

IFI Bidding Success Factors and Support Needs

flawed, from a Canadian point of view, and problems of business ethics are common. In addition, marketing is risky since the competitive process generally demands a substantial investment in a detailed proposal for professional services projects, and complex and detailed tendering procedures for goods and equipment.

2.3 The Changing Environment

[1] Consulting Services

The market for IFI consulting services has remained stable for the past several years, and Canadian firms continue to be relatively successful. Contracts are generally small and both the demand and supply are diverse. The main theme is the emergence of consulting capable firms in some developing countries, particularly in India and South-East Asia. Lower cost competition is likely to affect Canadian firms negatively over the next several years, unless consulting firms internationalise to a greater extent. Some Canadian companies, especially in the IT and software sectors, already have close relationships with Indian firms, for example, for Internet-based professional services. Over time these relationships might translate into partnerships vis-à-vis the multilateral bank market, enabling Canadian firms to 'leverage' their expertise with larger numbers of less-expert professional staff from developing countries. [See "Outsourcing to India", *The Economist*, May 5th, 2001]

[2] Goods and Equipment

The market for major capital equipment, such as hydroelectric generators, has apparently declined somewhat, as shown in the IFI statistics. However this is partly due to major equipment purchases moving off-balance-sheet, so to speak. On a major project, the IFI is likely to fund only part and the rest is covered by counterpart funds from various sources including private capital markets. These sources are generally more willing to finance capital equipment than civil works or services. Therefore some major sales of capital equipment by Canadian companies may not be reflected in the official IFI statistics.

"The sale of turbines was not generally financed by an IFI in the past. The IFI would typically finance the civil works, and the client government would finance the equipment. This was because private financial institutions were more willing to finance potentially reclaimable equipment than civil works from which little could be recovered. Therefore the income of this company, although linked closely with an "IFI project" might not appear in the statistics." [102]

The market for smaller goods and equipment, such as computers and electronic equipment, is being highly influenced by the Internet whose explosive growth in developing countries is providing an efficient new channel for procurement of miscellaneous goods and equipment.

The borrowing member country typically is the decision maker on procurement. Prime contractors are less influential in this than might be supposed.

"The civil works contractor seldom has influence in the selection of equipment manufacturers. India and China are possible exceptions since they have insisted on their own approach to