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Deloitte's Capabilities in Infrastructure and Capital Projects

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.

Deloitte can assist by:

- Making the right case for investment by establishing a robust project evaluation and business case development.
- Using capital effectively, efficiently and safely to optimise the capital investment 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 by 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.

Our infrastructure and capital projects professionals have practical experience in nearly every aspect of the capital projects lifecycle shown in figure1:



Figure 1: Capital Projects Lifecycle

Deloitte is positioned to assist 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 Deloitte’s deep industry expertise, breadth of services, and presence in Africa. We bring specialised skills working across sectors, geographies and stages of the infrastructure life cycle, from developing financing innovations to enhancing delivery capability in public institutions and the private sector supply chain core infrastructure and capital projects.

Our network of Deloitte member firms help facilitate constructive collaboration between governments, donors and development agencies and private sector funders and project sponsors from experience working with:

- Government ministries and public institutions.
- Donor and development agencies, including bilateral donors and multilateral development banks.
- Major project developers and private sector market participants.
- Private sector infrastructure funders.

A brief look into our Solutions per each Stage of the Capital Projects Life cycle:

Strategy and Planning

The Challenge

Capital projects command huge investments because they promise targeted value in return. But that promise doesn't keep itself. As projects grow in scale and complexity, organisations must ask tough questions to optimise the value generated across their portfolios:

- How should leaders structure, prioritise and pace investment across their portfolios?
- Are your plans based on robust analysis of the 'right' information, and is this data reliable?
- How does a proposed project align with our organisation's objectives?
- How best to construct a business case that works and a strategy to make it a reality?
What capabilities and partners do we need to deliver?
- Is the project even feasible?

Our Solution

Deloitte provides the advice, tools and analytical expertise to give clients greater confidence in developing their investment and delivery strategy, both at the early phases of an individual project or across a portfolio.

- **Investment strategy:** strategic options review, investment appraisal, capital allocation and assessing project feasibility.
- Business case development and analysis.
- **Risk analytics:** leveraging our predictive project analytics tool to assess success indicators of proposed investments and adequacy of controls.
- Real estate / location strategy.
- Stakeholder engagement and community development.
- **Project strategy:** including master programme, risk strategy, delivery strategy, digital / technology strategy and developing a target operating model, governance structure and project controls.
- **Cost and schedule optimisation:** identifying and implementing opportunities to reduce the cost and schedule baseline at the outset of a project.
- Tax, insurance and regulatory advisory.

Financing and Procurement

The Challenge

Funding does not occur in a vacuum. It often must conform to the features, risk profile and regulatory context of the project it enables. In turn, the supply chain and procurement process must support that financing structure: all as market cycles, rules and the emergence of new players constantly change.

- How can sponsors shape a project, its supply chain, and its contractual structure so that equity and debt markets will make financing available?
- How efficient is the project's procurement process? Is it maximising value for money?
- Are you accessing all sources of financing as banks, pension funds and others enter the project financing markets?

Our Solution

Deloitte continues to position itself at the forefront of the global infrastructure financial advisory sector, providing innovative solutions to deliver pathfinder projects and to close complex deals in challenging markets.

- **Project finance and advisory:** Developing project structures which are capable of being financed and identifying and evaluating large-scale financing options, drawing on strong relationships with international banks, export credit agencies, multilateral agencies and bond investors to develop cost-efficient, feasible financing plans.
- **Contract bid and procurement support:** Taking a central financial role in designing processes, collating and preparing financial submissions and providing bid evaluation support.
- Refinancing to increase returns or release capital.
- Restructuring of debt facilities and returning the project to stable operation.
- In public-private partnerships, we can support both public sector sponsors and private sector bidders.

Project Organisation, Execution and Construction

The Challenge

The capital value of a major project can be greater than the turnover of a listed company. Bringing a project that is large and complex to a successful conclusion can feel like a high-wire act. Value, cost, time and public scrutiny are only some of the pressures.

- How can you determine the right delivery model for your project?
- How do you avoid value erosion during delivery?

- Are your project controls delivering the reporting you need?
- How are you preparing your people for operational readiness?
- Are you leveraging the potential of technology?

Our Solution

From setting up the organisation, governance, technology and project controls, to managing delivery and hand-over, we assist clients in executing these high profile programmes with greater confidence.

- Is your organisation 'fit' to deliver your project(s)? We help clients understand what capability, such as people, processes and systems they need, and when, in order to confidently deliver and build this capability across the lifecycle.
- With advanced expertise in analytics and the selection, procurement and application of digital technologies, as well as alliances with many capital projects software vendors, we advise clients on investing in the right technologies and how to leverage these tools to deliver real value in their projects.
- We apply proven strategies and leading practices to help organisations best plan, manage and control their project's cost and schedule.

Operations and Maintenance

The Challenge

Owners must get their assets to perform and yield revenue as expected once they are in operation. Shareholders demand for high rates of return remains unchanged, but economic shifts, regulatory changes and the credit crunch have placed new emphasis on asset management, controlling capital and maintenance expenditure.

- Do you have the right people and capabilities to manage your assets?
- What is your approach to optimising non-core revenue streams?
- Are you happy with your supply chain? Are you getting value for money from your procurement?
- How efficient is your maintenance programme? Reactive and piece-meal or intelligent and predictive?

