WINNING BUSINESS IN AFRICA

Building a cluster for infrastructure projects

Market Assessment: summary of findings and recommendations

- ENERGY WITH A MAJOR FOCUS ON RENEWABLES
- INFRASTRUCTURE, (E.G. ROADS, BUILDINGS, WORKS)
- MINING
- WATER & WATER INFRASTRUCTURE
This document has been produced by Schuman Associates for the Winning Business in Africa initiative. This project is a collaborative exercise between the Irish Engineering Enterprises Federation (IBEC’s Engineering Group), the Department of Foreign Affairs and Trade and Enterprise Ireland. The aim of the project is to assess and identify potential funding opportunities in Africa from the EU and other international donors for Irish based engineering companies involved in energy, infrastructure development, mining and water infrastructure.
FOREWORD

As part of the Government’s renewed focus on trade promotion, the Tánaiste last year launched the Africa Strategy - Ireland and Africa, Our Partnership with a Changing Continent. The Strategy underlines the importance of building stronger trade and investment links with Africa and recognises that, as Africa’s economy grows, it will need solutions, goods and services that it cannot produce itself.

Irish based companies are well placed to play a greater role in meeting the exponential growth in demand for goods and services across the continent of Africa. The recent partnership between the Department of Foreign Affairs and Trade and the Irish Business and Employers Confederation and the Irish Engineering Enterprises Federation is a practical example of how we can work together to identify new business opportunities.

Winning Business in Africa adopts a practical approach in focusing on a select number of African countries and the four important sectors of energy and renewable energy, infrastructure and transport, water and mining. These are four very strategic areas for the economic development. Infrastructure needs alone are huge. If business is going to develop, massive investment is required from all sources, the budget of national governments, Official Development Assistance as well as the private sector.

The report clearly sets out the opportunities which exist from the funds to which Ireland contributes including the European Union – the European Development Fund, the European Investment Bank and the World Bank. Irish companies are eligible to bid for these programmes and this report presents a major step forward in clarifying the opportunities which exist and the steps which must be taken to position Irish companies to successfully enter this important market.

I am particularly pleased to note the proposed approach that Irish companies should seek to develop clusters to deepen our competitive advantage.

Significant progress has been made over the last year in strengthening the mandate of Irish Embassies in addressing trade and investment issues. The Embassy network across Africa will support Irish business in following up on the recommendations of this report. Across Africa, our Ambassadors are working closely with the private sector to establish Irish Business Associations which can support new entrants to the local market.

The Department of Foreign Affairs and Trade is pleased to have been able to provide financial support to the IEEF and IBEC from the Africa Strategy for this study. More involvement by Irish Business in Africa will contribute to the development of the continent. It will help create employment and contribute to economic growth.

I wish to once again express my personal enthusiasm for all efforts that build deeper trade relations between Ireland and Africa. I congratulate IBEC in taking this initiative and I look forward to learning how this leads to concrete actions to win more business in Africa.

Joe Costello TD

Minister of State at the Department of Foreign Affairs and Trade with responsibility for Trade and Development
INTRODUCTION

The publication of this Report marks an important stage in identifying suitable business opportunities for Irish based engineering companies in Africa. The engineering sector in particular poses a large number of opportunities as the international donor agencies direct their investment towards infrastructure development and renewable energy projects: the 11 countries detailed in this Report provide a €12 billion project pipeline in the four main sectors of interest.

A number of Irish companies have experienced considerable success in Africa; it is hoped that this process will result in a collaborative approach for Irish based industry to increase business opportunities and develop their market access strategies in line with EU and other international donor funded programmes.

The need to establish four clusters was identified following the launch of the programme in June 2012. Attendees represented four specific clusters including infrastructure (transport, energy and general infrastructure), energy and renewable energy, water and mining.

The cluster approach yields a number of benefits: companies with strengths in various areas can increase chances of success, the creation of business clusters also facilitates added value to members, as well as sharing the input costs and risks related to the tendering process. This is in conjunction with the networking advantages, plus the opportunity for smaller firms to work alongside larger entities and thus maximise their chances of winning bids. Some Irish based companies may find it difficult to enter new markets due to their size and capacity for expansion. Therefore, it is anticipated that a collaborative approach to tendering would assist in market entry for smaller enterprises.

The aim of this project is to identify opportunities early in the project cycle as well projects already advancing towards tender stage. It is hoped that this exercise should culminate in the successful participation of both indigenous and Irish based multinational companies across the four clusters in Africa. This Report and the accompanying project workbook contain a pipeline of real market opportunities; detailing opportunities that will emerge in the medium term as well as more advanced tenders.

The Irish Engineering Enterprises Federation therefore welcomes the Report, and the potential business opportunities among industry here in Ireland, as well as the potential for local partnering.

I would like to express my thanks to all those who contributed to the Report. It is important to acknowledge the pivotal role played by the Department of Foreign Affairs and Trade, and the enthusiastic response from Joe Costello T.D., Minister for Trade and Development, in encouraging this project. I would also like to thank Enterprise Ireland for their support and members of the cluster look forward to working with Enterprise Ireland in their efforts to win business in Africa. Special mention must be made of the authors of the Report, Schuman Associates. They worked closely with members of the Irish Engineering Enterprises Federation in identifying projects that best matched the competencies of the cluster.

Gerry Donovan

BOC Gases and Chair of Irish Engineering Enterprises Federation
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ANNEX I: Methodology

ANNEX II: Geographic (National and Regional) and Thematic Programmes

ANNEX III: Project Pipeline: all identified opportunities (excel sheet with all pre-forecast, forecast, open and closed opportunities)

ANNEX IV: Top Indicative Opportunities
EXECUTIVE SUMMARY

INTRODUCTION

This document has been produced by Schuman Associates for the Winning Business in Africa cluster, a collaborative initiative between the Irish Engineering Enterprises Federation (a sector association within the Irish Business and Employers Confederation), the Department of Foreign Affairs and Trade and Enterprise Ireland as a basis for a market access strategy to increase EU and other international donor funding for Irish based engineering companies involved in energy, infrastructure development, mining and water & water infrastructure. This Market Assessment can be considered as an early warning for emerging and established projects from the European Union, the European Investment Bank, the World Bank and the African Development Bank. The scoping exercise addressed projects and programmes in four key sectors covering eleven African countries, providing substantial information regarding upcoming funding opportunities towards the sectors of interest identified. For this purpose the Market Assessment has been divided into business clusters.

Opportunities across the four business clusters have been carefully evaluated on the basis of the results of a specific survey submitted by eighteen Irish based companies representing more than 23,000 employees. This survey was the vital first step to determine business clusters of interest, past and present experience in specific countries as well as work with donor funded projects. The results of the survey enabled Schuman Associates to further focus this Market Assessment with early intelligence and broad cluster overviews. In addition to the Executive Summary and the information contained in this document, further annexes1 have been provided in order to cover the following:

- Complete overview of the regional and thematic programmes funded by the EU along with a detailed description of current EU funding for each of the countries analysed within this Market Assessment
- Specific ‘project briefs’ for the indicative top opportunities
- Schuman Associates Methodology.

The following table summarises the countries and business clusters analysed throughout this document.

<table>
<thead>
<tr>
<th>Country</th>
<th>Business Clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>1. Infrastructure (Transport, Energy, General Infrastructure projects)</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>2. Energy and Renewable Energy</td>
</tr>
<tr>
<td>Ghana</td>
<td>3. Water</td>
</tr>
<tr>
<td>Kenya</td>
<td>4. Mining</td>
</tr>
<tr>
<td>Mozambique</td>
<td></td>
</tr>
<tr>
<td>Namibia</td>
<td></td>
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<tr>
<td>Nigeria</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td></td>
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<tr>
<td>Tanzania</td>
<td></td>
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<tr>
<td>Uganda</td>
<td></td>
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<tr>
<td>Zambia</td>
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</tr>
</tbody>
</table>

1 Visit www.ieef.ie
The following table shows the countries which receive funding in the four analysed clusters.

<table>
<thead>
<tr>
<th>Country</th>
<th>Business Clusters</th>
<th>Infrastructure</th>
<th>Water</th>
<th>Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Kenya</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Namibia</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Nigeria</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>South Africa</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Tanzania</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>

**MAIN FINDINGS**

This section of the Market Assessment gives a snapshot of the main results and trends gathered through the analysis of the selected business clusters and eleven African countries. The following sets out which countries receive substantial funding in the nominated business clusters of interest as well as other trends in relation to the four funding donors analysed. Furthermore an overview of the principal recommendations is summarised at the end of the chapter. Throughout the document information is provided outlining the top opportunities, a complete map of all the identified opportunities and a description of the regional and thematic programmes funded by the EU.

- The Market Assessment identified a 12 Billion Euro (BEUR) project pipeline, for the four main sectors of interest – infrastructure, energy, water and mining including grants, tenders, loans as well as general procurement notices from the EU, the European Investment Bank, the World Bank and the African Development Bank. It must be noted that Ireland is not currently a member of the African Development Bank.

- The key opportunities identified are envisaged to be open and available in the next 1 to 5 years and as of August 2012 several of these projects are not yet in the public domain. Over 50% of the projects and funding identified are at an early stage of the project cycle – this is a key entry point for Business Development.

