

## **C. HORIZONTAL/ INSTITUTIONAL MARKETING OPPORTUNITIES**

### **1. Development Assistance**

The Third World offers significant opportunities for Canadian exporters. In 1990, it is anticipated that, as a group, developing countries will account for some 30 per cent of world trade. Although exports represent approximately 30 per cent of our GNP, the proportion of Canadian exports destined for developing countries is not large; in 1983, it dropped from 11 to 9 per cent. In contrast, other major industrial countries send a much greater proportion of their exports to the developing world.

The Canadian International Development Agency (CIDA) which is the main delivery mechanism for Canadian Official Development Assistance (ODA), has, and continues to help open up new markets for business and industry in Third World markets. In this regard, at least 65 per cent of Canada's ODA is used for the procurement of goods and services in Canada. The most relevant CIDA programs are:

- The Bilateral Program which makes up about 36 per cent of Canada's ODA;
- The Parallel Financing Program under which CIDA jointly with the Export Development Corporation (EDC) provides financing for projects in which Canadian firms are involved and where developmental and commercial objectives coincide. In these cases, CIDA provides concessional financing and EDC market-related financing;
- The Food Assistance Program (\$326 million in 1983-84);
- The Industrial Co-operation Program which provides funding for Canadian firms to undertake pre-feasibility studies in developing countries, to establish joint ventures, and to provide technical assistance; and
- Contributions to international financial institutions; such as the World Bank for on-lending to developing countries to assist in development projects in these countries.

### **2. International Financial Institutions Procurement**

Substantial opportunities for sales of capital goods and services are generated through projects financed by international financial institutions (IFIs). In 1984, approximately \$10 billion was tendered through competitive international bidding for projects sponsored by the World Bank and the regional development banks. The procurement product mix was 60 per cent equipment, 30 per cent civil works, and 10 per cent consulting.

Canada captures about 2 per cent of this market, which, although roughly in line with our share of OECD exports to developing countries, is less than

the share won by most other donor countries. Canada has done well in consulting services procurement, but we have not been strong in competing for equipment and civil works contracts. One of the biggest problems has been lack of Canadian bids. Where Canadian suppliers have tendered, they have had a high level of success.

Given the growing need of the Third World for capital investment, and the inhibiting debt situation faced by many developing countries, IFI-financed procurement has become a major source of export opportunities and an important element in this expanding market. For information on specific IFI-funded projects, interested firms should contact the relevant geographic division in the Department of External Affairs or the specific "IFI office" listed in the Annex.