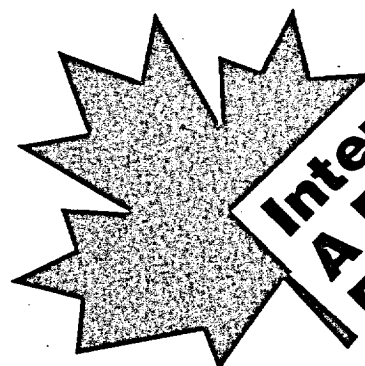


b2226042(E)

doc  
CA1  
EA  
89152  
ENG

al Affairs      Affaires extérieures  
Ja                Canada



**International Financing Data :**  
**A Business Guide to**  
**Export Financing and other**  
**Financial Assistance**  
7th Revision

43 251-652

# **International Financing Data: A Business Guide to Export Financing and other Financial Assistance 7th Revision**

**Dept. of External Affairs  
Min. des Affaires extérieures**

**APR 1 1989**

**RETURN TO DEPARTMENTAL LIBRARY  
RETOURNER A LA BIBLIOTHEQUE DU MINISTRE**

March 1989

<b>SECTION I</b>	
<b>Business Opportunities for Canadian Exporters through Canadian Financing Institutions.....</b>	<b>1</b>
A. Canadian Chartered Banks.....	1
1. Short Term Financing Mechanisms.....	1
2. Longer Term Requirements.....	2
3. Export Leasing.....	2
4. Project Finance.....	2
5. Credit Insured Export Financing .....	3
B. The Export Development Corporation (EDC).....	3
1. Export Credit and Investment Insurance.....	3
i) Short Term Whole Turnover Insurance.....	3
ii) Medium Term Specific Transaction Insurance, Investment Insurance and Guarantees .....	4
2. Export Financing .....	4
C. The Canadian International Development Agency....	6
1. Partnership Program .....	6
2. National Initiatives Program.....	6

<b>SECTION II</b>	
<b>Business Opportunities for Canadian Exporters through Multilateral Financing Institutions.....</b>	<b>8</b>
A. Multilateral Development Banks .....	8
1. Overview .....	8
2. The Procurement System.....	8
CHART 1: Typical Process for Selection of Consulting Firms on Projects Financed by Multilateral Development Banks	
CHART 2: Typical Process for Procurement of Goods and Construction Services through International Competitive Bidding on Projects Financed by Multilateral Development Banks	
3. The Principles of a Winning Bid.....	10
4. Specific Information about Each Bank .....	10
B. Other Multilateral Financing Sources .....	12
1. The United Nations Development Program (UNDP).....	12
2. The Arab Development Funds and Investment Banks .....	13

<b>SECTION III</b>	
<b>Other Government Programs and Services 16</b>	
A. Provincial Export Funding Programs.....	16
1. Newfoundland.....	16
2. Prince Edward Island.....	16
3. Nova-Scotia .....	16
4. New Brunswick.....	16
5. Quebec .....	17
6. Ontario.....	17
7. Manitoba.....	18
8. Saskatchewan.....	18
9. Alberta .....	18
10. British Columbia.....	18
B. Federal Government Program for Export Market Development (PEMD).....	19
C. Federal Government Points of Contact .....	20
1. Info Export.....	20
2. Department of Industry, Science and Technology Regional Offices.....	20
3. Contact Points within the Department of External Affairs.....	20
4. Canadian Commercial Corporation.....	21

## SECTION I

### Business Opportunities for Canadian Exporters through Canadian Financing Institutions

#### A. Canadian Chartered Banks

Canadian exporters have historically relied on the Canadian chartered banks as a key resource to finance their export sales.

The Canadian banks began, more than a hundred years ago, to build an international network of branches, subsidiaries and representative offices to gain the international contacts, expertise and the local know-how to smooth the flow of business between exporters and importers.

In keeping with their policy of maximum support for Canadian exporters, the banks have comprehensive trade information and documentation services available to help with the increasingly complex international environment. This support is particularly valuable to exporters seeking new markets or sources. Drawing on their international networks, the Canadian banks provide information on:

- prospective buyers, sellers and partners overseas;
- forthcoming trade fairs, missions, seminars and exhibitions;
- reports and advice on market and economic conditions in foreign countries;
- help with finance and payment arrangements;
- reports on the creditworthiness of overseas customers;
- specialized services of the banks' branches, subsidiaries, representatives and affiliated companies in foreign markets; and
- services of thousands of correspondent banks worldwide.

The Canadian chartered banks can provide a number of techniques for financing export sales and can assist the exporter in selecting the appropriate financing facility.

#### 1. Short Term Financing Mechanisms

##### *Open Account*

This is a simple method that underlies much of Canada's export sales to the United States and to various European countries. The exporter and importer arrange for the importer to settle his debts directly with the exporter at a specified future date. The seller finances the transaction with his own funds, engaging whatever excess liquidity he has until payment is received from the importer.

In order to assist the exporter in receiving immediate cash for his sale, rather than waiting for the funds to be received from the foreign buyer, a number of Canadian banks have established means to purchase invoice acceptances from the exporter on a non-recourse basis, subject to the normal exceptions of a trade dispute, or non-compliance with the terms and conditions of export credit insurance if such coverage is held. This service works as follows:

##### *Foreign Accounts Receivable Purchases (Invoice Acceptances)*

An exporter can convert his foreign accounts receivable into an immediate cash sale by allowing a bank to purchase them outright. With its purchase, the bank

assumes the commercial and political risks underlying the transaction. It also assumes the responsibility of collecting payment from the foreign obligor, relieving the exporter of this routine.

The purchase by the bank of invoice acceptances provides the exporter with three advantages:

1. immediate cash;
2. credit risk protection; and
3. collection services.

##### *Collections*

Documentary collections consist of a draft or bill of exchange drawn on the importer and accompanied by commercial documents covering the shipment of goods. (Drafts unaccompanied by shipping documents are considered as "Clean Collections".)

The bill of exchange and documents are forwarded by the exporter to the importer through their respective banks for final settlement; the timing of which being dependent on the tenor of the bill. If the bill of exchange is drawn at sight, payment should be received when the documents are released to the importer. Conversely if it is a term bill, documents are released against acceptance of the bill by the importer and payment is due at the designated maturity date. Under this type of collection, the exporter is extending credit to the importer, according to the tenor of the bill. Under certain circumstances, the bank may similarly extend credit prior to payment of the accepted drafts by either discounting them or taking them as collateral security.

##### *Documentary Credits (Letter of Credit)*

A documentary credit, otherwise known as a commercial letter of credit (L/C), is an instrument or letter issued by a bank at the request of an importer in favour of a supplier/exporter, for the purpose of financing the importation of goods or services.

By opening the documentary credit on behalf of the importer, the bank lends its own name to the transaction and thereby obligates itself to pay the supplier, provided the terms and conditions of the credit have been fulfilled.

The bank opening the L/C will instruct its branch or correspondent bank in the exporter's country -- in the case of Canadian export sales, it will instruct a Canadian chartered bank -- to make payment to the Canadian supplier/exporter on the condition that the documents the exporter presents to the Canadian bank comply with the stated terms and conditions of its documentary credit and the Canadian bank is satisfied with the foreign bank credit risk.

##### *a) Sight Documentary Credits*

The drafts drawn on the paying bank may be either sight or time drafts. A documentary credit calling for a sight draft means that the exporter is entitled to receive payments at sight or presentation of his drafts to the opening bank, once the documents have been examined and found in order.

##### *b) Term Documentary Credits*

In instances where documentary credits have been drawn on a time basis, with drawings allowed over 30, 60, 90-day or longer periods, the seller of the goods is granting terms to the buyer. The drafts, which are the actual instruments used to effect the drawings, are "accepted" by the importer's bank rather than "paid" upon presentation. Therefore, when the beneficiary presents his draft and documents to the paying bank, he does not

expect to receive payment but, rather, ends up the holder of an accepted draft payable in, say, 60 days. Such a draft becomes known as a "Bankers Acceptance" (which also designates other term debts that need not finance international trade transactions) and is a negotiable instrument. It is this instrument which can now usually be "discounted" by the bank, enabling the beneficiary to eliminate the receivable and obtain cash on a non-recourse basis. A bank's acceptance and subsequent discounting of a time draft, drawn under a documentary credit covering a bona fide movement of goods or sale of services, offers an exporter, or a subsequent holder, a method of financing receivables at competitive rates, i.e. his receivables are converted into working capital.

### **Types of Documentary Credits**

All letters of credit are either irrevocable or revocable. A revocable letter can be amended or cancelled at any time without the exporter receiving prior notice. It is issued only in special circumstances, usually between affiliated companies. The irrevocable letter of credit cannot be amended or cancelled without the consent of all parties, including the exporter, the negotiating/paying/accepting bank, the issuing bank and the importer.

Each of these documentary credits can, in turn, be "sight" or "term" in tenor. Sight credits call for immediate payment upon presentation of relevant documents or drafts or both. Term credits call for payment at the end of a specified period (e.g. 30, 60, 90 days, or longer) after presentation of relevant documents or drafts or both. Term credits are usually available for "discount" (immediate encashment at present value) at any of the Canadian chartered banks. Normally such discounting is after acceptance of the documents or drafts or both.

### **Discounting of Trade Bills**

Canadian chartered banks, either directly or through specialized export finance subsidiaries, provide Canadian exporters with a means of financing their short-term foreign receivables by discounting (purchasing) bills of exchange and promissory notes due to the Canadian exporters by their foreign buyers.

As indicated under "Open account" financing, a number of chartered banks, in addition to discounting trade bills, also purchase from Canadian exporters their acknowledged open account receivables by discounting commercial invoice acceptances on buyers in selected countries.

The Canadian exporters benefit from improved cash flow by maximizing the use of operating loans for their day-to-day domestic needs, by fixing the interest cost at the outset and by greater efficiency in having revolving credit lines set up for ongoing sales to the same buyers.

## **2. Longer Term Requirements**

Medium payment terms are usually for periods up to five years, and long-term requirements refer to payment terms in excess of five years and can be up to 15 years. In most long term transactions, the risk to the lending banks will consist of the risk represented by the buyer, or the buyer's bank, or a government agency in the buyer's country and the political risk of government stability in the importer's country. Among the longer term financing mechanisms, the following are the more prevalent:

### **Forfaiting**

A medium-term form of seller or supplier credit provided by a number of Canadian banks is forfaiting or à forfait financing, in which the bank purchases medium-term (up to five, and in special cases, seven year) promissory notes due to the Canadian exporter from a foreign buyer. A forfait financing is guaranteed by the bank. The value of the promissory notes is discounted at a fixed rate so that the exporter receives cash, after deduction of the interest charge or discount. Usually provided with a guarantee from the buyer's bank, the promissory notes are discounted by the Canadian bank on a non-recourse basis to the exporter.

The Canadian exporter benefits as he passes on the credit risk and currency exposure to the Canadian bank, turning a credit sale to a cash transaction, receiving fixed rate financing and incorporating the financial cost in the contract price, at the same time eliminating extensive documentation.

### **Buyer Credits**

A buyer credit is a method of financing an export over a medium or longer term whereby the funds are loaned directly to the foreign buyer. These credits are usually suited to large financings of capital goods and to support turnkey projects. Buyer credits generally are on a non-recourse basis to the exporter as the importer enters into a direct financial relationship with the lending bank. The creditworthiness of a buyer credit is based on the integrity and financial ability of the buyer/importer to repay and may be supported by the guarantee of the government, a government agency, a national or a commercial bank in the borrower's country.

