



STRATEGIC PLAN FOR THE PROMOTION OF LOCAL BRICKS IN BHUTAN

DEPARTMENT OF INDUSTRY

MINISTRY OF INDUSTRY, COMMERCE, AND EMPLOYMENT

OCTOBER 2023

Table of Content

ACRONYMS	2
EXECUTIVE SUMMARY	0
1. INTRODUCTION	1
2. INDUSTRIAL SECTOR OVERVIEW	2
3. GOALS AND OBJECTIVES	4
4. SITUATION ANALYSIS	4
5. BENEFITS OF USING LOCAL BRICKS	5
6. CHALLENGES	6
7. STRATEGIES AND INTERVENTIONS TO PROMOTE LOCAL BRICKS	6
8. CONCLUSION	9
ACTION PLAN FOR THE IMPLEMENTATION OF PROPOSED STRATEGIES FOR THE PROMOTION OF LOCAL BRICKS	10
ANNEXURE	12
Annexure 1: Notification Issued by the Erstwhile Ministry of Works and Human Settlements Dated May 19, 2014	12
Annexure 2: Government Order Issued by the Prime Minister’s Office Instructing the Use of Local Bricks in Public Infrastructure Construction Dated December 9, 2015	13
Annexure 3: Notification Issued by the Ministry of Finance Dated July 12, 2018	15

ACRONYMS

AAC Blocks	Autoclaved Aerated Cement Blocks
BCTA	Bhutan Construction and Transport Authority
BOQ	Bill of Quantity
BSB	Bhutan Standards Bureau
BSR	Bhutan Schedule of Rates
CSIs	Cottage and Small Industries
CTM	Compression Testing Machine
DID	Department of Infrastructure Development
DoI	Department of Industry
DoPP	Department of Procurement and Properties
DRC	Department of Revenue and Customs
eCMS	Bhutan Electronic Customs Management System
FI	Fiscal Incentives
FY	Fiscal Year
MoF	Ministry of Finance
MoICE	Ministry of Industry, Commerce and Employment
MoIT	Ministry of Infrastructure and Transport
MoWHS	Ministry of Work and Human Settlement

EXECUTIVE SUMMARY

This report by the Department of Industry focuses on the challenges and opportunities facing the brick manufacturing industry in Bhutan, with a particular emphasis on promoting the use of domestic bricks over imported bricks. The context highlights the historical significance of bricks in Bhutan's construction industry and the recent surge in demand for imported bricks. Despite the greater quality of local bricks, there is a persistent preference for imported options, primarily from India.

The industrial sector overview provides insights into the brick manufacturing industry with a significant concentration of cottage and small industries (CSIs) across various regions of Bhutan. However, these local manufacturers face stiff competition from imported bricks. The challenges faced by local brick manufacturers are identified, including the dominance of imported bricks and difficulties in assuring quality, quantity, and competitive pricing.

The report's goals and objectives center on increasing the adoption of local bricks and reducing the reliance on imported bricks, thereby enhancing the INR reserve position and employment generation in the country. To achieve these goals and address the challenges mentioned above, the report recommends several interventions, such as reinforcing government notifications on the use of locally manufactured construction products, certifying the local brick manufacturing units, consistent compliance monitoring, increasing the surveillance of the certified manufacturers, existing fiscal incentives for the use of locally manufactured bricks, conducting advocacy programs and enhancing capacity building.

The promotion of local bricks in Bhutan has the potential to reduce the carbon footprint, boost the local economy, strengthen the brick manufacturing industry, and preserve natural resources. By implementing the proposed strategies and interventions, Bhutan can achieve these goals while ensuring the continued growth and sustainability of the brick manufacturing sector. The success of these initiatives will depend on the collaborative efforts of government agencies, industry stakeholders, and the broader community.

The last part of the report contains a conclusion followed by an action plan and annexure. The action plan outlines the activities or interventions that need to be undertaken by the relevant agency to promote local bricks.

1. INTRODUCTION

Since the beginning of civilization, bricks have been used extensively in the construction of buildings and other infrastructure, and they have been a significant driver of economic development. The brick manufacturing industry in Bhutan has grown significantly as a result of the increasing need for construction materials to keep up with the expansion of infrastructure.

Bricks are one of the most essential building materials in urban areas in Bhutan. But as incomes have increased, it has also become a prominent building material in rural regions. The demand for residential, commercial, industrial, public buildings, and other infrastructures has increased because of rapid development and associated rural-to-urban migration.

