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The Role of Build–Operate–Transfer (BOT) Contracts in Developing Sports Infrastructure in the Middle East and North Africa: A Comparative Legal and Economic Analysis

M'hamed Nadjib Chrafi[1], Nawel Djitti[2]

[1]Djillali Bounaama University-Khemis Miliana, (Algeria).
E-mail : m.chrafi@univ-dbkm.dz

[2]University Center of Morsli Abdellah-Tipaza, (Algeria).
E-mail : djitti.nawel@cu-tipaza.dz

Abstract:

The growth of sports infrastructure across the MENA region has intensified interest in Build–Operate–Transfer (BOT) contracts as a mechanism for addressing fiscal constraints and operational inefficiencies. While BOT models are well established in sectors like transport and energy, their application in the sports domain remains underexplored and legally ambiguous. Existing frameworks often lack regulatory clarity, equitable risk-sharing, and adaptive oversight—factors that are critical in sports settings due to their symbolic public value and variable economic returns. This article addresses a key gap in the literature by conducting a comparative legal-economic analysis of BOT contracts in sports infrastructure projects in Qatar, Egypt, and Morocco. Drawing on national legislation, global PPP standards, and case-based evaluation, the study assesses whether BOT schemes can deliver sustainable infrastructure while upholding public-interest commitments. Findings suggest that effective deployment requires four core components: statutory integration of BOT mechanisms, project-specific risk calibration, dynamic regulatory supervision, and embedded accountability standards. By reframing BOT not merely as a financing tool but as a legal governance structure, the paper advances theoretical and practical understanding of hybrid infrastructure models in high-visibility public domains.

Keywords: Hybrid Governance Models, Public-Private Partnerships (PPP), Legal and Regulatory Frameworks, Sports Infrastructure Development, Economic Viability and Risk Allocation.

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Introduction

In recent years, the governance of public infrastructure has undergone a paradigmatic shift, with legal scholarship increasingly concerned not merely with contractual formality, but with the normative structures that shape risk, authority, and accountability. Within this evolution, the domain of sports infrastructure—once considered marginal in policy design—has emerged as a critical space for testing hybrid governance models, particularly in emerging regions navigating fiscal constraints and reputational ambitions. Nowhere is this more evident than in the Middle East and North Africa (MENA), where nation-states have invested heavily in large-scale sports complexes to signal global competitiveness, diversify economies, and project soft power.

As traditional budgetary approaches falter, Build–Operate–Transfer (BOT) contracts have gained prominence as tools of legal and financial engineering, enabling states to attract private capital while ostensibly maintaining public control. Yet, despite their growing use, the deployment of BOT contracts in the sports sector remains under-conceptualized, often implemented without coherent legal frameworks or adequate institutional safeguards. Unlike transport or energy sectors—where risk matrices are well-studied and contract law finely tuned—sports infrastructure projects face sector-specific vulnerabilities: uncertain revenue streams, high political visibility, and intense public scrutiny.

This article addresses a critical gap in the literature by offering a comparative legal and economic analysis of BOT arrangements in the sports infrastructure sector, with a particular focus on Qatar, Egypt, and

Morocco. While prior research has emphasized technical feasibility and financial modeling, this paper interrogates the juridical architecture and governance logic underpinning BOT contracts in sports. It asks: **What legal and institutional conditions must exist for BOT to function as a sustainable model for sports infrastructure development in MENA?**

Methodologically, the article triangulates statutory analysis, contract theory, and case-based empirical inquiry. It draws on international regulatory frameworks (e.g., OECD PPP guidelines, FIFA infrastructure standards), regional legal texts, and flagship project evaluations to explore how public interest and private incentives can be balanced within complex contractual ecosystems.

The contribution is threefold. First, it reframes BOT contracts as normative governance instruments, not just financing mechanisms. Second, it theorizes a four-pillar model for effective implementation: regulatory clarity, calibrated risk allocation, institutional oversight, and embedded accountability. Third, it offers policy-relevant insights into how MENA states might reengineer public-private dynamics to better serve national priorities while attracting sustainable private investment.

