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APTFNESS OF THE CIDA FORMULA METHOD TO MITIGATE CONSTRUCTION COST UNCERTAINTIES: SRI LANKAN CASE STUDY DURING ECONOMIC RECESSION

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Abstract: Since over the lengthiness of traditional methods, many Sri Lankan contractors use the CIDA price fluctuation formula for contract price adjustments. In this research case study method is used to identify the appropriateness of the CIDA Formula Method to Mitigate Construction Cost Uncertainties, as the case study focuses into how National Institute of Social Development (NISD) addressed cost concerns during the development of a project by using the CIDA formula approach.

With the reference of findings of research, it was identified as there is a discrepancy between actual prices escalated amount and calculated price fluctuation amount by application of CIDA formula method. After validating the secondary data from literature reviews with questionnaire and semi structured interviews at the purposive sample, it was identified that CIDA formula method to mitigate cost uncertainties is effective perhaps few adjustment in calculating input percentages and indices needed.

In the increasing of effectiveness, it was suggested to publish indices regional wise. It was also suggested to consider actual norms conducted in practically at the site when calculating input percentages . Based on the actual scenarios it is better to derive standard norms for construction industry and publish in the relevant web site. Finally it was suggested as the application of the CIDA formula method to mitigate cost uncertainties in construction industry is effective after doing adjustment to calculation of input percentages and indices . As strategies for effectiveness of application of CIDA formula method to mitigate cost uncertainties, two novel strategies identified over the case study as: based on the actual scenarios it is better to derive standard norms for construction industry and consideration of a median of actual norms conducted in practically at the site other than the literature findings.

Keywords: Price Fluctuation, Variations, Cost Uncertainties, Indices.