

# inBrief



## Mandatory Classification Requirements for Engineers and Contractors in Abu Dhabi

By Gregory J Mayew and Silvia A Pretorius | April 2014

### 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 Municipal Affairs.

The applicable regulations setting out the classification requirements are not new and date back to 2009 but implementation has been delayed until 2014. Regulation No. 1 of 2009 on Classification of Engineering Consultancy Offices in the Emirate of Abu Dhabi, and its subsequent implementing instructions set out the classification requirements for engineering consultancies. Regulation No. 2 of 2009 on Contractor Classification in the Emirate of Abu Dhabi, and its subsequent implementing instructions set out the classification requirements for contracting companies.

### Who is subject to those classification requirements and how can they be met?

The classification requirement will be imposed on existing engineering companies the next time the company's Abu Dhabi professional license comes up for renewal. Classification is now a condition precedent to renewal of the license. Companies established in the future will have one year from the date of initial licensing to meet the classification requirement.

While contracting companies have been able to have commercial licenses issued and/or renewed since November 2013, there is a catch: until contracting companies are classified, their commercial licenses will include the contracting activities for which they wish to be licensed for, but will include a caveat that the contracting companies may not carry out such activities until they have been classified. Once classified, the Office will instruct the licensing authority to remove the caveat.

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Classification is not a routine or automatic approval. Nor is it simply additional bureaucracy and paperwork. It 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.

The requirements are onerous and will vary from case to case. For example, a local engineering consultancy seeking classification in the Special Category (which is the highest category for engineers and permits a company to perform contracts with a value of over 70 million dirhams) must meet, among others, the following criteria:

- The value of the capital and assets owned by the company should not be less than AED 4 million.
- The company is required to employ five specialized and registered engineers with at least one engineer having a minimum experience of 15 years, two engineers having a minimum experience of 12 years and the other two engineers having a minimum experience of 10 years each. This applies to each Special Category of engineering type the company requires to undertake, i.e., for civil engineering, it will be required to employ five civil engineers meeting the foregoing minimum experience; for mechanical engineering, it will be required to employ five mechanical engineers meeting the foregoing minimum experience; and so forth.
- The cumulative value of the previously executed projects must not be less than AED 480 million, provided that the value of each project submitted is not less than AED 60 million.
- The company must hold an ISO 9001 certificate.

### 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. The same applies to persons planning to set up new companies doing business in these sectors.

Unless the concerned authorities have a change of heart and grant further extensions to implementing the requirements (which is not currently expected), classification cannot be avoided except where a company is willing to remove all activities requiring classification from its license, which in turn will limit the scope of the company's permitted business activities.

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. ■

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