

## Brochure title – Project Finance

We work in the following sectors

Accommodation  
Communications  
Defence  
Education  
Energy  
Healthcare  
Transportation  
Water

### Heading – Prime partners

Main text – Around the world privately financed infrastructure is taking centre stage in all areas of everyday life, from transport, energy, health and education to property, water and defence. At Mott MacDonald we've built an enviable reputation for meeting the specific needs of financiers, developers, constructors, operators, insurers and public sector bodies whatever the procurement route – PPP, PFI, DBFO, full privatisation or asset transfer.

This owes much to our deep insight into all the issues – from environmental and financial to social and technological – and a sound commercial acumen, both fine tuned by our immense experience in planning, engineering and managing project development across all sectors world-wide. As a result we have the advantage of being able to combine strategic analysis with a total technical capability – which means we can begin adding value right from the start. And because we're totally independent, you're guaranteed utterly impartial, professional advice.

So whatever part you're playing in the delivery of a privately financed infrastructure scheme, we have all the skills and experience to provide you with every service you need – backed by the drive, imagination and commitment that make us your prime partner in project development.



Image caption

As part of a framework agreement with Leeds Teaching Hospitals NHS Trust we're providing project management and lead advisor roles for two PFI projects – a circa £200 million new oncology centre at St James and a new community facility at Wharfedale Hospital with a capital value circa £15 million

### Heading – Project identification and structuring

Main text – Establishing the market opportunity is the first step in any successful scheme and this holds equally true in the case of privately financed infrastructure. To optimise that opportunity from a range of options it's vital that feasibility is examined from all angles and assessed as a whole – which is where our skill in integrating technical and commercial

appraisals comes to the fore. We're also experienced in conducting fatal flaws assessments to add another level of confidence in deciding the preferred options. Then we can go on to advise how best to structure the project's development.



Image caption

Mexico's Saltillo combined cycle power station is one of two new facilities – both sponsored by Electricité de France – now supplying power to the national utility. As lenders' engineer we advised Deutsche Bank, IFC and Société Générale on the full range of techno-commercial issues including unusually high availability requirements

## Heading – Permitting and consents

Main text – Before a project can proceed there are numerous hurdles to overcome – not least of which is obtaining all the required permits and consents, from planning permission to environmental statements to Transport and Works Act applications. As procurement management advisors we effectively draw up a 'road map' for navigating the most time-efficient route through the whole process – expertly monitoring it for financiers and managing it for governments and developers.

We also track the growing range of environmental incentives available to enhance project finance. Integrating these services provides a distinct advantage in not only helping ensure the planning and permitting process is straightforward but also bringing additionality to the stakeholders.



Image caption

Greater Manchester Passenger Transport Executive (GMPTE) developed Manchester Metrolink LRT under a design, build, operate and maintain contract. Our multi-disciplinary role for GMPTE covered the whole project cycle – from feasibility, consultation, preliminary design, planning application and public inquiry through reference design and tender assessment to construction monitoring and commissioning

## Heading – Risk identification and allocation

Main text – In competitive markets every player faces risks. We make it our job to understand those risks and to see that they're allocated to the party best able to manage them at least cost – whether they relate to the site, construction, revenue, inflation, environment, output volume, politics or technical aspects. We advise on the optimum balance between risk transfer and price – in short, ensuring value for money.

Consultation is vital to achieve buy-in from all stakeholders. We're skilled in managing this whole process, making sure the project objectives are properly defined and their functionality understood by everyone involved.



Image caption

On Taiwan's US\$13 billion high speed rail project – one of the world's largest privately funded transport schemes – we're leading the international joint venture working as the independent checking and site engineer for this 345 km link

## Heading – Strategic and regulatory advice

Main text – Whether the need is for outsourcing, market testing, change management, unbundling of a large public sector organisation or privatisation of a nationwide infrastructure network, we offer invaluable experience in helping shape and develop market systems and structures. Our experts have proved their skills in preparing strategic market overviews, assessing business, engineering and environmental processes and developing frameworks for attracting private investment.

Regulatory advice is another service we've provided in various countries and markets, examining aspects ranging from benchmarking, licensing and enforcement to capacity building and stakeholder education.



Image caption

St Genevieve's School in Belfast was one of the first schools to be built under PFI. We provided all the engineering services for the new accommodation including technical advice to the consortia during the negotiation phases



Image caption

We've provided project management services for a primary care facilities bid under the LIFT process for Redbridge and Waltham Forest primary care trusts. Our role involved establishing team protocols and actions, reviewing design and build proposals and acting as the central focus for the private and public sector parties

## Heading – Project agreements

Main text – Thanks to our extensive involvement in development across all sectors we're not only well versed in the different 'shapes' of project agreements for different markets, we've often had a direct hand in formulating them. Here again our combination of commercial and technical acumen backed by proven experience gives us an in-depth grasp of the inter-relationships within suites of project agreements, their roles in the transfer of risk and the representation of engineering and business issues.

Add to this our ability to develop integrated output specifications and payment mechanisms and it's clear we're ideally equipped to lead the development of project agreements – effectively serving as the project advisor.



