



Legal Review of Impact of BOT Contracts on Economic Development in the Country

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ABSTRACT

Although investment in infrastructure projects is important in developing countries governments are not able to finance the capital of these projects.

One of the new ideas used to solve this problem today is the use of construction exploitation and transfer contracts (BOT) is.

This kind of contract allows private sectors to participate in public and private projects without ever having the owner of infrastructure projects To be.

In recent years, the use of construction, exploitation and transfer contracts, privatization, attracting foreign capital, access to advanced technology and technical skills, and the use of efficient management have been considered by the Government of Iran.

The purpose of this article is to examine the legal status and characterization of BoT contracts for economic development attract technology and technical knowledge in order to provide them with the potential for their further exploitation in infrastructure projects and provide access to efficient management in order to privatize.

Key words: BOT, construction, Exploitation and transmission, Financing of infrastructure projects, Foreign Economic Development, investment, Access to efficient management.



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1. INTRODUCTION

Construction - Operations - Transfer (BOT) is a relatively new approach to infrastructure and investment that allows the private sector to be able to operate in large projects (infrastructure projects) such as road construction, damming, telecommunications, Construction of the bridge, the creation of airports and power plants enables the private sector to undertake large-scale projects (infrastructure projects).

(Hooverberg1996) Normally the government provides the financial infrastructure of projects through Treasury or Mortgages (Bond Funds) or external loans from global institutions such as the World Bank and the International Development Association. (Malindasky1996) countries can also use the increase of taxes and costs to provide funding to finance these projects (Ahmad2009).

In recent years, many countries, especially developing countries, have been using non-IT contracts to finance infrastructure projects and implement development plans. (Lema, 2000).

The needs of the new world have created the right to create new legal institutions and structures in accordance with everyday developments in order not to leave its main goal which is to regulate the relations of the people of the community.

This tendency in the field of international trade is more intense and more public with regard to the specifics and nature of the field and the emergence of new business contracts is one of its manifestations.

In many of these contracts the two real people make a legal relationship with each other but today we are witnessing the active participation of the government and government agencies in this field.

In many cases, governments that need to undertake infrastructure and civilian projects, while not having enough capital and expertise to carry it out, are trying to attract foreign investment by using foreign technical knowledge and capital to exploit the necessary plans and, on the contrary, To retain the right to oversee the activities of the private sector, after a while Own the plan.

For BOT, the most suitable of these countries, the contracts of construction, operation and transfer of legal form is.



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This is why developing countries are trying to use the BOT and the participation of private sector in the public sector will benefit from it, and our country is no exception in this regard. (Sadeghi, 2007).

Contracts for the construction, operation and assignment or BOT (BOT) is nowadays very important for law and economics professionals.

Different countries especially developing countries regard these contracts as an effective tool for attracting foreign investment and using private sector management in infrastructure projects.

In this type of contract, the public sector will issue a plan to the private sector And the recent part after the construction and exploitation of it, is required to return the ownership of the project to the public sector.

To succeed BOT, the government should provide a suitable economic, political and, in particular, legal environment for a private investor.

The only legal text in the legal system of Iran that deals with this agreement is the law of encouragement and support of foreign investment, which, of course, covers many aspects of BOT. is silent.

Some of Iran's internal regulations regarding this agreement are contrary to the WTO rules and need to be amended. (Nick bakhsh Sharafzadeh, 2014).

The significance and role of these contracts in modern commerce has led the author to study the legal implications of BOT contracts for economic development in the country We will pay.

2. GOAL

Investigating the Legal Nature of Negotiated Contracts for Economic Development

Exploring the characteristics of contracts BOT

Questions

What is the legal nature of BOT contracts?

What are the characteristics of BOT contracts?

antecedent

Shirudi (2002) explores the reasons for using contracts. (BOT) and the role of government in the success of the project the payment.



