



اقلیم کوردستان – اربیل /العراق
مجلس الوزراء

Kurdistan Region – Erbil/Iraq Council of Ministers

Regulation 1 of 2007

Regulation on Registration, classification and grading of Contractors in Kurdistan Region

2007

Erbil

In accordance with provisions of Article 8, Section 3, Law Number 3 of 1992, the Council of Ministers issues the following Regulation:

Regulation 1 of 2007

Regulation on Registration, classification and grading of Contractors in Kurdistan Region

Article One

Glossary

1. Region: Kurdistan Region – Iraq
2. Contractor: Natural or legal person undertaking contracting works and is member of Contractors Union in Kurdistan Region. It also includes any contracting company established in accordance with the companies law; the company must be undertaking contracting works and this must be reflected in the establishment contract or statement.
3. Contracting: a contract obligating the contractor to undertake the followings:
 - A. Construction Contracting:
All the contracting works related to construction, expansion, demolition and renovation of various types of buildings, roads, bridges, railways, airports, dams, irrigation, sewerage, and other construction projects.
 - B. Electrical, mechanical and chemical contracting:
All electrical, mechanical and chemical contracting works related to installation and maintenance of equipments and machines, stations of generation of electricity and other sources. Also sewerage projects, programming and computer maintenance, metal construction and other related works.
4. Subcontractor: the contractor who subcontracts a project the value of which is no less than (50) billion IDs.
5. Subcontract: part of the main contract implemented by a subcontractor for and after the approval of the official party, the values of which must not be less than (50) billion IDs.
6. Union: Contractors Union in the Kurdistan Region.
7. Capital: the contracting company's capital as substantiated by the companies register.
8. Financial capacity: financial estimates supported by officially licensed governmental or non-governmental banks.
9. Committee: Committee of registration, classification and grading contractors established in the Region according to this Regulation.
10. Company Register: Company Register in the General Directorate of Company Registration in the Ministry of Trade in the Region.
11. Implemented Works: works implemented according to technical and other requirements and conditions on which the parties have contractual agreement, for which finalization statement must have been issues.

Article Two

Objectives

This Regulation attempts to achieve the following objectives:

One: registration or classification of contractors in the Region according to their specializations and the specified grades in this Regulation.

Two: exclusion of unqualified contractors, who have no ability and skills to implement the required works, from participation in tendering.

Three: Referral of contracting to the contractors according to the sum and type of the contract.

Article Three

Referral of construction contracting to contractors is done according to the grades as follows:

1. Grade One: any amount but no less than 1.5 billion IDs.
2. Grade Two: no more than 4 billion IDs.
3. Grade Three: no more than 3 billion IDs.
4. Grade Four: no more than 2 billion IDs.
5. Grade Five: no more than 1 billion IDs.
6. Grade Six: no more than 750 million IDs.
7. Grade Seven: no more than 500 million IDs.
8. Grade Eight: no more than 300 million IDs.
9. Grade Nine: no more than 200 million IDs.
10. Grade Ten: no more than 100 million IDs.

Article Four

Referral of electrical, mechanical and chemical contracting to contractors is done according to the grades as follows:

1. Grade One: any amount.
2. Grade Two: no more than 3 billion IDs.
3. Grade Three: no more than 2 billion IDs.
4. Grade Four: no more than 1.5 billion IDs.
5. Grade Five: no more than 500 million IDs.

Article Five

One: the construction contracting companies are registered with grades (one to five) and electrical, mechanical and chemical contracting companies with grades (three to one).

Two: the applicant for registration and grading must present the necessary documents and certificates proving the legal existence of the contractor. All the documents and certificates must be certified by the relevant parties. The relevant application form for this purpose must be completed.

Three: the foreign contractors are registered according to the provisions of this Regulation provided that they present their application to the Committee along with all the necessary documents and certificates certified by the relevant agencies in accordance with related legal provisions.