However, after the outbreak of the COVID-19 pandemic, there has been a decrease in demand for local bricks, while the utilization of imported bricks (such as red clay bricks and AAC blocks) from India has increased, affecting the market share of local bricks. Although local bricks, which have received certification from the Bhutan Standards Bureau (BSB), offer notably better quality, government construction initiatives and private constructions persist in employing uncertified red bricks. Therefore, based on the testimonies of the local brick manufacturers on the aforementioned issues, the Ministry of Industry, Commerce and Employment (MoICE) observed the need for intervention by relevant agencies to promote the local bricks in the country.

Local brick manufacturers are concerned about the sustainability of their business if the import of building blocks and bricks from India continues. The import of concrete blocks and bricks from India for the construction of public infrastructure has continued despite a standing government order that requires government agencies and public corporations to use locally produced bricks and blocks. On May 19, 2014, the erstwhile Ministry of Works and Human Settlement issued a notification urging government bodies, corporations, and private construction firms to optimize the use of domestically sourced construction materials with BSB certification. Moreover, the government order instructing the use of local bricks in public infrastructure construction was issued by the Prime Minister's Office on December 9, 2015. Regrettably, compliance with government directives within construction projects has been minimal.

Furthermore, in efforts to encourage the use of local bricks in public infrastructure development, the government renders fiscal incentives for constructions that utilize locally manufactured bricks such as a 30 percent additional tax deduction for the use of local materials that can meet 40 percent value addition. Until 2023, the Ministry of Finance used to provide 10 percent domestic preference in government tenders, which has now been 20 percent. Similarly, in order to ensure the quality of local bricks, the Bhutan Standards Bureau through funding support from the Startup and CSI Flagship Program 2019-2023 offered free-of-charge certification to one brick manufacturer including providing a compressive testing machine (CTM). The program also provided one CTM to 20 uncertified concrete brick manufacturers and they will also be certified.

In the first quarter of 2023, Bhutan imported 25.2 million bricks from India worth Nu. 313.1 million. Of which, red bricks comprised 97.8 percent with 24.6 million bricks amounting to Nu. 286.9 million and the remaining 0.56 million were concrete bricks amounting to Nu. 26.1 million (Bhutan Trade Statistics 2023). In 2022, Bhutan imported 42.2 million bricks - 40 million red bricks and 2.2 million concrete bricks - worth Nu. 528.3 million from India with red bricks constituting 94.8 percent of the total imported bricks (Bhutan Trade Statistics 2022).

Local brick manufacturers assert that the bricks they produce are made from industrial waste and locally sourced materials with significant value addition and have received certification from the BSB. However, despite these guarantees of quality, construction projects (both in the public and private sectors) continue to opt for imported red bricks, the quality of which remains unverified, and certifications are questionable.

Manufacturers further claim that prevalent misconceptions concerning the quality of local concrete bricks persist among the public. There is a perception that these bricks are susceptible to regular cracking, although the truth as per the local brick manufacturers is that it is the plaster, not the bricks themselves, that tends to develop cracks.

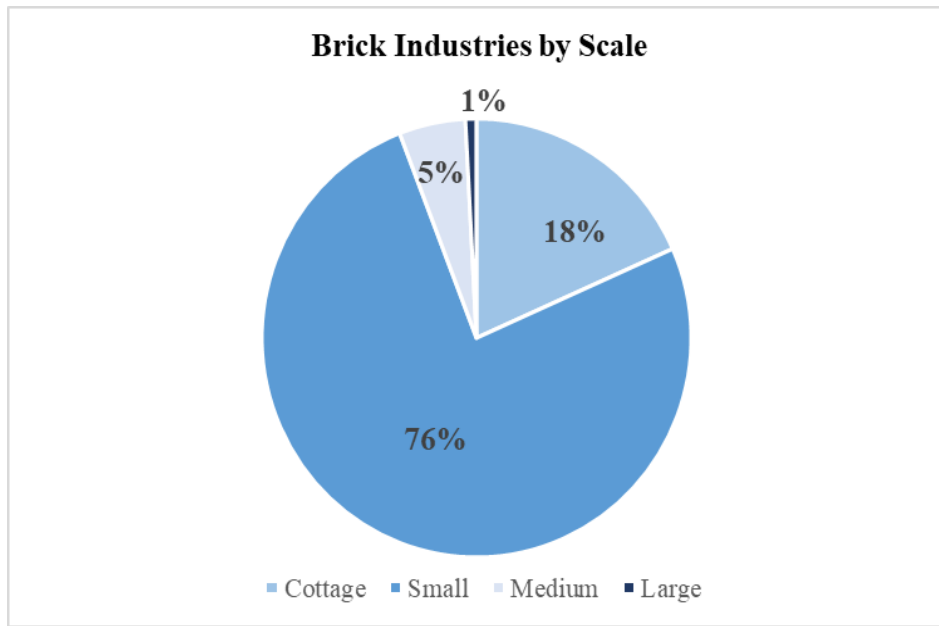
2. INDUSTRIAL SECTOR OVERVIEW

Bhutan's industry sector is categorized into different license scales, including large, medium, small, and cottage, based on capital investment size. As of June 2023, the country had a total of 31,707 active industrial licenses. It is important to clarify that not all of these licenses are currently operational. Some remain valid because certain industries are in the construction phase, while others have been renewed to maintain active industrial licenses, with the intention of starting or resuming operations in the future.

