



CONSULTINGIRELAND

A. Introduction

Ireland is facing probably its biggest economic and social challenge and is struggling to come to terms with the harsh realities and the unprecedented downturn in our country's fortunes following a long period of sustained growth. The need to seek new outlets for our products and services and to create new opportunities in global markets has never been more critical.

Consulting Ireland (CI) is a new initiative, supported by Irish Industry and Government Agencies which provides practical direction, support and advice to Irish companies in targeting and developing new business opportunities in emerging markets. The focus is on opportunities funded by the main International Financial Institutions (IFIs) such as the European Commission, World Bank, EBRD, EIB and UNDP. These substantial multi-billion euro markets (e.g. €975bn for EC 2007-2013) have been virtually untapped by Irish consultants in recent years. The main aim is to increase Ireland's share of the ever-increasing opportunities available in these markets, thus creating a new stream of business revenues and employment while also contributing to the growth of the Irish economy following the demise of the 'Celtic Tiger'.

Ireland has largely ignored these major funded programmes and the key IFIs and has tended to focus on elements that are more research based (FP7) or which entail accessing funds in the EC internal markets. The objective of CI is to develop a strategy to help Ireland regain its status and share of this ever-increasing market opportunity for all sectors of the Irish economy - representing services, supply and infrastructure opportunities.

CI provides the following services to Irish companies:-

- Identification of tender opportunities across all major sectors (designed and launched a new on-line IFI tracking system in early 2012);
- Development and maintenance of a comprehensive database and international business portal to allow companies and consultants highlight their core skills and experience;
- Marketing of members' profiles and references to international groups, agencies and potential clients;
- Provision of market and background information on target countries, sectors and funding sources;
- Identification of key local partners in the various countries and region as well as providing links to major international organisations and potential partners;
- Presentation of regular seminars and mentoring programmes for members;
- Assistance in the market approach and in preparation of tender responses to the different clients or agencies;
- Debating relevant issues such as participation in bi-lateral aid programmes, performance/bid bonds, clustering and scaling.

The strategy and work-plan agreed by the CI Group for the period 2012 - 2015 aims to provide both early support and a framework for longer term action to assist Irish firms wishing to promote their capabilities in international markets.

B. Progress Made

Some good progress has been made in meeting the commitments of the White Paper on Irish Aid (2006). There has been a better focus on results and in making aid more effective and developing strong oversight mechanisms and systems of accountability. In particular, there has been a renewed focus on trade and development and the links between the two. However, many challenges remain. The difficult economic situation and reductions in public expenditure have resulted in a decline of 30% in Ireland's aid budget which will deliver €639 million in 2012. This is an appropriate time to review and reduce fragmentation of the programme and to ensure a greater focus on key priorities and the achievement of maximum value for money (i.e. "more bang for your buck"). One area which has been neglected to date is providing opportunities for Irish companies to provide services directly under the Irish Aid programme

C. Changing Context/Key Issues

The recent global financial crisis has resulted in a plunge in demand for domestic services offered by Irish companies. It is a priority for these companies to replace lost revenues by pursuing opportunities elsewhere and in particular where they have proven strengths and competencies. The key challenge is to help these companies identify suitable opportunities and win lucrative international contracts.

Dedicated Technical Assistance Programmes constitute the largest single element of the bilateral aid packages offered by most OECD countries. The Development Assistance Committee (DAC) of the OECD consists of 22 of the largest aid-donating countries. Amongst these countries, an average of 22% of the bilateral aid budget was spent on technical co-operation in 2009. In comparison, Ireland spent 2% of its bilateral aid budget on technical cooperation, the lowest of all the DAC countries.

This policy means that an important component of aid co-operation is essentially missing from the Irish aid programme. It also has the unintended consequence of depressing the development of the Irish international sector, of putting them at a disadvantage compared to their international peers and dampening opportunities for Irish firms in resultant private ventures. When compared with their counterparts in other countries, where large percentages of the turnover of companies can be accounted for by their national aid programmes, Irish companies have no equivalent support. For example, the Danish (DANIDA) and Finnish (FINNIDA) Government agencies have long established networks and presence in targeted countries (e.g. Sri Lanka, South Africa, Nepal, Philippines, Bosnia, etc.) and provide direct financial support to their companies who are engaging in international activities. A quick analysis reveals the fact that **this Governmental support has resulted in additional significant business wins** for their national companies and continued influence and positioning for future opportunities in both the private and public sectors.

