

**Conference on Partnership & Investment Opportunities in  
Transport, Infrastructure and Public Utilities**

**February 15th, 2005**

**Business in Africa: Perspectives for Operators and  
Investors**

**Experiences of an International Consultant in the  
Water and Sanitation Sector**

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**GKW CONSULT**

**INGENIEURBÜRO FÜR  
WASSER - ABWASSER - ABFALLTECHNIK GMBH**

# Overview

- **Brief Presentation of GWK**
  - History
  - Organisation
  - Fields of Activity
  - Selected Projects in Africa
- **German Development Cooperation**
  - Financial Cooperation (FZ) via KfW
- **Perspectives for Operators and Investors**
  - Chances
  - Risks
- **Summary**

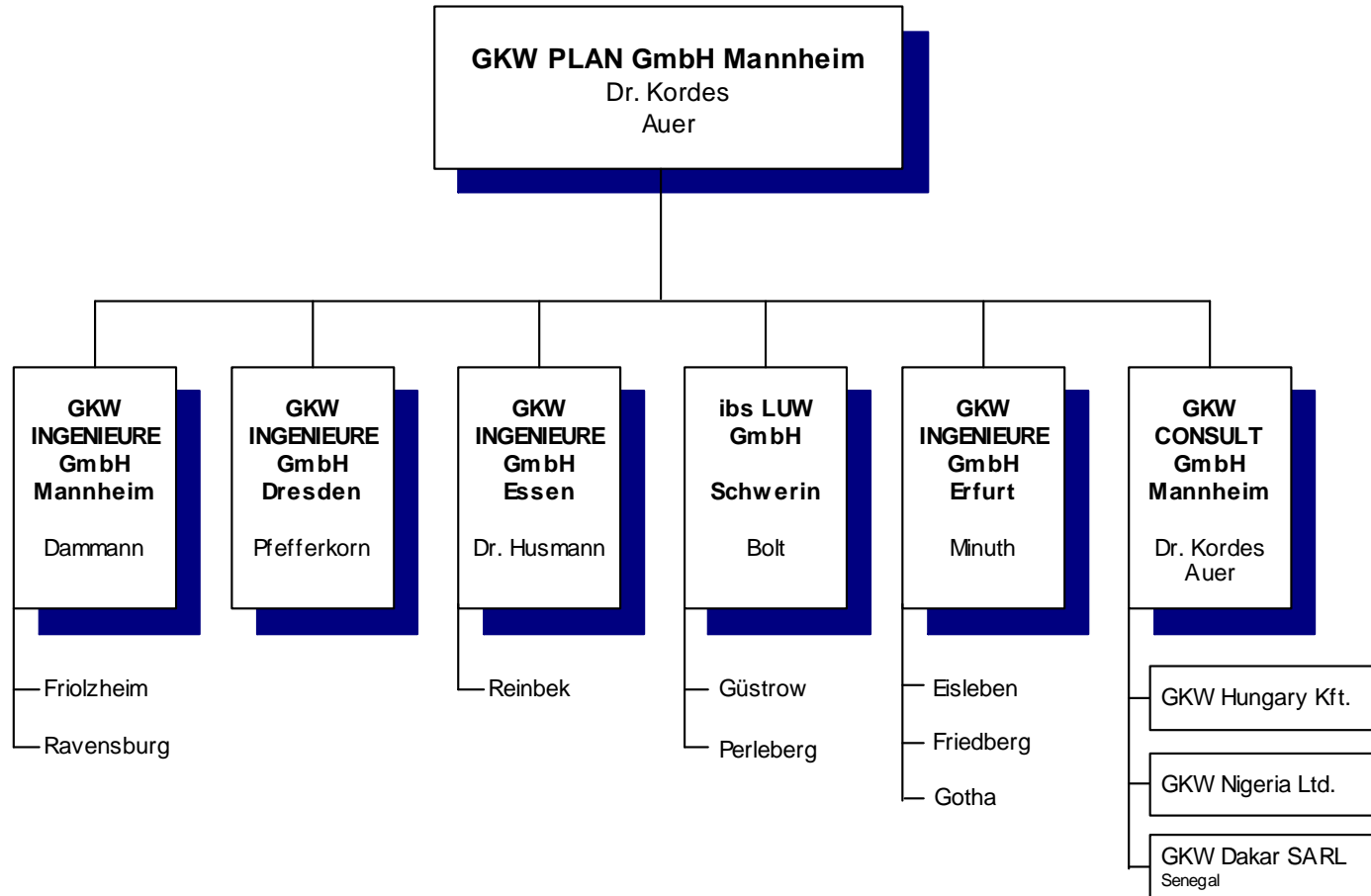


# GKW - History

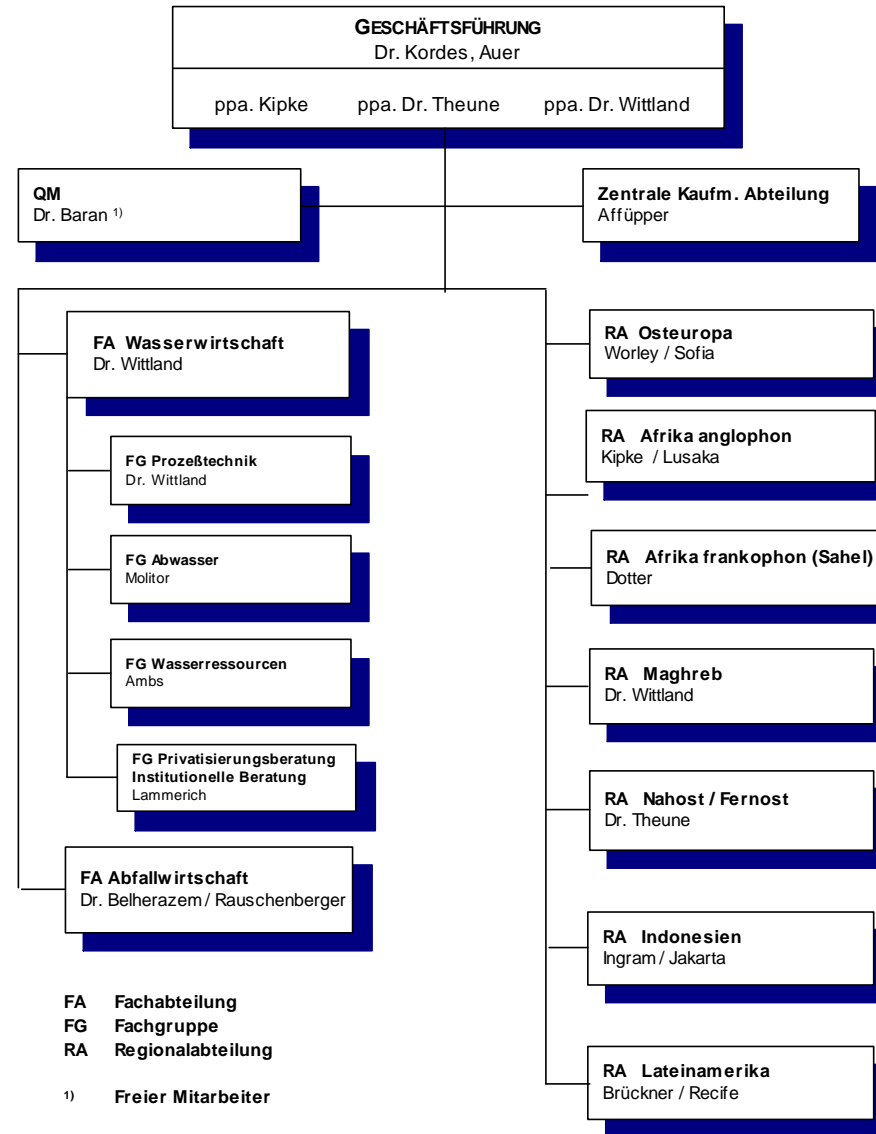
- 1953** Foundation as **GfK** – Gesellschaft für Kläranlagen Wilhelm Kuhn & Co GmbH
- 1962** Change of Name to : **GKW** Gesellschaft für Kläranlagen und Wasserversorgung Mannheim mbH
- 1966** Start of **International** Business
- 1984** Restructuration: **GKW CONSULT** – International  
**GKW INGENIEURE** – National
- 1992** Foundation of Holding-Company **GKW PLAN**
- 1998** Certification of GKW acc. to **DIN EN ISO 9001**