Article Six

Requirements and qualifications

One: Grade One: for the companies that meet the following requirements:

1. The contracting company capital is 750 million IDs and its financial capacity is no less than 1.5 billion IDs.
2. The company must have:

- A. A technical unit of no less than three engineers, two of them fulltime, the grade of one of them must be no less than consultant civil or architect and the grades of the other two no less than practitioners and have the endorsement of the Union or the Engineers Syndicate in the Region.
- B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
- C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 8 years.
4. The company must have successfully completed at least 3 contracting works, the cost of each one of them must not be less than 1.5 billion IDs and the cost of completed contracting works in general must not be less than 600 million IDs.
5. Contracting works must be the main activity of the company.
6. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Two: Grade Two: the companies that meet the following requirements:

1. The contracting company capital is 500 million IDs and its financial capacity is no less than 1 billion IDs.
2. The company must have:
 - A. technical unit of no less than three engineers, two of them fulltime, the grade of one of them must be no less than licensed civil engineer or architect and the grades of the other two no less than practitioners and have the endorsement of the Union or the Engineers Syndicate in the Region.
 - B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
 - C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 5 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 900 million IDs and the cost of completed contracting works in general must not be less than 600 million IDs.
5. Contracting works must be the main activity of the company.
6. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Three: Grade Three: the companies that meet the following requirements:

1. The contracting company capital is 300 million IDs and its financial capacity is no less than 800 million IDs.
2. The company must have:
 - A. Technical unit of no less than two fulltime engineers, the grade of one of them must be no less than licensed civil engineer or architect and the grade of the other one no less than practitioners and have the endorsement of the Union or the Engineers Syndicate in the Region.
 - B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
 - C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 4 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 750 million IDs and the cost of completed contracting works in general must not be less than 375 million IDs.
5. Contracting works must be the main activity of the company.
6. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Four: Grade Four: the companies that meet the following requirements:

1. The contracting company capital is 250 million IDs and its financial capacity is no less than 600 million IDs.

2. The company must have:
 - A. Technical unit of no less than two engineers, at least one them fulltime, the grade of one of them must be no less than licensed civil engineer or architect and the grade of the other one no less than practitioners and have the endorsement of the Union or the Engineers Syndicate in the Region.
 - B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
 - C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 4 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 500 million IDs and the cost of completed contracting works in general must not be less than 250 million IDs.
5. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Five: Grade Five: the companies that meet the following requirements:

1. The contracting company capital is 200 million IDs and its financial capacity is no less than 500 million IDs.
2. The company must have:
 - A. Technical unit of no less than two engineers, one them fulltime with grade of no less than practitioner and have the endorsement of the Union or the Engineers Syndicate in the Region.
 - B. Non-fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
 - C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 3 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 400 million IDs and the cost of completed contracting works in general must not be less than 200 million IDs.
5. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Six: Grade Six: the companies that meet the following requirements:

1. The contracting company must have financial capacity of no less than 300 million IDs.
2. The contractor must have a fulltime civil engineer or architect with grade of no less than practitioner and have the endorsement of the Union or the Engineers Syndicate in the Region.
3. Non-fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
4. The contracting activities of the company should be no less than 3 years.
5. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 300 million IDs and the cost of completed contracting works in general must not be less than 150 million IDs.
6. Or the contractor must be an engineer with grade of consultant or licensed civil engineer or architect and have the endorsement of the Engineers Syndicate.

Seven: Grade Seven:

1. The contracting company must have financial capacity of no less than 250 million IDs.
2. The contractor must have a non-fulltime civil engineer or architect with the endorsement of the Union or the Engineers Syndicate in the Region.
3. Non-fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.

4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 250 million IDs and the cost of completed contracting works in general must not be less than 100 million IDs.

Eight: Grade Eight:

1. The contracting company must have financial capacity of no less than 175 million IDs.
2. The contractor must have a non-fulltime civil engineer or architect with the endorsement of the Union or the Engineers Syndicate in the Region.
3. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 175 million IDs and the cost of completed contracting works in general must not be less than 75 million IDs.

Nine: Grade Nine:

1. The contracting company must have financial capacity of no less than 125 million IDs.
2. The contractor must have a non-fulltime civil engineer or architect with the endorsement of the Union or the Engineers Syndicate in the Region.
3. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 125 million IDs and the cost of completed contracting works in general must not be less than 50 million IDs.

Ten: Grade Ten:

The contracting company must have financial capacity of no less than 100 million IDs.

