



Understanding Opportunities Available Through International Financial Institutions

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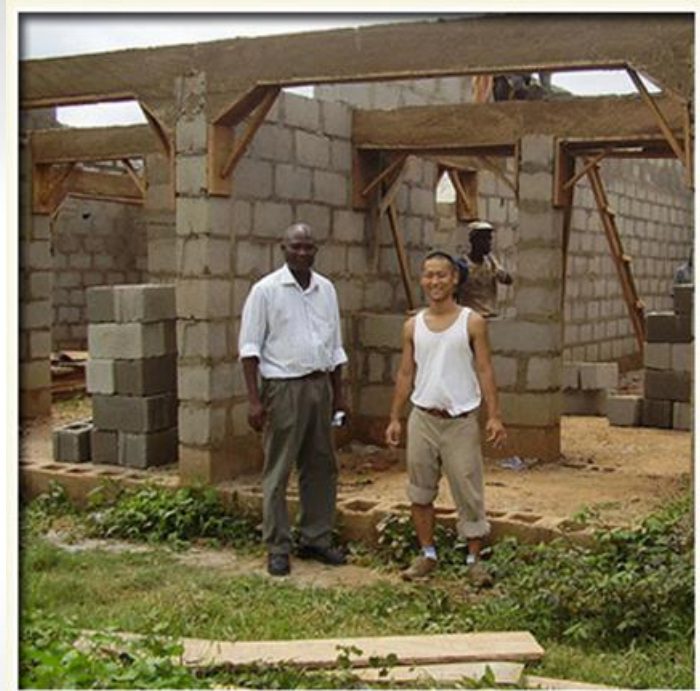
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Presentation Outline

- Overview of the IFIs
 - Mandate
 - Means of Operation
 - Opportunities for Private Sector Firms
- What you need to know
 - Snapshot of the IFI Project Cycle
 - Procurement Basics
 - Other useful tidbits
- Examples of IFI-Financed Contract Awards to Canadian Firms
- Recommended Next Steps for Exploring if the IFI Market is for you
- Questions

Overview of the International Financial Institutions (IFIs)



The IFIs

- Also known as the Multilateral Development Banks (MDBs)
- One global IFI – the World Bank – and various Regional IFIs:
 - Asian Development Bank
 - African Development Bank
 - Inter-American Development Bank
 - Caribbean Development Bank
 - European Development Bank
 - Islamic Development Bank
 - North American Development Bank
 - Arab Fund for Economic and Social Development



Mandate

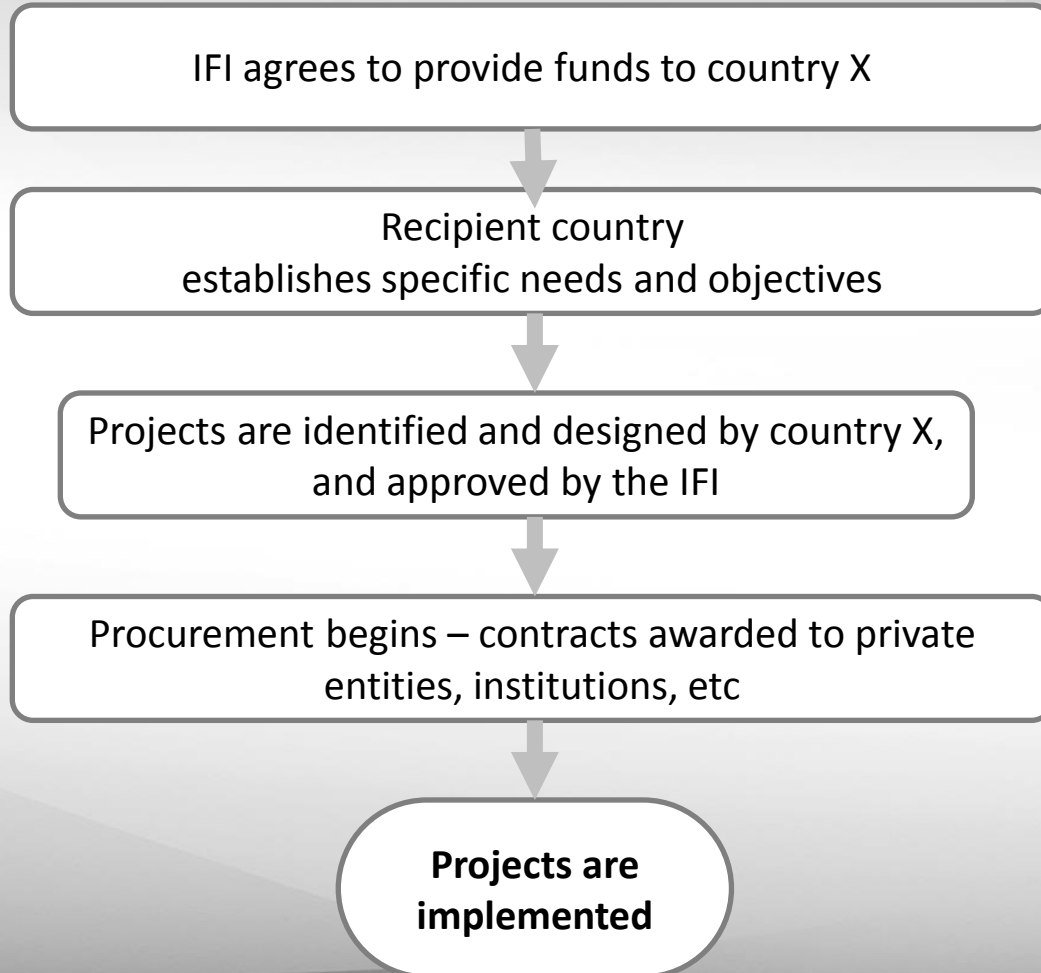
Common goals of the IFIs are to:

