

## **Cofinancing**

As development projects are financed only in part by loans from IFIs, borrowing countries must pay for part of the costs. If these costs are substantial, funds from other sources may need to be mobilized. Other lenders can be other multilateral or specialized development agencies (e.g., the regional development banks), bilateral aid agencies such as the Canadian International Development Agency (CIDA), official export credit institutions such as the Export Development Corporation (EDC), and commercial banks. Each entity that is providing financing for a portion of a project is called a cofinancer or a co-lender. The use of cofinancing in a project introduces procurement issues that are of concern not only to the borrowing country, but also to the prospective supplier. As cofinancers tend to limit procurement to suppliers from their own countries, it is important to determine if cofinancing is in place for that portion of the project of interest to you.

If the total financing for the project you are bidding on has not been completed, there may be an opportunity for you to be the catalyst for additional funds for the borrowing country to tap. In such cases, you could approach commercial banks, or EDC, to explore their willingness to lend the country money to pay for your services. You might also approach CIDA for funds on concessional terms. However, this must be done some time ahead of actual procurement, as CIDA's funds are allocated years in advance.

IFI officers dealing with individual projects are a good source of information on cofinancing. When you discuss your project with them, inquire about it. Procurement officers and other staff in the borrowing country will also know specifics on their own cofinancing needs.

## **Consulting Opportunities**

Opportunities abound for all types of consultants, both individuals and firms, willing and able to bring their expertise and experience to projects being undertaken by developing countries. In addition to the traditional need for specialized engineering services to study, design and manage the construction and operation of roads, dams, power stations, ports, etc., there is an increasing demand for expertise in areas such as human resource management and training.

While 90 per cent of the money being spent by borrowing countries on IFI-financed development projects goes for the purchase of goods, equipment and related services, and civil works, the remaining 10 per cent — over \$2 billion annually — is spent on consulting services. In fact, the success of a project is usually linked to the quality of the design, preparation, and co-ordination of implementation work. In the case of projects that have technical assistance as their principal objective, such as