



 Representing  
FIDIC in Europe

# EBRD CONFERENCE ON ABNORMALLY LOW TENDER PRICES UNDER WORKS CONTRACTS

London 15 October 2013  
Alfonso Fidalgo, EFCA representative  
Regional Director  
Central America and Caribbean @ Tyspa



## ABNORMALLY LOW TENDERS FOR WORKS CONTRACTS

Reasons for their occurrence

Expected consequences

Ideas on how to prevent them

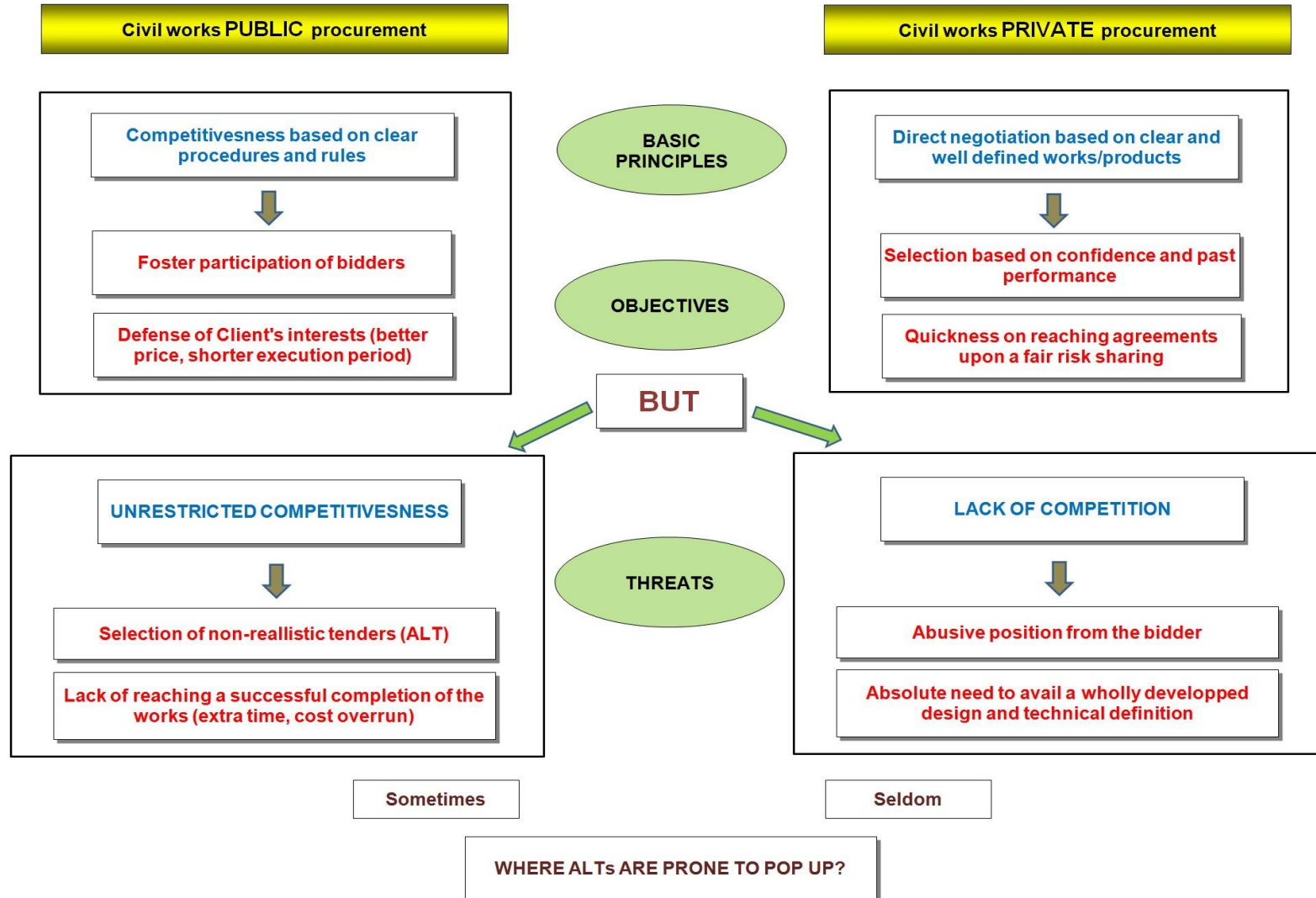
Comments resulting from personal experience

