Government Policy Approaches

A wide variety of measures is used by foreign governments to support their players. Domestic policy instruments (e.g., privatisation at home); national coordination abilities (i.e., integration and coordination among government departments and agencies); Export Credit Agency (ECA) project finance assistance (e.g., mitigating certain risks and local cost support) and foreign aid approaches (geographic concentration and industrial sector focus) are among the main policy instruments most commonly used.

There is no weight of evidence to show unequivocally that any particular means of support for participation in international capital projects is more effective than others. What does seem evident is that those who have encouraged privatisation projects at home (e.g., the UK and France) are in a strong position to export this knowledge and experience. Those who focus efforts on a few sectors tend to do better than those who try to support everything (e.g., the Netherlands). Where there is close cooperation between government and industry, as in France, government support appears more effective.

Furthermore, strong coordination and integration among federal agencies and ministries and effective management of these interactions at various stages of the life cycle of a capital project, has characterized the approach used by aggressive competitors (e.g., Germany). In addition, some competitor nations appear to have engaged in influential state intervention in capital projects. This manifests itself in formal and informal practices. Formal practices includes mixed credit and tied aid. Informal practices include a liberal interpretation of OECD Guidelines to lending as well as informal tied aid mechanisms.

The findings also suggest that the availability and nature of export financing and insurance in capital projects is a potential point of difference between competitor nations. However, it should be noted that international capital projects differ on a deal by deal basis. Consequently, Export Credit Agencies strive to tailor their financial offerings to match the specifics of the each project. Within the differing mandates of ECA's, financial packages are offered to potential clients that reflect different risk analysis procedures, different funding constraints, different arrangements mixed credits, and different coverages and services. What one ECA may seek to accomplish through a particular product or approach can sometimes be accomplished through other mechanisms. Consequently, there is considerable interpretation about the impact of the real and perceived differences between the ECA's.

Some of the real and perceived differences in ECA activity associated with capital projects include: participation in completed project finance deals, local cost support, and construction risk/completion risk coverage, local content requirements, risk appetite, processing times, exposure fees, and insurance to name a few.

Project finance is newer to some ECA's than others and is a potential source of difference between nations. Differences could arise from the intensity of experience with project financing since those ECA's with noticeably higher demand (for project financing) from the private sector are likely to develop more experience and higher