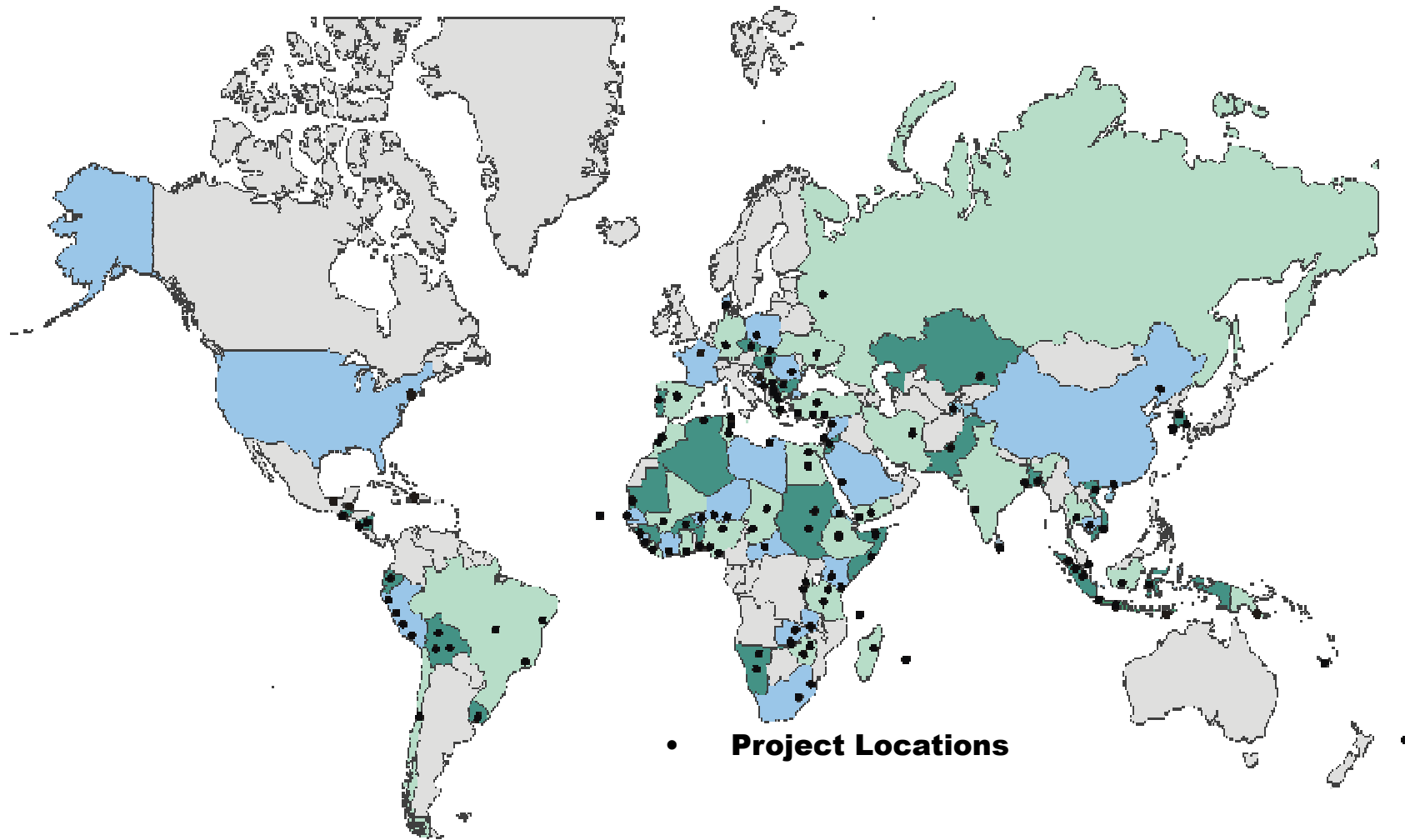
# GKW-Group



# GKW CONSULT



# Worldwide Experience GKW



## **GKW Project Offices in Africa**

- **BURKINA FASO** Bobo Dioulasso
- **BURUNDI** Bujumbura
- **LESOTHO** Maseru
- **MOROCCO** Rabat, Casablanca
- **NIGER** Niamey, Zinder
- **NIGERIA** Lagos
- **SENEGAL** Dakar
- **SWAZILAND** Mbabane
- **TANZANIA** Mbeya
- **TUNISIA** Tunis, Sfax
- **UGANDA** Kampala
- **Zambia** Lusaka



# Fields of Expertise GKW

- **Water Supply**
  - Water Resources
  - Water Treatment
  - Water Distribution
- **Sanitation**
  - Wastewater Collection
  - Wastewater Treatment
  - Wastewater Disposal / Reuse
- **Solid Waste Management**
- **Environmental Engineering**
- **Infrastructure**





## **Project Phases with GKW Expertise**

- **Field Investigations**
- **Feasibility Studies**
- **Design of Infrastructure**
- **Preparation of Tender Documents**
- **Assistance in Tender Evaluation**
- **Assistance in Contract Award**
- **Site Supervision**
- **Commissioning**
- **Assistance in Operation and Maintenance**
- **Training of Management and Operation Staff**

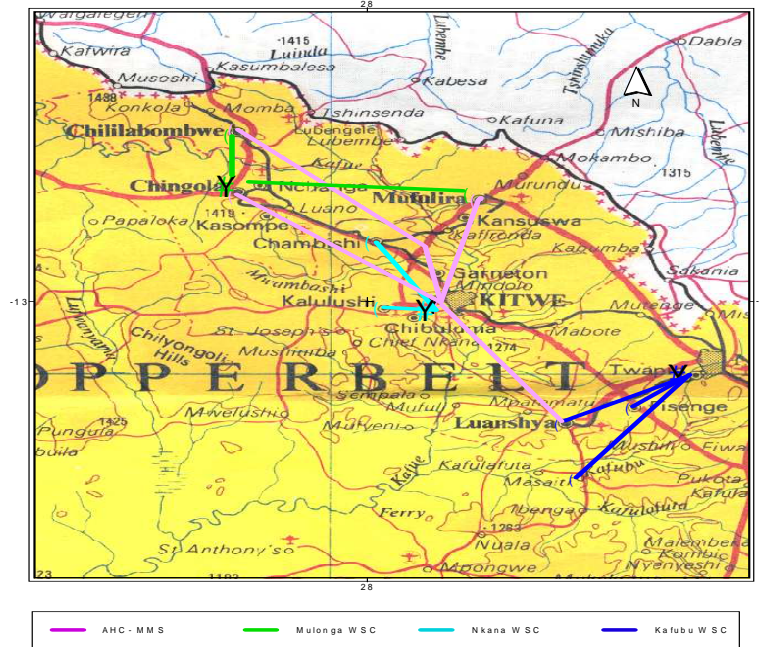


# Selected GKW Projects in Africa

## Zambia:

### Review of Options for Private Sector Participation in the Provision of Water Supply and Sewerage Services on the Copperbelt

APPENDIX 2 - COPPERBELT TOWNS COVERED BY COMMERCIAL UTILITIES



- Client: Ministry of Local Government and Housing (MLGH), Lusaka
- Project Period: Study, April – October 2003
- Project Cost: 0.5 million EURO



# Selected GKW Projects in Africa

## Rwanda

### Water Supply Bugesera - Karenge



- **Client: Ministère de l'Énergie, de l'Eau et des Ressources Naturelles, Kigali**
- **Project Period: 2000 - 2003**
- **Preliminary and Final Design, Tender Documents**
- **Population: 46,000**
- **Project Cost: 9.2 million EURO**



