for the old system:-

1. Financial Capacity

Criteria	Class A	Class B	Class C
Option I : Net Worth (Total cost of assets owned)	Nu. 8 Million	Nu. 2.5 Million	Nu.0.825 Million
Option II: Net Worth and Average Annual turnover (trial balance)	Nu. 3 Million and Nu.45.0 Million	Nu. 0.8 Million and Nu.19.0 Million	Nu. 0.275 Million and Nu. 5.5 Million
Option III: Net Worth and Average Annual Credits (OD/ Credit Facility)	Nu. 3 Million and Nu. 8 Million	Nu. 0.8 Million and Nu. 2.5 Million	Nu. .275 Million and Nu. .825 Million

*Note** Not applicable for class D (petty)*

2. Equipments and Facilities

Mandatory Equipment & Facilities	A				B				C		
	W1	W3	W4		W1	W3	W4		W1	W3	W4
Excavator (or) Pay loader (or) (Motor grader for W1)	1	1	-		-	-	-		-	-	-
Road Roller	1	-	-		-	-	-		-	-	-
Truck (Truck/ Tractor for Class C)	1	1	1		1	1	1		1*	1*	1*
Air Compressor	1*	1*	1*		1	-	-		1	-	-
Survey Equipments	1*	1*	1*		1*	1*	-		-	-	-
Concrete Mixer	-	1	1		1	1	-		1	1	-
Vibrator	-	1	1		-	1	1		1*	1*	1*
Crane Truck	-	-	1		-	-	-		-	-	-
Steel Shuttering set (sft)	-	5000	-		-	2500	-		-	-	-
Water Pump	-	-	1		-	1	-		-	1	-
Meggar	-	-	1		-	-	1		-	-	-
Max Puller	-	-	1		-	-	1		-	-	-

3.Human Resources:-

Criteria	A		B		C		D (petty)
	W1 & W3	W4	W1 & W3	W4	W1 & W3	W4	
Permanent Key Employees:	1	1	1	1	1	1	1
•Manager	1(civil)	1	1(civil)	1	-	-	-
•Graduate Engineer	(elec)		(elec)		1(civil)	-	-
•Diploma Engineer	2(civil)	2	1(civil)	1	-	-	-
•Accountant	(elec)		(elec)		1(civil)	1	-
•Site Supervisor	1	1	1	1	(elec)		
	3(civil)	3	2(civil)	2			1
	(elec)		(elec)		3	3	
Minimum no. of employees	8	8	6	6			

4. Track Record:-

Criteria	A	B	C	D (Petty)
To Re-Validate or Re-Register	<ul style="list-style-type: none">•Applicants must be currently registered as class 'A' Contractors•Works in progress or completed one project in the applied category valued at least Nu. 19 million, or alternatively participated in at least five (5) biddings during the previous two years.	<ul style="list-style-type: none">•Applicants must be currently registered as Class "B" Contractor• Works in progress or completed one project in the applied category valued at least Nu. 9.0 million, or alternatively participated in at least five (4) biddings during the previous two years.	<ul style="list-style-type: none">• Applicants must be currently registered as Class "C" Contractor• Works in progress or completed one project in the applied category valued at least Nu. 1.5 Million or alternatively participated in at least 5 biddings during the previous 2 years.	<ul style="list-style-type: none">• Currently registered with the CDB•Works in progress or completed one project or participated in at least 2 biddings in the last 2 years

4. Track Record contd.....:-

Criteria	A	B	C	D
To up-grade	<ul style="list-style-type: none"> •Applicants must be currently registered as class 'B' Contractors •Completed three projects in the applied category valued at least Nu. 9.0 million each, or alternatively, one project in the applied category valued of at least Nu. 18 million, during the previous two years. 	<ul style="list-style-type: none"> •Applicants must be currently registered as Class "C" Contractor • Completed three projects in the applied category valued at least Nu. 5.5 million each, or alternatively, one project in the applied category valued at least 7.5 million, during the previous two years. 	<ul style="list-style-type: none"> • Applicants must be currently registered as Class "D" Contractor • Completed three projects in the applied category valued at least Nu. 0.60 Million each, or alternatively, one project in the applied category valued at least Nu. 1.20 Million, during the previous two years.. 	N/A
For NEW REGIST--RATION	<ul style="list-style-type: none"> •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. 	<ul style="list-style-type: none"> •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. 	<ul style="list-style-type: none"> •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. 	

