

Executive Order from the Prime Minister



དཔལ་ལྷན་འབྲུག་གཞུང་། Royal Government of Bhutan

PRIME MINISTER

C-2/49

12 July, 2010.

EXECUTIVE ORDER

The Royal Government is hereby pleased to approve the future vision and aspirations for the construction sector in Bhutan as well as the initiatives directed towards realizing them. The construction sector is envisioned to deliver high quality infrastructure to the citizens in order to facilitate the socio-economic development of Bhutan, while strengthening the local industry and creating local jobs, through processes that are efficient, technologically advanced, and environment friendly. To these ends, most appropriate technology, innovation and green construction practices shall be promoted while ensuring minimal ecological footprint.

In this regard following objectives and aspirations are approved:

Objective	Aspiration	Target by end of 2012-13
Strengthening of industry	Number of incorporated contractors capable of executing projects > Nu 150 million in a timely, efficient & environment-friendly manner	15
Creation of local jobs	Number of local jobs in construction sector	10,000-12,000
Improvement in efficiency	% savings on yearly cost base of key construction materials	8%

In order to achieve the above-mentioned aspirations, following initiatives are approved.

1. Contractor Classification and Point Based System for Contractor Selection

The revised contractor classification system and point based system are approved to be used for contracting of all construction works. The Ministry of Finance is to incorporate the new system in the Standard Bidding Document and prepare the reference hand book that will describe the revised point based system in detail. The Ministry of Finance should complete these tasks and should communicate the changes appropriately to all executing agencies at the earliest.



དཔལ་ལྷན་འབྲུག་གཞུང་།

Royal Government of Bhutan

PRIME MINISTER

: 2 :

The Ministry of Works & Human Settlement (MoWHS) is to develop the appropriate IT tools and performance score reporting mechanism to support the implementation of the revised point based system.

Both the ministries (MoWHS and MoF) should jointly conduct training of people in various executing agencies on the new systems.

2. Modifications of Price Adjustment and Force Majeure Terms in Standard Bidding Document :

Price adjustment clause in construction contracts shall henceforth apply to all projects longer than 12 months (instead of the current 18 months). Force Majeure clause shall be defined more specifically to allow cost compensation for losses suffered as a result of unavoidable circumstances. The Ministry of Finance is to incorporate these changes in the Standard Bidding Document and communicate to all stakeholders.

3. Actively outsource all activities in construction and invite international engineering firms to invest in Bhutan to achieve skills and technology transfer :

The government shall actively reach out to international design and engineering consulting firms to encourage them to set up operations in Bhutan in collaboration with the local contractors. This measure is in line with the government's commitment towards improving design, engineering and supervision capabilities in our country. Given the shortage of engineering resources, Bhutan must benefit from the knowledge and expertise of international firms. The objective is to progressively outsource all design and supervision work to the private sector.

4. Training in Hydropower Construction for Bhutanese people :

The Ministry of Economic Affairs and the Ministry of Labour and Human Resources shall coordinate in signing Memorandums of Understanding (MoUs) with Indian contractors that undertake hydropower constructions, for training of Bhutanese people such that 6000-8000 Bhutanese can be gainfully employed in the hydropower sector by 2013.

..../-



དཔལ་ལྷན་འབྲུག་གཞུང་།
Royal Government of Bhutan

PRIME MINISTER

: 3 :

Under the training MoUs, the Indian contractors are to provide short term trainings in hydropower construction to Bhutanese people. The Ministry of Labour and Human Resources is to actively undertake measures to ensure that maximum number of people enrol for these trainings in order to fully benefit from the employment opportunities in the hydropower sector.

When such MoUs cannot be signed, a mandate for training an acceptable minimum number of people in hydropower must be incorporated in the contract for future hydropower projects including Punatsangchhu-II.

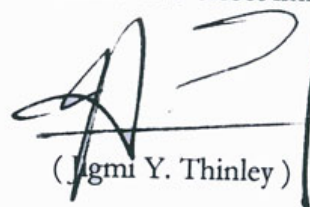
5. Consolidation of Construction Projects and Awarding Maintenance Contracts :

In order to build the capacity and capability of the construction industry, larger projects will be awarded by the executing agencies. All executing agencies are to consolidate two or more construction works under a single package wherever possible to increase package sizes. Package size of a single work should also be increased wherever possible instead of splitting it into multiple packages.

All executing agencies are also to outsource maintenance work to private contractors. Wherever possible, construction and maintenance contracts should be awarded under a single package in order to hold the contractor liable for construction quality over an extended period. This is expected to improve construction quality and enhance accountability.

In order to facilitate legal and fruitful cooperation between contractors as well as specialization the limit on subcontracting is also hereby increased from the current 10% to 20%.

This Executive Order is issued on 12 July, 2010 and comes into effect immediately.


(Jigmi Y. Thinley)