Section 1

BOT Contracts as Hybrid Governance Tools in Sports Infrastructure: A Legal and Economic Analysis across MENA

This section critically unpacks the legal DNA of BOT agreements as they pertain to sports infrastructure. It begins by examining their administrative classification and evolving hybrid nature within legal theory. It then assesses how three MENA countries—Qatar, Morocco, and Egypt—have addressed (or failed to address) the legal design of such contracts. Subsequently, the analysis turns to global normative frameworks, including those issued by the World Bank, OECD, and FIFA, which increasingly influence local policymaking. The section concludes by identifying regulatory gaps, legislative inconsistencies, and institutional fragmentation that undermine the long-term sustainability and enforceability of BOT schemes in this politically and economically sensitive domain.

1.1. The Legal Classification and Administrative Nature of BOT Contracts in Sports Infrastructure

The legal positioning of BOT contracts in sports infrastructure sits at a conceptual crossroads between public law and commercial enterprise. Unlike other infrastructure sectors, sports venues often serve dual roles—symbolic and revenue-generating—making their classification more than a technicality. This section explores the administrative, contractual, and hybrid dimensions of BOT arrangements in MENA legal systems, drawing attention to the implications of this ambiguity for governance, enforcement, and investor confidence.

1.1.1. Administrative vs. Commercial Nature of BOT Contracts in Sports Infrastructure

The legal classification of BOT (Build–Operate–Transfer) contracts remains a subject of nuanced debate, particularly when applied to sectors like sports infrastructure that intersect economic, public service, and symbolic functions. Unlike standard public procurement contracts, BOT arrangements constitute a hybrid construct: they are part administrative concession, part private investment framework, and part regulatory delegation. The challenge lies in determining under what legal regime these contracts are best situated—whether they fall squarely under public administrative law as instruments of public service delegation, or whether they should be governed in part by private or commercial law due to the long-term risk-bearing and capital mobilization they entail[1].

In many civil law jurisdictions, particularly across MENA, BOT contracts are often treated as a subset of *contrats de délégation de service public* (public service delegation contracts), placing them under the jurisdiction of administrative courts and subject to principles such as continuity of service, adaptability, and public control. For example, Moroccan Law No. 86-12 on PPPs explicitly incorporates certain BOT-like structures into the public procurement framework, while Egyptian Law No. 67 of 2010 attempts to regulate partnerships but leaves ambiguity in classifying BOTs for sports infrastructure, where profit motives and operational autonomy may outweigh public service logic[2].

1.1.2. Hybrid Legal Identity and Jurisdictional Complexity in Mixed-Use Sports Facilities

However, this administrative categorization becomes problematic when the asset in question—e.g., a multi-use sports stadium—is partially used for commercial purposes such as entertainment, advertising, or

hospitality. In such cases, courts and legal practitioners have increasingly argued for a dual-nature or "mixed" classification, whereby the BOT contract is governed by both public law (in matters of land, sovereignty, and accountability) and private law (in matters of financing, dispute resolution, and contract performance)[3]. This dual-nature framing is particularly salient in contexts where investor guarantees, arbitration clauses, and cross-border financing mechanisms are embedded into the contractual architecture.

Importantly, this legal hybridity raises critical issues in terms of regulatory consistency and institutional oversight. The lack of a unified classification may lead to jurisdictional conflicts, unclear dispute resolution channels, and uncertainties in enforcement, especially when sovereign interests clash with investor protections. Furthermore, the symbolic nature of sports infrastructure—as a carrier of national prestige and social cohesion—complicates the legal balancing act between public interest imperatives and private operational freedoms[4].

To that end, understanding the legal identity of BOT contracts in sports infrastructure is not merely an academic exercise but a foundational step toward drafting legally robust, politically feasible, and economically sustainable agreements. It is also central to ensuring legal predictability—an essential condition for attracting long-term private investment in the sector[5].