According to the Annual Industry Report (2022), the majority of these licenses, approximately 81%, are attributed to the service sector. Production and manufacturing account for 12%, and construction makes up just 7% of the total licenses. This data underscores the significant dominance of the service sector in the industrial landscape.

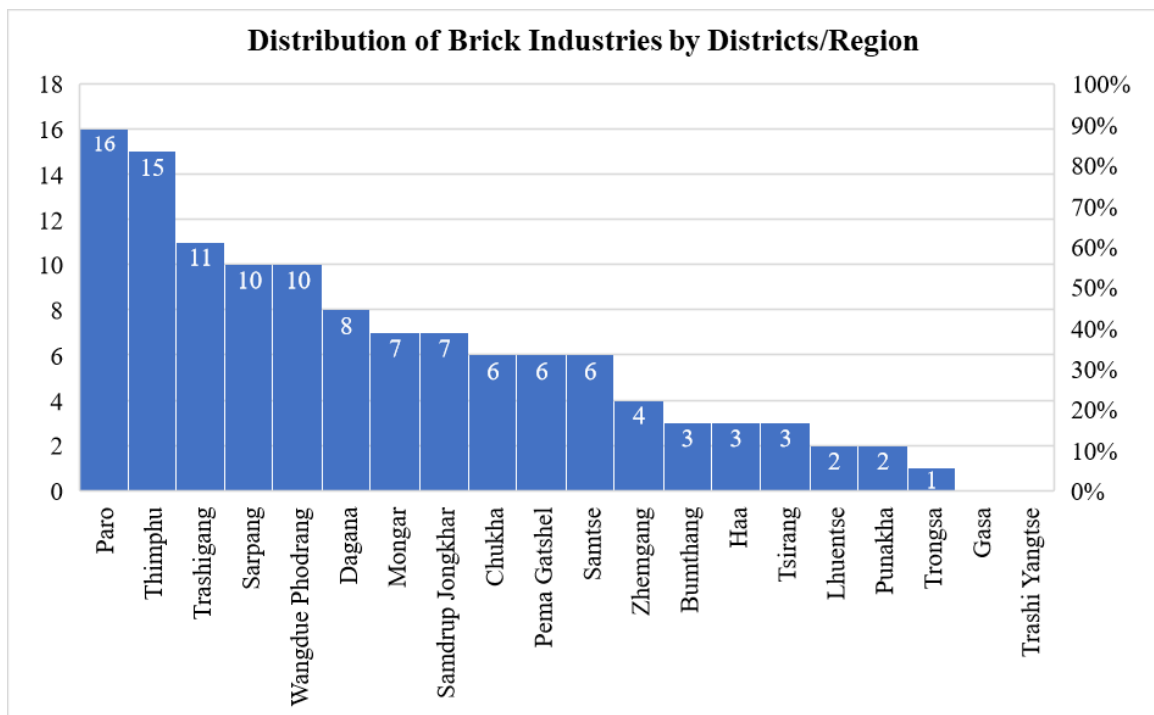
There are 120 licensed brick manufacturing industries in the country as of June 30, 2023, from which 22 are under cottage scale, 91 are small scale, 6 are medium scale and only 1 is of large scale. This indicates that a majority of the brick manufacturing industry is under the Cottage and Small (CSI) scale as indicated in *Figure 1*. Currently, 16 brick manufacturers are certified by the Bhutan Standards Bureau.

Figure 1: Distribution of brick industries by cottage, small, medium, and large scale



A majority of the brick industries in the country are concentrated in Paro (13.3%), Thimphu (12.5%), and Trashigang (9.2%) followed by Sarpang (8.3%) and Wangdue Phodrang (8.3%). There is at least one brick manufacturer located in every Dzongkhag except for Gasa and Trashi Yangtse. The region-wise distribution is detailed in the figure below.

Figure 2: Region-wise distribution of brick industries (by district)



3. GOALS AND OBJECTIVES

- To promote the use of local bricks in the construction sector.

