



CAIDP/RPCDI

Canadian Association of International Development Professionals
Regroupement des professionnels canadiens en développement international

BUSINESS PLAN
2013-2016
Developing International Markets

Draft for AGM November 2012

EXECUTIVE SUMMARY

The Canadian Association of International Development Professionals (CAIDP) was incorporated as a non-profit organization in February 1993. It is a voluntary organization run by and for its members. The Vision for CAIDP is “to support effective international development through the expertise of our members and partnerships” and its Mission statement is that it “is dedicated to supporting the involvement of its members in the design and delivery of overseas development aid”.

The environment for international development and for the procurement of development services is changing in ways that have negatively affected the Canadian development professionals who make up CAIDP’s membership. Fewer development services contracts are available from traditional clients like CIDA, and more funds are flowing via multilateral institutions and national governments. In addition, under the WTO-AGP bilateral agencies are increasingly tendering for services under international competitive bidding.

CAIDP’s membership has sought the support of the association in addressing these changes by:

1. Assessing the market for and possible constraints for Canadian development service providers in international competitive bidding;
2. Assisting in breaking into international markets, such as IFIs, UN agencies, international NGOs and Foundations, and other bilateral agencies;
3. Assisting in overcoming their lack of market information on opportunities and competitive conditions.

The Association has developed this international business development strategy to meet members’ needs and proposes to:

1. Conduct Market Research: the industry is changing and many members feel unsure of how Canadians can compete under international competitive bidding. CAIDP will contract an experience development economist to conduct a study to inform members.
2. Convene meetings or networking functions and invite representatives from the IFIs, UN Agencies, and other bilateral donors to make presentations to members on opportunities with their organizations and on how they procure services.
3. Convene meetings with CIDA, OLIFIs, the Offices of the Executive Directors for Canada, DFAIT’s Regional Offices (ROs), the Private Sector Liaison Officer Network (PSLO) and the Canadian embassies and consulates in UN procurement centres and work with them to advocate for and market Canadian international development services.

Through implementing these activities, CAIDP hopes to:

- Outcome 1: Complete a market study on Canadian comparative advantages and disadvantages under international competitive bidding and disseminate findings to membership.
- Outcome 2: Increase the proportion of the membership selling their services outside Canada from 50% to 60% over three years.
- Outcome 3: Increase the proportion of member income coming from non-Canadian sources to 50% over three years.

Reviewed at the Annual General Meeting November 6, 2012.

Signed: President of the Board of Directors



SECTOR – ANALYSIS

1. Sector Overview

The environment for international development and for the procurement of development services is changing in ways that have negatively affected the Canadian development professionals who make up CAIDP's membership.

1.1 The association's vision, mission statement, goals and objectives

The Canadian Association of International Development Professionals (CAIDP – formerly the Canadian Association of International Development Consultants) was incorporated as a non-profit organization in February 1993. It is a voluntary organization run by and for its members. The objectives of the association are to:

- Foster excellence in international development consulting
- Promote the collective professional interests of international development consultants
- Provide a forum for members to exchange professional information and engage in professional development
- Give a voice to the international development consulting community.

The Vision for CAIDP is “to support effective international development through the expertise of our members and partnerships” and its Mission statement is that it “is dedicated to supporting the involvement of its members in the design and delivery of overseas development aid”.

See our website at <http://www.caidc-rccdi.ca/> for more information.

1.2 Description of the industry and its importance for Canada

The market for international development services is huge, covering technical assistance and services contracted by bilateral humanitarian and development aid, contracts issued by International Financial Institutions (IFIs)¹ and United Nations (UN) organizations, and increasingly by foundations, corporations with corporate social responsibility initiatives, and developing country governments. While the total value of the market is not known, in 2010, the World Bank and the regional development banks alone provided close to US \$150 billion in loans and grants to developing countries for poverty alleviation and economic development initiatives, much of which resulted in the procurement of services.

