

International Project Bids

A Team Canada Inc
On-line Guide for Exporters



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However, it should be noted that the guide was ORIGINALLY designed for online use and that its format doesn't transfer particularly well to print format. Specifically, the guide refers readers to numerous Web resources which online readers can easily access by clicking on the links provided; on paper, these referrals appear as long Web addresses which make reading difficult. YOU SHOULD also NOTE THAT, due to space constraints, some long Web addresses in this document had to be divided into two or more lines; it should be noted that the complete addresses must be entered as one line in your Web browser. IF YOU WISH TO ACCESS THE WEB SITES LISTED, YOU WILL FIND IT MUCH EASIER TO USE THE ONLINE VERSION AND SIMPLY CLICK ON THE HOT LINKS.

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International Project Bids

This tool is designed to assist small and medium-sized companies in:

- locating opportunities for bidding on international contracts;
- searching for bidding partners;
- developing and evaluating bid proposals.

Many Canadian companies export by bidding on and winning contracts issued by international financial institutions, foreign governments, or multilateral companies. Among the most important issuers of contract opportunities are:

- A. Multilateral Development Banks (MDBs);
- B. United Nations and sub-groups and advisory groups within the UN, e.g. United Nations International Children's Fund (UNICEF), UN Educational Scientific and Cultural Organization (UNESCO), World Health Organization (WHO) and others;
- C. other UN agencies and programs such as the Trade and Development Agency (TDA); and
- D. Foreign Governments.

Perhaps the most important of these institutions are the MDBs, which lend about US \$45 billion annually for international projects. They also attract an additional US\$ 50 billion in financing from other sources, to provide funding for projects in developing countries.

THE FIVE MDBS ARE:

1. The World Bank
2. Inter-American Development Bank
3. African Development Bank
4. Asian Development Bank
5. European Bank for Reconstruction and Development.

Multilateral Development Bank projects are generally designed for generating economic and social development within the targeted country. Preferred sectors of assistance include: agribusiness, education, training, energy, investment, industry and infrastructure development. For The World Bank, the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), the major priority fields for funding are privatization and restructuring.

Typically, there are 6 phases in the MDB project cycle:

Phase I: Project identification

Phase II: Project preparation (normally 1 to 2 year duration).

Phase III: Project appraisal.

Phase IV: Negotiation between MDBs and the borrowing country.

Phase V: Project implementation.

Phase VI: Project evaluation.

Canada is a member of all five Multilateral Development Banks. This entitles Canadian companies to bid on opportunities in all regions

of the world. Such contracts offer opportunities for the export of Canadian goods, services and technology along with the possibility of additional downstream contracts. A primer on these institutions and the potential business to be developed through them, is also available.

Identifying Opportunities

There are many on-line sources of information that can tell you about upcoming capital projects abroad. These websites offer information about contracts and tenders being issued by various multilateral agencies or foreign governments. In many cases, you will be able to download the bidding documents onto your own computer.

CANADIAN DATABASES OF FOREIGN PROCUREMENT OPPORTUNITIES

IFI Capital Project Information System
www.dfait-maeci.gc.ca/ifinet/menu-e.asp
On-line Department of Foreign Affairs and International Trade listing of capital projects and procurement opportunities funded by International Financial Institutions (IFI's): listed by country, sector and project status. The site also contains a primer on IFI projects and how to bid on them.

Canadian Commercial Corporation (CCC)
- Business Opportunities Around the World
www.ccc.ca/english/market.cfm. The CCC is a federal agency set up to help Canadian companies find and secure foreign government contracts.

Canadian International Development Agency - Current Opportunities
w3.acdicida.gc.ca/currentopportunities.htm

List of current opportunities

Canadian International Development Agency - Service Contracting Process
w3.acdimcida.gc.ca/cida_ind.nsf/eff12ba4cb097c1852566ce00644c8a/6b579d830d22d53d8525683f006a51e9?OpenDocument
Information about how CIDA contracts are issued and managed

Export Development Corporation
- International Buyers
www.edcsee.ca/prodserv/buyers/index_e.htm
Information on a selection of projects which present export opportunities for qualified Canadian manufacturers and suppliers of goods and services.