# Selected GKW-Projects in Africa

## Mauritania:

### Rehabilitation and Modernisation of the Water Supply System of Nouakchott



- Client: Ministère des Affaires économiques et du Développement, Nouakchott
- Project Period: 2001 – 2002
- Preliminary and final design, tender documents
- Project Cost: 7.3 million EURO

# Selected GKW-Projects in Africa

## Niger:

### Construction Supervision Water Supply Zinder



- **Client: Société de Patrimoine des Eaux du Niger, Niamey**
- **Project Period: 2003 – 2005**
- **Preliminary and final design, tender documents, construction supervision**

# Selected GKW-Projects in Africa

**Tanzania:**

**Urban Water Supply Project Mwanza**



- **Client: Mwanza Urban Water Supply and Sewerage Authority (MWAUWSA), Mwanza**
- **Project Period: 2003 – 2004**
- **Tender documents, construction supervision**
- **Project Cost: 40 million EURO**



# German Development Cooperation

- **Technical Cooperation via GTZ**
  - Institutional strengthening
  - Management and Operation Training
  
- **Financial Cooperation via KfW**
  - Funding of infrastructure
  - „Water Sector is Focus Sector of German Development Cooperation“ (*source: KfW, position papers, www.kfw.de*)
  - Since early 90s overall commitment of **3.4 Mrd. €** for development of water/sanitation infrastructure
  - 2004: about **280 Mio. € per year** (25% of total funds)



# German Development Cooperation

## Commitments in Budget Funds KfW Development Bank (all funds in Mio. €)

	Year				Share 2003
	2000	2001	2002	2003	
<b>Total Funds</b>	<b>927</b>	<b>1.419</b>	<b>1.291</b>	<b>1.594</b>	
<b>Region</b>					
North Africa / Middle East	267	180	88	239	15%
Latin America	137	111	197	237	15%
<b>Sub-Saharan Africa</b>	<b>190</b>	<b>204</b>	<b>275</b>	<b>327</b>	<b>21%</b>
Europe & Caucasus	127	256	274	259	16%
Asia & Oceania	206	668	435	530	33%
Others	0	0	22	2	0%
<b>KfW Funds Water Sector</b>	<b>333</b>	<b>270</b>	<b>173</b>	<b>301</b>	
<b>Share Water Sector of Total Funds</b>	36%	19%	13%	19%	





# Perspectives for Operators/Investors

## ■ Chances

- High **demand**, thus high potential for water/sanitation infrastructure
  - Germany: no more new WWTPs
  - international: large infrastructure projects
- International funding implies **regulations** for tender procedures and contract management
  - For example: FIDIC-regulations etc.
- **German** (european) engineering **know-how** highly appreciated worldwide
  - „Made in Germany“ still a trade mark
- Limited number of qualified experienced operators/investors allows **limited competition**
  - Current example: KfW-funded water supply project in northern africa, 2 bidders, 1 is german



# Perspectives for Operators/Investors

## ■ Risks

- **Time Factor** Tender Procedure / Contract Award
  - Example: WWTP Ankara: first studies mid/late 80s, tendering 1993, start of construction 1995, commissioning 2001
- Comparatively high **acquisition efforts** required
  - Establishment in the country, build-up of relationship to authorities/clients, proposal costs: easy 30 to 50 T€ per proposal
- **Financial** Implications
  - Guarantees (Bid Bond, Contract Performance Guarantee etc.), payment mentality, inflation, corruption practices etc.
- Capacities of Project **Client**
  - Limited client experience in preparation and management of water/sanitation projects
- Governing **Law** = Country Law
  - Legal Regulations related to the delegation of public duties, to ownership of public infrastructure, to development of water tariffs etc.
- **Political** and **Safety** Environment
  - Iraq, Iran, Afghanistan, but also Sudan, Congo etc.



# Summary

- **Water Business in Africa:**
  - is **difficult** due to technical, administrative, legal constraints in the individual countries
  - but is still **promising** due to the long-term high demand for safe water supply and sanitation services
  - requires **appropriate acquisition efforts** aiming at longlasting good business relationships

**Thank you very much for your Attention !!!**

