

A Work Project, presented as part of the requirements for the Award of an International Master's degree in Management from the Nova School of Business and Economics.

STRATEGIC BUSINESS MODEL TRANSFORMATION FOR DEVELOPMENT  
CONSULTANCY: VALUE PROPOSITION TO ADDRESS NEW CUSTOMER SEGMENT  
AND GO-TO-MARKET STRATEGY

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## **Abstract**

In an international development sector with boundaries increasingly blurred, consulting firms must respond to shifts in Official Development Assistance (ODA) and adapt to new emerging trends. This paper explores how CESO Development Consultants can reinvent its business model and go-to-market strategy to react to these changes. By using a qualitative research approach, including semi-structured interviews with key industry stakeholders, the study combines market analysis with CESO's internal capabilities to identify new opportunities and rising challenges. The findings provide a strategic plan for CESO to adjust its value proposition, strengthen its competitiveness and achieve long-term growth in an evolving landscape.

## **Keywords**

Development Consulting, CESO, Official Development Assistance, International Aid, Global Gateway, European Union, Private Sector, Private Investment, Business Model Adaptation, Advisory Services, SDGs, Partnerships, ODA Shift.

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## **1. Go-To-Market Strategy**

The launch of CESO's new service offering represents a pivotal moment in the firm's lifecycle and constitutes an effort to promote sustainable growth in the face of the shifting ODA landscape (OECD, 2023). With its introduction, the firm positions itself to serve private-sector entities seeking to invest in impactful development projects in Portuguese-speaking developing countries. By leveraging its expertise in the business environment of various countries and direct contact with local authorities CESO aims to bridge the gap between the unique challenges of investing in these markets and the opportunities they present. To turn this aspiration into reality in this section we define a concrete roadmap that will help the firm to reach private sector entities. A carefully crafted and detailed Go-To-Market (GTM) strategy, encompassing a segmentation of the customer market, the identification of the customer groups whose needs and characteristics better align with CESO's value proposition and capabilities and thus whom the firm should target, the clear articulation of CESO's value proposition for private sector entities, the strategic and interconnected utilization of diverse communication channels to reach clients, and a proposed timeline to implement all the necessary initiatives. All in all, this section aims to provide an answer to the question: "How can CESO effectively reach private sector entities?"

### **1.1. Segmentation**

CESO's new service offering will see the company expand into a new customer market which broadly includes companies from the developed world with the means to invest in projects with positive societal impact in developing countries. It's impossible for CESO to cater to the needs of this large universe thus a segmentation of the market must be performed to clearly identify customer groups with different characteristics and needs so that the firm can later decide on which to serve. Companies within the previously defined universe can be divided based on 2 criteria, the first one is their sector of activity, we will distinguish between companies operating

within CESO's main areas of intervention, Agriculture, Transport, Energy and Environment and those operating in different sectors. The second criteria is whether they are actively looking to invest in developing countries or not. Given that this characteristic is not easily observable, we will distinguish between firms with an already established presence in Portuguese-speaking countries, as we deem them more likely to invest in those countries (for instance to expand operations or improve efficiency), companies with demonstrated intentions of expanding to or investing in this geography, and finally the group of companies not present in this geography who haven't made known any intentions of investing in them.

