

འབྲུག་རྒྱལ་ཁབ་ཀྱི་འགྲུལ་ལམ་
ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



MoF/PPPD-08/2009/2010/ 264

November 9, 2010

NOTIFICATION

Subject: Amendment 5 to the Procurement Rules and Regulations (PRR) 2009

The Ministry of Finance is pleased to inform that the following amendments have been made to the PRR 2009. The amendments are indicated in bold italics.

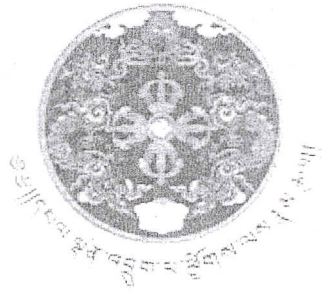
1. Procurement Rules & Regulations 2009 Clause 6.3.2.1: Adjustments in Rates & Prices shall generally be provided for in a contract agreement only under the following conditions:
 - a. These shall be applicable only in the cases of works & supply contracts of more than **12 months** duration. Irrespective of the duration of contract, no price adjustments shall be allowed for the works & supplies made within first **12 months** of any contract.
2. The above change is incorporated in the Standard Bidding Documents (Procurement of Works) 2009 as follows:

GCC 47.1 If during the contract, there is an increase or decrease in the cost of materials as reflected by the Material Index Numbers published by the National Statistical Bureau¹ (NSB), a corresponding increase or decrease in the payment to the contractor or recoverable from the Contractor shall be effected on the basis of the following formulae, such calculation being done for every successive period of 3 months after the **12th month** of the Contract duration:

Adjustment for variation of material prices:

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

¹ Until NSB comes up with the Material Index for the Royal Government of Bhutan, the Wholesale Price- Index (all commodities) for Materials shall be used for the purpose of this clause. Visit www.eaindustry.nic.in for the Wholesale Price Index.



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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHO DZONG



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). *The value of work done shall be based on running account payments;*

M0 = 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;

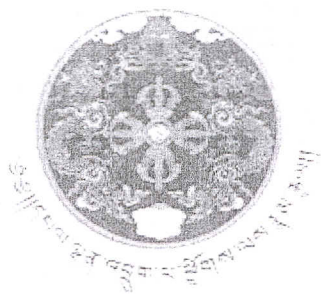
47.2 For the applications of the above formulae, the appropriate Index Numbers published by the National Statistical Bureau shall be adopted.

47.3 To the extent that full compensation for any rise or fall in costs to the contractor is not covered by the provisions of this or other clauses in the contract, the unit rates and prices included in the contract shall be deemed to include amounts to cover the contingency of such other rise or fall in costs.

47.4 Price Adjustment shall apply only for work carried out within the stipulated time or extensions granted by the Procuring Agency and shall not apply to work carried out beyond the stipulated time for reasons attributable to the Contractor.

3. Force Majeure has been defined in the SBD (works) as follows :

- a. **SBD (Works) 2009 GCC 44.1 (h)** : Other Compensation Events described in the SCC or determined by the Employer and force majeure. *“Force Majeure” means an exceptional event or circumstance:*
- (a) *which is beyond a Party’s control,*
 - (b) *which such Party could not reasonably have provided against before*



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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



entering into the Contract,

(c) which, having arisen, such Party could not reasonably have avoided or overcome, and

(d) which is not substantially attributable to the other Party.

Force Majeure may include, but is not limited to, exceptional events or circumstances

of the kind listed below, so long as conditions (a) to (d) above are satisfied:

(i) war, hostilities (whether war be declared or not), invasion, act of foreign enemies,

(ii) rebellion, terrorism, sabotage by persons other than the Contractor's Personnel, revolution, insurrection, military or usurped power, or civil war,

(iii) riot, commotion, disorder, strike or lockout by persons other than the Contractor'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.

However, force majeure shall not include the following;

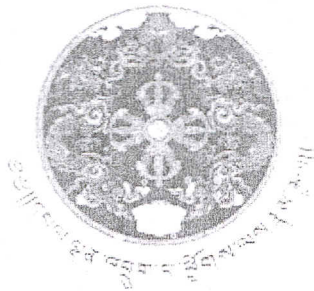
i. rainfall

ii. snowfall

iii. strikes in other countries

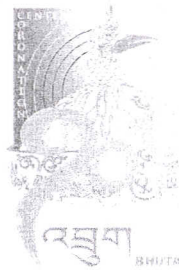
iv. non-availability of labourer and materials such as timbers, boulders, sand, and other materials

v. difficulty and risky terrain and remoteness of site.



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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



4. SBD (Works) 2009

ITB 16.2 (b) be issued by a *financial institution in Bhutan* acceptable to the Employer and selected by the Bidder.

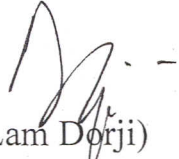
GCC 34.2 If the Performance Security is provided by the successful Bidder in the form of a Bank Guarantee, it shall be issued, at the Bidder's option, by a *financial institution located in Bhutan*.

5. SBD (Goods) 2009

ITB 24.2 (b) be issued by a *financial institution in Bhutan* acceptable to the Purchaser and selected by the Bidder.

GCC 47.2 If the Performance Security is provided by the successful Bidder in the form of a demand bank guarantee it shall be issued, at the Bidder's option, by a *financial institution located in Bhutan*.

The above amendments to the Procurement Rules and Regulations 2009 will come into force with immediate effect.


(Lam Dorji)
Finance Secretary

Copies:

All Ministries/Autonomous Bodies/Dzongkhags