- Reduce global poverty and improve people's living conditions and standards;
- Support sustainable economic, social and institutional development; and
- Promote regional cooperation and integration.

Common approach includes:

- Providing loans and grants to borrowing member countries to carry out pre-determined, planned and measurable development projects.
- Providing technical assistance to borrowing member countries to support in project preparation or execution .
- Facilitating the sharing of data, information, best practices and lessons learned.
- Mobilizing and facilitating private sector engagement in developing countries.

Means of Operating



Opportunities for the Private Sector

- IFIs provide over US\$150 billion in financial support annually to developing countries through loans, grants, guarantees, and equity investments.
- Each IFI-financed project generates numerous (sometimes thousands) of contracts for private sector firms.
- Contracts range in size (<\$50k to multi-million dollar) and cross all sectors.
- Economic growth rates in developing or emerging markets are outpacing growth rates of advanced economies . IFI-financed opportunities are an effective mechanism of penetrating these growing markets.

Breakdown of the Opportunities

- **Goods and Equipment – 70%**

Examples: pharmaceuticals, medical equipment, vehicles, machinery, farm equipment, fertilizer, transport equipment, electrical machinery and plants, industrial facilities, mining equipment, hardware, telecommunication systems, satellite communication systems, school textbooks, furniture, spare parts, raw materials, etc.

- **Civil Works – 20%**

Examples: construction of hospitals, ports, highways, schools, housing, railways, bridges, irrigation works, water supply and sewage facilities, power plants, etc.

- **Services – 10%**

Examples: design and feasibility studies, supervision of installation and construction, environmental assessment studies, financial services, etc.

Environmental Focus of the IFIs

- Environmental and Natural Resource Management is primarily integrated into projects across various sectors
 - E.g. agriculture, urban development, water and sanitation, etc.
- It is more of a cross-cutting thematic area than a 'sector' for the IFIs
- However, the World Bank does nonetheless have an Environment Strategy, and is in the process of preparing another iteration of this document
- Climate change has been a significant focus at the IFIs over the last decade with many of them stipulating minimum lending targets

Environmental Focus of the IFIs

- Areas of environmental focus for the IFIs include:
 - ✓ Biodiversity
 - ✓ Climate change
 - ✓ Environmental assessments for infrastructure initiatives
 - ✓ Forests and forestry
 - ✓ Land resource management
 - ✓ Oceans and coastal management
 - ✓ Water and sanitation
 - ✓ Sustainable infrastructure and transport
 - ✓ Renewable / clean energy
 - ✓ Environmental education
 - ✓ Energy efficiency
 - ✓ Development of institutional and regulatory frameworks



Many “environmental” initiatives being supported or managed by the IFIs...