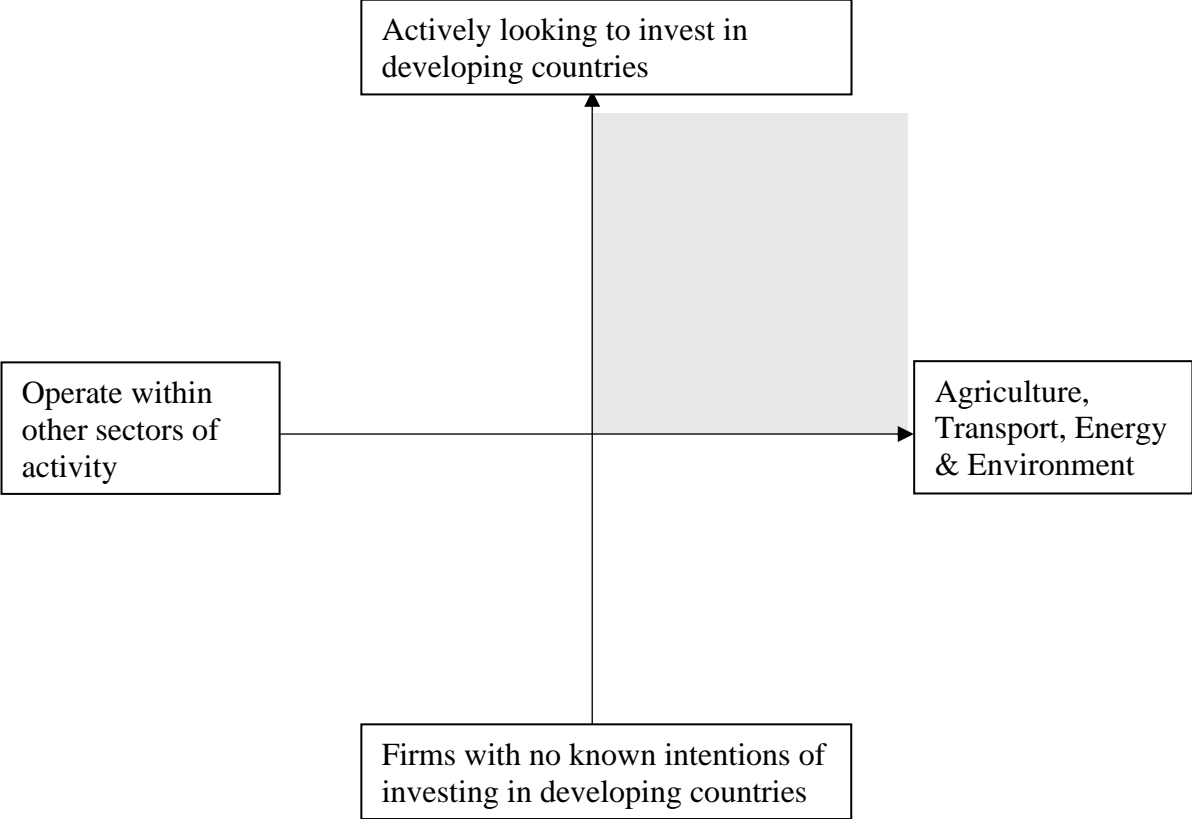
## **1.2. Targeting**

To maximize client acquisition without incurring significant upfront costs with outreach efforts, CESO must be selective in its approach to potential clients and target those with a higher chance of turning into paying customers. Therefore, we believe that CESO should start by targeting companies that operate within the firm's main areas of intervention which already have a presence in Portuguese-speaking countries. The rationale behind this choice is that CESO is better positioned to provide advisory services in areas where it possesses greater experience and a more refined, in-depth knowledge. Moreover, as previously mentioned, these firms are more likely to be interested in investing in developing countries and thus to need the type of services provided by CESO. Another advantage of targeting this customer segment to begin with is that it allows CESO to focus its marketing efforts on reaching a specific and easily identifiable set of firms. Moreover, out of CESO's service offering, the firms mentioned above are more likely to value the services which CESO is able to provide right away and don't require significant upfront investment such as Consultancy & Studies and Monitoring & Evaluation as well as services the firm will launch soon after such as Head Hunting services.

After successfully reaching the abovementioned customer segment, the company should expand its client base by targeting firms that are eager to invest in development projects in

Portuguese-speaking markets for the first time and are looking for a trusted partner to assist them. In the *Communication Channels & Content* section we will explain in detail how CESO can identify who these firms are and communicate its value proposition to them. The rationale behind targeting this segment next is that it's easier for CESO to market and sell its services to firms already planning on investing in developing countries than to persuade companies who haven't seriously considered the possibility of implementing projects in these geographies that they would benefit from investing with CESO's support. In addition, given that these private actors are in a more embryonic stage of the process of investing abroad there needs align best with CESO's value proposition, in the sense that they have demand for a larger spectrum of CESO's services and would particularly benefit from CESO's advice on how to navigate the local legal and regulatory frameworks of developing countries, one of its most distinct services. Below we present a diagram that illustrates the previously described customer market segmentation and highlights the segment to be targeted by CESO's promotion strategy.

**Figure 1: Segmentation Diagram**



### **1.3. Value Proposition**

The risk-return profile of investments in developing countries is often not attractive to private-sector entities due to difficulty securing affordable financing, challenges navigating local legal and regulatory frameworks, lack of knowledge regarding the business environment of target countries, difficulty in acquiring talent with experience in both the project's area and the target geography, and lack of capacity to measure the impact of investments made and evaluate and monitor individual project risk (African Development Bank et al., 2015). Through its new service offering, CESO will provide advisory services to support private sector entities in implementing projects in developing countries by mitigating associated risks.

Private resources move in directions determined by risk-return considerations, in this context, CESO's new service offering seeks to make the profile of investments in developing countries more attractive to private actors by conducting feasibility studies, monitoring and evaluating projects, assessing market entry strategies, optimizing project management, identifying and hiring expert consultants with the right skills and experience to ensure project success, among other activities. Despite it being a new customer market for the company, CESO's certified Quality Management system (CESO 2024), under the internationally recognized ISO 9001 standard, serves as a testament to the quality of the firm's processes and services (ISO 9001:2015 - Quality management systems 2024). Moreover, the new service offering is closely related to some of CESO's main areas of activity such as project management, talent identification and recruitment and monitoring and evaluation (CESO 2023). In addition, the firm leverages its intricate knowledge of the business environment of various countries, direct contact with local authorities, and experience in dealing with international development financing institutions to decrease the perceived risk of investments in developing countries.

### Value Proposition Statement

“CESO’s new service offering empowers private actors to invest confidently in developing countries by performing comprehensive feasibility studies, advising on how companies can navigate local legal and regulatory frameworks, optimizing project management, bringing on board expert consultants with the right experience and knowledge and monitoring and evaluating the investments and their impacts.”

