

Islamic Republic of Iran  
Organization for investment economic and technical assistance of Iran

## **"Summary of technical-economical prefeasible study"**

The name:

### **Dike Dam Recreational Center**

Sector : Tourism Industry

Sub sector: Tourism

The owner of:

Cultural heritage, tourism and handicrafts

Counselor plan:

Razi University

The Address:

Kermanshah

Date of P.F.S:

2024/10/22

**Manager of Iran Investment Opportunities  
SHAHRIG Engineering Company**

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## 1- Abstract:

### PROJECT PROFILE - SUMMARY SHEET

| Project Introduction  |   |   |   |
|---|---|---|---|
| <b>1- Project title:</b> Restaurant services, parking services, and recreational services at the Daik Dam Recreation Center.  |   |   |   |
| <b>2- Sector :</b> Tourism Industry   |   | <b>Sub sector:</b> Tourism                        |   |
| <b>3- Products / Services:</b> The services offered at this tourism center include water sports and recreational activities (pedal boats, sport fishing), gazebos and green spaces, cycling and walking tracks, a restaurant, a coffee shop, and a traditional tea house.   |   |   |   |
| <b>4- location (address):</b> Dayk Dam, Gilan-Garib County, Kermanshah  |   |   |   |
| <b>Free Zone</b> <input type="checkbox"/>   | <b>Economic Special Zone</b> <input type="checkbox"/> | <b>Industrial Estate</b> <input type="checkbox"/> | <b>Main Land</b> <input type="checkbox"/> |
| <b>5- Project description:</b> <p>This project is designed with a capacity of 150,000 people per year. Upon obtaining the necessary permits, construction will begin, followed by the issuance of the operating license, and then the activities will commence. Therefore, the project will be able to cover its costs and generate annual income through its services, which include various recreational services, restaurants, jet skis, fishing, and water sports.</p> <p>According to the standards for constructing a tourism complex with a capacity of 150,000 people per year, the required land area is 10,000 square meters, of which 1,500 square meters will be covered space, and 8,500 square meters will be uncovered space. The area allocated for the plan will be 10,000 square meters of land. The necessary infrastructure, including power supply and transformers with the required capacity, will be provided from the electricity grid of Gilan-Garib County.</p> <p>The project will require about 10,000 square meters for the construction of guardhouses, waiting halls, open spaces, kiosks, green areas, and public parking. The plan location, Dayk Dam, is a beautiful and scenic area, making it an ideal place for recreation. It will provide a suitable environment for water activities and offer excellent service to both domestic and foreign tourists.</p> <p>The equipment and machinery used in this project include boats, gas stoves for the restaurant, ovens, refrigerators, standing refrigerators, stainless steel restaurant tables, industrial meat grinders, industrial mixers, dough makers, industrial grills, industrial fryers, stoves, water coolers, cooking utensils, espresso machines, and hall equipment (tables, chairs, beds, décor, decorative elements). Additionally, infrastructure such as ventilation systems, heating and cooling systems, CCTV cameras, fire alarm systems, and fire suppression systems will be installed.</p> <p>The number of workers required for the project includes 4 skilled workers, 6 unskilled workers, and 12 specialized workers.</p> |   |   |   |

## Project Status

6- Local / internal raw material access : 100%

7- Sale :

- Anticipated local market :50%

- Anticipated export market :50%

8 – Project total time (from start of activities to start of commercial operation in years):

The implementation of the project phases until it is fully operational is planned to take 18 months

|          |                                 |
|----------|---------------------------------|
| Schedule | Start of activities :           |
|          | Start of works at site          |
|          | End of Works :                  |
|          | Start of commercial operation : |

9- Project status :

- Feasibility study available? Yes
- Required land provided? No
- Legal permissions (establishment license, foreign currency quota, environment, etc) taken? No
- Partnership agreement concluding with local /foreign investor? No
- Financing agreement concluding? No
- Agreement with local /foreign contractor(s) concluding? No
- Infrastructural utilities (electricity water supply, telecommunication, fuel, road, etc) procured? No
- List of know- how, machinery, equipment, as well as seller /builder companies defined? Yes
- Purchases agreement machinery, equipment and know-how concluded? No

## Financial Table

10- Financial structure :

| Descriptions     | Local Currency Required |      |                            | Foreign Currency Required Million Euro | Total Million Euro |
|------------------|-------------------------|------|----------------------------|--|--------------------|
|                  | Million Rials           | Rate | Equivalent in Million Euro |  |                    |
| Fix Capital      | 129,350                 | 600  | 0.2156                     | -                                      | 0.2156             |
| Current Capital  | 26,420                  | 600  | 0.044                      | -                                      | 0.044              |
| Total Investment | 155,770                 | 600  | 0.2596                     | -                                      | 0.2596             |

- Value of foreign equipment / machinery 0 Million Euro
- Value of local equipment / machinery 0.0712 Million Euro
- Value of foreign technical know-how 0 Million Euro
- Value of local technical know-how 0 Million Euro
- Net present value (NPV): 0.0125 Million Euro
- Internal Rate of Return (IRR): 25 %
- Capital Rate of Return: 30.4 %
- Payback Period: 5 years and 6 months

### General Information

11 - Project type : Establishment ☒

Expansion and completion ☐

#### 12- Company Profile

- Name (Legal/Natural persons): 1. Dr. Bijan Rezaee 2. Dr. Saba Amiri

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- Company's legal structure :

Government ☒

Non-Governmental ☐

Public non-governmental ☐

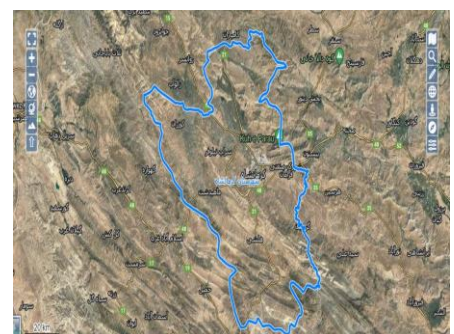
## 2- Project's location:

### 2-1- Province:

#### 2-1. Province:

Kermanshah Province, spanning 25,009 square kilometers and centered around the city of Kermanshah, ranks as Iran's 17th largest province. Situated in western Iran, it lies between latitudes 33°40' to 35°18' N and longitudes 45°24' to 48°7' E. It borders Kurdistan Province to the north, Lorestan and Ilam Provinces to the south, Hamadan Province to the east, and shares a 371-kilometer border with Iraq to the west. The average elevation is approximately 1,200 meters above sea level. Kermanshah Province covers 1.5% of Iran's total area. According to current administrative divisions, Kermanshah includes 14 counties, 31 cities, 86 rural districts, and 2,793 inhabited villages. The 2016 Census by Iran's Statistical Center recorded a population of 1,952,434, with a density of 78 people per square kilometer across 25,009 square kilometers. The largest city, Kermanshah, serves as the provincial capital with a population of 946,651. In terms of road infrastructure, Kermanshah ranks 11th nationwide in total road length (excluding rural

Province Location Map  
Within the Country



roads), 17th in highway and freeway length per 1,000 kilometers, and 18th in main roads. The city of Kermanshah holds the highest proportion of roadways due to its substantial area within the province.

With its extensive network of intercity and rural roads, Kermanshah Province is well-positioned to undertake ambitious road development plans, aiming to upgrade a significant portion of its road network to expressway standards. With six official border crossings (Khosravi, Parviz Khan, Sumar, Shushmi, Sheikh Saleh, and Tileh Koh) and substantial tourism potential, Kermanshah Province is well-positioned to significantly contribute to the country's foreign exchange revenue and national income. A key strategy to realize this potential is to invest in the development of its road infrastructure and transportation fleet. The Kermanshah International Airport is currently one of Iran's leading airports by flight volume, and the planned railway project will link it to the international Khosravi border and Iraq. Kermanshah is predominantly mountainous, with 70.8% of its area classified as mountainous terrain. The remaining 22.1% consists of plains, while 7.1% is categorized as foothills. In terms of altitudinal classification, 76.5% of the province is situated within the 1000-2200 meter elevation range, with the 1400-1800 meter band being the most prevalent. If we divide Kermanshah Province into two primary elevation categories—below and above 1400 meters—approximately 58.2% of the province's area falls within the higher elevation category, while the remaining 41.8% is at elevations below 1400 meters. Therefore, in addition to being a mountainous region, Kermanshah Province also has significant elevations. Kermanshah Province has a temperate mountainous climate. In the 4th century AD, this province, which was a pleasant village at the time, was

chosen as the second royal residence of the Sassanian Empire. Extensive gardens were built in this area during the Sassanian period, providing a serene retreat for Sassanian monarchs for centuries. Throughout the Islamic period, Kermanshah was renowned for its pleasant climate, flowing waters, lush vegetation, and affordable goods. Writing in 290 AH, the geographer Ibn Faqih describes Kermanshah in his work 'Al-Buldan': "From Madain to the Balkh River, Qabad traversed vast lands, yet nowhere did he find a region as enchanting as Kermanshah and the Hamdan-Asadabad pass. The purity of its air, the sweetness of its water, and the delight of its breeze compelled him to construct Qarmasin." Kermanshah experiences a maximum of 2999 hours of sunshine annually, with the highest solar radiation occurring in July and August, and the lowest in December and January. The climatic and ecological conditions of Kermanshah, characterized by moderate annual rainfall and relative humidity, give rise to a landscape predominantly covered in forests and pastures. The region also features arable lands that are both irrigated and rain-fed. The annual average temperature in Kermanshah Province is approximately 14 degrees Celsius, and the average annual precipitation is 456.8 millimeters. The primary inhabitants of Kermanshah are Kurds. Kermanshah Province is the ancestral homeland of numerous prominent Kurdish tribes, including the Zangeneh, Kalehor, Guran, Jaaf, Sanjabi, Qalakhany, Kelyayi, Bajlan, Zoleh, Jamir, as well as Laki tribes such as Jalalvand, Kakavand, Osmanvand, Payravand, and Balavand. Despite the official classification of Laks as a Kurdish subgroup, Kermanshah exhibits linguistic diversity, with Turkish-speaking communities, particularly the Sonqori Turks, residing alongside the Kilyayi Kurds in the city of Sanqor and Kelyai. The Sanqori dialect is a variety of Azerbaijani Turkish that is often described as a transitional form between Azerbaijani Turkish and Khorasan Turkish.

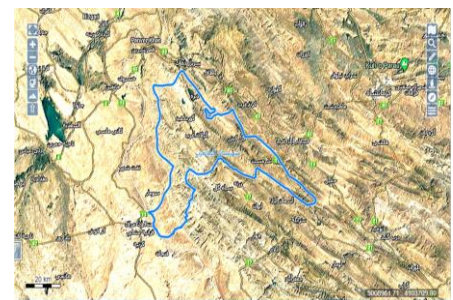


Additionally, a community of Lors resides in Kangavar County, speaking the Luri-e-Salasi dialect. Over the past two centuries, migrants from other provinces, particularly Hamadan, Markazi, Isfahan, and Semnan, have settled in Kermanshah. Some non-Kurdish families, such as the Al-Aqa, Nojumi, Meybodi, Feyz Mahdavi, Shahrastani, Soduqi, Muhammadi Eraghi, Kazazi, Jaberi, and Dezfuli families, migrated to Kermanshah due to religious motivations to promote Shia Islam. These migrations have contributed to the distinctive Kermanshahi Persian dialect.

