Pursuing IFI-financed contracts is very costly. All the repercussions listed above require that companies expend a very large amount of human and financial resources pursuing this work. Without proper preparation, partnering and risk sharing, the costs are too great for many companies, particularly small and medium-sized enterprises (SMEs), to manage.

Report on Canadian World Bank Contract Winners

In 1998, the Office of Liaison with International Financial Institutions (OLIFI) commissioned a report that examined the business development strategies of 15 Canadian SMEs that had won World Bank-financed contracts in 1997. The main findings of the report confirmed most of the points described above. However, four findings are particularly noteworthy.

First, the SMEs indicated that they include the pursuit of *sub-contracting* opportunities on IFI bids as part of their overall business strategy. SMEs are prepared to let other companies, particularly larger companies, act as the prime bidder if they believe it will increase their chance of being part of a winning bid. This is an important finding because, as was noted earlier, World Bank data attributes contract awards to the country of the prime bidder. Thus, World Bank data cannot give an indication of the success of Canadian companies acting as sub-contractors, even though it is an important element of SME business strategies.

Second, support from CIDA's Industrial Cooperation Program (INC) was regarded as very useful. INC support of preliminary studies helped companies acquire project intelligence, familiarity, and credibility with local contacts and the borrowing country, while INC support of training programs as part of bids was seen as a helpful incentive to borrowers to select the company.

Third, in a number of cases, companies perceived the profit generated from the initial IFI contract to be below the costs of pursuing it. However, the companies believed the effort to be worthwhile in the long-term as it helped them establish a presence in the country market, cultivate contacts within the country and the World Bank, form partnerships for future contracts, and expand their international experience.

Finally, some of the companies had a rather sophisticated approach to leveraging themselves on a project and within a country. Companies would work on small contracts won by ICB early in the project cycle to get more deeply involved in the design of the future phases. In so doing, the companies attempted to establish themselves, in the client's view, as "indispensable" to the success of the overall project, and end up being contracted on a sole-source basis for larger, more lucrative down-stream work. By establishing strong technical credibility and good relationships with the borrower, companies were able to avoid ICB.