Image caption

We were the lender's technical advisor for the Meadowhead, Stevenston and Inverclyde sewage treatment services PFI project in Scotland. We reviewed all the technical aspects of the project for the bank's full due diligence and monitored progress during construction

## **Heading – Concession contracts**

Main text – Around the world there's a growing drive to improve infrastructure services particularly in water and transport. To this end we're working with municipalities, sponsors and lenders to ensure the efficient implementation and operation of concession projects where the concession company is responsible not only for providing the service, but also for collecting revenue over a period of up to 65 years. In order to determine a sustainable tariff the likely expenditure for day to day operations and future investment must be in balance with the need to deliver environmental improvements, consumers' affordability and the operator's desired return on investment. Our experts have a deep understanding of the technical and management issues, the economic drivers and the complex contractual negotiations that are often required to ensure the sustainability of private sector arrangements.



Image caption

In the Netherlands we were owners' engineer for a 22.5 MW wind farm at the Nerefco oil refinery jointly owned by BP and Chevron Texaco. The Euro 25 million scheme near Rotterdam was the first substantial use of wind turbine technology for both energy companies

## **Heading – Business case development**

Main text – Covering every facet from life cycle costings to payment mechanisms we can develop a fully justified business case supporting either private investment or government funding for public sector projects.

In the UK our widespread participation in the Private Finance Initiative means we're experienced in developing outline business cases to satisfy Treasury requirements for risk transfer and to demonstrate added value compared to the public sector alternative.

## **Heading – Asset and portfolio due diligence**

Main text – This is a service we've provided both for stand-alone asset sales and as part of merger and acquisition procedures. Whether it's a power station, highway network, hospital or water treatment plant, we can appraise any existing or part developed asset – either in operation or under construction – from technical, environmental and commercial perspectives. Our experts will take care of every aspect from evaluating asset condition in engineering terms to identifying key risks and costs and translating these into upside and downside values for business models.



Image caption

Located in the heart of Westminster, the new Marsham Street building for the Home Office – including HM Prison Service, plus a residential development with retail facilities – is being built under PFI and we're the lender's technical advisor for the scheme



Image caption

On the Channel Tunnel Rail Link – one of Europe's largest privately financed infrastructure projects – we're leading the Mott-Parsons-Gibb joint venture which, as the Secretary of State's Project Representative, is looking after the UK government's interests during all stages of implementation and ensuring that concessionaire London and Continental Railways fulfils its obligations under the main project agreement



Image caption

In the Philippines' capital, we're monitoring the progress of the Manila Water Company Concession for the lenders funding the medium term investment programme which is already helping to provide affordable water supplies to low income communities

## Heading – Process and project management

Main text – In our role as technical advisor to financiers, developers, operators and public sector bodies helping deliver major schemes world-wide, we've gained a fundamental insight into every issue affecting project development – and sharpened our ability to identify potential pitfalls and solve them before they become problems. So we're well qualified to bring all parties and elements together and to manage the whole process from project identification to financial close and project agreement.

## Heading – Bid and negotiation support

Main text – Proactive, responsive and committed – that's how we sum up the service we offer our clients. Because we understand both public and private sector objectives we're able to respond instantly to our clients' demands and support them fully through all stages of negotiations – making sure we're available 24 hours a day, seven days a week.

Our proactive attitude means we focus totally on closing the deal – it's this that drives all our efforts. And our clients have the added assurance that we negotiate from a proven position of authority on key technical issues, all backed by our sound commercial acumen.



### Image caption

We had a double role on the £50 million West Middlesex University Hospital PFI redevelopment scheme – as technical advisor to the funder during the construction phase and as independent tester to West Middlesex University NHS Trust and ByWest, the special purpose company set up to deliver the project



Image caption

For Greater Manchester Police Authority's £78 million accommodation PFI project, we were technical advisors to the Authority developing all technical elements of the documentation throughout the two-year procurement period

## **Heading – Financial and economic modelling**

Main text – We have a wealth of knowledge and experience in financing and business modelling. We've worked with customers and their specialist financial consultants, including banks and accountancy firms, to develop and test business cases for major infrastructure programmes. As well as being skilled in aspects such as input parameters, our in-depth knowledge of major programmes of works means we also have the advantage of being able to appraise these models from technical, commercial and risk perspectives. And thanks to our specialist expertise in environmental economics, our customers can be certain they're receiving a realistic evaluation of a project's environmental costs and benefits.

## **Heading – Engineering and operational assessment**

Main text – This is another service benefiting from our appreciation of commercial implications as well as technical issues. We recognise the importance of optimising a facility's performance so that it delivers maximum operational efficiency at minimum whole life cost – and we understand the key roles that build ability and maintainability have to play in achieving these objectives.



