

Deloitte.

Infrastructure
and Capital Projects
Vision. Partnership. Success.



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1. Vision

The world economic and political landscape has changed; infrastructure in many countries and regions is top of mind and there is recognition of increasing infrastructure shortfalls in many jurisdictions.

The unprecedented magnitude of the current African infrastructure development plans as well private sector growth initiatives, require mobilisation of all capital investment expertise and significant ramping up of unique capital management skills.

The Economist Intelligence Unit ranks the competitiveness of global cities according to their demonstrated ability to attract capital, business, talent and visitors. The quality of infrastructure and social services in a city has a direct bearing on all these metrics.

“To become globally competitive and realise Africa’s true potential, massive improvements in infrastructure are required in a short space of time” says

André Pottas, Leader,
Infrastructure and Capital
Projects Leader, Deloitte
South Africa



2. Challenges facing Project Sponsors

There are numerous complex and often daunting challenges facing public and private sector entities undertaking capital projects. Some of these include:

- Designing a capital programme strategy that best fits organisational strategy
- Allocating limited capital budget amongst competing needs and opportunities, including social needs for the public sector
- Capital project portfolio optimisation
- Managing a diverse portfolio of capital projects at various stages of their lifecycle
- Framing a project such that the best options are studied during pre-feasibility?
- Ensuring that the best option has been identified for feasibility
- Understanding the uncertainty (risk) associated with project returns
- Having confidence that full value have been identified
- Ensuring that the business case is robust
- Having confidence that projects have been adequately optimised for value
- Ensuring that a project is set-up for execution success
- Ensuring integration across phases
- Ensuring readiness for day one execution
- Ensuring readiness for day one operation
- Achieveing projected ramp-up profiles
- Appointing professional teams and advisors
- Defining a myriad of design and construction parameters soon after a project need has been identified
- Creating cost and schedule forecasts for the entire project lifecycle
- Assessing what tax incentives and government grants are available for the project
- Securing a commitment for project funding
- Developing a risk management program
- Executing Project readiness assessment
- Procuring and managing delivery of contractors, operators and equipment suppliers
- Controlling cost growth and scheduling
- Maintaining accountability for project expenditures
- Avoiding and resolving project disputes and liabilities
- Ensuring regulatory compliance and approvals
- Delivering a quality project
- Ensuring Capital project governance
- Capital project management framework reviews
- Review and making recommendations on project related controls.
- Risk assessment and contract compliance reviews
- Project performance assessment
- Achieving Operational readiness day one operation
- Closure management and assessment
- Calculating the site rehabilitation liability and how to create and manage this fund over the project

3. Partnering for Growth and Development

At Deloitte we understand that private firms and public entities responsible for the financial and operational aspects of complex capital construction projects need a trusted partner to help them navigate resource challenges within their organisation.

Through Deloitte's practical and proven experience our team of experts understand what contributes to successful capital project delivery and can provide the right blend of technical, financial and legal skills and local market knowledge to achieve this.

Our team assists in ensuring growth and development by:

- Making the right case for investment by establishing robust project evaluation and business case development
- Using capital effectively, efficiently & safely to optimise the capital investment portfolio and measure for success
- Setting our clients up to succeed by creating teams that deliver outcomes and maximise the value of the Engineering, Procurement, Construction, Management (EPCM) relationship
- Effectively Structuring, Funding and Procuring the project.
- Creating and maintaining oversight and visibility keeping a watchful eye on time, cost and quality through fit for purpose processes, controls and systems
- Delivering an operation not just an asset by supporting the transition from the build environment to operations, and assisting in managing and monitoring throughout the Operations Maintenance, Decommissioning and Rehabilitation phases of a project.



A diverse specialist skills-set

The Deloitte Infrastructure and Capital Projects practice provides specialised resources to assist our clients with their efforts to improve the planning, funding, procurement, oversight and delivery of capital projects, within stringent budget and time parameters.

Our solutions are designed in conjunction with our clients, both private sector and government officials, to ensure that they are relevant and can better serve and improve the quality of life for the people of Africa.

Our infrastructure & capital projects professionals have practical experience in nearly every aspect of the capital projects lifecycle, as well as advanced degrees in engineering, quantity surveying, economics, architecture, business, law, financial and cost accounting.

The Deloitte team furthermore has the ability to leverage a vast network of professionals abroad through the Global member firms of Deloitte Touche Tohmatsu Limited to provide a broad range of integrated services that touch upon every aspect of the capital projects life cycle.