The few Irish companies already engaged in these markets have an international reputation for delivering high quality, training and advisory services, and in some sectors they are amongst the world leaders. However, as their activities are primarily carried out overseas and funded from international donor agencies, the sector is relatively unknown in Ireland.

The creation of an Irish Technical Assistance Fund would improve the efficiency and effectiveness of the Irish Aid programme and at the same time, create new high quality employment opportunities for companies and young professionals in Ireland. In particular, it would:-

- create new opportunities for experienced Irish companies interested in turning their attention to the significant international donor funded market in these emerging economies;
- bring a more sustainable balance to the development instruments used in the Irish Aid programme (particularly by improving the effectiveness of budget support activities), thereby increasing the effectiveness, impact and value added of the overall aid programme;
- help Irish companies to leverage significant additional business from the multi-lateral donors such as the EC, EBRD, UNDP and World Bank (by providing Irish companies with specific experience, relationships and track record in the emerging markets);
- increase Ireland's influence at governmental level, both in the beneficiary countries and in the EU (because Ireland will be able to bring their own experience of technical co-operation to the table in discussions about EU and other IFI Aid strategies);
- serve as a means by which to develop diplomatic and trade links with recipient countries;
- result in landmark achievements in the beneficiary countries and raise awareness of development issues in Ireland;
- given recent government budget cutbacks, serve as a source of support for overstretched Irish Aid staff in designing, managing, monitoring and evaluating the Irish Aid Programme.

A second initiative would be a training course to allow Irish organisations (public or private - involved in service, supply or infrastructure-build) to take advantage of these new markets. Many entities tend to ignore this requirement, wrongly believing that the process or market entry is facile – when in reality the undertaking is complex and requires significant initial support to ensure success. A training course developed by the CI committee is outlined below and CI would hope that DFA and Irish Aid could be a key support in its delivery.

Consulting Ireland (CI)

Going International

“How to Succeed in Engaging with the Major International Financial Institutions and Win Contracts”

Training Title & Status

Going International

Consulting Ireland (CI) are developing a Training Programme for Irish-owned and managed companies, including SMEs, nationwide to engage with International Financial Institutions (IFIs), as a response to current economic circumstances that is increasing the need for businesses to expand and internationalise.

Training Aim(s)

The Programme was developed in order to:

- Provide support and advice to pre-selected Irish SMEs on how to expand their business opportunities abroad by engaging with the major international IFIs.

Programme Objectives

On completion of the course, the participants will be able to;

- Fully understand the steps and requirements of IFIs in the different phases of the project cycle (identifying business opportunities, tendering process, contract implementation, etc.)
- Fully appreciate the extent of capacity building required internally within the business to prepare project proposals and win contracts (e.g. CVs, project references, expert database, etc.); moreover, the business will have undertaken some of these actions within the context of the training programme mentored and guided by the Trainer
- Formulate and implement a realistic strategic business plan to enter international markets through engagement with the major IFIs

Outline Training Plan

The Course Material is delivered in six modules over a six month period and covers all the basic knowledge and information required in order for an Irish SME to engage with IFIs:

1. The Industry & Client Relations

Role of IFIs and level of funding; Type of tender (Service, Supply, Infrastructure-build and Grants); Role of local partner and identifying the local partner; Building consortia, Clustering, EEIGs, Identifying international partners, Knowledge of market competitors; In country presence (branch office/agent); Company profiling and aligning with business opportunities, Promotional material (website, brochures); Value of client visits/visits to IFIs in Washington, Brussels, London, Manila, Luxembourg etc.

