A view of the ALT issue from the contracting industry

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Outline of my presentation

- Presentation of CICA – « Well-Prepared Project »
- Definition of ALTs
- Identification of ALTs
- Possible reasons for submitting an ALT
- How to deal with ALTs
CICA – « Well-Prepared Project »

- Confederation of International Contractors’ Associations
- WPP
  - Started with joint discussions with HoPs on quality issues
  - Tentative WG at worldwide level involving:
    - CICA
    - FIDIC
    - PIARC (World Road Association)
  - Rationale: the interest of the project
  - Based on risk assessment
CICA WPP – Preliminary studies

Suddenly, a heated exchange took place between the king and the moat contractor.
Definition of ALTs
Definition of ALTs

• Reference to the client’s estimate
  ◦ How detailed are design studies?
  ◦ What degree of accuracy?

• Insufficient design studies increase the risk of:
  ◦ Contractors gambling
  ◦ Claims
  ◦ Increased final project cost
Identification of ALTs

- My recommendation
  - Request detailed price breakdown
    - Manpower
    - Equipment
    - Supplies
    - Overheads
- Not a silver bullet, but a tool for transparency
  - A tool to detect ALTs
  - A tool to deal with claims
Possible reasons for ALTs

- Error
- « Survival strategy »
- Compensation expected through future claims
- « Foot in the door »: entering a new market
  - No longer a policy for listed companies
How to deal with ALTs

- Identification (price breakdown)
- Request for clarification
- Risk assessment
- Performance security
  - Bank guarantee
  - North America-type performance bond (« Surety »)
Thank you for your attention!