In spite of its size a comparatively small number of Canadians have the ability to compete in this market: in 2010, for example, Canadian companies won approximately US \$145 million in contracts with the World Bank and the regional development banks. Based on member feedback, CAIDP estimates that Canada's development consulting industry – which does not include large civil engineering contracts – generates \$100 million annually in gross sales, of which \$34 million annually is generated by exporting Canadian development consulting services.

The Government of Canada recognizes the potential importance of this market and has undertaken initiatives to support Canadian businesses pursue IFI procurement, through the Department of Foreign Affairs and International Trade (DFAIT), Canadian International

¹ IFIs are financial institutions characterized by a broad membership of borrowing and donor countries and include regional, bilateral and multilateral development banks.

Development Agency (CIDA), Finance Canada (FC), Industry Canada and Export Development Canada (EDC).

In addition it established four Offices of Liaison with International Financial Institutions (OLIFIs) at the key IFIs. The OLIFIs and the Offices of the Executive Directors for Canada are important elements in the Canadian Aid Market Support Network, which provides multiple service delivery points, including federal, provincial, and private sector business organizations and offices, including DFAIT's Regional Offices (ROs), the Private Sector Liaison Officer Network (PSLO) across Canada, and the Canadian embassies and consulates in UN procurement centres.

However, Canada now has only 5 OLIFI representatives left world wide, while Italy has a dedicated unit of 8 or 9 people working only at the World Bank to gather information on opportunities and support interested and qualified Italian firms. The result has been a significant increase in the value of contracts won by Italy. Even countries like South Korea are serious enough about moving into this growing market to have consulted CAIDP on how it could be done. A move toward increased support of this kind, either directly or in cooperation with CAIDP, would make an enormous difference to Canadian development professionals.

1.3 State of the sector - key trends and market outlook

Procurement of development services is a huge and increasing market – in 2010-11, for example, the World Bank alone disbursed about US\$7 billion under some 80,000 to 100,000 separate contracts – but Canadians are getting fewer of them.

CAIDP's members are affected by changes in international context and in the nature of development assistance. Traditionally, Canadian development professionals have done well in international competitions for World Bank contracts: the Bank estimates that over 70% of these contracts used to be awarded to firms from Europe or North America. However, today bidders for the works, goods and services financed by the Bank are increasingly from borrower countries and companies registered in borrower countries won 74% of the value and 83% of the number of International Competitively Bid (ICB) contracts over the period 2006-2010. With higher living costs, taxes and travel costs, European and North American bidders are increasingly being underbid by firms from emerging and developing economies.

In addition, the global economic slowdown and a changing development policy context at the UN, IFIs, and bilateral agencies, have resulted in cuts to many traditional sources of contracts at the same time that funding to multilateral development banks (MDBs), private funding, domestic resource mobilization, trade and corporate social responsibility initiatives, are increasing. There are also significant changes in the way that aid is being delivered following the Paris Declaration, with a decrease in small bilateral programs and concomitant increase in funding to international organizations, a wider range of development partners, more "south-south" linkages, and an emphasis on country ownership, leading to growing recipient country management of development activities including procurement. As noted above, there is increased use of local expertise and contracts are increasingly aimed to local country consultants.

At the same time, the WTO Agreement on Government Procurement is leading to increased untying of bilateral development assistance contracts and more open global competition. Although development assistance is theoretically untied, members report there are still many barriers to entry to working for new bilateral agencies. Most development agencies continue to advertise opportunities locally, and incumbents who know the priorities, policies, people, language and jargon have a strong competitive advantage. It is difficult to get a profile in international organizations, and often costly, and there are many difficulties in getting information on competitions.

CIDA, which was once the major source of Canadian development contracts and the first step for most international development service professionals has also changed. There has been a decline in the information available on upcoming opportunities and fewer contracts available. Under the aid effectiveness agenda there has been a shift away from Canadian official development assistance (ODA) delivered through executing agencies using a project approach towards grants to multilateral agencies and recipient governments using program based approaches.