### **1.4. Communication Channels & Content**

To successfully reach the defined target customer segments and drive engagement, it is essential for the firm to develop a well-rounded and meticulously planned promotion strategy for the newly introduced service line. This strategy should not only articulate the unique value proposition of the service offering but also ensure that its messaging resonates with the diverse needs and preferences of the target audience. Moreover, the implementation of this strategy must be executed seamlessly across a variety of communication channels, leveraging both traditional and digital platforms to maximize reach and impact. By doing so, the firm can create a cohesive and persuasive narrative that fosters brand awareness, generates customer interest, and ultimately drives client acquisition. Regarding CESO’s website, the firm should consider creating a new tab fully dedicated to its new customer market including among other content, a description of its service portfolio, a section highlighting previously implemented projects in the target sectors and geographies (related to tender strategy until the first projects under the new business line are conducted) to illustrate relevant knowledge and experience, later complemented or replaced with success stories related with new projects including client testimonials showcasing the firms contributions in a quantitative manner. In addition, it could also include articles and newsletters on noteworthy industry updates and major development trends, a feature allowing website visitors to book a meeting with CESO, and promotion of industry events co-hosted by CESO and corresponding registration links to boost networking.

The firm should actively leverage social media platforms such as LinkedIn, Twitter and Instagram to reinforce its message and effectively market its service offering, value proposition and relevant experience and expertise. Social media provides an ideal platform for reaching a wider audience of private sector entities who increasingly rely on digital channels for networking and business collaborations. This is a relatively inexpensive tool that the firm can leverage right away to increase engagement with relevant stakeholders, for instance, to invite entities to attend CESO-organized events such as webinars or networking sessions or to schedule meetings with prospective clients. With consistent and strategic use, LinkedIn can serve as a powerful tool for driving awareness, nurturing partnerships within the private sector, and increasing client acquisition.

A key channel that CESO should explore to reach prospective clients is its existing network of contacts which includes local authorities of developing countries, delegations of international development institutions, government agencies, bilateral development institutions and its network of external consultants. In fact, when it launches the new service line, we believe that CESO should prioritize approaching firms with whom it has already established a relationship or can easily reach through its network of contacts since it will be perceived as having a higher degree of credibility by these firms than by companies it has no relationship with. The firm can leverage these relationships to secure meetings with companies' management teams and pitch its service offering and value proposition to them.

Another channel the company should leverage to acquire and retain customers is email. It's a tool the firm can use either to perform cold outreaches to companies belonging to the target segments, or as a way to follow up on in-person conversations or previously held meetings to further market its new service line and ultimately sign new clients. After the project's completion, the firm should engage with existing clients to collect feedback, enabling continuous improvement of its service offerings. Additionally, maintaining strong client

relationships can be achieved by providing exclusive access to reports, webinars, and other events. This approach ensures that CESO remains top of mind as the preferred partner for supporting future investment projects.

Another communication channel that CESO can exploit to identify firms who are eager to invest in developing countries and communicate its value proposition to them while increasing brand visibility is participating in events such as forums, webinars and conferences focused on private-sector investment in developing countries (e.g. Africa Investment Forum, EU Development Days). In addition, the firm could also consider hosting events of this sort and other networking opportunities in partnership with international and bilateral development institutions and MBDs to connect with firms that are interested in investing in Portuguese-speaking countries and present the new service line through booths and speaking sessions to showcase expertise and further increase brand awareness.

Given CESO's focus on Portuguese-speaking countries, it would be particularly relevant to establish strategic partnerships with organizations like AICEP and the African Development Bank. AICEP, the Portuguese Trade and Investment Agency, plays a vital role in supporting Portuguese businesses in their efforts to expand internationally, especially in emerging markets (Sobre a AICEP, 2024). As a result, the agency is in constant contact with entities eager to invest abroad, thus it could serve as a bridge connecting them with CESO, which possesses the expertise and resources to turn their aspirations into reality. The African Development Bank (AfDB) is a major institution supporting economic growth across the African continent. By partnering with the AfDB, CESO can not only expand its brand awareness by participating in events organized by the AfDB or co-host them in partnership with the institution but also gain an in-depth understanding of the AfDB's funding mechanisms, eligibility criteria and application process, which CESO can leverage when launching its Financing Solutions advisory services.

**1.5. Potential Key Performance Indicators**

To assess the success of CESO’s Go-To-Market Strategy, namely how effectively the firm is at generating awareness and reaching its target audience, we recommend that the firm establish Key Performance Indicators (KPIs) for each communication channel utilized in the process.

**Table 5: Key Performance Indicators for the go-to-market strategy**

<b>Key Performance Indicators</b>	
<b>Communication Channels</b>	<b>Metrics</b>
<b>Company Website</b>	<ul style="list-style-type: none"> <li>- Double the number of website visitors until the end of FY26</li> <li>- Have 10 private sector entities scheduling a meeting with CESO through its website in FY 25</li> <li>- Have 30 private sector entities registering for webinars or networking sessions through the site</li> <li>- Click-Through Rate (percentage of website visitors clicking and viewing the new service line’s dedicated page) above 30%</li> </ul>
<b>Social Media Platforms</b>	<ul style="list-style-type: none"> <li>- Achieve a year-on-year 20% increase in LinkedIn followers in both FY25 and FY26</li> <li>- Double its average engagement rate (likes, shares, and comments divided by total impressions) until the end of FY25</li> <li>- Double the average number of unique website visits from LinkedIn per month by the end of FY25</li> <li>- Having 25% of total event registration spots being filled directly from LinkedIn, X and Instagram</li> </ul>
<b>Network of contacts</b>	<ul style="list-style-type: none"> <li>- Engage with at least 25 private sector entities through the network of contacts in FY25</li> <li>- Secure meetings with management teams for 80% of the engagements</li> <li>- Convert 30% of meetings into project proposals</li> </ul>
<b>Email</b>	<ul style="list-style-type: none"> <li>- Ensure a follow-up email rate of 100% on in-person contacts or previously held meetings within 3 days</li> <li>- Maintain an average client satisfaction score based on email feedback surveys of 8/10 or higher</li> <li>- Increase the size of the email contact list by 15% annually</li> </ul>
<b>Industry Events</b>	<ul style="list-style-type: none"> <li>- Attend 3 to 5 major events focused on private-sector investment in developing countries annually</li> <li>- Host or co-host 2 events on private sector investment in developing countries annually</li> <li>- Generate at least 5 leads per event</li> </ul>