New Contractor Classification System

CLASS “LARGE” (L)

Allowable Range > 15 Million

Maximum Project = 5 works



CLASS “MEDIUM”(M)

Allowable Range 4-15 Million

Maximum Project = 4 works



CLASS “SMALL”(S)

Allowable Range \leq 4 Million

Maximum Project = 2 works
(provided the amount is <4m)

1. HUMAN RESOURCES:-

Criteria	Large		Medium		Small
	W ₁ & W ₃	W ₄	W ₁ & W ₃	W ₄	
Permanent Key Employees: •Manager •Graduate Engineer •Diploma Engineer •Accountant •Site Supervisor	1 1(civil) 2(civil) 1 3(civil)	1 1 (elec) 1(elect) 1 3 (elec)	1 - 1 1 2(civil)	1 - 1 elect 1 2 (elec)	1 1*
Minimum no. of employees	8	7	5	5	2

✦Note: All large contractors must incorporate within 1 year of registration

2. EQUIPMENT REQUIREMENTS:-

Mandatory Equipment & Facilities	Large			Medium			Small
	W1	W3	W4	W1	W3	W4	
Excavator (or) Pay loader (or) (Motor grader for W1)	1	1	-	-	-	-	
Road Roller	1	-	-	-	-	1	
Truck	1	1	1	1	1*	1	
Air Compressor	1*	1*	1*	-	-	-	
Survey Equipments	1*	1*	1*	-	-	-	
Concrete Mixer	-	1	1	1	1	1*	
Vibrator	-	1	1	1	1*	1*	
Crane Truck	-	-	1	-	-	-	
Steel Shuttering set (sft)	-	5000	-	-	-	-	
Water Pump	-	-	1	-	1	-	
Meggar	-	-	1	-	-	1	
Max Puller	-	-	1	-	-	-	

Special features of the New system:-

1. Financial Capacity – No requirement for all the classes
2. Track Record – No requirement for all the classes

Objective

- ** To provide opportunity to new, young & promising contractor to perform and grow
- ** To overcome the shortage of contractors especially in the higher class
- ** To give weightage to experience and qualification of key personnel in the firm rather than giving weightage only to firm's experience
- ** However the requirement of firm's experience is also important to some extent, therefore this requirement will be tested during bid evaluation

1. HUMAN RESOURCES:-

Criteria	Large		Medium		Small
	W1 & W3	W4	W1 & W3	W4	
Permanent Key Employees:					
• Manager	1	1	1	1	1
• Graduate Engineer	1(civil)	1 (elec)	-	-	
• Diploma Engineer	2(civil)	1(elect)	1	1 elect	
• Accountant	1	1	1	1	
• Site Supervisor	3(civil)	3 (elec)	2(civil)	2 (elec)	1*
Minimum no. of employees	8	7	5	5	2

Note: All large contractors must incorporate within 1 year of registration

2. EQUIPMENT REQUIREMENTS:-

Mandatory Equipment & Facilities	Large			Medium			Small
	W1	W3	W4	W1	W3	W4	
Excavator (or) Pay loader (or) (Motor grader for W1)	1	1	-	-	-	-	<i>Nil</i>
Road Roller	1	-	-	-	-	1	
Truck	1	1	1	1	1*	1	
Air Compressor	1*	1*	1*	-	-	-	
Survey Equipments	1*	1*	1*	-	-	-	
Concrete Mixer	-	1	1	1	1	1*	
Vibrator	-	1	1	1	1*	1*	
Crane Truck	-	-	1	-	-	-	
Steel Shuttering set (sft)	-	5000	-	-	-	-	
Water Pump	-	-	1	-	1	-	
Meggar	-	-	1	-	-	1	
Max Puller	-	-	1	-	-	-	

Issues:-

1. Direct Entry

- Direct entry is permissible in the old classification system as well. However the old evaluation system discourages bids of direct entry.
- Mismatch between work volume and number of contractors. Therefore more contractors are needed in higher classes.
- Equal opportunity for all capable contractors to participate in the booming construction sector
- To increase competition such that efficiency improves