## 2-2- the County:

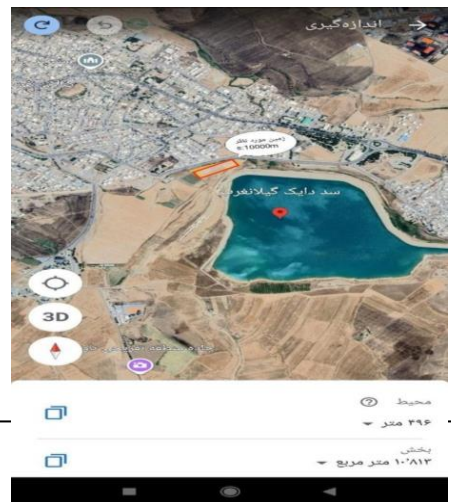
Gilan-e-Gharb County is one of the counties in Kermanshah Province, located in the western part of the province. Gilan-e-Gharb has a population of over 65,000, with approximately 21,000 residents in Gilan-e-Gharb city, 3,000 in Sarmast city, and the remaining population living in rural areas and nomadic regions. The county is bordered to the north by Sarpol-e-Zahab and Kerend-e-Gharb, to the east and northeast by Eslamabad-e-Gharb, to the southeast, south, and southwest by Ivan, Sumar, and Mandali city in Iraq, and to the west by Naftshahr and Qasr-e-Shirin county. The distance from Gilan-e-Gharb to the provincial capital is 155 kilometers, and the distance to the Sumar border market is 60 kilometers. Due to its unique climate, the region has both warm and cold areas. The warm region experiences an early spring, starting from mid-February, which attracts

County Location Map Within the Province



every discerning tourist. Gilan-e-Gharb County, with its diverse climate, abundant ancient mounds, and natural recreation sites, boasts a rich historical heritage from ancient times and has been the site of various events in modern history.

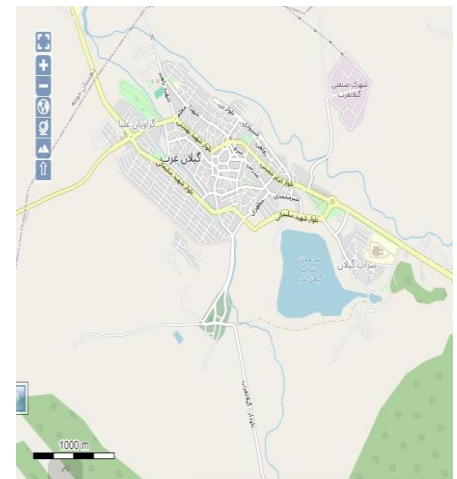
(Project Location Map)



### 2-3- the project:

The Dike Dam of Gilan-e-Gharb is located in Gilan-e-Gharb County, Kermanshah Province, and geographically, it is situated near the Morat Spring of Gilan-e-Gharb. Today, this dam has become one of the most beautiful and prominent natural tourist destinations. The presence of Morat trees in the area, the fish farming lake, and the stunning views attract the attention of every visitor, making it an ideal location for sightseeing and recreation. The Dike Dam area is one of Gilan-e-Gharb's attractions, known as a recreational site in the province, thanks to the springs and medicinal Morat bushes found in the area. In fact, the name of this site is derived from the spring that flows in this region and the Morat (Myrtle) bushes that grow around it. The Morat plant holds special significance and sanctity among Zoroastrians; it was considered a symbol of Ahura Mazda, and today, it is still used in fire temples for ceremonial purposes.

(Access Routes to the Project Map)



## 2-4-access to the infrastructures:

| No. | Needed infrastructures | distance to the project | The supply infrastructures |
|-----|------------------------|-------------------------|----------------------------|
| 1   | Water                  | 0                       | Gilan-e-Gharb County       |
| 2   | Electricity            | 0                       | Gilan-e-Gharb County       |
| 3   | Gas                    | 0                       | Gilan-e-Gharb County       |
| 4   | Telecommunications     | 0                       | Gilan-e-Gharb County       |
| 5   | Main Road              | 1 km                    | -                          |
| 6   | Secondary Road         | 300 meters              | -                          |
| 7   | Airport                | 155 km                  | -                          |
| 8   | Port                   | 610 km                  | -                          |
| 9   | Railway Station        | 150 km                  | -                          |
| 10  |                        |                         |                            |
| 11  |                        |                         |                            |

## 3- Technical Specifications of plan:

### 3-1 –product:

Today, the tourism industry holds significant value and importance in all societies and is referred to as the engine of development. As the largest and most diverse industry in the world, it is recognized as the primary source of income and job creation for many countries. Due to its economic and social importance, it has been receiving increasing attention, and governments are prioritizing it. Today, it is one of the main pillars of the global economy and one of the key industries with rapid growth in global economic development. By creating the highest level of added value, both directly and indirectly, it can influence other economic and cultural activities. Globally, after oil and automotive industries, tourism ranks third.

(Product/Sample Image)



Tourism is a recreational activity undertaken by travelers seeking the beauty of nature, comfort, relaxation, enjoyment, and experience. In the tourism industry, various recreational, accommodation, sports, and even commercial services are provided to tourists. Tourism has become so vast and expandable that, in today's world, it is a full-fledged industry that can generate employment and income, much like any other industry. This project is a service in the tourism sector. The tourism industry is one of the most profitable and employment-generating sectors in today's society, accounting for a significant portion of global employment. The services offered at this tourism center include water sports and recreation (pedal boats, sport fishing), gazebos and green spaces, cycling and walking tracks, a restaurant, a café, and a traditional tea house.