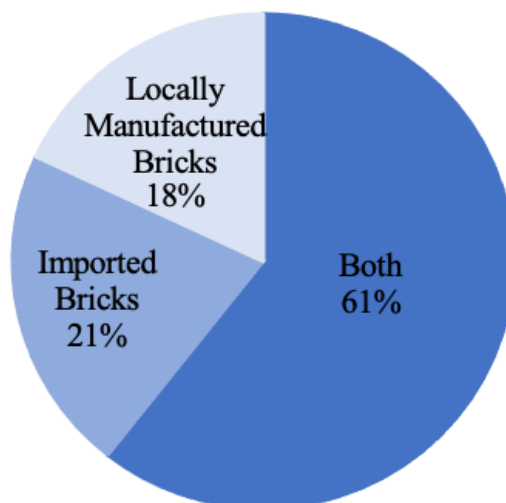
4. SITUATION ANALYSIS

Demand for imported bricks in the local construction industry has been increasing manifold which has hampered the market for local brick manufacturers in the country. The Department of Industry, MoICE conducted a survey of contractors in the country in July 2023 with the objective of understanding the preference for the kind of brick contractors use in construction projects and the reasons that influence their decision. Also, the survey solicited suggestions from the contractors regarding ways to improve the market of the local bricks in terms of quality, quantity, and pricing. Following are some of the findings from the survey of contractors:

Table 1: Response count for the type of bricks used during construction

Types of bricks used during construction	Response Count
Locally Manufactured Bricks	11
Imported Bricks	13
Both	37
Total response	61

Figure 3: Distribution of bricks used in construction (in percentage)



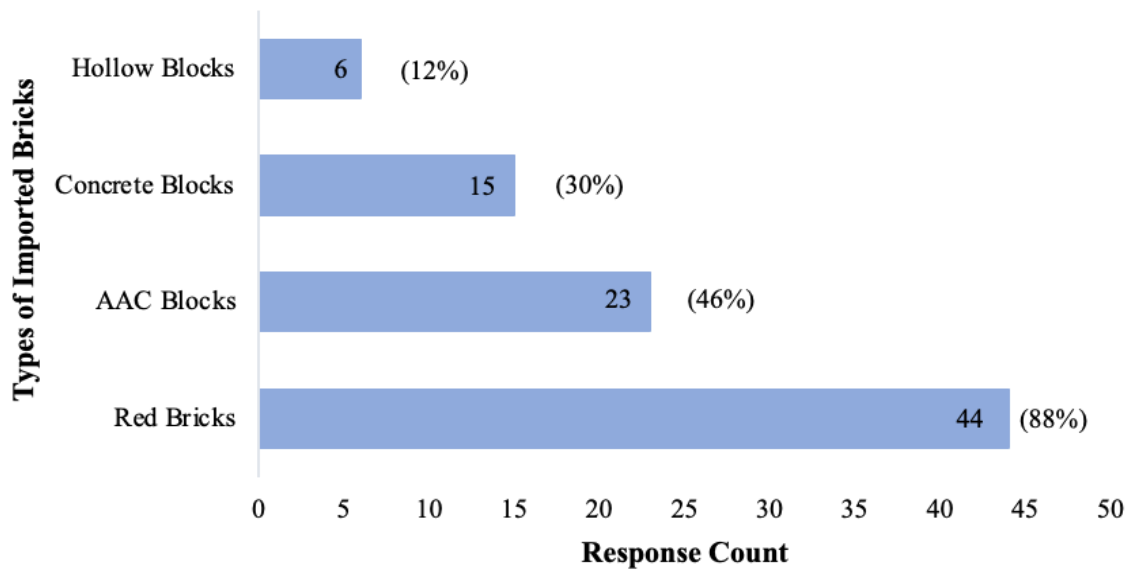
The findings, represented in *Figure 3*, show the preferences of 61 respondents regarding the type of bricks they use in construction.

- 18 percent of the respondents exclusively use locally manufactured bricks.
- 21 percent exclusively prefer imported bricks.

- The majority, comprising 61 percent of the contractors, use a combination of both imported and local bricks in their construction projects.

This suggests that a significant portion of contractors opt for a mix of brick types, likely based on project-specific factors or availability, while a smaller percentage exclusively favor either local or imported bricks.

Figure 4: Preference for the type of imported bricks



After segregating the multiple options chosen by the respondents for imported bricks, the survey suggests that 88 percent of the 50 respondents prefer red bricks, followed by 46 percent for AAC blocks, 30 percent for concrete blocks, and 12 percent for hollow blocks, as shown in Figure 4. Red bricks stand out as the most preferable choice of imported bricks among the respondents while hollow blocks emerge as the least preferable choice of imported bricks.