1.2. National Legislative Frameworks: Qatar, Morocco, and Egypt

The legal codification of BOT contracts in the MENA region reveals substantial divergence not only in statutory language but also in conceptual alignment with the complex governance needs of sports infrastructure. BOT projects in this sector rarely fit neatly into pre-existing administrative or procurement frameworks, and the legal treatment of such contracts often reflects broader institutional cultures, degrees of state centralization, and sectoral policy coherence. This section explores how three illustrative jurisdictions—Qatar, Morocco, and Egypt—have constructed (or neglected to construct) legislative scaffolding for BOT models, with a view toward assessing the normative compatibility between their legal systems and the hybrid demands of sports infrastructure development.

1.2.1. Qatar: Toward a Modern PPP Regime Anchored in National Strategy

Qatar's Public-Private Partnership Law (Law No. 12 of 2020) marked a pivotal evolution in the country's legal treatment of private sector participation. The law explicitly incorporates BOT and other models such as BOOT and BTO, offering a flexible architecture for long-term concession-based projects. Critically, the law vests discretionary authority in the Council of Ministers to designate eligible sectors and approve key project terms—an arrangement that, while efficient, reinforces top-down administrative control. Several flagship facilities built for the FIFA World Cup 2022 were underpinned by BOT-aligned arrangements, showcasing the state's capacity to combine legal modernization with strategic visibility. However, this centralization may stifle subnational innovation and limit responsiveness to evolving user needs in non-mega-event contexts[6].

1.2.2. Morocco: Incremental Legal Maturation with Sectoral Constraints

Morocco adopted its foundational PPP law, Law No. 86-12, in 2014, with subsequent reforms introduced through Law No. 46-18 in 2020 to expand its scope to regional authorities and clarify procedural mechanisms such as competitive dialogue. While these developments represent significant progress in aligning Moroccan PPP practice with international standards, their application to sports infrastructure has been uneven. The lack of explicit sectoral integration for sports facilities, combined with persistent legal overlap between procurement, municipal authority, and sector-specific regulation, has limited the potential of BOT projects in this domain. Still, select initiatives—such as upgrades to multi-sport complexes in Casablanca and Rabat—signal an emergent but cautious openness to PPP-based development in the sector[7].

1.2.3. Egypt: A Structured but Rigid Legal Framework with Limited Sectoral Penetration

Egypt's Law No. 67 of 2010 stands as one of the earliest dedicated PPP laws in the region, establishing a comprehensive legal foundation for project identification, tendering, and risk allocation. The accompanying executive regulations, issued in 2011, further elaborate on procurement mechanisms, contract duration, and state guarantees. However, while the law has been instrumental in advancing projects in transportation and energy, its application to sports infrastructure remains rare and procedurally opaque. The legal framework lacks tailored provisions for facilities that combine public service with commercial functions, such as stadiums and athletic villages. As a result, investors face ambiguity regarding operational rights,

pricing mechanisms, and regulatory oversight—factors that inhibit sustained private engagement in sports infrastructure financing[8].

1.2.4. Algeria: Fragmented Legal Framework and Sectoral Underutilization

Algeria's approach to public-private partnerships (PPPs) and Build-Operate-Transfer (BOT) contracts is characterized by a fragmented legal framework. While the 2015 Presidential Decree No. 15-247 regulates public procurement and service delegations, it does not explicitly address BOT arrangements. Various sector-specific laws reference concession models, such as in water, energy, and agriculture, but there is no unified legal structure governing BOT contracts across sectors. This lack of cohesion leads to legal ambiguities, particularly in sectors like sports infrastructure, where BOT models could be beneficial. Despite the potential, Algeria has not fully leveraged BOT contracts in the development of sports facilities, often relying on traditional public funding methods. The absence of a comprehensive legal framework and clear guidelines for BOT arrangements hinders private sector participation and investment in sports infrastructure projects.

The comparative legal landscape reveals diverse approaches to BOT contracts in the MENA region. Qatar demonstrates clarity and institutional coordination, yet its centralized model may limit grassroots project initiation. Morocco offers a more adaptable framework but faces challenges due to cross-sectoral complexities that affect legal certainty. Egypt possesses a structured PPP regime; however, its rigidity and lack of sector-specific provisions impede the accommodation of hybrid public-commercial assets like sports infrastructure. Algeria, with its fragmented legal framework and absence of explicit BOT regulations, underutilizes the potential of private sector involvement in sports infrastructure development. These variations underscore the necessity for not only legal instruments but also institutional alignment, regulatory integration, and sector-specific legal tailoring to effectively implement BOT projects in the sports sector.

