

## IFI Bidding Success Factors and Support Needs

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lead firms do not have to be Canadian. Many very large firms are doing international projects, sometimes with partial financing from an IFI, but more often now as foreign direct investors. The April 2001 issue of *Fortune* magazine speaks of the growing importance of "company states". *"The largest companies are becoming larger than countries, and maybe more autonomous. Companies like General Motors, Exxon Mobil, Wal-Mart and Ford have revenues that outstrip the GDP of countries like Libya, Bahrain and Israel. It is no longer enough to think about markets geographically, it is also important to think about the needs of the largest multinational companies – they have their own sets of regulations and requirements, their own language and their own customs."*

*"The scale [deep pockets] of the parent company is important in a number of ways. It enables a long-term view in marketing, provides credibility, and helps with financing."* [102]

We found that having something special to offer was an important factor, even in regard to major projects with diverse components, and that a strong link with R&D in Canada is important. [We expected to find this factor to the fore in goods/equipment companies, but we found the emphasis on technical sophistication and innovation equally strong in companies that undertake large civil works projects.]

*"Having a special technology. In this case, combining power generation/industrial waste management technology to create a niche."* [106]

*"Needs federal government support mainly for developing proprietary technologies in the area of power generation/waste management. R&D support is more important than marketing support. The firm has received support from IRAP and ILAP [NRC]. It has also received support from the IDRC for testing new technologies in developing countries."* [106]

### *Goods/Equipment Strategies:*

The strategy that has worked for some Canadian companies in the past is to focus on specialty niches, such as the IFI power sector, especially hydroelectric power. This strategy remains viable. DFAIT might usefully encourage specialty companies in the new economy to be active in the IFI market.

At the same time, the ubiquity of the Internet opens up possibilities for Canadian manufacturers of goods and equipment to sell to IFI-financed projects on an ad hoc basis. However this is a very price-competitive strategy and companies pursuing this strategy would have to be sufficiently large to be able to compete on price, to have flexible inventory and to be able to provide after-sales service at a distance.

We found, however, that, with some exceptions, most of the companies we interviewed that have an interest in the IFI "goods" market treat it as a "market of last resort". That is, their first customer preference is within Canada, second the United States, third Japan and the other OECD countries, fourth the "near overseas" such as Mexico and the Caribbean, or, in some cases, the transition economies, and, some behind, the lesser developed countries.