

# Caribbean Development Bank Helps Canadian Companies Land Contracts in Hot Spots

The Caribbean Development Bank is a financial institution that helps Caribbean nations finance social and economic development programs, with “a special and urgent regard” towards the systemic reduction of poverty in its less-developed regional countries. Canadian companies are taking advantage of the opportunities these programs represent, mostly winning contracts for technical assistance projects, because they have proven themselves to be highly competent where projects require skills in impact assessments, feasibility studies, institutional strengthening, and general environmental and financial assessments and strengthening.

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## Introduction

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Say the word “Caribbean” and Canadians think of palm trees, warm winds and turquoise seas: the perfect destination for a vacation. What they don’t often realize is that the Caribbean is also a great place to do business – and a wide range of development and humanitarian aid projects means the rewards can include personal satisfaction as well as business opportunities.

Funding many of these projects is the Caribbean Development Bank (CDB). Created in 1969 and headquartered in Barbados, the CDB is a financial institution that helps Caribbean nations finance social and economic development programs, with “a special and urgent regard” towards the systemic reduction of poverty in its less-developed regional countries. In addition to 18 Caribbean regional countries and three other regional countries (Columbia, Mexico and Venezuela), its membership counts six non-regional countries, including Canada, Brazil, China, Italy, Germany and the United Kingdom.

Tammy Griffith, Trade Commissioner for the High Commission of Canada in Barbados (responsible for helping Canadian companies get more business financed by regional International Financing Organizations) says the CDB’s policies are similar to other development banks. The amount of funding depends on the nature of the project and can vary substantially. Their primary objectives are:

- to help the borrowing member countries to make the best use of their resources, develop their economies and expand production and trade
- to promote private and public investment, encourage the development of the financial upturn in the region and facilitate business activity and expansion
- to mobilize financial resources from both within and outside the region for development
- to provide technical assistance to its regional borrowing members
- to support regional and local financial institutions and a regional market for credit and savings
- to support and stimulate the development of capital markets in the region

“The High Commission helps to make Canadian companies aware of the opportunities available with the CDB in a number of ways,” says Griffith. As examples, some of these include sharing information with regional and Canadian colleagues, with Canadian industry associations, and through private sector liaison offices located in seven provinces.

Once a company is interested in a project, they can contact the executing agency directly to get more information or contact Griffith. “We can tell them how to go about registering with the CDB, assist them in finding local partners, or explain what it’s like to do business in the Caribbean,” she says.

One of the most important pieces of advice that Griffith gives these companies is to increase their visibility in the market. The executing agencies responsible for managing the projects make the ultimate decision about which company is awarded a contract, so it’s critical that they know who the company is, what they can do and that they are serious. In the Caribbean, forming relationships is important and can lead to better understanding of the business culture.

## Two main types of projects

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Griffith says there are two main types of projects that Canadian companies can get involved in – technical assistance projects and capital projects. Currently, Canadian companies tend to fare better winning contracts for technical assistance projects, because they have proven themselves to be highly competent where projects require skills in impact assessments, feasibility studies, institutional strengthening, and general environmental and financial assessments and strengthening. More companies continue to demonstrate interest in these projects than in capital projects. Canada also maintained a CIDA (Canadian International Development Agency) financed Technical Cooperation Fund that was reserved for Canadian companies only, but that fund is now fully committed and will not be replenished in order to respect CIDA's new policy for untied aid.

“Canadian companies have also demonstrated competence in capital projects but on these projects, there is very strong competition from both non-borrowing and borrowing member countries. Despite the increased competition though, companies are being encouraged to bid on these projects so that Canadian expertise in these areas would become as well known as the technical expertise” Griffith says. She noted that a number of capital projects have been awarded to Canadian companies lately, and her office is hoping to see this number increase in the near future.

## Building the right competencies

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While every project comes with different requirements, and Griffith says the CDB and executing agencies look for certain basic competencies for each type of project. These generally include:

- Technical competency
- Qualifications
- Local and regional experience on similar assignments
- Financial capability
- Present commitments
- More than 50 per cent owned by an eligible CDB member country (Canada is one)
- Legally and financially autonomous.

## How Canada's Stantec International works with the CDB

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Stantec Consulting has a long and very impressive portfolio. Proudly born and raised in Edmonton, the 55-year-old consulting engineering firm employs close to 12,000 people, doing business in Canada, and the U.S. and with a list of past project completions in 90 countries around the world. The award-winning company has 130 offices in North America alone, and its shares are publicly traded on both the TSX and the NYSE.

Offering almost 20 engineering and building disciplines, Stantec's work can be seen "in the water we drink, the routes we travel, the buildings we visit, the industries in which we work, and the neighbourhoods we call home."

### Future and ongoing opportunities

Current and emerging development requirements in the Caribbean offer opportunities in a number of general areas:

- Airport and seaport development and enhancement
- Education (both technical and capital projects)
- Road maintenance
- Agriculture modernization
- Institutional strengthening

Because the Caribbean region is in the hurricane belt, it gets hit by powerful storms every year. The resulting damage can create a need for projects involving housing, roadwork, coastline rehabilitation and more.