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In projects BOT (BOT) The government pays a consortium of private companies to design, finance, build and then operate a civilian project for a certain period of time. The main reasons for the use of contracts BOT is the following: directing private sector capital to infrastructure projects, attracting foreign capital, pouring technology and technology up to the country, and using an efficient management for the management and operation of infrastructure projects. Considering that the infrastructure projects were located outside the state territory and were traditionally under the control and exclusive control of the government.

Entry into this sector will not be possible without the support of the public sector.

In this research, they attempted to demonstrate the motivation to use the contracts. BOT The role of the state accepts capital in the success of these projects and states what kind of support the state can afford to attract capital in this regard.

Sadeghi (2006) reviewed the international contracts for the construction, operation and transfer (BOT) and its position in the legal system of Iran. Construction, operation, and divestiture contracts The BOT is of great importance to law and economics professionals today.

Different countries, especially developing countries, regard these contracts as an effective tool for attracting foreign capital and using private sector management in infrastructure projects.

In this type of contract, the Governmental sector entrusts the construction of the project to the private sector, and the latter, after construction and operation, is obliged to repay the ownership of the project to the Public sector.

For success BOT, the government should provide a suitable economic, political and, especially, legal basis for a private investor. The only legal text in the Iranian legal system that deals with this agreement is the Foreign Investment Promotion and Assistance Act, which, of course, covers many aspects. BOT is silent.

Some of the internal regulations of Iran regarding this agreement are in conflict with the WTO rules and should be corrected.

Zahedi et al. (2014) examined the role and importance of the new B.O.T contracts in development projects, examining the problems and barriers contained in these contracts, and providing a legal framework for solving these problems they paid.



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One of the major problems that developing councils face in the growth and development of infrastructure is the lack of government funding to develop infrastructure facilities. In the past, many efforts have been made to create new ways to provide the necessary resources to develop infrastructure facilities.

B.O.T contracts are among the most important ways in which projects are funded and aimed at private participation in government activities.

The extent to which these contracts are effective from the existing regulations in each country has led governments to adopt new laws or regulations or to revise them in accordance with these types of contracts by reviewing the laws on attracting foreign funds.

The application of this method in Iran faces problems in terms of the arrival of foreign investors and their participation in economic activities.

The main objective of the paper was the importance of B.O.T contracts to determine the legal bases used in these types of contracts and to introduce problems and minimize the problems of implementing these types of contracts.

These problems are largely due to the lack of a specific legal framework for these contracts, which has disrupted the implementation of B.O.T contracts in the country.

This paper proposes a new legal framework to address these barriers and problems.

Ansari and Fallahi (2014) studied the law of Iran in the form of the B.O.T contract.

Undoubtedly, economic progress is the program of all states, but this requires the development of infrastructure and implementation of infrastructure projects.

Most countries, especially developing countries, have sought to attract foreign investment in pursuit of this goal.

There are several types of foreign investment, one of the most sought after methods in the past few decades is the construction, operation and assignment contracts, or B.O.T.is.

The B.O.T contract is a new generation of contracts that are not included in the traditional contract law of civil law. The B.O.T contract with the Foreign Investment Promotion and Protection Act of 2002 was first introduced into Iran's legal system.

In this article, we are trying to adapt the BOT contract to the principles of Iranian law and address important questions such as the fact that the BOT contract is in the division



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of the contract, including the specified contract, or the non-reciprocal of the modification of this contract, and whether The BOT contract is an outsourced or non-negotiable law of encouragement, and the regulation only specifies for the BOT agreement, or includes other contractual terms such as BOO, BOOT, etc.?

According to the conducted investigations, it seems that the B.O.T contract is one of the necessary contracts, which is obligatory, permanent, definitive, and reasonable.

Of course, it should be noted that in some of these divisions there are some issues that we will look at throughout the article.

Also, by examining the current practice, it can be argued that the text of the Law and the Promotion Code include the other types of B.O. T contract Gets.

In this paper, considering the internal resources and adapting to external sources, based on the principles of domestic law, we try to answer the questions raised and, finally, we will explain the result.