General comments not covering particular situations

Ideas valid for predominantly civil and architectural works (not industrial)



# Principles





# Reasons behind ALTs

We live in an open market environment that is based on:



Companies needing to make profit

Contracting entities willing companies to make profit

**WHY THEN ALTs?**

Willingness to enter into a specific market

Willingness to keep competitors apart

Wrong assessment of costs and risks

Need to prevent resources becoming idle

Hidden strategy to modify the design

**THE REALITY IS:**

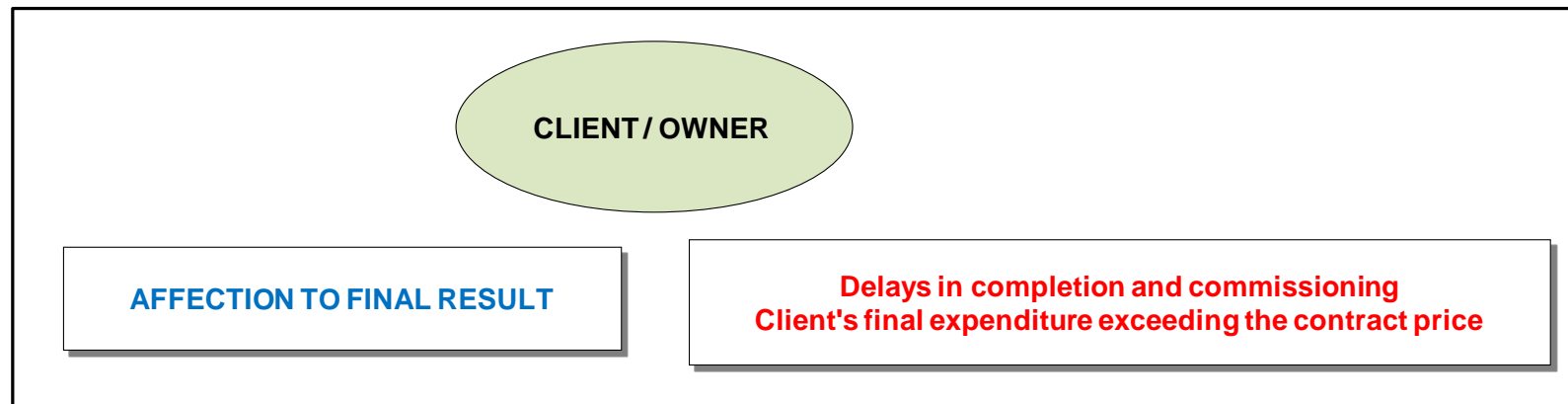
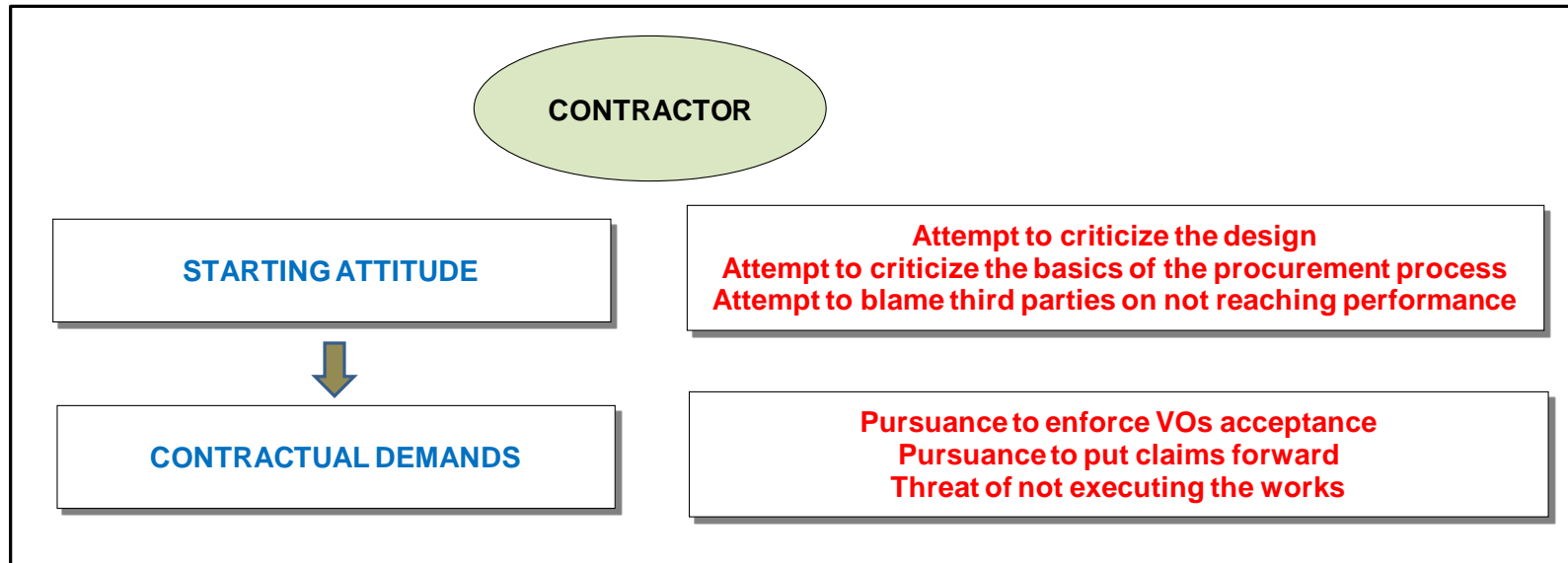
Client will never become fully aware of the reasons behind

