Identify Criteria Success for BOT Projects in IRAN

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ABSTRACT

Iran's continued economic growth, like other developing countries, needs to develop the country's infrastructure. Governments such as Iran, to solve problems such as lack of budget and lack of technology, the private sector has and for participation in the national project, which was previously monopolized by the state, is invited. One of the most common and most successful ways to engage the private sector in public projects, BOT (Build, Operate, and Transfer) is possible. Run a BOT project method or other conventional methods, any change in the underlying risk project does not exist. The only major difference BOT method or other methods, often transferring project risks to the private sector by the government. The successful implementation of BOT is not easy. The whole process of project development is complex, time consuming and costly business. Financial risk is high, competition is tough, protracted negotiations and all fees must be created each time. The BOT approach is the facts that the government and the private sector should pay special attention to them. The purpose of this paper is to introduce these points is called a BOT project success factors.

Key words: Success Criteria, Systems Implementation Project, Installation Infrastructural, BOT

Introduction

Iran's continued economic growth, like other developing countries, needs to develop the country's infrastructure. Government of Iran to resolve problems such as lack of budget and lack of technology, the private sector has and for participation in the national project, previously monopolized by the state, has been invited.

One of the most common and most successful ways to engage the private sector in public projects, BOT (Build, Operate, and Transfer) is possible. Run a BOT project method or other conventional methods, any change in the underlying risk project does not exist. The only major difference BOT method with other methods, often transferring project risks to the private sector by the government. The whole process of project development is complex, time consuming and costly business. Financial risk is high, competition is tough, protracted negotiations and all fees must be created each time. The BOT approach is the facts that the government and the private sector should pay special attention to them. The purpose of this paper is to introduce these points is called a success factor of BOT projects [2].

The Success of the project:

Project success means that all parties involved in the project are expected to achieve their interests. Otherwise not benefit me one side of the balance and thus jeopardize the entire project. These factors range from the sponsoring state, final consumers, lenders and ... Is contained [2].

Define success criteria:

Tiong & McCarthy gave the following success criteria for BOT projects have the "critical success factors, which are characteristic of the tender if properly managed, project sponsors succeed in winning BOT contracts are guaranteed [8]. Cleland is used in a range greater success factors “The concept of CFS could be the following: 1- Project, 2- Consortium project sponsor, 3- Environmental economic, social and political life of the host country applies” [9].

Criteria for success:

"Bidding Process" projects, BOT, the process is complex and expensive and holding a large role in the outcome of a successful bid and costs of the project will end. The final negotiations are done exclusively with the win. At this stage, "the state" as a defender of the interests of the public sector is very
important. In the final negotiations and reach an agreement, project agreement is made. Meet the requirements of "legal framework" contract and approval process that is guaranteed to make a good deal. During all these steps, project risk management as "the most appropriate risk sharing" between the elements of the project include the most important condition for the success of a BOT project [2]. Success factors of BOT projects are presented in Figure 1.

Fig. 1: Success factors of BOT projects.

1 - Participation in suitable projects:

The formation of a project, the first choice is to invest in a particular project; sponsors should be the criterion in the "Select Project" which makes its future success is to study [1].

1-1- Select the suitable project:

First thing in the way of the success of BOT is despite the absence of the project selections. Due to budget constraints, the government should take action to identify high-priority projects. The proposed project is being supported by the government and the public sector means that the list of projects. The project has been under monopoly conditions to the competition. Supplying water or electricity is a natural monopoly while transport projects under the mode are not to succeed requires a careful analysis of market demand. Infrastructure projects are high risk and accept the competition could jeopardize the project. For example, Don Muang rail project in Thailand, one of the causes of project failure, a similar project grant, at a distance of 100 meters. [7].

1-2- Suitable organization of the project:

After project selection, funding partners, are selected to form a consortium of the project [1].

1-2-1- Select the project consortium partners:

Choosing appropriate partners and stakeholders in any business, success, particularly in BOT projects, the project team will be working together a long time. Consortium members should be chosen in such a way, the consortium's overall financial strength for the final negotiations (exclusive) would have. Despite the host country colleagues, especially those who have political connections with the host government, political Risk Reduction project, the pace of technology transfer and strengthen the national economy [6].