- This Market Assessment focuses both on short term as well as long term opportunities.

- Early positioning and early entry into the market is extremely important.

- Over 115 projects have been identified and listed in Annex III with detailed information (project title, description, budget, status, main contacts etc.). For the indicative top opportunities Annex IV provides details on each selected project.

- The following budgets have been identified per donor.

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2 www.ieef.ie
3 www.ieef.ie
European Development Fund (EDF): 2.2 BEUR; World Bank (WB): 4.5 BEUR; African Development Bank (AfDB): 2 BEUR; European Investment Bank (EIB): 3.8 BEUR

- The following pie chart shows the percentage of projects identified by donor.

- The two sectors with the highest volume of opportunities identified are the energy/renewable energy and the infrastructure/transport clusters. In addition, the energy sector is a priority on the donors’ agendas for future programming and it is foreseen that this sector will continue to receive funding for large energy infrastructure projects as well as for renewable and ‘green’ energy projects.

The graph below gives an overview of the number of projects identified per sector plus ‘Other’ projects in different sectors have been included such as e.g. Private Sector Development & Trade - Engineering Capacity Building Programme in Ethiopia.

- The top 5 countries to receive Aid funding towards sectors of interest are the following: Ethiopia, Nigeria, Kenya, Zambia and Tanzania. The projects identified in the top five countries reflect both short and long term opportunities.

- Aid is in the form of loans and investment opportunities for the mining cluster.

- Infrastructure, energy and water all present funding opportunities and are backed-up by a strong policy drive by the European Union (EU) for the coming years, as set out in all main policy and programming documents.
The EU will be putting more emphasis on environment and climate change, sustainable energy as well as towards other sectors such as food security and sustainable agriculture in their programming up until 2020.

The following graph shows the amount of funding allocated towards each country, based on the findings of this Market Assessment.

The countries with the majority of projects are the following: Ethiopia, Kenya, Nigeria, and Zambia. In particular these countries are currently investing in the development of infrastructure, energy, water and other sectors via donor funding as well as national and private funding sources.

In some countries (such as South Africa and Botswana) large infrastructure projects are financed mainly by the national governments' budgets and/or by private investment as opposed to donor funding.

In Botswana large infrastructure projects are financed exclusively by the national budget.4

The World Bank and the European Development Fund heavily focus their funding towards the infrastructure/transport cluster while the European Investment Bank and the African Development Bank focus on the energy and renewable energy cluster.

The graph below shows the amount of projects per cluster by donor.

- The World Bank and the African Development Bank have a strong focus on developing infrastructure and water projects in the eleven countries analysed and can confirm that future funding towards key clusters will continue.
- In total 4.2 BEUR will still be programmed over 2012-2013 towards EU - European Development Fund (EDF) Geographical Programmes and the Development Cooperation Instrument (DCI) for African countries while 1.8 BEUR remain to be programmed towards Thematic Programmes. Therefore new projects will be added to the pipeline over time.

**INDICATIVE TOP OPPORTUNITIES IDENTIFIED**

There follows an indicative selection of five top current ‘open’ projects and below five top ‘emerging’ projects (more detailed inputs on these projects are provided in the annexes available at www.ieef.ie).

The table below includes the top five indicative opportunities, carefully selected from the pipeline (Annex III) and reflect current open or forecast top opportunities for a total value of 403 MEUR$\textsuperscript{5}$.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Sector</th>
<th>Budget</th>
<th>Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>Kenya - Nairobi missing link roads and non-motorised transport facilities</td>
<td>Infrastructure/Transport</td>
<td>27.2 MEUR</td>
<td>EU</td>
<td>Works: 24,500,000 Supervision: 900,000</td>
</tr>
<tr>
<td>Zambia</td>
<td>Itetzi - Tetzhi Hydro Project</td>
<td>Energy</td>
<td>265 MEUR</td>
<td>EIB</td>
<td>Approved by EIB on 07/02/2012</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Transport Sector Project in Support of RSDP4 in Ethiopia: Road Upgrading: Kombolcha-Burka, Burkamille, Mizen-Dima-Boma</td>
<td>Infrastructure/Transport</td>
<td>N/A</td>
<td>WB</td>
<td>Proposal Due Date October 16, 2012</td>
</tr>
</tbody>
</table>

\textsuperscript{5} www.ieef.ie
## Zambia
- **Project Title**: Rehabilitation of the Great East Road
- **Sector**: Infrastructure/Transport
- **Budget**: 111 MEUR
- **Donor**: EU
- **Status**: Supervision of civil works is forecasted and expected to be open in 2012. Ref: EuropeAid/132506/D/SER/ZM - Budget: 7,800,000
- **Details**: Works contract cancelled (waiting for re-issue) - Budget: 5,000,000. Ref: EuropeAid/130578
- **Projects in pre-forecast stage**:
  - Rehabilitation of Luangwa Bridge Nyimba, Sinda-Katete, Chipata Town & Chipata-Mwami Border sections (162.8km) - Budget: 31,450,000
  - Supervision of works - Budget: 5,300,000

### The Table Below Outlines the Top Five Indicative Selected Opportunities Have Been Chosen from the Pipeline (Annex III) and Reflect ‘Early Stage Projects’ or Long Term Addressable Opportunities. It Is Recommended to Focus on These Projects from a Very Early Stage in Order to Stay Ahead of Competition.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Sector</th>
<th>Budget</th>
<th>Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>Third Electricity Access and Rural Expansion Project in Ethiopia</td>
<td>Energy</td>
<td>140 MEUR</td>
<td>WB</td>
<td>Project is still in the early identification stage.</td>
</tr>
<tr>
<td>Kenya</td>
<td>Tanzania/Kenya: Arusha-Voi Road Project in Eastern Africa</td>
<td>Infrastructure/Transport</td>
<td>256.2 MEUR</td>
<td>AfDB</td>
<td>Project is still in its early stages of planning. It can be expected that works and consulting services in relation to road rehabilitation and construction may be procured.</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Iringa - Shinyanga Transmission Project</td>
<td>Energy</td>
<td>391.9 MEUR</td>
<td>AfDB</td>
<td>Project is currently in the early stages of planning. Goods might be needed (transmission cables, towers, construction equipment). Civil works might be done.</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Third Urban Water Sector Project in Nigeria</td>
<td>Water</td>
<td>280 MEUR</td>
<td>WB</td>
<td>The project is still in the early identification stage.</td>
</tr>
<tr>
<td>Uganda/Regional</td>
<td>Eastern Africa Transport Corridor</td>
<td>Infrastructure/Transport</td>
<td>130 MEUR</td>
<td>EU</td>
<td>Project was approved on 24/04/2012</td>
</tr>
</tbody>
</table>

6  www.ieef.ie
RECOMMENDATIONS

Over the course of the development of this Market Assessment, forecasted and open projects were identified and it is therefore recommended to monitor opportunities of interest closely. Projects of key focus is on emerging (non-public projects). A broad-spectrum strategy based on four simultaneous running layers is recommended:

- Build a **project pipeline** using a pro-active approach to stay ahead of the competition (starting with the one provided in this Market Assessment).
- Create a **network** of partners (building on the existing and emerging Irish business clusters).
- Engage with main **stakeholders** in country and centrally in Brussels, Washington, Tunis and Luxembourg.
- Improve the **quality** of the project proposals aligned with the donor objectives and requirements

The following map, gives an overview of the countries covered by this Market Assessment.
ADDRESSABLE OPPORTUNITIES ALIGNED TO BUSINESS CLUSTERS

OVERVIEW OF FUNDING OPPORTUNITIES IN AFRICA

There are viable opportunities in Africa for the engineering sector as international donor agencies are investing heavily towards the development of modern, functional, clean and green infrastructures and renewable energy projects.

Reports and sector focused specific studies commissioned by the WB and the AfDB along with other research institutes mention that the development of new infrastructures accounts for a large share of Africa’s recent growth performance. However, Africa’s basic infrastructure still faces several challenges. In particular a recent African Development Bank study entitled “Africa’s Infrastructure: A Time for Transformation” mentions that there are numerous challenges ahead; these challenges can be seen as opportunities.

- Africa’s infrastructure networks increasingly lag behind those of other developing countries.
- Africa’s difficult economic geography presents a particular challenge for infrastructure development.
- Africa’s infrastructure services are twice as expensive as elsewhere.
- Energy is the largest infrastructure challenge, with many countries facing regular power shortages.
- The infrastructure challenge varies greatly by country type—fragile states face an impossible burden and resource-rich countries lag despite their wealth.
- A large share of Africa’s infrastructure is domestically financed, with the central government budget being the main driver of infrastructure investment.

Though Africa faces the above mentioned challenges, it is nonetheless now one of the world’s fastest growing economic regions and with increased growth several opportunities emerge for small, medium and large private companies willing to invest time and efforts in the country. Mainly the infrastructure, energy, water and mining sectors along with the ICT and agricultural sectors have seen an increase in development aid funding as well as private investments. Early positioning in strategic projects in fast-developing countries will ensure returns on investments and potential access to further future funding in areas of expertise across other African countries.

