

Case Study: Saudi Arabian Infrastructure Projects



Situation

After a slump in the oil price many major projects in Saudi Arabia stalled as government funding dried up. This created a major problem for the financial institutions and syndicates financing these projects and holding performance bonds. Do they keep financing the project, or cut their losses? INDECO became the consultant of choice, retained to review the projects and advise on the action to take. INDECO advised on many billion USD of water treatment, major highway, defence, government housing, schools, airports and desalination projects across the Kingdom, as well as the funding of major contracting organizations notably Pegel Arabia and GAC which had run into difficulty.

Approach

Using their Cold Eyes Review (CER) methodology, INDECO would review the project or company and recommend the most appropriate action to take 1) Abandon and accept loss 2) Continue to finance the project under appropriate control 3) Exercise Step In rights and manage the project to completion. INDECO provided the management support required including taking over and managing projects to completion.

Impact

Projects managed to completion included the Peace Sun military facility in Dharan, the National Guard housing project in Jeddah, the Mecca Media Expressway and the Medina Waste Treatment facility. Our clients included syndicates led by Lloyds, Barclays, Standard Chartered, BAII, SAIB, and others. The financial position of our clients was protected to the maximum possible under the prevailing circumstances.