

inBrief



Amendments to Classification Requirements for Engineers and Contractors in Abu Dhabi

By Greg Mayew and Silvia Pretorius | 15 May 2019

Background

Companies licensed to conduct engineering or contracting activities in Abu Dhabi must be classified by the Contractors and Consultants Classification and Engineers Registration Office at the Abu Dhabi Department of Town Planning and Municipalities.

The applicable regulations setting out the classification requirements are not new and date back to 2009, although implementation was delayed until 2014. Subsequent to the 2009 regulations, new regulations were introduced in 2018.

Abu Dhabi Administrative Resolution 162 of 2018 on the Classification System for the Engineering Consultancy Offices in the Emirate of Abu Dhabi, and its subsequent implementing instructions, set out the classification requirements for engineering consultancies (the **2018 Regulations**).

Administrative Resolution 160 of 2018 on the Classification of Contractors in the Emirate of Abu Dhabi, and its subsequent implementing instructions, set out the classification requirements for contractors.

Administrative Resolution 158 of 2018 on the Regulations for Registering Engineers in the Emirate of Abu Dhabi, and its subsequent implementing instructions, set out the classification requirements for engineers.

While there are similar criteria which need to be satisfied by both contractors and engineering consultancies, this InBrief highlights the key items which engineering consultancies will need to be aware of when looking to meet the rigorous classification requirements, as well as what new amendments have been introduced by the 2018 Regulations that will impact engineering consultancies.

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Who is subject to the classification requirements?

Classification is a condition precedent to renewal of the professional license for any existing engineering company. A company established in the future will have one year from the date of initial licensing to satisfy the classification requirements.

The 2018 Regulations now also provide that no new applications may be filed for a new building or an infrastructure license, and no engineering consultancy firm may participate in any tender in the Emirate of Abu Dhabi, unless the applicant engineering firm is in possession of a valid certificate of classification. Furthermore, an engineering firm may not practice the profession of engineering consultancy, even as a sub-consultant, in any field other than the engineering consultancy specializations in which it is classified and licensed.

How can the classification requirements be met?

Classification is not a routine or automatic approval. Nor is it simply additional bureaucracy and paperwork. Classification entails a substantive review by a panel of experts of a company's capabilities and qualifications and a company that does not meet the specified criteria will not be classified.

Engineering consultancies in the Emirate have to take one of the following three forms: a local engineering office, a branch of a foreign engineering office or an advisory (opinion) engineer office. The 2018 Regulations have introduced a fourth alternative, being an associated engineering firm. An associated engineering firm is an engineering firm that is comprised of a joint venture agreement between a local engineering firm classified in the Special Category, and a foreign engineering firm or firms with no UAE presence. Upon incorporation, an associated engineering firm is granted a temporary certificate of classification for a duration of six months, during which it is permitted to conduct the engineering consultancy activities stated in the temporary certificate. The temporary certificate may be extended for an additional duration of six months.

The classification categories remain as Special Category, First Category and Second Category, but branches of foreign engineering offices, opinion engineer offices and associated engineering firms may apply for classification only in the Special Category. The Special Category is the highest category for engineering firms, and firms in this category may perform contracts with a value of over AED 60 million (down from AED 70 million prior to the 2018 Regulations).

Generally, the classification requirements -- as regards technical staff, financial criteria and financial situation, prior expertise and quality, and professional insurance requirements -- remain the same. However, as will be noted from our discussion below, the more onerous requirements have been eased somewhat. The 2018 Regulations have also introduced an additional criterion based upon the project's area (quota) and number of floors in a building.

The classification requirements will vary from case to case. For example, a local engineering consultancy seeking classification in the Special Category must meet, among others, the following criteria:

- The value of the capital and assets owned by the company should not be less than AED 2 million (previously this was AED 4 million).
- The company is required to employ four (previously five) specialised and registered engineers having a minimum experience of ten years each. This applies to each Special Category of engineering type the company requires to undertake; *e.g.*, for civil engineering, it must employ four civil engineers meeting the foregoing minimum experience, and for mechanical engineering, it must employ four mechanical engineers meeting the foregoing minimum experience.
- The cumulative value of previously executed projects must not be less than AED 240 million, provided that the value of each project submitted is not less than AED 30 million (previously this was AED 480 million).

million and AED 60 million respectively).

- The company must hold an ISO 9001 certificate and professional indemnity insurance.
- A local engineering consultancy seeking classification in the Special Category may undertake works with unlimited number of floor levels and an area quota of 60,000 square metres.

Conclusion

All companies conducting activities involving engineering or contracting should immediately investigate whether the licensed activities currently on the company's trade license require classification.

If a company is not already classified, it should begin investigating the specific requirements it will have to meet well in advance of its next licensed renewal date.

Companies that are already classified should ensure that they have rectified their situations according to the provisions of the implementing instructions within one year from the effective date of the 2018 Regulations, *i.e.*, by 3 March 2019. It is hoped that the easing of some of the onerous classification requirements will encourage both contractors and engineering consultancies to do so. ■

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