

*STANDARD BIDDING DOCUMENTS*  
Subcontracting of Specialized & General  
Works



Royal Government of Bhutan  
Ministry of Finance  
2023

## **PREFACE**

One of the principal mandates and powers of the Ministry of Finance, as provided under section 104 (i) of the Public Finance (amendment) Act of Bhutan 2012 is to issue rules, manuals, directives, instructions or notifications ensuring an equitable, transparent, competitive and cost-effective procurement system in the country. While the contracting mechanism of procurement of works is well established, the legal provisions and instruments for subcontracting are obscure and missing because of which the Standard Bidding Documents (SBD) for Subcontracting of Works 2023 is drafted.

Ministry of Finance in the exercise of the power conferred by the section 104 (i) of the Public Finance (amendment) Act of Bhutan 2012 hereby adopts Standard Bidding Documents (SBD) for Subcontracting of Works 2023 vide 141<sup>st</sup> Policy and Planning Coordination Meeting on 20<sup>th</sup> February, 2023 which shall come into effect from 1<sup>st</sup> July 2023.

Any queries, clarification, interpretation on this standard bidding document contact:

Procurement Management and Development Division  
Department of Procurement and Properties  
Ministry of Finance  
Email – [pmdd@mof.gov.bt](mailto:pmdd@mof.gov.bt)  
Contact – 336962

**Guidance Notes on the Use of the Standard Bidding Document for Subcontracting of Specialized & General Works** *(this note should be deleted while preparing the contract document)*

The use of this SBD applies to the Direct Contracting Method, whereby proposal is invited by the principal contractor from one bidder among a preferred list of specialized firms or general subcontractors.

The principal contractor shall address specific needs through the **Special Conditions of Contract (SCC)**, as well as in the detailed requirements of the procurement in the **drawings/specifications**.

The following briefly describes the sections of SBD and how a principal contractor should use them when preparing a particular Contract Document.

**1. General Conditions of Contract (GCC)**

This Section provides the General Conditions of Contract that will apply to the contract for which the Bidding Document is issued. **The text of the clauses in this section shall not be modified.**

**2. Special Conditions of Contract (SCC)**

This Section provides clauses specific to the Special Conditions of a particular contract. This can be modified according to requirements specific to the contract with proper reference to the relevant clauses in GCC.

**3. Qualification Criteria**

This section contains all the criteria that the principal contractor shall use to qualify and select a subcontractor. The subcontractor shall provide all the information requested in the forms included in the *'Contract Forms'*.

**4. Contract Forms**

This section contains forms that, once completed, will form part of the Contract or the forms to be used for preparing a proposal. The forms for Performance Security and Advance Payment Security, when required, shall only be completed by the successful bidder after contract award.

**5. Bill of Quantities**

This Section provides the items and estimated quantities of works to be performed, as well as the detailed Technical Specifications that describe the works to be procured and must be carefully prepared by a principal contractor in consultation with the Procuring Agency for each procurement.

**6. Drawings & Specifications**

This Section contains Drawings and Specifications for the works to be procured.

## **SECTION 1: GENERAL CONDITIONS OF CONTRACT (GCC)**

### **1. Definitions**

1.1 The following words and expressions shall have the meaning hereby assigned to them. Boldface type is used to identify the defined terms:

- (i) **Contract** means an agreement entered into between the Contractor and Subcontractor to execute, complete, and maintain the Works.
- (ii) **Principal contractor** means the person or corporate body employed through a contract by the Procuring agency to execute a work who subcontracts a portion of work or specialized works to subcontractors.
- (iii) **A subcontractor means** the person or corporate body duly certified by the relevant regulator and employed through a contract by the principal contractor to execute portions of work or specialized works.
- (iv) **Specialized Firms** means a firm registered with the Construction Development Board to execute specialized categories of works in one or all categories of specialized works.
- (v) **Contract Price** is the price stated in the Contract and thereafter as adjusted in accordance with the provisions of the Contract.
- (vi) **Days** mean calendar days.
- (vii) **Procuring agency** is an individual or a body corporate that employs the principal contractor to carry out the Works.
- (viii) **Site** is the area defined as such in the SCC.
- (ix) **Temporary Work** is a work designed, constructed, installed, and removed by the Contractor that is needed for construction or installation of the Works.
- (x) **Works** are what the contract requires the contractor to construct, install, and hand over to the Procuring agency, as defined in the SCC.

### **2. Documents forming the Contract**

2.1. The following documents forming the Contract shall be interpreted in the following order of priority;

- (i) Signed Contract Agreement;
- (ii) Letter of Acceptance;
- (iii) Completed Proposal form as submitted by the Subcontractor;
- (iv) Qualification criteria;
- (v) Special Conditions of Contract;
- (vi) General Conditions of Contract;
- (vii) Drawings and Specifications;
- (viii) Bill of Quantities; and
- (ix) Other documents listed in the SCC as forming part of the Contract.

### 3. Scope of Contract

- 3.1. The Procuring agency as mentioned in the SCC and the principal contractor, as mentioned in the **SCC** issues this Contract Document for the procurement of works bearing the name and the identification as mentioned in the SCC. The name and identification of this Contract Document are **provided in the SCC**.
- 3.2. The Subcontractor as **mentioned in the SCC** will be required to complete the works within the Time for Completion stated in the Special Conditions of Contract (**SCC**).
- 3.3. Throughout this Contract Documents;
  - (i) The term “in writing” means communicated in any form which as evidence of record of such;
  - (ii) If the context so requires, singular means plural and vice versa; and
  - (iii) “Day” means calendar day.