Afkhami Ardakani (2015) explores the failure and success of the BOT project. The BOT method can be considered as one of the new and effective methods of private and public sector participation in the construction and development of infrastructure projects.

Recently, in order to liberalize the economy, attract foreign capital, have access to advanced technology and know-how, and benefit from efficient management, BOA contracts. T has also attracted the attention of the Iranian government. But the implementation of such contracts is not easy.

Therefore, in this article, we tried to use the experience of failed projects in the world and to investigate the reasons for their failure, to obtain items and indices which, with observance of these indicators, would hope for the success of such projects, and avoid the factors that could be possible to break the project.

Etilio (2014) examines the role of the International Trade Law in Renewable Energy Investments, focusing on bot contracts. T pay Renewable energy is one of the ways to reduce greenhouse gas emissions.

There is a need for more investment in this section. However, the lack of a sustainable regulatory framework and a change in policy leads to a lack of attractiveness for investors.



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By protecting it in an investment agreement, international investment laws can help reduce the risks of investors, especially those who use (BOT) to build, operate, and transfer help.

Zghir et al. (2016) investigated the allocation of investment areas for BOT projects under the Iraqi law, and outlined the problems associated with BOT projects and provided solutions to these problems.

Iraq is a developing country faced with a lack of infrastructure such as water supply, power plants, railways, bridges, sewage and oil and gas transportation networks. And the government is unable to launch such large projects as well as infrastructure development due to lack of financial resources.

To cope with the lack of government funding, many governments are pushing the private sector to increase demand for public participation in order to achieve this goal. These characteristics of public participation have various contracts, with the largest share being contributed by the BOT contracts.

In developing countries such as Iraq, these contracts can play an important role in infrastructure development. Unfortunately, these deals are not very popular in Iraq. For this reason, this article examines legal challenges that prevent use of BOT contracts in Iraq.

The most important problem is the allocation of land for BOT projects. This research was qualitative descriptive and used interviewing tools to investigate the problem of land allocation, and the results showed that land allocation would be a negative factor in the use of the BOT contract.

3. METHODOLOGY

The method of this research is descriptive and library information is used to collect information. The tool is a collection of documentary information and has been used in books, articles, dissertations and sites and journals in this field

1. General Information on Contracts BOT.

In this section, the concept, legal nature, benefits and disadvantages BOT is spoken:

1-1. Concept of Contracts BOT

BOT The BOT stands for the term "transfer and operate, build" (meaning "construction, exploitation, and transfer"), and refers to contracts in which a licensed design is



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intended to be made by a state-owned private company and on the device After the construction, the privilege of exploiting the project has been given to the constructive company for a while and he owns the project and benefits. After the expiration of the contract period (which is often between 25 and 40 years old), the ownership of the project is to the government of the contracting party Transmitted Thus, the private company (which is usually foreign) has funded the infrastructure project, constructed it and, after some time exploited, transferred the ownership of the project to the state, whether free or inferior (usually free), to Subsequently, the state, as the owner, exploits it in the interests of the public, there is no prohibition in the BOT. A private sector project will be vague, but since in most of these contracts the government is considered as one of the parties, in the definition given, the government is referred to as one of the main pillars of the definition.

Also, it is not necessary that the investor section is an external sector and in the examples of the contract.BOT The project has been delegated to the private sector, but since the domestic sector does not have the technical and financial resources necessary for the implementation of the project, the presence of the foreign investor in these contracts is very common. Concluding contracts BOT as a means of attracting foreign capital and exploiting the efficient management of the private sector is of particular interest to developing countries. (Sadeghi, 1385).

Contracts for the construction, operation and transfer of translation (operate - build of Contracts transfer) are abbreviated. BOT. (T.O.B) say that this phrase contains the concept of contract, construction, execution, operation, and ultimately assignment in a contract. BOT, a project with a state-owned investment permit is made by an external or domestic investor and after the construction of the project for a specified period, it is used by the foreign investor, mainly in the form of a company or consortium, and after the termination of the contract , The project will be freely transferred to the contracting and inveterate government.

