



13 March 2017

MA Letter 06_17

TO ALL FIDIC MEMBER ASSOCIATIONS
ALTERNATIVE MECHANISM TO AWARD WORKS CONTRACT

Dear MA Presidents, Directors and Secretaries,

A survey exercise from various MA's was undertaken to understand the practice of the Award of works in construction contracts in their respective countries. A response was received from 20 MA's. An analysis of responses received clearly established that in construction contracts, 41% of these countries are following QCBS; in 21% of countries, the method of selection is average price. Only in 37% countries, is least cost the preferred method. It is further corroborated that 74% of countries indicated that low price often caused cost overruns and sometimes schedule slippage as well. Almost all countries (95%) agree that the practice to award construction contracts based on low price negatively affects the quality of construction and 79% of countries believe this practice often leads to delays.

Based on this output from surveys of MA's, the Task Force has developed an Alternative Mechanism for the Award of construction Contracts. A copy of the Alternative Mechanism is attached.

FIDIC which has worked over the years in framing the Conditions of Contract for the award of Construction Contracts which are being universally adopted, tasked itself to review the Alternative Mechanism to Award Works Contracts. Due care has been taken to identify the best practices for the Selection of Contractors that can be applied across the Globe. There are several approaches/methodologies for the selection of Contractors which have been identified other than the least cost mechanism. Any one of them can be used depending on the complexity of the proposed project and the procurement & technical sophistication/capacity of the procuring entity, in different geographical locations.

We encourage you to look over the attachment, offer any comments you have and, most importantly, encourage the use of these procedures in the award of construction contracts. It has been noted that good quality contractors also insist on good quality consulting engineers. Please may we have your responses by the **end of April**.

Best regards,

Enrico Vink
Managing Director
FIDIC