Infrastructure and Capital Projects
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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
- Achieving 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.
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

Commissioning and Handover
- Operational Readiness
  - Readiness reviews
  - Testing
  - Security
  - Business continuity
- Commissioning
  - Workforce Planning
  - Training
  - Transition Management
  - Hand Over Planning

Operation and Maintenance
- Operations
  - User Requirements
  - Operations and Maintenance
  - Contract Audits
  - Benchmarking
  - Cost Reduction
  - Operational Review
  - Refinancing
  - Operational Excellence
  - Supply Chain
  - Management Reporting
    - Financial Reporting
    - Risk and Issues
    - Performance Metrics
    - Analytics
    - Continuous Monitoring of Systems in place
    - Compliance with Established Project Procedures
- Completion Review
  - Performance Measures
  - Project Archive
  - Final Account
  - Knowledge Capture
- Contract Dispute
  - Claims Management
  - Dispute Resolution
- Turnaround
  - Contract Variation
  - Renegotiation
  - Supply Chain
  - Refinancing
- Disposal
  - Carve-out services

Decommissioning
- Cost liability Model
- Insurance and Runoff

Project Management Office Set-up, Support and Reviews
- Risk Management
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.


Deloitte footprint in Africa
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**
- Mount Richmore Residential Estate
- Tanga Cement (Tanzania)
- Sunshine City (Ghana)
- Siemens
- Murray & Roberts
- Bombea Civils Joint Venture
- Medupi Power Stations Joint Venture
- Tubular Holdings
- Protech Khuthlele 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
- Freeport McMoran
- ABSA
- Glencore
- Lumwana
- ACTOM
- AEG
- 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**
- South African Department of Communications
- South African Provincial Department of Health, Kwa-Zulu Natal
- South African Provincial Department of Education, Kwa-Zulu Natal
- eThekwini 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
- 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.
Partnering for growth and development

Ndebele advised that by revitalising South Africa, its well-maintained infrastructure contributes to socio-economic development and growth. Effective, efficient, extensive and integrated infrastructure development is intrinsic to attracting better qualified and more productive business, talent and visitors, which in turn enables increased growth, prosperity and better living conditions for the country. This is seen as desirable by all means, as development often outstrips money that is available to address as the demand for infrastructure increases.

South African cities rank as some of the most competitive in Africa, it could be improved even further, as the rank the competitiveness of global cities according to their demonstrated ability to attract capital, business, talent and visitors. According to their demonstrated ability to attract capital, business, talent and visitors, which in turn enables increased growth, prosperity and better living conditions for the country.

Development Plan 2030. In terms of this plan, funded a sizeable share of infrastructure development on balance-sheet, utilising revenue collected from direct and indirect tax and or sovereign debt raised on the basis of a single project, in other words, the funds required for that project must be paid back with revenue generated by that project only. This approach has limited a larger scale of infrastructure implementation of infrastructure due to budgetary restrictions and fiscal disciplines. As a result, an alternative approach to funding projects is required.

Infrastructure development often outstrips money that is available in budgets. The absorptiveness of infrastructure projects, thus delinking the infrastructure projects, thus delinking the SOEs balance sheets from the risk from a specific project, which results in the funding is raised on the basis of a single project, in other words, the funds required for that project must be paid back with revenue generated by that project only. Infrastructure projects, thus delinking the SOEs balance sheets from the risk from a specific project, which results in the funding is raised on the basis of a single project, in other words, the funds required for that project must be paid back with revenue generated by that project only. This has a cost which is reflected in the borrowing yields. Project finance structures can be used together with a diversification of funding sources to manage risk and to possibly create a sector on the capital market exchanges where they can be traded by local and international investors. It is time to revisit these financial instruments with varying degrees of success in the past. Projects, these instruments have been used for a participation in individual infrastructure projects. These instruments have been used either by the private sector (directly or indirectly) with the SOEs balance sheets.


• Project bonds could be used to provide funding and procured projects versus projects financed and procured in whole or in part by the private sector (directly or indirectly) with the SOEs balance sheets.

• Project finance typically used for a participation in individual infrastructure projects. This is in part as a result of an historical reliance on tax and or sovereign debt raised on the basis of a single project, in other words, the funds required for that project must be paid back with revenue generated by that project only. This approach has limited a larger scale of infrastructure implementation of infrastructure due to budgetary restrictions and fiscal disciplines.

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Economic woes demand optimum use of capital
Extracting full value

Effective Operational Readiness of Large Capital Projects
Avoiding value leakage in the transition from project execution into operations

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
9. Meet the Deloitte Capital Projects Specialists

**André Pottas**  
Leader | Infrastructure and Capital Projects  
apottas@deloitte.co.za  
+27 31 560 7033

**JP Labuschagne**  
Associate Director | Infrastructure and Capital Projects  
jplabuschagne@deloitte.co.za  
+27 11 209 8723

**Louis Kruger**  
Associate Director | Infrastructure and Capital Projects  
lokruger@deloitte.co.za  
+27 11 209 6444

**Leonard De Rooij**  
Associate Director | Assurance Specialist – Capital Projects  
lderooij@deloitte.co.za  
+27 11 806 5363

**Dr. Mark A. Smith**  
Partner | Head of Capital Projects  
East Africa  
Deloitte Consulting Limited  
+254 (20) 4230 470  
marksmith@deloitte.co.ke

**Sheldon Morris**  
Director | Capital Projects Advisory  
shmorris@deloitte.com  
011 517 4000

**Ellen Fayorse**  
Manager | Infrastructure and Capital Projects  
efayorsey@deloitte.com  
+233-242-215-575

**Newton Cockcroft**  
Director | Taxation and Incentives Specialist – Capital Projects  
ncockcroft@deloitte.co.za  
+27 11 806 5298

**Ravinder Sikand**  
Director | Infrastructure and Capital Projects  
rskand@deloitte.co.ke  
+254204230805

**Alexander Van Schie**  
Director | Infrastructure and Capital Projects  
avanschie@deloitte.co.ke  
+254-717-967662