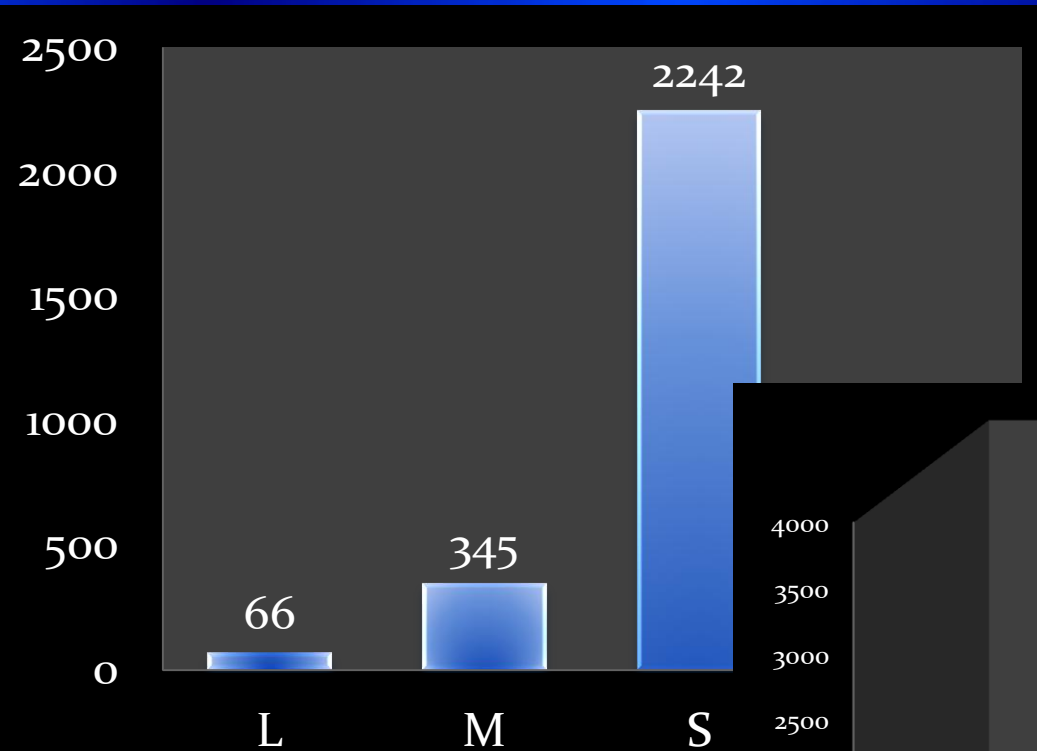
Issues contd.....:-

2. Incorporation for Large Class

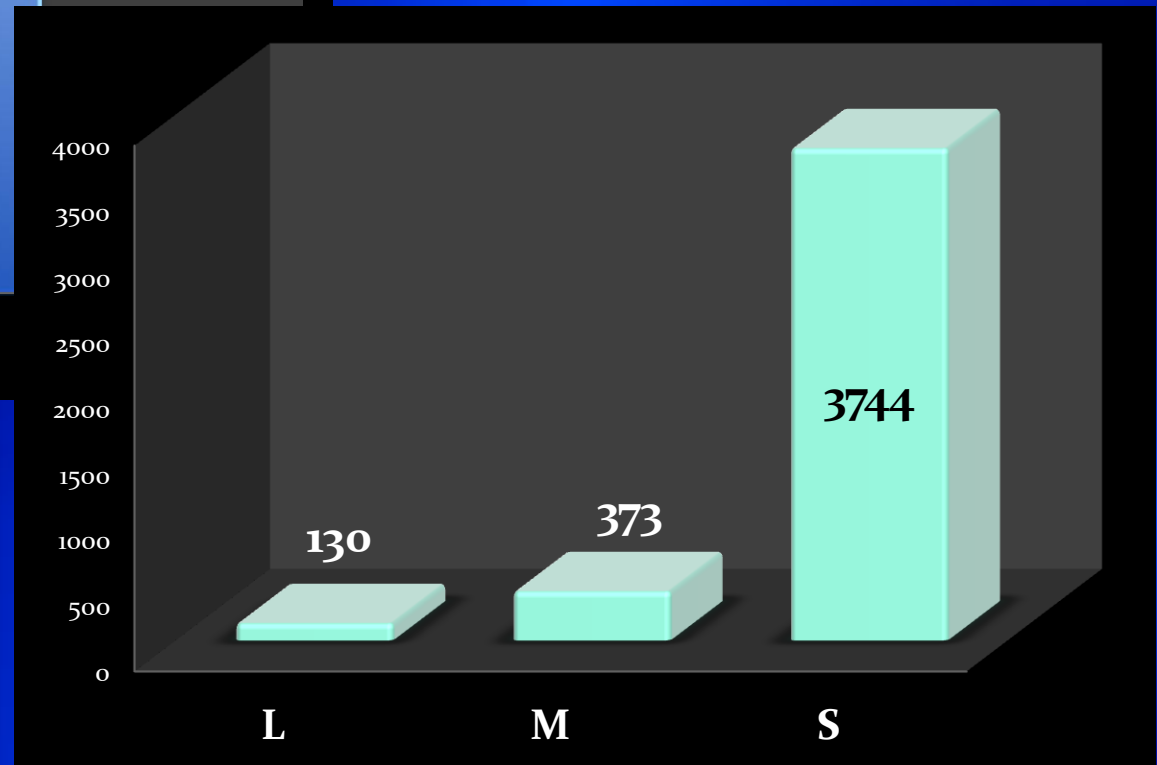
- Encourage more professional management of the construction company in terms of book keeping, HR Policies etc.
- Incorporated companies are considered better employers and people prefer working for such companies.
- Incorporated companies will find it easier to enter into collaboration with international engineering and construction companies for large or technically complex projects.
- Incorporation allows government to get more accurate and organized data and information about the industry and to accordingly frame policies for the welfare of the industry.

Distribution of Contractors by Class & Strength:

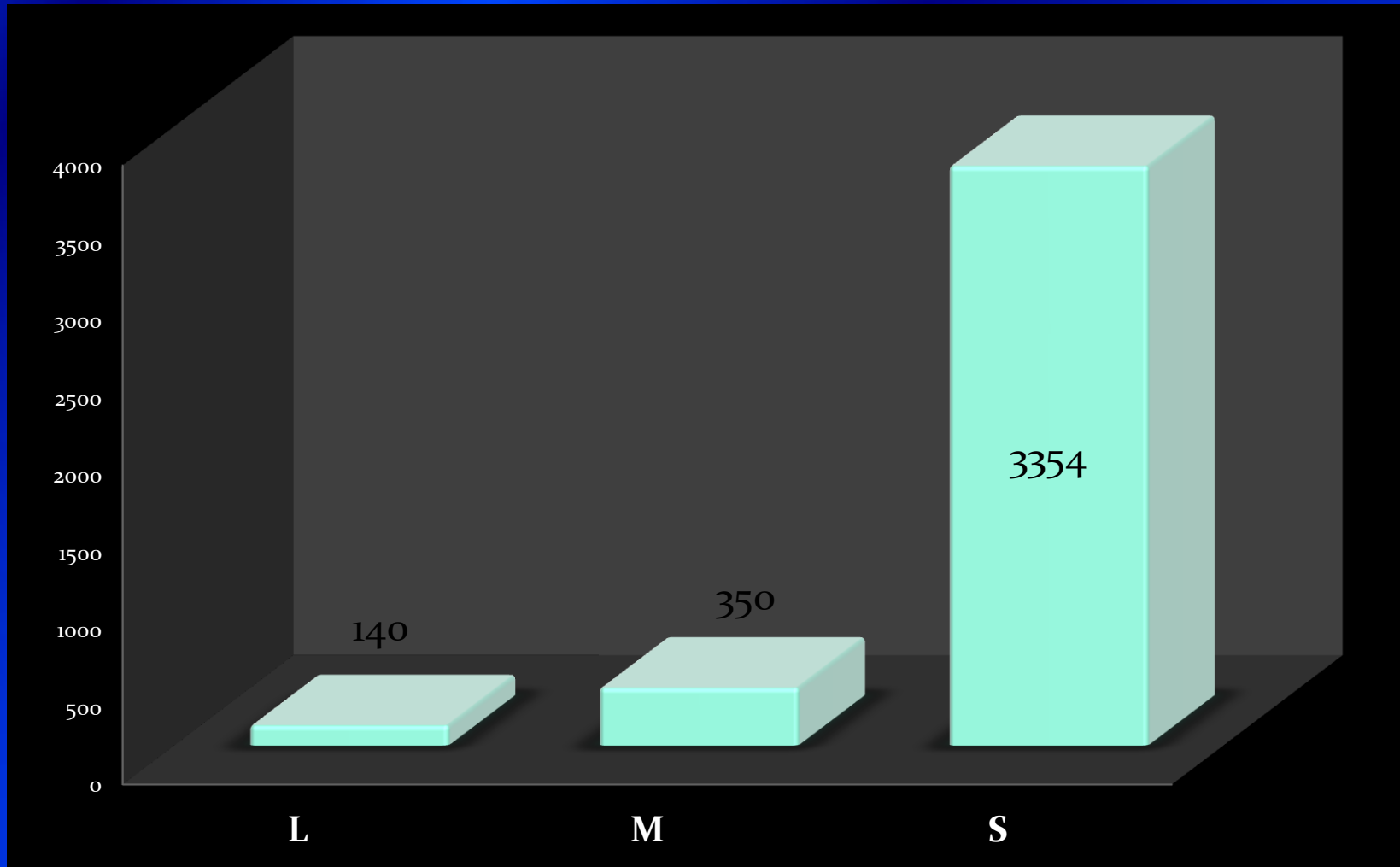
2656 Registered contractor as of 8th June, 2011



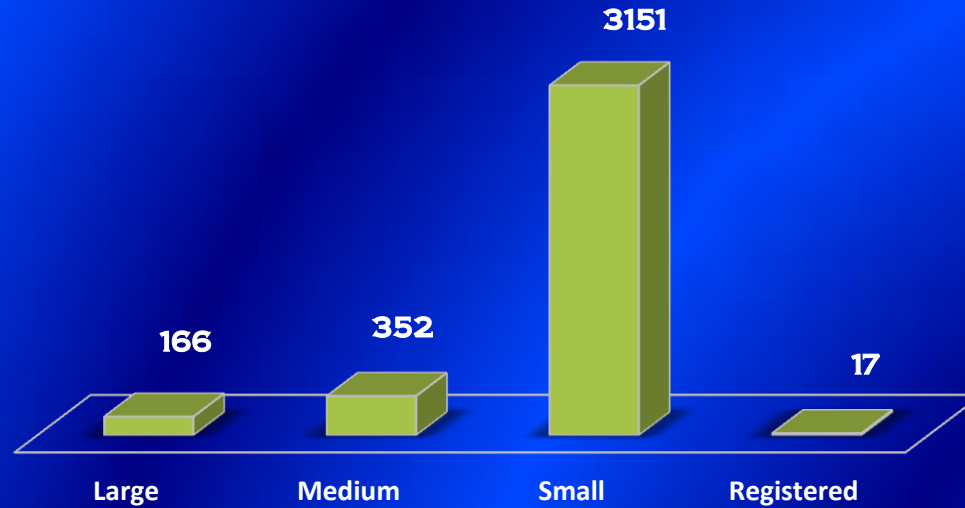
4247 Registered contractor as of 7th May, 2014