The lack of infrastructure in Africa is widely recognised. A Note by the African Development Bank and the United Nations Economic Commission for Africa clearly states that Africa has a road access rate of 34% compared to 50% for the other geographical zones and further data analysed from the Africa Infrastructure Knowledge Programme shows that in the coming years further investments for the development of Africa will be necessary in the infrastructure sector.

While infrastructure development is a necessary asset for the economic growth of Africa it must be noted that the mobilisation of finance is one of the main constraints to infrastructure development today.

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Actual annual financing for national infrastructure is worth 54.3 BEUR and is provided for 36 BEUR by domestic sources. The remaining budget comes from private or external sources (PPP, ODA or non-OECD financiers). Compared to an annual spending requirement of 111 BEUR, the residual annual gap (not financed) amounts to 57.6 BEUR (including 20.4 billion EUR of efficiency gains not yet achieved). Africa is spending 54 BEUR a year to address its infrastructure needs. According to NEPAD-OECD (2011), the total Official Development Assistance (ODA) to Africa increased from 12.6 BEUR in 2000 to 33.6 BEUR in 2009.10 While the above-mentioned figures mainly relate to development assistance, multilateral and regional financial institutions have also been investing significant amounts in infrastructure through loan financing. For example, cumulative commitments by the World Bank over 1990 to 2010 were approximately 423.6 BEUR from the development lending (International Bank for Reconstruction and Development, IBRD) plus a further 201 BEUR from concessional lending (International Development Association, IDA) commitments. Of this, the combined total lending for energy and mining, transportation, water, sanitation and flood protection is 159.6 BEUR in terms of IBRD credit and 60 BEUR by way of IDA commitments. In 2010 alone, approved loan commitments by the World Bank group (combined IBRD and IDA) totaled around 70 BEUR. In addition, various other multilateral development banks provided approximately 60 BEUR.

In this context, over 115 projects have been identified in analysing suitable opportunities across the four Business Clusters. The following pie charts depict how many projects have been identified from each donor.

- **European Development Fund (EDF): 24 project opportunities** for a total value of 2.2 BEUR
- **EDF and Development Cooperation Instrument (DCI): 15 Thematic Programmes of which 7 are Open for Calls for Proposals** for a total value of 99.6 MEUR

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10 Sources:
PIDA: http://www.pidafrika.org/
EU Africa Infrastructure trust fund: http://www.eu-africa-infrastructure-tf.net/
African development bank, transport: http://www.infrastructureafrica.org/sectors/transport
World Bank

- **World Bank (WB): 44 projects** and current tenders are listed for a total value of **4.5 BEUR**. (Please note that several WB projects are in the early stages – General Procurement Notices (GPN) do not provide a specific Procurement Plan with addressable tenders/projects until the GPNs are approved and have undergone the whole project lifecycle). These projects allow for potential early positioning.

African Development Bank (AfDB): 21 projects in the early stages for a value of **2 BEUR**. (Projects in the early stages, procurement plans with addressable components will be available upon AfDB approval). Although no open current opportunities in the mining cluster have been identified throughout this Market Assessment, it has been noted that the AfDB does finance projects in relation to mining. In particular the AfDB co-finances mining projects with the ultimate objective to catalyze additional commercial financing. Its financing instruments in the mining sector traditionally cover senior debt and mezzanine.

AfDB

- **AfDB** (African Development Bank): 21 projects in the early stages for a value of **2 BEUR**. (Projects in the early stages, procurement plans with addressable components will be available upon AfDB approval). Although no open current opportunities in the mining cluster have been identified throughout this Market Assessment, it has been noted that the AfDB does finance projects in relation to mining. In particular the AfDB co-finances mining projects with the ultimate objective to catalyze additional commercial financing. Its financing instruments in the mining sector traditionally cover senior debt and mezzanine.

Addressable Opportunities Aligned to Business Clusters
• European Investment Bank (EIB): 20 approved projects loans for a total value of 3.8 BEUR

This Market Assessment is boldly and explicitly opportunity-focused for those wanting to access funding for projects dealing with infrastructure, energy, water and mining in the eleven selected African countries. For this purpose this document has been organised and categorised by clusters. One of the objectives of this Market Assessment is to work with the member companies of the Winning Business in Africa cluster proactively by defining a pipeline (ANNEX III) of current and future addressable projects in four sectors: infrastructure, energy, water and mining.¹¹

The decision to establish specific business clusters to pursue the market opportunities has a number of advantages. It provides a turn-key solution bringing together consultants, contractors, engineering product manufacturers etc. The creation of business clusters transfers added value to its members, enabling them to tap into EU, EIB, WB and AfDB funding. Business clusters notably have the advantage of bringing together marketing costs which can be shared as well as the pooling of market intelligence and contacts. Furthermore there are also networking advantages, allowing small, medium and large firms to share experiences and discuss business strategies in order to address funding opportunities in Africa enabling Irish businesses to be competitive on the national and global scale.

The following section provides a detailed presentation of each business cluster and the emerging trends.

¹¹ Visit www.ieef.ie
Along with infrastructure, energy is one of the clusters in Africa to receive substantial funding in order to support the development of the region. A study commissioned by the African Development Bank outlines the following data regarding the insufficiency of the energy sector:

- Access to electricity for 30% of the population compared to rates ranging from 70 to 90% for the other major geographical zones of the developing world.
- A telecommunication penetration rate of about 6% compared to an average of 40% for the other geographical zones.

Africa’s energy demand is expected to grow annually by 5% until 2040, according to a new Programme for Infrastructure Development (PIDA) report released by the African Union Commission. This rate of growth would increase the continent’s demand for generating capacity by five or six times – from 125 to 700 Gigawatts (GW). Installed capacity for Sub-Saharan Africa is around 68 GW, with 25% of the capacity being non-functional due to the deterioration of old plants and the lack of proper maintenance. By 2040 the continent’s per capita electricity consumption is expected to rise from 612 kWh to 1757 kWh.

In order to tackle the energy gap the EU along with other donors such as the World Bank is providing funding towards energy focused projects. In the recent EU Agenda for Change Communication (a commitment to increase the impact of aid by focusing on fewer sectors), energy was confirmed as one of the main priorities. Furthermore, the EU Africa Energy Partnership was set up with clear objectives such as:

- Bringing access to modern and sustainable energy services to at least 100 million Africans.
- Increasing the Renewable energy capacity in Africa.

The EU has launched a range of financial instruments to promote energy investments which are briefly explained in the paragraphs below.

**EXISTING EU FUNDING ON ENERGY AT A GLANCE**

- The EU and the national contributions of the 27 Member States in grants and loans reached 11.5 BEUR over 2003-2011, with close to 50% for renewable energy sources.
- From 2005 to 2011, the EU on its own provided 1 BEUR, in grants for energy programmes in African Caribbean and Pacific (ACP) developing countries.

The following paragraphs describe the main funding schemes directed towards energy.

1) **Technical Assistance Platform**

   **Total: 50 MEUR to date for 2012-2013**

This money helps developing countries to set up country action plans for energy and carry out the regulatory reforms needed to raise the necessary private capital to implement those plans in African renewable energy projects.
countries. This is part of the new EU ‘Energising Development’ initiative, which was created as a response to the UN’s Sustainable Energy for All (SE4A) initiative.

2) **The Energy Facility**

   **Total: 420 MEUR since 2006-2013**

   This EU basic instrument for supporting energy access has been in place since its establishment in 2005, it operates through a combination of call for proposals and a blending mode for large projects. Through the ACP-EU Energy Facility - set up to give poor people in developing countries access to sustainable energy - the EU has been involved in more than 130 projects in ACP countries, bringing modern energy services to between 12 and 13 million people worldwide.

3) **EU-Africa Infrastructure Trust Fund (ITF)**

   **Total: 392 MEUR**

   This EU Financial Instrument on Energy combines grants and loans from the EU and Member States with the lending capacity of banks (such as the EIB) to support local infrastructure projects. The ITF is helping to address issues around Energy by acting as a financing tool and so far, it has approved 57 grants worth around **300 MEUR**.

   An example of an EU Africa Infrastructure Trust funding project is the **Caprivi Interconnector project**.

   Under the Caprivi Interconnector project, a 300 megawatt high-voltage, direct-current transmission connection stretching for 950 kilometers has been constructed; boosting electricity transmission between Zambia, Namibia and South Africa and delivering reliable and cheaper access to electricity, which is crucial to development in Southern Africa.

4) **Global Energy Efficiency and Renewable Energy Fund (GEEREF)**

   **Total: 108 MEUR since 2008**

   GEEREF is a public-private partnership, offering risk sharing and co-funding opportunities for both the commercial and public investor.

5) **Africa-EU Renewable Energy Cooperation Programme**

   **Total: 6.6 MEUR 2011-2013**

   This programme was launched in 2010, in order to help stimulate sustainable economic and social development in Africa through an increased use of the continent’s renewable energy sources.

6) **National Programmes**

   **Total: 119 MEUR**

   Under the 10th EDF specific EU funds have been earmarked for energy projects.

7) **Regional Programmes in ACP developing countries**

   **Total: 400 MEUR**

   Since June 2012 and after the mid-term review the EU set aside funding for regional projects in Energy. Further details can be found in the donor presentation chapter and in Annex II13.