International Business Opportunities Centre
www.iboc.gc.ca/menu-e.asp
Matching International Trade Leads with Canadian Companies.

Oil and Gas Services and Equipment Website
www.petroleumplus.com/ogse/frameset.asp
Opportunities posted by sellers and buyers.

Strategis - Tradebytes
strategis.ic.gc.ca/tradebytes/starte.html
Increase your export sales by finding major U. S. Buyers who have recently bought products like yours.

Take a World View - Summary Matrices for Services Export Opportunities
strategis.ic.gc.ca/SSG/sc01185e.html
Selected geographical and sectoral market studies.

WIN Exports
www.infoexport.gc.ca/winexports/home_e.html
To register with WIN Exports, send you completed registration form to Export Information Systems.

Provincial Databases

BC Trade Network's Trade Leads
Bulletin Board System

www.bctrade.net/bctrade/postings/index.htm

MULTILATERAL DEVELOPMENT BANKS

African Development Bank

www.afdb.org

Asian Development Bank

www.adb.org/mainpage.asp

European Bank for Reconstruction and
Development

www.ebrd.com/english/procure/opportunities/main.htm

Inter-American Development Bank

www.iadb.org/exr/english/index_english.htm

The World Bank

www.worldbank.org/

INTERNATIONAL SOURCES OF PROCUREMENT INFORMATION

API Online - Business Opportunities (TED)

www.api.se/en/

An on-line publication of the European Union;
an EU databank known as ECHO allows access
to TED through Lexis Nexis Custom ETO Trade
Lead Matching

[www.intl-trade.com/trade-cgi bin/cusform.
cgi?B5](http://www.intl-trade.com/trade-cgi/bin/cusform.cgi?B5)

Free International Trade Leads

www.lji.com/itl/

Global Board of Trade

www.tradenet.org/

Global Business Web's Trade Leads

www.digilead.com/pod/linkin/

Overseas Private Investment Corporation

www.opic.gov

OPIC - Opportunity Bank -- a source of help
to many US exporters; available through Lexis
Nexis PANGAEA.NET's TradeBoard

www.pangaea.net/igm/trades.htm

For buyers and sellers: Post goods and services
for global trade on PANGAEA's import/export
Bulletin Board .

Trade Compass - Trade Leads

www2.tradecompass.com/iebb/

Trade Leads - International Business
Opportunities TradeLeads.com

www.tradezone.com/busops.htm

TradeMatch: Database of companies seeking
to import or export

www.tradematch.co.uk/

Tradenet Canada - International Trade Leads

www.tradenet.ca/common/leads.html

Tradeport

www.tradeport.org/

Trade Zone

www.tradezone.com/trdzone.htm

TradeWinds Publishing

www.intl-trade.com/

United Nations Inter-Agency
Procurement Services

www.iapso.org

United Nations Procurements

www.un.org/Depts/ptd/

World Trade Centers Association - Trade Leads

www.wtca.org/table.html

World Trade Markets (ETO listings)

www.wtm.com/

AFRICA - MIDDLE EAST

Iran Export - Trade Opportunities

www.iran-export.com/tropp/index.htm

Tunisia - Business Opportunities

www.investintunisia.tn/

ASIA-PACIFIC

Asia's MarketPlace

www.asiatrade.com/Mkt.html

Asian -Pacific Economic Cooperation (APEC)

cher.eda.doc.gov/apec.html

Project opportunities in the Asia- Pacific region

Asian Development Bank - Business Opportunities

www.adb.org/Business/Opportunities/

Australia - Department of Finance and Administration's Competitive Tendering and Contracting Branch

www.ctc.gov.au/

Procurement opportunities in Australia

Hong Kong Government Supplies Department

www.info.gov.hk/gsd/

Japan - Access to Japan

www.keidanren.or.jp/A2J/index.html

List of contact points for procurement

Japan External Trade Organization (JETRO)

www.jetro.go.jp/top/index.html

Malaysia - Ministry of International Trade and Industry

miti.gov.my

EUROPE

European Procurement Information Network

epin1.epin.ie/

European Government Contract Consultants

members.aol.com/eurocon/home.htm

European Government Contract Consultants provide access to European Government contracts

NORTH AMERICA - UNITED STATES

A. US Federal Government Procurement Opportunities

Canadian Value Added Network (VAN) services
209.82.43.25/index.html

The Canadian Commercial Corporation provides VAN services for Canadian businesses that cannot afford to purchase software required for electronic commerce with the US Government. Most VAN providers are located in the United States.

