THE SELECTION CRITERIA OF THE MOST APPROPRIATE PROJECT FINANCE METHODS IN IRAN CONSTRUCTION INDUSTRY

VAHIDREZA YOUSEFI*; AIDA RAHIMI GOLKHANDAN**; SARMAD KIANI***; MOHAMMAD HOSEINMAH MOUDISARI****

*Faculty, University of Tehran, Iran.
**Faculty, University of Tehran, Iran.
***Faculty, University of Tehran, Iran.
****Faculty, University of Tehran, Iran.

ABSTRACT

One of the most important parameters in the projects especially in construction projects is how to finance them. This subject might have a great impact on construction methods and profitability of the projects. This study aims to discuss different kinds of finance methods in construction industry of Iran. For optimal study of finance methods in construction industries, all possible methods of financing were first studied; then, to choose the best strategies, according to the important criteria and considering the project management principles, this study by reviewing and analyzing data using SWOT analysis makes possible to select the best finance methods in different construction projects based on special conditions available.

KEYWORDS: Project Finance, Strategic Project Management, SWOT, Deteriorated Areas, Construction Industry.

1- INTRODUCTION

Strategy is identifying the key opportunities and focusing of organization resources in order to achieve the benefits of such opportunities (Gaffarian, 2007). Strategies are in fact tools by which the companies can achieve their long-term goals (Shojaee, 2007). Plan is a kind of commitment to perform specific activities to accomplish the desired goal (Koontz, 1988). Planning includes determining a goal and finding and predicting the way to achieve that goal (Koontz, 1988). In other words, planning means decision-making about "what to do" (Rezaeean, 1992). In fact, planning is a process in which the way of production, circulation and coordination of information in proficiency section is related to the decision-making section in an organized manner (Alvani, 1997). The process of strategic planning provides an approach to analysis of the company and the
environment, and will identify key conditions that influence the success of the company (Fry and Stoner, 1995). The set of decisions and measures made by senior management and consultation with other levels of organization to determine long-term activities of the organization, are called strategic planning (Houbenetal. 1999). Strategic planning is associated with option and selection; this means it selects among the goals, ideals and strategies (Arabi, 2006). Strategic planning focuses on the major goals of the organization and selects the options and appropriate methods and allocates the required resources to achieve these goals (Rezaeean, 1992). In other words, strategic planning includes the art and science of formulating, implementation and evaluation of comprehensive decisions for empowering the organization in achieving the desired goals (Ahmadi and Negareshi, 2003). When the strategic planning is successful, it will affect all the operational areas of the organization and becomes a part of the philosophy and culture of the organization (Arabi, 2006). Each company encounters with a number of various internal and external factors and forces, which have the role of potential stimuli and limitations in achieving its goals. Identifying and evaluation of strategic factors, which act as contributors or barriers for company to reach to its potentials, is the first step that is considered by business managers in strategic planning (Houbenetal. 1999). The process of strategic management is a way in which the strategists determine the goals and make decisions through three basic factors of strategy development, strategy implementation and monitoring and evaluation of strategy (Dessetal. 2006). Strategic management has a very important role in creating competitive advantage in organizations (Leeetal, 2005), (Desouza, 2003). One application of strategic management includes its using in the project environment, which is associated with the determination of strategy development principles. To describe the application of project strategic management we need to define the principles of vision, mission and values (Naaranojaetal, 2007).

By specifying the mission, all measures and activities of the company are aligned and coordinated, and the attention of all the project stakeholders increases on a particular topic. The project vision determines the overall direction of the project, and in addition to its role to improve the management and its acting as the leadership of the project team, it also provides a tool for product management of the project. The main features of the vision are to be realistic, achievable, energizing and attractive, futuristic, challenging and concentrating (Christenson, 2004). Since every company is always faced with a dynamic environment, the significance measuring of factors in such an environment will be always variable. So, having a list of strategic factors can be very useful, and can be used as a starting point in strategic planning of companies. This list will be a flexible tool and its most important benefits can be outlined as follows:

1. To help the managers in review and survey the various areas of management
2. To achieve the appropriate vision in relationship with the significance of the company main body
3. To start the appropriate measures in order to timely modifying responses

Proper functioning of a company is the result of proper interaction of the management with its environment. The main factors of success in planning and strategic planning include the collection of specific information for each industry and understanding the competitive changes in different fields among different companies in such an industry (Dessetal. 2006). Organizations in
order to gain competitive advantage in the market and creating value for customers require perfect planning and use of effective tools in choosing strategies.

