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Evaluation of Airport Projects (B.O.T.) in Egypt

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*To My fiancé,
Mom And Dad
For all your Support
And
Unconditional love*

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Summary

Through the last twenty years, Globalization has been the main issue of international arguments of economical issues and its effect on the third world countries. There are a lot of researches that analysis the globalization issue and its effect on developed countries, it is not possible to understand what is happening successive developments without reference to the phenomenon of globalization, which has now become a frame of reference for all humanities and social and political studies.

The end of twentieth century witnessed the change of governmental role in infrastructure projects; it changed its role to supervisor on infrastructure projects implemented by private sector through different methodologies of privatization in infrastructure projects. The economy of Egypt faced a lot of challenges that led to increase of private sector participation in infrastructure projects. Privatization system in infrastructure projects was first initiated in the middle of 1980's. It aimed to improve quality of services provided to users, improvement of economical efficiency of services and reduction of financial burdens on government budget and development of local financial markets. Build Operate Transfer (BOT) system is considered one of the main manifestations of privatization systems as a result of globalization in construction industry. It is accompanied by the increase of private contribution in the infrastructure projects; consequently the role of the government has changed to a supervisor committee. Large Projects all over the world is managed by the BOT system since the middle of the twentieth century, since the government now supervises the management of large projects, which the investors are responsible of founding and managing these projects.

Airports facilities are considered one of the most important facilities that privatization system was applied on especially BOT system; because airports are one of the most features that reflect the development of countries. Airports had become one of the main features they compete to show their power and development achievements; in order to introduce better and more entertaining services to customers. Airport planning, design and operation systems had changed a lot through the past decade as a result of privatization of airport that was first initiated in USA and then spread all over the world. Egyptian aviation industry has 20 airports, divided in 5 categories; international, domestic-international,

domestic, training & BOT airports. BOT airports are only two of these airports (Marsa Alam airport & Al Alamein airport) are privately operated under the supervision of Egyptian government represented in the Egyptian Airport Company_ EAC. Marsa Alam Airport and Al Alamein Airport were contracted to private entities under BOT contract in 1998, as a part of council of ministries development plan for Egyptian cities.

Chapter I examines the historical background of the infrastructure projects in the world and the evolution of economy system in different ages and the impact on infrastructure project, in addition to the methods of financing these projects at various ages and the impact of globalization in infrastructure projects over the last decade of the twentieth century and emergence of the concept of privatization.

Chapter II deals with the historical background to BOT system and its evolution through the ages and methods of participation and types of contracts in used, then it discusses the privatization program in Egypt, explaining the problems faced by infrastructure projects and economic systems change and then addresses the BOT projects implemented in Egypt

Chapter III discusses privatization of airports, explaining its beginning in the world and its development over the last decade of the twentieth century, its impact on the movement of the development of aviation in the world and design elements of the airports and their development until the advent of the concept of "Airport City"; turning the airport into the center to attract investments and focus for development. It addresses the characteristics associated with the privatization of airports and the strategic plans of airport BOT projects

Chapter IV deals with presentation of the case study of the airports (Marsa Alam, El Alamein, Hurghada, Borg El Arab and Marsa Matruh) through three different studies. First study presented a comparison between BOT airports in Egypt, reviewing the possibilities of the airport and its ability to achieve the expectations of the project feasibility study. Second study presented an architectural display of airports, taking into account the evolution of architecture in the design of airports. While third study concerned with statistical overview of the most important elements operating in different airports.

This thesis aims to evaluate BOT airports constructed in Egypt within two main aspects; first it evaluate these BOT airports according to their achievement with respect to their primary expectations in the feasibility study stage; second it evaluates these BOT airports according to their performance with respect to number of governmental airports located near them and almost have the same circumstances. This thesis aims to identify changes of airport industry and its impact on airport planning, design and operation systems. It also aims to identify points of strength and weakness for the airport industry in Egypt, differing from BOT airports and governmental airports and help to improve both airports performance in the future.

Abstract

This thesis aims to evaluate BOT airports constructed in Egypt within two main aspects; first it evaluate these BOT airports according to their achievement with respect to their primary expectations in the feasibility study stage; second it evaluates these BOT airports according to their performance with respect to number of governmental airports located near them and almost have the same circumstances. This thesis aims to identify changes of airport industry and its impact on airport planning, design and operation systems. It also aims to identify points of strength and weakness for the airport industry in Egypt, differing from BOT airports and governmental airports and help to improve both airports performance in the future.

The thesis concluded that BOT airports in Egypt are not necessary more effective than governmental airports; if they were badly handled they will be worse than any governmental airports. Private operated airports are more efficient than governmental airports if they are right oriented towards the world standard of airport operational aspects; because private sector have the ability to direct the airport towards profitability & application of latest technology with financial resources can't be afforded by governmental entities.

Keywords

Build Operate Transfer

BOT

Evaluation

Airport

Egypt

Privatization

Airport City

Infrastructure projects

Al Alamein airport

Marsa Alam airport

Hurghada airport

Borg El Arab airport

Marsa Matruh

Research problem

The Egyptian government offered number of BOT airport projects to private sector and investors in order to construct new BOT airport projects in several developing cities in Egypt. They aimed to achieve integrated development for these cities. Since government could not afford financial cost of these projects, the government offered these airport projects to private investors in addition to other projects under supervision of Egyptian government. Only two airports were provided to private sector at the beginning of last decade (Marsa Alam Airport, El Alamein Airport).

The private investor in airport projects was the responsible for feasibility studies of the airport showing future forecast for the operation process of the airport. Marsa Alam Airport was inaugurated in 2001 while El Alamein Airport was inaugurated in 2005 and so far there is no record about achievement of BOT airport projects with respect to the forecast expected at the beginning of the studies, evaluation of airport BOT experiment in Egypt with respect to governmental airports, Further studies lack the comparison between BOT airports and governmental operated airports.

Research Goal

The research aims to evaluate BOT airport experiment in Egypt with respect to governmental operated airport; to clarify points of strength and weakness for BOT airports in Egypt to benefit from this study in the future; and also clarify points of difference between governmental operated airports and private operated airports in order to benefit from points of strength for both systems in the development of these systems in the future.

Research scope and limitations

The study focuses on architectural process concerning the main items of airport & accomplishment of airport to world design standards. It also focuses on operation process of airport (rate of flights, rate of passengers, expansion strategy of airport and mutual impact between airport and surrounding area & revenues....etc.