Contracts have been one of the ways in which economic growth and public welfare has increased over the last few decades and the privatization of private sector participation in economic activities has attracted the attention of countries in the world, including developing countries, the countries of the world for Economic development requires



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the implementation of civil, economic and infrastructure projects such as the construction of refineries, tunnels, power plants, irrigation networks, water and wastewater, airports and ports.

The implementation and development of the above-mentioned infrastructure projects require large investments, although in the past, the funding of those projects was provided by governments. But now, in view of the significant growth of the population, especially in developing countries and rising demand, rising costs and the economic disadvantage of most countries, and the country's budget deficit, governments have decided to finance infrastructure and infrastructure projects. Involve domestic and foreign capital. Involve domestic and foreign.

The term "procedure and contract BOT. (T.O.B) has been using this form since the early 1980s, when the government of Turkey awarded the tender for the construction of several power plants, and then reached the national media.

Of course, in Iran since 1994, the means of attracting foreign capital by way of the BOT. BOT (T.O.B) began to develop power plants by Tavanir.

In such contracts, the government is regarded as the employer and the government as an investment and final purchaser of the products or services provided by the project. And the other party is considered an investor.

Nowadays, one of the most common and practical ways of attracting foreign investments, attracting technology, access to management of contracts for concluding contracts. BOT (T.O B). And recently, the use of contracts for the construction, operation and assignment of privatization and attracting foreign capital has access to advanced technology and technical skills and the benefits of efficient and effective management of the Iranian government.

The law encourages and supports foreign investment in attracting and attracting foreign interests and capital through contracts. BOT means construction, operation and transfer contracts (T.O.B.) emphasised.

)Nikkhah sarnaghi and et al., **2017**) BOT contract as one of the new and effective methods for private and public sector participation in the construction and development of urban projects can be. among the advantages of this type of contracts can be:

1.Reducing and transferring the risk of projects to the private sector



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2. Financing of the infrastructure project using private and public sector capital

3. Optimal use of the capacity and knowledge and skills of the private sector

Mentioned in the BOT contract, in other words, the contract for the construction, commissioning and transfer, the totality of the legal nature of the commitment to the public services of the project and is controlled by the principles of the administrative contracts.

The contract of construction, exploitation, is the latest financing agreement that began to be used by the financial media in the early 1980s, when the government of Turkey tendered for a number of power plants, the use of this technique, especially in the case of infrastructure, was developed.

It might be said that the first project under the BoT system in Egypt was the construction and management of the Suez Canal, in which an international joint stock company was established under the name of the International Suez Canal International Company, and shares were set up for the Suez Canal He distributed himself to the countries of Egypt, France, England and other countries of the foreign institutions.

The channel's management was carried out by the company during the divestment that was under the control of the Egyptian government for ninety years, subject to the return of ownership of the project to the Egyptian government on the basis of the provisions agreed upon and, in return, the annual tax company He paid the government. (Bahrami Kord Aliivand Akbari, **2014**).

3. Constituent elements BO

Considering that the term BOT consists of the elements of construction, commissioning and transfer of ownership:

1-3-Build: Construction of public projects or services financed by the private sector investor.

2-3-Operate: A startup run by a project management and commissioning company run by the private sector.

3-3-Tanfor: Transfer of ownership, which is an obligation relied upon by the investor through the assignment of the project or its services at the final stage to the Contracting Authority without any consideration and under favorable conditions. That the manufacturing company initially acquires the land or property contract for the specified



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period and after construction and start-up and depreciated, the initial capital and the interest yielded transfer the ownership of the work to the employer. Of course, all of the items made should be in optimal conditions (Davoudian, 2011).

Access to technology and increased welfare has been the main concern of developing countries over the past decades.

