

## APPROACH FOR DETERMINATION OF COST CONTINGENCY RESERVE IN CONSTRUCTION PROJECTS

*Ibrahim A. I. Eldosouky, Ahmed H. Ibrahim, Hossam E. Mohammed*

### Abstract

Many contractors are of the opinion that adding contingency funds to the tender price of a project may lead the tender. They cover downside risks materialized during project execution by claiming for any reason. This is a trial to put an end to this incorrect opinion. A broad definition of risk including both negative threats and positive opportunities started to appear by end of the 20th century. A more mature attitude to risk would require contingency exists to be spent in order to avoid or minimize threats and to exploit or maximize opportunities. research proposes an approach for determination of Cost Contingency Reserve (CCR) for a project. Application of the approach on a project is carried out. Post mitigation simulations show the value of CCR is 2.88% of project cost but there is saving due to opportunities.