**1.6. Overhaul of Business Functions: Creation of Marketing Division**

Given the complexity of designing and implementing a whole new business line and its critical role in the firm’s future performance and growth, we recommend that CESO creates a

dedicated marketing team responsible for the implementation and management of the proposed Go-To-Market Strategy. Despite the potentially high costs associated with such a measure, it seems to be the best course of action as it will improve the efficiency and quality of the strategy's implementation and prevent CESO's personnel which are typically dedicated to other areas of the business of becoming tied up with the new project, leaving time for them to focus on performing the activities they are experts in and which create immediate value for the company.

### **1.7. Implementation Timeline**

The implementation process is set to commence in February 2025, with the initial phase dedicated to preparing for entry into the new customer market. The first step will occur during Q1 and Q2 of 2025 and encompasses several initiatives including recruitment of key personnel for the new marketing team, identifying and securing participation in relevant industry events that will happen throughout the year, redesigning the company's website and revamping its social media platforms and finally defining Key Performance Indicators (KPIs) so that CESO can track and assess the success of the new service offering. The second stage of the process, starting in Q3, will be focused on rolling out the new service offering and on acquiring new clients. CESO should begin by launching its "Consultancy & Studies" and "Monitoring & Evaluation" service lines as these closely align with its existing offering and would only require adaptation for a new customer market. At the same time, the firm will start reaching out to prospective clients through the above-mentioned communication channels, namely its network of contacts. Shortly thereafter, the firm should focus on rolling out the Headhunting service line since it already possesses the necessary capabilities, namely its network of external consultants, despite needing to expand it to include experts with experience in implementing projects with private sector entities. In this phase, the firm will also work on increasing brand visibility by collaborating with organizations such as AICEP,

and the African Development Bank to organize events and networking sessions with relevant stakeholders. Only later on, shall CESO launch the Financing Solutions service line since it has less experience in implementing projects within this domain.

Finally, the third stage, Performance review & Next steps, is scheduled to occur roughly a year after the introduction of the new service offering and will consist of analyzing KPIs from outreach efforts, for instance website traffic, event participation, and LinkedIn engagement to finetune marketing strategies. The firm should also collect and incorporate feedback from stakeholders to enhance its value proposition and deepen relationships with existing clients and partners while expanding outreach to new organizations, sectors and geographies.

**Figure 2: Implementation Timeline for the Go-To-Market Strategy**

Implementation Timeline	2025												2026											
	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		
	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
<b>Initiatives</b>																								
<b>Prepare market entry</b>																								
Recruit key personnel	█	█	█																					
Identify and register in industry events	█	█	█																					
Overhaul of the company's website			█	█	█	█																		
Revamp social media platforms			█	█	█	█																		
Define KPIs			█	█	█	█																		
<b>Service roll out &amp; Client acquisition</b>																								
Launch Consultancy & Studies services						█	█	█																
Launch Monitoring & Evaluation services						█	█	█																
Initiate client outreach campaign						█	█	█	█	█														
Launch Headhunting services									█	█	█													
Establish strategic partnerships									█	█	█	█	█	█										
Host events and networking sessions									█	█	█	█	█	█	█	█								
Launch Financing Solutions services															█	█	█							
<b>Performance review &amp; Next steps</b>																								
Performance analysis																		█	█	█				
Fine tune Strategy																		█	█	█	█	█		

**1.8. Key Takeaways**

Segmentation

The customer market can be segmented by sector of activity and by whether firms are actively seeking to invest in developing countries.

Based on the first criteria it is possible to distinguish between companies operating within CESO's main areas of intervention, Agriculture, Transport, Energy and Environment, and those operating in different sectors.

Based on the second criteria it is possible to differentiate between firms with an already established presence in Portuguese-speaking countries, which we deem more likely to invest in that geography, companies with demonstrated intentions of expanding to or investing in those countries, and finally the group of companies not present in this geography who haven't made known any intentions of investing in them

### Targeting

CESO should prioritize targeting companies that operate within its main areas of intervention which already have a presence in Portuguese-speaking countries since this is an easily identifiable segment that will mainly benefit from the services CESO can launch right away and the firm has vast experience in these areas.

Afterward, the company should expand its outreach focus to include private sector entities that are eager to invest in development projects in Portuguese-speaking markets for the first time.

### Value Proposition

“CESO's new service offering empowers private actors to invest confidently in developing countries by identifying strategic partners for the projects, performing comprehensive feasibility studies, optimizing project management, bringing on board expert consultants with the right experience and knowledge and monitoring and evaluating the investments and their impacts.”