When analyzing buyer credits, as in most forms of export finance, the Canadian bank must take into consideration the economic and political risks of the buyer's country, as well as the commercial risks associated with the transaction.

## **3. Export Leasing**

Canadian chartered banks can provide export leasing services through subsidiaries. This form of trade financing is usually undertaken by exporters, working in conjunction with a leasing company, to gain a competitive edge where the tax regimes in certain countries afford a cheaper means of financing the importer's acquisition of capital goods than other forms of trade finance, or where import restrictions prevent the buyer from purchasing foreign equipment outright. Export leasing is usually a medium to long-term means of financing and, depending on the mechanisms used, the exporter receives cash for his transfer of title to the leasing company and the delivery of the capital equipment to the buyer.

## **4. Project Finance**

Project financing secures repayment from the cash flow the project is expected to generate when it comes into production. The assets of the project can serve as collateral, so that lenders have basically recourse only to the assets and cash flow of the project. There are many variations to the structuring and securing of project loans. Such loans are usually longer term, require extended gestation periods before completion, and require innovative financing. Canadian chartered banks, though their International Trade and Merchant Banking divisions, are in the forefront of arranging project financing, particularly for the mining, energy, forestry,

transportation, public utilities and engineering industries.

### **5. Credit Insured Export Financing**

Canadian chartered banks join with the Export Development Corporation (EDC) in financing Canadian exports.

Individual export transactions can be credit insured by having the exporter, who holds an EDC insurance policy, assign the coverage to the bank which provides the financing.

Certain Canadian banks operate specialized trade finance subsidiaries who utilize EDC credit insurance policy, which provides 90 percent insurance coverage for both short and medium-term credits. The bank export finance subsidiary assumes the 10 percent uninsured risk portion and provides the financing. The Canadian exporter could potentially benefit from a reduced premium (depending on risk considerations, since the credit insured financing is only obtained on a "per transaction" basis. It can provide prompt payment without recourse to the exporter and improves cash flow.

The Canadian chartered banks cooperate with EDC in financing exports of capital goods and services by way of medium and long-term loans to foreign buyers. In such instances, EDC's function is to provide financing so the overall cost of lending is competitive with terms available from foreign export credit agencies.

EDC normally does not supply down payment and local cost financing. Thus, Canadian chartered banks provide this financing as a separate loan, at competitive commercial terms and rates. Consequently, the foreign buyer of Canadian goods can obtain a financial package that covers the full amount of the transaction.

EDC also provides financing where the total term, the country risk, or other conditions applying to the country or type of financing involved, may not be available within the commercial financial markets. Once it has been determined that a transaction qualifies for EDC support, the exporter's bank, sometimes in consortia with other Canadian banks, will join with EDC to provide financing.

EDC can guarantee portions of the Canadian chartered banks' export loan where the political risks involved exceed the chartered banks' own lending criteria, or where Canadian government regulatory directives inhibit banks from further lending to borrowers in specific countries. The most important conditions governing the sale of Canadian goods and services abroad are commercial aspects such as price, technology, the quality of the goods and services, ability to meet delivery dates and the overall reputation of Canadian goods and services. While the related financing of any major export is also important, it is these other factors that are basic to the consummation of any major export transaction. During the initial stages of negotiation, the exporter should obtain, from his bank and EDC, a preliminary "indication of interest" letter outlining briefly the general terms and conditions under which it would be prepared to assist in the financing of the sale. In the case of larger transactions, it is not uncommon for either the borrower, his government, or his banker to be aware of the type of financing and conditions that will be involved in the final package.

### **B. The Export Development Corporation (EDC)**

The Export Development Corporation is a Crown corporation whose purpose is to facilitate and develop Canada's export trade. EDC pursues its purpose by

providing insurance, guarantee, and financing facilities which, combined with advice and the organization of financial service packages, foster the ability of firms selling Canadian goods and services to compete effectively abroad.

### **1. Export Credit and Investment Insurance**

Canadian firms of any size can insure their export sales against non-payment by foreign buyers. EDC normally assumes 90 per cent of the commercial and political risks involving insolvency or default by the buyer as well as blockage of funds, war or rebellion, cancellation of import licenses and the like in a foreign country, and cancellation of export permits in Canada.

Almost any kind of transaction involving the export of goods, services or technology may be insured if Canadian content and EDC criteria are met. Insurance is available to cover sales of general commodities and services normally made on short term credit of up to 180 days, and capital goods and services made on medium-term credit, usually of up to five years.

In order to facilitate the exporter's banking arrangements, EDC will agree to pay any proceeds payable under an exporter's policy to a bank or other financial organization.

If a bank or other financial institution will agree to purchase an insured foreign receivable from an exporter with recourse limited to post-maturity interest, and to amounts which EDC has not covered under the policy because of loss related to events within the exporter's control, EDC is prepared to agree to the assignment of the exporter's rights and obligations under the policy to that financial institution.

The credit insurance services available are as follows:

#### **i) Short Term Whole Turnover Insurance**

##### ***Global Comprehensive Insurance***

Global Comprehensive Insurance provides cover against both commercial and political risks inherent in an export transaction offering short-term credit. An exporter is required to insure all export sales unless excluded by EDC.

##### ***Global Political Insurance***

Global Political Insurance provides cover against specified political risks inherent in an export transaction. An exporter is required to insure all export sales unless excluded by EDC.

##### ***Selective Political Insurance***

Selective Political Insurance provides cover against specified political risks inherent in an export transaction. An exporter may select certain countries for which he wants cover, but all export sales to buyers in the selected countries must be insured.

##### ***USA Commercial Risk (Small Business) Insurance***

USA Commercial risk (Small Business) Insurance provides cover against specified commercial risks to small (annual sales up to Cdn \$5 million) exporters selling to the USA. An exporter is required to insure all USA sales unless excluded by EDC.

### **USA Commercial Risk (Deductible) Insurance**

USA Commercial Risks (Deductible) Insurance provides cover against specified commercial risks to larger exporters selling to the USA. An exporter may choose a deductible in return for a lower premium rate. An exporter is required to insure all USA sales unless excluded by EDC.

### **Short Term Bulk Agricultural Credits Insurance**

Short Term Bulk Agricultural Credits Insurance provides cover on sales to foreign governments and sales to private buyers made under irrevocable letter of credit terms. The short term policy covers sales on terms of up to 360 days. EDC insures 100% of the political risks and 95% of the commercial risks under this program.

### **ii) Medium Term Specific Transaction Insurance, Investment Insurance and Guarantees**

The insurance and guarantees covers individual transactions. The various types available are as follow:

#### **Specific Transaction Insurance**

Specific Transaction Insurance provides cover until payment is received by the exporter for individual transactions involving capital goods and services either from the effective date of contract or from the date of the shipment of goods.

#### **Loan Pre-Disbursement Insurance**

Loan Pre-Disbursement Insurance provides cover for the production risk from the effective date of financing until disbursements are made under the loan agreement.

#### **Performance Security Insurance**

Performance Security Insurance provides cover for the exporter against a wrongful call by a foreign buyer of an Irrevocable Letter of Credit (ILC) or letter of guarantee provided by the exporter's bank on behalf of the exporter. It also provides coverage for a rightful call due to specified risks outside the exporter's control.

#### **Bid Security Insurance**

Bid Security Insurance provides cover for the exporter against a wrongful call by the foreign buyer of an Irrevocable Letter of Credit (ILC) or letter of guarantee provided by the exporter's bank on behalf of the exporter. It also provides cover for a rightful call due to specified risks outside the exporter's control.

#### **Consortium Insurance**

Consortium Insurance protects members of an exporting consortium against the rightful call of a performance instrument where the other member or members of the consortium are unable to pay their shares, or are otherwise unable to perform.

#### **Surety Bond Insurance**

Surety Bond Insurance insures a domestic surety company providing a performance bond to a foreign buyer on behalf of a Canadian exporter.

#### **Specific Sub Supplier Insurance**

Specific Sub Supplier Insurance provides cover to Canadian companies acting as sub-contractors to Canadian exporters. Cover is provided against non-payment by the Canadian exporter (Domestic Risk) and

non-payment by the foreign buyer resulting in the inability of the Canadian exporter to pay (Foreign Risk).

#### **Equipment (Political Risk) Insurance**

Equipment (Political Risk) Insurance protects Canadian exporters' equipment located at a foreign job site against a loss resulting from expropriatory action, war or hostilities, the inability to re-export or damage due to political events.

#### **Foreign Investment Insurance**

Foreign Investment Insurance provides cover for periods of up to 15 years or more against three broad categories of political risks: inconvertibility or the inability to repatriate earnings or capital; expropriation; and war and revolution. The investment must be new and there must be an economic advantage to both Canada and the host country.

#### **Specific Transaction Guarantees**

Specific Transaction Guarantees provide unconditional cover to banks or other financial institutions on non-recourse supplier financing.

#### **Performance Security Guarantees**

Performance Security Guarantees provide unconditional cover to banks or other financial institutions against a call of a security instrument, usually in the form of an Irrevocable Letter of Credit or Guarantee, that is issued to a foreign buyer on behalf of a Canadian exporter as security for performance.

#### **Bid Bond Guarantees**

Bid Bond Guarantees provide unconditional cover to banks or other financial institutions against a call on a bond, usually in the form of an Irrevocable Letter of Credit or Guarantee, that is issued to a potential foreign buyer on behalf of a Canadian exporter as security for bids.

#### **Medium Term Agricultural Guarantees**

Medium Term Agricultural Guarantees provide unconditional cover to banks or other financial institutions providing financing on agricultural products on terms of up to three years. Support for such terms is only available to match terms offered by officially supported competition.

## **2. Export Financing**

EDC provides export financing at both fixed and floating rates of interest to foreign buyers of Canadian capital goods, equipment and services. EDC can also extend credit directly to Canadian firms which purchase Canadian goods for use or lease outside Canada. Funds are disbursed directly by EDC to Canadian exporters on behalf of the borrower, in effect providing the exporter with a cash sale. EDC now offers six financing services.

#### **Direct Loan**

This is a financing agreement in respect of a transaction where the terms of the financing have been agreed upon and the funds are disbursed under a Disbursement Procedures Agreement signed by the borrower/buyer, the exporter and EDC.

#### **Allocation Under a Line of Credit**

A line of credit is a special version of a loan whereby a foreign borrower, usually a financial institution, agrees

to borrow from EDC for a variety of transactions for which neither the exporter(s) nor the buyer(s) have been determined. An allocation occurs when a transaction, the buyer and the exporter have been identified and approved for financing under the line of credit. A line of credit may require several Disbursement Procedures Agreements, Disbursement Orders, or other forms of disbursement arrangements.

#### **Note Purchase**

The Note Purchase Program consists of three facilities, each involving the purchase by EDC, usually on a non-recourse basis, of promissory notes issued by foreign buyers to Canadian exporters for the purchase of Canadian goods and services. In the case of more complex transactions, EDC and the exporter sign a Note Purchase Agreement in which the terms and conditions of the financing are established. In the case of straightforward transactions, either the Simplified Note Purchase or the Forfeiting facilities may be appropriate. Where these two facilities differ is in the security required. If the buyer is an internationally recognized good credit risk or is backed by a government guarantee for loan repayment, the Simplified Note Purchase facility may be appropriate. If the credit risk is greater than that described above, a first-class bank guarantee would be required and the Forfeiting facility would apply.