Given the fragmented and highly competitive market we are seeing consolidation of the development organizations in Canada and a hollowing out of the middle sized firms. The big firms have become bigger, middle level firms have become smaller and generally stayed small, and given the lack of growth opportunities two thirds of Canadian development consultants are working independently in 2012. With few CIDA contracts as entry points fewer young people are able to get that vital first job to start careers in international development. Many older consultants have retired or withdrawn from the field, unable to adjust to the changing market. And many more of our members are not working for CIDA or other Canadian entities: nearly half of our members export more than 50% of their work (up from an average of 34% in 2007) and 11% export 100% according to our 2012 survey.

1.4 General description of association members and their key capabilities

CAIDP is an association of professionals in a variety of disciplines (engineering, agriculture, education, accounting and business, economics, and law to name the main ones) who make their living providing services to international development assistance organizations, including Canadian and international NGOs and foundations, multilateral organizations, national governments and agencies executing development activities in the field, bilateral development agencies including CIDA, and increasingly private sector firms. The common bond for our membership is a belief in, and commitment to, international development and members spend on average 68% of their time providing international development services.

CAIDP represents 16 corporate members of small to large size firms with some 400 employees in total, as well as about 90 individual consultants. In addition, our listserv reaches some 500 more people working in development.

Our members are in general highly experienced professionals – over 90% have post graduate degrees, and 80% have more than ten years experience. They work for public and private sector clients in more than 120 countries, providing services such as monitoring and evaluation, strategic management, results-based management, institutional and organizational performance assessment, capacity building, and project management and planning.

1.5 Competitive position – unique selling attributes, competitive advantage(s) / market niche

Canadian development professionals enjoy many advantages in the international market. These include the fact that Canada does not have a reputation as an aggressor or colonial power, the ethnic and linguistic diversity of the country, Canada's education system, which consistently scores in the top ten in international assessments like the Program for International Student Assessment (PISA), and Canada's governance system, which combines common law and civil code features, making most other country systems comprehensible. For many years Canada was seen as a good international citizen, and a leader in international development, although those advantages have been eroding. However, especially in areas of governance, Canadians are still seen as more trustworthy than Americans and we remain less expensive than most Europeans.

CAIDP has a dedicated core of members, and access to their knowledge and information on varied markets and countries. CAIDP operates by far the largest development listserv in Canada, giving it strong information dissemination and networking ability, and membership is very stable at above 600 people. CAIDP's conferences and events supplement the listserv in allowing members to network and share information including on opportunities. Members are able to share information on jobs and locate unique skills and joint venture partners to respond to tender calls world wide quickly and efficiently.

Other countries, such as South Korea, have interviewed CAIDP on ways to develop the capacity and market penetration of their own development consulting industries.

2. Subsectors that will be focused on and reasons for their selection

In August of 2012, CAIDP held a one day strategic thinking session which included both members and the Board to discuss the challenges facing the industry and how CAIDP should address them. The report on this session was distributed to all members for feed back, and the CAIDP Strategic Plan was updated based on the results. This business development strategy responds to the key requests of members, which were:

1. Assess the market for and possible constraints to Canadian development service providers in reaching new markets, including foundation and under international competitive bidding;
2. Assistance in breaking into international markets, such as IFIs, UN agencies, international NGOs and Foundations, and other bilateral agencies;
3. Assistance in over coming lack of market information on opportunities and competitive conditions.

This plan was also submitted to the members at the Annual General Meeting for validation.

3. Target Markets

As a first step toward greater penetration into the international markets CAIDP will focus on marketing member services to the IFIs, the UN Agencies, and the bilateral agencies of the like minded group of donors (the United Kingdom, the Netherlands and the Scandinavians), where member have reported their best success to date.