### Communication Channels & Content

Implement promotion strategy across a variety of communication channels:

- Update the company's website to include a page dedicated to the new service offering

- Revamp social media platforms (LinkedIn, Twitter and Instagram) to boost brand awareness.
- Leverage its network of contacts, especially in the beginning, as its main client acquisition channel
- Rely on email communication to follow up on meetings, collect feedback and nurture client relationships.
- Participate in industry events and host networking sessions in partnership with development organizations
- Establish strategic partnerships with AICEP, IP Camões and the African Development Bank

## 2. Key Takeaways and Implications for CESO

### 2.1. Main recommendations and implications

Following the 7Ps framework we propose recommendations on 7 dimensions including Product, Price, Place, Promotion, People, Process and Physical Evidence. The underlying aim, common to all dimensions, is to capitalize on the shift in the landscape of development aid by adjusting CESO's business model to serve also the private sector.

To do that CESO should extend its service offering to include Private Sector Advisory Services and complement them with pricing strategies that take into account the specificities of each service as well as customer needs. This will require CESO's technical department to broaden its expertise to include areas relevant to private sector entities, such as financing solutions, and learn, either through training or via talent acquisition, how to adapt its existing know-how to fit the needs of the new customer segment. It constitutes learning opportunities that will expand the knowledge and skills of the team and that could be transposed to the public sector service offering. Serving the two customer segments means that the experience gained could be cross-applied to improve overall service quality, creating a virtuous cycle.

Regarding pricing, for *Consultancy & Studies*, we suggest a tiered hourly rate with separate tiers capturing differences in required expertise and complexity of the service provided. *Monitoring & Evaluation* should follow a hybrid pricing strategy that combines a design and maintenance fee with a bonus fee for achieving performance targets. A similar hybrid model is recommended for *Head Hunting* with an upfront retainer fee and a placement fee at the end of the process. Finally, for *Financing Solutions* a diagnosis fee together with a bonus fee for securing financing is the most appropriate approach. Behind these different strategies is the same guiding principle: offer a pricing model that is aligned with the goals of the customers without compromising CESO's financial situation. The new pricing model will have

implications for the firm's Financial Department. Different pricing mechanisms (e.g., bonus fees, retainers) introduce complexity in revenue forecasting and accounting, necessitating detailed tracking and reconciliation processes. With the introduction of *Head Hunting* services CESO must scale up its talent identification capabilities and adjust the profile of the experts to include people with experience in implementing projects with private sector entities. In compensation for increased complexity, profitability is expected to rise due to higher margins from value and outcome-based components. At the same time, risk should be limited since some fees are to be collected upfront, establishing a degree of predictability.

Reaching the target audience is a considerable challenge and to overcome it the company must improve its performance in existing customer touchpoints, namely, events, social media and website. Furthermore, promotional strategies must be aligned across channels to convey CESO's value proposition in a credible way. For that, we recommend taking more active participation in industry events and strengthening its digital presence on social media by regularly sharing content regarding the new service offering and its impact on previously implemented projects. Additionally, we propose improving the website's user-friendliness and include new features such as "book a meeting" which bring CESO closer to its customers. Considering the vital role of the new service offering for CESO's future performance, the firm should create a dedicated marketing team. This decision will imply incurring costs with recruitment, salaries and training of personnel; however, other departments will be released from marketing-related tasks, allowing them to focus on their core activities where they generate the most value for the company. More importantly, it will mean having people with the necessary knowledge and skills to manage and implement the GTM strategy in the most effective way possible, maximizing brand awareness and client acquisition, key factors for the initial success of the new service offering and the long-term sustainability of CESO.

CESO's process will also require adjustment to enhance the company's ability to create demand for its new service offering. In this case, we recommend adding two stages in the beginning of the process which are *Project Design* and *Presentation to Prospective Clients*. This requires CESO to continuously monitor current development needs across key sectors and regions and coordinate between the technical and marketing departments to align the design and presentation stages. If successfully implemented they will have an important role in the roll-out of the Private Sector Advisory Services by generating demand at a time when this service offering isn't yet firmly established in the market. With time, we believe that these stages will be transferred to customers, in the sense that, they'll be the ones coming to CESO with pre-designed projects seeking support in their implementation. As a result, CESO should be able to shift focus to more profitable stages of the process.

As highlighted above, each department has an important role to play to ensure the smooth adoption and implementation of the proposed recommendations. However, individual adjustments in isolation won't be enough, instead, a coordinated effort is needed to achieve long-term growth. For that, the involvement of the board members in further discussion, acceptance, and implementation of the proposed recommendations will be key. The board defines the strategic vision for the company and has profound knowledge of the company and industry environments. Thus, it has the indispensable role of guaranteeing the fit between the strategic vision and the recommendations to be implemented as well as engaging its people to embrace and support the necessary changes.

## **2.2. Conclusion**

To conclude, this work has enabled us to explore in depth the challenges and opportunities CESO is facing, in a context where Official Development Assistance (ODA) is evolving rapidly (European Commission 2023). Between the shift in donor priorities towards more complex and

sustainable projects, and the growing integration of private players in financing, CESO is going through the necessary transformation of its business model.

In order to carry out this analysis, we have structured our thinking in several key stages. First, we studied the global ODA context and the specifics of CESO's current business model, identifying its strengths and weaknesses. From this base, we examined the impact of current transformations on its activities, drawing on both internal (resources and capabilities) and external (market trends and competitive positioning) analysis. Our conclusions were enriched by interviews with key industry stakeholders, enabling us to anchor our proposals in a pragmatic, action-oriented vision. This rigorous methodological approach has enabled us to draw up concrete recommendations and an action plan tailored to CESO's reality.