They need a tool that with providing an appropriate framework for organization analyzes the attractive situations and the environmental threats of organization, and improves the strategies considering the organizational strengths and eliminating its weaknesses (Irelandetal, 2003). This study discusses different financing methods by SWOT analysis to compare the benefits and weaknesses of these methods.

2-DETERIORATED AREAS

Deteriorated areas are those parts of the urban area, which are vulnerable due to physical exhaustion, lack of adequate roadway access, utilities, urban services and infrastructure, and are the settlement of disadvantaged groups and rural migrants who have traditional activities with low added value [Supreme Council for Planning and Architecture]. Housing characteristics of deteriorated areas in Tehran include instability of buildings against earthquakes, the few numbers of storeys and existence of multi-family houses, houses mixed with workshop or warehouse. Urban area is a uniform spectrum that has formed in connection with the city with different morphologies during periods of urban life within city or in its outskirts [Ministry of House and Urban Development]. Cities like living organisms, have life and death, and if their incidental and unsettling factors of biological balance are not controlled during the time, their deterioration and destruction grounds will appear (Andalib, 2007). Approval of the Supreme Council for Planning and Architecture, the indicators of identifying the deteriorated areas include: small houses (houses with an area less than 200 square meters), impenetrability (access roads with a width of less than 6 m) and instability (density of buildings lacking strong structures, nondurable and short-lived). These deteriorated bodies are getting fitted for modern needs by renovation. Renovation is the rejuvenation process of a damaged area in the city by improving the status of buildings, privileges, increasing the facilities and services and proportional allocation of land uses and renovation (Kulshrestha, 2006). In other words, the main purpose of urban renovation is applying the principles that lead to revival of all or part of urban structures, which are not now matched with the defined functionalities for them (Miller, 1959).

2-1RENOVATION ORGANIZATION OF TEHRAN CITY

In addition to devolved functions of the Ministry of Housing and Urban Development by organizing and supporting the production and providing housing law, the specialized Civil and Urban Development Parent Company of Iran with subsets of Civil and Housing Development companies are responsible for other supportive roles and providing government facilities. Finally, with regard to strategic planning, a Civil and Housing Development Corporation was established in each province. The goal of company establishment includes administration and organizing the activities of government in charge through the subset companies in the revival, improvement and renovation of old, deteriorated and inefficient urban areas as well as the management of optimum use of the mentioned facilities in order to inner development of cities and improving the urban living environment and promoting development of above activities through the participation of municipalities, residents and owners of the mentioned areas and
natural and legal entities (Rahimi, 2010). Other organizations that have responsibility for intervention in such areas are as following:

- Cultural Heritage and Tourism Organization, with the role of monitoring the deteriorated areas projects with historical value
- Organizations responsible for infrastructural services and infrastructures such as regional electricity companies, water and wastewater agencies, gas companies, telecommunications companies, and other urban infrastructural installations
- Organizations responsible for basic services such as Ministry of Health, Ministry of Education, Ministry of Culture and Islamic Guidance, and Physical Education Organization, which make possible the achievement of projects with provided funds in their authority and having the executive power

The major players of deteriorated areas renovation in public sector also include City Islamic Council, the city government or Municipality of Tehran, and the Renovation Organization. The Article 111 of Municipal Act and the Article 1 of Urban Civil and Renovation Law have considered one of the duties of municipalities as urban renovation; the municipalities in order to perform this task are required to renovate and rebuild the urban deteriorated areas. In Tehran city, this task is the responsibility of Renovation organization as the main pillar of the renovation process of deteriorated areas in Tehran. The players of renovation in the private sector can also be named as following:

- Developers and merchant builders
- Public renovation services offices
- Grassroots organizations
- Residents of deteriorated areas

The Renovation Organization of Tehran City has been made responsible for renovation and rebuilding the urban deteriorated areas in the City of Tehran (In accordance with Article 111 of the municipal law and Article 1 of the urban civil and renovation law). For this purpose, the organization can act in order to buy stocks and distribute and sell bonds of partnership through investment and partnership with banks and investment institutions, corporations or natural entities; it can do any transaction in its name limited to its budget and programs adopted by the senior council of the organization; it can make and execute any contract and buy the needed properties, and even establish companies or buy other companies shares, open current account in banks and give or receive loans or credit with good and proper decisions (Rahimi, 2010).

The Renovation Organization of Tehran as the main element of renovation in the City of Tehran is responsible for several operational, management and supportive measures in many different fields according to Tehran's approach and strategy renovation and in order to achieve the goals of 20-year Vision of Tehran until 1404, which we call it as "Comprehensive Renovation Process".
FIGURE 1- COMPREHENSIVE RENOVATION PROCESS

Adopting Michael Porter’s value chain perspective, the processes in the main value chain of renovation have been drawn in two parts as public renovation and renovation projects. The organization performs measures in the public process renovation such as informing and educating, developing the employment of residents, providing facilitating services in the public process of renovation, prediction of facilities and incentives, reducing legal barriers and other needed tool-makings. On the other hand, the process of renovation projects (as can be seen in the below diagram) has been divided in a hierarchical structure. In such a structure, the organization in sub-process of infrastructure projects is responsible for measures such as planning, prioritization, monitoring and control the efficiency and effectiveness of infrastructure measures and urban services in the renovation of deteriorated areas. The sub-process of supporting and value-increasing projects also includes the defining and management of supporting projects, focused and value-increasing value projects, development of private sector participation and directing investments toward the development of deteriorated areas (Renovators of Tehran City, 2011). The focused projects of renovators - the topic of this research- is included in the sub-process of supportive and value-increasing projects.
2-2THE FOCUSED PROJECTS OF RENOVATORS

Before the introduction of focused projects of renovators, initial describing of reserve lands of renovation as a platform of these projects implementation will be beneficial. Referring to Article 11 of Detailed Plan known as the reserve of development and renovation of urban areas, according to the approach and need of Tehran's Comprehensive Land Use Plan to precisemaking of the reserve lands for development and renovation in the Detailed Plan\(^1\), one part of two-thousandth of all large properties lands with the area of an acre and more - except for the existing green spaces – that are not assigned in the specific function of each zones have been determined; these lands are referred to as reserve lands of development and renovation. Tehran Municipality plans to allocate a third of the available reserve lands to renovation of deteriorated areas. The objectives of construction in the reserve lands of renovation include provision of housing for the overflow crowd of urban deteriorated areas, balancing of services and providing

---

\(^1\)Detailed plan is a plan that is determined based on the criteria and the general rules of the comprehensive plan, the way of using urban lands in the various neighborhoods of the city and the exact location and area of the land for each of them and the exact status and detailed traffic network and population density, density in urban units, priorities related to improvement areas, urban problems and urban development and the locations of all the various urban factors affecting it. This plan is prepared following the comprehensive plan to implement the approved executive programs. The history of comprehensive and detailed plans goes back to the 1346-1347. The organization responsible for providing comprehensive and detailed plans is the Ministry of Housing and Urban Development.
needed services and creating new capacities of development in direction of fulfilling the 20 years vision in the City of Tehran (Rahimi, 2010).

Focused projects of renovators are referred to the projects with residential or mixed use (commercial, cultural, economic, and service) with the dominant residential usage, which are established in a concentrated way by the Renovation Organization of Tehran City without the direct participation of deteriorated areas residents and to supply the per capita's deficit and the replacing unit of deteriorated areas properties or value-increasing for the organization.