#### **Protocol**

A Protocol is a memorandum of understanding between EDC and a foreign customer. Through a Supplier Credit Protocol, EDC offers to consider the purchase of promissory notes issued to a Canadian exporter by a foreign buyer and guaranteed by a financial institution of foreign government. Under a Buyer Credit Protocol, EDC extends a loan to a foreign buyer/borrower or a financial institution for the benefit of the buyer.

#### **Specialized Credit**

Specialized Credit is a special version of a financing agreement available directly to Canadian entities. Eligible transactions are those for which goods are purchased in Canada by a Canadian buyer that (i) will lease such goods to another person for permanent use out of Canada, or (ii) will use such goods itself permanently out of Canada. EDC's normal lending criteria will apply to the provision by EDC of Specialized Credits to Canadian companies.

#### **Loan Guarantees**

Loan Guarantees are issued to banks and financial institutions providing loans to buyers of Canadian capital goods, equipment and services.

#### **Flexibility of Services**

EDC services are flexible and can be custom-tailored to the requirements of exporters. In order to use EDC services to the best advantage, firms are encouraged to consult EDC and their bankers about credit and financing considerations at the earliest possible date when they are developing their plans.

#### **Confidentiality**

In order to respect the confidence in which it receives information from exporters and others, and to avoid doing anything that could assist an exporter's competitors, both foreign and domestic, it is EDC's policy to refrain until the sales arrangements are final from even indicating even that it has been approached concerning a

transaction. EDC makes public its participation in lending transactions only when a financing agreement is signed, and, in export credit and foreign insurance cases, only on request and when the exporter consents to the release of information.

For more detailed information on EDC facilities, you should direct enquiries to:

#### **Head Office**

Export Development Corporation  
151 O'Connor Street  
P.O. Box 655  
Ottawa, Ontario K1P 5T9  
Tel.: (613) 598-2500  
Telex: 053-4136

#### **Quebec Region**

General Manager, Quebec Region  
Export Development Corporation 800 Victoria Square,  
Suite 2724  
P.O. Box 124  
Tour de la Bourse Postal Station  
Montreal, Quebec H4Z 1C3  
Tel.: (514) 878-1881  
FAX: (514) 878-9891

#### **Atlantic Region**

General Manager, Atlantic Region  
Export Development Corporation  
Toronto-Dominion Bank Building, Suite 1003  
1791 Barrington Street  
Halifax, Nova Scotia B3J 2L1  
Tel.: (902) 429-0426  
FAX: (902) 423-0881

#### **Ontario Region**

General Manager, Ontario Region  
Export Development Corporation  
National Bank Building, Suite 810  
P.O. Box 810  
150 York Street  
Toronto, Ontario M5H 3S5  
Tel.: (416) 364-0135  
FAX: (416) 862-1267

#### **London District Office**

District Manager, London District Office  
451 Talbot Street, Suite 303  
London, Ontario  
N6A 3S5  
Tel.: (519) 645-5828  
FAX: (519) 645-4483

#### **Ottawa District Office**

Export Development Corporation  
151 O'Connor Street  
P.O. Box 655  
Ottawa, Ontario  
K1P 5T9  
Tel.: (613) 598-2992  
FAX: (613) 237-2690

#### **Prairie and Northern Region**

General Manager, Prairie and Northern Region  
Export Development Corporation  
Bow Valley Square III  
Suite 2140  
255-5th Avenue S.W.  
Calgary, Alberta  
T2P 3G6  
Tel.: (403) 294-0928  
FAX: (403) 294-1133



Manitoba/Saskatchewan District Office  
Export Development Corporation  
330 Portage Avenue  
Suite 707  
Winnipeg, Manitoba  
R3C 0C4  
Tel.: (204) 9442-0226  
FAX: (204) 983-2187

British Columbia and Yukon Region  
General Manager, British Columbia and Yukon Region  
Export Development Corporation  
One Bentall Centre, Suite 1030  
505 Burrard Street  
Vancouver, British Columbia  
V7Z 1M5  
Tel.: (604) 688-8658  
FAX: (604) 688-3710

## C. The Canadian International Development Agency

The Canadian International Development Agency (CIDA) has primary responsibility for the administration of Canada's development assistance programs which provide assistance to more than 90 developing countries in Asia, Africa, the Caribbean and Latin America. For the 1988-89 fiscal year, Canada's Official Development Assistance is estimated to reach approximately \$2.9 billion.

CIDA funds are divided equally between the Partnership Program and the National Initiatives Program. The Partnership Program is largely shaped by the Government's many Canadian and international partners in development, such as multilateral organizations, businesses, and non-governmental organizations (NGOs). The National Initiatives Program consists of bilateral assistance and other contributions to development projects decided by the Government.

### 1. Partnership Program

#### *Multilateral Program*

Multilateral development institutions, of which the World Bank is by far the largest, represent a pooling of coordinated aid resources and skills which cannot be matched by any one country. Consequently, they are an extremely important element in the global effort to assist the developing countries to achieve social and economic development objectives. The multilateral development institutions rely primarily on about 16 developed countries to provide them with funds which they use to promote development by providing loans and grants in almost all of the developing countries of the world. For the most part, these funds are provided to the development institutions without conditions. Consequently they are free to lend these funds according to their own priorities and planning. Through these loans, borrowers obtain goods and services under international competitive bidding procedures. Potential suppliers must actively pursue such bidding opportunities at an early stage. Otherwise they run the risk of having tender specifications set that favour other competitors.

Through its multilateral program, CIDA makes significant contributions to a number of such multilateral development institutions. In particular, CIDA acts as the "lead agency" for Canada's participation in the Inter-American Development Bank, the Caribbean Development Bank, the African Development Bank Group, the Asian Development Bank, and in United Nations agencies. The Department of Finance, on the other hand, acts as the "lead agency" for Canada in the World Bank,

in consultation with CIDA on policy and program matters. Contributions to these institutions account for about 35 per cent of Canada's total Official Development Assistance.

A detailed description of the functions of each of these institutions and the way in which they disburse their funds, which will be of interest to Canadian firms, is outlined in Section II of this booklet.

#### *Industrial Cooperation Program*

CIDA also administers the Industrial Cooperation Program, which has an estimated budget of \$51 million for the 1988-89 fiscal year.

The program provides financial support to Canadian firms in their efforts to establish long-term business relationships with counterparts in developing countries through mechanisms such as joint ventures, direct investment, management contracts, licensing agreements and technical assistance. Contributions are available for starter or exploratory studies, which provide preliminary analyses of possible ventures. Follow-on viability studies to establish detailed economic, commercial and legal analyses of potential projects are eligible for larger contributions.

The Canadian Project Preparation Facility (CPPF) is directed more toward the consulting community, with the aim of getting Canadian companies in "on the ground floor" of projects to be financed by multilateral development institutions. Capital project pre-feasibility studies are eligible for support under CPPF.

The Canadian Technology Transfer Facility is also available to enable Canadian firms to test and adapt their technology in developing countries as a means of establishing long-term cooperation with developing-country counterparts.

### 2. National Initiatives Program

#### *Bilateral Program*

Canada, through CIDA's bilateral program, provides development assistance to individual developing countries on a direct basis. Bilateral assistance, which accounts for about 40 per cent of CIDA's total disbursements, is focused on about 30 less developed countries. The program can take any of several forms, as outlined below.

#### *Project Aid*

Assistance can be focused on specific projects involving engineering services, technical assistance and training, and equipment supply for the construction of an integral capital facility. Project equipment and services are largely provided by Canadian firms that are chosen through a competitive process in Canada. Such projects undertaken by CIDA cover many sectors, including agriculture, energy, transportation, human resources and training, forestry, health, communications and mining.

#### *Program Aid and Lines of Credit*

Assistance can also be less focused, covering program aid and lines of credit. Program aid provides the government of a recipient country with commodities which support a number of projects of a developmental nature. A general line of credit enables recipient countries to purchase a broad range of equipment and services, within their developmental priorities, from Canadian suppliers. CIDA also supports the financial institutions of selected developing countries by providing

loans for on-lending to development finance companies. These funds are passed on to private sector borrowers, usually for medium-scale investment projects on commercial terms.

### **Sector-Specific Programs**

Sector aid provides equipment and services in areas of Canadian expertise such as agriculture, transportation, power and communications for the development of a specific sector identified by the recipient country as a priority.

### **Feasibility Studies and Detailed Engineering Work**

In support of the many areas outlined above, CIDA also finances feasibility studies and detailed engineering and design work for projects of high developmental value.

### **Humanitarian Assistance**

Humanitarian Assistance is intended to alleviate the immediate effects of natural or man-made disasters such as floods, earthquakes, and civil wars, through the provision of cash, commodities, medical supplies, airlift services, etc. mostly to specialized United Nations institutions or non-governmental organizations (NGOs).

### **Multilateral and Bilateral Food Aid**

Food aid is intended to alleviate hunger and to serve various development purposes. These include targeting food aid to nutritionally vulnerable groups, creating employment, providing emergency food assistance, generating funds for agricultural development and providing balance-of-payments support.

The types of aid outlined above are in the form of non-repayable contributions (e.g. food aid, humanitarian assistance, technical assistance, etc.). Unlike the contributions to the multilateral institutions whose spending is, by and large, beyond CIDA control, bilateral contributions are controlled by CIDA through direct arrangements with the individual developing country.

Procurement for Canadian-managed assistance projects, with some exceptions, is handled through Supply and Services Canada (SSC). Procurement for recipient-managed assistance projects is handled by the developing countries themselves. In these cases, however, Canadian companies are not required to contact the individual developing countries; registration with SSC is sufficient.

In addition to these general procurement guidelines, Canadian business firms should also take note of the two following regulations which apply to Canadian bilateral assistance:

(a) In general, all goods and services provided through CIDA's tied bilateral program must have a minimum of 66.67 per cent Canadian content; and

(b) Consulting services and technical assistance provided through CIDA's tied bilateral program must be provided by firms which are established in Canada and 51 per cent beneficially owned in Canada.

For equipment manufacturers, suppliers, and trading houses wishing to participate in CIDA's bilateral program through the provision of goods and services, the point of contact for registration is as follows:

*Statistical Information and Data Management Branch  
Sourcing and Materials Priorities Division  
Supply and Services Canada  
11 Laurier Avenue  
Place du Portage, 4B3  
Hull, Quebec  
K1A 0S5  
Tel.: (819) 956-3444  
FAX: (819) 956-1459*

Transportation agencies should register with:

*Consumer Products and Traffic Management Branch  
Overseas Traffic Section  
Supply and Services Canada  
Place du Portage, 8B3  
Hull, Quebec  
K1A 0S5  
Tel.: (819) 956-3854  
FAX: (819)956-4944*

In addition, consultants, contractors, specialists in Women in Development, and trading houses should register with:

*Business Cooperation Branch  
Consultant and Industrial Relations Division  
Canadian International Development Agency  
Place du Centre  
200 Promenade du Portage  
Hull, Quebec  
K1A 0G4  
Tel.: (819) 997-7775  
FAX: (819) 953-5024*

*\* The Government's new Official Development Assistance Strategy is in the process of being implemented throughout CIDA's policies and programs. As a result, companies are advised to contact CIDA directly for any changes which may occur in the above policies and programs. Copies of the new Strategy - Sharing our Future - may be obtained through the Public Affairs Branch, CIDA, 200 Promenade du Portage, Hull, Quebec, K1A 0G4 at (819) 997-6100, FAX: (819) 953-5469.*



## SECTION II

### Business Opportunities for Canadian Exporters through Multilateral Financing Institutions

#### A. Multilateral Development Banks

##### 1. Overview

The multilateral development banks (MDBs) are large international organizations established to stimulate economic growth and social development in Third World countries. To help achieve these objectives, the banks assist in preparing and financing sound, high-priority projects throughout the developing world. The policies and lending operations of the banks are reviewed and approved by boards of executive directors who are appointed by member countries.