The recommendations formulated in this work offer a real action plan to enable CESO to adapt and prosper. By diversifying its customer base, CESO can reduce its dependence on traditional public institutions. In addition, we have highlighted the importance of integrating innovative technologies to better meet growing expectations for transparency and efficiency. We also stressed the need to strengthen local partnerships and further develop in-house expertise. By basing its projects more firmly in local realities and drawing on stronger in-house skills, CESO will be better equipped to respond both to public and private clients. These areas of intervention, organized in a clear, prioritized action plan, are designed to make CESO an even more agile player, in line with the Sustainable Development Goals.

Although the challenges are many, we firmly believe that CESO has what it takes to meet these transformations. With a proactive strategy, integrated solutions and a strengthened capacity for innovation, CESO can not only adapt, but also become a benchmark in the sustainable development sector. This moment of change is a unique opportunity to redefine its business model and maximize its impact, while consolidating its position in a rapidly changing market.

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# Appendix

## Appendix 1: Personal interviews conducted

Date	Interview
18 <sup>th</sup> September 2024	Meeting with Helena Valente, COO, CESO Development Consultants
7 <sup>th</sup> October 2024	Written interview with Helena Valente, COO, CESO Development Consultants
22 <sup>nd</sup> October 2024	Interview with Chloe Teevan, Head of Digital Economy and Governance, European Centre for Development Policy Management (ECDPM)
23 <sup>rd</sup> October 2024	Meeting with Helena Valente, COO, CESO Development Consultants

28 <sup>th</sup> October 2024	Interview with Inês Jácome, Member of the Multilateral Organizations department, Agência para o Investimento e Comércio Externo de Portugal (AICEP)
29 <sup>th</sup> October 2024	Interview with Fracisco Franca, Chief Executive Officer, Lobito Atlantic Railway (LAR)
30 <sup>th</sup> October 2024	Interview with Henrique Gomes, Director of Business Development, CESO Development Consultants
8 <sup>th</sup> November 2024	Interview with Paulo Silva, General Manager and Board Member, CJR Renewables
18 <sup>th</sup> November 2024	Meeting with Helene Valente, COO, CESO Development Consultants

## Appendix 2: Interview analysis

Theme	Insights	Conclusion
<b>Old ODA Model</b>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "The traditional development projects tend to focus in many cases much more on supporting governments in different sectors... there tends to be a focus in terms of the interactions on governments, on civil society."</li> <li>- <b>Henrique Gomes (CESO):</b> "In other words, the tender processes have been roughly the same for 20 years or more."</li> </ul>	
<b>New ODA Model</b>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> There is now a sense that perhaps the model of development that we were on... wasn't actually achieving what we hoped to achieve and there needed to be a much stronger focus on job creation on economic opportunity alongside the strong focus on social sectors in the past.</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "The main opportunity is for companies to have financial support mechanisms available beyond traditional bank financing (...) under more interesting conditions than traditional banking."</li> </ul>	
<b>Drivers behind ODA shift</b>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "With the shift to the right of many European governments... there is this growing focus on working with the private sector and on using ODA to facilitate private sector investment." "The other aspect is the Chinese factor... China, by focusing much more on economic development, investments in infrastructure and private sector development... is actually being viewed a lot more positively and getting a lot more visibility compared to the EU."</li> <li>- <b>Inês Jácome (AICEP):</b> the amount of financing required to promote the economic development and well-being of developing countries is far too great to be</li> </ul>	<ul style="list-style-type: none"> <li>- The shift in ODA reflects a strategic pivot towards engaging the private sector, driven by the need to mobilize greater financial resources, accelerate project implementation and enhance outcomes.</li> <li>- Geopolitical competition, particularly from China, has pushed the EU to redefine its approach, move faster and deliver on its development projects to counterbalance China's influence.</li> </ul>

	<p>fulfilled by using public funds only the growth of the beneficiary countries' private sector is crucial for these nation's development.</p> <ul style="list-style-type: none"> <li>- <b>Fracisco Franca (LAR):</b> "The Global Gateway strategy also emerged here a little bit as competition to this Chinese presence and success."</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "The model is interesting and can help leverage new investments since it is directed to the private sector (...) things happen faster than in the public sector (...) can be interesting precisely to help kick-start some of these projects." "There is another reason, which is that (...) there were always delays in the execution and sometimes goals or objectives fall way short of the targets."</li> </ul>	
<p><b>Global Gateway</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "The issue is actually that there are still relatively few opportunities. We actually have a lot of Member States coming to us and even employers, and organizations asking 'well, how do we actually access funds under the Global Gateway?'" "It's a bit of an issue in terms of sequencing with having these big announcements before there was actually anything to really show for it."</li> <li>- <b>Inês Jácome (AICEP):</b> The Global Gateway's main goal is to align the efforts of different development agents including governments, financial and development institutions of developed nations, multilateral development organizations and governments of beneficiary countries to maximize their collective impact. To support these initiatives there are several financing instruments (no new instrument emerged from the GG) that should be used in a coordinated manner, namely NDICI which includes the EFSD+.</li> <li>- <b>Fracisco Franca (LAR):</b> "The purpose of the Global Gateway [in the Lobito Corridor project] is to support all [other] activities related to the Lobito corridor. We're talking about agriculture, industry, job promotion, and a range of initiatives like professional training." "The Global Gateway is involved with other initiatives along the corridor... For example, agricultural projects being developed in parallel to ours."</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "The Business Advisory Group is precisely a group of companies in different sectors (...) advising on good practices (...) so</li> </ul>	<ul style="list-style-type: none"> <li>- Aims at aligning stakeholders' efforts across the development ecosystem to maximize collective impact.</li> <li>- Lack of clarity regarding the requirements for a project to be included under the umbrella of the Global Gateway.</li> <li>- Strong promotional efforts around the Global Gateway weren't followed by a concrete roll-out of projects.</li> </ul>