The findings, based on the preferences of 50 respondents for different types of imported bricks after eliminating multiple choices, are summarized in Figure 2:

- 88 percent of respondents favor red bricks as their top choice among imported bricks.
- Following red bricks, 46 percent prefer AAC blocks (Autoclaved Aerated Concrete blocks).
- Concrete blocks are the choice of 30 percent of respondents.
- Hollow blocks are the least favored, with only 12 percent of respondents selecting them.

These results indicate that imported red bricks are the overwhelmingly preferred type of bricks among the respondents, with hollow blocks being the least popular choice.

5. BENEFITS OF USING LOCAL BRICKS

The benefits of using local bricks are as follows:

- Strengthening of the local brick manufacturing industry;

- Boost to the local economy and job creation;
- Increase in the INR reserve in the country;
- Optimal use of the local resources; and
- Reduced carbon footprint due to decreased transportation.

6. CHALLENGES

The challenges faced by the local brick manufacturers are as follows:

- The domestic market for local bricks has been overtaken by imported bricks, particularly red clay bricks.
- Difficulty in capturing the local market owing to preconceived notions about the substandard quality, inconsistent supply, and high pricing of the local bricks.

7. STRATEGIES AND INTERVENTIONS TO PROMOTE LOCAL BRICKS

Promoting the use of local bricks can have significant economic, employment, and environmental benefits to the country. Following are the strategies and interventions to encourage the use of local bricks:

7.1. Reinforcement of 2014, 2015, and 2018 Notifications and Government Order

Executive notifications on the use of locally manufactured construction products including BSB-certified products were issued by the erstwhile Ministry of Works and Human Settlement, the Cabinet, and the Ministry of Finance in 2014, 2015, and 2018 respectively.

This revised notification shall reinforce the implementation of the provision on the use of BSB-certified bricks for public construction works as reflected in the Bhutan Schedule of Rates (BSR) and mandate the use of local bricks in the construction of partition/infill/boundary walls, among others. This will also ensure that the BSB-certified local bricks are included in the Bill of Quantities (BOQ).

Through this notification, private constructions may be encouraged to use locally manufactured bricks to avail fiscal incentives as provisioned in the Fiscal Incentive Act of Bhutan.

A clause on accountability for non-compliance to the notification is essential to ensure the execution of the notification. The notification shall ensure compliance and accountability.

7.2. Certification of Local Brick Manufacturing Units

Some of the concerns raised by local brick manufacturers pertain to the credibility and relevance of BSB's certification. It was pointed out that imported bricks that lack BSB certification continue to be utilized and preferred in public constructions, contrary to the government directives mandating the use of BSB-certified products in public infrastructure projects. Furthermore, the tangible returns on the additional investments made by certified manufacturers to meet certification requirements remain obscure. This is affecting the drive of manufacturers to seek certification and re-certification services.

However, the potential solution to this issue is to certify their products and the relevant agencies have to encourage local brick manufacturers to do it so that they get preference while participating in government tendering. The BSB can also enhance its existing certification programs and schemes to ensure consistent quality and performance, giving potential customers assurance when choosing them for their projects.

Additionally, the adoption of standardized practices in brick manufacturing has a profound impact on both quality assurance and price competitiveness. This approach not only ensures consistent and reliable brick quality but also positions manufacturers to offer competitive prices, thus benefiting both industry stakeholders and end consumers.

Therefore, the BSB will renew its efforts in facilitating the certification of uncertified brick manufacturers and increase the number of annual surveillance of certified brick manufacturers to ensure the quality of the locally manufactured bricks.

7.3. Compliance Monitoring

As a regulatory body, the Bhutan Construction and Transport Authority (BCTA) shall carry out periodic monitoring to ensure that BSB-certified bricks are being used. However, the regular and continuous monitoring shall be carried out by the procuring agencies.

7.4. Increased Frequency of Surveillance of Certified Manufacturers

Certified local brick manufacturers must be monitored constantly to ensure the quality of the local bricks. BSB and other relevant agencies need to collaborate and do regular monitoring to ensure that manufacturers continue to meet the specified certification standards.

7.5. Fiscal Incentives

The fiscal policy helps stabilize the economy through various fiscal measures. The Department of Revenue and Customs (DRC) has been assisting the private sector by providing Fiscal Incentives (FI) as a cushion to bolster their business activities. Further, to boost the country's economy and the market, specifically for the local brick manufacturers, DRC may provide Fiscal Incentives to the manufacturers by exempting taxes on plant and machinery on import. These incentives may be provided within the scope of FI and on fulfillment of the conditions specified in the FI Act of Bhutan and the rules thereof. The government may like to continue with the fiscal incentives for the use of locally produced materials.