Some of these projects are located in the reserve lands of renovation that were introduced in the previous paragraph, and the lands of other projects have been owned by the Renovation organization through other means such as in the format of "the house instead of house plan". The philosophy of defining focused projects of innovators includes becoming able to help maintaining the original inhabitants in the same areas by supplying the fund lands - including the reserve lands of renovation – and construction of residential complexes and giving them to residents of deteriorated areas with supportive special conditions besides facilitating the acquisition in order to create infrastructures (accessibilities, etc.) and the renovation of areas. By defining such projects in a little distance from the deteriorated areas, in addition to create the spatial desirability, the ground of value-added will also be provided (Aieni, 2009)

3-BASICS OF FINANCING

Since no project is performed without financing and the financial planning begins at the time of feasibility studies, designing the project strategy will be affected by the project financing method. The most successful projects are those that their financial planning are considered as a part of project strategy from the beginning, and the project objective is to minimize the costs of the project life cycle (Turner, 2007). The project financing requires exact financial engineering to allocate the risks and opportunities among the project stakeholders in a way that would be plausible and convincing to the parties. The figure below shows the basic elements of project financing (Finnerty, 1996).

---

2 The replacing unit is a dwelling or commercial unit that has been given to the owner of deteriorated area per delivery of one or more deteriorated units. The Tehran's City Council according the single article referred to as "Organizing the community participation in renovation of Tehran's deteriorated areas" in September 1386 required the Renovation Organization to give the replacing housing to the property owners of deteriorated properties.
Optimized financial activities require accurate decision-making for each of financing sources and their applications (Modares, 2008).

Companies should choose an appropriate combination of financial resources and apply a set of procedures and policies for the selection of various and amount of funds from different sources that would be the best policy to embody their financial and operational needs (Vakilifard, 2009).

There are always two basic options for financing the project: financing through the capital of shareholders (equity), and financing by loan or debt method (debt). It should be noted that there is not always a clear distinction between these two options, and a continuum of equity to debt can be considered according to the financing structure as follows: (Turner, 2007), (Yescomb, 2002), (Gatti, 2008) and (Fight, 2006).

- In case of financing through equity, investors or shareholders will receive the dividends or the capital growth of their equities according to value of their shares. In this case, there is no guarantee for dividends to be paid or even the return of the original money. Dividends are paid only when the debt obligations have been reimbursed in scheduled deadlines and all the requirements of lenders have been met.

- Subordinate debts are loans that are funded by shareholders. This type of financing sometimes is considered such as stocks. For this reason, it is also called Mezzanine debt. This type of financing has some differences compared to equity. It will be reimbursed at
specific timing, and the reimbursement to providers is as payment with predetermined interest.

- The Senior debt is the money that is loaned from a number of possible funding sources, especially banks, which can be reimbursed in scheduling agreement considering the predetermined interest. The senior debt has two types:

- Secured debts: These loans are guaranteed with collateral properties or assets and can be easily converted to cash. These resources are loaned to Parent organization and are guaranteed by some properties; no matter spent in which project, they can be repaid.

- Unsecured debts: This type of loan is granted only for a specific project, and will be just guaranteed against the assets of the project and the anticipated revenue flow of the project. This type of loan is a non-guaranteed type of financing, without recourse and out of balance sheet and it is independent of the success of the project.

**FIGURE 4- EQUITY TO DEBT DIAGRAM**
4- RESEARCH METHOD

To have a thorough literature review, an extensive library research including the review of existing books, papers, journals, and conducting interview with experts was carried out in valid and reliable resources in the field of strategic project management and project finance.

This preliminary list of project finance methods was further refined by interviews with academic experts and practicing professionals in the renovation organization of Tehran. The result was a list comprising 16 financing methods which confirmed by experts, construction project managers, scholars and academics involved in Renovation of Deteriorated Areas.