While these countries need to implement construction and infrastructure projects, such as the construction and expansion of roads, bridges, dams, irrigation networks, power plants, airports and ports, in order to achieve economic growth and development, optimal implementation of these projects with severe constraints such as Lack of financial resources, lack of technology and technical knowledge, poor governance of the public sector, ruling bureaucracy and the passivity of the private sector Has encountered.

The implementation of these projects by the public sector and the general public, using limited government funding or borrowing, has failed to meet the growing needs of this sector.

Many of the plans were either not initiated at all or, if started, due to lack of funding, public sector inefficiencies and mismanagement have been delayed or unsatisfactory. Given the lack of effective cooperation of industrialized countries with the development and economic growth of developing countries, these countries have tried to use their facilities and pressures to develop developed countries to participate in the implementation of civil and infrastructure projects.

These countries have used their negotiating power to achieve growth and development, and have pushed developed countries to invest and provide technical and economic assistance.

In this view, the deal with developed countries should at least partly involve the participation of these countries in the process of developing and developing economies in developing countries Be.

Accordingly, on the one hand, by changing the attitudes of developing countries to traditional commercial contracts such as purchasing goods and equipment, selling raw materials, granting mining privileges, especially in the oil and gas sector, obtaining



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loans for construction projects and the like. It was no longer a goal, and therefore new methods and mechanisms should be adopted to meet the needs of developing countries. On the other hand, many economic activities, especially in the construction and infrastructure sectors, were monopolized by the public sector, which required the termination of these monopolies and the presence of the private sector in these activities.

Therefore, in order to achieve economic growth, three efforts should be made in parallel: economic liberalization for private sector participation in macroeconomic activities; encouraging foreign investment in attracting capital, management and foreign technology; and developing new ways in international trade. Diversifying the implementation mechanisms of domestic and foreign private sector participation in economic activities.

The development and development of new contractual mechanisms, such as "participation in production", "investment participation", "mutual trade", "offset contracts", "production co-operation" and "construction, operation and transfer contracts" in In recent decades, diversity has been welcomed by developing countries to diversify the private sector participation practices.

One of these methods, which is in the context of the international economic order and at the same time to liberate the economic activities of the developing countries, is the contracts generally titled "Construction, Operation and Transfer (BOT)) "Are known. These contracts are based on two principles: the use of negotiating powers to encourage foreign business partners to participate in public and infrastructure projects and risk taking in the implementation of economic projects; and economic liberalization to interfere in the private sector in infrastructure and development projects. Traditionally, it has been under the exclusive control of governments have been.

In recent years, the Islamic Republic of Iran has seen similar efforts to achieve economic growth.

Organizing state-owned companies to comply with the principles and rules governing the market, divesting part of public services to the private sector through contracting, privatization through the transfer of state-owned companies, economic liberalization through the abolition of state monopolies, encouragement and protection of foreign



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investment , And diversification of contractual mechanisms such as civic engagement, reciprocity, and reciprocity. BOT is one of the efforts that has been made in recent years to achieve development and economic growth, job creation and general welfare development.

Considering the general attitude towards the participation of the private and domestic sector in macroeconomic activities and constitutional constraints, the methods of interdependence, civil participation and NGOs. BOT has received special attention in Iran, because the government can maintain its control over public and infrastructure projects while benefiting from the capital, technology and management of the private and domestic sector.

Section B of Article 3 of the Foreign Investment Promotion and Protection Act of February 19, 2002, emphasizes the acceptance of foreign investment in the framework of the "civil partnership", "reciprocity", and "construction, exploitation and transfer" methods. (Shiroodi, 1381).

In bs projects BOT (BOT), the government awarded a private consortium of private companies to design, finance, build, and then operate for a specified period of time. The main reasons for the use of contracts BOT is the following: directing private sector capital to infrastructure projects, attracting foreign capital, pouring technology and new technologies towards the country, and using an efficient management to manage and exploit infrastructure projects. Given that infrastructure projects are part of the public sector and have traditionally been under the control and exclusive control of the government, entry into this sector will not be possible without the support and cooperation of the public sector

As well as expressing the incentives for using BOT contracts., the role of the government embraces the key to the success of these projects and states what kind of support the state may receive in attracting capital.