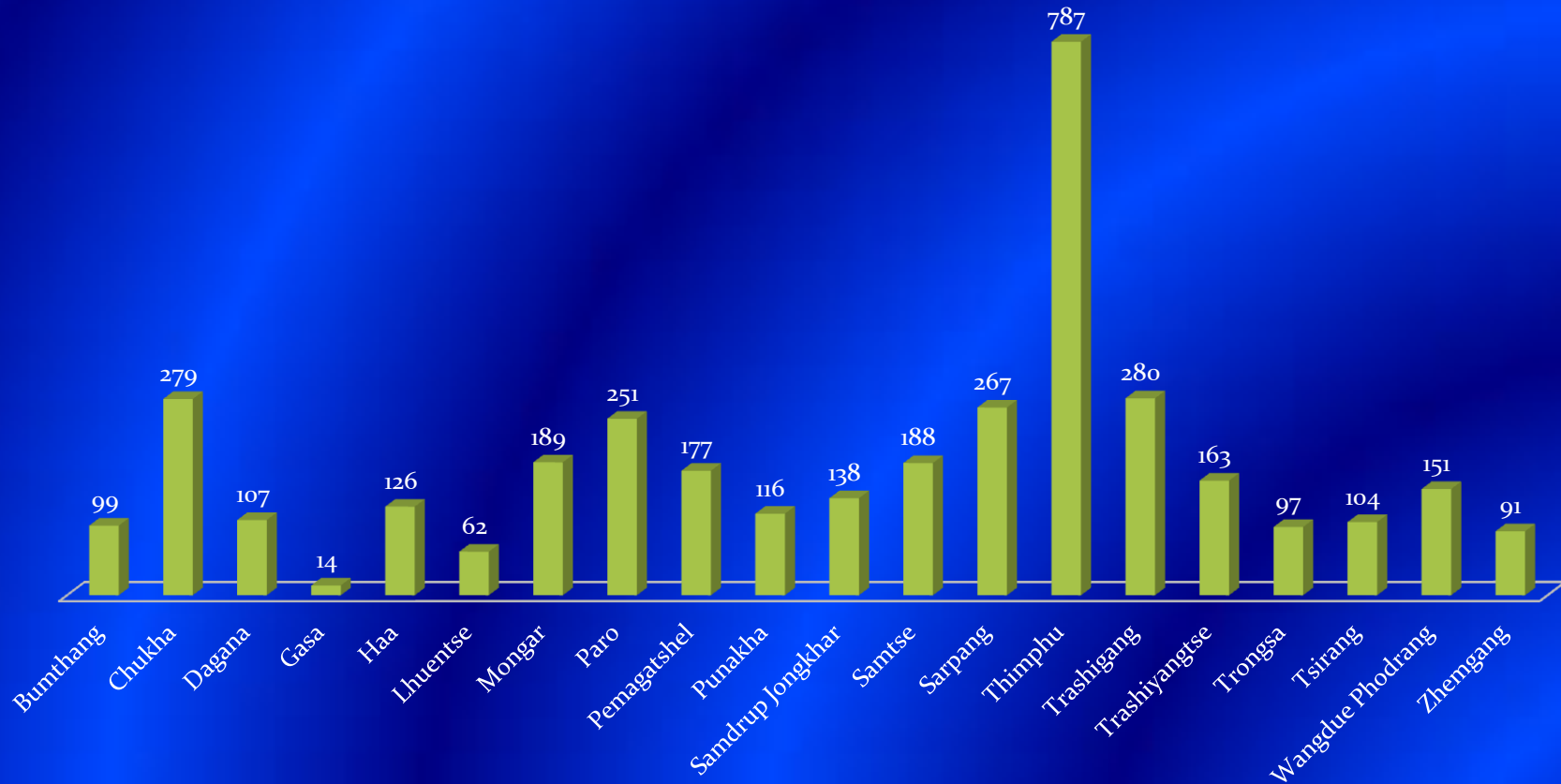
3844 Registered contractor as of 15th June, 2015



**By Class as of 24 June 2016 :
3686**



Total no. of Contractor as of 24 June 2016 : 3686



Q & A ???



e-tool

(evaluation tool)



Construction Development Board
Ministry of Works & Human Settlement



Chencho Tshering
CDB

- ❖ Launched on 1st May 2011.
- ❖ It is developed based on New Point Based System.
- ❖ e-tool is a web based online evaluation tool.
- ❖ Only the evaluation stage/phase is done online.
- ❖ Uniform/standardized/rational evaluation system.
- ❖ To save evaluation time.
- ❖ Centralized Construction Industry Information.



Two stage evaluation process

1st Stage Bidder Qualification Criteria

Qualification Parameters (100%)

CAPABILITY (70%)

1. Similar work
2. Equipments
3. Key Personnel
4. Past Performance

CAPACITY (30%)

1. Bid Capacity
2. Credit Line

≥ 65

2nd Stage Combination of financial Preference parameters

Price Preference Parameters (10%)

1. Status (incorporated, proprietorship, JV etc.)
2. Employment of VTI Graduates/ local skilled Labour
3. Commitment for internships to VTI graduates



Financial Parameters (90%)

When do you use e-tool ?