### **3-2-project's requirements:**

#### **3-2-1-Space and infrastructure required:**

This project is designed with an annual capacity of 150,000 visitors. After obtaining the necessary permits, construction will begin, followed by the issuance of an operating license and the start of activities. The project will be able to cover its costs and generate annual income from its services, which include various recreational services, a restaurant, jet skiing, fishing, and water sports. According to the standards for constructing a tourism complex with a capacity of 150,000 visitors annually, 10,000 square meters of land are required. Of this, 1,000 square meters will be enclosed space, and 9,000 square meters will be open space. The total area allocated for the implementation of this plan is 10,000 square meters. The necessary power infrastructure, including the required transformer, will be provided and sourced from the electricity grid of Gilan-e-Gharb County. To implement the plan, approximately 10,000 square meters will be allocated for a security building, waiting hall, as well as outdoor spaces such as gazebos, green areas, and public parking lots. The plan site, Dike Dam, is a beautiful and scenic area, making it an ideal location for leisure activities. It will offer the necessary facilities for water-based recreation and be ready to serve both domestic and international tourists.

### Investment in Land, Landscaping, and Buildings

| Row   | Description/Structure Name | Details                          | Plan Required Investment (Million IRR) |  | Total Cost (Million IRR) |
|-------|----------------------------|----------------------------------|--|--|--------------------------|
|       |                            |                                  | Area/Required Size                     | Unit Purchase/Construction Price (IRR) |                          |
| 1     | Land                       | 10,000 m² of public lands        | 10000                                  | 0                                      | 0                        |
| 2     | Landscaping Operations     | As per related details           | 10,000                                 | 2,178,000                              | 21,780                   |
| 3     | Construction Operations    | Restaurant Building              | 100                                    | 125,000,000                            | 12,500                   |
|       |                            | Temporary Accommodation (Gazebo) | 900                                    | 50,000,000                             | 45,000                   |
| Total |                            |                                  | -                                      | -                                      | 79,280                   |

### 3-2-2-Equipment and machinery:

#### Required Machinery and Equipment (Primary)

| Row | Machine/Equipment Name     | Quantity | Required Investment for Plan (Million IRR) |             | Total Cost (Million IRR) |
|-----|----------------------------|----------|--|-------------|--------------------------|
|     |                            |          | Domestic Purchase Price (Million IRR)      | Currency    |                          |
| 1   | 4-Person Pedal Boat        | 20       | 120  | Million IRR | 2,400                    |
| 2   | Jet Ski                    | 5        | 6000                                       | Million IRR | 30,000                   |
| 3   | Gas Stove for Restaurant   | 1        | 500  | Million IRR | 500                      |
| 4   | Restaurant Oven            | 1        | 850  | Million IRR | 850                      |
| 5   | Refrigerator Display       | 1        | 50   | Million IRR | 50                       |
| 6   | Standing Refrigerator      | 1        | 170  | Million IRR | 170                      |
| 7   | Steel Table for Restaurant | 1        | 140  | Million IRR | 140                      |
| 8   | Industrial Meat Grinder    | 1        | 270  | Million IRR | 270                      |
| 9   | Industrial Mixer           | 1        | 120  | Million IRR | 120                      |

|       |   |   |      |             |        |
|-------|---|---|------|-------------|--------|
| 10    | Dough Maker   | 1 | 100  | Million IRR | 100    |
| 11    | Industrial Grill  | 1 | 150  | Million IRR | 150    |
| 12    | Industrial Fryer  | 1 | 320  | Million IRR | 320    |
| 13    | Water Cooler  | 1 | 250  | Million IRR | 250    |
| 14    | Cooking Utensils  | 1 | 900  | Million IRR | 900    |
| 15    | Hall Equipment (Tables, Chairs, Beds, Décor, Decorative Elements) | 1 | 2000 | Million IRR | 2000   |
| Total |   |   |      |             | 38,310 |

#### Machinery and Auxiliary Equipment

| Row | Machine/Equipment Name                    | Unit of Measurement | Equipment Type | Plan Required Investment (Million IRR) |                                   | Total Cost (Million IRR) |
|-----|---|---------------------|----------------|--|-----------------------------------|--------------------------|
|     |   |                     |                | Quantity                               | Unit Purchase Price (Million IRR) |                          |
| 1   | Electricity Connection / Demand Bandwidth | KW                  | Facilities     | 5                                      | 60                                | 300                      |
| 2   | Various Electrical Cables                 | M                   | Facilities     | 100                                    | 4                                 | 400                      |
| 3   | Lighting System Equipment                 | Unit                | Facilities     | 10                                     | 40                                | 400                      |
| 4   | Electrical Panels and Related Equipment   | Unit                | Facilities     | 1                                      | 320                               | 320                      |
| 5   | Water Connection                          | -                   | Facilities     | 1                                      | 250                               | 250                      |
| 6   | Other Water Transfer Equipment            | Unit                | Facilities     | 1                                      | 350                               | 350                      |
| 8   | Other Piping (Electricity, etc.)          | M                   | Facilities     | 120                                    | 3                                 | 360                      |
| 9   | Firefighting, Safety, Hygiene Equipment   | Capsules            | Facilities     | 5                                      | 30                                | 150                      |
| 10  | Gas Piping                                | M                   | Facilities     | 100                                    | 5                                 | 500                      |
| 11  | Gas Connection                            | -                   | Facilities     | 1                                      | 400                               | 400                      |
| 12  | Air Ventilation Equipment                 | Fan                 | Facilities     | 2                                      | 35                                | 70                       |
| 13  | Other Safety Equipment and CCTV           | Set                 | Facilities     | 1                                      | 200                               | 200                      |



|       |                            |     |                |   |     |      |
|-------|----------------------------|-----|----------------|---|-----|------|
|       | Systems                    |     |                |   |     |      |
| 14    | Office Equipment           | Set | Administrative | 1 | 250 | 250  |
| 15    | Other Auxiliary Facilities | -   | Facilities     | 1 | 460 | 460  |
| Total |                            |     |                |   |     | 4410 |