- Inter-American Development Bank’s Sustainable Energy and Climate Change Initiative (SECCI)
- Asian Development Bank’s Sustainable Transport Initiative (STI)
- Disaster Prevention Sector Facility (IDB)
- African Water Facility
- Water and Sanitation Program
- Climate for Development in Africa (ClimDev-Africa) Initiative
- Sustainable Energy Fund for Africa
- Global Gas Flaring Reduction Partnership Initiative
- Water Partnership Fund

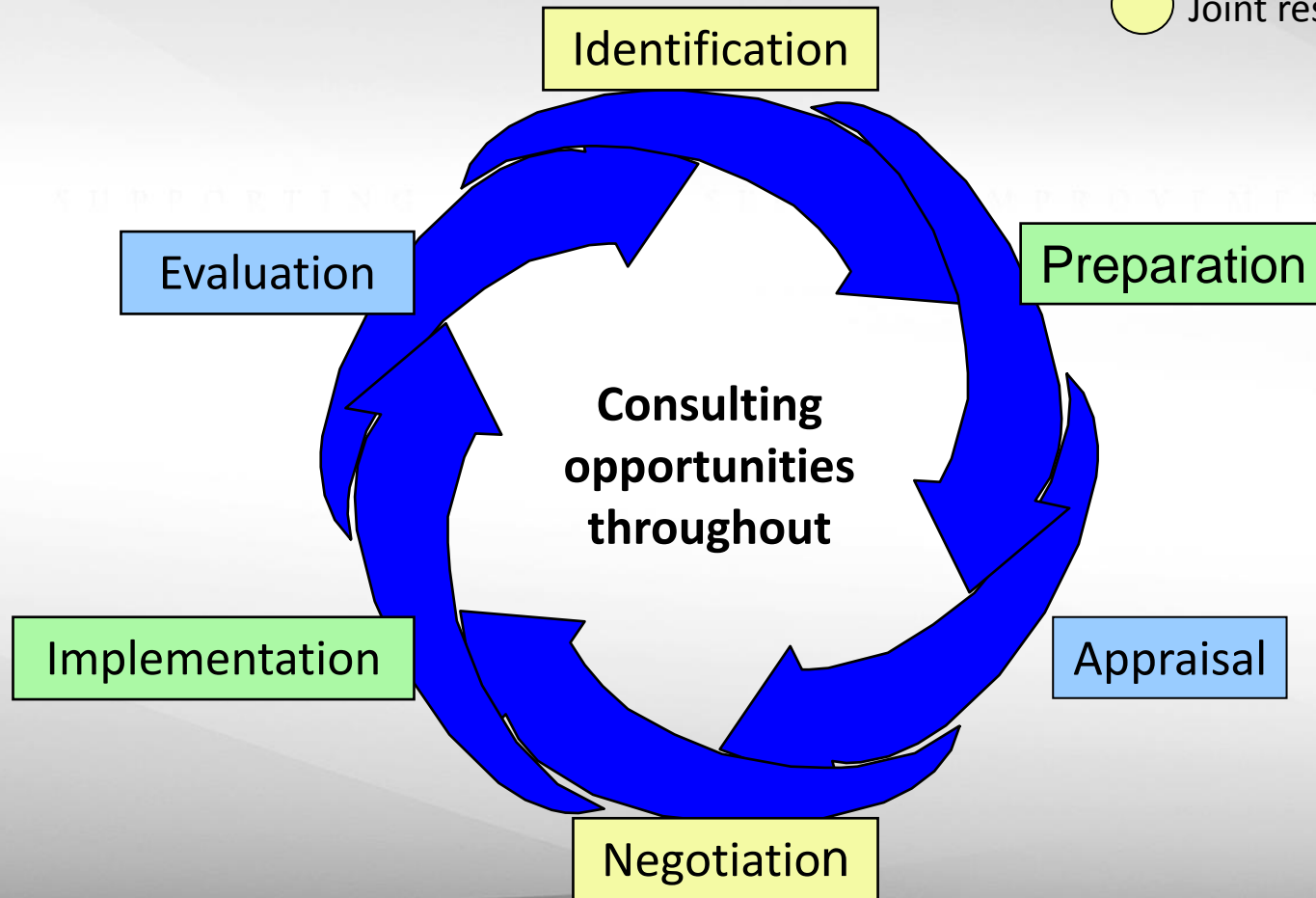
SUPPORTING PUBLIC SECTOR

What you **really** need
to know...



