

IFI Bidding Success Factors and Support Needs

- Too many firms are invited to bid, and the bid requirements are often unnecessarily expensive, especially at the IDB – for example initialing every page of a 700 page proposal, and having an auditor certify the correctness of the Spanish translation every time although much of it is boilerplate that has been certified before and could simply be submitted again with the previous certification. [13]
- Rates are low – *“less than half what we would bill in the private sector”. “This makes it difficult to get the right resources to work on CIDA or IFI projects because people often have better opportunities elsewhere if they are really capable.”* [15]
- Proposals are expensive. They cost about \$25,000 plus the costs of a site visit and/or a negotiations visit. These visits are expensive because one *“must go when they call. There are no cheap seats.”* [16]
- The interviewee notes that the oil & gas service firms face demand in Canada that is highly volatile and cyclical, and when it is at a low point many people and firms look for overseas work. This depresses rates as they compete on price. [18]
- The distance from the company's home base to the IFI headquarters makes it expensive to market to them. The company is aware that presence is vital, but finds it difficult to make the necessary marketing investment. [18]
- Traveling to the multilateral Banks is expensive. [19]
- Proposals are expensive and risky. The firm's experience is that it takes three to four expressions of interest to obtain one short listing, and ten short listings to win three projects. [21]
- The Canadian trust funds at the EBRD are small and hard to access. In contrast, the EU trust funds are large and easy to use so European competitors are at an advantage in obtaining funds for feasibility studies and similar front-end work. [22]
- The cost of getting the work can be very high relative to the size of the project. The typical TA project is about 20 person months of work and might take 2 to 3 person months of proposal effort – maybe \$30,000 in total costs. *“It is not a way to get rich – it is somewhere between just making it and a mugs game!” “Fortunately the ADB is reasonable about negotiating a price by email. If one had to fly to Manila to negotiate price, on top of the proposal effort, the profit margin would be eaten up before the project starts.”* [23]
- Rates, especially CIDA rates [projects and CIDA INC] are unrealistically low. The company's labour costs [before overheads and marketing and risk] are about 2.3 times salary. Therefore the company cannot work at CIDA rates of 1.9 to 2.1 times salary if it bills time honestly. On IFI work, *“if one is spending \$20,000 to \$50,000 on a proposal,*