The comparative analysis of national frameworks across Qatar, Morocco, Egypt, and Algeria reveals a common structural challenge: the absence of fully articulated legal systems capable of accommodating the hybrid governance needs of BOT contracts in the sports infrastructure domain. Despite varying levels of legislative sophistication—ranging from Qatar's centralized legal clarity to Algeria's institutional fragmentation—none of the jurisdictions examined offer a sector-specific regulatory model that aligns legal precision with the operational complexity of modern sports facilities. This regulatory gap reinforces the strategic relevance of international legal standards and soft-law instruments, which increasingly serve as normative reference points for harmonizing practices, mitigating legal uncertainty, and guiding the design of BOT frameworks in complex, visibility-sensitive sectors such as sports infrastructure.

1.3 International Standards and Normative Instruments in BOT Governance

As national legal systems in the MENA region continue to struggle with inconsistencies and gaps in the governance of BOT contracts, international standards have emerged as powerful reference points. Institutions such as the World Bank, OECD, FIFA, and the IOC have developed normative frameworks and soft-law instruments that shape how states conceptualize, structure, and implement BOT agreements—particularly in sectors where regulatory clarity is essential, such as sports infrastructure. These transnational models not only fill domestic legal voids but also establish expectations for accountability, risk-sharing, and project sustainability, making them indispensable tools for countries navigating complex public-private arrangements in globally visible domains.

1.3.1. The World Bank and the Global PPP Normative Framework

The World Bank has played a pivotal role in shaping the global discourse on public-private partnerships (PPPs), particularly through its comprehensive **PPP Reference Guide**. This guide offers a structured framework for governments to design, implement, and manage PPP projects effectively. It emphasizes principles such as value for money, risk allocation, and transparency, which are crucial for the success of PPP arrangements. In the context of BOT contracts, the guide provides insights into structuring agreements that balance the interests of public authorities and private investors, ensuring sustainable infrastructure development [9].

Moreover, the World Bank's emphasis on **risk allocation** is particularly relevant for BOT projects in the sports infrastructure sector. By advocating for a clear delineation of risks between public and private entities, the guide helps in crafting contracts that are resilient to potential challenges, such as construction

delays or revenue shortfalls. This approach not only safeguards public interests but also enhances investor confidence, facilitating the mobilization of private capital for large-scale infrastructure projects[10].

In regions like MENA, where legal frameworks for PPPs and BOT contracts are still evolving, the World Bank's guidelines serve as a valuable reference point. They assist policymakers in aligning domestic regulations with international best practices, thereby promoting consistency, efficiency, and accountability in infrastructure development initiatives[11].

1.3.2. OECD Guidelines on Risk Allocation and Governance Standards

The Organisation for Economic Co-operation and Development (OECD) has been instrumental in establishing comprehensive guidelines that shape the governance and risk allocation frameworks for public-private partnerships (PPPs), including Build-Operate-Transfer (BOT) contracts. The OECD's 2012 *Principles for Public Governance of Public-Private Partnerships* emphasize the necessity for clear institutional roles, robust regulatory frameworks, and transparent procurement processes to ensure that PPPs deliver value for money and align with the public interest[12].

In the context of BOT arrangements, the OECD advocates for a balanced distribution of risks between public and private entities. This involves allocating risks to the party best equipped to manage them, thereby enhancing efficiency and project outcomes. For instance, construction and operational risks are typically borne by the private sector, while the public sector retains risks related to regulatory changes and political factors. Such delineation is crucial in complex sectors like sports infrastructure, where projects often involve significant financial investments and public visibility.

Furthermore, the OECD underscores the importance of integrating environmental and social considerations into infrastructure projects. The 2021 *OECD Implementation Handbook for Quality Infrastructure Investment* provides guidance on incorporating sustainability and resilience into infrastructure planning and execution. This is particularly pertinent for sports infrastructure projects, which must balance the demands of large-scale events with long-term community needs and environmental stewardship[13].

