

LAND TENURE

Land tenure must be assured for the life of the project. If the land is leased, the premises must be fully defined with provision of all easements and access. Responsibility for pre-existing site conditions must be defined.

THE LEGAL ENVIRONMENT

The legal environment plays a major role in determining a project's viability. The potential for discriminatory taxes and changes in legislation or regulations should be considered closely. In any event, all of these legal conditions must be known before the project is undertaken. The project group should be free to carry out construction and maintenance either in its own right or with a local joint venture partner of its own choice. There should also be protection for proprietary or intellectual property rights of the sponsors.

INSURANCE

As far as possible, insurance should be purchased to cover risks which the host government will not accept. An insurance specialist should be consulted at an early stage of the pre-feasibility study. Insurance does not, however, eliminate the need to carefully allocate project risks among the parties.

PROJECT MANAGEMENT

In order for a project to be viable, there must be a plan for its effective management. There must be clear lines of management authority and no confusion about who will be in charge. The right people with both technical and communications skills must be brought in at the right times. There must be close coordination and supervision of technical, economic and commercial elements of the project.

Contractors must have incentives to perform, including penalties and bonuses for time and cost performance. Regardless of the contractual arrangements, a high level of commitment, perseverance, and good faith on the part of everyone involved is a major asset that contributes to the viability of any project.