STAT-USA Trade Leads (US Department of Commerce)

www.stat-usa.gov/tradtest.nsf?OpenDatabase

Procurement Websites of US Federal Agencies

Federal Marketplace - Jumpstation:

Links to Business Opportunities

www.fedmarket.com/sales_resources/bids/state_local.html

A current list of links to the procurement websites of major US Federal Agencies including: The General Services Administration (GSA), NASA, EPA, USAID etc.

U.S. Agency for International Development - Business and Procurement

www.info.usaid.gov/procurement_bus_opp/

Current solicitation documents, announcements, and resources to help you with doing business with the USAID Agency.

US Federal Government Procurement Bulletin Boards

Defense Information Systems Agency (DISA)

The Defence Information Systems Agency (DISA) maintains two electronic bulletin boards: DABBS and ITABBS. DABBS procures goods and services related to telecommunications. ITABBS procures goods and services related to information technology.

Telephone to both bulletin boards:

(618) 256-9200;

System administration: **(618) 256-9380**

Transportation Computer Center(TCC)

TCC procures goods and services related to information technology.

Modem tel. **(202) 493-2359**

Social Security Administration (SSA)

Acquisition bulletin board.

BBS: **1-800-722-7355;**

Information: **(410) 965-9475**

Technical Help: **(410) 965-8086**

Internal Revenue Service (IRS) Procurement bulletin board. Information: **(202) 283-1220**

Access: **(202)799-0943**

B. US State and Local Government Procurement

State and Local Government Procurement

www.fedmarket.com/sales_resources/bids/state_local.html

A current list of links to state and local government procurement opportunities

C. Other Sources of US Government Procurement

BidCast - US Government Bid Service

www.bidcast.com/

FedEDI

snad.ncsl.nist.gov/fededi

The Secretariat for Federal Electronic Data Interchange (EDI); many useful links

Federal Marketplace

www.fedmarket.com/

A large federal procurement resource gateway TradeUS

www.tradeus.com/index.htm

Service that aims to help any company in the world find a US distributor to represent or buy their products.

SOUTH AMERICA

Argentina Business Opportunities

www.tradeline.com.ar/

Trinidad and Tobago - Trade Point Port of Spain

tradepoint.tidco.co.tt/

Country and Project Information

SOURCES OF INFORMATION

Before preparing a proposal for a foreign contract, it's a good idea to find out everything you can about the country hosting the project. Typically, you should have some idea of the following before you can determine whether or not a foreign project is worth pursuing:

POLITICAL STABILITY

Is the government secure? Does it enjoy popular support? Is there political turmoil in the country?. Is there a possibility that the government could change abruptly? If it did, what would that do to the proposed project?

ECONOMIC CONDITIONS

What is the state of the country's economy? Is the economy stable? If there were a dramatic downturn, how would it affect the proposed project?

COUNTRY DEVELOPMENT PLAN

What role does the proposed project play in the country's development plans? Does it have a high priority? If not, is there a danger that it could be cut, downsized, or otherwise altered?

ABILITY TO PAY

Is the project being financed by the government or by an external body? Who will actually pay for the contract? Does the government have the means to honour its commitments to contractors?

RELIABILITY AS A CONTRACTING PARTY

Has the government defaulted on payments to contractors? Has it ever expropriated contractors, harassed them, or mistreated them in any way?

EXPERIENCES OF PREVIOUS CONTRACTORS

What companies have worked in the country? Is there information about their experiences? Can you contact them to find out what they think?