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13 [www.ieef.ie](http://www.ieef.ie)
Along with the above mentioned funding schemes going towards the energy cluster the European Commission also opened a new initiative known as ‘Energising Development’ to help achieve energy access for all by 2030. This initiative has the objective to provide access to sustainable energy for an additional 500 million people in developing countries by 2030 and was recently officially announced in April 2012.

Energy is the sector with most projects identified throughout the Market Assessment. Energy is a crucial sector in which new priorities are emerging, as climate change and renewable energy emerge on donor’s agendas and future funding programming.

In this Market Assessment, we identify a total of 35 projects relevant to the energy cluster for a total value of 5.9 BEUR.

- The approved and upcoming future projects in the Energy cluster amount to around 3 BEUR.

- Furthermore during the drafting of this Market Assessment 1 open opportunity was identified with deadline for submission of the Expression of Interest in August.

The table below summarizes the Indicative top 6 opportunities in the energy cluster identified in this Market Assessment and also present in a separate Annex with further details such as the project summary and scope of work, relevant stakeholders and contact details.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Sector</th>
<th>Budget</th>
<th>Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zambia</td>
<td>Itezhi - Tezhi Hydro Project</td>
<td>Energy</td>
<td>265 MEUR</td>
<td>EIB</td>
<td>Project approved on 07/02/2012</td>
</tr>
<tr>
<td>Zambia</td>
<td>Transmission Line Kafue-Livingstone</td>
<td>Energy</td>
<td>70.3 MEUR</td>
<td>EIB</td>
<td>Project approved on 12/2011</td>
</tr>
<tr>
<td>South Africa</td>
<td>KHI SOLAR ONE TOWER PROJECT</td>
<td>Energy</td>
<td>400 MEUR</td>
<td>EIB</td>
<td>Project approved on 05/06/2012</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Energy and Development Access Project</td>
<td>Energy</td>
<td>104 MEUR</td>
<td>EIB</td>
<td>Signed on 01/2011 World Bank procedures will apply. The EIB’s schemes will be tendered with parallel publication of tender notices in the OJEU as and where appropriate.</td>
</tr>
<tr>
<td>Eastern Africa</td>
<td>Masaka-Mbarara 220 kV Transmission Line</td>
<td>Energy</td>
<td>50 MEUR</td>
<td>EDF/EIB</td>
<td>Project approved on 19/04/2012</td>
</tr>
<tr>
<td>Multi country</td>
<td>Global Call for Proposals: EU ACP Energy Facility</td>
<td>Energy</td>
<td>50 MEUR</td>
<td>EDF</td>
<td>Global Call is expected to come out throughout 2012</td>
</tr>
</tbody>
</table>
INFRASTRUCTURE/TRANSPORT

Besides the level of investment and effort from African countries and the donor community in the transport sector, the level of road density in Africa is 6.84 km per 100 km² (as opposed to 12 km in Latin America and 18 km in Asia) which is very low. The level of interconnection within the rail network in Africa is also very low, especially in the western and central parts of the continent and over 15 or so African countries do not have railways. Transport costs in Africa are some of the highest in the world, representing on average 15% of export earnings, as opposed to 7% in developing countries on other continents and 4% in industrialised nations. Weak infrastructures, excessive administrative procedures and periods of time spent at borders, the absence of governance or even ineffective safety regulations all contribute to this state of affairs.

EXISTING EU FUNDING ON INFRASTRUCTURE AT A GLANCE

A significant proportion of European Commission development funding is used to help partner countries improve their transport systems and overall infrastructures. The EU aims to help partner countries improve transport as a means of achieving broader goals of reducing poverty, sustaining economic growth and stimulating social development. To achieve the set goals, the Commission works in partnership with country stakeholders as well as other aid donors through regional and continental programmes.

The EU finances several infrastructure/transport projects through the EU-Africa Infrastructure partnership with the goal to ensure national and regional networks for transport, water, energy, telecoms and related services.

The EU-Africa Infrastructure partnership is financed by the following sources:

- EU Infrastructure Trust Fund - implemented jointly with the European Investment Bank (EIB)
- European Development Fund (EDF) - regional and national resources
- Intra-ACP resources

As regards to transport related projects the EU focuses its funding heavily on this cluster as it believes it is crucial for economic development. For these reasons the EU has set out a specific EU Transport Policy for developing countries working closely with other donors such as EU government donors as well as the WB and the AfDB.

The following table summarises the main EU programmes going towards the Infrastructure/Transport cluster in Africa funded through the 10th EDF.

<table>
<thead>
<tr>
<th>10th EDF (2007-2013)</th>
<th>Amount allocated MEUR</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National programmes</td>
<td>2,800</td>
<td>Allocated to transport projects in Africa (mainly relating to road transport).</td>
</tr>
<tr>
<td>Regional programmes</td>
<td>1,523</td>
<td>Amounts allocated to the four African Regional programmes.</td>
</tr>
<tr>
<td>Intra ACP</td>
<td>300</td>
<td>Global allocation of Infrastructure Trust Fund to support infrastructure partnership. The share to be allocated to transport has not yet been determined and will depend on demand.</td>
</tr>
</tbody>
</table>
Further to the above mentioned EU funds, it is worth noting the existence of the **Infrastructure Consortium for Africa** (ICA) that focuses on 4 sectors: water, energy, transport and ICT. The main role of ICA is support investments in infrastructure in Africa. The ICA is a platform set up to increase donor financing of infrastructure projects and programmes in Africa by pooling efforts in selected areas, such as information sharing, project development and good practice. With its offices based in Tunis and hosted by the African Development Bank, ICA works closely with AfDB and other donors on supporting and promoting infrastructure projects in Africa. However, ICA is not a financing agency or a donor and it mainly acts as a platform to raise public and private sector financing of infrastructure projects and programmes in Africa. ICA’s primary goal is to enhance collaboration between participants, working towards the removal of technical and policy blockages to infrastructure projects in Africa.

Both the WB and the AfDB provide funding towards the Infrastructure/Transport cluster. In particular the WB has set up a specific program in order to address issues in this sector. The **Sub Saharan African Transport Policy Program (SSATP)** is a partnership of 36 African countries, 8 regional economic communities, 3 African institutions, and other international development partners that are dedicated to ensuring that the transport sector fosters Africa’s poverty reduction, pro-poor growth, and regional integration. Furthermore, the WB has a dedicated unit known as the **Africa Transport Unit (AFTTR)** which has the goal to develop reliable, cost-effective and safe transport, infrastructure and services in Sub-Saharan Africa.

In this Market Assessment, we identify a total of 61 projects pertaining to infrastructure works, consulting services, procurement of specific goods or general procurement notices. These can be further categorized as follows:

- **Transportation infrastructure with 42 projects for a total value of 3.7 BEUR.**
- ‘Other’ infrastructure with 4 Projects for a value of 446 MEUR.
- The open and upcoming future addressable infrastructure projects amount to an indicative value of 964 MEUR.
- Furthermore during the drafting of this Market Assessment 4 open opportunities were identified with deadlines for submission of the Expression of Interest in August.

The projects were the following (also included in ANNEX III):

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>Transport Sector Project in Ghana: Consultancy Services for the Review and Development of Regulations for the Ghana Civil Aviation Authority.</td>
<td>WB</td>
<td>Express Interest by August 16, 2012</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Integrated Road Sector Programme (PRISE) in Mozambique: Consultancy Services for Pilot Project for Climate Resilience and the Integration of Rail Service and Feeder Roads</td>
<td>WB</td>
<td>Express Interest by August 31, 2012</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Integrated Road Sector Programme (PRISE) in Mozambique: Consultancy Services: Engineering Design of Roads Rehabilitation in Mozambique</td>
<td>WB</td>
<td>Express Interest by August 14, 2012</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Integrated Road Sector Programme (PRISE) for the purpose of improving the transport infrastructure in Mozambique and strengthening the institutional capacity of the road sub-sector - Consultancy Services for Engineering Design for the Roads Rehabilitation</td>
<td>WB</td>
<td>Express Interest by August 14, 2012</td>
</tr>
</tbody>
</table>