By adhering to OECD guidelines, governments can enhance the effectiveness of BOT contracts in the sports sector, ensuring that such partnerships are not only economically viable but also socially responsible and environmentally sustainable[14].

1.3.3. FIFA and IOC Standards for Sports Infrastructure Development

International sports governing bodies, notably FIFA and the International Olympic Committee (IOC), have established comprehensive standards that significantly influence the development of sports infrastructure worldwide. These standards serve as benchmarks for quality, sustainability, and functionality, particularly in the context of Build-Operate-Transfer (BOT) contracts.

FIFA's *Football Stadiums Guidelines* provide a detailed framework for the design, construction, and operation of football stadiums. The guidelines emphasize adaptability to various contexts, promoting designs that are sensitive to local cultural factors, intended use, and available resources. A key focus is on sustainability, encouraging the development of stadiums that meet environmental, social, and economic needs of communities, rather than solely catering to one-off events. This approach aligns with the United Nations' Sustainable Development Goals, incorporating measures to mitigate climate change and manage waste effectively. The guidelines are designed to be applicable globally, supporting the development of football infrastructure at all levels[15].

Similarly, the IOC, in collaboration with the OECD, has developed guidelines to assist in the effective delivery of infrastructure and associated services for the Olympic Games. These guidelines address cross-cutting issues affecting the procurement of infrastructure necessary to host the Games, offering practical tools to mitigate risks. They emphasize the importance of sustainability and legacy, encouraging the use of existing facilities and temporary venues where appropriate, to avoid unnecessary construction and ensure long-term benefits for host communities. The guidelines also highlight the need for clear institutional arrangements and stakeholder engagement to facilitate efficient delivery of infrastructure projects[16].

By adhering to these standards, countries can enhance the quality and sustainability of sports infrastructure projects, ensuring that such developments are economically viable, environmentally responsible, and socially beneficial. In the context of BOT contracts, these guidelines provide a valuable reference for structuring agreements that align with international best practices[17].

1.3.4. The Role of Soft Law and Transnational Legal Harmonization

As jurisdictions grapple with institutional and legislative shortcomings in regulating BOT contracts—particularly in complex sectors such as sports infrastructure—soft law has become an increasingly influential vehicle for shaping transnational governance practices. Unlike binding statutes or treaties, soft law encompasses guidelines, principles, model provisions, and best practice standards issued by international organizations. These instruments—while formally non-binding—carry considerable normative weight and often serve as de facto regulatory benchmarks, especially in jurisdictions with underdeveloped legal architectures.

The appeal of soft law lies in its flexibility and adaptability across legal systems. Institutions such as the World Bank, OECD, FIFA, and the United Nations have issued soft-law frameworks that promote convergence around fundamental governance principles, including transparency, accountability, sustainability, and equitable risk-sharing[18]. In the realm of BOT contracts, this legal convergence allows countries to import global best practices without engaging in full-scale legislative reform—a pragmatic solution in politically or economically constrained settings[19].

Moreover, soft law facilitates the harmonization of contractual expectations in cross-border investment, which is crucial for attracting private capital in infrastructure-intensive sectors. As sports infrastructure projects increasingly involve multinational stakeholders—developers, sponsors, insurers, and operators—aligning contractual norms across jurisdictions becomes essential for reducing legal uncertainty.

In this way, soft law not only bridges regulatory gaps but also enhances institutional coherence and investor confidence, serving as a crucial intermediary in the evolution of hybrid governance frameworks for BOT-based infrastructure development[20].

Although legal architectures across MENA jurisdictions vary in clarity, depth, and adaptability, a common pattern emerges: existing frameworks remain insufficiently tailored to the hybrid nature of BOT contracts in sports infrastructure. The administrative rigidity observed in Egypt, the legal fragmentation in Algeria and Morocco, and the centralized governance in Qatar each highlight a misalignment between statutory structures and the operational realities of multi-functional, high-profile sports facilities. Even when international standards provide a blueprint for reform, domestic legal systems often struggle to integrate these norms into enforceable, context-sensitive regulatory models.