4-1- SWOT POSITION IN STRATEGIC PROJECT MANAGEMENT

Strategic management is composed of three basic steps including strategy development, strategy implementation, and evaluation and control of strategy. Strategy formulation is a process for the development of long-term plans to respond effectively to external opportunities and threats according to the company’s strengths and weaknesses (Shojaee, 2007). Different methods are used in strategic planning for the analysis of strategic cases; among all available methods of analysis, the Strength, Weakness, Opportunity, Threat (SWOT) analysis method is one of the most common methods (Dess, 2006). The SWOT analysis method is an important supporting tool and of most common tools in systematic analysis (Kangasetal, 2003), (Stewartetal, 2002). The SWOT analysis method collects the most important internal and external factors, which may affect the future of the organization. These factors are called strategic factors (Kulak and Kahraman, 2005). If used properly, the SWOT analysis can be applied as a suitable basis in formulating the strategy. The usual SWOT method has some weaknesses in the assessment and measurement processes and is not a perfect tool. In other words, the SWOT analysis method is not an appropriate analytical tool alone in determining the relative importance of factors and evaluation the proportionality of decision options based on these factors (Kajanusetal, 2005). The SWOT analysis method helps the decision-maker in grouping the factors to internal and external factors as well as providing the possibility of comparing the strengths and weaknesses with the opportunities and threats for him (Shresthaetal, 2004).

5- RESULTS AND DISCUSSION

5-1- METHODS OF FINANCING

Financing methods of projects can be categorized based on the organization’s commitments and according to the project’s commitments.

- CORPORATE FINANCING (BASED ON ORGANIZATION'S COMMITMENTS)
The corporate financing can be defined as financing with full commitment that the repayment of financial commitments are possible from all the company's assets. In corporate financing, the lenders to the organization realize all the company's assets for their loans to be reimbursed.
• **PROJECT FINANCING (BASED ON PROJECT COMMITMENTS)**

The project financing method is considered as financing with limited commitment or no commitment, which the source repayment of project's commitments includes incomes resulting from sale the products of related investments (Rahimi, 2010). In this case, the projects are financed as separate legal entities and independently. This type of financing is called non-guaranteed, without revoking right and off-balance sheet, because they are only guaranteed by the project's assets and income stream. The project financings are often known for large projects committed by the private sector and from the government or with the corporation of the government under the titles of PFI and PPP (Turner, 2007). In the next step, we reviewed the tools, institutions and available models with referral studies to finance fundamentals. Since broader and richer is the size spectrum of options facing the decision makers, more productive and more accurate will be the choosing of the right way and the decision, we did not think of assessment at the time of options identifying. At this stage, we tried to cover all possible cases in order to strategic management of optimal financial resources. The participants in the financing of these projects, including available financial institutions, are classified as "internal and external", "supportive and non-supportive" and "private, public and governmental" categories. The participants and support institutions are those suppliers of financing who have mission, goals or interests other than financial interests in study of renovation projects of deteriorated areas. This categorization helps to broader recognition of existing facilities and avoiding the ignorance of some participants in the financing of studied projects. In the next step, the comprehensiveness range of financing options was identified and their validation for use in intended projects was performed by exploring the sources and interviews with experts as well as considering the characteristics and conditions of the Renovation organization and research-related projects. The set of options considered as the input of research are as following table:

**TABLE 1- THE SET OF PROPOSED ALTERNATIVES**

<table>
<thead>
<tr>
<th>Financing Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supportive</td>
</tr>
<tr>
<td>Receiving obligation facilities</td>
</tr>
<tr>
<td>Receiving facilities from public banks</td>
</tr>
<tr>
<td>Receiving facilities from private banks</td>
</tr>
<tr>
<td>partnership with contractors</td>
</tr>
<tr>
<td>Issuance of bonds</td>
</tr>
<tr>
<td>Issuance of mortgage bonds (Securitization)</td>
</tr>
</tbody>
</table>
Some criteria should be existed for comparing the options outlined above, so that the review and selection among the options will be done according to those criteria. The set of such specific criteria are listed in the table below for review.