Most ALT situations will bring about harmful consequences to the contract

Advisability to prevent ALTs from coming up



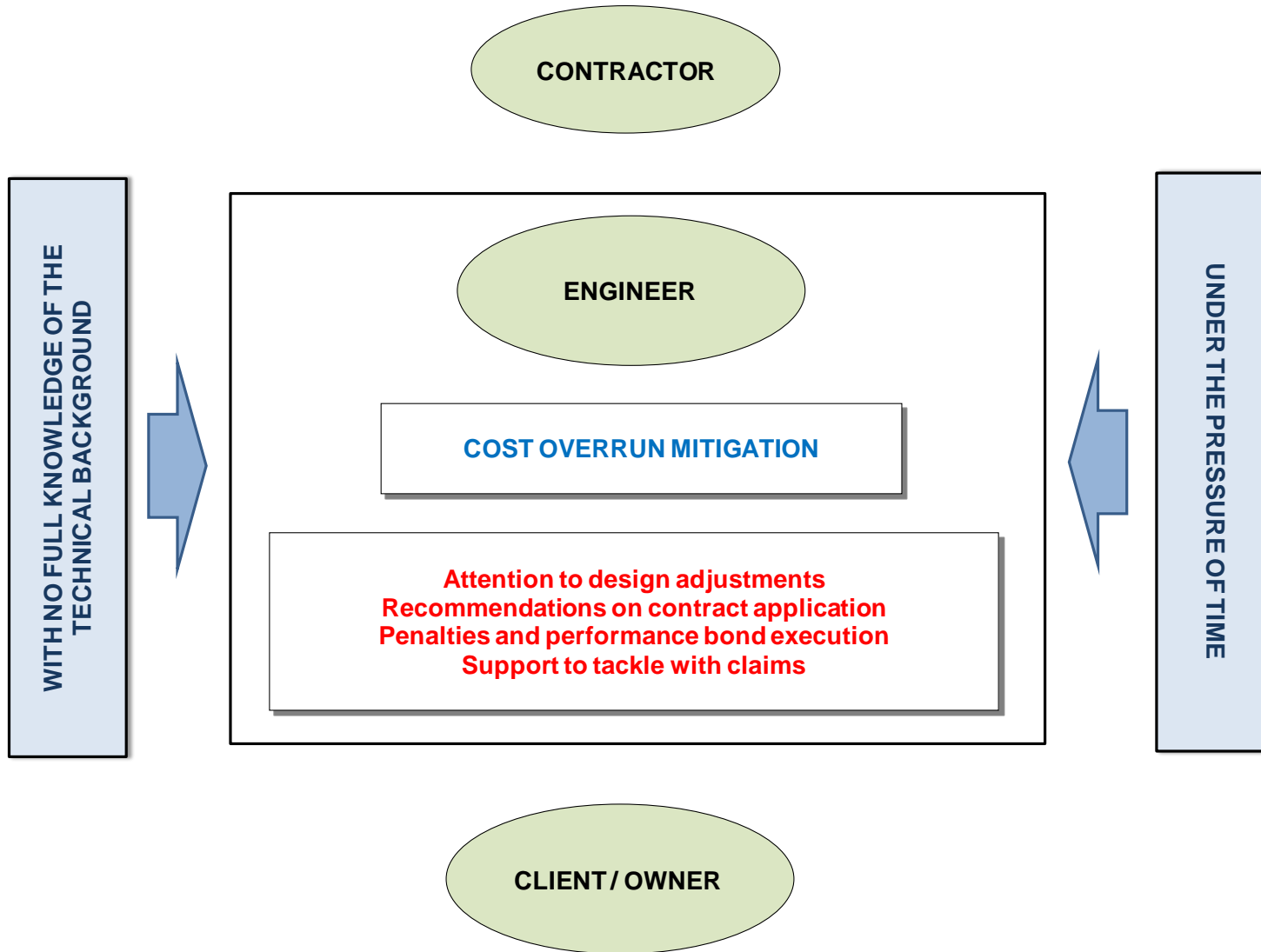
# Expected development of works contracts resulting from ALTs