This diagnostic reveals a deeper structural deficiency: legal tools alone—no matter how refined—cannot ensure the viability of BOT contracts in the absence of economically rational frameworks. The sustainability of such partnerships depends not only on their legal enforceability but also on their ability to generate predictable returns, attract competitive private capital, and distribute risks efficiently across project lifecycles. As such, the next section turns to the economic efficacy of BOT arrangements, offering a critical examination of their investment dynamics, revenue models, and fiscal impacts in the sports infrastructure sector.

Section 2

The Economic Efficacy of BOT Contracts in Sports Infrastructure

While the legal architecture of BOT contracts defines the structural boundaries within which public-private collaborations operate, their success ultimately hinges on their economic rationale. No matter how robust the legal framework, BOT agreements that fail to deliver credible returns, attract competitive capital, or balance fiscal exposure cannot fulfill their intended development goals—particularly in capital-intensive and politically visible sectors such as sports infrastructure. The economic efficacy of BOT models lies in their ability to operationalize infrastructure as an asset class: converting future cash flows from stadium use, event hosting, and ancillary services into immediate financial viability.

In this context, sports infrastructure poses both unique opportunities and acute risks. Revenues are cyclical and event-dependent, while cost overruns and underutilization remain persistent threats. Governments must structure BOT projects in ways that not only distribute risk efficiently but also align with long-term macroeconomic sustainability. This section analyzes the financial logic of BOT arrangements through three lenses: investment mobilization and capital structuring, revenue generation and cost recovery mechanisms, and their broader fiscal and macroeconomic impacts across the MENA region. The goal is to assess whether BOT contracts in this sector can be economically justified—or whether they serve primarily as instruments of legal formality and political spectacle.

2.1. Investment Mobilization and Capital Structuring

The principal economic promise of BOT contracts lies in their capacity to attract private investment for public infrastructure without immediate fiscal strain. In the sports sector, this typically involves mobilizing capital through a blend of equity, long-term debt, and government-backed guarantees. The structure must appeal to institutional investors who seek predictable returns over extended periods, often in jurisdictions with heightened political and financial volatility.

In the MENA region, flagship sports infrastructure projects in Qatar and Egypt have demonstrated the feasibility of leveraging BOT structures to tap both domestic and foreign capital markets. However, the risk profile of such investments—coupled with limited financial transparency and weak secondary markets—has often necessitated state-supported credit enhancements, which paradoxically reintroduce public risk into ostensibly private projects[21].

A well-calibrated capital structure under BOT not only determines cost-efficiency but also shapes risk-sharing. According to the World Bank and OECD guidelines, the optimal model assigns financial risks (such as cost overruns or revenue shortfalls) to private partners while safeguarding the public from contingent liabilities[22]. Yet, in practice, most sports-based BOT projects in emerging markets remain structurally dependent on sovereign guarantees, exposing states to hidden fiscal vulnerabilities[23].

2.2. Revenue Generation and Cost Recovery Mechanisms

Revenue generation lies at the core of the BOT model's viability. In the context of sports infrastructure, revenue streams are multifaceted but inherently unstable—ranging from ticket sales and broadcasting rights to commercial rentals, advertising, and event-based sponsorships. The private partner's ability to recoup initial capital expenditures hinges on accurate demand forecasting and diversified revenue planning. Yet, in practice, most BOT stadiums in emerging markets face volatility in user demand and public engagement, undermining predictable cost recovery.

Studies by the World Bank highlight that weak demand-side analysis is among the top contributors to PPP project underperformance in developing economies[24]. In many MENA-based BOT contracts, revenue assumptions are overly optimistic, leading to funding gaps or contract renegotiations. This is compounded by the seasonality of events and the limited monetization of off-peak periods, which restricts continuous revenue flow.