### 3-2-3- Raw materials and intermediate components:

#### Restaurant Raw Materials

| Row   | Description               | Unit  | Purchase Cost (IRR) | Annual Consumption | Annual Cost (Million IRR) |
|-------|---------------------------|-------|---------------------|--------------------|---------------------------|
| 1     | Rice                      | kg    | 650,000             | 8,000              | 5,200                     |
| 2     | Meat                      | kg    | 5,800,000           | 3,500              | 20,300                    |
| 3     | Chicken                   | kg    | 950,000             | 8,000              | 7,600                     |
| 4     | Oil                       | liter | 550,000             | 3,600              | 1,980                     |
| 5     | Various Vegetables        | kg    | 250,000             | 7,000              | 1,750                     |
| 6     | Soft Drinks               | unit  | 150,000             | 7,000              | 1,050                     |
| 7     | Yogurt                    | unit  | 150,000             | 7,000              | 1,050                     |
| 8     | Dough (Yogurt Drink)      | unit  | 150,000             | 7,000              | 1,050                     |
| 9     | Bottled Water             | unit  | 50,000              | 7,000              | 350                       |
| 10    | Other Restaurant Supplies | -     | -                   | 1                  | 380                       |
| Total |                           |       |                     |                    | 40,710                    |

### 3-2-4-management and human resources:

| Row | Skill Level | Number | Base Salary (Thousand IRR) |
|-----|-------------|--------|----------------------------|
| 1   | Specialist  | 4      | 200,000                    |
| 2   | Skilled     | 6      | 150,000                    |
| 3   | Unskilled   | 12     | 125,000                    |

- Required Workforce: 4
- Indirect Unskilled Workers: 6
- Direct Specialist Workers: 12

#### **4- Ownership and legal permission:**

##### **4-1- ownership of land:**

The National Land and Housing Organization is obligated to provide the required lands to investors at appraised prices through a five-year lease-to-own arrangement. According to Article (6) of the Law on the Development of Iran's Tourism Industry (approved in 1991), the Urban Land Organization, municipalities, the Forests and Rangelands Organization, and other related ministries and organizations are required to allocate lands for the construction of tourism facilities. These lands must be provided at regional or final prices, in a manner that does not reduce public revenue, upon the recommendation of the Cultural Heritage, Tourism, and Handicrafts Organization. Additionally, tourism facilities and travel service offices are subject to industrial tariffs for costs related to fuel, water, electricity, and telephone services (including connection and usage). Relevant authorities are required to calculate and collect these costs based on industrial tariffs, regardless of the construction license type, land use, or consumption level.

##### **4-2- Intellectual property and incentives:**

- In the field of external financing (finance), based on the law establishing the Ministry of Cultural Heritage, Handicrafts, and Tourism, at least 10% of the country's total financing quota must be allocated to the development of tourism and handicraft projects.
- A 50% tax exemption is granted to all tourism facilities with an operational license for a period of six years.
- Special powers are granted to provincial governors regarding the resolution and approval of tourism plans at the provincial level, exclusively through the Provincial Planning and Development Council.

- A 10-year tax exemption is provided to hospitals, hotels, and tourism accommodation centers located in underdeveloped areas, and a 5-year tax exemption is available for those located in other regions.

#### **4-3-legal permission:**

According to Article (7) of the Law on the Development of Iran's Tourism Industry, Article (1) of the Law on the Establishment of the Ministry of Cultural Heritage and Tourism, and the Law on the Establishment of the Ministry of Cultural Heritage, Tourism, and Handicrafts, the issuance, renewal, suspension, and revocation of any licenses for the establishment and operation of tourism facilities fall under the jurisdiction of the Ministry of Cultural Heritage, Tourism, and Handicrafts. All tourism facilities are required to obtain an operational license from this Ministry to conduct their activities.

#### **5- Market study and Competition:**

Tourism is considered one of the largest economic drivers of the modern era and is recognized as an economic tool. By combining and simultaneously utilizing both internal and external resources, this industry generates significant social, economic, environmental, and cultural benefits. This has led many local, regional, and national managers and planners worldwide to focus on its development. In other words, there is a special emphasis on tourism destinations as revenue-generating potentials, which play a unique role in the development of geographic areas. Investment in such areas can serve as an effective tool for the comprehensive growth and development of host communities. Therefore, investment in geographical areas with diverse recreational and tourism sites promotes intersectoral relationships and stimulates other economic activities. One of the resources that has emerged as a major tourist attraction in recent years is dams. The construction of dams

on rivers is considered a significant factor in development today. Dams create large water bodies in an area and provide a peaceful environment for tourists. Throughout history, areas surrounding seas, lakes, wetlands, and rivers have been locations where human settlements have formed, sometimes leading to the establishment of great civilizations. Therefore, both natural and artificial bodies of water have always had the potential to attract human populations. Dams and their associated power plants are not only important sources of water and energy but, by creating unique landscapes, they also represent significant opportunities for the growth and development of the tourism industry. The Dike Dam, located in Gilan-e-Gharb County, offers great potential for utilizing this capacity to attract tourists. This project supports tourism, sustainable development, and the expansion of tourism activities and infrastructure at the Dike Dam. It aims to encourage private sector participation in tourism development by creating water sports infrastructure. The two sides of the lake, due to the vegetation and the scenic views of the lake, provide a suitable location for short-term accommodation units. As a result, short-term accommodation units (gazebos) are planned to be located on the northern side of the site. Given the length of the lake, water-based recreational activities such as jet skiing, boating, flyboarding, parasailing, shuttle boats, and kite surfing can be located at both the northern and southern parts of the lake. A health route is also planned as a ring around the lake for walking and cycling. The restaurant and café are planned for the northern side of the lake, as they offer views of the lake and the visual appeal of the water, with easy access to these facilities. It is clear that creative features, such as transparent spaces and floating lightweight structures on the water, will enhance the appeal of these service areas.