Canada is a member of the five established multilateral development banks: the World Bank Group, the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank, and the African Development Bank Group. By virtue of its level of investment in these institutions, Canada has its own Executive Director on the Board of the Inter-American Development Bank and the Caribbean Development Bank. In the case of the World Bank, the African Development Bank, and the Asian Development Bank, the Canadian Executive Directors also represent other countries with which we share seats. Canada's financial contributions to these institutions are in the form of annual capital subscriptions, and special contributions to concessional funds and technical assistance programs. For the 1987 fiscal year, some \$465 million was contributed in this way.

In 1986, these MDBs committed approximately US \$20 billion to developing countries. It is clear, therefore, that the lending operations of the multilateral development banks represent a significant and increasing source of potential export business for Canadian firms. For additional details on these banks, including location and points of contact, please refer to 4. *Specific Information about Each Bank*, page 15.

##### 2. The Procurement System

The development banks do not themselves procure goods and services except in a relatively minor way under their technical assistance programs. By far the largest part of MDB activity is lending money to developing countries and it is these borrowers who make the procurement decisions on the basis of procurement guidelines established by each MDB. The guidelines for all banks are broadly similar and normally include a requirement for international competitive bidding. The basic rules are well-defined and even-handed. The maximum margin of preference accorded local suppliers is 15 per cent.

To be eligible for a 15 per cent preference, a local supplier must demonstrate that his product has a local value-added content of no less than 20 per cent. Certain countries with more sophisticated economies, however, may insist that the local content be higher than 20 per cent before firms become eligible. Also, under certain conditions, local civil works contractors may be awarded a 7.5 per cent level of preference. Local import tariffs are normally waived when multilateral development financing is provided so that international competitive bidding often gives local governments an opportunity to reassess the competitiveness of traditional suppliers.

The thrust of international competitive bidding is toward open competition among suppliers from member countries, in order to maximize the effectiveness of public expenditures and provide developing member countries with the best value for their money. Price is, of course, a very significant factor in the bid evaluation process, but it is by no means the sole determinant of contract awards. In some circumstances, a price disadvantage may be off-set by contacting the executing agency and its consultants in the borrowing country at an early stage to market the distinguishing qualities (e.g. technical support and servicing, spare parts, contracting experience) of a higher-priced product. This may assist in ensuring both that a) specifications are written in such a way that your products are compliant and b) that your bid is evaluated by the executing agency and its consultants in full appreciation of your product's particular merits.

Charts outlining the procurement process for equipment and consultant services and a synopsis of the development cycle for loans under consideration by the multilateral development banks follow. Any firm which has the intention of doing business with these banks must have a clear understanding of this procurement process and the nature of the development cycle for loans.

#### CHART 1: Typical Process for Selection of Consulting Firms on Projects Financed by Multilateral Development Banks

ACTIONS	
BY EXECUTING AGENCY	BY THE BANK
Step 1	Step 2
Prepares: - terms of reference - selection procedure - short list of qualified firms	Reviews and approves: - scope of work - terms of reference - selection procedures - list of eligible firms*
Step 3	Step 4
- invites unpriced proposals (and in some cases price proposals in separate sealed envelopes) - rates proposals in order of technical competence - selects best proposal - negotiates contract with selected firm	Reviews and approves: - technical evaluation of proposal - final draft of contract - implementation schedule
Step 5	Step 6
- signs final contract - firm implements work - reports progress to bank	- evaluates performance of consultant's work for bank's confidential reference

- \* The banks almost never recommend consultants to the borrower. It is easier, however, for a bank to review a short list submitted by a borrower if a consulting firm which is on the short list is also registered with that bank. In general, banks will shortlist consultants or invite proposals on their own only in rare cases where they are the executing agency for another institution or for technical assistance programs. In some cases, the poorest borrowers will delegate this role to a bank when they decide that the bank is better equipped to assume it.

**CHART 2: Typical Process for Procurement of Goods and Construction Services through International Competitive Bidding on Projects Financed by Multilateral Development Banks**

**ACTIONS**

**BY EXECUTING AGENCY**

**BY THE BANK**

- |   |  |
|---|--|
| <p>1. Discusses financing requirements, breakdown of contract packaging and general procedures with the Bank.</p> <p>3. Prepares bidding documents, invitations to tender (or pre-qualification), and instructions to prospective bidders *</p> <p>5. Pre-qualifies prospective bidders for civil works and major equipment where applicable.*</p> <p>7. Advertises in the media having international distribution such as <i>Development Business</i>, issues invitations to tender (approximately 45-90 days before deadline for receipt of bids) and notifies the embassies of major supplier countries.</p> <p>9. Publicly opens and tabulates bids, analyzes bids, notifies Bank of bid evaluation and recommends contract award to lowest evaluated and responsible qualified bidder.</p> <p>11. Notifies selected suppliers, negotiates and signs contract, obtains bank approval or significant changes from approved draft contract. Sends copy of final contract to Bank.</p> <p>13. Requests bank for downpayment disbursements and letter of credit guarantees.</p> | <p>2. Agrees with borrowers on items it will finance and approves general procurement procedures to be utilized.</p> <p>4. Approves bidding documents and pre-qualification procedures.</p> <p>6. Reviews and approves pre-qualification results.</p> <p>8. May request borrower to issue either clarification or correction to bid document following complaint from prospective bidder or extend bidding period when justified.</p> <p>10. Reviews bid evaluation and recommendation, and authorizes borrower to proceed with contracting. Approves draft contract.</p> <p>12. Reviews and records signed contract.</p> <p>14. Directs payment following receipt of proof of shipment, etc. Prepares statistical report on sources of procurement.</p> |
|---|--|

\* With help from independent consulting firms as necessary.

***The Development Cycle for Loans under Consideration at the Multilateral Development Banks***

Of major importance is the time frame by which Banks identify, appraise, evaluate, and approve projects for financing. The usual pattern is outlined below.

***(i) Project Identification***

- MDB programming mission travels to the client country seeking to establish future lending programs and project priorities.
- Area Loan Officer assesses the borrower's five-year fund allocation plan and discovers business suited to Bank financing.
- Sector Project Officer discovers new business on an informal basis during a visit to area for other purposes.
- Resident Bank personnel identify opportunity in the course of continuous review of development requirements.
- UNDP country program report (discussed separately in this Section under Part B) is prepared, describing pre-investment requirements for the eventual capital project.

***(ii) Project Fact Finding***

An economic and technical feasibility study of the project is financed by either the borrower itself, UNDP, FAO, UNESCO, World Bank, or a bilateral aid program such as CIDA. This should normally provide a sound basis for a formal request for follow-up financing at one of the Banks. Shortly thereafter, information on projects should be reported in *Development Business*, which is the business edition of the *Development Forum*, published by the United Nations, although it may be as much as two years before a loan will be officially approved by the Banks. *Development Business* is discussed below.

Refinement and updating of project information is conducted by a Bank project fact-finding or pre-appraisal mission. At this point, the project's scope will have been determined and the Bank will formally include the proposal in its lending pipeline.

***(iii) Project Appraisal***

The Bank formally expresses a willingness to move toward commitment by fielding a project appraisal mission which produces an Appraisal Report for internal Bank use containing the first procurement list. Consultants would normally have completed preliminary design and equipment requirements at this stage.

***(iv) Loan negotiations between borrower and bank***

Loan negotiations are completed, as signalled by the issue of the final project Appraisal Report which contains the final procurement list, procurement schedule and financial plan.

The project Appraisal Report, the Country Economic Report, together with technical and financial annexes are integrated into the "Report and Recommendations of the President", which is then submitted to the Board of Directors for approval.

Following approval, a press release is issued announcing the approval decision. The loan agreement is then signed with the borrowers and the Board documents and Staff Appraisal Reports become available for consultation at the library in the Department of External Affairs.

The stage of "effectiveness" of the loan is reached when the borrower fulfills all conditions agreed during negotiations. Disbursements may commence.

***(v) Project Implementation***

Though project implementation is the responsibility of the borrower, the Bank will send one or more project supervision missions as appropriate to monitor project progress and spending.

Of major concern is the identification of points in the above time frame when promotional effort by manufacturers should be put into motion.

Procurement of goods for large projects is usually spread out over the implementation stage of the project. However, purchasing for initial stages may follow very quickly after the signing of the loan agreement. In some instances, for large scale projects, an agency may initiate advance procurement action or prequalification well in advance of project approval to facilitate a timely implementation of the project. Promotional work must therefore have been done at an earlier stage.

In the case of "off-the-shelf equipment," promotion can be initiated in most cases as soon as the first procurement list has been formally published in the appraisal report. For unpublished requirements or for "made to specifications" equipment, promotional work

can perhaps best be initiated as soon as the consultant has been retained. This will ensure the exporter enough lead time to try to influence the design and specifications to his advantage, or at least prevent him from being left out of the competition. The exporter's promotional efforts from that point onward should therefore be concentrated on the borrower's key procurement people within the country's project implementing or executing agency and on the borrower's consultant.

### 3. The Principles of a Winning Bid

At the core of a winning bid are competitive price and technical strength, combined in a proposal that is fully responsive to the specifications required by the borrower and its consultants. For advice in formulating bids and obtaining insurance, bonds and performance guarantees, which are often required as part of tender specifications, interested companies could contact the Canadian Commercial Corporation in Ottawa, the Export Development Corporation and the relevant geographic trade divisions of the Department of External Affairs. The Industry Sector Branches of the Department of Industry, Science and Technology, which are listed in Section III, would also be helpful in this regard and in identifying other companies with whom exporters could co-operate on bid proposals.

The basic principles that should be followed in bidding are as follows:

(a) Analyze the market realistically and selectively, focusing your efforts on those countries and sectors in which there is strong potential for your firm. Valuable human and financial resources are often used most effectively when carefully targeted to specific areas of opportunity. The Regional Offices of the Department of Industry, Science and Technology are available to provide advice to exporters in this area.

(b) Identify potential export opportunities by closely monitoring available information on international projects, including the business edition of the United Nations Development Forum, called *Development Business*, which is published bi-weekly. *Development Business* contains lists of the projects in both the World Bank and Inter-American Development Bank pipelines as well as procurement notices for MDB-financed projects. Subscriptions cost US \$295 per year and are available from:

*Development Business*  
P.O. Box 5858  
Grand Central Station  
New York, N.Y. 10163-5850  
Tel.: (202) 473-3846 (Washington)

The geographic trade development divisions and the library of the Department of External Affairs also maintain current information on capital projects overseas. International project information is also often available from the Regional Offices of the Department of Industry, Science and Technology and from various provincial governments.

