

Follow-up actions on the Resolutions of the 5th Annual Engineering Conference

Sl.no	Resolutions	Action taken
1	Introduction of Engineers Association of Bhutan to enhance professionalism and ethics – Actions by SQCA, CDB and CST.	Establishment of the Association has been carried out in consultation with CDB, MoWHS, CST and relevant agencies. Constitution, Bye-laws, regulations of Civil Engineering Association has been finalized. (SQCA)
2	Inclusion of Quality Assurance Plan, as an integral part of the tender document for all types of construction activity - Action by SQCA and all Procuring Agencies.	SQCA has drawn up a Quality Assurance Plan guideline through extensive consultation and deliberation with experts and knowledgeable people from both outside and inside the ministry. The guidelines are under final edition and by the end of the year SQCA proposes to issue notification through the ministry on the need for inclusion of QAP as an integral and mandatory part of the bid document. (SQCA)
3	To enhance the quality of materials, the licenses of the dealers or shopkeepers producing or supplying duplicate/sub-standard materials in the market should be cancelled – Action by SQCA and MoEA.	As the standard Act is passed, SQCA will start dialogue with the Department of Trade, MoEA regarding an interim measure to counter the sale of spurious/substandard materials in the country. (SQCA)
4	CDB to organize discussions between the CAB and Public Procurement Policy Division (PPPD), MoF regarding certain provisions of SBD and Procurement manual submitted by contractors. It was further agreed that there would be on-going dialogue between the contractors and the Government to improve the construction industry in Bhutan- Action by MoWHS, CAB, CDB & PPPD, MoF.	<p>Through a consultative meeting between MoF, CAB & CDB, following decisions were taken:</p> <p style="text-align: center;">1) Defect Liability Period(DLP)</p> <p>PPPD, MoF is in the process of preparing a document for small works and DLP for such works could be fixed at a minimum period of 6 months. DLP for class C and above will remain same as before.</p> <p style="text-align: center;">2) Price adjustment</p>

		<p>CAB requested to entertain escalation claims depending on the degree of escalation rather than setting time limits of 18 months. Prime Minister has issued executive order that price escalation beyond 12 months will be entertained.</p>
		<p>3) Penalty to the lowest evaluated bidder in case of failure to sign the contract.</p>
		<p>The same provision and the clause 6.1.2.3 (d) of PRR 2009 will be followed.</p>
		<p>4) Compensation Events</p>
		<p>Issues on this will be further discussed to ensure all works to be insured and all the risk of force majeure events to be covered by the insurance company.</p>
		<p>5) Discoveries</p>
		<p>The clause on this is to be reviewed in alignment with the Financial Rules & Regulations 2009.</p>
		<p>6) Bonus Clause</p>
		<p>The application of bonus clause will remain same as existing 'applicable only to revenue generating projects with prior approval from the MOF. However, this revision will not be added to the SCC.</p>
		<p>7) Secured Advance</p>
		<p>In case of fabrication works, the secured advance will be paid to the contractor subject to the following conditions:</p> <ul style="list-style-type: none"> • Site inspection required by the client at the cost of the contractor. • Submission of proof of payment (work order); and Submission of supply order.
		<p>8) Penalty of 20% on the balance of works in case of termination of contract is irrational.</p>
		<p>The penalty on termination will be 20% of the balance works subject to the maximum limit of 10% of the contract value.</p>

5	To facilitate timely information on work-in-hand, all procuring agencies would submit contract award notification and completion report to the Construction Development Board (CDB). Contractors are also required to inform CDB of contract award as well as completion – Action by CDB and the Concerned Agencies	CDB has completed the development of online web where all the information on the contractor will be available. The focal person from various agencies will be nominated so that he/she can enter the bidding report & completion report. CDB
6	To enhance the quality and ensure timely construction, there should be a process of continuous monitoring so that timely interventions can be made to reduce cost and save time – Action by all concerned agencies and the 20 Dzongkhags.	<p>All construction works undertaken by RICBL is being closely supervised to ensure quality and timely completion. (RICBL)</p> <p>Timely monitoring although not practical due to the shortage of engineers, still are made mandatory for all types of supervisions. (Thimphu Dzongkhag)</p> <p>Since all the project works of the organization are undertaken departmentally, constant monitoring of the project works is assured by appointing site engineers and various supervisors. (RBA)</p>
7	An Integrity Pact should be implemented in contracts in line with the Procurement Manual to prevent corruption in the construction industry – Action by all procuring agencies	<p>RICBL has already adopted the SBD 2009 and the Integrity Pact is an integral part of the contract bidding document. (RICBL)</p> <p>All works are being executed departmentally as per the desire of the highest authority and therefore the integrity pact is not being implemented for the time being. (RBA)</p>
8	To curb corruption, it was made clear that corruption in any form would not be tolerated – Action by all concerned agencies and the 20 Dzongkhags.	<p>Tendering/Quotation process conducted in line with procurement manual 2009.</p> <p>Cross verification of the important documents is being implemented with CDB and Dzongkhags. (Thimphu Dzongkhag)</p>