To mitigate this, international guidelines advocate for blended recovery models—combining user charges with ancillary revenue streams and, where appropriate, minimum revenue guarantees[25]. However, reliance on public subsidies reintroduces fiscal burdens and creates distorted incentives[26]. The challenge, therefore, is to structure BOT contracts that realistically reflect market demand, incentivize innovation in service provision, and minimize reliance on state-backed guarantees for revenue stabilization.

2.3. Macroeconomic Signaling and Political Incentives

While BOT contracts are often praised for alleviating immediate fiscal burdens by shifting infrastructure financing to the private sector, their macroeconomic and budgetary impacts are far from neutral. In sectors like sports infrastructure—where cost recovery is uncertain and demand fluctuates—BOT arrangements can generate hidden liabilities, distort fiscal reporting, and complicate debt sustainability metrics. Moreover, the long gestation periods and political symbolism associated with large-scale sports projects heighten the risk of resource misallocation and long-term inefficiency.

This section examines the macro-fiscal consequences of BOT contracts through three analytical lenses: their tendency to reintroduce sovereign risk, their impact on long-term public value creation and debt sustainability, and their broader signaling effects within national economies. By doing so, it questions the prevailing narrative that BOT contracts represent a clean break from public spending and highlights their embedded fiscal vulnerabilities.

2.3.1. Fiscal Exposure and Sovereign Risk Re-entry

BOT contracts are typically promoted as "off-balance sheet" solutions, designed to minimize immediate public spending by transferring financing responsibilities to private partners. However, when revenue projections fall short or projects underperform, governments are often forced to intervene—either through

subsidies, debt guarantees, or bailouts. These interventions convert what were nominally private risks into implicit public obligations, undermining the core fiscal rationale behind BOT structures.

Such fiscal exposure is particularly prevalent in sports infrastructure, where financial outcomes depend on event cycles and public engagement levels that are hard to predict. For example, underutilized stadiums in several MENA cities have required post-construction public operating subsidies, which are rarely reported transparently in national accounts[27]. This phenomenon leads to the accumulation of contingent liabilities—financial commitments that are not reflected in the official debt stock but may materialize under adverse scenarios[28].

The World Bank and IMF have consistently warned against the proliferation of such "hidden debts," noting their distortionary effect on fiscal sustainability assessments and investor confidence[29]. Therefore, while BOT contracts may delay public spending, they do not eliminate it—and in many cases, they simply defer fiscal exposure into the future, with limited transparency or accountability.

2.3.2. Long-Term Value-for-Money and Debt Sustainability

While BOT contracts may offer short-term fiscal relief, their long-term justification rests on their ability to deliver sustained value for money without compromising debt sustainability. This becomes particularly salient in sports infrastructure, where capital outlays are high, revenue volatility is endemic, and political pressures often distort cost-benefit assessments. Unlike roads or utilities, sports venues often struggle to generate steady cash flows over their lifecycle, especially once the initial hype of mega-events dissipates.

A recurrent issue in MENA-based BOT projects has been the overvaluation of long-term benefits in feasibility studies, often conducted under politically compressed timelines[30]. In such contexts, decision-makers may privilege project visibility over sound economic metrics, resulting in inflated demand forecasts and underestimated maintenance costs[31]. For instance, several post-tournament stadiums in the region have required continuous public subsidies for upkeep, raising questions about their economic rationale.

To evaluate BOT viability, the OECD and IMF emphasize rigorous cost-benefit analysis that internalizes future maintenance liabilities, lifecycle costs, and alternative use scenarios[32].[3] This is particularly relevant when considering the off-balance-sheet nature of many BOT projects, which can mask their long-term fiscal impacts. Without robust oversight, such arrangements risk becoming vehicles for "fiscal illusion"—appearing financially neutral while embedding structural debt exposure over time.

Hence, value-for-money in BOT contracts is not an accounting designation but an empirical outcome—one that must be reassessed continuously over the asset's lifecycle and contextualized within a country's debt management strategy.

2.3.3. Macroeconomic Signaling and Political Incentives

BOT projects in sports infrastructure often transcend their immediate financial logic and enter the realm of political symbolism and macroeconomic signaling. Hosting mega-events or building iconic stadiums is frequently portrayed as a demonstration of national progress, modernity, and international integration. While such signaling can attract tourism and foreign investment in the short term, it may also incentivize project selection based on visibility rather than economic viability.