WORKING CONDITIONS IN COUNTRY

How easy is it to do business in the country. What kinds of rules and regulations are in force? What is the infrastructure (transportation, communications) like?

SAFETY OF THE PROJECT TEAM

How safe is the working environment? What about public safety and crime? Will members of the project team run any risks?

WORK RULES

What rules govern travel, residence and the ability to work in this country?

The sources of information found in Country Reports in ExportSource can provide you with profiles and information about the country in which the contract is being offered. In addition, contact with the Canadian Trade Commissioners www.infoexport.gc.ca/help-e.asp and Canadian companies strategis.ic.gc.ca/SSG/bm09478e.html located in the country should offer useful additional information you can use to identify potential problems and assess risks.

Feasibility Analysis

Before you spend time preparing a bid, you should get a sense as to whether or not your company has a reasonable chance of success in getting the contract and in carrying it out. Ask yourself the following questions:

YOUR TRACK RECORD

1. Have you ever participated in a contract of a similar size and duration? If so, what was the outcome?
2. Is your firm experienced in the tasks specified in the tender?
3. Has your firm worked on contracts outside of Canada?
4. Can you show that your company has experience in working for a government agency or institutions similar to the one issuing the tender?
5. Does your company enjoy a unique technological or competitive advantage that will give it an edge in competing for this contract?

HUMAN RESOURCES

1. How many people would it take to perform the work specified?
2. Do you have this staff available?
3. What would happen to the rest of your business if you were to assign as much of your current staff as needed to this project?
4. Would you have to hire additional staff?
5. Would your staff be willing to travel to the host country and incur any of the inconveniences and risks associated with the project?

6. Is there a senior executive in your firm willing to champion the project?
7. Does the executive have the power to make things happen?

SKILL BASE

1. What kinds of skills are required to perform the work?
2. Are any of these skills unique and difficult to acquire?
3. Do you have all of these skills available inside your company?
4. Is anyone within your organization familiar with the country (languages, culture) where the project is to be carried out?
5. Are there individuals in your company that have worked on similar projects in other countries?
6. If none of these skills are currently available within your company, is there enough time to train your staff in them?
7. Would you have to hire additional staff?
8. How easy will it be to find people with the required skills?

CAPACITY

1. Does your company have the physical capacity (material, equipment, plant etc.) to complete the contract?
2. If not, would you have to expand your capacity?
3. How much would that cost?
4. Do you have a telecommunications infrastructure (fax, modems, e-mail etc.) to support reliable ongoing communications with the host country?
5. Would frequent travel abroad be feasible for your company?

6. Are you located close to key transportation routes?

FINANCING

1. Do you know what this project will cost and how long it will take?
2. Does your company have the financial means to undertake this project?
3. Are bid or performance bonds required by the contracting authority?
4. What other investment (in people, equipment etc.) would you have to make to undertake this contract?
5. How long before you receive payment?
6. What impact will the difference in the timing of expenditures and revenues have on the rest of your operations?
7. What financial assets can you bring to the project?
8. Can the firm afford to take funds from operations to support the project?
9. If so, how much could it reassign?
10. Does the company have access to additional sources of financing (investors, strategic partners, commercial financing institutions)?

RISKS

Which of the following risks could be factors in the contract:

1. Your company lacks the financial resources to complete the contract;
2. The contracting party aborts the project. Political instability, strikes, or other disruptions affect the project. There are delays in start-up that are outside of your control. There are significant cost overruns that your company has to cover.

3. Equipment is damaged or the project is interrupted because of climate or weather?
4. Foreign exchange fluctuations render the project unprofitable.
5. Penalties are imposed on your firm for late performance or non-completion. The project is susceptible to market risks (low demand, changes in the economic climate). Suppliers of feedstock, critical skills or other inputs fail to perform as expected. The complexities of production and implementation lead to delays and cost overruns. The project has a negative impact on the environment and your company is held liable.
6. The host government alters exchange control regulations, the ability to remit funds, the tax regime, or its duties and tariffs, thus undermining the viability of the project.

