

Success Factors of Mega-projects Implemented by Special Purpose Vehicles (SPVs)

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Abstract

According to a commonly used definition, mega-project is a designation for an undertaking (project or series of projects) with a very large budget and characterised by "complexity, increased risk, high ideals and high noticeability, in a combination that poses a significant challenge to managers." Such an undertaking has also a significant impact on the society, economy and politics on a local scale, but often also in a national and/or international dimension. It is usually implemented over a longer period of time. To accomplish a mega-project, the entire organisation has to surmount certain barriers and overcome its own limitations. Over the past twenty years, numerous projects, especially high-value infrastructure undertakings have been implemented using a Special Purpose Vehicle (SPV) type of enterprises. The formation of a SPV is mainly required in development projects in power industry, natural resources exploitation, as well as transport and oil&gas infrastructure. The main task of an SPV is to implement the project until it is put into operation. However, SPVs are frequently formed not only to implement a core project, but also to act further as an operator of the facility. Implementation of projects with the use of an SPV has a significant impact on the entire organization of the undertaking and requires active involvement from individual project participants.

The primary objective of a paper is to identify and comprehend the mechanisms determining the success of mega projects, implemented by means of Special Purpose Vehicle (SPV) type of enterprises.

Keywords: project success, mega-project, SPV, project finance, risk management.