		<p>To curb corruption, the following actions has been initiated:</p> <p>a) A tender committee has been appointed</p> <p>b) An evaluation team with representatives from various branches is formed to evaluate the tenders.</p> <p>c) A procurement committee is formed for all procurements.</p> <p>d) The items purchased by the procurement committee are strictly as per sample approved.</p> <p>e) The internal auditor checks the book of accounts and the materials periodically and even surprise checks are carried out.</p> <p>(RBA)</p>
9	<p>The changes to designs or scope of a project during its implementation phase because of the directives of visiting dignitaries and other officials to the project site could result in cost and time overruns. If changes are inevitable due to technical/administrative reasons, the engineer in-charge shall obtain approval of the concerned authorities prior to issuing variation orders.</p> <p>Action by all concerned agencies and the 20 Dzongkhags.</p>	<p>Inevitable changes if any to design or scope of a project during its execution as spelled out by the visiting dignitaries are undertaken only after seeking approval in written. (RBA)</p> <p>This resolution is followed. However, the department had emphasized the importance of site order book during the induction courses and meeting with dzongkhag engineers. (DUDES)</p>
10	<p>The most important requirement to ensure quality and timely construction was to hold both the project engineers and the contractors equally responsible and accountable. Any failure is the fault of both the contractor as well as the concerned engineers beginning from the site supervisor to the project in-charge and ultimately the head of the Department. Henceforth, project engineers shall be fully accountable for failure of project under their supervision – Action by all concerned agencies and the 20 Dzongkhags.</p>	<p>The site/project engineer of the project is fully accountable for failure of the project being undertaken. (RBA)</p>

11	Important considerations for the contractors to be recognized were the past performance of contractors but as many contractors who fulfill all requirements, have not necessarily performed well. It was decided that the CDB would come up with a simple system to rate performance of contractors so that there is transparency in the system – Action by CDB	The focal person from each agency would enter the completion report of the contract. Once the report is entered, the CDB data-base would automatically rate the contractor based on the report fed by agencies on his performance. Once the rating is completed, the performance rating of the contractor will be available online for procuring agencies for their reference. (CDB)
12	The daily wages and suitable compensation should be considered for those in the National Work Force working in difficult areas in line with allowances in the Government – Action by DoR to follow up with RCSC	A proposal was submitted to MoF. They informally indicated that this was the mandate of MoLHR and DOR to take it up with MoLHR. MoLHR has requested for a copy of the same proposal. Now Minister MoWHS is pursuing further. (DoR)
13	The need to facilitate mobility for the Engineers of the Department of Roads (DoR) and the Dzongkhag Engineers for effective supervision and monitoring of works – Action by MoWHS to follow up with MoF	The issue was taken up with MoF. 12 Bolero pickups were procured with approval of MoF and allocated to needy sub divisions of DoR. Balance 8 Bolero pickups will be procured with the overall savings during current financial year. (DoR)
14	Lump Sum Contracts should be applied to formation cutting of roads; other areas of construction works should be explored where this method can be applied– Action by DoR and MoWHS	All RGOB and GoI funded road projects are being implemented under lump sum contracting. ADB and World Bank Procurement rules do not permit lump sum contracting for projects financed by them. (DoR)
15	Giving importance to human resource development, the conference resolved to secure resources (fund) internally and externally to conduct workshops, training, seminars and refresher courses for the technical professionals (engineers /architects /planners etc.) under MoWHS and the 20 Dzongkhags in collaboration with the two technical institutes in Bhutan - Action by MoWHS and the two technical Institutes.	A MoU has been signed with the Royal University of Bhutan for CST to collaborate with the departments for lecture inputs and to develop practical curriculum. Through this agreement, CST has offered 10 slots for diploma holders to upgrade their qualification to degree in February 2010. (MoWHS & RUB)

