

V. Critical Success Factors

Five in-depth case studies were compiled in this assignment. The difficulties encountered in securing appropriate case studies for this work highlight the fact that few projects which have started out as BOT's have progressed satisfactorily. As well, many firms are reluctant to talk about their projects in depth because of competitiveness concerns and potential sensitivities on the part of their clients.

The case studies presented in this report illustrate various situations. The **Geheyan Hydro power project** (in the People's Republic of China) exemplifies a major capital project undertaken by a consortium of Canadian equipment suppliers working with federal and provincial government officials and agencies in a "Team Canada" approach. The **Mihaly International Canada Ltd.** case study exemplifies the entrepreneur-led approach to the limited recourse, major capital project market. The entrepreneurial approach tends to be characterized by a small group of project developers who bring together and manage contractors, equipment suppliers, financiers, lawyers and others in the pursuit and execution of an electric power project in Sri Lanka.

The third case study involves the design, financing, construction, leasing and operating of a new Terminal at **Prague International Airport**. The facilities are scheduled to be in place by 1997. The joint venture was structured on a public sector-private sector basis and the private sector partners were led by **Ambro Enterprises Inc.**, a Canadian based property developer and contractor. The original consortium was headed up by Ambro and brought together architects, project management and civil engineering specialists, financiers, lawyers and others in the pursuit and execution of the project. The latter two case studies illustrate the difficulties project sponsors face in securing financing (as well as other relevant issues).

The remaining two case studies are projects undertaken by players from other countries. One of these cases is **K&M's Mamonal energy project** in Colombia (US\$70 million). It illustrates a number of important points that are central to pursuing and concluding major capital projects. The project demonstrates how relatively small firms (with relevant experience) can successfully participate in the limited and non-recourse market in a developing country. The fifth case is the **Tate's Cairn Tunnel project** in Hong Kong. The facility cost about HK\$2.15 billion (US\$265 million). The project shows the importance of identifying key decision makers in the host country, addressing privatisation issues and undertaking flexible packaging of the deal. The ability of players to address risk, financing issues, structuring techniques, and legal packaging for stakeholders is also illustrated.

The case studies amply indicate the many problems and difficulties associated with the packaging, financing, and structuring of international capital projects. Furthermore, although each project is unique, there are some general principles and practices that may apply to the various stages in the project cycle. These include: