

COVID-19

Construction projects in distress and plans for recovery



Immediate challenges for project developers and contractors

The construction industry, as with other sectors in such uncertain times, is in the middle of uncharted territory. Many construction projects around the globe, both large and small, have either ceased operations entirely as a result of government directives or are suffering from delays and disruption.

Whilst many developers and contractors are concentrating on immediate difficulties associated with human factors, health, internal operations and financial constraints, it is inevitable that issues associated with project delays, site closures, suspensions and project terminations will begin to bite. Around the corner they will face untested challenges in terms of the allocation of risks and exposure – the relative unknowns of past, current and future contractual obligations.

How Accuracy can help

It is clear that developers and contractors are dealing with an unprecedented situation, but in our experience, it would be unwise to adopt a stance of 'wait and see'.

Accuracy brings together professionals with backgrounds in key sectors who can assist developers and contractors to take control of projects in distress. This includes:

- the status assessment of your project on the day before unexpected events related to COVID-19 occurred: From our experience of providing independent expert opinion on project delays and cost overruns, it is important all projects take this step contemporaneously, as a basis for future claims, negotiations or disputes;
- drawing up practical scenarios for developers and contractors to preserve the financial stability of their operations, and those of the supply chain;
- looking ahead to the recommencement of construction: In these exceptional circumstances, forecasting the likely time and cost to complete a project needs to account for new uncertainties and additional provisions for risks. Our approach to such forecasts typically includes a mix of qualitative and quantitative analyses based on robust action plans and pragmatic scenarios;
- supporting parties involved in concessions and Public-Private Partnerships to assess options to rebalance their agreements, in order to reflect the impacts from reduced demand and increased costs;
- revisiting the business case for projects: For developers, the significance of recent events may put into question the viability of a project altogether. The answers to questions on viability lie in revisiting the project business case, and in our experience, using financial models to test possible outcomes. It is only by arming themselves with these options that developers can expect to make the right decisions today to see a project through to success.

About Accuracy

Accuracy is a wholly independent international consulting firm providing advice to company management and shareholders for their strategic or critical decisions, notably in transactions, disputes and crises.

Accuracy's strength is to connect strategy, facts and figures. Accuracy's teams are international and multicultural, combining various skills to provide bespoke services to our clients. We recruit consultants from the best.

Accuracy is present in 13 countries in Europe, North America, Asia, Middle East and Africa and leads engagements all over the world.

All Accuracy Partners are available to discuss your needs and design an appropriate solution with the relevant experts.