Deloitte is positioned to assist public sector or donor agencies by providing leaders with tools to address critical issues and challenges impacting government or country performance, economic competitiveness and citizen service. Influential government organisations currently benefit from the Deloitte deep industry expertise, breadth of services, and presence in 148 countries. Since acquiring BearingPoint in March 2009, Deloitte is one of the largest Public Sector consulting practices worldwide.

4. Your Partner for Success

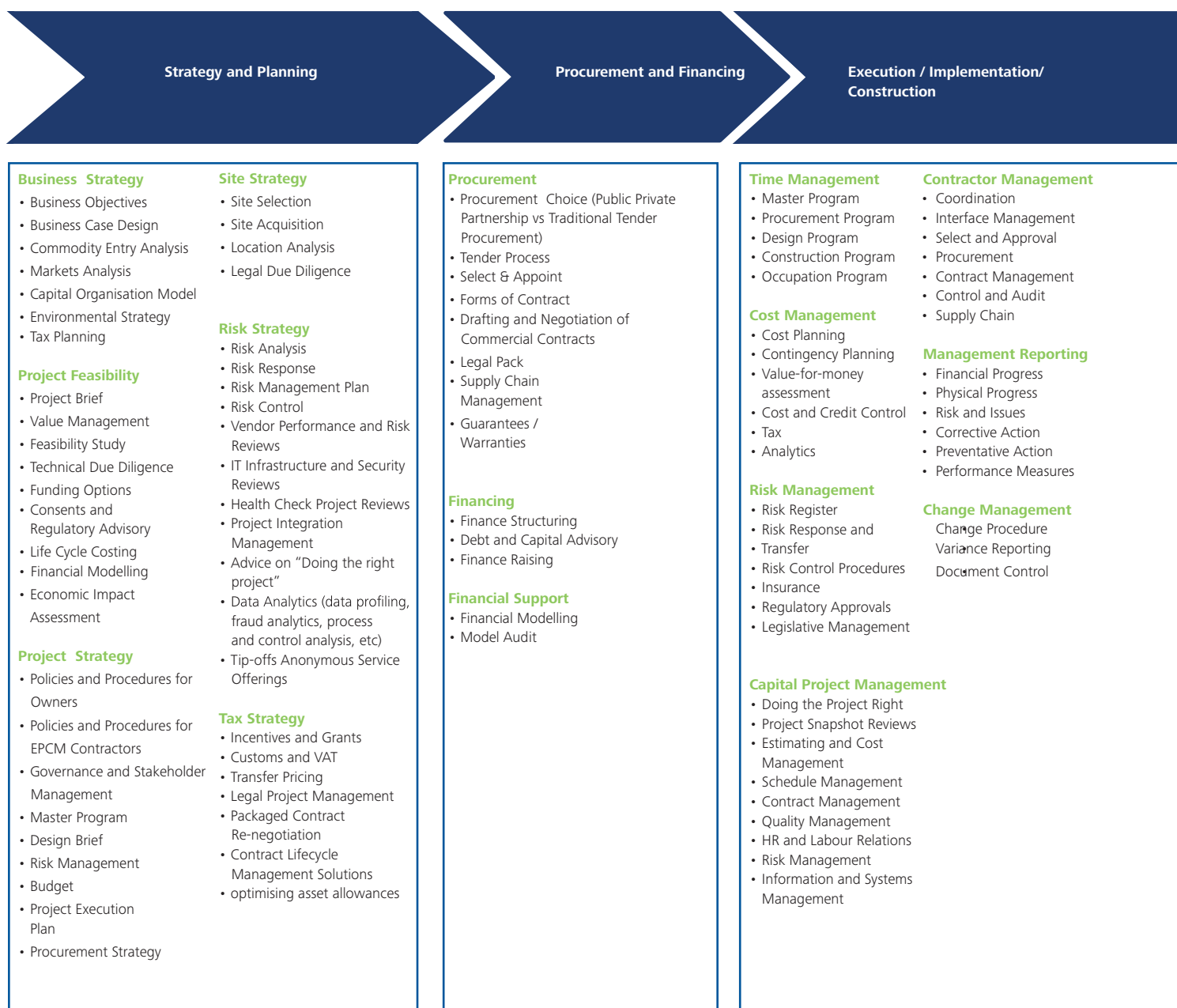
Providing Integrated Solutions

Our Infrastructure and Capital Projects practice provides specialised solutions throughout the capital programme lifecycle to assist in our clients' efforts to improve the delivery of capital projects and help meet their program objectives.