**TABLE 2- THE RESULTING CRITERIA FROM DOCUMENT SURVEY AND INTERVIEW WITH EXPERTS**

<table>
<thead>
<tr>
<th>NO</th>
<th>DECISION-MAKING CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Absence of environmental barriers such as sanctions and the top ranked country risk</td>
</tr>
<tr>
<td>2</td>
<td>Project profitability in the case of application any of the financing options (Zopounidis and Despotis, 1995)</td>
</tr>
<tr>
<td>3</td>
<td>The amount of financing costs</td>
</tr>
<tr>
<td>3-1</td>
<td>Cost of useless capital</td>
</tr>
<tr>
<td>3-2</td>
<td>The amount of construction management costs</td>
</tr>
<tr>
<td>3-3</td>
<td>The amount of marketing and sales costs</td>
</tr>
<tr>
<td>3-4</td>
<td>The level of achievement of resources with respect to environmental conditions and housing economy</td>
</tr>
<tr>
<td>4</td>
<td>Ensuring the fulfillment of resources in the contract duration of financing (Orneetal, 1975)</td>
</tr>
<tr>
<td>5</td>
<td>The minimum of negative impacts of non-repayment obligations</td>
</tr>
<tr>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

---

3Sukuk is a type of fixed income security that is used in Islamic countries and also Iran
5-2- THE SWOT ANALYSIS OF PROJECT FINANCING METHODS

At this stage, we will perform the SWOT analysis of project financing methods according to the collected data and the terms and conditions specifications of projects. It should be noted that the study of measures related to land ownership of the project as well as risk assessment and identifying the risks of focused projects of renovators are not in the scope of this article, and the studies of current research begin after the project definition and release of land and identification and assessment of the risks.

STRENGTHS

1. Existence of supportive laws in obtaining legal permits in the field of deteriorated areas renovation
2. The possibility of benefiting the no-changing or aligning the municipalities laws with supportive strategies in the field of deteriorated areas renovation
3. The possibility of providing the requirements and special needs of suppliers such as organizational and social requirements
4. Support from the government
5. The possible preparation of most of reimbursement guarantees for financial providers
6. The possibility of providing technical requirements needed for financial providers
7. Experienced and educated workforce

WEAKNESSES

1. Instability of some achieved funds until the end of the project
2. Lack of ensuring the resources fulfillment in the financial contract duration
3. Uncertainty about some suppliers and the resulting increased risk, which leads to demanding interest rates increase
4. Lack of structure flexibility in attracting financial resources

THREATS

1. Prolongation or failure to get legal permits
2. The risk of prolonged or failure to land release
3. Changes in municipal laws and regulations
4. Rising the construction costs (due to increased material prices, human resources or other reasons)

5. Increase the amount of commitments due to exchange rate changes

6. Sales risk (reducing the rate of sales or reducing the amount of sales) that may occur due to the downturn in the housing market, weakness of sales unit, weak advertising or other pressures

**OPPORTUNITIES**

1. Existence of the growing finance tools
2. Possible attraction of public participation
3. The possibility of attraction of small investments
4. Existence of an attractive market for investment in housing
5. The possibility of using Islamic financial instruments such as Sukuk

**SO STRATEGY**

1. Aligning with the laws and regulations for obtaining the partnerships of public and private sectors
2. Using the protective laws in order to attract small capitals and according to the attractiveness of investment in housing
3. Using strengths in work force and technical issues to attract public participation

**WO STRATEGY**

1. Using the suitable financial instruments for the project that have more stability according to the project duration
2. Using the combined financial instruments of equity and debt for increased reliability of reimbursement
3. Using the combined financial instruments of equity and debt to reduce the demanding interest of suppliers
4. Organizational restructuring in order to more readiness for attraction of more appropriate and less costly funds

**ST STRATEGY**

1. Exploitation of protective laws to reduce the risks related to laws and regulations
2. Partnerships with some suppliers and contractors to reduce the sale risk

3. Using the protective legislation in order to stabilize the municipal regulations in the fields related to deteriorated areas and the organization's measures

4. Venturing partnership contracts with some suppliers to reduce the risk of increased construction costs

**WT STRATEGY**

1. Sufficient ensuring for suppliers and thus payment of less interest through reducing the risks by the help of partnerships with suppliers and contractors

2. Avoiding project finance contracts in cases that there is not the possible sustainability of them until the intended time in the project