(c) Formulate marketing strategies based on a knowledge of the project, product specifications and the competition.

(d) Implement marketing plans through contacts with the borrower and its consultant, including an explanation and emphasis of the product's special attributes and advantages. The importance of securing a good agent to assist in dealing with the executing agency cannot be overemphasized.

(e) Develop a strong bid, including a competitive price, and base it on a willingness to discount overhead and perhaps profit, depending on competitors' cost and pricing flexibility. Care should be taken to ensure that any contingency costs that are included in the bid do not overcompensate for risks that are assumed. Price, however, may be a less significant factor in the case of consultants, depending on the selection process employed.

### 4. Specific Information about Each Bank

What follows below is a brief introduction to each of the multilateral banks and suggested contacts for firms interested in pursuing export business through them. As a general rule, consultants seeking information and assistance concerning any of these institutions should contact the Export Finance and Capital Projects Division of the Department of External Affairs.

Once MDB-financed project(s) have been identified and found to be consistent with the capabilities of the exporter, the trade divisions of the Department of External Affairs could also provide additional assistance as appropriate. Their addresses are listed in Section III of this booklet. For general information on local conditions and for assistance when in the field, firms should contact the trade commissioner responsible for the specific market in question. A separate booklet published by the Department of External Affairs, entitled *Business Directory of Canadian Trade Representative Abroad*, contains the addresses of all Canadian trade posts abroad. For assistance in arranging appointments with MDB officials, contact the trade commissioner in the city where the institution is headquartered.

#### *The World Bank Group*

The World Bank Group, established in 1945, is the original and largest of the multilateral development banks. Headquartered in Washington, the Bank is owned by approximately 151 member countries. It is composed of three financial institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC).

Both the IBRD and IDA lend for projects which contribute to economic growth in developing countries. The difference between the two is that the IDA provides funds on extremely concessional terms to the poorest member countries. The IFC is the private investment arm of the World Bank. It seeks to finance productive private enterprises in association with private investors; to bring together investment opportunities, local and foreign private capital, and experienced management; and to stimulate the flow of private capital into productive investments in development countries. Projects selected by the IFC must hold out the prospect of earning a profit.

#### *Contacts*

Companies wishing to obtain information on project opportunities with the World Bank should consult *Development Business* or contact the Trade Development Divisions for the Middle East, Africa, East Asia, Asia and Pacific South, Caribbean and Central America, and South America. The regional offices of the Department of Regional Industrial Expansion would also be useful points of contact for companies not located in Ottawa. Addresses and telephone numbers are listed in Section III.

To obtain advance information and technical notes on projects considered for Bank financing, one may subscribe to the following, at the cost of US\$250 per year:

*The World Bank's International  
Business Opportunities Service  
c/o Le Diffuseur  
C.P. 85, 1501 Ampere Street  
Boucherville, Quebec  
J4B 5E6*

Consultants wishing to register with the World Bank should write:

*World Bank  
DACON Receiving Center  
1818 H Street N.W.  
Washington, D.C.  
20433*

These registrations would be entered in the DACON system, which is used by a number of the international organizations. Interested firms should note that registration by itself will not suffice to win contracts. Repeat visits to the executing agencies would also be necessary in most cases.

Consultants wishing to be retained by the Bank on an individual basis should write:

*World Bank  
Chief, International Recruitment Unit  
Employment Division, Personnel  
1818 H Street N.W.  
Washington, D.C. 20433*

Assistance in arranging contacts with appropriate Bank officials can be provided by:

*Counsellor (Commercial)  
Office for Liaison with International Financial Institutions  
Canadian Embassy  
501 Pennsylvania Avenue N.W.  
Washington, D.C. 20001  
Tel.: (202) 682-1740*

### **The Inter-American Development Bank**

The Inter-American Development Bank (IDB), headquartered in Washington, is a large regional institution which operates in Latin America and in the Caribbean. The annual lending program exceeds \$3 billion. The 25 regional members of the Bank include many with excellent growth potential, and these markets have already had a significant degree of penetration by Canadian suppliers. The IDB is presently supported by 18 non-regional members, including Canada.

#### **Contacts**

Companies wishing to obtain information on IDB project opportunities should consult the business edition of the Development Forum (Development Business) or contact the South America and the Caribbean and Central America Trade Development Divisions. The regional offices of the Department of Industry, Science and Technology would also be useful points of contact. Addresses and telephone numbers are listed in Section III.

Assistance in arranging contacts with appropriate IDB officials is available from:

*Counsellor (Commercial)  
Office for Liaison with International Financial Institutions  
Canadian Embassy  
501 Pennsylvania Avenue N.W.  
Washington, D.C. 20001  
Tel.: (202) 682-1740*

### **The African Development Bank Group**

The African Development Bank Group (AfDB) comprises the African Development Bank (AfDB), the African Development Fund (AFDF) and the Nigerian Trust Fund (NTF). Headquartered in Abidjan, Côte d'Ivoire, it has regional offices in Yaounde, Harare, Rabat, Addis Ababa, Nairobi, Conakry and London (UK).

AFDF members are comprised of 50 African (regional) countries and as of 1982, 25 non-regional countries including Canada. Since 1973, Canada has been a contributing member of the AFDF which provides concessional funds to its poorest members as compared to AFDF near-commercial terms of lending. Canada, on par with France, is the fourth largest non-regional contributor to the AFDF Group after the USA, Japan and Germany (FRG).

Canadian companies are eligible to participate on all AFDF group-financed project. Lending by the Bank for the five-year period of 1987-1991 is targeted at 5.65 billion bank units of account (1UA=\$1.68 CDN). The funds three-year lending program, 1988-1990 is targeted at 2.22 billion fund units of account (1FUA=\$1.54 CDN). Priority lending sectors for the bank are by descending order of importance: agriculture, industry, public utilities, transportation and, finally, health and education. The fund sectoral lending priorities are: agriculture, public utilities, education and health, transportation and industry.

#### **Contacts**

Companies wishing to obtain information on project opportunities with the African Development Bank Group should consult the Africa and Middle East Trade Development Division. The regional offices of the Department of Industry, Science and Technology would also be useful. Addresses and telephone numbers are listed in Section III. For arranging appointments with AfDB officials, consult:

*Commercial Division  
Canadian Embassy  
C.P. 4104  
23, rue Nogues  
Abidjan 01, Ivory Coast  
Tel.: (225) 32-20-09  
Telex: (Destination code 983) 23593  
(DOMCAN CI)*

### **The Asian Development Bank**

The Asian Development Bank (AsDB) is a large regional bank headquartered in Manila, the Philippines. The AsDB is supported by 31 regional members and 14 non-regional members. A number of the regional members have excellent growth prospects, notably some of the Association of South East Asian Nations (ASEAN) countries of which Thailand, the Philippines, Malaysia, Indonesia, and Brunei are currently borrowers of Bank funds.

#### **Contacts**

Companies wishing to obtain information on AsDB's project opportunities should contact the Trade Development Divisions for East Asia, Asia and Pacific South. The regional offices of the Department of Industry,

Science and Technology would also be useful. Addresses and telephone numbers are provided in Section III. For appointments with AsDB officials, contact:

*Commercial Division  
Canadian Embassy  
9th Floor, Allied Bank Centre  
6754 Ayala Avenue  
Makati, Metro Manila  
Philippines 3117  
Tel.: (63-2) 815-9536 to 41  
FAX: (63-2) 815-9595  
Telex: (75) 63676  
(63676 DOMCAN PN)*

*Mailing address: P.O. Box 971  
Makati Central Post Office  
Makati, Metro Manila  
Philippines 3117*

Consultants wishing to register with the AsDB should request forms directly from:

*Consulting Services Unit  
Asian Development Bank  
P.O. Box 789  
2330 Roxas Boulevard  
Metropolitan Manila, Philippines 2800*

#### **The Caribbean Development Bank**

The Caribbean Development Bank (CDB) is a small regional institution headquartered in Bridgetown, Barbados that serves the Commonwealth Caribbean. Donor members include Canada, the United Kingdom, Mexico, Colombia, Venezuela and France. The United States, although a non-member, provides a major share of the institution's resources through a number of special funds. The bank has 17 regional borrowing members.

#### **Contacts**

Companies wishing to obtain information on CDB's project opportunities should contact the Caribbean and Central America Trade Development Division, as listed in Section III.

Consultants wishing to register with the CDB should write to:

*Caribbean Development Bank  
P.O. Box 408  
Wilkey  
St. Michael, Barbados W.I.  
Tel.: (809) 426-1152  
Telex: WB 2287*

For assistance in arranging appointments with Bank officials, exporters should contact:

*Commercial Division  
Canadian High Commission  
P.O. Box 404  
31 Shop's Court Hill  
Bridgetown, Barbados  
Tel.: (809) 429-3550  
Telex: (Destination Code 0392) 2247  
(2247 CANADA WB)*

## **B. Other Multilateral Financing Sources**

### **1. The United Nations Development Program (UNDP)**

#### **Overview**

The United Nations Development Program (UNDP), a multilateral development institution affiliated with the United Nations, is the central planning and funding agency for technical assistance provided through the UN system. It is supported by some 130 different coun-

tries whose voluntary contributions are in addition to their regular UN contributions. Through a network of specialized international agencies and development banks, it offers technical assistance in almost every area of economic activity.

The UNDP disperses grants worth some \$700 million per year to its less developed country members for the financing of technical expertise in the field, training fellowships, and the hiring of consulting firms on contract to its various affiliated agencies. Working closely with the appropriate government agencies of the recipient countries, the UNDP prepares five-year program reports for each country which establish sectors of concentration and the approximate funds available for the period. Individual projects are designed by the field offices of UNDP, in consultation with the local government. After UNDP approval, the projects are assigned to the appropriate agencies charged with their execution. The executing agency will then seek out individual experts, consulting firms and equipment suppliers as required for the project. Interested firms should maintain a close relationship with the particular agencies of interest to ensure that they are short-listed since work in this field has now become very competitive. For short term single consultancy contracts, however, contact should be made directly with UNDP in New York.

#### **Business Opportunities**

The most significant contract opportunities offered by the UNDP are those involving consultants, either on an individual basis (i.e. the hiring of an expert for short or long-term assignments in the field) or to the firm as a whole through sub-contracts. Equipment suppliers however, should not ignore the UNDP. Since the program finances pre-feasibility and feasibility studies which eventually lead to projects with a significant capital goods content, the UNDP's activities can be of use in identifying future markets. Canadian equipment suppliers may also find it useful to associate themselves with consulting firms already doing business internationally, although most executing agencies procure needed equipment directly and not via consultants. Since pre-feasibility and feasibility studies are the first steps towards the realization of large projects, the UNDP should be valued both for immediate consulting contracts and for follow-on opportunities for downstream business (e.g. forestry studies leading to the design and engineering of complete pulp and paper mills).

#### **How to use the UNDP**

There are basically two sources of marketing information which interested consulting firms should use in pursuing UNDP subcontracts. These are personal contact with the appropriate affiliated agencies and with the UNDP office in New York; and the five-year country program reports.

Personal contact is highly valued because the international market for services is so competitive. A firm should ensure that it maintains an updated file with the executing agencies of interest. (A list of all UNDP Executing Agencies is provided on the following page). The appropriate trade commissioners overseas can be of assistance in maintaining a good working relationship with these agencies.

