

almost impossible to determine how much of an advantage is provided to those firms whose home bankers are extensively engaged in the syndication of international loans, or who are under their own government's control or have been able to achieve a large scale of operations as a result of domestic government support provided over many years. Such government support could either occur through privatisation projects undertaken at home, through lines of credit available for funding exports or the home government's willingness to bring to bear non-financial pressure and support on behalf of its firms. Accordingly, this report gives consideration to both the use of government policy instruments and the private sector measures needed for success.

II. Background to and Interpretation of the Report

As shown in this report, the international capital projects marketplace is very dynamic and has been undergoing dramatic changes in the past two years. Projects are increasingly proceeding with a blend of public and private sector support and financing. In keeping with our mandate, the report focuses on the realities of the marketplace and in so doing provides an overview of the many complexities and interactions that must be taken into consideration in order to be considered as a credible player. Furthermore, the report reflects the issues most predominant in the feedback we received from knowledgeable players both domestically and internationally.

In completing this assignment, we have undertaken considerable due diligence in cross-checking the feedback we received. In spite of this and although our interviews were carried out with knowledgeable respondents, the reader of the report will need to take into account the fact that the feedback we obtained is heavily influenced by several factors. These include: i) the kinds of transactions that have taken place to date in different countries; ii) the accelerating trend toward public-private partnerships (both within home countries and abroad); iii) the on-going shifts occurring in the global economic and investment climate; (iv) the reality that many host governments are faced with sizable deficits and cannot afford the kinds of sovereign guarantees extended in the past nor can exporters expect to receive increased levels of project developmental assistance from their home governments; and, (v) respondents often tend to highlight the perceived gaps in the support they receive from their home country and accordingly, areas where improvement is needed may be predominant in their comments.

It is clear that in order for projects to proceed in this marketplace, players must increasingly demonstrate that they have the skills to identify and address the complex issues associated with gaining agreement among many different stakeholder groups. The structuring and financing of the deal has become prominent in the various transactions undertaken to date and insight into this challenging activity is the subject of our report. *It is particularly evident that the achievement of a sustainable "equilibrium" position among the different stakeholders is a demanding and frustrating task and may take in excess of one year.*

Moreover, as negotiations proceed, deals have unraveled for a variety of reasons and seldom is there a clear cut formula for quickly arriving at a "zone of agreement". We emphasize that professional input from a variety of specialists and innovative use of the various risk mitigation "tools" is needed to be in the play and that definitions of various