

International Opportunities and the Positives from BREXIT

Seamus McCann provides his views on the potential opportunities available to Irish businesses following BREXIT.

Irish Businesses are constantly being encouraged to look for opportunities beyond these shores and outside our traditional markets such as the UK, US and Western Europe. The recent decision by our nearest neighbour to withdraw from the European experiment has focussed minds on the need for a speedier and more expansive market diversification.

Yet Ireland has continued to ignore significant multi-billion Euros opportunities in the developing countries where payment is secure and advances of up to 60% are not uncommon.

Untapped Markets

The markets we refer to are those funded by the major International Financing Institutions (IFIs - e.g. EC, United Nations, World Bank etc.). The numerous opportunities - **over 200,000 daily service and supply tenders across all sectors** - are being aggressively and successfully pursued by both private and public sector organisations from many of our EC partner countries.

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Seamus McCann is Director and owner of ASTEC Global and the current Chairman of ConsultingIreland. ASTEC Global has over 30 years' experience working with the major international funders such as the EC and World Bank. ConsultingIreland is an initiative to help Irish organisations win a greater share of this funded business. Seamus is an accountant and has previously worked in various State organisation such as ESB, Eircom and Teagasc.

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Projects funded by the likes of the EC and World Bank are often a prelude to other private 'downstream' business opportunities in these markets and as such help to promote a more strategic market-entry approach and provide key business intelligence to these increasingly important emerging markets.

From a very-respected position some three decades ago, **Ireland's position continues to plummet where we are now the lowest-ranked member among the initial EC12** and currently in 24th position in the EC28 activity table. The advent of the 'Celtic Tiger' only helped to hasten this dis-engagement process from these key markets, conservatively estimated at over €1trillion per annum.

While Ireland may have the current EC Commissioner for Agriculture and Rural Development, not one Irish Agri/Food firm is pre-selected in the EC top 60 Agri/Food firms providing little in the way of policy, strategy and advice to these international markets.

The UK on the other-hand is currently the most active and successful country at winning EC funded work due in part to the support given by Government through its Foreign Embassies, State Agencies and a focussed International Aid programme that recognises the importance of trade. This is further enhanced by the fact that English is the language of choice for most of these global tenders.

The Positives of BREXIT

With BREXIT, the future selection for any EC funded business is likely to only include organisations from the remaining 27 Member States. In our ConsultingIreland review we are able to identify well over 4,000 UK entities who will no longer be eligible to participate directly in these EC-funded projects. **Ireland will then be the main English-speaking member** and should be well positioned to capitalise on the British exit and enable our firms to replace a number of the existing UK market participants.

While many Irish organisations shy away from this work believing it to be too bureaucratic, the fact is that the bidding process and procedure are always the same no matter whether the opportunity is in Brazil, Mauritius, Washington or Fiji.

My own SME company has worked in these markets for close on 30 years and in over 100 countries, but rather than being concerned by the country of delivery we view our client as the EC or World Bank. Tenders are available on a daily basis and Ireland's expertise and experience is certainly relevant and required and, from a cash-flow perspective, the major IFIs always pay fairly promptly.

'Best Practice'

By way of comparison, Denmark is now winning 10 times the IFI-funded business than that of Ireland and figures published by independent sources show a majority of the newer EC Member States are more engaged with the major IFIs and these external markets. Even Albania, a non-EC Member State, is much more active and their SMEs more engaged.

Elsewhere many of our more established European partners in e.g. France, Germany etc. are engaging highly trained Irish experts for international IFI assignments – in part because of their English language proficiency. The fact that the successful companies are primarily SMEs, leaves little doubt that Ireland has missed – and continues to miss – major business opportunities.

Need for a Trade Focus

The Irish Government and its Agencies tend to focus on the less commercial elements of the IFI and emerging market opportunities. Significant effort in manpower and financial support is given by the Government and its Agencies to EC R&D programmes such as Horizon 2020. But these programmes account for **less than 8% of EC funds** and are primarily the target of selected universities, multinationals and specialist research bodies. One has to wonder why Ireland is prepared to promote engagement in H2020 but not the more-commercial tenders, even though the Funder is the same.

Government's other international focus is on the NGO/Aid market, providing support to the developing markets. However what these markets want and need is 'Better Aid more Trade'. Going forward it is important that Ireland's trade approach is less NGO-led and more commercially focussed, mirroring that of the more successful countries.

The success of other nations and EC partner countries is due to the fact they are able to multi-task/multi-focus and benefit from the existing synergies in these various markets while prioritising the commercial element of their involvement. Ireland lacks that 'connectivity' between the key parties – Government, Embassies, State Agencies, NGOs, Business Associations and Commercials.

Fig. 1 below shows that our other European partners have no such hesitation in engaging with the IFIs.



FIG. 1 WORLD BANK ACTIVITY FOR WESTERN EUROPEAN COMPANIES

Government Engagement Needed

Our analysis indicates that Government support is a key element in the overall success of such an undertaking. The benefits of better 'connectivity' is demonstrated by the success of Hungary where the Government provides strong administrative and financial support to its companies and over the last year they have recorded some extremely positive results for their members.

This structured approach working with the IFIs should be a 'first-step' and can be part of an organisations overall strategy for expansion into new markets, resulting in greater profitability and ensuring less reliance on the domestic marketplace.

If Ireland can embrace these markets, then Irish expertise and products will reach to a greater number of countries and that in turn will help us to start to climb back up the IFI activity table from our lowly 24th position.

CONSULTINGIRELAND SUPPORT

As a Business Association focussed on these IFI funded markets, ConsultingIreland has been established to help Irish organisations and companies win an increased share of these more commercial IFI opportunities. To that end we have reviewed the 'best practice' from other successful nations to facilitate a successful entry into these new markets.

Our Association provides the following support to organisations interested in these markets by;

- Presenting an overview of the markets and awareness raising.
- IFI Trade Portal.
- Identification of Opportunities.
- Training and Mentoring.
- Networking and International Partnerships.
- Tender Bidding.

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