Since the first official mention of some of the proposed projects under UNDP financing is contained in the UNDP five-year country program reports referred to earlier, it follows that these reports are an important resource for interested companies. The library of the Department of



External Affairs, housed on the main floor of the Lester B. Pearson Building at 125 Sussex Drive in Ottawa, receives this material regularly from the UNDP. Company officials are encouraged to view these documents whenever they are in the National Capital Region. Regular hours of operation are from 10:00 a.m. to 5:00 p.m., Monday through Friday.

### UNDP Executing Agencies

FAO	Food and Agriculture Organization	Rome
IAEA	International Atomic Energy Agency	Vienna
IBRD	International Bank for Reconstruction and Development	Washington
ICAO	International Civil Aviation Organization	Montreal
ILO	International Labour Organization	Geneva
IMO	International Maritime Organization	London
ITU	International Telecommunications Union	Geneva
UN	The United Nations	New York
UNDTCD	United Nations Department of Technical Co-operation for Development	New York
UNCHS	United Nations Centre for Human Settlements	Nairobi
UNCTAD	United Nations Conference on Trade and Development	Geneva
UNDP/OPE	United Nations Development Program - Office for Project Execution	New York
UNESCO	United Nations Educational, Scientific and Cultural Organization	Paris
UNIDO	United Nations Industrial Development Organization	Vienna
WHO	World Health Organization	Geneva
WMO	World Meteorological Organization	Geneva
WTO	World Tourism Organization	Madrid

For information on the supply of equipment to UN projects, firms should register with the procurement offices of appropriate executing agencies. All interested firms should obtain a copy of the *General Business Guide for Potential Suppliers of Goods and Services to the UN System*, which is available at the Permanent Mission of Canada to the U.N. Alternatively, you could write to:

*United Nations Development Program*  
1 United Nations Plaza  
New York, NY 10017

### Contacts

For further information and assistance, contact either the nearest regional office of the Department of Industry, Science and Technology or, in Ottawa:

*Export Finance and Capital Projects Division*  
*Department of External Affairs*  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
Tel.: (613) 996-0705  
FAX: (613) 053-3745

For the current status of a particular UNDP sub-contract of interest, consult the geographic trade divisions of the Department of External Affairs or our Trade Commissioner in New York, at the following address:

*Counsellor (Commercial)*  
*Permanent Mission of Canada to the United Nations*  
866 United Nations Plaza  
Suite 250  
New York, N.Y. 10017  
Tel.: (212) 751-5600  
FAX: (212) 751-5600  
Telex: 126269 (CANINUN NYK)

## 2. The Arab Development Funds and Investment Banks

### Overview

The various Arab aid funds and investment banks have been an important source of financing for development and investment, particularly after 1973 when OPEC oil price increases brought new resources into the national treasuries of OPEC member states. The Arab aid programs, however, were already well established at this point. Kuwait had established a Kuwait Fund for Arab Economic Development (KFAED), which was followed in 1968 by the Arab Fund for Economic and Social Development and, in 1971, by the Abu Dhabi Fund for Arab Economic Development (ADFAED). By December 31, 1986, the total commitments and disbursements of the 14 OPEC aid institutions were US\$30.7 and 21.8 billion dollars respectively.

Since Canada and the other Western industrialized countries are not members of these institutions, they do not play a direct role in the operational activities.

The following outline is of a very general nature, intended to give the Canadian exporter an introduction to these institutions. Because Arab funds are not tied to procurement in Arab countries, Canadian suppliers are always eligible to bid on Arab-financed projects.

### Types of Institutions

#### (i) Development Funds

Many of the Arab development funds are organizations sponsored multilaterally within the Arab world or, in the case of the OPEC Fund for International Development (OFID), multilaterally with mixed Arab and non-Arab participation. Other institutions are established and funded nationally. Ranked according to authorized capital as of December 31, 1986, the major institutions are as follows:

Name	Type	Location	Capital Authorized (US \$M)	Loans Signed
Kuwait Fund for Arab Economic Development	National Institution	Kuwait	6841	4254
Saudi Fund for Development	National Institution	Riyadh	6667	4486
OPEC Fund for International Development	Mixed Multilateral Institution	Vienna	3435	3207
Arab Fund for Economic and Social Development	Arab Multilateral Institution	Kuwait	2737	2802
Islamic Development Bank	Mixed Multilateral Institution	Jeddah	2415	6223
Iraqi Fund for External Development	National Institution	Baghdad	1125	845
Arab Bank for Economic Development in Africa	Arab Multilateral Institution	Khartoum	1048	995
Abu Dhabi Fund for Arab Economic Development	National Institution	Abu Dhabi	545	1169

Other Arab institutions include the Libyan Arab Foreign Bank, the Islamic Solidarity Fund, the Arab Monetary Fund, the Arab Authority for Agricultural Investment

and Development, and Arab Fund for Technical Assistance to African and Arab countries.

All these institutions primarily provide project financing for client countries, although general assistance and balance of payments support is also available. Because the Arab nations face a shortage of the technical and managerial expertise required for large development projects, they frequently channel their development assistance through other multilateral organizations or they co-finance projects in co-operation with other donor institutions which can contribute such expertise. By January 1986, the eight major Arab institutions had jointly concluded some 1 729 projects in 99 developing countries in conjunction with multilateral institutions and members of the OECD. Among the 14 members of the OECD's Development Aid Committee, Canada ranks third, behind the Federal Republic of Germany and France, in the number of co-financing ventures undertaken with the Arab Funds. In recent years, CIDA has worked with Arab donors on more than 45 projects in a number of Asian, African, Latin American and West Indian countries. These projects have a total value of more than US\$8 billion and represent about \$1 billion in Canadian bilateral official development aid. Most of these projects involve agriculture, infrastructure, energy and transportation.

#### (ii) Investment Banks

Arab investment banks operate in a variety of ways. Some, such as the First Arabian Corporation, will invest in any opportunity, including those in industrialized countries. The investment activities of most banks, however, are more specialized. The Arab Petroleum Investment Corporation, for example, operates in a single industrial sector and the UBAN-Arab Japanese Finance Company operates in a specific regional area (Asia and the Middle East). Other important Arab banks include the Arab Bank for Investment and Foreign Trade and the Arab Investment Bank.

The UBAN-Arab Japanese Finance Company is an example of a joint merchant bank which operates with Arab capital and an industrialized country partner. There are other joint banking ventures that have similarly been formed between Arab institutions and institutions in non-oil exporting countries. These banks operate either principally or exclusively in the non-oil exporting countries that host the institutions.

#### Basic Objectives

Arab aid has focused to a large extent on the needs of the poorer nations, both Arab and non-Arab, among the 99 nations that have received aid support. Africa in particular has become an area of growth for Arab lending since 1973 because of its relative poverty while aid to fellow-Arab countries has fallen in importance, from 97 per cent of total aid in 1973 to 50 per cent by 1981.

#### Geographic Coverage

Since 1973, the Arab funds have diversified their operations greatly beyond the Arab world. The scope of operations of the largest institutions are as follows:

Kuwait Fund for Arab Economic Development	All developing countries
Saudi Fund for Development	All developing countries
OPEC Fund for International Development	All developing countries
Arab Fund for Economic and Social Development	Arab countries
Islamic Development Bank	Islamic states
Iraqi Fund for External Development	Arab countries, Africa
Arab Bank for Economic Development in Africa	Non-Arab African countries
Abu Dhabi Fund for Economic Development	Arab countries, Asia, Africa

#### Sectoral Distribution of Development Assistance

Hydro-electric, transportation and telecommunications, agricultural, industrial and mining projects have received the largest share of Arab funding to date. The Kuwait Fund, the Saudi Fund and the OPEC Fund have been the main Arab donors in power projects, while the Kuwait Fund, the Saudi Fund and the Arab Fund for Economic and Social Development have dominated transportation and telecommunications and agriculture. The Kuwait Fund and the Islamic Development Bank have topped the list in industrial and mining projects.

Sector Donor	Total Financing (To dec 31, 1986)		Primary Institutions (US \$Billions)
	(% of total)		
Transportation and Telecommunications	5	29.2	Kuwait Fund Saudi Fund Arab Fund
Power	3.7	21.6	Kuwait Fund Saudi Fund OPEC Fund
Agriculture and Agribusiness	3.7	21.6	Saudi Fund Kuwait Fund Arab Fund
Industry and Mining	2.9	17	Kuwait Fund Islamic Development Bank
Water and sewage	0.9	5.3	Saudi Fund Kuwait Fund Arab Fund
Education, health and general support	0.9	5.3	Saudi Fund Islamic Development Bank OPEC Fund
Total	17.1	100%	

## **Arab Fund Addresses**

### **Abu Dhabi Fund for Arab Economic Development**

P.O. Box 814  
Abu Dhabi, United Arab Emirates  
Tel: 725800  
Telex: 22287 FUND EM  
FAX: (009712) 728-890  
Cable: FUND  
CEO: H.E. Mr. Nasser Al Nowais

### **Arab Bank for Economic Development in Africa**

P.O. Box 2640  
Khartoum (Soudan)  
Tel: 73645, 73646, 73647, 74709, 70498  
Telex: 22248 ou 22739 BADEA SD  
Cable: BADEA - Khartoum  
President and CEO: H.E. Dr. Chedli Ayari

### **Arab Fund for Economic and Social Development**

P.O. Box 21923  
SAFAT 13080  
Kuwait City, Kuwait  
Tel: 245-1580, 245-1588, 245-3120, 245-3128  
Telex: INMARABI 22143KT, 22153KT, 23265KT  
Cable: INMARABI, KUWAIT  
President and CEO: H.E. Mr. Abdlatif Yousef Al-Hamad

### **Iraqi Fund for External Development**

c/o Ministry of Planning  
P.O. Box 2257  
Bagdad, Republic of Iraq  
Tel: 37161  
Telex: 212651 IFED IK  
Cable: IRAQI FUND  
Président: H.E. Dr. Faik Ali Abdul Rassol

### **Islamic Development Bank**

P.O. Box 5925  
Jeddah 21432, Saudi Arabia  
Tel: 636-1400  
Telex: 601137 ou 601407 ISDB J  
Cable: BANKISLAMI-JEDDAH  
Président: H.E. Dr. Ahmad Mohammed Ali

### **Kuwait Fund for Arab Economic Development**

P.O. Box 2921  
13030 SAFAT, Kuwait City, Kuwait  
Tel: 246-8800  
Telex: 22025 ALSUNDUK; 22613 or 22904 KFAEDKT  
Cable: ALSUNDUK - KUWAIT  
Director-General: H.E. Mr. Bader Al-Humaidhi

### **The OPEC Fund for International Development**

P.O. Box 995 A-1011  
Vienna, Austria  
Tel: 51564-0  
Telex: 1-31734 ou 1-34831 FUND A  
Cable: OPECFUND  
Director-General: H.E. Dr. Seyyid Abdulai

### **Saudi Fund for Development**

P.O. Box 1887  
Riyadh 11441, Saudi Arabia  
Tel: 464-0292, 464-1094  
Telex: 201744 ou 201145 SUNDOQ SJ  
Cable: SUNDOQ SJ  
Vice-President and Delegated Administrator:  
H.E. Mr. Mohammed Al-Sugair

## **Contacts**

For more information, including particulars about individual funds and investment banks, interested persons should contact:

Senior Policy Advisor  
Policy Coordination and Development Branch  
12th Floor  
Canadian International Development Agency  
Place du Centre  
200 Promenade du Portage  
Hull, Quebec  
K1A 0G4  
Tel: (819) 997-5544  
Telex: 053-4140 CIDA-HULL  
FAX: (819)-953-5469

## SECTION III

### Other Government Programs and Services

#### A. Provincial Export Funding Programs

All provinces have facilities in place to provide financial support to resident exporters. This assistance, as described below, can vary from cost-sharing arrangements on product promotion activities and new market development to export credits in some cases. Many of these facilities are normally not provided when assistance is also available from the federal government. Interested exporters should also note that for the most part the maximum support that can be extended on individual projects is subject to specified limits. Companies requesting provincial assistance must demonstrate financial and management strengths and an ability to succeed in export markets. In most cases, companies must apply several weeks in advance of the proposed event or project for which funds are requested.