Invitation of bids
> NIT portal (works)
> Tender documents online.

After the Preliminary evaluation , the detail evaluation ,
award of the work and completion of work is done on e-tool.

Planning & Need assessment :Contd-

- Institute a technical committee to look into the tender documents and its requirement before it is released.
- Clearly define what set of documents to be considered, get it endorsed by tender committee and apply uniformly in your agency .

Department of Value For Money

Construction of Bridge, agency estimate (Nu.15 M)

Sl.No	Bidder	Q. Amount	Evaluation Report	Rating
1	ABC Construction	Nu.10 m	All documents submitted as per BDS and ITB	H1
2	XYZ Construction	Nu. 9 m	Since the CV's of Employees were not submitted thus the bidder does not qualify in First Stage evaluation.	H2

Tender Committees Decision : Since there is cost difference they have decided to ask for the additional documents (CVs) and Thus making XYZ Co. the H1 and awards the work to save Nu.1m.

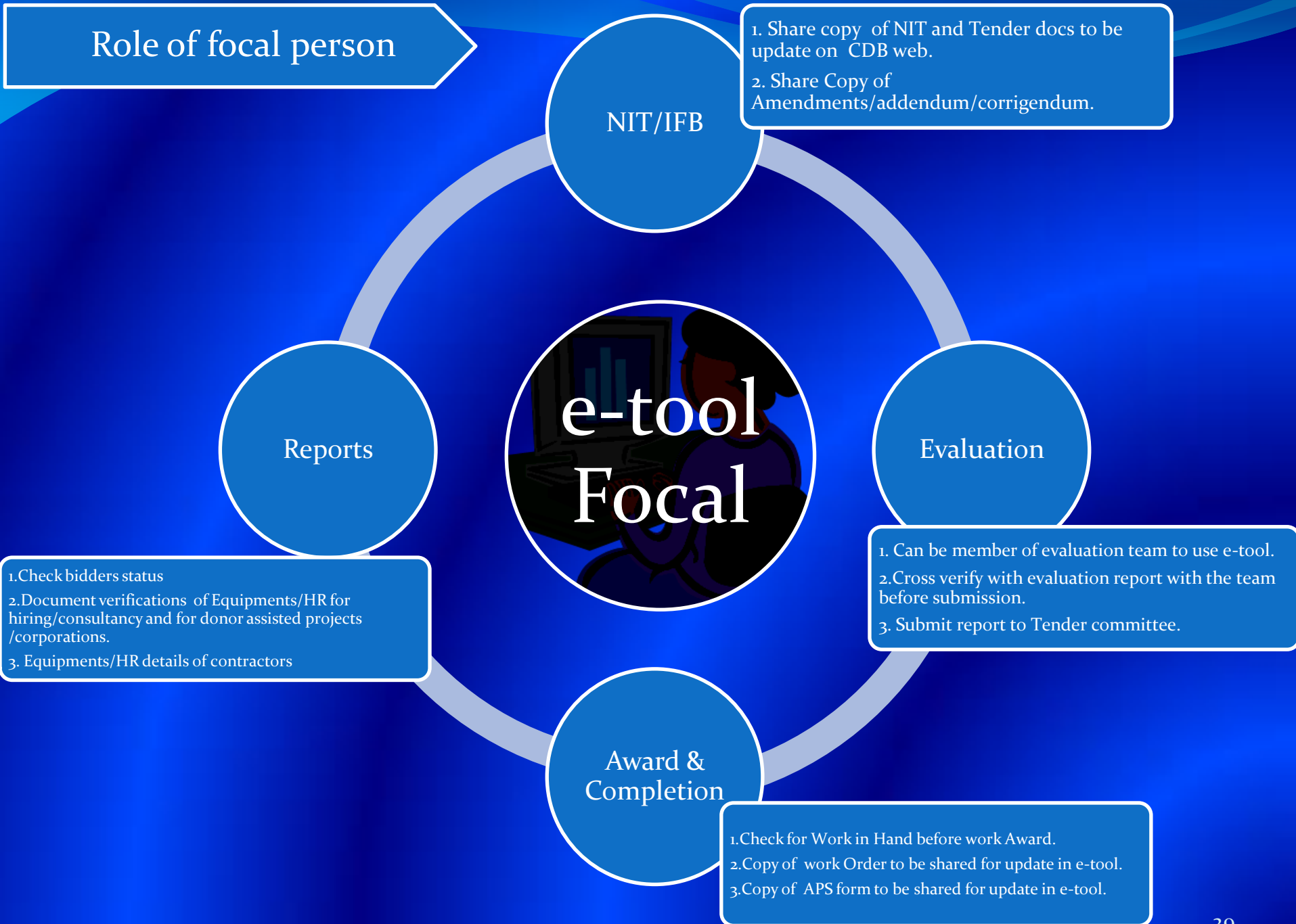
Department of Compliance and Professionalism

Construction of Roads, agency estimate (Nu.15 M)