These provisions summarize the following protections:

1.If the construction or operation is disrupted for more than fifteen days and this disruption is not attributable to the Consortium,The consortium is entitled to any damages caused by this disorder;



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- 2.If the disruption to the operation lasts for three months, and the disruption is not attributable to the consortium, the consortium may terminate the contract;
- 3.In each case where the consortium finds the right to terminate the contract, in case of termination of the contract, the consortium deserves all the damages incurred by the non-performance of the contract.
- 4.If the project consists of a variety of components, the liquidation or termination of the project will be possible;
- 5.Apply more restrictions to the government and public sector to terminate contracts BOT
- 6.This adjustment may involve paying a larger amount to the consortium
- 7.Extending the duration of the consortium or increasing the price of the project;
- 8.Establishing tax exemptions and facilities in support of the consortium by: Including the proceeds from the operation of the project in terms of gross income from business activities that have a more favorable tax rate; -Increasing costs and expenses of construction and financing (paying interest) of income The result
- 9.While referrals to arbitration when a party to that government or a government company is subject to certain formalities, including the prior agreement of the Minister of Finance and Finance, the Minister of Public Affairs and the relevant minister is.
(Shirodi, **2002**)

Legal nature of the contract BOT (T.O.B)

In some forms BOT, examples of traditional contracts can be found.

For example, in the contract of construction, ownership, operation and sale, the contract of sale is used or in the contract of construction, lease and transfer, with a similar stream of rent on condition that we have the right; the basis of civil liability justifying the legal and decree of the law, It's about the silence of the law.

Also, the basis for recognizing liability is also the course of the movement and legal developments in this case. The guilt is accepted as the basis of the major responsibility in many legal systems of the world, and some of the prominent Iranian lawyers also believe that the basis of civil responsibility in Iran is based on fault (Baba'i, 2002).

However, among the specific contracts specified in the law Civic, one can not see a



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model that is compatible with the contract of construction, operation and assignment, so to determine the legal nature of the law. BOT should have tested another way.

In legal discussions Bob has been. Which, in order to determine the legal nature of the modern world contracts, will not attempt to match the contract with one of the traditional civil code contracts and, in the event of failure in this way, from Article 10 civil law use it.

The purpose of a specified contract is a contract with the name, conditions and effects mentioned in the law, and since the term law in this definition is not limited to civil law, so if the name, the effects and conditions of the new business contracts in the new regulation To be mentioned in a country, it should be considered as a specific contract in terms of legal nature.

About the contract BOT. (TOB) also said: The name of this contract is in Article 3 of the Foreign Investment Promotion and Protection Act of 1381, the Convention on the Exercise of Exercise of the System, and Article 3 of the Administrative Code of the same Act; the main effects of the contract are also mentioned in The law of "construction, operation and assignment is stipulated because, in accordance with Note 1 of Article 3 of the aforementioned law, by concluding a contract and launching a project, the private sector can use the heads of the owners and after the expiration of the term, it is required to transfer it to the government. ; Some of the conditions for concluding this contract, such as the way out of the proceeds from the plan, are also mentioned in the above lawIs mentioned.

Therefore, in expressing its legal nature, it can be said that BOT is one of a kind of contract, and in order to determine the terms of the contract and its effects, Article 10 of the Civil Code can be used.

4. THE MAIN PARTIES TO THE CONTRACTS BOT(T.O.B)

1.Invalid state: One of the main parties of the contract. He. It is the state of government that allows a private project company or project company to build a infrastructure project and finance it after construction for a while.

In practice, one of the public institutions (which may be national, provincial or local, free trade and industrial zones or special economic zones) will take over the project and will eventually be transferred to the project.



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2. Project company or consortium: The second party to the contract. BOT is a privately owned privately held company that is co-sponsored by a project company and jointly responsible for financing, construction, implementation of the project accept.