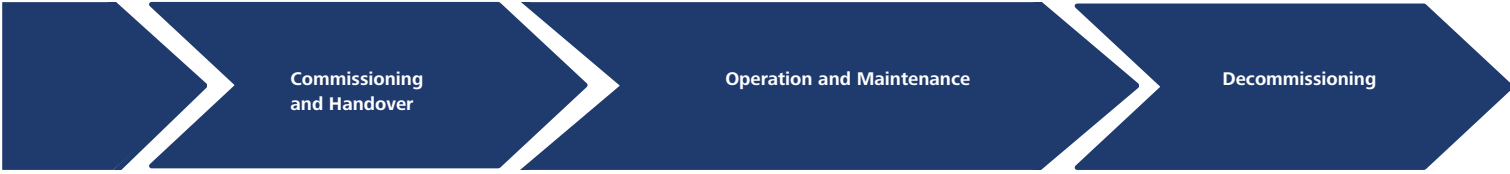


5. Specialist solution at every step of the Capital Programme Lifecycle

From Conception through Inception and Implementation,



Operation and eventual Decommissioning



	<p>Operational Readiness</p> <ul style="list-style-type: none"> • Readiness reviews • Testing • Security • Business continuity <p>Commissioning</p> <ul style="list-style-type: none"> • Workforce Planning • Training • Transition Management • Hand Over Planning 	<p>Operations</p> <ul style="list-style-type: none"> • User Requirements • Operations and Maintenance • Contract Audits • Benchmarking • Cost Reduction • Operational Review • Refinancing • Operational Excellence • Supply Chain <p>Management Reporting</p> <ul style="list-style-type: none"> • Financial Reporting • Risk and Issues • Performance Metrics • Analytics • Continuous Monitoring of Systems in place • Compliance with Established Project Procedures <p>Completion Review</p> <ul style="list-style-type: none"> • Performance Measures • Project Archive • Final Account • Knowledge Capture <p>Contract Dispute</p> <ul style="list-style-type: none"> • Claims Management • Dispute Resolution <p>Turnaround</p> <ul style="list-style-type: none"> • Contract Variation • Renegotiation • Supply Chain • Refinancing <p>Disposal</p> <ul style="list-style-type: none"> • Carve-out services 	<p>Decommissioning</p> <ul style="list-style-type: none"> • Cost liability Model • Insurance and Runoff
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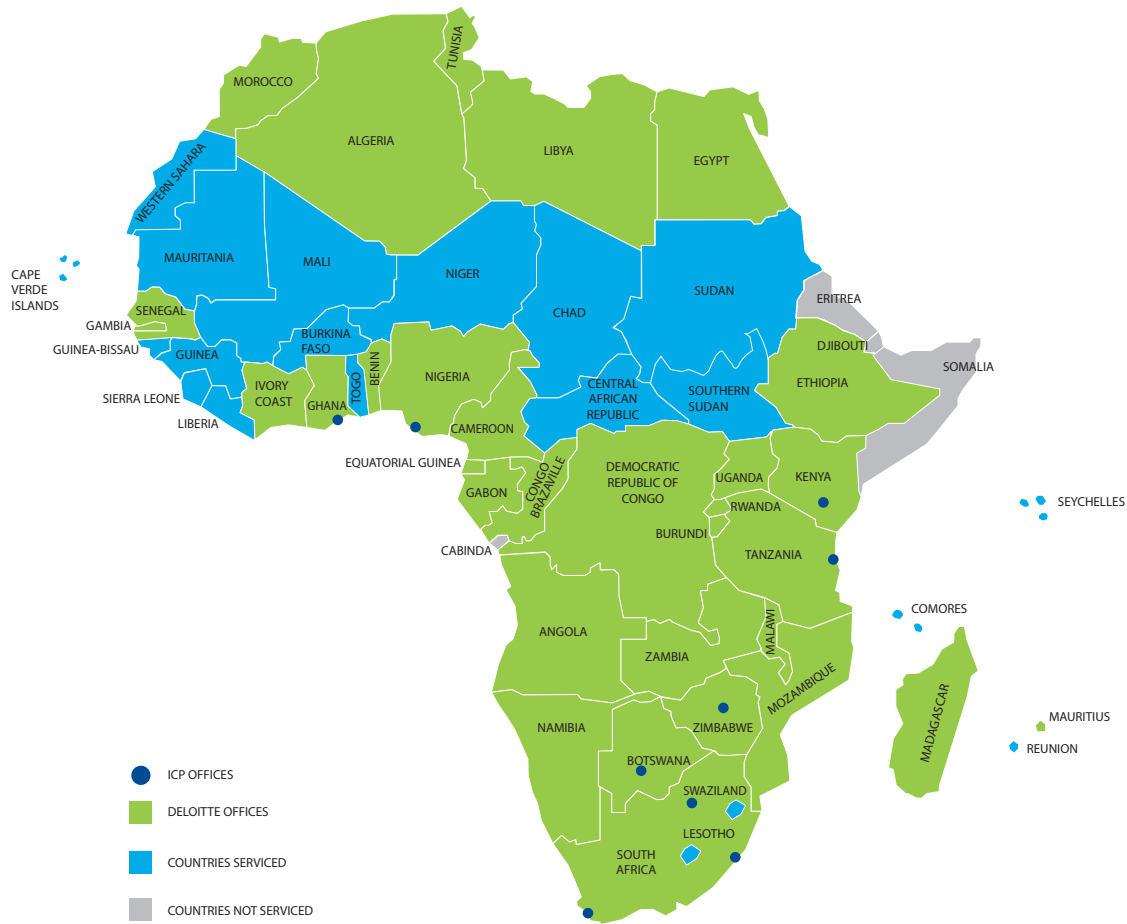