Assignment: Develop a full and complete Company Profile according to requirements of selected IFI(s)

2. Project Resourcing

Development of Project References (as per standard template); Development of CVs (as per standard template); Staff training (language requirements); Building Expert Database; Company documentation (tax forms, Annual accounts, Power of Attorney); Required resources and first year budgets, Assignment: Complete the Company's project references, Complete the CVs of all management staff who are interested in acting as Expert on projects; Elaborate an Action Plan on how to build an Expert Database/network for experts

3. Identifying Opportunities and the Tender Procedure

Key Steps and Documentation at each stage of the Tendering Procedure; Preparing an Expression of Interest; Submitting a Tender; Tender organisation and planning; Tender pricing and margins; Negotiating with experts and agents; Expert contracts; Delivery of EOI or Tender via courier or via e-submission; Evaluating reasons for failure to get on a short list or to win tender

4. Contract Implementation

Advance payments;, Bank Guarantees; Performance Bond; Foreign Exchange exposures and management; Timesheets; Authorised signatories; Report and translation costs, Invoicing and payment terms; Per Diems; Professional Indemnity and other Insurance; Dispute Resolution

5. Developing a Strategic Approach

Develop Strategy to target IFI market, i.e. which IFI to target, which region; Support from EI and Department of Foreign Affairs (trade missions, Irish Aid); Identifying the opportunities relevant to the company. Plan for the company organisation / responsibility.

Assignment: Elaborate a Strategic Business Plan to develop a capacity to respond to IFI tenders and to target IFI business opportunities

6. Case Study: Responding to a suitable Business Opportunity

Finding the local partner; Identifying international partners; Support from EI and Department of Foreign Affairs; Prime or sub-contract; responding to EOI and its delivery via courier or e-submission

Assignment: Identify and respond to an EOI

Training Duration

Participants attend a Training programme of six-month duration that comprises (1) one Workshop per month for all participants of one-day duration; (2) one on-site Mentoring and Coaching session per month for each participating company of one-day duration (first session) reduced to a half-day for all subsequent sessions.

Training Approach

The Training course is run in a highly participative, interactive way. This is essential as it gives the opportunity for the participants to learn the practical steps necessary for the internationalisation of the company. The one-day Workshop will be a plenary session consisting of information that is of general interest to all participants (see content of units above). The monthly Mentoring sessions provide the opportunity for the Trainer to comment and feedback on materials submitted by the participant as homework e.g.

drafts of CVs, drafts of project references, company profiles, etc. and an opportunity for the participant to ask questions and seek advice that is relevant to their sector/industry. Participants will be expected to spend a minimum of ten hours in between each workshop to undertake the necessary capacity building actions within their company and to develop the company's overall strategy for internationalisation. Assignments will be given to participants at the end of each workshop. The assignments will be reviewed and commented on in the following workshop and/or at a mentoring session.

Record System

Prior to acceptance on the Training programme, prospective participants must submit the following documents for consideration by Consulting Ireland:

- Three Curricula Vitae similar to standard EU template
- Three Project References similar to standard EU template
- Signed Letter of Commitment from Board of Management
- A statement of why the company should be considered for participation in the Training Programme, for example, reference may be made to the company's capacity to internationalise, trading performance to date, management team capability, relevance of business area(s) to international contracts, track record/capability in domestic market, etc.

Assessment and Certification System

On successful completion, a 'CI' certificate is endorsed and signed by the heads of the committee and possibly Enterprise Ireland / DFA etc.

Target Trainee Profile

Participants should be senior level staff (e.g. CEO, COO, Business Development Manager etc.) of Irish-owned and managed SMEs nationwide, of varying sectors/industries, who possess the necessary authority and gravitas to effectively lead and drive a programme of change (internationalisation) within the company. It is not necessary to have any previous experience in the IFI industry/sector, but it is critical that the participants have relevant domestic capability and the full support of the Management Board. Although the training programme will cover both Service and Supply Contracts, the key focus initially will be on Service contracts. Applications from a cross-section of sectors are welcomed e.g. Construction, IT, Financial Services, Agri-Food Processing, etc.