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54 [www.ieef.ie](http://www.ieef.ie)
The table below summarises the indicative top 5 opportunities in the infrastructure cluster identified in this Market Assessment and also present in a separate Annex with further details such as the project summary and scope of work, relevant stakeholders and contact details.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Sector</th>
<th>Budget</th>
<th>Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>Kenya - Nairobi missing link roads and non-motorised transport facilities</td>
<td>Infrastructure/Transport</td>
<td>27.2 MEUR</td>
<td>EU</td>
<td>To be tendered: Works: 24,500,000 Supervision: 900,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 Service contract: 1,700,000 Closed Ref: EuropeAid/132328/D/SER/KE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nicholas O’Dwyer &amp; Company Ltd, Ireland - Shortlisted</td>
</tr>
<tr>
<td>Zambia</td>
<td>Second Sector Policy Support Programme (SPSP Road Transport II) in support of</td>
<td>Infrastructure/Transport</td>
<td>77 MEUR</td>
<td>EU</td>
<td>5,500,000 Euro is foreseen for capacity building measures (services)</td>
</tr>
<tr>
<td></td>
<td>Zambia’s Road Sector Investment Programme ROADSIP II.</td>
<td></td>
<td></td>
<td></td>
<td>Remaining budget is going through Budget Support</td>
</tr>
<tr>
<td>Uganda</td>
<td>Eastern Africa Transport Corridor</td>
<td>Infrastructure/Transport</td>
<td>130 MEUR</td>
<td>EU</td>
<td>Project approved on 24/04/2012</td>
</tr>
<tr>
<td>Western</td>
<td>Togo-Burkina Faso Road Corridor and Transport Facilitation Project</td>
<td>Infrastructure/Transport</td>
<td>282 MEUR</td>
<td>EIB</td>
<td>Project approved on 19/04/2012</td>
</tr>
<tr>
<td>Western</td>
<td>Regional)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Transport Sector Project in Support of RSDP4 in Ethiopia: Road Upgrading:</td>
<td>Infrastructure/Transport</td>
<td>N/A</td>
<td>WB</td>
<td>Proposal Due Date on October 16, 2012</td>
</tr>
<tr>
<td></td>
<td>Kombolcha-Burka, Burka-Mille, Mizan-Dima-Boma</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South</td>
<td>eThekwini Municipal Infrastructure</td>
<td>Infrastructure</td>
<td>100 MEUR</td>
<td>EIB</td>
<td>Project approved on 15/03/2012</td>
</tr>
<tr>
<td>Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17 www.ieef.ie
WATER

The water sector in Africa is of great importance to the development of the continent as well as for the production of clean and renewable energy. Furthermore, water quality and the transport of water facilities towards millions of people in Africa is a key goal for the main development international donors. In fact under the United Nations Millennium Development Goals (MDGs), it is clearly stated that by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation should be halved.

EXISTING EU FUNDING ON WATER AT A GLANCE

The EU and its Member States collectively spend close to 1.5 BEUR every year on water projects. EU water and sanitation programmes, which help build infrastructure for drinking and waste water systems, and also focus on providing basic sanitation and hygiene, are implemented in over 30 countries worldwide. Water and sanitation plays a large role in EU’s vision for the future in development cooperation.

The EU Water Initiative (EUWI), is an international political initiative that provides expertise and knowledge on sustainable management and distribution of water. The EUWI is not a financial mechanism; however this initiative takes a partnership approach with national governments, donors, the water industry, NGOs and other stakeholders with the goal to improve cooperation and deliver effective development assistance in the water sector. The Water Facility under the 10th European Development Fund runs from 2008 till 2013 with a budget of 200 MEUR and the funded projects are selected through Calls for Proposals that are listed in Annex III. It must be noted however that these calls for proposals have recently passed the deadline for submission and are therefore currently closed. It is recommended to monitor the next round of calls for proposals coming from the Water Facility initiative.

1. The main objectives of the Water Facility are the following:
   - To help achieve the water and sanitation Millennium Development Goals (MDGs),
   - To fund activities improving water management as well as sustainable development and maintenance of water infrastructure.

2. In 2010, the President of the EC, José Manuel Barroso, announced at the High Level Meeting of the UN General Assembly in New York, that the EU would offer an MDG initiative of 1 BEUR to foster progress towards the realisation of MDGs by its set date of 2015. The MDG initiative has been designed around two components, a need-based one, targeting the most off-track MDGs, and a performance-based one, focusing on countries that have shown good performance in implementing aid. Through this first component, adopted in 2011, the EU is allocating 700 MEUR to proposals by those countries which aim at accelerating progress on the most off-track MDGs: eradicating hunger, improving maternal health, curbing child mortality and improving access to water and sanitation. All selected proposals are results-oriented, with clear and measurable indicators to demonstrate the benefits of additional funding.

The second, performance-based component is currently in the process of being allocated. It will provide 300 MEUR as a reward to well-performing countries as part of the 10th EDF Mid-term Reviews.

18  www.ieef.ie
19  http://ec.europa.eu/europeaid/where/acp/regional-cooperation/water/second-water-facility_en.htm
The table below provides an overview of the countries receiving funding from the Water and Sanitation Programme through the MDGs’ initiative.

<table>
<thead>
<tr>
<th>Country</th>
<th>Indicative allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cote d’Ivoire</td>
<td>25 MEUR</td>
</tr>
<tr>
<td>Djibouti</td>
<td>5.5 MEUR</td>
</tr>
<tr>
<td>Ghana</td>
<td>52 MEUR</td>
</tr>
<tr>
<td>Guinea</td>
<td>8.4 MEUR</td>
</tr>
<tr>
<td>Madagascar</td>
<td>21.9 MEUR</td>
</tr>
<tr>
<td>Mauritania</td>
<td>11.1 MEUR</td>
</tr>
<tr>
<td>Mozambique</td>
<td>67.3 MEUR</td>
</tr>
<tr>
<td>Namibia</td>
<td>6 MEUR</td>
</tr>
<tr>
<td>Somalia</td>
<td>25 MEUR</td>
</tr>
<tr>
<td>Swaziland</td>
<td>7 MEUR</td>
</tr>
<tr>
<td>Tanzania</td>
<td>51.5 MEUR</td>
</tr>
<tr>
<td>Togo</td>
<td>16.7 MEUR</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>500 KEUR</td>
</tr>
<tr>
<td>Uganda</td>
<td>30.5 MEUR</td>
</tr>
</tbody>
</table>

THE AFRICAN DEVELOPMENT BANK FUNDING ON WATER AT A GLANCE

As part of its strategy and vision, water is a high priority in the AfDB agenda. Water and Sanitation have a multifaceted role in poverty reduction, socio-economic development and enhancing inclusive growth and resilience to impacts of climate change. The AfDB funding for water supply and sanitation has been growing in the past ten years from a modest 55 MEUR per year in 2002 to around 550 MEUR in 2010 and likely to reach 800 MEUR in 2012 and to hopefully remain at this level until 2015.

The AfDB has been increasing focus on rural areas through the Rural Water Supply and Sanitation Initiative (RWSSI) where AfDB has committed funding of over 1 BEUR in 31 programs in 23 countries while donors and African governments contributed indicatively about 3 BEUR. Furthermore, the Bank Group manages the African Water Facility (AWF) dealing with enabling environment for investments in water and sanitation through mobilisation of resources, preparing investment projects, enhancing water sector governance and knowledge under its strategic plan 2012-2016. The AWF has so far mobilized 125 MEUR and committed around 130 MEUR to finance 71 national and multinational operations in 50 countries. The fund leverages about indicatively 395 MEUR in additional investments into the water sector. The objective of the strategic plan is to raise 160 MEUR and leverage more funding for the sector.

The WB finances projects and initiatives towards the water sector in Africa. Recently the Water Partnership Programme (WPP) was set up as a multi-donor trust fund administered by the WB Water Unit in the Sustainable Development Network. The WPP is funded by the governments of the Netherlands, the United Kingdom, and Denmark, for a total contribution of 18 MEUR. Furthermore, the WB has set up a specific unit dealing with Water projects to provide tailored support on water-related issues to teams across the WB working on water related projects and activities.

In this Market Assessment, a total of 18 projects have been identified in relation to infrastructure works, consulting services, procurement of specific goods or general procurement notices in the water cluster for a total value of 2.3 BEUR.
The table below summarises the top 4 indicative opportunities in the water cluster identified in this Market Assessment and also present in a separate Annex with further details such as the project summary and scope of work, relevant stakeholders and contact details.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Sector</th>
<th>Budget</th>
<th>Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>Ghana Rural Water Supply &amp; Sanitation</td>
<td>Water</td>
<td>85 MEUR</td>
<td>EIB</td>
<td>Project approved on 24/07/2012</td>
</tr>
<tr>
<td>Uganda</td>
<td>Lake Victoria WATSAN - Kampala Water</td>
<td>Water</td>
<td>212 MEUR</td>
<td>EIB</td>
<td>Project approved on 15/12/2011</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Technical assistance for the implementation of the water and sanitation component of the Niger delta support programme — Nigeria (NDSP)</td>
<td>Water</td>
<td>16 MEUR</td>
<td>EU</td>
<td>Project OPEN ref: EuropeAid/132203/D/SER/NG</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Deadline for submission 31/08/2012</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Water Supply and Sanitation Sector Reform Programme Phase II (WSSSRP II)</td>
<td>Water</td>
<td>93 MEUR</td>
<td>EU</td>
<td>Project adopted in 2011, not yet tendered. The Technical Assistance Team (TAT) mobilised under the service contract will assist the National Authorising Officer (NAO) implement the technical component of the project in the Federal Ministry of Water Resources and in the six EU focal states.</td>
</tr>
</tbody>
</table>

20  www.ieef.ie
MINING

Africa is a major producer of several of the world’s most important minerals; in fact it produces more than 60 metal and mineral products. Furthermore Africa hosts about 30% of the world’s mineral reserves, including 40% of gold, 60% cobalt and 90% of the world’s PGM reserves making it an important producer of these precious metals. South Africa, Ghana, Zimbabwe, Tanzania, Zambia and the DRC dominate the African mining industry, while other African countries such as Angola, Sierra Leone, Namibia, Zambia and Botswana rely heavily on the mining industry as a major foreign currency earner.

