

ICE President's Apprentices

The aid agency dynamic

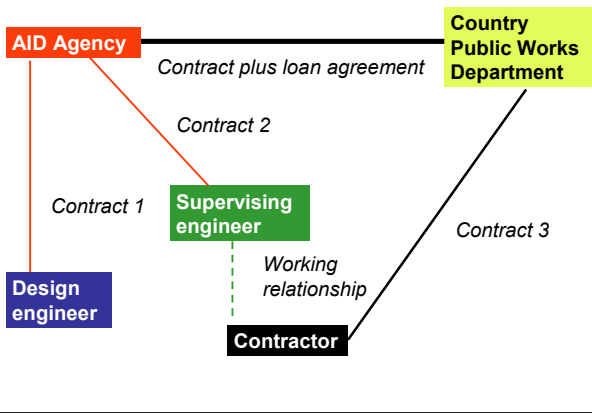
Mike Lomas

ICE Council member
Former CEO Group 5

The aid agencies

- African Development Bank
- Arab Bank for Economic Development in Africa
- Arab Aid Fund for Economic and Social Development
- Commonwealth Fund for Technical Co-operation
- Danish International Development Agency (DANIDA)
- Development Bank of Southern Africa
- European Economic Community and ACP States
- European Investment Bank
- International Bank for Reconstruction and Development
- Kuwait Fund for Development
- United Nations Development Programme
- United States Agency for International Development
- World Bank

Typical Aid Agency Contract / Agreement



The dynamic

- | | |
|----------------------|---|
| Aid agency | - fixed amount of loan donation |
| Design engineer | - cheapest price |
| Supervising engineer | - cheapest price
(level of commitment to design) |
| Contractor | - Do the job and make a profit |
| Country | - Wants completed project at loan value |

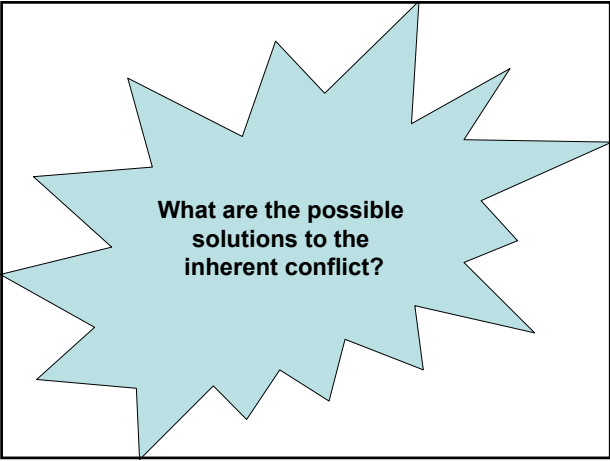
Do all these goals align?

Risk issues

- Payment
- Which aid agency?
- Conditions of contract
- Is project cash positive?
 - can it be made cash positive?
- Retention money
 - what %?
 - repayment
- Can a guarantee be obtained for payment?
- Prevailing law
- Where will the case be heard?
- Corruption

Risk issues considered by major contractors

- logistics – fuel supply
- weather / floods
- soil conditions – weathering of material
- sources of material
- border posts – ports
- equipment spare parts
- accommodation
- fresh water and food
- training of locals
- work permits
- malaria (evacuation procedures)



What are the possible solutions to the inherent conflict?

Pillars of Black Economic Empowerment (BBBEE)

- Ownership
- Management
- Employment equity
- Procurement
- Enterprise development
- Training
- Corporate social investment

90:10

Points for MDG?

Points for Climate Change?