### 4. Corrupt Fraudulent Collusive or Coercive Practices

- 4.1. The Royal Government of Bhutan requires that the Principal contractor and the Subcontractor shall observe the highest standard of ethics during the implementation of procurement proceedings and the execution of Contracts under public money.
- 4.2. In pursuance of this requirement, and the Debarment Rules 2019, the Procuring agency or the Principal contractor as may be applicable shall:
  - (i) Exclude the Subcontractor from participation in the procurement proceeding concerned or reject a proposal for award;
  - (ii) Refer the cases for breaching sanctionable practices under the Debarment Rules 2019 to the PMDD, DPP, MoF; and
  - (iii) Declare a Subcontractor ineligible, either indefinitely or for a stated period of time, from participation in procurement proceedings under public money.
- 4.3. The Government defines, for the purposes of this provision, the terms set forth below as follows:
  - (i) “**Corrupt practice**” is the offering, giving receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
  - (ii) “**Fraudulent practice**” is any intentional act or omission including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefits or to avoid an obligation;
  - (iii) “**Collusive practice**” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
  - (iv) “**Coercive practice**” is impairing *or* harming or threatening to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party.
- 4.4. The RGoB requires that the Procuring agency and Principal contractor’s personnel have an equal obligation not to solicit, ask for and/or use coercive methods to obtain personal benefits in connection with the said proceedings.

## **5. Eligible Subcontractors**

- 5.1. Subcontractors of the categories **specified in the SCC** are eligible to participate in this procurement process as far as the Subcontractor complies with Qualification criteria (Section 3).

## **6. Site visit**

- 6.1. The Subcontractors, at their own responsibility and risk, are encouraged to visit and examine the Site and obtain all information that may be necessary for preparing the bid and entering into a Contract for performance of the Works. The costs of visiting the Site shall be at the Subcontractor's own expense.

## **7. Contents, clarification and amendment of Contract Document**

- 7.1. The Subcontractor is expected to examine all instructions, forms, terms, and specifications in the Contract Documents. Failure to furnish all information or documentation required by the Contract Documents may result in the rejection of the proposal.
- 7.2. A Subcontractor requiring any clarification of the Contract Document shall contact the Principal contractor in writing at the Principal contractor's address and contact information indicated in the SCC.
- 7.3. At any time prior to the deadline for submission of proposal, the Principal contractor may amend the Contract Document by issuing addenda and extend the deadline for the submission of bids at its discretion. Any amendment issued shall become an integral part of the Contract Document and shall be communicated in writing to the Subcontractor indicated in the SCC.

## **8. Proposal preparation costs**

- 8.1. The Subcontractor shall bear all the costs associated with the preparation and submission of its proposal, and the principal contractor shall in no case be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.

## **9. Form of Proposal**

- 9.1 The form of Proposal shall be prepared using the relevant forms in Section 4 (Contract Forms). The forms must be completed without any alterations to the text, and no substitutes shall be accepted. All blank spaces shall be filled in with the information requested.

## **10. Proposal Price**

- 10.1. The Subcontractor shall submit a bid for the whole of the works described in the SCC by filling in the rates and prices for all the items of the Works described in the Bill of Quantities. Items against which no rate or price is entered by the Subcontractor will not be paid for by the

Principal Contractor or Procuring agency when executed and shall be deemed covered by the rates for other items and prices in the Bill of Quantities.

- 10.2. The proposal price shall take into account the cost of materials, transportation, labour, taxes, levies, overheads and profit, and any other cost. The proposal price shall be applicable for the entire works described in the Drawings, Specifications and Schedule of Works.

## **11. Qualification**

- 11.1. To establish its qualification to perform the contract in accordance with Section 3 (Qualification Criteria), the Subcontractor shall provide the information requested in the corresponding information sheets included in Section 4 (Bidding Forms).

## **12. Proposal submission deadline**

- 12.1. Proposal must be received by the principal contractor no later than the date and time specified in the SCC after which proposal shall not be entertained. The time of proposal submission shall be determined by the principal contractor based on the nature and complexity of the work.

## **13. Modification, Substitution or Withdrawal**

- 13.1. A Subcontractor may modify, substitute, or withdraw their proposal after it has been submitted by sending a written notice before the deadline for submission of the proposal.

## **14. Clarification**

- 14.1. The principal contractor may ask the Subcontractor for clarification of their proposal in order to facilitate the examination of the proposal. The request for clarification and the response shall be in writing with access to the Procuring agency to view and any changes in the prices or substance of the proposal shall not be sought, offered, or permitted, except to confirm the correction of arithmetical errors discovered by the principal contractor.

## **15. Contract Award**

- 15.1. The Principal contractor shall award the contract to the Subcontractor determined to be qualified to perform the contract and upon the fulfillment of qualifications provided in **Section 3 (Qualification Criteria)**.

## **16. Subcontractor's Personnel & Equipment**

- 16.1. The Subcontractor shall employ the key personnel named in the **Schedule of Key Personnel, as referred to in the SCC**, or other personnel approved by the principal contractor. Similarly, the Subcontractor shall deploy all committed equipment **Schedule of Equipment as referred to in the SCC**, at site as and when required at different stages of work.