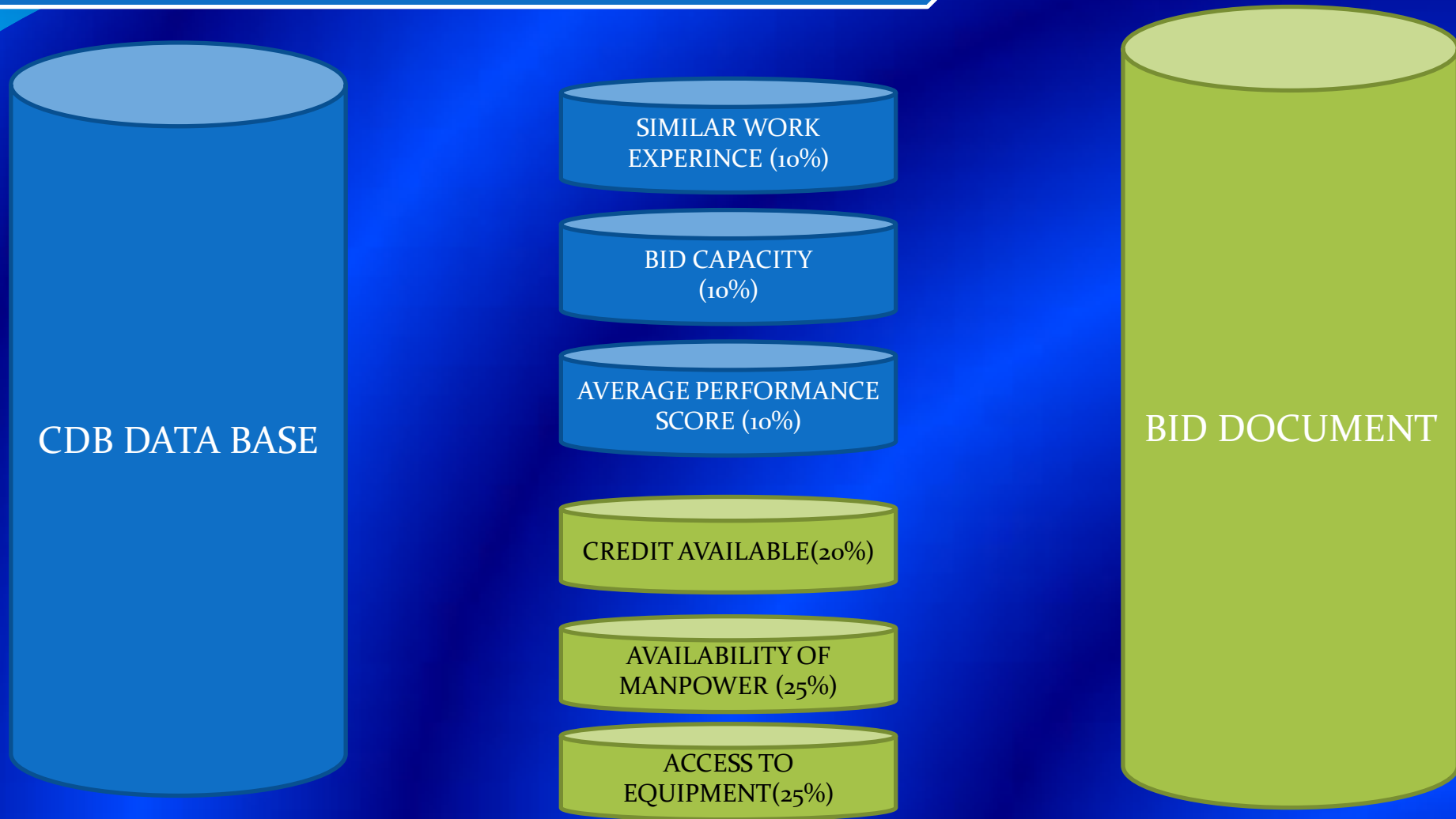
Sl.No	Bidder	Q. Amount	Evaluation Report	Rating
1	ABC Construction	Nu.10 m	All documents submitted as per BDS and ITB	H1
2	XYZ Construction	Nu. 9 m	Since the CV's of Employees were not submitted thus the bidder does not qualify in First Stage evaluation.	Not Qualified

Tender Committees Decision : The Department awarded the work to ABC Co. as per the evaluation report and did not seek any additional documents from the lowest bidder because of non compliance from contractors side.

Role of focal person



e-tool : evaluation process





To calculate similar work experience :

Similar work experience = $\frac{\text{Agg. Size of 3 similar works/ 1 largest Single work}}{\text{Estimate of Current Project}} \times 100$

To calculate Bid Capacity :

Bid Capacity = $2 * A * N - B$

A	Average turnover of the contractor over the last 3 calendar years
N	Estimated duration of the project under evaluation
B	Portion of other ongoing works to be completed in the period that overlaps with the current project's duration (that is, N)

To Calculate Credit Line :

E	Estimated project cost
N	Duration of project
C	Estimated monthly cash flow for the project


$CF = E/N*3$ (Minimum 3 Months Cash flow)
Therefore Credit line available = $CA / CF * 100$
Credit Line Exercise/ Example

e-tool status as of October 2015

Total No of tenders uploaded on CDB website : 6911

Class	Total works awarded	Contract Value (Nu.)
Large	288	13,937,686,367.00
Medium	826	5,867,931,176.00
Small	3412	3,674,293,173.00
Total	4526	23,479,910,716.00

Work Status

Status	Nos. of Project
Awarded (ongoing)	1349
Completed	3125
 Terminated	52

Time and Cost Saving



30,000 Hours (appx.)