EXISTING EU FUNDING ON MINING AT A GLANCE

From 2008 to 2012, the EC and African countries had several policy discussions on how to support the mining sector development in Africa. On November 2008 the EU disclosed its Raw Materials Initiative on how to meeting critical needs for growth and jobs in Europe. In June 2010, the African Union (AU) Commission and European Commission agreed to intensify cooperation in raw materials and in November of the same year they adopted a Joint Africa-EU strategy action plan 2011-2013 endorsed by heads of state at the 3rd Africa-EU summit.


The next step envisaged by the EU is designing an Intra-ACP Programme for Mining & Minerals Development.

The following recommendations have been made:

- Development of Industrialisation and Diversification.

Furthermore, below some activities that will be included are listed:

- Geological data acquisition and functioning of geo-scientific information systems;
- Legislative and regulatory measures for development of small and medium-scale mining;
- Investment promotion and accompanying environmental stewardship proposals and;
- Integration of geology and mineral resources in land-use planning and infrastructure development;
- Capacity building, research and innovation in higher education and research institutes in ACP countries.
EXISTING EIB FLAGSHIP PROJECT ON MINING AT A GLANCE

The EIB has a long record in supporting mining projects in African, Caribbean and Pacific (ACP) countries with 650 MEUR signed since the implementation of the Cotonou Agreement in 2003, which is about 11.9% of total EIB lending for ACP over the same period. The main approach for EIB projects in the mining cluster are implemented via a bottom up approach with main stakeholders sponsoring their own projects through loans and private investments. However, donor funding is still available for activities such as project preparation and project finance.

EXISTING AFRICAN DEVELOPMENT BANK FUNDING ON MINING AT A GLANCE

The AfDB is a traditional investor in the mining sector in Africa and has been heavily engaged in supporting African governments with mining projects for over thirty years. Over the years the AfDB has shifted in focus from investment in large scale public projects and companies to promotion of private sector through capacity building, friendly business climate promotion, and sector policy reform. This engagement with the private sector starting in the early 1990’s to-date has reached a cumulative amount of indicatively 1.2 BEUR, according to bank latest figures. In general, the AfDB is enlarging the asset of its non-sovereign funds, with a total of USD 1.1 BEUR in 2010. The objective assigned to the new business plan is to engage about 30% of the AfDB risk capital to the private sector.

The final objective of the AfDB’s involvement in the mining sector in Africa is to reach the full potential of the industry in sustainable and inclusive way. This means, specifically, to promote the attraction of foreign investments based on transparent, stable and balanced mining legislation. But also to empower local capacity and support local SME, raise awareness and facilitate integration of environmental and social standards in the mining industry. The main approach is, by co-financing and supporting project preparation activities and to leverage and promote additional funding.

The traditional financing instruments provided by the AfDB for Mining generally cover senior debt and mezzanine finance (e.g. mix of debt and equity characteristics and complementary offers to the mainstream equity and senior loans products.)

Furthermore, the AfDB has recently set up specialised mining funds to support private equity investment covering on stand initiatives. It could more broadly finance also project expansion. Due to its role and mandate, the AfDB has a competitive advantage and positive impact in packaging projects in the mining sector that could integrate large infrastructure (railways, ports, power connection etc.), but also structuring PPP’s and mobilisation of expertise and knowledge.

It should be noted that within this Market Assessment no direct open project opportunities have been identified for the mining cluster for the selected countries. However in Gabon we have identified an open project for 2.2 MEUR in capacity building for sector governance. The sector nonetheless receives extensive amounts of financing through the EIB which is in fact the main investment vehicle in mining sector within the EU for Africa.

In the table below, we identified projects relating to the mining cluster as an example to further understand which type of project and activities have been financed so far through the EIB and the AfDB. (Further details on the AfDB and EIB processes and project cycle may be found in the next chapter).
<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
<th>Budget</th>
<th>Stakeholder/ Donor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique</td>
<td>Moma Titanium</td>
<td>Up to EUR 15m senior debt.</td>
<td>-EIB Principal sponsor: Kenmare Resources Plc (Kenmare).</td>
<td>The procurement procedures followed to date and proposed by the promoter are suitable for the project and satisfactory to the Bank.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Up to EUR 40m subordinated debt.</td>
<td>Minority equity investor: Industrial Development Corporation of South Africa (IDC), yet to be confirmed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13 years for the senior loan.</td>
<td>Borrowers: Kenmare Moma Mining Limited (KMML) and Kenmare Moma Processing Limited (KMPL).</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15 years for the subordinated loan.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity(25%) from Kenmare and the equity market.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>In addition, the equity holders had to raise a further USD 30m.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subordinated debt (16%) from EIB and others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senior debt (59%) from EIB and others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>AfDB 150 M USD</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total cost (Approximate amount)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx EUR 2 315 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>Lumwana Mining Company Limited</td>
<td>43 M USD</td>
<td>AfDB</td>
<td>Project ongoing</td>
</tr>
<tr>
<td>Regional</td>
<td>New Africa Mining Fund II (NAMF II)</td>
<td>25 M USD (to raise 100 to 300 M USD)</td>
<td>AfDB</td>
<td>Project ongoing</td>
</tr>
<tr>
<td>Mauritania</td>
<td>SNIM Guelb II Project</td>
<td>175 MUSD</td>
<td>AfDB</td>
<td>Project ongoing</td>
</tr>
<tr>
<td>South Africa</td>
<td>Kalagadi Manganese</td>
<td>150 M USD</td>
<td></td>
<td>Adopted in 2010</td>
</tr>
<tr>
<td>Country</td>
<td>Activity Description</td>
<td>Funding</td>
<td>Source</td>
<td>Notes</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>---------</td>
<td>--------</td>
<td>-------</td>
</tr>
<tr>
<td>Gabon</td>
<td>Support the governance of the mining sector</td>
<td>2.2 M EUR for mining activities and total 16 MEUR</td>
<td>EU 10th EDF</td>
<td>Adopted in 2009</td>
</tr>
<tr>
<td>Zambia</td>
<td>MUNALI NICKEL MINE (ZAMBIE)</td>
<td>32 million (USD 40 million equivalent) for mining activities</td>
<td>EIB</td>
<td>EUR Signed in 2007 EIB The project is located in the southern Province, approximately 60km south of Lusaka.</td>
</tr>
</tbody>
</table>

Approx. EUR 95 million
DONORS PRESENTATION
(EU, EIB, WB, AFDB)

The Market Assessment addressed four donor agencies with a particular focus on the European Development Fund commissioned by the European Union along with other key donors, the World Bank, the African Development Bank and the European Investment Bank. There follows a brief description of the above mentioned donors.

EUROPEAN UNION – EUROPEAN DEVELOPMENT FUND (EDF)

Geographic National Programmes

The 11 African countries analysed for this Market Assessment receive funding through the European Development Fund (EDF) National Programmes. The graph below illustrates how much funding has been allocated towards each of these countries. The programmes of interest which have already been approved under these budgets (marked in blue) can be found in ANNEX II. The remaining budgets – shown in the below graph in green – will be allocated through annual programmes which should be monitored.

Overview of National Budget Allocations

All of the National Programmes will continue into the next Financial Framework 2014-2020. The exact figures on the new allocations are not yet available, but are expected to be presented early 2013.

Currently, negotiations between the beneficiary countries and the European Commission are ongoing to determine which sectors will be eligible for funding over that period.

Ireland, along with the other Member States of the European Union will have an active role in the negotiations and in determining the sectors to receive funding. Moreover, it must be noted that the next Financial Framework 2014-

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2020 will provide financial assistance starting on January 1st of 2014, towards the African Caribbean and Pacific States for an amount of 34.7 BEUR. 32.1 BEUR will be allocated between the cooperation instruments as follows:

1) 27.6 BEUR to finance national and regional indicative programmes

- National indicative programmes of individual ACP States (an estimated 18 BEUR for African countries will go towards the transport and energy infrastructure clusters as key priorities)
- Regional indicative programmes to support regional and interregional cooperation and integration in the ACP States. (Infrastructure projects to foster integration such as energy, water, transport corridors are envisaged in these programmes)

2) 3.9 BEUR to finance intra-ACP and inter-regional cooperation

3) 600 MEUR to finance an Investment Facility for project preparation and finance (the operations financed under the Investment Facility, including the corresponding interest rate subsidies, shall be managed by the European Investment Bank). An amount of up to 2.5 BEUR in addition to the funds allocated by the 11th EDF shall be made available by the EIB in the form of loans from its own resources.

As mentioned above, Ireland will have an active role in determining the future allocations and priority key sectors for the next EU Financial Framework 2014-2020. In addition, it is worth highlighting the role of the Irish Presidency of the European Union starting on January 1st 2013 until July 2013 and the importance this could have for Irish based companies interested in investing time and resources in Africa to secure funding for projects of interest. The Irish Presidency of the EU will take place during the preparation of strategic documents for the sector allocation and priorities for the next EDF cycle (African Country strategy papers for 2014-2020).

This provides a unique opportunity for Irish companies to engage in the process as aid priorities are defined. A pro-active approach towards EU funding at this stage would re-position suppliers as ‘knowledge partners’ rather than ‘suppliers’.

**Country Programming Table**

This Market Assessment has also analysed funds already programmed (2007-2011) and the table below reflects all funds yet to be programmed geographically per country.