## **17. Access to the Site**

- 17.1. The Subcontractor shall allow the Procuring agency, the principal contractor, and any person

authorized by the principal contractor to access to the site and to any place where work in connection with the contract is being carried out or is intended to be carried out.

## **18. Welfare of Labourers & Child Labour**

18.1. The Subcontractor shall provide proper accommodation and basic amenities to his laborers at the site in accordance with the relevant regulations, rules, and orders from the government.

18.2. The Subcontractor shall ensure that child labour is prohibited at the site as provided in the Labour and Employment Act 2007 and subsequent legislations.

## **19. Safety, Security and Protection of the Environment**

19.1. The Subcontractor shall, throughout the execution and completion of the works and the remedying of any defects therein:

- (i) have full regard for the safety of all persons entitled to be upon the site and keep the site and the works in an orderly state;
- (ii) provide and maintain at the Subcontractors own cost all lights, guards, fencing, warning signs, and watching for the protection of the works or for the safety on-site; and
- (iii) take all reasonable steps to protect the environment on and off the site and to avoid damage or nuisance to persons or to the property of the public or others resulting from pollution, noise, or other causes arising as a consequence of the Subcontractor's methods of operation.

## **20. Property**

20.1. If the contract is terminated by the principal contractor because of the Subcontractors default, then, the Subcontractor shall not be allowed to remove any required materials on the Site, Plant, Equipment, and Temporary Works as determined by the principal contractor.

20.2. If the Plants and Equipment are mandatorily required for completion of the work, it may be hired till the completion of work and the subcontractor will be paid accordingly based on valuation.

## **21. Possession of the Site**

21.1. The principal contractor shall give possession of the site, or parts of the site, to the Subcontractor on the date(s) specified in the SCC.

## **22. Commencement of Works**

22.1. The Subcontractor shall commence execution of the works on the Start Date, or other such date as specified in the SCC, and shall carry out the works in an expeditious manner. If the Subcontractor fails to commence the works within the period stated in GCC 22.1, the principal contractor may, at his discretion, terminate the contract and may use the proceeds of the Performance Security to compensate for any losses thereof, if any.

## **23. Work Plan**

23.1. Within the time stated in the SCC, the Subcontractor shall submit to the principal contractor for approval of a resource-based work plan. The Subcontractor shall submit to the principal contractor for approval of the updated plan at intervals no longer than the period stated in the SCC.

## **24. Early Warning**

24.1. The Subcontractor shall warn the principal contractor at the earliest opportunity of specific likely future events or circumstances that may adversely affect the quality and timely completion of the work.

## **25. Compensation Events**

25.1. The following shall be Compensation Events:

- (i) the Principal contractor does not give access to the Site or part of the Site by the Site Possession Date stated in the SCC; and
- (ii) if the payment is delayed pursuant to GCC Clause 29.1

25.2. If a Compensation Event delays the completion of the work, the Intended Completion Date shall be extended, as appropriate, by the Principal contractor in consultation with the Procuring agency.

25.3. If the contract is terminated at the convenience of principal contractor, the Subcontractor shall be entitled for opportunity loss which may be a reasonable amount of compensation. The Subcontractor will work out the compensation amount and submit to the Principal contractor for approval of such compensation.

25.4. Delay in work due to late submission of updated work plan will not be treated as compensation event.

## **26. Non-Scheduled Items of Works**

26.1. The Subcontractor shall be paid for non-scheduled items of works only when the Principal contractor approves such works, at the rates and in the manner stated in the SCC.

## **27. Schedule of Works**

27.1. The Schedule of Works will contain rates for all the items for the construction including temporary works, installation, testing, and commissioning work to be done by the Subcontractor.

27.2. The Subcontractor shall be paid for the quantity of the work done at the rate in the Contract for each item.

## **28. Payment Certificates**

- 28.1. The Subcontractor shall be entirely responsible for all taxes, duties, license fees, and other such levies imposed outside and inside Bhutan.
- 28.2. The Subcontractor shall submit to the Principal contractor, a monthly statement of the estimated value of the work executed less the cumulative amount certified previously.
- 28.3. The value of work executed shall be determined by the Principal contractor.
- 28.4. The value of work executed shall comprise the value of the quantities of the items in the Schedule of Works completed.
- 28.5. The value of work executed shall include the valuation of variations, certified day-works and compensation events.
- 28.6. The Principal contractor may exclude any item certified in previous certificates or reduce the proportion of any item previously certified in any certificate in the light of later information.

## **29. Payments**

- 29.1. The Principal contractor shall pay the Subcontractor the amounts certified within twenty five (25) working days after submission of the correct bill/invoice in complete form or request for payment by the subcontractor.
- 29.2. If the Principal contractor fails to pay as specified in clause 29.1, the Subcontractor is entitled to pay an interest at the existing commercial borrowing rate or as specified in the PRR 2019 or any other relevant laws.
- 29.3. The Principal contractor shall make Advance Payment (mobilization and secured advance) to the Subcontractor of the amounts and by the dates stated in the SCC. The mobilization advance shall be backed up by an equivalent amount of unconditional Bank Guarantee.
- 29.4. The Subcontractor is to use the advance payment only to pay for Equipment, Plant, Materials, and mobilization expenses required specifically for the execution of the Contract. The Subcontractor shall demonstrate that the advance payment has been used in this way by submitting copies of invoices or other documents to the Principal contractor.
- 29.5. The advance payment shall be recovered by deducting proportionate amounts from payments due to the Subcontractor, following the schedule of completed percentages of the Works on a payment basis.