##### 1. Newfoundland

Under the Market and Product Development Program and the Marketing/Product Enhancement Program, the Department of Development and Tourism offers grant assistance for up to 50 per cent of eligible costs for provincial companies exporting or developing products for home use that will displace imports. Eligible costs include: research and development of new products; promotion of new or existing products in new markets; modifying products for sale in new markets; labelling and packaging; travel for the purpose of contacting potential customers, investigating production operations and preparing export proposals, consultant studies, advertising; and trade fair participation.

For more information, contact:

*The Department of Development and Tourism  
Prospect Development Division  
P.O. Box 4750, Confederation Building  
West Block St. John's, Newfoundland  
A1C 5T7  
Tel.: (709) 576-2781  
FAX: (709) 516-5936  
Telex: 016-4949*

##### 2. Prince Edward Island

The P.E.I. Development Agency was established in 1984 as a provincial crown corporation combining the activities of the Market Development Centre and Industrial Enterprises Inc. Its mandate is to assist Island primary producers, processors and manufacturers to improve existing products and processes and to develop new ones, to identify new market opportunities, and to advertise and to promote Island products. Several areas of concentration of the Development Agency, such as sales assistance, which includes incoming buyer assistance, marketing plan assistance, advertising and promotion and trade show participation, can support both domestic and export activities.

Financial assistance for these activities is available on a negotiated cost-sharing basis from funding provided jointly by the Province of Prince Edward Island and the federal Department of Industry, Science and Technology.

One program that is targeted exclusively at exporting is the Export Contracting program, which is intended for

Island processors and manufacturers seeking to secure additional business in new or expanded export markets.

Eligible firms must lack experience in exporting or be inexperienced in pursuing business in a particular export market. These firms are expected to participate fully in all aspects of the contracting program so that they can acquire the experience to pursue subsequent export activities independently. Financial assistance is available for:

- identifying and investigating opportunities;
- negotiating contracts with buyers;
- costs associated with financing, insurance and export documentation; and
- payment advances on contracts signed by the Development Agency with buyers.

For additional information, contact:

*Prince Edward Island Development Agency  
1 First Avenue  
West Royalty Industrial Park  
Charlottetown (Prince Edward Island)  
C1E 1B0  
Tel.: (902) 368-5800  
Telex: 01444109  
Fax: (902) 566-4030*

##### 3. Nova-Scotia

The Nova Scotia Department of Industry Trade and Technology administers the Trade Expansion Program and the Product Development Program to assist Nova Scotia-based manufacturers, processors and eligible services firms which are pursuing export contracts. The Trade Expansion Program provides assistance on a cost-sharing basis for trade fairs and exhibitions, incoming buyer missions, and market identification activities. Eligible costs include booth rental, transportation costs for approved company personnel, overseas accommodation costs, and incoming buyer transportation costs. Under the Product Development Program, grant assistance is available for new product and marketing literature.

For more information, consult:

*Trade Development Centre  
Nova Scotia Department of Industry,  
Trade and Technology  
1800 Argyle Street  
P.O. Box 5199  
Halifax (Nova Scotia)  
B3J 2R7  
Tel.: (902) 424-4242  
Fax: (902) 424-5739  
Telex: 019-22548*

##### 4. New Brunswick

The Trade Assistance program of the Department of Commerce and Technology is available to support eligible New Brunswick exporters. Financial assistance takes the form of cost-sharing arrangements for eligible travel, per diem and other expenses related to trade missions, trade shows and incoming buyer visits, normally, when organized by the Department.

For more information, contact:

*Trade Assistance Program  
The Department of Commerce and Technology  
Government of New Brunswick  
P.O. Box 6000  
Fredericton (New Brunswick)  
E3B 5H1  
Tel.: (506) 453-2875  
Fax: (506) 453-7904*

## 5. Quebec

The ministère des Affaires internationales promotes and supports the export activities of Québec businesses.

The Export Development Assistance Program (APEX) provides six types of technical and financial assistance:

- APEX-INDIVIDUAL MISSION, to help businesses undertake a trade mission in order to explore a new export market or negotiate and conclude industrial agreements. Assistance may cover transportation, and part of the subsistence expenses and interpretation costs.

- APEX-TRADE FAIRS, to help business participate, as exhibitors, in shows, fairs and other trade-related events outside Canada. Assistance may cover transportation and part of the leasing of space and of the interpretation and advertising costs.

- APEX-STUDIES AND STRATEGIES, to help businesses carry out market studies and develop marketing strategies. Assistance covers 50% of a consultant's fees.

- APEX-MARKET ADAPTATION, to help businesses adapt their advertising material, catalogues and data sheets to a new market and obtain the certification of their products. Assistance may cover part of the production and translation costs of the material and 50% of the certification costs.

- APEX-PREPARATION OF TENDERS, to help businesses hire a consultant to prepare their tenders for a project outside Canada. Assistance covers 50% of the consultant's fees.

- APEX-EMPLOYMENT, to help businesses hire a Québec specialist assigned exclusively to the marketing of their products or services outside Québec. Assistance covers 60% of the specialist's salary the first year and 40% of his/her salary the second year.

### ACTIM-MAI PROGRAM

This Québec-France cooperation program helps small and medium-size Québec and French businesses find a partner overseas with a view to concluding an industrial agreement (manufacturing under license, acquisition or sale of know-how, exploitation of a process, joint ventures). The program provides for the elaboration of a program of contacts and visits, the organization of the visit and payment of a large part of the travel and subsistence expenses.

### Visits by Foreign Buyers

Technical and financial assistance to help bring foreign buyers to Québec with a view to encouraging them to purchase Québec goods, services and technologies. The Ministry provides for the visitors' transportation tickets and assistance during their visits to Québec industries.

For information:

Place Mercantile  
770, rue Sherbrooke ouest  
6e étage  
Montréal, Québec  
H3A 1G1  
Tel.: (514) 499-2184  
FAX: (514) 873-4230

Bureau régional de Québec  
875, rue Grande Allée est  
Edifice "H", 4e étage  
Québec, Québec  
G1R 4Y8  
Tel.: (514) 649-2308

The Société de développement industriel du Québec also offers export assistance programs.

### Credit for Establishment

This SDI program helps small and medium-size businesses establish themselves in new markets outside Québec by sharing the risk involved through a venture loan: i.e. an unsecured loan for eight years at the market interest rate, repaid over the period of establishment, amounting to up to 50% of the eligible expenditures, with a maximum of \$1,000,000 per business.

### Financing of Exports

This type of financial assistance to a business's export activities outside Québec is offered as a guarantee of payment or repayment of a financial obligation subject to payment of an annual fee commensurate with the risk incurred or of a loan at the market rate, plus compensation for the risk incurred.

### Consortiums

The SDI fosters the formation of export consortiums through the acquisition of shares, loans convertible into shares, advances as shareholder, and non-joint guarantees for payment or repayment of a financial obligation.

For information:

SDI-EXPORTATION  
Place Mercantile  
770, rue Sherbrooke ouest  
9e étage  
Montréal (Québec)  
H3A 1G1  
Tel.: (514) 873-4375  
FAX: (514) 873-4383

SDI-EXPORTATION  
1126, chemin Saint-Louis  
Bureau 700  
Sillery (Québec)  
G1S 1E5  
Tel.: (418) 643-5172  
FAX: (514) 643-5172

## 6. Ontario

The Ministry of Trade and Technology provides assistance to Ontario-based exporters by helping to finance both incoming buyer missions and outgoing trade missions and exhibitions when these are organized by the Ministry. For additional information on these export marketing services, exporters should consult:

International Marketing Branch  
Ministry of Trade and Technology  
900 Bay Street  
Queen's Park  
Toronto, Ontario  
M7A 2E1

USA/Latin America	Tel.: (416) 965-2661 FAX: (416) 965-7791
Europe/Middle East	Tel.: (416) 965-5715 FAX: (416) 965-8852
Pacific Rim	Tel.: (416) 965-5701 FAX: (416) 963-1526
China	Tel.: (416) 965-2781 FAX: (416) 324-4670

Loans of up to \$50,000 per project and a maximum of \$100,000 are available for any 12-month period to cover

up to 50 per cent of eligible costs incurred on international capital projects. Loans are available for: pre-feasibility study costs; proposal preparation; and bid and performance bond premiums.

For more information on these loans, contact any of the regional offices of the Ministry of Trade and Technology or:

*Ontario International Corporation*  
56 Wellesley Street East 7th floor  
Queen's Park  
Toronto, Ontario  
M6A 2E7  
Tel.: (416) 965-3060  
FAX: (416) 965-7049

Revolving lines of credit for up to \$1 million are also available to Ontario exporters from the Ontario Development Corporation and the Eastern Ontario Development Corporation to finance up to 90 per cent of foreign accounts receivable on a short-term basis. This assistance is supplemental to conventional financing and is geared towards entrepreneurs and small businesses with strong export capabilities. EDC insurance or other satisfactory credit insurance is normally required.

For more information, interested exporters should consult the Ontario Development Corporation at any of the 15 regional offices or at their head office at:

56 Wellesley Street West 5th floor  
Toronto, Ontario  
M7A 2E7  
Tel.: (416) 965-4622  
FAX: (416) 963-0788

## 7. Manitoba

The Trade Branch of the Department of Industry, Trade and Tourism administers the Trade Assistance Program, which assists provincial companies in developing new markets or introducing new products into existing export markets. Preference is given to small and medium-sized manufacturers.

In the case of solo participation at trade fairs, cost-sharing assistance is provided, subject to specified ceilings. Eligible costs include rental of display space, furniture, and other equipment, return economy airfare for one representative, display freight costs, and display construction and dismantling costs.

When groups of companies participate in a trade fair the amount of assistance available to each participant will vary depending on the project. Normally, eligible costs will include rental of display space and equipment, display construction and dismantling. Participating firms are responsible for all transportation, freight and accommodation expenses.

Cost sharing assistance is available for transportation costs for one representative of each company to support companies participating in a trade mission. Assistance is subject to specified ceilings and is limited to two applications per company per year.

The Department also supports visits of foreign buyers, agents and distributors and travel for meetings with incoming missions at out-of-province locations.