	<p>that they can be transposed to the various programs."</p>	
<p><b>Challenges</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "The funding for public entities via the EIB is working fine, but the envelope for private sector funding is barely operational" "The tools don't really work super well at the moment. So what we really need going forward is a better tool for when it comes to the next EU budget and the next external financing instrument."</li> <li>- <b>Inês Jácome (AICEP):</b> There are considerable barriers for small and medium sized companies that want to invest in development projects, namely the high tickets for project financing, meaning the fact that only projects above a certain size threshold are eligible to receive financing from multilateral development organizations. The most significant limitation (..) is the competitive bidding criteria which is very closed and significantly restricts the companies that can be shortlisted to submit a proposal.</li> <li>- <b>Fracisco Franca (LAR):</b> "The challenge in many African countries is that, even when infrastructure is funded by the World Bank or the European Union, management and maintenance often fall short when it's up to state entities." "Western countries also need to understand that we can't keep spending millions on studies and projects that never get implemented on the ground. Meanwhile, the Chinese come in and just execute the projects."</li> <li>- <b>Henrique Gomes (CESO):</b> "The European Union has been concentrating fewer contracts but in larger ones. This trend is making it increasingly difficult for medium-sized companies like ours to compete." "we end up still being quite dependent on the European Commission and we have tried to make this diversification and in fact it is not that easy" "The European Union is concentrating contracts into larger ones, favoring big</li> </ul>	<ul style="list-style-type: none"> <li>- Funding is complex, unclear and not fully operational.</li> <li>- There are barriers for SMEs looking to invest in development projects because only projects above a certain size threshold are eligible to receive financing from Multilateral Institutions.</li> <li>- Project processes need to be streamlined to reduce elapsed time between the initial feasibility study and implementation. Requirements should be reviewed to decrease the share of projects that spend millions on studies and never get off the ground.</li> </ul>

	<p>companies and niche firms over generalist companies like ours."</p> <ul style="list-style-type: none"> <li>- <b>Paulo Silva (CJR Renewables):</b> Often it is not very clear to which financing program a project should or should not be submitted to.</li> </ul>	
<p><b>Opportunities For Investment Promoters*</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "At the moment there is the EFSD+ guarantees and what is actually functioning are the big loans from the EIB."</li> <li>- <b>Inês Jácome (AICEP):</b> the EFSD+ is practically the only instrument available and it provides financial guarantees to leverage investment. Other instruments to be mobilized include Member States' Financial Instruments, European Investment Bank, Development Banks, Export credit agencies.</li> <li>- <b>Fracisco Franca (LAR):</b> "It's about the business potential. (...) They [Mota-Engil,Trafigura, Vecturis] joined forces because they saw a major business opportunity here. given that this is a highly viable project." "Mota-Engil, for instance, will always have an interest, as it is an infrastructure company with a focus mainly on construction.(...) it depends on the economic viability of the projects."</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "The main opportunity is (...) for companies to have financial support mechanisms available, beyond traditional bank financing, and to have these funds available under more interesting conditions than the conditions of traditional banking." "to have this support in certain types of projects, namely in the area of sustainability, with part of the support being non-repayable, which reduces the investment value and the need for equity investment, thus making the projects more profitable"</li> </ul>	<ul style="list-style-type: none"> <li>- The EFSD+ and other financial instruments, including guarantees from development banks and export credit agencies, could offer investment promoters critical support mechanisms enhancing profitability. However, complexity must be reduced.</li> <li>- Investment opportunities are increasingly driven by project viability and business potential.</li> </ul>