## **30. Change in quantities**

- 30.1. If the final quantity of the work done differs from the quantity in the Bill of Quantities for the particular item by more than twenty percent (20%), provided the cost of

variation beyond twenty percent (20%) limit exceeds one percent (1%) of the Initial Contract Value, the Principal contractor shall adjust the quoted rate up or down to allow for the change. Only when both the following conditions are met then the quoted rate shall be changed:

- (i) If the quantity of work executed exceeds the quantity of the item in BOQ beyond the higher specified limit, the Principal contractor shall fix the market rate (which may be lower or higher than the quoted rate) to be applied for the additional quantity of the work executed; and
- (ii) If the quantity of work executed is less than the quantity of the item in BOQ lesser than the lower specified limit, the Principal contractor shall fix the market rate based on the submission of the contractor (which may be lower/higher than the quoted rate) to be applied for whole of the quantity of the work executed for that particular item.

30.2. Adjustment of rates for changes in the quantity where the cost exceeds 5% of the Initial Contract Price requires prior approval of the Principal contractor.

30.3. When quantity deviation exceeds twenty percent (20%) from the quantity in BOQ and the total cost of such deviations exceeds twenty percent (20%) of the initial contract price, the Principal contractor shall seek prior approval of the Procuring agency.

30.4. If requested by the Principal contractor, the Subcontractor shall provide a detailed cost breakdown of any rate in the Bill of Quantity.

### **31. Variations**

31.1. The Principal contractor shall order any variation of the form, quality or quantity of the Works or any part thereof that may, in his opinion, be necessary. Each variation may include, but is not limited to, any of the following:

- (i) Increase or decrease in the quantity of any work included in the Contract;
- (ii) Omission of any item of work;
- (iii) Change in the character or quality or kind of any such work;
- (iv) Change in the levels, lines, position and dimensions of any part of the works;
- (v) Additional work of any kind; or
- (vi) Change in any specified sequence or timing of construction activities.

31.2. All variations shall be included in the updated resource based-work plan produced by the Subcontractor based on the Milestone Contract.

31.3. The Subcontractor shall provide the Principal contractor with a quotation for carrying out the variation when requested to do so. The Principal contractor shall assess the quotation, which shall be given within seven (7) days of the request or within any longer period stated by the Principal contractor and before the variation is ordered.

31.4. If the Subcontractor's quotation is unreasonable, the Principal contractor may negotiate the rates and order the Variation.

### **32. Liquidated Damages**

32.1. The Subcontractor shall pay liquidated damages to the Principal contractor at the rate per day stated in the SCC for each day that the Completion Date is later than the Intended Completion date for the works or for any part thereof.

### **33. Performance security**

33.1. Upon the receipt of a Letter of Acceptance from the Procuring agency by the Principal contractor, a Performance Security shall be provided to the Principal contractor as provided in the SCC in the amount and form stated in the Contract Forms. The Performance Security shall be valid until the end of Defect Liability Period from the date of issue of the Certificate of Completion.

33.2. The proceeds of the Performance Security shall be payable to the Principal contractor unconditionally upon first written demand as compensation for any loss resulting from the Subcontractor's failure to complete its obligations under the Contract.

### **34. Price Adjustment**

34.1. Price adjustment for material shall be applicable if the contract duration exceeds 12 months from the date of signing of contract between the Procuring agency and the Principal Contractor.

34.2. The adjustment shall be based on the cost of materials as reflected by the Construction<sup>1</sup> Material Index (CMI) published by the National Statistical Bureau (NSB), calculated for every successive period of 3 months after the 12<sup>th</sup> month of the Contract using the following formulae:

$$V = W \times 0.80 \times 0.75 \times (M - M_0) / M_0$$

Where:

V = amount of variation for materials payable to/recoverable from the contractor for the period under review;

W = value of the work done during the period under review minus (amount of secured advance recovered in the same period + value of works executed under variations for which the variations are paid in the new rate);

M<sub>0</sub> = material index for the month in which the tender was submitted;

M = the average value of the above Index Number for the 3 months period under review.

34.3. Price Adjustment shall apply only for the works carried out within the stipulated time or extensions granted by the Principal contractor in consultation with the Procuring agency and shall not apply to works carried out beyond the stipulated time for reasons attributable to the Subcontractor.

<sup>1</sup>Until we come up with CMI, the WPI, India should be used

### **35. Completion of Work**

- 35.1. The Subcontractor shall complete the works within the number of days stated in the SCC from the date of commencing the works on the site.
- 35.2. The Subcontractor shall request the Principal contractor to issue a Certificate of Completion of the Works, and the Principal contractor will do so upon deciding that the work is satisfactorily completed.

### **36. Correction of Defects**

- 36.1. The Principal contractor shall give notice to the Subcontractor of any defects before the end of the Defects Liability Period, which begins at Completion, and is defined in the SCC.
- 36.2. If the Subcontractor has not corrected a defect within the time specified in the Principal contractor's notice, the Principal contractor will assess the cost of having the defect corrected, and the Subcontractor will pay this amount.
- 36.3. In the event of failure to pay the cost of correcting the defect, the Principal Contractor will use the Performance Security to correct the defect.