For many firms, especially smaller ones, the preceding questions will yield some discouraging answers. This does not, necessarily mean that a firm cannot participate in an international contract. What it does mean is that it should not try to do so on its own. Instead, the firm should seek out partners that can complement its skills and resources while sharing the risks and burdens.

Partnerships

If the previous step has revealed significant shortcomings in your firm's ability to pursue the contract, your best option may be to partner with others. Such partnering is quite common since few firms have all of the capabilities and resources needed to address the complexities of international projects.

Successful partnering, however, implies a long-term commitment that requires time and effort

to establish and manage. Many firms underestimate the amount of work and time involved in establishing a partnership. Developing criteria, selecting a partner, and negotiating an effective alliance can be an extremely lengthy process. A company not willing to accept these costs should probably not pursue larger and more complex international projects.

A firm should also be willing to let another take the lead, if in doing so, the overall proposal is strengthened. The objective is to deliver the full set of skills and resources, with each partner delivering what they do best. The right partner is one that complements your own firm's capabilities.

It is also important that the partner's organization must be able to work harmoniously, effectively and efficiently with your own. In searching for partners, it is usual to profile several different candidates, interview them and select the most suitable. But if none of them seem right, it is better to abandon the project entirely than to go into it with an inappropriate partner.

The more you need to interact with your partner, the more important it is to find the right partner. You will need to consider questions of size, organizational structure, management style, operating policies, and corporate philosophy, as much a resources, technology and products. The following worksheet can help you to define what you are looking for in a partner.

PARTNERING OBJECTIVES

What would you need a partner to contribute to the project? *[These are usually areas in which your firm may have deficiencies]*

- human resources with specific technical skills
- unskilled human resources

- familiarity with local conditions, culture and business practices
- information about the project
- contacts in the host country
- access to financing
- raw materials
- manufactured inputs, machinery, equipment etc.
- research and development
- access to a specific proprietary technology
(e.g. through a license or other agreement)
- project management
- operation of the completed facility
- construction or implementation

EVALUATION CRITERIA FOR POTENTIAL PARTNERS

The following are ways of evaluating the capabilities of potential partners relative to your own.

- technical expertise
- experience with similar projects
- knowledge of the host country size (no. of employees, sales, assets)
- management depth
- partners, contacts and networks
- manufacturing capacity
- technological capabilities
- location
- human resources
- financial strength

DEFINING YOUR STRATEGY

In preparing to negotiate a partnership with another firm, ask yourself the following:

- What are my strategic objectives?
- What do I want out of this relationship?
- What am I prepared to offer or put on the table?
- What am I prepared not to offer or expose?

- What do I want my prospective partner to do?
- What value does that have to me?
- What am I prepared to give up?
- Will the partner be presented as part of my company (carry my company's card?) or act as an independent associate?
- Will our relationship include provisions for exclusivity on one or both sides?
- What does my prospective partner want to get out of this deal?
- What are his or her strategic objectives, both stated and unstated?
- What are my strengths and weaknesses going into this negotiation?
- What are those of my prospective partner?
- What are the possible dangers arising from this partnership (such as leaks of proprietary information)?
- What can I do to protect myself against them?

ISSUES FOR NEGOTIATION

- division of labour (who does what)
- division of proceeds (who gets paid what and on what basis)
- risk sharing and how will any overruns or penalties be apportioned
- management structure: how will the two sides work together, how will the relationship be managed?
- how will disputes and misunderstandings be resolved measures to establish confidence who will deal with the client (the contracting agency)?
- financial contributions: how will costs (including bid bonds and performance guarantees) be apportioned?

- deployment of human resources: who contributes what human resources
- technology sharing: who contributes what technologies and what measures should be put in place to protect intellectual property?

CHARACTERISTICS OF POOR PARTNERS

Are any of the following characteristic of the firm with which you are negotiating?

- Negotiate on price alone
- Do not keep promises
- Have a deal mentality - no long-term commitment
- Weak teamwork, especially with your firm
- Use adversarial relationships
- Supplier problems cause punishment, not solutions
- Use detailed contracts with little room for change
- Little interest in supplier benefits
- Not open to supplier suggestions
- Unwilling to share information
- No joint management processes
- No active support from top executives
- Reputation of frustrating other suppliers

CHARACTERISTICS OF GOOD PARTNERS

Technical complementarity. This is them minimum criterion for selecting a partner. Ability to cooperate easily and effectively with the potential partner. Otherwise, you are likely to experience substantial coordination and communications costs, as well as a high level of frustration.