Article Seven

Electrical, mechanical and chemical contractors are graded on the following requirements:

One: Grade One: for the companies that meet the following requirements:

1. The contracting company's capital is 400 million IDs and its financial capacity is no less than 1 billion IDs.
2. The company must have:
 - A. Technical unit of no less than two fulltime engineers, the grade of one of them must be consultant and the grade of the other one no less than practitioner and have the endorsement of the Union or the Engineers Syndicate in the Region in the fields of electricity, mechanics or chemistry or other related fields.
 - B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
 - C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 6 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 750 million IDs and the cost of completed contracting works in general must not be less than 300 million IDs.
5. Contracting works must be the main activity of the company.
6. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Two: Grade Two: for the companies that meet the following requirements:

1. The contracting company capital is 250 million IDs and its financial capacity is no less than 750 million IDs.
2. The company must have:
 - A. Technical unit of no less than two fulltime engineers, the grade of one of them must be licensed and the grade of the other one no less than practitioner and have the endorsement of the Union or the Engineers Syndicate in the Region in the fields of electricity, mechanics or chemistry or other related fields.

- B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
- C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 4 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 500 million IDs and the cost of completed contracting works in general must not be less than 200 million IDs.
5. Contracting works must be the main activity of the company.
6. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Three: Grade Three: for the companies that meet the following requirements:

1. The contracting company capital is 150 million IDs and its financial capacity is no less than 500 million IDs.
2. The company must have:
 - A. Fulltime engineer with the grade of licensed and have the endorsement of the Union or the Engineers Syndicate in the Region in the fields of electricity, mechanics or chemistry or other related fields.
 - B. An Accounting unit headed by a fulltime accountant with endorsement of the Accountants and Auditors Syndicate in the Region, who is responsible of regular financial bookkeeping.
 - C. Legal advisor (not fulltime) registered with the Lawyers Syndicate in the Region.
3. The contracting activities of the company should be no less than 4 years.
4. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 350 million IDs and the cost of completed contracting works in general must not be less than 150 million IDs.
5. Contracting works must be the main activity of the company.
6. The company must present a specific statement of its belongings such as equipments, machineries and materials.

Four: Grade Four:

1. The contracting company must have financial capacity of no less than 250 million IDs.
2. The contractor must have a fulltime engineer with grade of no less than practitioner and have the endorsement of the Union or the Engineers Syndicate in the Region in the fields of electricity, mechanics or chemistry or other related fields.
3. The company must have successfully completed at least 2 contracting works, the cost of each one of them must not be less than 300 million IDs and the cost of completed contracting works in general must not be less than 100 million IDs.
4. Or the contractor must be a specialized engineer in electricity, mechanics or chemistry, with grade of practitioner and have the endorsement of the Union or the Engineers Syndicate in the Region.

Five: Grade Five:

1. The contracting company must have financial capacity of no less than 100 million IDs.
2. The contractor must have a fulltime engineer with the endorsement of the Union or the Engineers Syndicate in the Region in the fields of electricity, mechanics or chemistry or other related fields.
3. The contractor must have successfully completed at least 2 contracting works; the cost of each one of them must not be less than 50 million IDs.

Article Eight

Establishing the Committee and its Responsibilities

One: A decision by the council of ministers establishes the Committee of registration, classification and grading of contractors in the Region. The Committee is headed by a high official appointed by the Minister of Planning and its members are.

1. Representative of the Ministry of Planning with grade no lower than D.G.
2. Directorate General of Company Registration in the Ministry of Trade.
3. Representative of the Ministry of Finance with grade no lower than D.G.
4. Representative of the Ministry of Construction and Housing with grade no lower than D.G.
5. Representative of the Ministry of Municipalities with grade no lower than D.G.
6. Representative of the Contractors Union.

Two: Director of Classification in the MoP is the Rapporteur of the Committee.

Three: the Committee's quorum is the presence of the majority voters and decisions are made by majority voting. In case of tie, the side will prevail with which the head of the committee votes.

Four: the committee holds regular meetings; at least two meetings in a month.