### **37. Taking Over**

- 37.1. The Principal contractor shall take over the site and the works within seven (7) days of the issuance of a Certificate of Completion.

### **38. Final Account**

- 38.1. The Subcontractor shall supply the Principal contractor a detailed account of the total amount that the Subcontractor considers payable under the Contract. The Principal contractor shall certify any final payment that is due to the Subcontractor upon receiving the Contractor's account if it is in correct and complete form.

### **39. Termination**

- 39.1. The Principal contractor or the Subcontractor, by giving thirty (30) days written notice of default to the other party, may terminate the Contract in whole or in part if the other party causes a fundamental breach of Contract.
- 39.2. Fundamental breaches of the Contract shall include, but shall not be limited to, the following:

- (i) the Subcontractor stops work for more than fifteen (15) days when no stoppage of work is shown on the current programme and the stoppage has not been authorized by the Principal contractor;
- (ii) the Principal contractor gives notice that failure to correct a particular defect is a fundamental breach of Contract and the Subcontractor fails to correct it within a reasonable period of time determined by the Principal contractor;
- (iii) the Subcontractor has delayed the completion of the works by the number of days for which the maximum amount of Liquidated Damages can be paid;
- (iv) the Subcontractor, in the judgment of the Principal contractor, has engaged in corrupt or fraudulent practices, as defined in GCC Clause 4, during executing of the Contract; and

39.3. The Principal contractor and the Subcontractor may at any time terminate the Contract by giving notice to the other party, if either of the parties becomes bankrupt or otherwise insolvent. In such an event, termination will be without compensation to any party provided that such termination will not prejudice or affect any right of action or remedy that has accrued or will accrue to the other party.

39.4. If the Contract is terminated, the Subcontractor is to stop work immediately, make the Site safe and secure and hand over the Site to the Principal contractor as soon as possible.

39.5. If the Sub contractor fails to hand over the site as per the GCC clause 39.4, the Principal contractor shall take over the site involving the third party.

#### **40. Payment upon Termination**

40.1. If the Contract is terminated because of a fundamental breach of Contract by the Subcontractor, the Principal contractor shall issue a certificate for the value of the work done and Plant and Materials ordered, if applicable, less advance payments received up to the date of the issue of the certificate and less the percentage to apply to the value of the work not completed, as indicated in the SCC. If the total amount due to the Principal contractor exceeds any payment due to the Subcontractor, the difference shall be a debt payable to the Principal contractor.

40.2. If the Contract is terminated because of a fundamental breach of Contract by the Principal contractor, the Subcontractor shall be entitled to payments for completed works and the materials that have been brought to the site for the purpose of the works, but not used as certified by the Principal contractor after adjusting any payments received by the Subcontractor.

40.3. If the contract is terminated at the convenience of the Principal contractor, the subcontractor is entitled to opportunity cost of 20% of the quoted balance work but not exceeding 10% of initial contract price.

#### **41. Force Majeure**

41.1. For the purposes of this Contract, “Force Majeure” means an exceptional event or circumstance:

- (i) which is beyond a party’s control;
- (ii) in which such party could not reasonably have provided against before entering into the Contract;
- (iii) which, having arisen, such Party could not reasonably have avoided or overcome; and
- (iv) which is not substantially attributable to the other Party.

41.2. Force Majeure may include, but is not limited to, exceptional events or circumstances of the kind listed below, so long as conditions (i) to (iv) above are satisfied:

- (i) war, GLOF, flash flood, hostilities (whether war be declared or not), invasion, act of foreign enemies;
- (ii) rebellion, terrorism, sabotage by persons other than the Subcontractor’s Personnel, revolution, insurrection, military or usurped power, or civil war;
- (iii) riot, commotion, disorder, strike or lockout by persons other than the Subcontractor’s Personnel;
- (iv) munitions of war, explosive materials, ionizing radiation or contamination by radio-activity, except as may be attributable to the Contractor’s use of such munitions, explosives, radiation or radio-activity; and
- (v) natural catastrophes such as earthquake, hurricane, typhoon, or volcanic activity.

41.3. However, force majeure may not include the following unless the tender committee considers otherwise exceptional circumstances:

- (i) rainfall;
- (ii) snowfall;
- (iii) strikes in other countries;
- (iv) non-availability of labourer and materials such as timbers, boulders, sand, and other materials; or
- (v) difficulty and risky terrain and remoteness of site.

#### **42. Settlement of dispute**

42.1. The Principal contractor and the Subcontractor shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or its interpretation.

42.2. Any dispute between the parties to the Contract that may not be settled amicably will be referred to arbitration at the initiative of either of the parties.

42.3. The arbitration shall be conducted in accordance with the Alternative Dispute Resolution Act of Kingdom of Bhutan and subsequent delegated legislations in force.