The launch of the Bhutan Electronic Customs Management System (eCMS) is expected to improve transparency in trade of the bricks and DRC shall heighten its surveillance at points of entry to curb the issues of under-invoicing and non-declaration of goods (imported bricks) by the importers. Furthermore, DRC to enforce and apply the penal provisions against violation of the provisions of the tax laws by the importers, if any, and if such information is shared with the DRC so that our local manufacturers can enjoy a competitive edge over the imported bricks.

7.6. Advocacy Programs

The local brick manufacturers in collaboration with relevant agencies such as the Department of Industry, Ministry of Industry, Commerce and Employment shall conduct advocacy programs for the promotion of the use of BSB-certified local bricks in the country.

The programs to promote the bricks could entail the following:

7.6.1. Awareness Campaigns: Launch a comprehensive awareness campaign to educate contractors, architects, engineers, project planners, construction workers, and the general public about the benefits of using local bricks highlighting their quality, durability, availability, and positive environmental impact.

7.6.2. Marketing Outreach: The local brick manufacturers must also undertake a rigorous and effective marketing program/campaign since their product's popularity amongst consumers in the local market is limited. As the products are certified and claimed to be competitively priced, more awareness needs to be created amongst the users. The producers should rigorously reach out to customers using social and mainstream media.

7.6.3. Fairs and Exhibitions: The brick manufacturers should participate in showcasing their products during fairs and exhibitions. This can help in marketing their products and encourage potential buyers to choose them over imported red bricks.

7.6.4. Networking and Collaboration: Foster partnership and collaboration between local brick manufacturers, construction companies, and relevant government agencies. Create platforms where they can connect, share experiences, and discuss the advantages of using local bricks and encourage relevant agencies to include clauses in their contracts that promote the use of local materials.

7.7. Enhance Capacity-Building

Capacity-building must be prioritized to ensure local brick manufacturers are aware of the best manufacturing practices, including selecting quality raw materials, mixing techniques, compaction, storing, curing, and transportation. BSB shall be the nodal agency in carrying out the capacity building in close collaboration with the Department of Infrastructure Development, Ministry of Infrastructure and Transport (MoIT).

The relevant agencies shall offer training programs and workshops for masons and construction workers on the proper use and installation of local bricks. This can enhance their skills and knowledge, ensuring high-quality construction practices and increasing confidence in using local materials.

8. CONCLUSION

In light of the market constraints faced by the local brick industries in the country – mainly precipitated by the construction industry’s substantial import of red bricks and the discrepancies in the quality, pricing, and supply of the local bricks – the Department of Industry has devised this strategic plan for the promotion of local bricks. The report is based on the findings of the contractors’ survey, the discussions arising from the numerous consultation meetings held with government agencies, brick manufacturers, and contractors, and the recommendations proposed by the aforementioned stakeholders.

This report, in conclusion, outlines a series of strategies and government interventions targeted to improve the domestic market for bricks. The strategies include the reinforcement of the previous executive notifications through the issuance of a revised notification advocating for the use of local bricks throughout any construction endeavors assumed by government entities, certification of the brick manufacturers to ensure quality, periodic compliance monitoring, increasing the surveillance of the certified manufacturers, existing fiscal incentives for the use of locally manufactured bricks, conducting advocacy programs and enhancing capacity building.

Furthermore, this report serves as a prelude to the following action plan drafted for the implementation of the proposed strategies to endorse the local bricks. The plan delineates a set of specific activities meant to be achieved in a given time frame by the involved government agencies such as the Ministry of Industry, Commerce, and Employment, the Ministry of Infrastructure and Transport, and the Ministry of Finance.


**ACTION PLAN FOR THE IMPLEMENTATION OF PROPOSED STRATEGIES
FOR THE PROMOTION OF LOCAL BRICKS**

Sl. #	Activity(s)	Lead Agency	Implementing Partners	Type of Intervention	Time Frame	Est. Budget (Nu)
1.	Bhutan Standards Bureau (BSB), MoICE					
a.	Issue an updated and revised notification that reinforces the two notifications and government order of 2014, 2015, and 2018 respectively. The revised notification shall include a clause on accountability for non-compliance and reinforce the implementation of the provision on the use of BSB-certified bricks for public construction works as reflected in the BSR and mandate the use of local bricks in the construction of partition/infill/boundary walls among others to ensure that the BSB-certified local bricks are included in the Bill of Quantities (BOQ).	BSB	DoI, MoIT, MoF	Notification/ Executive Order	October 2023	NA
b.	Certification of local brick manufacturers	BSB	DoI/RoICE	Notification	Ongoing	NA
c.	Increased frequency and timely surveillance and monitoring of certified brick manufacturers	BSB	DoI	Monitoring and surveillance	Immediately after the strategic plan is finalized	Nu. 0.2 million annually
d.	Capacity-building to ensure local brick manufacturers know the best manufacturing practices to assure quality, quantity, and competitive pricing	BSB	DID, MoIT	Workshops, trainings, and seminars	July 2024 to June 2025	Nu. 1 million annually