In the MENA region, multiple high-profile sports venues have been commissioned not primarily for local usage efficiency, but to project a global image or support geopolitical branding strategies[33]. These projects, while superficially impressive, often bypass rigorous cost-benefit scrutiny. As Flyvbjerg notes in his work on megaprojects, decision-makers tend to overemphasize optimistic scenarios, leading to what he terms the "iron law of megaprojects": over budget, over time, over and over again[34].

From a macroeconomic standpoint, such projects can crowd out more productive public investment or deepen fiscal vulnerability when outcomes fall short[35]. Moreover, the expectation of state-led prestige projects may create path dependencies, where future infrastructure decisions are shaped less by rational economic planning and more by political precedent. In this context, BOT contracts risk becoming tools of fiscal theatre—outsourcing not only construction but also the illusion of discipline.

Therefore, while BOTs may nominally distance the state from direct spending, they are often deeply enmeshed in political logic, and their macroeconomic effects must be evaluated within a broader framework of governance incentives and public investment priorities.

Conclusion

The legal analysis conducted in the first section of this study reveals a persistent asymmetry between the formal structures of BOT regulation and the functional realities of sports infrastructure projects in MENA. While countries like Qatar and Egypt have adopted comprehensive PPP laws, these often lack sector-specific adaptations necessary for managing hybrid assets such as stadiums and sports complexes. Moreover, international soft-law instruments have only partially filled these legal gaps, leaving unresolved questions of jurisdiction, risk allocation, and enforceability. The persistence of institutional fragmentation and the political centralization of infrastructure decision-making further complicate the legal environment, reducing legal predictability and deterring investment in complex public-private ventures.

The second section highlights that economic efficacy remains a fundamental—yet under-scrutinized—determinant of BOT performance. The mobilization of private capital, while successful in select high-profile cases, often relies on state-backed guarantees that reintroduce public fiscal exposure. Revenue models are frequently unrealistic, based on inflated projections and event-driven optimism, rather than grounded in market dynamics or community utility. Additionally, macroeconomic trade-offs—ranging from hidden debts to opportunity costs in public budgeting—challenge the notion that BOTs represent cost-neutral or value-enhancing strategies. Instead, they often function as politically expedient tools, embedding fiscal risk in opaque contractual structures with unclear long-term returns.

In light of this dual-layered analysis, five core findings emerge:

1. BOT contracts in the sports sector remain legally under-specified in most MENA jurisdictions, particularly regarding hybrid asset classification and jurisdictional oversight.

2. International normative frameworks (World Bank, OECD, FIFA) influence design but fall short of enforcement or institutionalization in domestic law.

3. Revenue unpredictability and user-demand volatility severely constrain the viability of cost-recovery under most sports-related BOT models.

4. BOT contracts are frequently used as political signaling mechanisms rather than as economically optimized infrastructure delivery tools.

5. Fiscal risks associated with BOTs—especially contingent liabilities—are inadequately disclosed, undermining transparency and long-term debt sustainability.

Accordingly, five strategic recommendations are proposed:

1. **Develop sector-specific legal frameworks** for sports infrastructure within national PPP laws to address the unique legal characteristics of hybrid public-commercial assets.

2. **Institutionalize cost-benefit and lifecycle analysis** as prerequisites for BOT approval, mandating third-party audits and public disclosure.

3. **Incentivize multi-stream revenue models** through policy frameworks that promote digital monetization, off-season usage, and public-private innovation.

4. **Create fiscal transparency benchmarks** for BOT contracts, especially regarding off-balance-sheet liabilities and sovereign guarantees.

5. **Align BOT project selection with national economic strategies**, ensuring that sports infrastructure serves broader productivity, employment, and social inclusion goals.

Ultimately, BOT contracts in sports infrastructure can offer real value—but only under conditions of legal clarity, economic realism, and institutional discipline. Without these, they risk becoming legal instruments of fiscal illusion, masking liabilities beneath the veneer of private sector efficiency.

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