## SECTION 2: SPECIAL CONDITIONS OF CONTRACT (SCC)

<i>Instructions for completing the Special Conditions of Contract are provided, as needed, in the notes in italics mentioned for the relevant GCC Clauses.3</i>	
Clause Reference	Amendments of, and Supplements to, Clauses in the General Conditions of Contract (GCC)
GCC 3.2	The Subcontractor is <i>[name, address, and name of the authorised representative and their contact details including phone number, email etc]</i> .
GCC 3.1	The Principal contractor is <i>[name, address, and name of the authorised representative and contact details including phone number, email, etc]</i> .
GCC 3.1	The Procuring agency is <i>[name, address, and name of the authorised representative and their contact details including phone number, email, etc]</i>
GCC 3.1	The Name and Identification of the Contract is/are <i>[insert name and the identification number of the contract]</i>
GCC 3.2	The Intended Completion Date for the whole of the works shall be <i>[insert date]</i> .
GCC 21.1	The site is located at <i>[enter location of Site]</i> .
GCC 10.1	The works are <i>[enter the name &amp; brief description of the Work]</i>
GCC 2.1 (ix)	The additional documents forming part of this Contract are: <i>[if there are no additional documents state "No additional documents".]</i>
GCC 7.2 & 7.3	The addresses for communications shall be:  For the Procuring agency: <i>[insert name, address, and the contact details]</i>  For the Principal contractor: <i>[insert name, address and the contact details]</i> .  For the Subcontractor: <i>[insert name, address and the contact details]</i> .
GCC 12.1	Proposal submission deadline is <i>[insert last date of submission of proposal]</i> .
GCC 5.1	Categories of Subcontractor and CDB Registration no. is <i>[Specialized firms or General Subcontractor &amp; CDB Registration</i>

	<i>number]</i>
GCC 16.1	<p>The Key Personnel of the Subcontractor are: <i>[specify only for higher value work]</i></p> <p>The Equipment are: <i>[specify the equipment to be deployed at site if required]</i></p>
GCC 33.1	<p>The amount of Performance Security shall be <i>[insert percentage]</i> percent of the Contract Price.</p> <p><i>[It should be ten percent (10%) of the Contract Price of the Works].</i></p>
GCC 21.1	Possession of the site shall be within [ ] days from the date of signing of the Contract.
GCC 22.1	Commencement of work shall be within [ ] days from the date of handing over possession of the site.
	Completion of works shall be within [ ] days from the date of commencing the works on the site.
GCC 23.1	The Subcontractor shall submit the first resourced-based work plan as a part of contract prior/during contract signing and shall update the work plan every [.....] weeks during the period of the Contract.
GCC 26.1	<i>[ Enter here the agreed rates for non-scheduled items of work shall be if known, if not known then make the statement “The rates for non-scheduled items of works shall be negotiated between the parties”].</i>
GCC 29.2	<p>An advance payment of <i>[insert percentage]</i> % of the Contract Price will be made to the Subcontractor within (14) days of Contract signing date.</p> <p><i>[The mobilization advance payment is usually 10% of the contract price]</i></p> <p>The secured advance of Nu. <i>[insert the amount of secured advance]</i> of the cost of the materials brought at site shall be paid at <i>[specify the date]</i></p> <p><i>The secured advance is usually 100% of the value of materials brought at site]</i></p>
GCC 32.1	<p>The liquidated damages for the whole of the works are <i>[percentage of the initial Contract Price]</i> per day.</p> <p>The maximum amount of liquidated damages for the whole of the Works is <i>[insert number]</i> percent of the initial Contract Price.</p> <p><i>[Usually, liquidated damages are set between 0.05 percent to 0.10 percent per day and the total amount is not to exceed 10 percent of</i></p>

	<i>the Initial Contract Price.]</i>
GCC 34	<p>The Contract is subject to price adjustment in accordance with GCC Clause 34. <i>[Price Adjustment is applicable only for Contracts of duration more than 12 months]</i></p> <p>Until NSB comes up with the Material Index for the Royal Government of Bhutan, the Wholesale <i>Price-Index (all commodities) for Materials shall be used for the purpose of this clause.</i></p> <p><i>Visit <a href="http://www.eaindustry.nic.in">www.eaindustry.nic.in</a> for the Wholesale Price Index</i></p>
GCC 36.1	The Defects Liability Period shall be <i>[insert reasonable DL ]</i> .
GCC 40.1	The percentage to apply to the value of the work not completed, representing the Procuring agency's additional cost for completing the Works, is <i>[percent, it is generally 0-20% of the value of work not completed up to a maximum of 10% of the initial contract price]</i>

### SECTION 3: QUALIFICATION CRITERIA

*In accordance with GCC 11.1, this section contains all the criteria that the principal contractor shall use to qualify the bidder. The Principal contractor may apply basic minimum technical qualification either to meet the general or project specific need.*

#### **Qualification Criteria**

*[Where applicable, the following qualification criteria may be specified and deleted if it is not required]*

#### **1. Registration**

1.1. Registration with Competent authority (Construction Development Board) as:

- i. Specialized Firm; or
- ii. General Subcontractor.

1.2. The Subcontractor mentioned in clause 1.1 shall be registered in the category as below corresponding to the work to be awarded:

*[The Subcontractor may be registered either in one, more than one, or all categories except the general category of works]*

Category <sup>2</sup>	Work to be awarded <sup>3</sup>
SF1-Masonry	Masonry works
SF2-Construction carpentry	Carpentry works
SF3-Plumbing	Plumbing works
SF4-Electrical	Electrical works
SF5-Welding & Fabrication	Welding and fabrication works
SF6- Painting	Traditional Bhutanese painting and other painting and finishing works
General	General category works

#### **2. Similar work experience**

2.1 The Subcontractor should have executed.....*[mention no. of works]* in last.....*[mention no. of years]* Calendar years.