As noted above, the market size is already above \$150 billion and multilateral procurement of development services has been growing rapidly. While the like minded group is not made up of the largest ODA programs, their procurement is untied, and they are seen as an excellent stepping stone to the European Union development procurement, which is very large and growing. The United States Agency for International Development (USAID) program is very large but USAID does not directly contract Canadians. In future CAIDC may reach out to large American organizations which sub-contract or joint venture with Canadian firms and individuals on USAID funded contracts.

The vast majority of procurement is done via small size contracts largely issued on the basis of qualification for a pool or supply arrangement followed by a review of curriculum vitae, reputation or recommendation and larger contracts which are subject to a competitive bidding process. Registering in multiple databases and preparing proposals is time consuming and expensive. Members want to know which databases are useful in getting contracts, and how to prepare better proposals.

In discussions with members many concerns were raised about expanding into these markets; including the cost of attaining market information and information asymmetries with national

firms and incumbents; inability to compete with firms from emerging markets on price due to higher effective taxes in Canada, higher costs of living, and travel expenses; and concerns regarding support programs provided by other countries to their industries. In order to address these member concerns CAIDP's first proposed activity would be to conduct a study of Canadian competitiveness in these markets.

In addition, members were concerned that Canada's international "brand" was weakening and this was having an impact on their marketability. Members felt that more needed to be done to raise awareness of the international development services sector and advocate for its inclusion in Government of Canada strategies. In response CAIDP members from across the country attended DFAIT consultations on the Global Commerce Strategy.

4. Target Customers

CAIDP proposes to target IFI, UN and bilateral agency procurement officials. As many technical staff are also involved in procurement decisions, we would also talk to core staff in areas like monitoring and evaluation, where many of our members sell services. In addition, CAIDP will liaise more closely with Government of Canada officials to increase awareness of the sector and seek their assistance in enhancing the Canadian brand and marketing Canadian international development consulting services.

STRATEGIC PRIORITIES

CAIDP is seeking to help its members access a wider variety of clients for their international development services.

1. Strategic Objectives and Desired Outcomes

CAIDP's overall objective is to assist its membership to expand sales to non-Canadian clients. We seek to achieve the following outcomes:

- Outcome 1: Complete a market study on Canadian comparative advantages and disadvantages in selling to new markets, including foundations and under international competitive bidding and disseminate findings to membership.
- Outcome 2: Increase the proportion of the membership selling their services outside Canada from 50% to 60% over three years.
- Outcome 3: Increase the proportion of member income coming from non-Canadian sources to 50% over three years.

2. Suggested Tactical Actions

To meet our strategic objectives CAIDP proposes to:

1. Conduct Market Research: the industry is changing and many members feel unsure of how Canadians can compete under international competitive bidding. CAIDP will contract an experience development economist to conduct a study to inform members. The researcher will draw on the expertise and knowledge of members among others.
2. Convene meetings or networking functions and invite representatives from the IFIs, UN Agencies, and other bilateral donors to make presentations to members on opportunities with their organizations and on how they procure services.
3. Convene meetings with CIDA, OLIFIs, the Offices of the Executive Directors for Canada, DFAIT's Regional Offices (ROs), the Private Sector Liaison Officer Network (PSLO) and

the Canadian embassies and consulates in UN procurement centres to raise awareness of the Canadian international development consulting services sector and work with them to market Canadian international development services.

3. Measurement of Results

In 2007 and again in 2012 CAIDP has surveyed its membership, asking among others, questions on markets and sales. We propose to measure our success by surveying members again in 2015 to discover how many of our members are selling their services to non Canadian entities and what proportion of their income is coming from non-Canadian sources.

CAIDP's Board produces an annual report for the Annual General Meeting of the members that details progress and results against the approved Strategic Plan, which is updated on a regular basis and validated by the membership. In addition, CAIDP has held multiple meetings and networking functions including national conferences in 2008, 2009, and 2011. In all cases reports have been produced containing a précis of the event and the number of participants. CAIDP also receives numerous requests to advertise job opportunities on its listserv and website, including from non-Canadian sources. The number of these job posts are reported annually to the members.