

**COST OVERRUNS ON PUBLIC BUILDING CONSTRUCTION PROJECTS IN
UGANDA**

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ABSTRACT

Many projects experience cost overrun and thereby exceed initial contract amount. In Uganda, the number of public building construction projects is increasing from time to time. However, it becomes difficult to complete projects in the allocated cost and time. Taking into account the scarce financial resources of the country, cost overrun is one of the major problems in Uganda. Therefore, this research was carried out to dig-out information on the factors that cause cost overrun during construction and their effects on public building construction projects in Uganda.

Questionnaire survey together with interview were used to collect data on cost overrun. A total of 92 questionnaires from contractors were collected and an interview study of 70 completed public building construction projects in Uganda were investigated and analyzed using both descriptive and inferential statistics. From the results it was found that 67 out of 70 public building construction projects suffered cost overrun. The rate of cost overrun ranges from a minimum of 0% to the maximum of 126% of the contract amount for individual projects. In this research it was found that the rate of cost overrun decreases with the increase in contract amount.

Respondents identified 20 causes of cost overrun for Ugandan case. The most important causes of cost overrun were found to be design changes, risk and certainty associated with projects, inaccurate evaluation of project time, non performance of sub contractors and nominated suppliers, complexity of works.

The study showed that there are various cost control techniques applied on the public buildings construction sites. However despite the wide application of cost control techniques, cost overruns are still quite common in construction projects in Uganda.

And the most common effects of cost overrun identified by this research were delay, supplementary agreement, adversarial relations among stakeholders, and budget shortfall of project owners.

Recommendations as a matter of concern to the stakeholders of public building were also listed. It is hoped that these findings will guide efforts to improve the performance of the construction industry in the future.