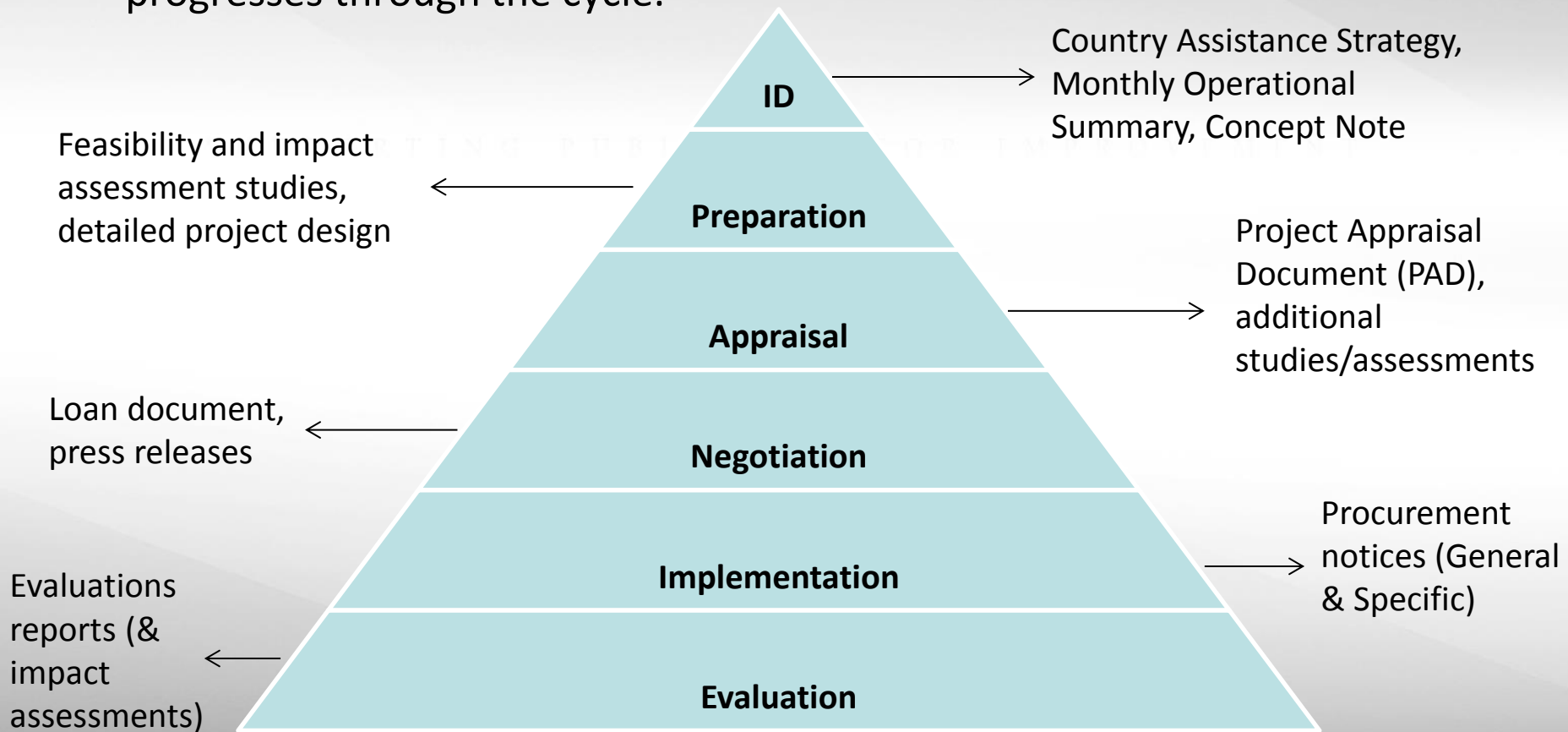
The IFI Project Cycle

-  Borrower responsibility
-  IFI responsibility
-  Joint responsibility



The IFI Project Cycle

- There is an increasing amount of public information on the project as it progresses through the cycle.



