

## A NEW LOOK AT EXPORTING

# The Development Banks

### A Very Special Market

All told, the development banks (World, Inter-American, African, Caribbean and Asian) spend more than \$20 billion per year. A large percentage of this is spent on goods and services purchased by international tender calls. Canada is a member of the banks, entitling Canadian companies to bid on these tender calls.

This huge market is not artificial. It offers genuine opportunities — for those companies that are prepared to devote the required time, money and energy. It is a highly competitive market involving many companies from the developed countries (your main international competitors) and from the developing countries, which enjoy preferential treatment and encouragement from the banks.

### How the Banks Operate

The development banks operate by tender calls, presenting both advantages and disadvantages. The system is very transparent. Your competitors will know the content of your proposal after — and sometimes before — the bids are opened. If your machine is equipped with a 53 HP motor when the tender specified 55 HP, they will see that your bid is rejected because you did not respond to the specific need. It is possible to exceed specifications (without additional cost) but it is recommended not to fall short of them, even if you supply explanations.

There is a certain type of expertise one must develop to successfully bid on development bank projects. Preparing a satisfactory bid requires a sound knowledge of the analytical criteria used by these banks. The criteria are available to the public.

### Positioning

Businesses that are already positioned or estab-

lished in countries where the banks are planning projects are, of course, in an excellent position to win a share in these projects. Such companies, in the case of projects requiring services, can point to a proven record in the field.

Experience is an important selection criterion. In the case of goods and services, suppliers that already possess local service and follow-up networks have a marked advantage over those without local representation. However, lack of such representation does not necessarily exclude one from the market.

Personal contact is very important, and the confidence that you inspire will always be an unofficial selection criterion, even though not a part of the terms of reference.

If you are able — as few are — to master the difficult art of preparing a bid that meets all the terms of reference, you will emerge a winner.

*Development Business*, a United Nations publication, will keep you abreast of all the projects being examined by the banks. The remainder, as in all business, is a matter of experience and contacts.

It is very important to bear in mind that these are banks and not executing agencies. The banks lend money to agencies, which execute the projects. These agencies, which are generally public but in some cases private, are the ones that issue the tender calls and choose their partners. They are the ones that must be persuaded that your company is the best choice for the job.

The Asian Development Bank (see Supplement pages 7-10) serves at times as an executing agency. It does this primarily to provide technical assistance services, through the intermediary of a subcontractor. This is the only case where you can sell your services directly to the bank.

To learn more about the development banks, contact Valentina Rusedski, International Financial Services and Capital Projects Division (TPF), External Affairs and International Trade Canada, 125 Sussex Drive, Ottawa K1A 0G2. Tel.: (613) 996-0705. Fax: (613) 943-1100.

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