### **5-1- Introduce target market:**

As the tourism industry plays a significant role in the development of the economic systems of societies today, and countries are competing to attract international tourists, marketing—especially the selection of target markets—becomes one of the most important issues for any tourism destination. In this plan, the target market includes various tourists from across the country. Furthermore, considering that Kermanshah Province is one of the five border provinces with Iraq, with over 300 kilometers of shared border with the country, and given the favorable conditions such as strong relations with Iraq, including cultural and religious similarities, a golden opportunity has been created for the national economy and, consequently, for Kermanshah Province. This opportunity becomes even more prominent when considering the possibility of establishing proper communication with the two distinct linguistic and religious areas of Iraq: Kurdistan and the Arab-speaking region. The shared land border between Kermanshah Province and Iraq connects the province's economy to Iraq. Therefore, this project has the potential to become one of the main tourism hubs for Iraqi tourists. This translation maintains the formal, academic tone, with a focus on economic, cultural, and regional aspects. Let me know if any further revisions are required!

### **6- Physical Progress of project:      yes ☐      No ☒**

This plan is a development initiative designed to address the country's need for recreational and tourism services. The implementation stages of this project have not yet made progress.

## 7- Action plan and Implementation schedule:

The implementation of the plan is planned to take 18 months until its completion and operational launch.

Plan Implementation Timeline

|                                   | Mth.<br>1         | Mth.<br>2 | Mth.<br>3 | Mth.<br>4 | Mth.<br>5 | Mth.<br>6 | Mth.<br>7 | Mth.<br>8 | Mth.<br>9 | Mth.<br>10 | Mth.<br>11 | Mth.<br>12 | Mth.<br>13 | Mth.<br>14 | Mth.<br>15 | Mth.<br>16 | Mth.<br>17 | Mth.<br>18 |
|-----------------------------------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Dike Dam Recreational Center Plan | Feasibility Study |           |           |           |           |           |           |           |           |            |            |            |            |            |            |            |            |            |
|                                   | Obtaining Permits |           |           |           |           |           |           |           |           |            |            |            |            |            |            |            |            |            |
|                                   | Construction      |           |           |           |           |           |           |           |           |            |            |            |            |            |            |            |            |            |
|                                   | Equipping         |           |           |           |           |           |           |           |           |            |            |            |            |            |            |            |            |            |
|                                   | Training          |           |           |           |           |           |           |           |           |            |            |            |            |            |            |            |            |            |
|                                   | Operations        |           |           |           |           |           |           |           |           |            |            |            |            |            |            |            |            |            |

## 8- Financial projection:

### 8-1- The cost estimate:

#### Cost Estimates

| Row | Item                                | Cost (Million IRR) |
|-----|-------------------------------------|--------------------|
| 1   | Fixed Capital Investment            | 129,350            |
| 2   | Operational Costs (Working Capital) | 26,420             |
| 3   | Financing Costs                     | 155,770            |

#### Estimation of Fixed Investment (Capital Costs)

| Row   | Item   |                                       | Cost (Million IRR) |
|-------|--|---------------------------------------|--------------------|
| 1     | Land Purchase                                    |                                       | 0                  |
| 2     | Landscaping and Land Improvement                 |                                       | 21,780             |
| 3     | Construction Operations and Building Development |                                       | 57,500             |
| 4     | Machinery and Production Equipment               |                                       | 38,310             |
| 5     | Service and Auxiliary Equipment                  |                                       | 4,410              |
| 6     | Safety and Environmental Equipment               |                                       | 0                  |
| 7     | Overhead Costs                                   |                                       | 0                  |
| 8     | Pre-Production Expenses                          | - Feasibility Study                   | 180                |
|       |  | - Project Management and Organization | 1,070              |
|       |  | - Technology Acquisition              | 0                  |
| 9     | Contingencies                                    |                                       | 6,100              |
| Total |  |                                       | 129,350            |

#### Estimation of Working Capital (Production Costs)

| Row            | Item                            |                           | Cost (Million IRR) |
|----------------|---------------------------------|---------------------------|--------------------|
| Variable Costs |                                 |                           | 99,930             |
| 1              | Raw Materials                   |                           | 40,710             |
| 2              | Raw Materials                   |                           | 44,080             |
| 3              | Marketing (excluding workforce) |                           | 2,420              |
| 4              | Other Variable Costs            | - Fuel and Energy         | 3,080              |
|                |                                 | - Maintenance and Repairs | 4,970              |
|                |                                 | Contingency               | 4,670              |
| Fixed Costs    |                                 |                           | 22,360             |
| 5              | Raw Materials                   |                           | 0                  |
| 6              | Workforce                       |                           | 11,020             |
| 7              | Marketing (excluding workforce) |                           | 0                  |
| 8              | Depreciation Cost               |                           | 8,280              |
| 9              | Other Fixed Costs               | - Fuel and Energy         | 590                |

|              |  |                           |                |
|--------------|--|---------------------------|----------------|
|              |  | - Maintenance and Repairs | 1,240          |
|              |  | Contingency               | 1,050          |
|              |  | - Insurance               | 180            |
| <b>Total</b> |  |                           | <b>122,290</b> |

## 8-2- Estimated revenues:

### Projected Revenue for the First 5 Years After Operation

| Row   | Item                  | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total Year 1 | Year 2  | Year 3  | Year 4  | Year 5  |
|-------|-----------------------|-----------|-----------|-----------|-----------|--------------|---------|---------|---------|---------|
| 1     | Restaurant Services   | 36,645    | 36,645    | 7,150     | 5,360     | 85,800       | 91,160  | 96,520  | 101,890 | 107,250 |
| 2     | Parking Services      | 5,115     | 5,115     | 990       | 750       | 11,970       | 12,720  | 13,460  | 14,210  | 14,960  |
| 3     | Recreational Services | 13,475    | 13,475    | 2,630     | 1,970     | 31,550       | 33,520  | 35,500  | 37,470  | 39,440  |
| Total |                       | 55,235    | 55,235    | 10,770    | 8,080     | 129,320      | 137,400 | 145,480 | 153,570 | 161,650 |

## 8-3-Duration of project operation:

The operational life cycle includes the useful life of operations, which in tourism plans is typically designed to last for 10 years. During the operation process, there will be both revenues and costs associated with the provision of services. However, revenues are generally higher than costs; otherwise, the project would not be economically viable.