3. Shareholders: Real or legal entities that provide part of the capital needed for the project through stock purchases.

4. Contractors: Contractors may be numerous, depending on the case, may be the task of initial studies, project construction, machinery supply, tools and materials needed to build a project, install machinery, exploitation, supply of raw materials and other supplies for Operation and so on Accept.

5. Buyers of products: Those who ultimately sell the products to the project may be final consumers or private or public companies that have guaranteed the purchase of products Have accepted.

5. RESOLVING DISPUTES

Economic development requires specific solutions, one of these is the adoption of laws on investment attraction.

These laws and regulations often provide guarantees and incentives for investing.

Usually, according to these rules, commercial contracts are governed by the legal bases of the host country.

In these contracts, the rights and obligations of the parties are identified. Usually, in part of the investment contracts, there is a discussion of the resolution of the investment conflict.

In Iran's law, there are many differences of opinion regarding the existence of Article 139 of the Iranian Constitution and Article 457 of the Iranian Civil Procedure Law, and Article 19 of the Law on the Promotion and Protection of Foreign Investments and the International Commercial Arbitration Law on arbitration agreements and arbitration clauses There are many disagreements.

Contract no. BOT. (T.O.B), as well as other types of investment agreement between the parties and based on the agreement of the parties, based on the principle of contractual freedom, shall be concluded according to the investment project and the legal basis of the investment, as well as the terms and conditions set out in the tender / negotiation.



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The contract also requires the two parties to make the most of their use of the terms of their terms.

In accordance with the terms and conditions of the contract, the rights and obligations of the parties are determined.

The parties to the contract shall mention what they consider to be in the contract and, if they are satisfied with the other party, insert as a matter.

One of the conditions set out in most contracts (T.O.B) is the dispute resolution method. Because, on the one hand, a government or government institution or organization is more likely to resolve the dispute through negotiation and then domestic courts. The foreign investor, on the other hand, seeks to resolve the problem more often through an arbitration institution or alternative methods.

Arbitration or alternative methods of arbitration for a foreign investor and even an investee country have certain advantages which, instead of appealing to the domestic courts of the state, refer to arbitration or alternative methods of arbitration, and in the law of encouraging and supporting foreign investment, a characteristic in the way of negotiating the existence There is no arbitrariness by the legislator in referring disputes to arbitration and alternative procedures. (Sadeghi, 2007).

6. CONCLUSION

Construction, operation and transfer contracts BOT. (T.O.B) is one of the ways recently used by private sector and investors to construct and develop infrastructure projects, especially in developing countries and free trade zones Is used.

In the contracts BOT. (T.O.B.), a private investor with a government-funded grant, creates his project, and these contracts will make the investment-intensive state, attracting investors, without paying and bearing heavy costs.

When the contract BOT. (T.O.B) is concluded. The investment state and organizations of free trade and industrial zones are required to conclude a comprehensive contract with the investor after detailed studies in various aspects, including financial, administrative, legal, and political matters IS.

Considering that in the international context, BOT. (T.O.B.) is one of the most important methods of foreign investment. According to the research, it is clear that the contract.BOT is important for attracting foreign and domestic investors in economic



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development and directing them to infrastructure projects for the development of free-trade zones.

Also, the use of contracts. BOT. (T.O.B) has attracted technology and progress into countries, including commercial and industrial zones of Iran.

Attracting technology through concluding contracts. BOT. (T.O.B) may be implemented in three ways through the introduction of machinery, licensing and licensing of production and transfer of technical skills.

And given the fact that in the projects. BOT. (T.O.B.) is responsible for the management and operation of the project for the private sector and investors. Certainly, investors are working to secure their own interests in order to efficiently manage the project's output to a satisfactory level. For this reason, governments and free-trade organizations can, at the time of concluding contracts. BOT. (T.O.B) take advantage of the private sector, and even after the transfer of the project, organizations of free zones and capitalist governments may have the management willingly placed in the hands of the government or viable business organizations.

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