*Note: Subcontractor should provide all documents evidencing the similar work experiences. This may include work completion certificates with seal and sign on it etc.*

<sup>2</sup>*This parameter will change with revision of Guidelines for Specialized Trades and Firms issued by CD/BCTA from time to time.*

<sup>3</sup>*Categories to be added to existing Specialized firms - HVAC, fire fighting, elevator, pre-engineer components, tiling etc...*

**3. Adverse records**

3.1 The Subcontractor should have.....[mention no. of adverse records acceptable] recorded in.....[mention name of system] for last.....[mention no. of years] Calendar years.

e.g.; ‘0’ means only Subcontractor who has no adverse record will qualify. System would mean ‘e-GP or e-Tool’.

*Note: Subcontractor should provide all documents evidencing the Subcontractor has no adverse records with the Procuring agencies with whom the Subcontractor has worked with.*

**4. Key Personnel<sup>4</sup>**

*[Principal contractor in collaboration with Procuring agency may specify requirements for each position as applicable]*

No.	Position	Qualification	No. of years of relevant experience

**5. Equipment<sup>5</sup>**

*[Principal contractor may specify requirements for each equipment as applicable]*

No.	Equipment Type	Registration		No. required
		Registered	Non-registered	

**6. Add any other work specific criteria**

<sup>4</sup>The Subcontractor shall provide details of the proposed key personnel and their relevant experience records in the relevant Forms included in Section 4, forms of Bid & Qualification information to fulfill the above requirements.

<sup>5</sup>The Subcontractor shall provide further details of proposed items of equipment using the relevant Form in Section 4, forms of Bid & Qualification information to fulfill the above requirements.

**SECTION 4: CONTRACT FORMS**

**Form 1: Form of Proposal**

*Notes on the Form of Proposal:*

*The Subcontractor shall fill in and submit this form with the Proposal. If Subcontractor do not fill in the Contract Price and does not sign this form, the Proposal will be rejected.*

\_\_\_\_\_ [date]

To \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

*We offer to execute the contract for construction of “ \_\_\_\_\_ ” in accordance with the Conditions of Contract accompanying this Proposal for the Contract Price of \_\_\_\_\_ [amount in figures] ( \_\_\_\_\_ )*

*[amount in words] \_\_\_\_\_ [name of currency].*

*The contract shall be paid in Ngultrum (Nu.)*

*This Proposal and your written acceptance of it shall constitute a binding Contract between us. We understand that it is not mandatory to accept the Proposal that you receive.*

*We hereby confirm that this Proposal complies with the terms and conditions of the SBD for Subcontracting.*

*Authorized Signature: \_\_\_\_\_*

**(Affix Legal Stamp)**

*Name and Title of Signatory: \_\_\_\_\_*

*Name of Bidder: \_\_\_\_\_*

*Address: \_\_\_\_\_*

## Form 2: Qualification Information

*Notes on Form of Qualification Information: The following information is to be filled in by Subcontractor which will be used for purposes of evaluation*

### 1. Individual bidders

Constitution of legal status of Bidder (attach copy)  
 Place of registration: .....

Principal place of business: .....

Power of attorney of signatory of Bid (attach copy)

### 1.2. Forms for Key Personnel

#### Form – 1 A: Proposed Key Personnel

Bidders should provide the names of suitably qualified key personnel to meet the specified requirements for each of the positions listed in Section 3(Evaluation and Qualification Criteria). The data on their experience should be supplied using the Form below for each candidate.

1	Title of position
	Name
2	Title of position
	Name
3	Title of position
	Name

#### Form -1B: CV of Proposed Manpower

*The Subcontractor shall provide all the information requested below.*

<i>Position</i>		
<i>Personal Information</i>	<i>Name</i>	<i>Date of Birth</i>
	<i>Qualification:</i>	
<i>Present employment</i>	<i>Name of Procuring agency:</i>	
	<i>Address of Procuring agency:</i>	

<i>Experience</i>		
<i>From</i>	<i>To</i>	<i>Company, Project, Position, and Relevant</i>

		<i>Technical and Management Experience</i>

*Summarize experience in reverse chronological order. Indicate particular technical and managerial experience relevant to the project.*

**Documents Required:**

The Subcontractor shall provide following supporting documents for the above the proposed manpower:

1. Original signed CVs of technical manpower committed.
2. Copies of Citizenship ID Cards or work permit/ Passport/ Election/Voter ID cards (for foreign workers) of all manpower committed.
3. Copies of contract agreements with all personnel if they have been hired on contract by the contractor.

**1.3. Forms for Equipment**

The Bidder shall provide adequate information to demonstrate clearly that it has the capability to meet the requirements for the key equipment listed in Section 3 (Qualification Criteria).

SN	Equipment Name & Type	Owned	Hired	Total No.

**Documents Required:**

The Bidder shall provide following supporting documents for the above proposed equipment:

1. Copy of the registration certificate of each equipment committed.
2. Copy of Insurance policy for each equipment where applicable.
3. In case of hiring, copy of the lease agreement in addition to 1 & 2 above.
4. In case of equipment that does not require registration with RSTA copy of cash memos stamped by RRCO if newly imported or copy of sale deeds or verification letter issued by a Government Engineer.

### **Form 3: Conditional Letter of Acceptance**

Contract No: Date:

To:

*[name and address of Subcontractor]*

This is to notify you that your Proposal dated *[insert date]* for the execution of the Works for *[name of project / Contract]* for the Contract Price of Nu *[amount in figures and in words]*, as corrected and modified in accordance with the GCC is hereby accepted by *[name of the Principal contractor]*.