Five: the committee undertakes the following tasks:

1. Registration, classification and grading on contractors according to their skills and qualifications in accordance with the provisions of this Regulation. The committee must reply, positively or negatively, to any application within 30 days from the date of its submission, outlining reasons in case of refusal and initiating the registration, classification and grading in case of acceptance within 60 days from the date of submission.
2. Outlining specific directives related to the requested documents with the contractors applications. These directives are considered valid only after the Minister of Planning's endorsement.
3. Reviewing the application of re-registration of contractors and re-issuing registration, classification and grading IDs for the previous grade if they meet the following requirements:
 - A. The ID invalidation is not resulted from the contractors violation of professional codes of conduct outlined in the relevant laws or is convicted for those reasons.
 - B. No bankruptcy ruling is issued against the contractor.
 - C. The contractor has not committed a crime contrary to public morality.
 - D. The contractor must not have been blacklisted or his/her registration is permanently withdrawn.

Six: contractors registered, classified and graded again must change their circumstances to adapt to the provision of this Regulation.

Article Nine

The Committee must accept contractors' implemented works for non-Iraqi parties outside the country provided they are certified by the relevant agencies abroad.

Article Ten

In case of change in the contractor's address as specified in the registration form issued according to this Regulation, the contractor must notify the contractors' registration department in the Ministry of Planning with 30 days of the change.

Article: Eleven

One: the contractor, who has been refused registration for the first time because of non-fulfillment of some of the requirements, can apply again after meeting those requirements.

Two: in case of losing fulfillment of one of the requirements of the grade for which the contractor is registered, the contractor must fulfill the requirement within two months from the date of notification; otherwise the contractor's grade will be reviewed.

Three: grade of company or contractor can only be amended two years after the registration for that grade.

Four: only the implemented works after the last obtained grade are applicable for amending the grade.

Five: no contractor (natural person) can be registered for the first time with a grade higher than seven for construction and four for electrical, mechanical and chemical contractors. No contracting company can be registered for the first time with a grade higher than grade five for construction and three for electrical, mechanical and chemical contractors while taking the provisions of this Regulation into consideration.

Six: licensed or consultant civil engineer or architect can be registered for the first time with grade six for construction contracting.

Seven: mechanical, electrical or chemical engineer or any similar specialization whether consultant or licensed can be registered for the first time with grade four for electrical, mechanical and chemical contracting.

Article Twelve

The Committee investigates skills of the contractors to prove their ability to complete works within the specified deadline and according to the terms and conditions. For this purpose the Committee collects information and data from various parties and substantiates them.

Article Thirteen Appellate Committee

One: upon a prime ministerial order an appellate committee is made up of 3 members, one of whom is a representative of the Contractors Union in the Region to review contractors' complaints against the Committee's decision.

Two: contractor or contracting company may launch complaint against the Committee's decision to the Appellate Committee, established by Section One of this Article, within 30 days from notification of the decision. The Appellate Committee must deal with the complaint within 30 days from its submission.

Three: the Appellate Committee's decisions are reached by majority voting and considered final after its approval by the Minister of Planning.

Article Fourteen

The ID issued by the Committee is valid for 3 years from the date of its issuance for contracting companies and 2 years from the date of its issuance for contractor (natural person).

Article Fifteen

The contractor pays legal fees according to the following table:

Grade \ Fee	1	2	3	4	5	6	7	8	9	10
Renewal Fee / IDs	10.000	120.000	110.000	9.000	70.000	0.000	30.000	20.000	20.000	20.000
ID Renewal Fee / IDs	20.000	220.000	2.000	170.000	10.000	120.000	120.000	120.000	120.000	120.000

Article Sixteen

Governmental and beneficiary parties' obligations

The beneficiary parties must take the following into consideration:

One: abiding by the provisions of this Regulation and not allowing contractors to participate in tendering and implementation of main and secondary contracting works unless they have obtained IDs issued by the Committee.

Two: insuring the ability and skills of the contractor are suitable for the size and nature of the works during referral of the project to the contractor according to this Regulation.

Three: in the case of partnership between contractors of various grades, the relevant cost to each one of them is adopted for the identification of the required grade from each partner.

Four: more than one contractor may participate in tendering that requires a specific grade provided that the grade of each one of them is not lower by more than one grade from the required grade and not allowing any of them to abandon or withdraw the tender once referred to them.

Five: the first time the contractor must provide a support letter from the Contractors Union confirming the contractor's ability to undertake the contracting works.

Article Seventeen

The relevant minister, or any authorized person, may refer contracts to unregistered contractors provided the cost does not exceed 50 million IDs.

