2.6 High Costs

The interviewees report that it is more expensive to bid for IFI-financed work in developing countries and emerging markets than it is to bid for similar work in North America. Suppliers of services and suppliers of goods both find it more expensive to sell in this international market than domestically.

Proposal and tender requirements are more complex, distances are greater, and the amount of up-front investment to get on to a short list is greater.

Travel, bid and performance bonds, increased inventory requirements, translation, agent and intermediary fees, and insurance are all typically greater in international marketing.

There was a consensus that CIDA INC and the Canadian consultant trust funds at the IFIs were useful but that their usefulness was limited by a niggardly approach to the amounts and types of financial assistance they provide. Some interviewees think that more generous support in the proposal stage, repayable on success, would be a better approach in general.

<u>Comments by the Interviewees</u>

General comments on business development costs:

- Proposals are often complex and expensive [$25,000 or more] to produce and have to be produced relatively quickly [45-60 days]. This makes IFIs a difficult market to enter. Our company can now do proposals more quickly and economically because it has done so many. However, there are *"tons of little rules"* that have to be complied with each time. [9]

- Expensive proposals are expected. [12]

- IFI proposal requirements are complex, rigid, and onerous. [18]

- Marketing internationally is much more expensive than domestically. Proposals can cost $50,000 to $100,000. This means that projects with less than $1 million in fees are unlikely to be profitable. [15]

- There has been some friction with the embassy because the person located there to market to Latin America has a travel budget greater than the rest of the embassy combined. The trade commissions operate on the model of "one country/many sectors", while this organization model is to have a sector specialist market in several countries in a region. [44]