Our Solution

Deloitte supports clients in getting the best performance and value from their assets in operation.

- Operational readiness planning, training and transition.
- **Asset management:** Portfolio optimisation, analysis of asset management performance, strategic asset planning, asset information management and analytics to support predictive maintenance, asset management organisation strategy and processes.
- Property management.
- **Digital:** Helping determine the right technologies to invest in, and leveraging these tools to drive value through better insights into operational performance and enabling predictive asset maintenance.

- Achieving operations excellence, including cost reduction, operational review and design and supply chain consulting.
- Improving the user/passenger experience.
- Optimising non-core revenue streams, such as real estate development, retail and car parking.
- Management reporting.
- **Security:** Providing a structured approach to governance and implementation, helping to safeguard assets.
- Sustainability advisory and assurance services.
- Refinancing and restructuring.



Asset Recycling and Concession Maturity

The Challenge

Many governments now see asset recycling – selling assets, leasing assets, or embarking on a second concession lifecycle – as a way to fund promised infrastructure.

Financial investor challenges include:

- How to optimise cash extraction and yield?
- How to ensure long-term protection for long-term investments with strong governance rights?
- How to adequately assess regulatory risk, both from a sector perspective as well as sovereign change of law risk?
- How best to efficiently deploy capital and manage liquidity in global debt markets?

Vendor challenges include:

- How to maximise sale proceeds through robust, competitive sale processes?
- How to reinvest sale proceeds into new infrastructure developments?
- How to ensure probity and sale process protocols?

Our Solution

Deloitte's global infrastructure M&A teams provide a comprehensive range of transaction-related services to help enable investors in infrastructure to make the most of new investment opportunities.

Our teams also advise on sell-side mandates, including:

- Asset divestment strategies.
- Financial modelling.
- Financial advisory and transaction advisory on sales.
- Tax and accounting diligence and operations diligence.

Asset Decommissioning

The Challenge

Decommissioning programmes can be even more complex than building a new asset, often involving many different types and ages of existing facility.

- When is the optimal point to decommission?
- Is sufficient information available on the asset?
- What strategy should be adopted to maximise its potential following decommissioning?
- What government support or incentives are available for decommissioning – are there grants or tax deductions, and how can they be accessed?
- What is the optimum delivery and commercial strategy?
- During decommissioning, how best to manage site safety and security, environmental protection, socio-economic impacts, funding, resources / skills and stakeholder views?

Our Solution

Deloitte helps organisations plan and manage the best way to decommission an asset for optimum future use, including:

- **Developing the decommissioning strategy:** reviewing / gathering asset information, setting strategic direction / objectives, business case development / options analysis.
- Helping clients to set aside funds to pay for the future costs of decommissioning, including reviewing options for fund structuring and protection against insufficient funds, and designing mechanisms for calculating target fund value and required contributions. We also advise on investment strategy and non-cash funding structures.
- Enabling strategic partner procurement and delivery vehicle structure.
- Designing the commercial and delivery strategy / model.
- Efficient structuring of decommissioning funds and contractual arrangements to maximise the tax benefit of decommissioning costs.
- Design of the decommissioning programmes and oversight of implementation.
- Programme integrator: We can act as the interface bringing together the operator, partners, EPFC and external stakeholders to drive effective and efficient progress across these complex programmes.
- Independent programme audit and assurance.
- Post-project completion review.

Deloitte's Selected Experience

- **Nyali Bridge in Mombasa, Kenya:** Deloitte East Africa and Deloitte India are leading a consortium of transaction advisors in helping the client in developing the PPP transaction structure and concession agreement as well as facilitating the optimisation of the important elements of the new bridge, including location, capacity and cost engineering configuration. Our blend of financial, operational and technical services supports the feasibility study and the option selection phases of the project as well as advising on the procurement of investors, including technical partners.
- **Transforming the Ethiopia Sugar Map:** Deloitte East Africa was engaged to help lead the transformation of the Ethiopian Sugar Corporation (ESC) to manage and deliver an integrated mega construction plan for the programme. Outputs included developing a clear view of the capabilities required to support this programme, as well as restructuring ESC's corporate systems to meet the requirements of the planned operations.
- **Power Africa Initiative:** In partnership with PCGA, Deloitte provided institutional support for the rollout of the Power Africa initiative, catalysed development of power sector transactions in Power Africa priority countries, supported both on and off-grid projects, and identified sources of private capital to facilitate greater investment in the African energy sector. Key Deloitte activities included deploying full-time power sector transaction advisors to work in five Power Africa priority countries, designing interventions to support individual priority transactions and projects, accelerating power sector reform projects, identifying innovative financing sources, creating communication strategies and knowledge management systems, and delivering capacity building programmes within host government agencies.
- **Advisory of Credit Facility Requirements:** Deloitte evaluated technical and financial issues of an unfinished \$200 million gold mine located in the remote DR Congo with advising financial institutions on additional credit facility requirements.
- **Establishment of Programme Management Office:** Deloitte implemented a large scale programme management office (PMO) for the funding and construction oversight of 21 schools in Northern Uganda with construction costs in excess of \$20 million.

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