Eligibility Criteria for Training programme (maximum of Six Companies)

- Number of employees, annual turnover etc. (e.g. minimum of 10 and/or minimum of €1 Million)
- A minimum of 2 participants per Company is required

Cost of Training Programme

The intended contribution of the company to the training programme is 1,200 Euro per participant. This includes the cost of all training content including mentoring sessions, handouts, lunch, coffee and tea but assumes a subsidy).

Trainer/Instructor/Workplace Supervisor Profile

The course is designed and conducted by experienced consultants who have worked for a minimum of fifteen years in the area of IFIs. Each module will be facilitated by two

CI Consultants who will act as lead- and co-Trainer. A pool of visiting experts from IFIs, Consulting firms, and European Consulting Associations may be drawn upon as and when required. The lead Trainer is responsible for carrying out the on-site mentoring sessions.

Review

The first training programme will be delivered on a pilot basis. The programme will undergo a monthly assessment following the completion of each plenary session and mentoring session. The programme will undergo a full evaluation on completion at the end of the first six-month period. All assessments and evaluations will be carried out by the Management Committee of Consulting Ireland. Subsequent training programmes will be reviewed on a six-monthly basis.

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Governments and donors increasingly recognise that the private sector has a central role in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn, contributing to poverty reduction. Ireland needs to increase trade in emerging markets as an important step in decreasing aid dependency. Aid alone is not sufficient and business and trade will play an increasingly important role. As well as responding to key issues such as hunger, fragility, climate change, basic needs, governance and human rights, trade and development, gender equality, etc. CI suggest that it is time for Irish Aid to diversify and incorporate a much stronger commercial/private sector focus and devote attention to the role of Irish companies in providing these services. As mentioned above, the establishment of a vehicle such as the Irish Technical Assistance Fund, along with an educational training programme would be key components in achieving this.

D. Ways of Working

There is no one route in the alleviation of poverty and the need for capacity building/institutional strengthening. The various IFIs and bi-lateral funding agencies do engage with private firms on programmes that attempt to solve some of the constraining issues that hold back emerging countries from achieving their full potential. These countries can engage with public and private entities and see the results. The question remains why Ireland appears to be failing in this engagement aspect.

Ireland can play to its strengths in areas such as Agri and Rural Development, Construction, ICT, Finance, Trade Development, Energy and Health all of which play an important role in assisting those less fortunate. The closure of Irish Embassies will continue to be a 'fait accompli' unless there is more interaction with private business in a supporting role (similar to that of the UK and its consular and trade services).

Irish Aid is currently very much reserved for the NGO sector. The limited funds available to companies are untied and targeted by the likes of Dutch and UK firms. We are aware that companies from the UK and Holland expect to avail of Irish Aid on a regular, even annual basis. An Internationally respected private Irish company would be lucky to access these funds once every decade. This is a particular irritant to Irish firms that target these markets and try to compete with other European and international companies. These policies have left Irish firms at a serious disadvantage in the emerging markets in both the public and private sector.

In general DFA does not engage directly with Irish private companies. It is often difficult for an Embassy to source an Irish company to help a beneficiary country because Enterprise Ireland and DFA:-

- do not have a presence in many of the emerging markets
- do not know all the relevant Irish companies or their international activities or interest and
- do not target country IFI programmes.

CI would be happy to work with Irish Aid in promoting better engagement not just with beneficiary countries but between Irish government agencies and the private sector. The committee have worked in the target countries, have engaged with the beneficiaries, are aware of the private firms interested in these markets and IFI activity and are able to track priorities in the countries.

E. Other Comments

Many Irish organisations could be of assistance to the Irish Aid programme. However, they are often reluctant to become involved as they have seen the lack of technical assistance support and have the feeling that only large companies will be supported by the commercial arm of embassies. Other Irish companies wish to exploit these markets but are confused about the processes, procedures, logistics and business practices.

The practical way to look at this is to see what other nations are doing in this area. There is no doubt that the Irish Government and its respective agencies have limited success in engaging with Irish SME companies and prefer to support the NGO sector. In turn the NGOs feel they have a right to Irish Aid and it is obvious that they will seek to retain the 'status quo' and oppose the introduction of a commercial element into the Irish Aid programme.