<p><b>Opportunities For Development Consulting Companies*</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "I think that creating that linkage in partner countries, building an ecosystem and understanding of ecosystems is important for sure." "EU delegations do depend on the Member States and their implementing agencies to help with that"</li> <li>- <b>Inês Jácome (AICEP):</b> Given their experience in dealing with beneficiary countries' stakeholders and the knowledge regarding how to navigate the complex development ecosystem they have the potential to mediate between private sector entities and multilateral development organizations.</li> <li>- <b>Fracisco Franca (LAR):</b> "Since we rely on international financing, we need to work with credible consultants who can make an impact with the financing entities"</li> <li>- <b>Henrique Gomes (CESO):</b> "We are, for example, at the moment (...) preparing an application for a grant linked to the Global Gateway that will cover Angola, in which we position ourselves as the technical partner, (...) we do the part now of supporting the application, but then all the part of supporting the financial management, project management will also be ensured by CESO.</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "Development consulting companies are generally better prepared. Either because of the experience in other projects they have executed, or because they are closer to those who prepare the programs, they tend to have greater knowledge to set up projects to apply for these funds." "Through a consulting company... it will be relatively simple to find a specific fund where I can fit my candidacy."</li> </ul>	<ul style="list-style-type: none"> <li>- Understanding local ecosystem and making the linkage with local stakeholders.</li> <li>- Knowledge of how to navigate complex institutional ecosystem and apply for the appropriate financing mechanisms.</li> <li>- Credibility in order to have an impact with financing entities.</li> </ul>
<p><b>Strategic Positioning to Capitalize On Opportunities</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "Development consulting companies can also create that linkage and have teams focused on private sector." "we're working with GIZ on a project that is about engaging the private sector better and they have a lot of people who have kind of expertise in that área."</li> <li>- <b>Fracisco Franca (LAR):</b> "When we talk about these consultants and consulting companies, this represents a good business opportunity for them(..). We, as private companies, have to hire these firms to conduct these studies to make the project viable and 'bankable.'"</li> <li>- <b>Henrique Gomes (CESO):</b> "CESO (...) in Portugal is perhaps the only company that works consistently in this type of processes and this puts it in an</li> </ul>	<ul style="list-style-type: none"> <li>- Expand business model to focus also on the private sector and support their growing participation in development projects.</li> <li>- Trusted and credible partner of Investment Promoters to guarantee project viability and help secure financing.</li> <li>- Expert and leading company in Portugal and the PALOP countries with extensive experience</li> <li>- Leverage its knowledge of the institutional ecosystem and closeness to the EU to understand the most appropriate programs to support specific projects.</li> </ul>

	<p>advantageous position because when large international companies look for a company with experience in this type of tender processes in a Portuguese-speaking country, typically come to us."</p> <p>"CESO has been around longer than most of our partners and competitors. There is already a wealth of experience accumulated (...). It has also allowed us to go through many projects, many countries, and (...) this also creates in our partners and competitors an image of solidity."</p> <p>"It is not yet evident to me that in fact, this is a niche in which we can position ourselves or not"</p> <ul style="list-style-type: none"> <li>- <b>Paulo Silva (CJR Renewables):</b> "[ Portuguese private companies] should identify what project they have and then use a first contact, either the Global Gateway itself or through a consulting company, preferably one that is present closer to the EU, in Brussels, to understand which programs are open to the specific project."</li> </ul>	
<p><b>Risk factors associated with private investment</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "How do you make sure that (...) ODA is being used specifically for projects that further the development goals?" "There are big questions around how you tie together what is (...) a focus on increasing European investments externally and supporting European businesses."</li> <li>- <b>Inês Jácome (AICEP):</b> The most significant limitation (..) is the competitive bidding criteria which is very closed and significantly restricts the companies that can be shortlisted to submit a proposal</li> <li>- <b>Fracisco Franca (LAR):</b> "We're talking about thousands of kilometers in a challenging region, where political risk may be one of the biggest concerns." "we've been engaged in the due diligence process for financing for almost a year and a half, getting everything aligned with today's compliance and legal standards" "The challenge in many African countries is that, even when infrastructure is funded by the World Bank or the European Union, management and maintenance often fall short when it's up to state entities. There's no continuity in maintenance."</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "The first [risk] is the speed with which things are usually done in companies, which is much higher than... in the public sector."</li> </ul>	<ul style="list-style-type: none"> <li>- More challenging to guarantee that ODA is being used to pursue SDGs</li> <li>- Long and complex processes for Investment Promoters to access financing for the projects.</li> <li>- Political and security risks in some regions where projects are being implemented.</li> <li>- Public Institutions have slower processes than Investment promoters which may hinder coordination. Furthermore, legislation and bureaucracy associated with Public institutions may cause delays in projects.</li> </ul>

	<p>"The second [risk] are restrictions that introduce delays... rules, laws, or directives... all the legislation and bureaucracy associated with the public entity."</p> <p>"we sometimes see companies or entrepreneurs who, even if there is an economic rationale for a project, are always waiting for the execution of the funds to move forward with it. Thus, the availability of funds to the private sector, if not well framed or executed, instead of working as a lever, might work as an obstacle"</p> <p>"the [financial] programs themselves are not 100% clear."</p>	
<p><b>Risk Mitigation</b></p>	<ul style="list-style-type: none"> <li>- <b>Chloe Teevan (ECDPM):</b> "It's about having a wider toolkit so that you are able to respond to very different contexts and that ODA is actually used for development purposes." "Better coordination between... Export Credit Agencies and development finance institutions in order to make sure that you are able to also finance European companies."</li> <li>- <b>Inês Jácome (AICEP):</b> Prospective companies must take part in consortia, establish partnerships or be subcontracted. Alternatively, the personnel of firms trying to enter this market can explore possibilities to offer services as experts and provide individual consulting services to gain references.</li> <li>- <b>Fracisco Franca (LAR):</b> "We need to implement something that already existed previously... the World Bank financed the infrastructure and then required the private sector to undertake 10 years of maintenance or operation and maintenance of that infrastructure."</li> <li>- <b>Paulo Silva (CJR Renewables):</b> "Public entities, as a general rule, exist to serve the citizens and not to generate profits so to speak. I would say that [risk] is difficult to mitigate."</li> </ul>	<ul style="list-style-type: none"> <li>- Better coordination between export credit agencies and development finance institutions to provide the appropriate financing for different project scopes.</li> <li>- Improve public-private cooperation and define common goals to make sure both parties work efficiently and effectively in their achievement.</li> </ul>