## 8-4-Break- even analysis:

Fixed Capital Investment= Fixed Costs – Pre-operation Costs

Fixed Capital Investment= 128100 + 1250 = 129350

A. Product Cost Price (IRR):



Cost Price = Total Annual Production Costs / Total Production Volume

Cost Price = 119690000000 / 37200 = 777933 (IRR)

B. Annual Break-Even Percentage:

Annual Break-Even Percentage= Fixed Costs (TFC) / Total Sales (P) – Variable Costs (V)

Annual Break-Even Percentage= 22360 / 161650 - 99930 = 36%

The value of (P-V) holds particular significance and is referred to as the contribution margin per unit. This profit per unit, or in other words, the portion of each sale that covers fixed costs, is considered as such. Consequently, the break-even point occurs when the total contribution margin of all units equals the total fixed costs. In other words, this level of sales covers not only the fixed costs but also more than 36% of them.

The relationship between total sales revenue and total costs shows that this project generates a profit 36% above the annual break-even point, and over three production periods, it creates a margin of safety for the production activity. In break-even analysis, the margin of safety represents the amount by which actual or forecasted sales exceed the sales level required to reach the break-even point, surpassing it by more than 36%.

D. Gross Value Added (Million IRR)

Gross Value Added = Total Sales – (Maintenance + Fuel and Energy + Raw Materials and Packaging)

Gross Value Added = 161650 - (40710 + 3670 + 6210) = 111060

E. Net Value Added (Million IRR)

Net Value Added = Gross Value Added – (Pre-Operational Depreciation + Depreciation)

$$\text{Net Value Added} = 111060 - (8280 + 240) = 102540$$

#### F. Gross and Net Profit (Million IRR)

1- Gross Profit (Million IRR)= Sales Revenue – Cost of Goods Sold

2- Net Profit (Million IRR)= Gross Profit – (Administrative, Sales, Advertising, and Other Costs)

$$\text{Gross Profit} = 161650 - 119690 = 41960$$

$$\text{Net Profit} = 41960 - (2600) = 39360$$

#### G. Fixed Capital Per Capita (Million IRR)

Fixed Capital Per Capita = Fixed Investment / Number of Personnel

$$\text{Fixed Capital Per Capita} = 129350 / 22 = 5880$$

#### H. Total Investment Per Capita (Million IRR)

Total Investment Per Capita = Total Investment / Number of Personnel

$$\text{Total Investment Per Capita} = 155770 / 22 = 7080$$

#### I. Annual Rate of Return

Rate of Return = (Total Revenue – Total Costs) / Total Investment

$$\text{Rate of Return} = 161650 - 122290 / 155770 = 25\%$$

#### J. Annual Payback Period

$$\text{Payback Period} = \frac{1}{\text{IRR}} + \text{The duration of the construction period}$$

$$\text{Payback Period} = 5 \text{ years and 6 months}$$

### 8-5- Cost-benefit analysis:

Table: Project Profitability Indicators

|   |         |
|---|---------|
| Present Value of Total Costs During Execution and Operation   | 122,290 |
| Present Value of Total Revenue During Execution and Operation | 161,650 |
| Net Present Value (NPV)                                       | 7,526   |
| Benefit-to-Cost Ratio (B/C)                                   | 1.3     |
| Internal Rate of Return (IRR)                                 | 25%     |

### 8-6- Sensitivity analysis of IRR:

Table: Sensitivity Analysis

| Discount Rate (Percentage) | Net Present Value (NPV) (Million IRR) |
|----------------------------|---------------------------------------|
| 10                         | 87,421                                |
| 20                         | 18,150                                |
| 30                         | -15,151                               |
| 40                         | -32,095                               |
| 50                         | -40,948                               |
| 60                         | -45,521                               |
| 70                         | -47,712                               |
| 80                         | -48,525                               |
| 90                         | -48,521                               |
| 100                        | -48,023                               |

### 8-7- Summarize table:

Table: Project's Economic Aspects Summary

| Activity Type                 | Detailed Activity Description with Code (ISIC) | Product Name   | Nominal Capacity (Unit)     |
|-------------------------------|--|--|-----------------------------|
| Dike Dam Recreational Center  | -  | Restaurant Services<br>Parking Services<br>Recreational Services | 150,000 visitors            |
| Execution Period              | Total Fixed Investment (Million IRR)           | Annual Working Capital (Million IRR)                             | Required Workforce          |
| 18 Months                     | 129,350  | 26,420   | 22 individuals              |
| Internal Rate of Return (IRR) | Net Present Value (NPV) (Million IRR)          | Applicant's Contribution (Million IRR)                           | Benefit-to-Cost Ratio (B/C) |
| 25%                           | 7,526  | 46,730   | 3.1                         |

### **8-8-Estimation of exchange rate changes during the project implementation:**

Since part of the revenue generated by the implementation of the plan comes from providing services to foreign tourists, fluctuations in the exchange rate will impact the revenue derived from these services and the evaluation results. Additionally, regarding the procurement of machinery and equipment for the plan, since all the necessary equipment for implementing the plan is produced and supplied locally, exchange rate fluctuations will not affect the initial investment costs for the project.