6. Pan African Footprint

With a presence in 34 countries, servicing 51 countries on the continent, Deloitte is well positioned and understands the nuances of doing business in Africa.

Our pan-African Infrastructure and Capital Projects team functions as an integrated team with dedicated Capital Projects professionals based in South Africa, Zimbabwe, Botswana, Kenya, Tanzania, Uganda, Ghana and Nigeria, serving Governments and private sector clients across the continent.

Deloitte footprint in Africa



7. Deloitte Credentials

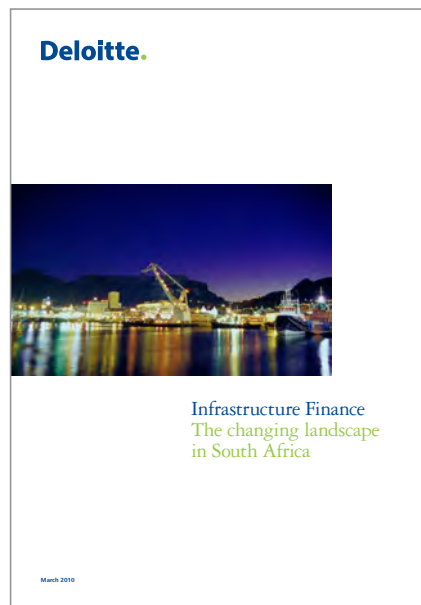
Deloitte boasts a wide array of clients represented both in the Public and Private Sector. Below is a list of some of the clients we have partnered to success.

Private Sector	
<ul style="list-style-type: none"> • Mount Richmore Residential Estate • Tanga Cement (Tanzania) • Sunshine City (Ghana) • Siemens • Murray & Roberts • Bombela Civils Joint Venture • Medupi Power Stations Joint Venture • Tubular Holdings • Protech Khuthele Holdings • Basil Read • Anglo American • Anglo Platinum • AngloGold Ashanti • De Beers • Gold Fields • Harmony • Kumba Iron Ore • Lonmin • Sasol Mining • Xstrata • Konkola Copper Mines • BHP Billiton • FreeportMcMoran • ABSA 	<ul style="list-style-type: none"> • Glencore • Lumwana • ACTOM • AECI • AMKA Holdings • Bravo Group • Clover • Aspen • Denel • Heineken • Lafarge • Nampak • PG Bison • KAP international • Richards Bay Minerals • Palaborwa Mining company • Reunert • Sephaku • Sasol • Standard Bank • Telkom • Multichoice • Anooraq Resources • Rio Tinto

Public Sector	
<ul style="list-style-type: none"> • South African Department of Communications • South African Provincial Department of Health, Kwa-Zulu Natal • South African Provincial Department of Education, Kwa-Zulu Natal • eThekweni Municipality, South Africa • Sentech South Africa • Gauteng Provincial Government, South Africa • Gauteng Fund, South Africa • iLembe District Municipality, South Africa • Emfuleni Municipality • Dube Tradeport • South African Broadcasting Corporation • Petro SA • South African Department of Energy 	<ul style="list-style-type: none"> • Industrial Development Corporation • Infrastructure Development Bank of Zimbabwe • Kunzvi Water Development Corporation • Zimbabwe Electricity Transmission and Distribution Company • Kenya Railways Corporation • Kenya Roads Board • Kenya Pipeline Corporation • Kenya National Social Security Fund • Uganda Railways Corporation • Tanzania Institute for Transportation and Development Policy • Tanzania Ports (Harbour) Authority • Uganda Development Corporation • Geothermal Development Company • African Union Commission