Procurement Basics

- Different procurement guidelines for:
 - Goods & Equipment
 - Civil Works
 - Consulting
- The Guidelines are available on the IFI sites and if you are bidding on IFI-financed work, you must read and understand them. They are 'Guidelines'.
- Although the government entity in country is executing the project and related procurement, IFI-prescribed procedures and procurement guidelines must be followed throughout the project cycle
- Always a two-staged procurement process for consulting services. You must first submit an Expression of Interest to be short-listed and invited to submit a detailed Technical and Financial Proposal.
- The Executing Agency in country may not always be well-versed with the Guidelines. Capacity can be an issue. There are recourse mechanisms and support available to assist with procurement issues.

What you REALLY need to know

- IFIs provide financing to developing countries for the countries themselves to carry out development projects - the Bank is seldom your client.
- For service providers, there are opportunities that are not advertised (some sole sourcing for highly specialized firms that are known to the Bank or executing agencies).
- Competition for IFI-financed contracts is fierce.
- The lifecycle for an IFI project can be very long; patience is required; however, timelines for preparing your bids might be short.
- While there is bureaucracy, tough competition and long sales cycles, there are structures in place (including recourse mechanisms) to mitigate against corruption and to guarantee payment.

What you REALLY need to know

- If you are a service provider, there are opportunities throughout the project cycle – even before the loan is approved by the Bank’s Board of Directors.
- Bank officials will seldom be in a position to influence or provide contracts; but they are valuable sources of intelligence and contacts.
- In the beginning, the pursuit of an opportunity will be resource-intensive; but it gets easier.
- In-country (or at least “in region”) experience is often a critical requirement; thus one more reason why partnering is so important.
- If you’re serious about pursuing IFI-financed contracts, you’ll need to invest (resources, time, patience...)

Examples of IFI- Financed Contract Awards to Canadian Firms



Canadian Success Stories

- Firm: ESSA Technologies, Ottawa
- Focus: Climate Change, Environmental Impact Assessments, Fisheries and Aquatics, Environmental Information Systems
- Projects: Projects funded by WB, IDB, AsDB, AfDB and CDB – e.g. Industrial pollution management project in Vietnam; development of country-specific development strategies for Peru and Ecuador, etc.



Canadian Success Stories



- Firm: CBCL, Halifax, NS
- Project Example: Energy Efficiency and Distributed Renewable Generation Engineering Services in Central America
 - Financed by the Private Sector Division of the Inter-American Development Bank
 - Standing offer contract is for essentially seven (7) specific consulting efforts:
 - ✓ Energy Audits
 - ✓ Prioritized Energy Efficiency Investment Plans
 - ✓ Green Building Design
 - ✓ LEED Certification facilitation and assistance
 - ✓ Energy Management Training Program
 - ✓ Carbon Finance Potential Assessment
 - ✓ Assessment and Recommendations for Maintenance Practices

Canadian Success Stories

- Firm: Fisheries and Marine Institute, St. John's, NL
- Projects: African Virtual University Project (\$800k); Caribbean Single Virtual University; Post Tsunami project in the Maldives, etc.
- Projects funded by WB, AsDB, AfDB and CDB



What Next?

- ❑ Determine if your product or service aligns with IFI-financed project needs.
 - Review IFI Sector Strategies (e.g. World Bank's Environment Strategy)
 - Research specific IFI initiatives and trust funds of relevance to your firm
 - E.g Sustainable Energy & Climate Change Initiative (SECCI)
 - Search current and previously advertised procurement notices.
 - Solicit feedback from the Offices of Liaison with International Financial Institutions (OLIFIs).
 - Speak to a sector-specific IFI resource, but only once you have first done your research.

- ❑ Determine if your cost will be competitive vis-à-vis the competition. Databases of contract awards are available on the Bank websites as a good resource for this query.

- ❑ Learn how the IFIs operate. A recommended resource includes:
<http://www.tradecommissioner.gc.ca/eng/development-humanitarian-aid-markets/index.jsp>

- ❑ You could also consider attending a mission to visit IFI headquarters which tends to be focused on operational processes, procurement and overall information on how the Banks operate.

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