

## SUMMARY

1. Following audits of five Public Works Developments, through direct State management, the Tribunal de Contas (hereinafter TC) has found a **widespread phenomenon** of serious **cost slippage** (between 25% and 295% above the ceiling rates established by the contracts), and, cumulatively, significant **deadline deviations** (between 1.4 and 4.6 years more than expected for the conclusion of the works).

2. The TC has found that the **causes** for those deviations, as a rule, were systematically **the same**, and the **main** ones include:

### ☒ In terms of **cost slippage**:

The lack of previous studies and the revision of projects; works being carried out at the same time as projects; modifications to the works and extra works, due to project errors and omissions or due to unforeseen events, and due to “by the way” reasons; deadline extensions.

### ☒ In terms of **deadline deviations**:

Delays in expropriating lands and in obtaining the Environmental Impact Statement, and delays in elaborating and/or approving execution projects and in delivering project documents and, also, in terms of consignments; work interruptions, constructive process modifications; change of project or contractor; and “by the way” reasons, extra-works and unforeseen events.

3. Considering the audit outcomes and after an **expert** hearing of the *Bastonário da Ordem dos Engenheiros* (President of the Portuguese Engineers Association) and of the Chairman of *LNEC – Laboratório Nacional de Engenharia Civil* (National Laboratory for Civil Engineering), the TC has made **multiple recommendations**, of which the following are worth of note:

### ☒ To the **Government**:

Establishment of an **Observatory on Public Works Developments**; dissemination of **good practices** referring to the stages of planning, execution, control and assessment of Public Works; dissemination of **cost-benefit** evaluation models **and ex post evaluation** of Public Works Developments; processing of **case studies** with a view to future improvements; publication of **legislation** regarding the so-called **development manager** and the **project insurance**; creation of a database for the statistical cost processing of each work allowing for comparisons between similar developments; timely availability of funds in order to prevent the bodies in charge of Public Works Developments from making use, as much as possible, of banking loans; implementation of the project **life-cycle cost** evaluation in a perspective of the overall costing **divided by the respective years**; limitation of the creation of legal exception schemes.

### ☒ To the **bodies in charge of Public Works Developments**:

Systematically appointing a development manager; proper presentation of thorough and credible forecasts of global cost and development conclusion deadlines; mandatory cost-

benefit and *a posteriori evaluation* of the developments; improvement of project quality; establishment of objective evaluation criteria for the proposals; maximization of accuracy and rigor of the contract clauses; timely availability of funds needed for the execution of the work, in a transparent and effective manner; improvement of the information system for management, namely through the cost accounting method; systematic promotion of market consultation.