Through our country-wide 'Consulting Ireland' events we have seen the desire for support for commercial involvement and participation. There is no doubt that it is what beneficiary governments also want – and what our other European partners have been doing for some time now. This point has also been made in presentations to CI from embassies such as Kenya, Romania, Turkey and dialogue with Ambassadors from other African states.

In addition there are other parts of the Irish Aid programme where Ireland needs to take more control – but this lack of control is probably due to budgetary cutbacks and lack of resources within DFA. There are ways to overcome this by engaging with other experienced personnel – in NGOs and private companies

We would suggest that any funding allocated directly to emerging Governments is subject to stringent rules and procedures to ensure optimal use and maximum value for money. The Irish Government must ensure clear boundaries and results and 'audit' beneficiary government performances. Technical co-operation brings high levels of expertise and experience to aid programmes which is rarely available through other means, and can play a critical role in reducing corruption and misappropriation of funds.

Finally, funding allocated to the key IFIs (e.g. EBRD, UNDP etc) should not be used to disadvantage Irish firms bidding internationally. Maybe this is where Irish representatives in these various IFIs should market ‘brand Ireland’ actively. That is not the case at the moment and our benign and acquiescent nature is at odds with our other EC and international counterparts.

Better links must be forged between Irish companies and the Government. Smaller Irish companies feel disconnected and isolated but still have much to offer. In fact companies engaged in IFI work are frustrated by Irish Aid and feel that Ireland will always be disadvantaged compared to other countries and their aid programmes, e.g. DANIDA, FINNIDA, SIDA, etc.

There seems to be a fear with NGOs that private companies will exploit the situation within the beneficiary countries and this is clouded by bad press. The fact is that the EC and World Bank etc. use private companies to help the beneficiary governments achieve their goals on poverty alleviation, corporate governance, gender equality, etc.

While we can be critical of the current Irish Aid programme and its lack of commercial focus and global presence, it is also the case that Irish companies have often tried to enter emerging markets without solid groundwork or research. It is imperative that a planned and well thought out strategy is followed to ensure long-term success and repeat business.

F. Summary of Recommendations

There is a need for an Irish Technical Assistance Fund.

For a small investment, CI could assist deeper engagement of Irish companies in international markets via targeted training courses;

- For interested companies (public or private), clusters or collaborative networks; and
- for DFA staff (and other Government departments or agencies) in Dublin/Limerick and for regional staff on location in a beneficiary country - open to helping DFA understand the needs and support available within the sector (services supply and infrastructure-build).

This submission has indicated the potential that exists in emerging markets and particularly those in receipt of IFI funding. The potential revenues and **opportunities in emerging markets are substantial** and currently virtually untapped by Irish companies. Again the possible reasons for this have been analysed.

The limited representation by Irish Government and its agencies in markets such as Africa, the Western Balkans or Turkey – allied with the lack of Irish Aid to support market entry, puts Irish firms in a disadvantaged position.

The Consulting Ireland Initiative is a determined attempt to provide direction, support and advice to companies who want to enter these emerging markets. The strategy and direction provided by **CI will compliment the role of other Government departments and agencies** and can go some way to close the gap that currently exists between what

Ireland offers by way of support, as opposed to what other nations such as Denmark and Finland provide both in terms of financial packages and in-country presence.

The CI Group, many of them experienced practitioners in international markets and with particular knowledge of emerging markets, are committed to supporting and assisting companies exploit these largely untapped funds and opportunities. But we critically need support – financial and otherwise - from Irish Government bodies to be successful. This cannot be an ‘industry led solution’ as some public sector officials might claim. This is a programme to restore a nation’s status and position and needs intervention from the highest levels of Government.

The CI Group has outlined a strategy for market penetration by Irish companies. The Group has dialogued with companies hoping to expand into these markets and is convinced of their support for this process and a definite need for the proposed services and practical help.

It is further hoped that Government and their agencies will continue to actively engage with the CI Group to help restore Ireland to future profitability, profile and prosperity.