### **9- Capital needs, the supply and guarantees method:**

#### **9-1- Foreign currency needed:**

| <b>Row</b> | <b>Year</b> | <b>Required Foreign Currency Amount</b> |
|------------|-------------|---|
| 1          | First       | 0                                       |
| 2          | Second      | 0                                       |
| 3          | Third       | 0                                       |
| 4          | Fourth      | 0                                       |
| 5          | Fifth       | 0                                       |

#### **9-2- The Way of participation and finance method:**

The loan for establishing a recreational and tourism complex, given the role of tourism activities in job creation and the use of supportive mechanisms, is considered one of the government's policies for further developing the tourism sector. One of the financial incentives of the plan is the tax exemption granted by the government to support stakeholders in this field. Another form of support includes the provision of loans. For those investors who are unable to

launch the recreational and tourism complex using their own financial resources, they can make use of bank facilities. However, this also comes with its own specific conditions and regulations, and the loan for this plan can only be obtained if the required criteria are met. One of these conditions is the economic viability of the plan. If costs exceed income and profit, the project will not be economically viable and may result in significant losses for the investor. The Ministry of Cultural Heritage, Tourism, and Handicrafts, based on "Clause A of Note 18" and "Clause A of Article 52 of the Accession Law," provides financial facilities and loans in the tourism sector. To this end, the Ministry has aimed to ensure fairness among those who wish to start a business in the tourism sector by offering loans with a relatively reasonable interest rate. It is clear that "Clause A of Note 18" and "Clause A of Article 52 of the Accession Law" are the laws that have been developed to provide financial support to investment applicants in the tourism sector and other related fields.

### **9-3- Payback period:**

The payback period for this project, based on the amount of fixed and variable capital and the annual revenue generated from services, is approximately **5 years and 6 months**, after which the investment will be recouped, or in other words, the initial investment will be recovered.

### **10- Incentives, features and advantages of project:**

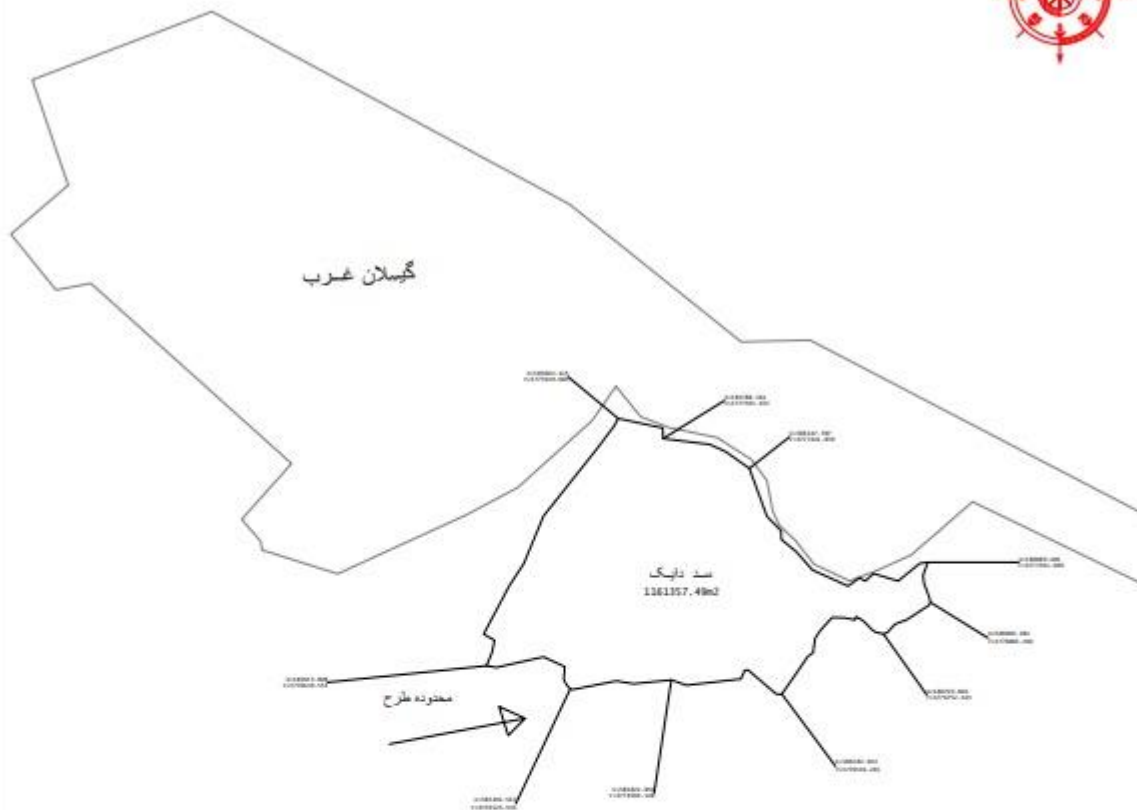
Financial support for tourism projects includes the provision of bank loans and their repayment terms, as well as tax exemptions, which, if favorable, facilitate the implementation of the project and create conditions for investment. Some of these conditions are discussed below.

One of the important bank facilities for tourism projects is the provision of long-term bank loans of up to 70% of the fixed investment, provided by the state-owned banks. This amount can be increased to 90% for underdeveloped

areas if foreign equipment is used. The interest rate for long-term rial loans in the tourism sector is 23%, and if the borrower has a good repayment record, part of the interest on the loan may be reimbursed. The repayment period for long-term bank loans, depending on the nature of the plan, can be up to a maximum of 8 years, with the possibility of a one to two-year grace period for installment payments.

Another important bank facility is short-term loans (6 to 12 months), which can be used as working capital for service provision processes. The banking network covers up to 70% of these loans. Obtaining short-term loans up to this amount is contingent on gaining the trust of the financing banks and having a good track record in repaying previous loans

## Appendix



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**راهنمای نمده**

 نم بارش ابری  
 نم بارش بارانی  
 نم بارش خفیه

 نم بارش خفیه  
 نم بارش بارانی  
 نم بارش ابری  
 نم بارش خفیه

|                  |   |
|------------------|---|
| تاریخ و فرستنده: | مهندس ارشد مازفرچهری                      |
| موضوع:           |   |
| تاریخ فرست:      |   |
| فرستنده:         | 1403/08/01                                |
| موضوع و فرستنده: | موضوع: سند فاکتور و تاریخ: 1-15-600-02578 |
| موضوع:           | موضوع: سند فاکتور و تاریخ: 1386/8/17      |