Sl. #	Activity(s)	Lead Agency	Implementing Partners	Type of Intervention	Time Frame	Est. Budget (Nu)
2.	Bhutan Construction and Transport Authority (BCTA), MoIT					
a.	Periodic surveillance to check whether the BSB-certified bricks are used in construction activities.	BCTA	Relevant agencies	Compliance monitoring	After the finalization of the strategic plan	NA
3.	Department of Revenue and Customs (DRC), MoF					
a.	Effective enforcement and implementation of Electronic Customs Management System (eCMS) and heightened surveillance at points of entry to curb the issues of under-invoicing and non-declaration of goods (imported bricks) by the importers.	DRC	Relevant agencies	Heightened surveillance and eCMS to promote transparency	Ongoing for eCMS Heightened surveillance after the finalization of the strategic plan	NA
4.	Local Brick Manufacturers					
a.	Conduct advocacy programs to promote local bricks in the country	Local brick manufacturers	DoI, Relevant agencies	The brick manufacturers to take a lead role in advocacy to promote local bricks	Ongoing and with the implementation of the strategic plan	NA

ANNEXURE

Annexure 1: Notification Issued by the Erstwhile Ministry of Works and Human Settlements
Dated May 19, 2014


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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF WORKS & HUMAN SETTLEMENT
THIMPHU : BHUTAN
Post Box No.129
"Construction Industry: Solutions through innovation and improved technology"

SECRETARY

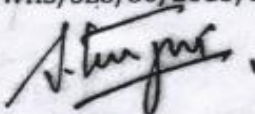
MoWHS/SEC/30/2014/ 581 19 May 2014

NOTIFICATION

Ministry of Works and Human Settlement, in its efforts to promote improved construction technology and materials in the country hereby advocates optimum use of local construction materials available in the country. Ministry is also working closely with private sectors in enhancing production of such construction materials in order to limit import of construction materials mainly "Red Bricks".

Therefore, the Ministry of Works and Human Settlement would like to request all government agencies, corporations and private construction companies to maximize utilization of **BSB certified domestic construction materials**. This shall be made effective by compulsive incorporation in the design, estimate, BOQ-preparation levels. This is being promoted as per specific instruction received from the government as a part of strategy to attain Self-reliance and Inclusive Green Socio-economic Development. Ministry strongly discourages import and utilization of sub-standard construction materials by all agencies.

For ready reference we attach herewith the list of BSB certified in-country manufacturers with their contact details. This is in continuation to our earlier Notification No. MoWHS/SES/30/2013/157 dated 16 October 2013.



SECRETARY.
MoWHS

Copy To:-

1. Hon'ble Minister, Ministry of Works & Human Settlement for kind information.
2. Hon'ble Minister, Ministry of Economic Affairs, for kind information
3. Hon'ble Cabinet Secretary for kind information and support.
4. Hon'ble Secretary (GNHC, MoHCA, MoAF, MoEA, MoH, MoE, MoF, MoLHR, MoFA & MoIC) for their information and active support.
5. Dasho Dzongdags, 20 dzongkhag for kind information and active support.
6. Dasho Thrompons, Thimphu, Phuntsholing, Gelephug & Sandrup Jongkhar for information and active support.
7. Director, CDB for information, support and dissemination/awareness to all contractors.
8. Director, DES/DHS/DOR for information and active support.
9. Chief Engineer, EARRD, for information and consistent follow-up.
10. M/S Tenzin Dorji, Toorsa Phuntsholing Thormde (Extended Area), Post Box No 405 for information.
11. M/S Gyam Dhendup, Wangdiphodrang, P.O Box No 1302 for necessary action.
12. M/s Druk Soednam Enterprise, Bjimina, Thimphu
13. Bhutan Concrete Bricks, Bjimina, Thimphu

Annexure 2: Government Order Issued by the Prime Minister's Office Instructing the Use of Local Bricks in Public Infrastructure Construction Dated December 9, 2015



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Royal Government of Bhutan

PRIME MINISTER
C-2/89/152

9 December, 2015

[Translated Text]

GOVERNMENT ORDER

Sub: Use of Local Bricks in Public Infrastructure Constructions

The Government has been focusing on the construction industry as a sector with high potential to contribute towards domestic economy, employment opportunity and related socio-economic developments leading to fulfilment of the goal of self reliance. Within the industry, the promotion of use of local construction materials is seen as one viable approach to create the necessary conditions and impacts.