Image caption

In Islington in north London we're responsible for all the education services to schools and pupils throughout the borough. Since our appointment by the Department for Education and Employment and Islington Borough Council, standards in the schools have shown a steady improvement



**Image caption**

Following completion of the three-year construction stage of upgrading 90 km of Scotland's A74/M74 to full motorway standard, our role as banks' technical advisor and project monitor continues for the 30-year concession's remaining operation/maintenance phase



**Image caption**

In Brazil we've provided due diligence support to the IADB for a privately funded 500 kV transmission line running 1250 km north from Brasilia. Our role post financial close involves monitoring project progress during the construction, commissioning and performance testing phases



**Image caption**

Our role on Skynet 5 – among the UK's biggest PFI schemes – involves advising a consortium of banks led by HSBC on the contractual frameworks plus technical and commercial viability of the new satellite system, which will provide all secure satellite communications services for British Armed Forces around the globe

## **Heading – Construction and operation monitoring**

Main text – At Mott MacDonald we've overseen construction of huge projects in the most daunting of ground conditions, amid the most demanding of environments and in the face of the most complex logistics – so when it comes to protecting our clients' interests on site there's no situation we haven't dealt with before.

Rigorous appraisal backed by experienced judgement is our approach to taking care of every aspect from certifying loan draw down on behalf of funders – making sure the concessionaire’s requests comply with actual work completed – to evaluating contractors’ systems for quality assurance/control, programme and cost control, value engineering and risk management. We’re also able to provide independent certification for both investors and public sector clients that the asset has been delivered in accordance with the terms laid down in the project agreement.

And we’re on hand to help long after the new asset is up and running. Once it’s earning revenue we can appraise its business performance for the investors, insurers or owners. We can also review how the objectives of the project agreement are being met and recommend whether any changes are needed for the medium or long term – then advise on how best to implement them.



#### Image caption

In Bulgaria, we carried out technical due diligence of the concession agreement and the sponsors’ proposals for eastern Europe’s first water and wastewater concession on behalf of the EBRD. Now we’re monitoring the loan disbursement in Sofia – home to a million people – and reporting on the implementation of the concession and progress towards meeting the required levels of service



#### Image caption

In developing a ground-breaking outline business case for the management and maintenance of Portsmouth City Council’s complete road network under PFI – the first application of its type in the UK – we introduced various innovations. These included creating a ‘level of service’ index so that the overall performance of the network can be determined and monitored, as well as a holistic fence to fence approach on both the performance specification and the payment mechanism. It was also the first use of the Transfer of Functions legislation to reassign duties and risk

## **Heading – How Mott MacDonald makes the difference**

Summary of text –

Because we've been planning, engineering and managing some of the most demanding projects in all sectors world-wide, the knowledge and experience we can bring to privately financed infrastructure development is hard to beat.

Thanks to our strong track record in the world of privately financed infrastructure we've gained a deep understanding of the specific needs of all parties involved – financiers, developers, constructors, operators, insurers and public sector bodies – and built an enviable reputation for more than satisfying those needs.

By combining our leading technical edge with our astute commercial sense we're able to offer our clients the best of both worlds – covering every facet of privately financed project development from risk identification and business case development to asset due diligence and negotiation support.

We combine a total commitment to teamwork – with you and all members of the project team – with a proven track record in all aspects of privately financed infrastructure through roles ranging from technical advisor for banks to owner's engineer.

With resources available from nearly 30 centres across the UK and in 50 countries world-wide, we can respond quickly and cost-effectively to any project demands anywhere.

In essence, we give you confidence – confidence that your project will proceed smoothly, that you'll receive the best professional advice and that your objectives will be achieved to your satisfaction.

## **Heading – List of skills and services**

### **Heading – Key services**

pre-financial close  
bid and negotiation support  
bid management and evaluation  
business case development  
commercial and technical appraisal  
demand forecasting  
due diligence  
environmental impact assessment  
environmental liability analysis  
environmental policy constraints  
equity participation  
facilities management  
fatal flaw assessment  
financial and economic modelling  
investment appraisal  
lifetime costing analysis  
market analysis  
operation and maintenance advice  
output specification  
payment mechanisms  
permitting and consents  
planning permission  
procurement advice  
project agreements

project development support  
project identification  
project and programme management  
project structuring  
regulatory advice  
risk identification and allocation  
scenario testing  
stakeholder consultation  
strategic analysis  
tender evaluation

#### **implementation**

asset management  
commissioning  
construction monitoring  
demand monitoring  
design evaluation and advice  
environmental management and monitoring  
independent certification  
loan draw down certification  
performance testing  
quality monitoring  
risk management  
safety management

#### **post construction**

environmental management  
and monitoring  
financial model monitoring  
operations and maintenance monitoring  
performance optimisation

asset and portfolio due diligence  
acquisition due diligence  
asset condition evaluation  
environmental impact assessment  
risk identification

### **Heading – Special skills**

asset inspection  
conceptual and detailed design  
condition indices  
contract review and development  
demand modelling  
environmental economics  
expert witness  
hazard assessment  
health and safety compliance  
infrastructure management  
input parameters  
market testing  
mergers and acquisitions  
partnering  
privatisation preparation  
procurement  
programme and cost control  
reliability engineering  
revenue forecasting

risk analysis and management  
safety management  
security review  
strategic technical advice  
Transport and Works Act application Act application

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