		<p>Besides the normal fellowship offers, the HRD/Department had initiated following training programs by mobilizing fund from GNHC & EUSPS:</p> <ul style="list-style-type: none"> • 20 Dzongkhag Engineers including technical personnel who did not get opportunity for training outside Bhutan were trained in Bangkok in Construction Planning & Mgt. (Funded by GNHC) • DUDES conducted 3 weeks induction course for the fresh diploma & graduate engineers with invitation of resource persons from ACC, MOA, MoHCA, RAA, etc. • Due to shortage of man power, 21 draft persons from the dzongkhags were given training on building inspectors course. • 5 days training in Project Planning and Management for the Dzongkhag engineers was conducted. (DUDES) • HR Division is in the process to send 8 Officials from NHDC to visit organizations to learn about const. of shopping complexes, institution buildings, financing of low income houses, luxury apartments etc. • Proposal to sent Engineers attachments program for 6 months funding being sought from GNHC as well as AusAID etc. • Lyonpo will take up with cabinet regarding use of loan money for training under donor assisted projects.
16	<p>Recognizing the shortage of technical and professional manpower in the construction industry as one of the main bottlenecks, the conference resolved to promote outsourcing of works to the private sector – Action by MoWHS.</p>	<p>All construction works are outsourced but for design and planning works, efforts are also made. DUDES had outsourced:</p> <ul style="list-style-type: none"> • Design for the construction of Royal Supreme Court • Preparation of Urban Development Plans for Tashigang, Gyelposhing, Sarpang & Nganglam; and Denchi master plan,. • Design & build the water supply system for Gelephu. (DUDES)

17	<p>The current system of using Measurement Books (MBs) for maintaining records of project activities by site engineers was reported to be very cumbersome. It was resolved that a more efficient systems of maintaining records of project activities should be explored to enhance productivity and efficiency of site engineers – Action by MoWHS, MoF and all procuring agencies and the 20 Dzongkhags.</p>	<p>A letter has been written to MoF, RAA and ACC seeking their views on exploring more efficient system of maintaining records of project activities. Further, constant follow up has also been done. However, there has been no response. (MoWHS)</p>
18	<p>The urgent need to mechanize construction works using state-of-the-art construction technology, enhance quality, efficiency and productivity of construction works; it was resolved that the Construction Development Corporation Limited should initiate introduction of new construction technologies in the country – Action by CDCL</p>	<p>As part of construction mechanization initiatives CDCL has already procured two units of high tech rock drilling rigs imported from Sandvik, Finland and are being engaged at the on-going GoI Projects at Gyelpozhing-Nganglam Road and Tingtibi-Gomphu Road under DoR. (CDCL)</p> <p>CDCL initiated efforts to mobilize resources internally and submitted business plan to the local banks and NPPF for credit at the most competitive interest rate. Currently a negotiation with NPPF for credit amounting to Nu.526m for phasing out its existing fleet of old machinery and promoting mechanization of construction sector is in the process. (CDCL)</p>
19	<p>The lack of proper planning and preparation as one of the main reasons for delays, frequent changes and generally poor coordination during the construction, the projects should be planned well ahead and take into account budget, manpower and inter-sectoral cooperation before tendering – Action by all concerned agencies and the 20 Dzongkhags.</p>	<p>The department follows the resolution but sometimes due to adhoc and time bound projects, the department faces difficulties. (DUDES)</p>

20	<p>Serious concerns over conflicts and duplication between the municipal corporations and the National Land Commission was expressed. It was recommended that to ensure efficiency and accountability in the delivery of services the Thromdes should have full authority in all matters concerning urban land and development – Action by DUDES, TCC and PCC.</p>	<p>The Ministry revised the LG Act (draft) to incorporate the authorities of the Throms. (DUDES)</p> <p>PCC has conducted discussions with the Ministry and NLCS regarding issues pertaining to land transactions and the requirement of consolidation of land owned by different government organizations within the municipal area. However, the final decision solely authorizing Municipal Corporation to administer land related issues at city level itself is yet to be finalized by the concerned authority. (PCC)</p>
21	<p>The technical workload in the field had increased manifold due to the scarcity engineers. Field engineers were reported to be supervising more than five projects at geographically scattered locations. In view of the heavy workload of engineers it was resolved that MoWHS should propose to the Government the payment of scarcity allowance as incentives to boost their morale – Action by MoWHS</p>	<p>The presentation was made to the Pay Commission by the Director DUDES on the allowance of the engineers. However, the Pay Commission has not considered the proposal. (MoWHS)</p>
22	<p>The problems associated with the storage and transportation of explosives was once again highlighted by the contractors. The Ministry of Home and Cultural Affairs should look into the matter and come up with a mechanism to ensure proper control without creating undue difficulties for the construction industry – Action by MoWHS and MoHCA</p>	<p>STCBL in collaboration with MoHCA has already initiated the establishment of three mother magazines in three regions of West, Central and Eastern Bhutan for the convenience of explosive users. The one for the West has already been established at Hebesa. For the East, it will be located in Mongar and for the central region either Zhemgang or Trongsa. By 2011, these two mother magazines will be also be operational. (MoHCA)</p>