It is estimated the budgets to be programmed for 2012-2013 will go towards sectors such as renewable energy, water (infrastructure for energy and water management) and agriculture and rural development.

<table>
<thead>
<tr>
<th>Country (MEUR)</th>
<th>Total allocated per country</th>
<th>To be programmed 2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>644</td>
<td>199</td>
</tr>
<tr>
<td>Ghana</td>
<td>367</td>
<td>77</td>
</tr>
<tr>
<td>Kenya</td>
<td>383</td>
<td>147</td>
</tr>
<tr>
<td>Mozambique</td>
<td>622</td>
<td>125</td>
</tr>
<tr>
<td>Tanzania</td>
<td>555</td>
<td>125</td>
</tr>
</tbody>
</table>
Regional programmes have been the main instruments of EU support to the ACP regional integration. EDF budget allocated to regional programmes was doubled under the 10th EDF (1.5 BEUR). Indeed, regional programmes had become more and more important because of the negotiation of Economic Partnership Agreements (EPAs) and the strengthening of regional organisations political mandates. This envelope was designed to support ACP countries’ efforts to boost regional economic integration, mainly through building institutional capacity of regional economic organisations and supporting all policies contributing to the creation or development of integrated regional markets (e.g. agriculture, freedom of movement, integration of service and investment sectors, standardisation and harmonisation of sanitary and phytosanitary standards, etc.). The other major objective is the support to political cooperation aiming to promote peace and stability, and implementation of the African Peace and Security Architecture (APSA).

The implementation of the regional programmes raised concerns mainly due to the low capacity absorption of regional organisations particularly in the West and East Africa regions.

For these geographical regional programmes for which 1.5 BEUR were allocated, to date 1.1 BEUR is uncommitted. After a midterm review exercise in June 2012, the European Commission services and the European External Action Service propose:

- A 20% increase for the envelopes of the Central Africa (33M €).
- To reduce by 26MEUR both the West Africa and ESA-IO regional envelopes. Indeed, even after the review process, both regions continue to underperform, showing the lowest commitment rates.
- To earmark 400 MEUR to improving access to energy (see ‘energy chapter’).

Concrete projects should be identified in line with these new allocations before December 2013, which is end of the 10th EDF cycle. Then, there is an open door to shape future regional projects with the beneficiaries.

The table below shows the amounts of uncommitted funds for each regional programme and the amounts of funding for which relevant and feasible actions have been identified:

<table>
<thead>
<tr>
<th>Regional Programme</th>
<th>Central Africa</th>
<th>SADC</th>
<th>West Africa</th>
<th>ESA-IO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial regional allocations</td>
<td>165</td>
<td>116</td>
<td>597</td>
<td>645</td>
<td>1523</td>
</tr>
<tr>
<td>Un-committed</td>
<td>9.3</td>
<td>88</td>
<td>564.7</td>
<td>446</td>
<td>1108</td>
</tr>
<tr>
<td>Changes in the allocation</td>
<td>+33</td>
<td>-26</td>
<td>-26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects to be designed</td>
<td>9.3</td>
<td>56</td>
<td>398.2</td>
<td>226.5</td>
<td>690</td>
</tr>
<tr>
<td>before 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects to be designed</td>
<td>33</td>
<td>32</td>
<td>141.5</td>
<td>193</td>
<td>400</td>
</tr>
<tr>
<td>before 2013 in the new</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>energy for all initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The project definition phase is on-going and uncommitted budgets will be made available for new projects in the next 18 months. Therefore the following steps will be taken by the EU as regards to these uncommitted budgets:

- Identification fiches will be approved by 30 of September 2012 by the EU;
- Action fiches (actual projects) have to be presented by 31 December 2012 and approved by March 31, 2013.

If any of these conditions are not fulfilled, these uncommitted funds shall either be subject to re-programming or transferred back to the general reserves, therefore close monitoring of the project cycle is recommended in order to identify projects of interest as early as possible.

Thematic Programmes

All countries are eligible for the Thematic Programmes — funded by the Development Cooperation Instrument (DCI). They are mainly implemented through Calls for Proposals — both global and national — and cooperation agreements with other International Organisations, and run parallel to Geographical Programmes. The following Thematic Programmes could be of interest (remaining budgets in brackets):

- Environment and sustainable management of natural resources including energy (450 MEUR)
- Non-state actors and local authorities in development (240 MEUR)
- Food security (500 MEUR)
- Migration and asylum (92 MEUR)
- Investing in People (351 MEUR)

Negotiations are currently ongoing regarding Future Thematic Programmes 2014-2020. Note that proposals are currently being discussed by the European Council and the European Parliament. The main Thematic Programmes of interest will be merged into one Thematic Programme – Global Public Goods and Challenges – will receive an indicative 6,3 BEUR over 2014-2020. Of which:

- Environment and climate change: 2 BEUR
- Sustainable energy: 800 MEUR
- Human development: 1.2 BEUR
- Food security and sustainable agriculture: 1.7 BEUR
- Migration and asylum: 448 MEUR

It is planned that no less than 50% of the programme for Global Public Goods and Challenges will be spent on climate change and environmental objectives.

Call for Proposals: short overview

Procurement by the European Commission is done by majority through Calls for Proposals and Tenders. It is important to note that this is not a case of the European Commission favouring one approach or the other. In fact, both modalities are often used complementing each other.
Calls for Proposals

Calls for proposals have a global budget aligned to support a particular goal (e.g. water facility programme, environment and sustainable management of natural resources including energy). Participants are invited to submit proposals outlining an approach to achieving this goal, following the general priorities/eligible criteria set out in the Guidelines for Applicants. The submissions are evaluated and selection is made by jury. The funding is usually in the form of a grant. Different co-financing rates apply depending on the region/country in which the project is being financed and which fund is being used. Co-financing rates usually range from 70% up to almost 95% in some cases. It is rare that no co-financing is required. Calls for Proposals usually follow a bottom up approach and as such they are promoter driven and the ownership stays with the promoter.

EUROPEAN INVESTMENT BANK (EIB)

EIB’s ACPs mandate is the oldest external mandate entrusted to the EIB (since 1963). Sources of funding are the European Development Fund (EDF) and the EIB Own Resources. Over the years, the EIB has particularly focused on infrastructure projects. This sector remains a core strategic priority.

The EIB received 3.8 BEUR from the EU member states (10th EDF) for the investment facility in Africa.

The EIB values projects that foster regional integration and trigger cooperation with private sector stakeholders, as well as international financial institutions. The Bank has a focused approach, with emphasis on infrastructure and the financial sector. Within these sectors, priority will be given to specific initiatives like Infrastructure Trust Fund and Regional Integration: environmental sustainability, renewable energy and climate change. Other private sector projects are considered on an ad-hoc basis, taking into account the merits of each project. The objectives are private sector development through FDI, mainly local private sector, development of local financial sector, and development of commercially viable public entities. The EIB is using a wide range of risk-bearing instruments under Investment Facilities.

The EIB operates on market related terms (for risk pricing, cost recovery) and encourages co-financing (for instance a maximum of 50% of funding can be provided by EIB.)

What are the Project requirements? They must be technically sound, financially viable and bear a positive impact on the economy and comply with environmental protection and procurement regulations.

The procedure of the EIB may last from 6 weeks to 18 months depending on the scope of the project, the complexity of the operation and effectiveness of the investigation proceedings. Major investment projects are generally financed directly by the EIB.

The lending decision for smaller-scale projects, notably the financing of micro, small and medium-sized enterprises, remains with the financial intermediaries to which lines of credit have been extended.

The type of financing the EIB is offering are direct and intermediated loans, interest rate subsidies, project related technical assistance.

Investment facility: The EIB is also entrusted with the management of the Investment Facility, which meets the financing needs of investment projects in the regions with financial services such as loans (senior, junior, subordinated and intermediated loans, as well as quasi-equity operations), equity and guarantees. Under the Investment Facility, in 2010, projects for 374.2 MEUR have been signed. 9% of these projects are in the industrial and energy sectors.
Below a figure representing the EIB’s project cycle shows how a project request undergoes different phases before its approval.

**THE WORLD BANK (WB)**

The WB provides billions of dollars every year in loans and credits to support projects in developing countries and emerging economies. The industry sectors covered are varied and include agriculture, education, energy, environment, finance, health and social services, public administration and law, transportation, water supply and sanitation.

The World Bank partners with 48 countries in Sub Saharan Africa and is involved in 506 projects in the region, including projects and programmes in multiple sectors from trade and transportation to energy, education, health care, water and sanitation.

In fiscal year 2010, the Bank committed around 8.7 BEUR in new project lending in Africa, and disbursed over 700 MEUR in grants, in addition to almost 90 analytical studies.

The table below shows, the top World Bank projects as of 2012 with the following clusters of interest:

- Transportation: 47%
- Water, Sanitation, Flood: 16%
- Energy & Mining: 13%
The World Bank Project Cycle

The Project Cycle is the framework used by the World Bank to design, prepare, implement and supervise projects. In practice, the World Bank and the borrowing country work closely throughout the project cycle although they have different roles and responsibilities. Generally, the duration of the project cycle is long by commercial standards. It is not uncommon for a project to last over 4-7 years, from the time it is identified until the time it is completed.