8. Deloitte Infrastructure and Capital Project Thoughtware

To read more about Infrastructure and Capital Projects scan the QR Codes below or visit our website

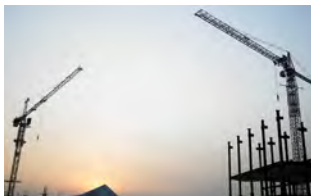


Infrastructure Finance
The changing landscape in South Africa



Partnering for future prosperity
Delivering successful infrastructure projects to create globally competitive South African cities

Deloitte.



Addressing Africa's Infrastructure Challenges



Addressing Africa's Infrastructure challenges

Deloitte.

Partnering for growth and development



Africa's railway corridor, amongst others, would create higher levels of reliability, reduce travel time and create an estimated 65 000 jobs. Investments such as this create a competitive economy that increases the ease of doing business, which further aids in attracting the necessary investment required to create more competitive cities that appeal to and attract talent while providing an environment that is attractive for visitors.

Increased investment in all forms of infrastructure (including, but not limited to, social infrastructure such as education, or hard infrastructure such as transport, water, sanitation, energy and amenities) can help transform South Africa's key cities into global city destinations for business, talent and visitors, which in turn results in increased growth, prosperity and better living conditions for the country in order to achieve this, however, the key challenge of funding needs to be addressed in the context of infrastructure development often requires money that is available in budgets.

Similar to its international counterparts, the South African government has historically funded a sizable share of infrastructure development on balance-sheet, utilizing revenues collected from direct and indirect tax and/or sovereign debt raised on the local and international bond markets. This approach has limited a larger scale implementation of infrastructure due to budgetary restrictions and fiscal discipline. This is in part as a result of an historical absence of project-level financing available in South Africa and the role of the government in the development phase of projects. Funding needs to move most of South Africa's infrastructure from pre-construction and planning to implementation will require innovative financing instruments and funding models. Deciding on the optimal mix of on-balance sheet (national budget) finance and project-level financing (public, private and/or other) is a challenge facing more

and more government departments. There are several financing mechanisms that can be used, in addition to the state budget, to finance large scale service delivery and infrastructure projects. Understanding the most effective financing instrument, or mix of instruments, for any particular project requires careful consideration. In recent years, a range of innovative financing instruments have been added to the pool of available alternatives, which has enabled funding for the purchase of new projects with its specific requirements. Some of these financing instruments and sources of funding include:

- **Infrastructure funds:** Typically used to raise funding for a group or part of infrastructure projects that mitigate the risk from a specific project, which results in a lower margin or a decrease in the use of funds due to the risk being spread across the pool of projects.
- **Project Funding and Public Private Partnerships (PFPPs):** The funding is raised on the basis of a single project or other works the funds required for that project must be paid back with revenues generated by that project only.
- **Project finance:** diversifies the funding base (outside of Government and its State Owned Entities (SOEs)) and is very flexible in the SOE balance sheet from the risk associated with significant infrastructure projects. This has a role when it is reflected in the business plan. Project finance structures can be used together with a number of financing instruments to attract various sources of private capital seeking structured risk and rewards.
- **Project banks:** can be used to provide the private sector (directly or indirectly) with financing for individual infrastructure projects. These instruments have been used with varying degrees of success in the past. It is time to revisit these financial instruments and to identify specific sectors or the capital exchanges where they can be traded by local and international investors.

Partnering for growth and development



Partnering for growth and development

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Economic woes demand
optimum use of capital
Extracting full value



By Conrad Alberts, Director - Consulting



Economic woes demand optimum
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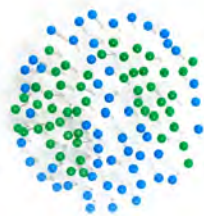
Effective Operational Readiness
of Large Capital Projects
Avoiding value leakage in the
transition from project execution
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Deloitte.

Is your project selection process aligned with
the strategic objectives of your organization?
Selecting and managing capital projects to
achieve the potential for higher returns



Financial Advisory Services



Selecting and managing capital projects to
achieve the potential for higher returns

9. Meet the Deloitte Capital Projects Specialists



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