

CREDIBILITY OF THE PROJECT DEVELOPERS

It is essential to quickly establish the credibility of all of the members of the project development group. The project will not proceed if the group is not taken seriously by the host government. Choose the contractors carefully, and bring them in at the outset. Make sure that the government authorities involved believe in the group's capabilities. In particular, be prepared to demonstrate technical competence and an established track record. A significant degree of local involvement helps to ensure that the project developers receive assistance and cooperation when they need it.

GOVERNMENT SUPPORT

A successful build-operate-transfer (BOT) project requires strong leaders in both the government and the private sector. It is especially important that the government's decisions be fully implemented by all of its agencies and local authorities. This requires that all relevant ministries, regulatory bodies and departments are committed to supporting the project.

The government must assign responsibility for the project to officials with the necessary clout to push matters ahead. In particular, all planning consents and legal permits must be issued without delay. Public agencies often try to protect their own interests which are not necessarily enhanced by a successful private infrastructure project. Furthermore, many public agency officials will be extremely cautious to avoid any mistakes (whether real or perceived) on their part. The host government must have the practical ability to coordinate its own efforts and act in good faith. If the process becomes mired in politics, the confidence of the private sector group will be undermined and negotiations are likely to fall apart.

Another concern is whether the government officials involved have access to adequate professional advice. They must understand the technical and financial complexities involved. The prospects for a successful project are greatly improved if contractors and suppliers can deal with people in government who are in a position to make competent decisions.

Once the project developer has been selected to undertake the project, it should insist on exclusive negotiations and make sure that all of the relevant government agencies are included. The government must be prepared to accept some project risks and provide some resources. The bigger their stake in the project, the higher the priority they will give it.