Complementarity of organizations. The manager will need to consider questions of relative size, financial capability, organizational structure, management style, operating policies, philosophy, etc. These are factors which otherwise could contribute to organizational clashes or culture shock for the businesses involved.

Compatibility of objectives. Are the strategies and objectives of your firms compatible? The greater the divergence in these, the greater are the risks of dissatisfaction and associated problems.

Trust. Since today's partner may be tomorrow's competitor, the manager must consider, above all, the potential partner's commitment and trustworthiness. Exposing your strategy or technology to an unreliable partner could seriously erode your competitive advantage. It is easier to establish trust where there is mutual need and low risk of the partner becoming a competitor.

Proposal Development

This task involves bid proposal and preparation. It can be done with experienced company personnel and/or by bid preparation consulting service providers. Prior to the preparation of the bid, it is essential to review the documentation and the attached guide for the preparation of bids. Bid documentation normally comes with a glossary of terms used in International Bidding. If not, this should be requested from the Bidding Authority.

The international tender or procurement opportunity normally specifies a certain bid format. The following general outline is offered as a guide though each particular bidding format may differ somewhat from this model.

TYPICAL BID OUTLINE

Introductory Section

- a) cover page with title
- b) title page
- c) covering letter explaining the company's suitability and qualifications for the job
- d) table of contents page
- e) summary
- f) list of tables, charts, etc.

THE BID DOCUMENT

Introduction

- a) brief statement of the task/problem
- b) proposed approach/solution to the problem
- c) statement of the company's qualifications and experience as they relate to the project task

Technical Component

- a) statement of the task/problem
- b) how the company proposes to solve the problem/approach of the task
- c) manufacturing aspects
- d) materials component e) logistics
- f) quality control
- g) contingencies

Proposed Management of the Project

- a) how the work will be carried out
- b) timetable for completion of work
- c) company personnel, organisation and responsibilities
- d) how the project progress will be monitored and evaluations carried out

Financial Aspects

- a) explanation of cost calculations
- b) breakdown of costs
- c) summary of total costs

For additional information about preparing a proposal, please see: IFINet

www.dfait-maeci.gc.ca/ifinet/menu-e.asp

Proposal Analysis

The final step in the process of preparing an international bid is to evaluate the completed proposal according to a selected list of criteria. Use the following suggestions as a guide to evaluating the contents of your bid.

Evaluation of the Overall Draft Bid Proposal

- a) determine compliance with the Terms of Reference of the bid
- b) understanding the role and importance of the project

- c) analysing and understanding the task/problem
- d) assessing the effectiveness of the proposed solution/approach to the problem
- e) assessing the information provided in the draft bid proposal from the point of view of completeness and accuracy
- f) verifying compliance with the required deadlines
- g) checking the completion of all required form
- h) checking the correct use of bid terminologies
- i) thorough proof reading of the text

Evaluation of the Technical Component

- a) clear understanding of the problem
- b) use of effective methods to solving the problem/completing the task
- c) understanding and considering the project within the context of economic, social, political and environmental factors
- d) compliance with stipulated deadlines
- e) schedule of project monitoring and inspection to ensure quality
- f) assurance of the availability of equipment and related items

Evaluation of Project Management and Organization

- a) clear statement of project objectives
- b) work schedule and compliance with deadlines
- c) description of how the task will be carried out (eg. interface with clients, communication, coordination and control)
- d) description of personnel and assignment of personnel to tasks on the basis of qualifications and experience

Budget Evaluation

- a) description of cost components in accordance with bid requirements
- b) nature of cost estimates: too high or low
- c) is the budget realistic and/or competitive
- d) accuracy of cost estimates
- e) cost calculations
- f) explanation of rates underlying costs
- g) fairness of costs levels