In this light, the Government hereby directs to adopt use of locally produced building blocks mandatorily in all public infrastructure constructions. In order to ensure best compliance, the following directives are initiated from the Government henceforth:

- i) All ministries and government offices including public corporations to ensure incorporation of local building blocks in all working documents such as design drawings, BoQs and tender documents.
- ii) All Head of Agencies including concerned Architects, Engineers and Project Planners are responsible in ensuring the adoption of local building blocks at construction sites.
- iii) All procuring agencies must encourage sub contracting local building blocks to SMEs manufacturing local bricks to supply to the principal contractor through existing provisions of Special Conditions of Standard Bidding Documents under the Procurement Manual.
- iv) All local building block manufacturers must step up to meet the necessary product quality and capacity including product standardization, certification and specifications from concerned authorities prior to market supply.
- v) Bhutan Standards Bureau (BSB) shall proactively work towards providing all necessary support and services to the domestic manufacturers in standardizing, certifying and development of product specifications. Accordingly, BSB must share necessary information on standardization and specifications of certified products to all line agencies including Bhutan Schedule Rates unit under the Ministry of Works and Human Settlement.





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Royal Government of Bhutan

PRIME MINISTER

- vi) Import of red clay bricks should only be allowed upon non-availability or non-feasibility of local materials with prior approval and written certification from the concerned agencies and Project Engineer In-charge.
- vii) All procuring agencies are also encouraged to use other available local construction materials to promote overall domestic industry.
- viii) Depending on the experience of making local building blocks mandatory in all public constructions, similar policy shall be extended to other local construction materials in the future.

This Government Order has reference to the 89th Lhengye Zhungtshog held on 18 November, 2015 and shall come into effect, immediately.

Sd/-



(Tshering Tobgay)

Copy to:

1. Hon'ble Minister, All Ministers, Thimphu
2. Hon'ble Secretary to His Majesty the King, Royal Secretariat, Tashichhodzong
3. Secretary, All Ministries, Thimphu, *for compliance*
4. Secretary, All Commissions, Thimphu, *for compliance*
5. Director General, Bhutan Standards Bureau, Thimphu, *for compliance*



Annexure 3: Notification Issued by the Ministry of Finance Dated July 12, 2018



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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG

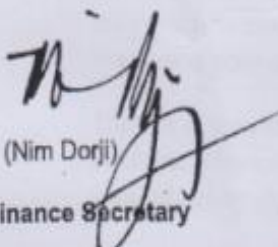
MoF/DNP/GPPMD-08/2018-19/ 1181 July 12, 2018

NOTIFICATION

As per Clause no. 6.3.4.1 (C) of the Procurement Rules and Regulations (PRR), 2009, "the standards with which goods, equipment or materials shall comply, or any performance standard wherever possible. These shall be defined, both in the bidding and contract stages, by reference to internationally or nationally accepted standards, in all cases the procuring agency should mention that any standard which ensure equivalent or superior quality or performance to the standards mentioned would be acceptable. The procuring Agency should also ensure that the goods, equipments or materials delivered are as per the standards and specifications specified in the bidding documents."

Therefore, this is to notify all Government Procuring Agencies to specify in all Standard Bidding Documents (SBD) under Technical specification [Section VII: Specification and performance Requirements for Procurement of Works (above Nu. 4 Million), Section 8 Bill of Quantities for Procurement of Works (upto Nu. 4 Million), Section VI: Schedule of Supply for Procurement of Goods (Above Nu. 0.250 Million) and under Schedule of Items and Priced Quotation (bid form) for Procurement of Goods (Upto 0.250 Million)] the Bhutan Standards Bureau (BSB) Certification requirements followed by words "or equivalent or higher" with which the goods, equipments, materials or workmanship shall comply in their product specification to ensure quality products without compromising competition.

This notification is issued for strict compliance and shall come into force from date of issue.


(Nim Dorji)
Finance Secretary

Enclosed: Notification issued by Bhutan Standards Bureau

Copy to:

1. All Ministries/ Autonomous Agencies/Departments/ Dzongkhags/Gewogs for compliance.

Post Box No: 116 Phone No: 02-336962, Fax No: 02-336961 www.mof.gov.bt