1-2-2- Contract proposal:

The evaluation system offers the BOT, commercial and financial aspects of the proposed project is more important than the technical aspects of the project are to determine the winning score [8]. A project of BOT, the situation is almost exclusively exploited. So the government should ensure that the fees are fair. Effects should be adjusted so that lenders and investors on the one hand, to ensure the project was on the other hand, the consumer will not extortion [7].

1-3- Financial proposal:

The consortium should, offer financial and technical proposal for a specific project. These
properties offer a major role in the success or failure of the bidding consortium [1]. Sponsorship can be won in the bidding, the strongest commitment to finance the project, the higher percentage of the project cost in the form of long-term loans, the proposal [8]. The high ratio of capital to loans, which means the company plans to invest more and additional terms and risks of the project [2].

1-4- Technical proposal:

Due to the technical solutions, with regard to the transparency of the process, including tender offers, offset the cost of the tender, participants in the bidding limits, choice for the winner, and transparency of the evaluation factors, Consortium; declares its technical proposal.

1-4-1- Technical solutions:

The sponsor of the technical proposal in a manner BOT, many considerations should be in your project will have a significant role in success or failure. Using new technology that has not been established, a project BOT, is too much risk; even if the cost and time for the project. Project by the end of the construction period, the income is not under financial pressure. The short-term construction means faster performance and lower risk [8].

1-4-2- The bidding process:

Transparency in the review of proposals, ensuring the best company and avoid corruption. This process brings public support for the project [9]. Factors must also evaluate the offers are known, so that we can guess the chances of success of the project [3]. Proposals on projects BOT, is very expensive. Thus, the risks of failure are high bid. For encourage private sector participation in development costs for such projects to be tendered in the initial survey confirms that investors have to be compensated [2].

2- Suitable role of government:

Government in BOT Project has a dual role; on the one hand we have the support of private investment and make suitable environment for the project, and the other is the defender of the public interest and ensure quality service and affordable to the general public [1].

2-1- Investment support:

There is a central institution with sufficient authority to coordinate between various departments and provinces to develop, it is necessary to obtain permission from private investor confusion and ... Prevent. Chinese companies developing and investing in BOT, or the Philippine Center BOT, with this purpose have been developed [4].

2-2- Government control:

Method BOT, other methods such as the privatization of public services must involve increased costs and the public need to accept the increased cost to increase the quality of the concept and are met requirements [5].

2-3- Guided a tender:

Compatibility of project agreements with the host country's laws, contribute to the understanding and performance agreements are correct. There is a body of independent judgment in the case between the government and the private sector will be able to see it, help to overcome misunderstandings and deadlocks during execution. Rules necessary for such investments, ownership of intellectual property or law, provides the context needed to make a good deal. Even in some countries there are specific laws BOT that indicates the importance of this concept in the state [9].

3- Appropriate allocation of risks:

Allocation of project risks, project risks in a way that each agent has the ability to manage it, to accept the condition, risk management, and the most important parameter is the success of any BOT project. This parameter is one of the risk management processes, and it requires the identification and classification of risks in BOT, and then identifies the capabilities of each of the project [2].

3-1- Investment risks:

The major risks to the index returns of a country, and preparation of environmental projects, including BOT is a type of private investment. The private sector must, before deciding to start a project to examine the likelihood of the risks and to assess the impact of each the fate of the project based on the specific project selection decision.

The risks of risk based on the following three categories of political, economic, and laws are broken.

3-2- Technical risks of the project:

In addition to the preparation of project implementation, there are risks in the project are the technical issues of the project. The risks specific to the project and do not have unlike investment risk, are often controlled by the private sector. Technical risk includes the risk of the customer, preparations, market, financing, implemented, and operation.
Summary and Conclusion:

In most developing countries, including Iran, states with a large number of projects selected for implementation by BOT, face that capital is sufficient to implement all them and therefore must prioritize them and select the most appropriate. The success of a project, BOT, will be advanced by the government, private sector companies, and customer service projects to achieve their expected benefits and profits. By BOT infrastructure projects to support success needs to identify criteria for project success. In this paper, with research library and enjoying the view of experts, Iranian and foreign employers, framework for the identification and classification of project success factors BOT, especially in IRAN. This structure of government and public institutions are calling for BOT projects, measures necessary to prepare the project offers.

References