The World Bank Role in Procurement:

The bank assesses the country system, project’s procurement capacity and potential risks, assist the borrower in procurement planning, provides procurement training/knowledge sharing and monitor compliance with Loan/ Credit Agreement and Procurement Plan.

The Borrower’s Role in Procurement:

The borrower should design Procurement Plans, prepare and issue bidding documents, invite bids, receive and evaluate bids/proposals, award the contracts and implement the contract payment.

AFRICAN DEVELOPMENT BANK (AfDB)

The African Development Bank (AfDB), established in 1964, currently has its headquarters in Tunis. The AfDB provides loans to its 53 borrowing member countries. (There are also 24 non-African member countries, and therefore a total of 77 member countries.)

Ireland is not a member country of the AfDB and notably the AfDB restricts procurement of goods and works (including the related services) under Bank funded operations exclusively to contractors and suppliers from Member Countries of the Bank. The detailed conditions for eligibility are defined in the Procurement Policies of the Bank. Irish companies interested in addressing AfDB projects should collaborate with companies from eligible countries. However Ireland’s participation in AfDB is the subject of ongoing review.

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In 2010, a total of 4.1 UA billion\(^{24}\) was provided in support of 139 operations. The AfDB utilises the “Unit of Account” (UA). The UA value changes on an ongoing basis vis-à-vis other currencies.

There are currently four areas of operational focus: infrastructure; governance; education, health and technology; and private sector. In the short run, the AfDB concentrates on two pillars:

- Regional and national backbones - direct financing of broadband infrastructure; and,
- Enabling policy and regulatory environment - support to country’s efforts to attract private financing flows through improvement of policy and regulatory frameworks, with the overriding objective of bringing about economic growth and poverty alleviation.

In the medium term, the AfDB would work towards stimulation of the demand for ICT networks and services by promoting e-government and connectivity to schools, universities, health institutions and through customized response to the needs of Fragile States, Low and Middle Income Countries.

Although slightly different terminology is sometimes used by the AfDB (compared with the WB), the project cycles of both organizations are very similar. Project preparation and implementation both follow similar timing schedules, and procurement is the responsibility of the borrowing governments with respect to both the WB and the AfDB.

The African Development Bank project cycle

In the initial phase (Country Partnership Strategy), the staff of the AfDB reaches agreement with each borrowing government in the Africa region regarding the development priorities of the particular country, the financial requirements, and the development plans on a macro level and also at the project level. The key sectors that each government would like to strengthen are identified and agreed between the respective governments and the AfDB.

The preparation phase takes place as soon as the African country government has decided on specific projects or programmes that it would like to implement with financial support from the AfDB. This phase includes reviews of the sector priorities and needs at a more detailed level, as well as AfDB missions to the particular country to review project preparation and implementation plans and discuss ways in which the project can be most effective.

The appraisal phase constitutes a major mission of AfDB staff to the country (called the “appraisal mission”), and a detailed project plan and a key document (“Appraisal Report”) is formulated based on the appraisal mission.

Once the project preparation and appraisal have been completed, the project is presented by AfDB management to the Board of Directors of the AfDB. The Board constitutes representatives from all member countries (regional and non-regional), and the Board votes on whether or not the AfDB will provide the funding requested to the government concerned. If the Board votes in favour of providing a loan in support of a particular project or programme, then the “Approval” phase has been completed.

Implementation of the project or program follows approval by the AfDB Board of Directors. Projects are often implemented over a 4-6 year period, and the AfDB staff monitor this period with occasional visits to the project sites. It is during this phase that most procurement of goods, works and services takes place.

After the project has been completed and “closed,” an evaluation is undertaken. The evaluation is carried out by staff of the AfDB, sometimes with inputs from qualified consultants.

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\(^{24}\) UA is the currency unit of the AfDB. Its value is defined in accordance to a basket of currencies equal to the special drawing rights of the IMF.
CONCLUSIONS AND GENERAL RECOMMENDATIONS

A key objective of the Market Assessment was to assist both the advanced companies with extensive experience in Africa and the companies starting out on a business development programme. The project leads and intelligence is a starting point for early positioning in the competitive African Donor funded projects landscape.

A collaborative approach to maximise opportunities for Irish based companies is strongly recommended to increase success. It is also recommended to strengthen cooperation agreements and joint ventures in specific clusters towards addressable opportunities in Africa.

In terms of infrastructure opportunities in Africa, Schuman Associates has noted the following:

- Diversity in donors (including new players like BRIC countries) proposing different schemes for financing, funding, technical assistance, guarantees.
- Each donor operates with a specific scope, and has its own rules and procedures.
- Importance of mapping all the donors and understanding how they work and how they complement each other, know their priorities, their project timing and entry points.
- Donors often overlap each taking elements of large complex projects.
- Different forms of collaboration between donors: co-financing; parallel or sequential, joint management (i.e. at different stages of the project development) are possible.

Recommendations:

- Early engagement, preparation and packaging in infrastructure projects.
- Use donor’s facilities to make your project bankable (grants and technical assistance).
- Work along the project cycle to influence and generate revenue.
- Be concentrated in countries or sector with clear advantage and chances of winning.
- Have an opportunistic approach and track all the new projects to complement the strategic and medium term approach.
- Long term engagement: infrastructure projects take time and are often delayed in Africa.
- Nurture the relationship with national authorities (governments remain the main investors and end beneficiaries in the infrastructure sector).
- Gathering intelligence as regards to local legislation in order to avoid running into legal issues at the implementation stage.
- The creation of a dynamic platform to influence EU Africa policy and funding leveraging on the upcoming 2013 Irish Presidency of the European Union and by constantly monitoring upcoming projects and budget allocations and lobbying towards sectors of interest.
Companies should consider a general strategy built around the following layers:

1. **Build a project pipeline using a pro-active approach to stay ahead of the competition**
2. **Create a network of partners to address the countries and sectors**
3. **Engage with main stakeholders in-country and centrally in Brussels, Washington, Tunis and Luxembourg**
4. **Improve the quality of the project proposals**

### 1. Building a pipeline

Starting from scratch with EU/EIB/WB/ AfDB funding can be a daunting task. Taking into consideration resource availability and investment capability is necessary to determine which opportunities suit best for a company in a specific business cluster (not 100% on this line). Therefore, it is recommended to:

- Streamline the pipeline of projects: focus on realistic opportunities and build from there;
- Focus, Focus, Focus – vital to only address projects which can be won – build win strategies around the selected projects;
- Roll-out best practices: build on current experiences in Africa with regards to project preparation;
- Learn from your competitors/partners: learn from best practice case of other successful applicants;
- Invest on early intelligence: Identify potential projects as early as possible in order to:
  - Position your project by liaising with beneficiary beforehand.
  - Improve and allocate internal resource for bid preparation.
  - Raise profile and solutions and build internal capacity taking into account medium and long term resources for projects.

The gathering of early intelligence is crucial for the building of a project pipeline as early as possible. It is recommended to use this Market Assessment as a starting point for the continuing analysis of EU as well as other donor programming towards each country of interest. The Country Overviews present in Annex II provide an overview of the funding situation in each country as regards the EU whereas Annex III comprises all the identified projects of potential interest. Together these can be used as a monitoring tool as annual programming documents and specific project of interest get approved.

### 2. To create a network of partners

- Schuman Associates recommends creating a reliable network of local and international partners, which will be able to support in the business development and project implementation phases.
- It is recommended to attend events organised by the EU Delegation locally as well as by the World Bank local offices and likewise for the AfDB and EIB if possible. Additionally it is recommended to also attend EU/WB Aid related events in Washington and in Brussels such as the European Development Days or the Sector Seminars where you meet with potential partners/competitors (Enterprise Ireland has been very active around these events). Liaising with the current Framework Contractors, in the case of EU External Aid funding, is also a good entry-point for networking in Brussels.
• For first time companies addressing the market sub-contracting should also be considered.
• Establish contacts locally with government officials and gather intelligence on the local business culture.

3. Engage with main Stakeholders in country and in Brussels/Washington/ Luxembourg and Tunis

• To improve visibility towards the EU, and other international donors and the beneficiaries it is essential that regular contact is set up (e.g. EU Delegations and main beneficiaries such as Ministries, IFIs, large NGOs, consultants) in order to raise the profile of Irish companies in Africa and as an intelligence gathering exercise. Such a strategy should be applied as early in the project cycle as possible. It is further recommended to attend specific project related events organized in the countries of interest.
• In order to increase success it is essential to fully understand the needs of the final beneficiaries.
• On a more central level it is recommended to set-up meetings with the European Commission’s DG DEVCO in Brussels, the World Bank headquarters in Washington, the African Development Bank in Tunis and the European Investment Bank in Luxembourg in order to promote their activities and establish early positioning on selected projects of interest.

4. Improve the quality of the project proposals

• It is recommended to ensure an adequate level of knowledge as regards to international procurement rules in order to present high quality proposals to increase success rates and return on investment.
• Allocate clear resources to address the proposal. It is your shop window and poor quality bids will damage the companies reputation.
• Set internal deadlines before the bid submission date.
• Ensure quality checks before submitting proposals.
• Get feedback on unsuccessful bids.

The information contained in this document has been prepared by experts with direct experience with projects funded by the analysed sources.
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