Article Eighteen

No referral to subcontractor by the winning contractor is allowed unless the subcontractor possesses ID issued by the Committee.

Article Nineteen

The Committee must be provided with all the changes taking place on the existence or circumstances of the contractor, including lost of membership of the contractor or punishment of the contractor. In addition providing new information related to the evidence and information provided previously.

Article Twenty

Contractor may be registered for more than one specialization upon fulfilling the requirements of this Regulation.

Article Twenty One

One: the provisions of this Regulation do not include contractors of distribution and manufacturing and contracts of paid labor and contracts of consultancy services.

Two: in case of participation of more than one contractor in implementing one contract that specify the grade of each participant according to the level of their participation, that is for the purpose of taking into account the expertise in contracting, if there is no evidence of proving the level of participation, the cost of contract will be divided equally on the number of the participants of implementation during registration.

Article Twenty Two

Registration department in the Ministry of Planning audits the followings:

1. Documents related to proving the contractors character and the contracting company's founders or its partners according to the enforced laws and regulations in this area.
2. Legal pledges related to non-employment of the founders of the company and its partners or contractors in the government agencies, according to the enforced laws and regulations in this area.
3. Pledges regarding company founders not working as employees of other contracting companies.
4. Completing all documents, support letters and other official memos necessary for registration, classification and grading in accordance with the provision of this Regulation. All documents must be original or certified by the relevant legally authorized party.

Article Twenty Three

One: if the founder or one of the founders of the contracting company is an engineer, accountant or lawyer, this will be taken into account within the required personnel by the requirements of the grade.

Two: if the contracting company is one-person owned project, the previous skills of the founder will be taken into consideration for the purposes of assessment and grading.

Three: if the contracting company has multi-founder, the skills of one or more of its founders in their areas will be taken into consideration for the purposes of assessment and grading.

Four: if the company is one-person owned company and is a licensed or higher grade civil engineer or architect and has expertise in project implementation and endorsement of the Union or the Engineers Syndicate in the Region, this is considered to be fulfillment of the requirements of the requested works in construction and electrical and mechanical or any other specialization directly related to them (this also applies to contracting companies).

Five: the provisions of Section Four above applies to companies if one of its founders is engineer with grade of no less than licensed and has share in the company's establishment capital of no less than 30%.

Article Twenty Four

One: the prime minister or deputy prime minister are the only officials who may make exception for companies regarding fulfilling the requirements outlined in this Regulation and granting the company grade two or one during upgrading the previous grade for both specializations. This is done upon the Committee's recommendation after the adaption of the company to the requirements of the grade and after assessing such company and its documentations proving ownership of the equipments and machineries certified by the relevant parties to obtain such grade and proving its ability to implement related projects to the applicable grade.

Two: the Committee may grant contracting companies grade one for the first time if there is partnership or contribution of public sector companies of no less than 25% of the company's capital after fulfilling the requirements of this grade.

Three: the Minister of Planning, upon the Committee's recommendation, may re-register former contractors who have given up working with their previous grade after assessing the proving documents for this grade.

Article Twenty Five

Blacklisting Contractors

One: the Minister of Planning, upon the request of the relevant minister with outline of the reasons and upon the Committee's recommendation, may blacklist contractor for a period of no more than two years. This implies downgrading the company by one grade for two years from the date of its removal from the blacklist. If a company is blacklisted twice its ID will be withdrawn and rendered unqualified for ever to undertake contracting works.

Two: the blacklisted contractor has the right to make a complaint to the Minister of Planning through the implementing ministry or the beneficiary within 15 days from notification. The Minister of Planning studies the complaint in light of the presented reasons by complainant and the relevant parties. The complaint does not stop the actions taken against the contractor.

Three: the blacklisted contractor may make a request to the committee through the relevant party, who originally requested its blacklisting, to consider its removal from the blacklist. The recommendations of the Committee in this regard are subject to the approval of the Minister of Planning.

Article Twenty Six

The registered and graded companies, when upgraded, must adapt to the requirements of the new grade in accordance with the provisions of this Regulation.

Article Twenty Seven

Invalidation of the regulations and directives related to contractors' registration, classification and grading issued prior to this Regulation. No contrary rules to this Regulation are invalid.

Article Twenty Eight

This Regulation is enforced as of the date of its issuance.

Prime Minister