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RAA pushes for stricter oversight in construction sector

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The Royal Audit Authority (RAA) has raised concerns over the increasing number of substandard, incomplete, and delayed infrastructure projects in Bhutan's construction sector.

These issues, according to the RAA, are significantly affecting the country's development plans. One of the key reasons for these shortcomings is the lack of a systematic approach to determining construction duration.

Construction timelines, which define the period from project initiation to completion, are often poorly planned and arbitrarily assigned.

The RAA's report highlights that delay in public sector projects have become a persistent issue, largely due to poor planning, inefficient management of resources, and the absence of scientific estimation methods.

A major finding in the audit points to the lack of a structured project management framework. Without it, construction projects frequently suffer from cost overruns, extended timelines, and compromised quality.

The use of standard designs for infrastructure projects, such as Basic Health Units (BHUs) and schools, has further complicated project execution, as these designs often fail to consider location-specific factors like terrain, soil stability, and weather conditions.

Public sector construction projects managed through contracts often experience delays and quality issues. Projects executed directly by government agencies tend to lack clear cost and time constraints.

Traditional infrastructure projects, including dzongs and lhakhangs, frequently operate without predefined construction timelines, making it difficult to ensure their timely completion.

The problem is further exacerbated by inadequate planning and a failure to conduct thorough assessments of project requirements and benefits.

The private sector lacks the necessary expertise, experience, and resources to deliver high-quality work within stipulated deadlines. The increasing number of contractors competing for limited projects has led to aggressive underbidding, where companies submit unrealistically low-cost estimates. This results in project delays and poor infrastructure quality.

Political and administrative challenges

The RAA report highlights that public sector contract extensions are often granted without proper justification. Political pressures play a significant role, with agencies facing demands to fulfill commitments made by political parties, even when such projects may not be feasible within the designated timeframe.

This lack of proper planning leads to defective construction work and increased maintenance costs in the long run.

Another critical issue identified by the RAA is the shortage of skilled engineers. This has led to miscalculations in project estimates, technical specifications, and Bill of Quantities, complicating execution.

From the contractors' side, delays are often due to the failure to deploy adequate personnel and machinery, despite prior commitments made during the bidding process.

Many contractors, in their effort to secure projects, submit low-cost bids without considering the actual scope of work, site conditions, or resource availability, leading to substandard construction and prolonged delays.

A significant concern raised in the report is the misuse of the government's 10 percent interest-free mobilization advance, which is provided to contractors to help them begin work. The lack of a system to track and ensure the proper use of these funds has resulted in weak accountability and misallocation of resources.

To improve oversight and efficiency in infrastructure development, the RAA has put forward several recommendations.

One of the key suggestions is the establishment of an Independent Review Committee (IRC) comprising members from the Ministry of Infrastructure and Transport, the Bhutan Standards Bureau, the Ministry of Finance, and project management experts.

This committee would ensure greater transparency and accountability in project execution.

The report also calls for the implementation of a robust monitoring system using technologies like GPS and CCTV to track the deployment of personnel and equipment in real time.

Additionally, it recommends incorporating construction timelines in bid contracts, introducing early completion incentives, and encouraging contractors to meet deadlines without compromising quality.