For more information, contact:

*Trade Branch*  
Department of Industry, Trade and Tourism  
Government of Manitoba  
4th Floor, 155 Carlton Street,  
Winnipeg (Manitoba)  
R3C 3H8  
Tel.: (204) 945-2466

FAX: (204) 957-1793

## 8. Saskatchewan

The Saskatchewan Department of Trade and Investment administers the Trade Opportunities Program which is intended to encourage exports activities and the training of exports' specialists.

The program covers 50 percent of the salary of a graduate employee hired to promote exports and the travel expenses of that employee. Those costs are reimbursed to a maximum of \$13000 and \$5000 per year respectively for a period of two years.

For more information contact:

*Department of Trade and Investment*  
Trade Promotion Branch  
8th Floor  
1919 Saskatchewan Drive  
Regina (Saskatchewan)  
S4P 3V7  
Tel.: (306) 787-0904  
FAX (306) 787-2198

## 9. Alberta

The Market Development Assistance Program provides assistance to Alberta businesses by sharing eligible expenses incurred in entering new export markets. To be eligible, projects must be specific, involve geographic areas that are new to the applicant, include substantial Alberta content, and be unlikely to take place without grant assistance.

The following activities are eligible for cost-sharing:

- Market identification trips;
- Trade fairs and exhibitions;
- Incoming buyers' visits; and
- Outgoing sales trips.

A per diem allowance is available for up to five days in any one country and for up to 14 days overall for any one project. Costs related to participation in a trade fair will normally be shared at a rate of 50 per cent. Transportation costs, including travel costs for incoming buyers, will also be shared at a rate of 50 per cent for return economy airfare. A per diem allowance is also available for up to five days for incoming buyers. The total grants allowed per applicant within any one fiscal year are subject to specified ceilings.

The Department of Economic Development, which administers this program, also offers support under the Export Services Support Program which can be considered for Alberta companies to assist in paying the costs of contract bidding or of preparing prefeasibility and feasibility studies. This Department also operates a working capital loan guarantee facility to assist eligible exporters.

For more information contact:

*Alberta Economic Development and Trade*  
Business Finance Development Branch  
12th Floor, Sterling Place  
9940-106 Street  
Edmonton, Alberta  
T5K 2P6  
Tel.: (403) 427-3300  
FAX: ((403) 427-0610

## 10. British Columbia

The Ministry of International Business and Immigration offers four export programs that provide reimbursement for eligible market development expenses incurred by a resident exporter. Normally none of these programs can be used by one company more than once per govern-

ment fiscal year, except where export consortia are involved.

The Trade Mission Program sponsors a number of trade missions each year. Transportation costs, official reception costs and the costs of providing interpreters for participating companies are normally paid by the Ministry, which acts as official group leader and makes most business appointments for the mission members. Participating companies are selected at the Ministry's discretion in accordance with the market area investigated.

The Market Development Program can reimburse manufacturing and processed goods companies for economy airfare costs, up to a specified maximum, incurred to investigate potential export opportunities, establish marketing arrangements in foreign markets or make follow-up calls on new accounts or new representatives.

Bringing potential buyers to view a local plant at first hand is often a valuable technique for bringing sales negotiations to a successful conclusion. The Incoming Buyers Program will reimburse the company for the buyer's economy return airfare, subject to specified limits, where manufactured or processed goods are involved.

Financial support for participation in trade shows outside the province is available under the Trade Show Program for up to 100 per cent of space rental costs subject to specified ceilings. The intent of the Trade Show Program is to support exports of manufactured or processed goods.

For additional information, the exporter should contact the Director, International Marketing Branch, at the following address:

*Ministry of International Business and Immigration  
P.O. Box 19  
750 Pacific Boulevard South  
Vancouver, British Columbia  
V6B 2E7  
Tel.: (604) 660-4567  
Telex: 04-55459  
Fax: (604) 660-3917*

## **B. Federal Government Program for Export Market Development (PEMD)**

The Department of External Affairs (DEA) has consolidated two of its international trade promotion and export activity programs. As of April 1, 1987, the Promotional Projects Program is merged with the Program for Export Market Development, under the PEMD name. Existing agreements with businesses under the old programs will be honoured until their natural expiry dates.

The objective of the revised PEMD is to improve Canada's international trade performance and, at the same time, stimulate the Canadian economy through increased production and employment. In keeping with the government's industrial and international marketing strategies, PEMD offers an opportunity for Canadian businesses to undertake new, and often risky, export activities that they could not, or would not, normally undertake on their own.

PEMD offers financial assistance to Canadian businesses that wish to participate in or undertake various types of international trade promotion and export activities. The Program covers projects initiated by industry as well as projects initiated by government that business participates in by invitation. PEMD is designed to assist companies regardless of size.

Financial assistance is available to eligible participants and applicants for the following export marketing activities:

### **Government-Initiated**

- **Trade Missions** outside of Canada, and for foreign business and officials coming to Canada or to trade shows where Canadian business participation is substantial.

- **Trade Fairs** abroad in specific industrial sectors or for specific types of products. Participants in government-initiated trade fairs pay a participation fee.

### **Industry-Initiated**

- Participation in recognized **trade fairs** outside Canada.

- **Visits** outside Canada to identify markets, and visits of foreign buyers to Canada or to another approved location.

- **Project bidding**, or proposal preparation, at the pre-contractual stage, for specific projects outside Canada involving international competition and formal bidding procedures. Covers the supply of Canadian goods and services for major capital projects including consulting services, engineering, construction and equipment.

- The establishment of **export consortia** for companies that would be better able to exploit export opportunities by pooling their resources and sharing costs and risk with other companies.

- The establishment of **permanent sales offices abroad** (excluding the U.S.) in order to undertake sustained marketing efforts outside Canada.

- **Special activities** for non-profit, non-sales, food, agriculture, and fish organizations, marketing boards and agencies (for the benefit of their members). Activities include participation in trade fairs, visits, technical trials, product demonstrations, seminars and training, and commodity promotion.

The assistance provided for PEMD industry-initiated activities is repayable if export sales result.

Applications must be made prior to undertaking the activity.

DEA has published the **PEMD Handbook** which outlines the various eligibility criteria for potential participants, applicants, and activities. The Handbook also describes how to apply for assistance in industry-initiated export marketing activities. For a copy of the Handbook, and the appropriate PEMD application form, contact DEA's InfoExport (1-800-267-8376), or your nearest ISTC office.

## C. Federal Government Points of Contact

### 1. Info Export

The Department of External Affairs operated InfoExport, an export trade information centre in Ottawa, to handle trade enquiries and to refer callers to appropriate officials in government. The telephone number for local callers is 993-6435. Other callers across Canada should dial 1-800-267-8376 toll-free (in B.C. 112-800-267-8376).

### 2. Department of Industry, Science and Technology Regional Offices

#### Alberta

The Cornerpoint Building  
Suite 505  
10179 - 105th Street  
Edmonton (Alberta)  
T5J 3S3

Tel.: (403) 420-2944  
FAX: (403) 495-4507

#### British Columbia

900-650 George Street W  
Vancouver  
(British Columbia)  
V6B 5H8

Tel.: (604) 666-1420

#### Manitoba

330 Portage Avenue  
Suite 608  
P.O. Box 981  
Winnipeg (Manitoba)  
R3C 2V2

Tel.: (204) 983-6182  
Telex: 07-57624

#### New Brunswick

Assumption Place  
770 Main Street  
P.O. Box 1210  
Moncton  
(New Brunswick)  
E1C 8P9

Tel.: (506) 857-6400  
Telex: 014-2200

#### Newfoundland

Herald Tower Suite 505  
4 Herald Avenue  
P.O. Box 42  
Cornerbrooke, Newfoundland  
A2H 4B5

Tel.: (709) 772-5387  
FAX: (709) 637-4477

#### Nova Scotia

1496 Lower Water Street  
P.O. Box 940,  
Station "M"  
Halifax (Nova Scotia)  
B3J 2V9

Tel.: (902) 426-2018  
Telex: 019-22525

#### Ontario

Dominion Public  
1 Front Street West  
Toronto, Ontario  
M5J 1A4

Tel.: (416) 973-5000  
Telex: 065-24378

#### Prince Edward Island

Confederation Court Mall  
134 Kent Street,  
Suite 400  
P.O. Box 1115  
Charlottetown  
(Prince Edward Island )  
C1A 7M8

Tel.: (902) 566-7400  
Telex: 014-44129

#### Quebec

Stock Exchange Tower  
Suite 3800  
800 Victoria Square  
P.O. Box 247  
Montreal (Quebec)  
H4Z 1E8

Tel.: (514) 283-8185  
Telex: 055-60768

#### Saskatchewan

6th Floor  
105-21st Street East  
Saskatoon  
(Saskatchewan)  
S7K 0B3  
Tel.: (306) 975-4400  
Telex: 074-2742

#### Northwest Territories

P.O. Bag 6100  
Precambrian Building  
10th Floor  
Yellowknife  
(Northwest Territories)  
X1A 1C0

Tel.: (403) 920-8568

#### Yukon

Suite 301  
108 Lambert Street  
Whitehorse (Yukon)  
Y1A 1Z2

Tel.: (403) 668-4655

### 3. Contact Points within the Department of External Affairs

Mailing address for correspondence to all divisions listed below:

Department of External Affairs  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
Telex: 053-3745



**Contacts for general enquiries**

*Info-Export (BTCE)*

*Tel.: 1-800-267-8376 (in B.C. 112-800-267-8376) ou 993-6435 (local calls only)*

*Export Finance, Capital Projects Division (TPF)*

*Tel.: (613) 996-0705*

*FAX: (613) 053-3745*

**Contacts for geographic trade information**

*Africa Trade Development Division (GAT)*

*Tel.: (613) 990-6593*

*Caribbean and Central America Trade Development Division (LCT)*

*Tel.: (613) 992-0384*

*East Asia Trade Development Division (PNC)*

*Tel.: (613) 992-7359*

*includes People's Republic of China, Korea, Hong Kong, Laos, Cambodia, Vietnam*

*Middle East Trade Development Division (GMT)*

*Tel.: (613) 993-7040*

*includes Egypt, Sudan, Lebanon, Jordan, Israel, Saudi Arabia, North and South Yemen, Kuwait, Oman, Bahrain, The United Arab Emirates, Qatar, Iran, Iraq*

*Japan Trade Development Division (PNJ)*

*Tel.: (613) 995-1281*

*South America Trade Development Division (LST)*

*Tel.: (613) 996-5546*

*Asia and Pacific South Trade Development Division (PST)*

*Tel.: (613) 996-0917*

*includes ASEAN countries, Afghanistan, India, Nepal, Pakistan, Burma, Bangladesh, Sri Lanka, Australia, New Zealand, South Pacific*

*U.S.S.R. and Eastern Europe Trade Development Division (RBT)*

*Tel.: (613) 996-2858*

*United States Marketing Division (UTD)*

*Tel.: (613) 993-5726*

*Western Europe Trade Development Division (RWT)*

*Tel.: (613) 995-9401*

**4. Canadian Commercial Corporation**

*50 O'Connor Street*

*Ottawa, Ontario*


*K1A 0S6*

*Tel.: (613) 996-0034*

*Telex: 053-4359*

*FAX: (613) 995-2121*

LIBRARY E / BIBLIOTHEQUE A E



3 5036 20025551 4

DOCS

CA1 EA 89I52 ENG

International financing data : a  
business guide to export financing  
and other financial assistance. --

43251652



60984 81800