You are requested to proceed with the execution of the Works on the basis that this letter of acceptance shall constitute the formation of a Contract, which shall become binding upon furnishing a Performance Security and signing the Contract Agreement within five (5) working days.

We attach the Contract Agreement and Special Conditions of Contract for your perusal and signature.

*(Signed)*

Duly authorized to sign for and on behalf of  
*[name of Procuring Entity]*

Date:

## **Form 4: Contract Agreement**

THIS AGREEMENT, made on [day] of [month] [year] between [name and address of Principal contractor] (hereinafter called “the Principal contractor”) of the one part and [name and address of Subcontractor] (hereinafter called “the Subcontractor”) of the other part.

WHEREAS, upon execution of contract between the Procuring agency and Principal contractor, the Principal contractor invited Tenders for certain Works, viz, [brief description of the Works] and has accepted a Tender by the Subcontractor for the execution of those works in the sum of Ngultrum [insert amount in figures and words], hereinafter called “the Contract Price”.

NOW THIS AGREEMENT WITNESSETH as follows:

1. In this Agreement, words and expressions shall have the same meanings as are respectively assigned to them in the General Conditions of Contract hereinafter referred to.
2. The documents forming the Contract shall be interpreted in the following order of priority:
  - (a) The signed Contract Agreement;
  - (b) The Conditional letter of Acceptance;
  - (c) The completed Bid form as submitted by the Bidder;
  - (d) The Special Conditions of Contract;
  - (e) The General Conditions of Contract;
  - (f) The Specifications;
  - (g) The Drawings; and
  - (h) Any other document listed in the SCC as forming part of the Contract.
3. In consideration of the payments to be made by the Principal contractor to the Subcontractor as hereinafter mentioned, the Subcontractor hereby covenants with the Principal contractor to execute and complete the Works and to remedy any defects therein in conformity in all respects with the provisions of the Contract.
4. The Principal contractor hereby covenants to pay the Subcontractor 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.

**IN WITNESS, whereof the Parties thereto have caused this Agreement to be executed in accordance with the laws of Bhutan on the day month and year first before written.**

*For the Principal contractor*

Signature

Print Name

Title

In the presence of (Name) Address

*For the Subcontractor*

## **From 5: Bank Guarantee for Performance Security**

*[this is the format for the Performance Security to be issued by any financial institution in Bhutan in accordance with GCC clause 33]*

Contract No: Date:

To:

[Name and address of Principal contractor]

**PERFORMANCE GUARANTEE No:**

We have been informed that *[name of Subcontractor]* (hereinafter called “the Subcontractor”) has undertaken, pursuant to Contract No *[reference number of Contract]* dated *[date of Contract]* (hereinafter called “the Contract”), the execution of works *[description of works]* under the Contract.

Furthermore, we understand that, according to your conditions, Contracts must be supported by a performance guarantee.

At the request of the Subcontractor, we *[name of bank]* hereby irrevocably undertake to pay you, without cavil or argument, any sum or sums not exceeding in total an amount of Nu *[insert amount in figures and in words]* upon receipt by us of your first written demand accompanied by a written statement that the Subcontractor is in breach of its obligation(s) under the Contract conditions, without you needing to prove or show grounds or reasons for your demand of the sum specified therein.

This guarantee is valid until *[date of validity of guarantee]*, consequently, we must receive at the above-mentioned office any demand for payment under this guarantee on or before that date.

***Signature***

## **Form 6: Bank Guarantee for Mobilization Advance**

*[this is the format for the Advance Payment Guarantee to be issued by the financial institutions in Bhutan in their letter pad in accordance with the GCC Clause 29.2]*

Contract No: Date: To:

[Name and address of Procuring agency]

### **ADVANCE PAYMENT GUARANTEE No:**

We have been informed that *[name of Contractor]* (hereinafter called “the Contractor”) has undertaken, pursuant to Contract No *[reference number of Contract]* dated *[date of Contract]* (hereinafter called “the Contract”), the execution of works *[description of works]* under the Contract.

Furthermore, we understand that, according to your conditions, Advance Payments must be supported by a bank guarantee.

At the request of the Contractor, we *[name of bank]* hereby irrevocably undertake to pay you, without cavil or argument, any sum or sums not exceeding in total an amount of Nu. *[insert amount in figures and in words]* upon receipt by us of your first written demand accompanied by a written statement that the Contractor is in breach of its obligation(s) under the Contract conditions, without you needing to prove or show grounds or reasons for your demand of the sum specified therein.

We further agree that no change, addition or other modification of the terms of the Contract to be performed, or of any of the Contract documents which may be made between the Procuring agency and the Contractor, shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition or modification.

This guarantee is valid until *[date of validity of guarantee]*, consequently, we must receive at the above-mentioned office any demand for payment under this guarantee on or before that date.

***Signature***

### Form 7: Bill of Quantities (BOQ)

Item No.	Description	Unit	Quantity	Rate	Amount (in figures)	Amount (in words)

## **Form 8: Drawings & Specifications**

### **Notes on Drawings**

Insert here a list of Drawings. The actual Drawings, including site plans, should be attached to this section or annexed in a separate folder. The Drawings shall be dated, numbered and show the revision number.