3. Restructuring the organization for more flexibility in order to attract funds

**TABLE 3- SWOT MATRIX**

<table>
<thead>
<tr>
<th>Internal factors</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weakness</td>
<td></td>
</tr>
<tr>
<td>1- Instability of some achieved funds until the end of the project</td>
<td>1- Existence of supportive laws in obtaining legal permits in the field of deteriorated areas renovation</td>
</tr>
<tr>
<td>2- Lack of ensuring the resources fulfillment in the financial contract duration</td>
<td>2- The possibility of benefiting the no-changing or aligning the municipalities laws with supportive strategies in the field of deteriorated areas renovation</td>
</tr>
<tr>
<td>3- Uncertainty about some suppliers and the resulting increased risk, which leads to demanding interest rates increase</td>
<td>3- The possibility of providing the requirements and special needs of suppliers such as organizational and social requirements</td>
</tr>
<tr>
<td>4- Lack of structure flexibility in attracting financial resources</td>
<td>4- Support from the government</td>
</tr>
<tr>
<td></td>
<td>5- The possible preparation of most of reimbursement guarantees for financial providers</td>
</tr>
<tr>
<td></td>
<td>6- The possibility of providing technical requirements needed for financial providers</td>
</tr>
</tbody>
</table>

SWOT MATRIX
<table>
<thead>
<tr>
<th>WO Strategy</th>
<th>SO Strategy</th>
<th>Opportunity</th>
</tr>
</thead>
</table>
| 1- Using the suitable financial instruments for the project that have more stability according to the project duration  
2- Using the combined financial instruments of equity and debt for increased reliability of reimbursement  
3- Using the combined financial instruments of equity and debt to reduce the demanding interest of suppliers  
4- Organizational restructuring in order to more readiness for attraction of more appropriate and less costly funds | 1- Aligning with the laws and regulations for obtaining the partnerships of public and private sectors  
2- Using the protective laws in order to attract small capitals and according to the attractiveness of investment in housing  
3- Using strengths in work force and technical issues to attract public participation | 1- Existence of the growing finance tools  
2- Possible attraction of public participation  
3- The possibility of attraction of small investments  
4- Existence of an attractive market for investment in housing  
5- The possibility of using Islamic financial instruments such as Sukuk |

<table>
<thead>
<tr>
<th>WT Strategy</th>
<th>ST Strategy</th>
<th>Threat</th>
</tr>
</thead>
</table>
| 1- Sufficient ensuring for suppliers and thus payment of less interest through reducing the risks by the help of partnerships with suppliers and contractors  
2- Avoiding project finance contracts in cases that there is not the possible sustainability of them until the intended time in the project  
3- Restructuring the organization for more flexibility in order to attract funds | 1- Exploitation of protective laws to reduce the risks related to laws and regulations  
2- Partnerships with some suppliers and contractors to reduce the sale risk  
3- Using the protective legislation in order to stabilize the municipal regulations in the fields related to deteriorated areas and the organization’s measures  
4- Venturing partnership contracts with some suppliers to reduce the risk of increased construction costs | 1- Prolongation or failure to get legal permits  
2- The risk of prolonged or failure to land release  
3- Changes in municipal laws and regulations  
4- Rising the construction costs (due to increased material prices, human resources or other reasons)  
5- Increase the amount of commitments due to exchange rate changes  
6- Sales risk (reducing the rate of sales or reducing the amount of sales) that may occur due to the downturn in the housing market, weakness of sales unit, weak advertising or other pressures |
6- CONCLUSION

For covering the fundamentals of this research, we initially provided some definitions of strategic project management and applied tools that have been used in this article. In order to learn more about topics investigated in this case, The Renovation Organization of Tehran City, its position, projects, responsibilities and objectives were reviewed, and then some definitions of deteriorated areas and the necessity of their renovations were provided. According to possible different methods for the project financing, the principles of these methods were first studied and then each of them were introduced. To Analyze the best strategies according to the most important criteria, we reviewed and discussed the SWOT analysis based on strength, weakness, opportunity and, threat.

REFERENCES


RahimiGolkhandan, A. (2010). Decision model for project financing of deteriorated areas renovation projects, MSc. Diss., Shahid Beheshti University.


Shojaee, E. (2008). Strategic Planning and Management, TUV Academy Iran, Iran-Germany.