Nu. 35 Million (appx.)

e-tool modules

1

Upload Tender Document/NIT

2

Set Criteria for Equipments & HR

3

Online Evaluation

4

Completion Report

5

Reports

Why Enhancement?

- Bringing all the applications into single platform for easier management
- Keeping up with the changing technology for future integrations
- Incorporations of recommendations/feedbacks received
- More robust/user-friendly/responsive design

Features: New Enhanced e-Tool

1. New responsive and user friendly design.
2. More easy for admin and users to manage.
3. e-Tool –auto calculation of project end date- Project Time over run- Inclusion of awarding committee details

Features: New Enhanced e-Tool contd..

4. Inclusion of additional reports
5. Addendum and corrigendum inclusion provision with user notification
6. Tender/NIT notification to the various class of contractors
7. Contractors profile- contractors have view only access to their profile
8. Display of approved estimate and contact person's email in upload tender page

Features: New Enhanced e-Tool contd..

9. Warning/alerts when setting of wrong criteria
10. Integration with RCSC/RSTA/DCR databases
11. Print friendly reports in either excel/pdf
12. Increased limit of uploaded file(upto 25 mb)

Critical Issues / Case study : e-tool

1. Identifying dedicated e-tool focal person.
2. Timely updating Information on e-tool(award & completion).
 - After work is awarded (Tashi yangtse Dzongkhag).
 - After project is completed. (SJ Thromde)
3. Checking work in hand status at the time of awarding (DoR)
4. Careless data entry.
 - Entering inappropriate format of registration number of equipments, CID No./work permit no.
 - **Double entry of same key personal and giving undue points to the bidder. (Dagana)**
 - Ignorance of HR/Equipment engagement.
 - Non uniformity in evaluation process



Critical Issues / Case study : e-tool

1. Loosely defining the qualification requirements and allocation of score in each parameters (HR & Equipments).

Sl.No	Tier	Name	Qualification	Point
1	Tier I	Project Engineer	Diploma with 8+yrs / degree civil engineer with 5+yrs exp	20
2	Tier I	Project Engineer	diploma with 0-5 yrs / degree civil engineer with 0-3 yrs exp	14
3	Tier I	Project Engineer	Diploma with 5-8 yrs/ degree civil engineer with 3-5 yrs exp	16
4	Tier I	Project Engineer	any other level or qualification or exp	0
5	Tier II	Site Supervisor	personnel with Diploma civil engineer	16
6	Tier II	Site Supervisor	any other level of qualification or exp	0
7	Tier II	Site Supervisor	personnel with formal training certificate from VTI and at least 0-5 yrs exp	14

*** ASSUME = to make an ASS out of U and ME.

Tracing tool

1. Developed in order to fix accountability of e-tool users and trace his/her every activity on e-tool.
2. Tracing module captures what information was fed on the e-tool . Following are the details of information captured:
 - HR/Equipment Added or Deleted for a particular work id.
 - If check operation was performed for HR/Equipment
 - When was the work awarded/completed and processes performed.



Critical Issues : Contractor Registration

Submission of all minimum mandatory information during registration.

❖ Human resource :


1. Legal Undertaking letter from the employee.
2. Qualification Certificate .
3. Citizen ID copy/ work permit copy of the employee.
4. Relieving letter/ NoC from the previous employer.
5. Legally execute contract with all employees.

❖ Equipments:

1. Submit copy of Blue Book & Insurance certificate.
2. All equipments must be in the name of Company or Proprietor (sole proprietor ship).
3. Duly Endorsed list of equipment by a Govt. Engineer for Equipments which are not registered with RSTA. (**Engineers should endorse those equipments only after physical verifications or if the firms has executed works with your agency**)



Critical Issues : Procurement related issues.

1. Confidentiality of bid documents and proceedings (Clause 5.3.3 : PRR 2009)
2. Non uniformity of tendering procedure.
3. **Conditional letter of Credit from banks.**
4. Rejection of bid due to non submission of historical documents.
5. Not opening the original bidding document during tender opening.
6. Inclusion of Integrity Pact in tender documents.
7. HR and Equipments requirement should be project specific.
8. Client Agency/designer may favor a particular bidder by setting the criteria suiting to the bidder.
9. Abnormal scoring pattern in the average performance score form to favor a contractor.
10.  Deliberately not updating the completion status in order to favor/disqualify a contractor.

CiNET (online Construction Industry information system)

- The system provides an interface for agencies who does not follow RGoB procurement rules or e-tool to update works awarded and completed online.
- Agencies can also upload their NITs and check works in hand other related information.





<https://www.facebook.com/CDBBHUTAN>

Thank You
for your kind attention