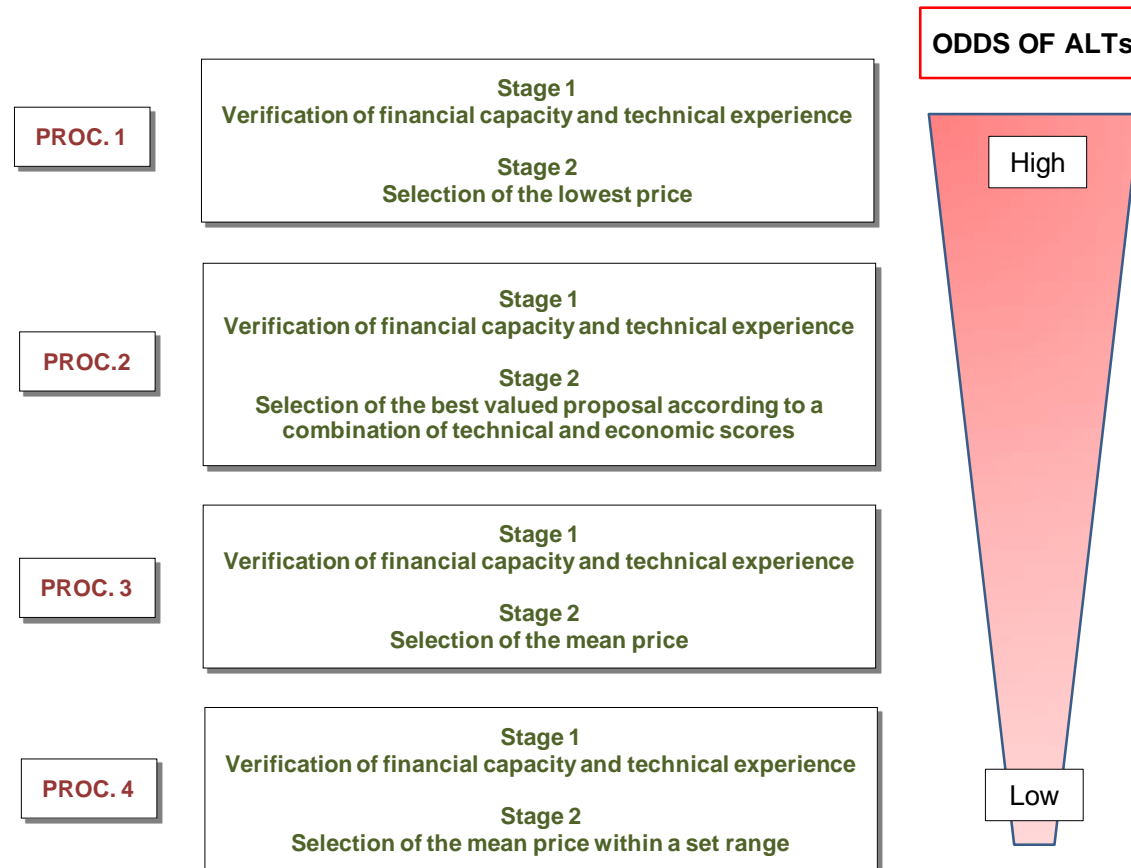


# Expected development of works contracts resulting from ALTs





# Most common works contracts evaluation procedures





# Ideas on how to prevent ALTs from occurring