Yet some of the most satisfying endeavours the company undertakes, says Rick Prentice, Stantec's Vice-President, are development projects, including those in the Caribbean. "There's a good feeling when you build a hospital or a school in Canada or a developed nation," Prentice says. "But when you're able to use your expertise with developing countries and help them move forward, it adds a whole new level of satisfaction."

Recently, Stantec worked with the Caribbean Development Bank (CDB) on a project reviewing and documenting the condition of all 77 primary schools in Saint Lucia, and provided the government with recommendations and cost estimates for repairs.

"We spent three or four weeks driving around the country to each of these schools. The maps telling us how to get there were not all that good," recalled Stantec Project Manager Marshall Opyr. "The schools there are in some disarray because the government

currently gives each school a little bit of money for maintenance and each principal looks after the budget for their school. But the principals' expertise is in education; they don't have expertise in materials, parts, nor the time to oversee workmanship." As a result, Stantec developed guidelines for maintenance programs and dealing with defects, as well as recommending a central warehouse for parts and materials so that quality and consistency could be maintained.

Stantec has won and completed many contracts for development projects over the years. They credit part of their success to a one-team, sustainable approach. "We bring the right team to the table, and we're LEED-certified practitioners that also encourage our clients to operate in a sustainable manner too." In a number of countries, LEED (Leadership in Energy and Environmental Design) certification is the recognized standard for measuring building sustainability.

But while development projects can be rewarding, a company needs to be prepared for the challenges of working in the Caribbean too, says Prentice. One of the biggest is bureaucracy. “Things often progress at a much slower pace than we are accustomed to,” adds Opyr. “Waiting for decisions to be made and getting paid sometimes seems to take forever.” To get around this, Prentice recommends regular communications with all contacts. “Phone them, email them, and keep encouraging them, and do what you can to help them speed things up a bit.”

Regular communications and meetings also help to ensure that everyone is on the same page, advises Opyr. “Sometimes all the parties involved haven’t fully recognized what needs to be done. There may also be a difference in goals. Well-planned, effective meetings help to make sure goals are aligned before the project begins. At the same time, you can flag things that they may not have thought of.”

The ability to work with different cultures is also an advantage. “The local culture may not share the customs and values you’re used to,” says Prentice. “But it’s a good idea not to push your values onto them. We often work with local associates and consultants who know the culture and how to work there. The more projects you work through, the better you get to know and understand the culture, and the better they get to know you.”

And in the end, dealing with multi-national development banks such as the Caribbean Development Bank can help a company overcome some of the obstacles. “The people working at development banks follow reliable processes that help smooth over cultural differences, plus there’s more transparency there. There are a lot of advantages to working with these banks.”

### **The CDB, the IDB and the WB: what’s the difference?**

The CDB, the IDB and the WB all have a goal to reduce poverty, but there are some differences in how they work – and how they work together.

**The Caribbean Development Bank (CDB)** contributes financing to public- and private-sector projects related directly to economic development in its 18 borrowing member countries. Its goal is “to contribute to the harmonious economic growth and development of the member countries in the Caribbean and to promote economic cooperation among them, having special and urgent regard for the needs of the less developed members of the region.” The CDB finances projects in a wide range of fields, including agriculture, marketing, manufacturing, mining, refining, transportation, housing, education, infrastructure and services related to the development of those sectors of the economy, waste management, environment protection and poverty reduction.

**The Inter-American Development Bank (IDB)** promotes economic growth and regional integration in Latin America and the Caribbean. Working with governments and the private sector, it uses environmentally and socially sustainable ways to achieve poverty reduction and social equity. The IDB Group includes the Inter-American Development Bank, the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF). While the IIC supports small and medium-sized businesses, the MIF provides grants and investments to promote private-sector growth, particularly through micro-enterprises. Priorities include

developing renewable energy sources, improving infrastructure (especially water and sanitation), and engaging the private sector using market incentives and partnerships. The IDB provides grants and loans at competitive interest rates for its borrowing member countries, and also offers research, advice and technical assistance. Clients include central governments, provinces, municipalities, private firms and non-governmental organizations.

**The World Bank (WB)** is an international institution that provides financial and technical assistance to developing countries for development programs, such as building bridges, roads and schools, all with the goal of reducing poverty. In recent decades, it has begun to embrace a more “green” and sustainable focus for its projects. The WB includes the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IBRD is a market-based nonprofit organization providing low-interest loans, while the IDA – funded from grants provided by the WB’s more prosperous members – gives interest-free loans and grants to low-income countries. Loans can be used to support development projects, or to support countries’ policy and institutional reforms. Project proposals are evaluated on economical, financial, social and environmental criteria. The WB also distributes grants to facilitate cooperative development projects between organizations and local stakeholders, such as immunization programs or initiatives to reduce greenhouse gases.

### **Working together**

Collaboration between these and other organizations has always been an important factor in reaching developmental goals. For example, the CDB and IDB share a close relationship; the CDB can channel loans and technical resources from the IDB to the CDB’s borrowing member countries, even if they’re not member countries of the IDB. And just recently, in May 2009, the leading multilateral development banks announced a two-year joint effort to deal with current economic crisis in the Caribbean and Latin America. In addition to coordinating crisis response initiatives and spurring economic growth with up to US\$90 billion, the CDB, IDB, and WB, along with the Corporación Andina de Fomento (CAF) and Central American Bank for Economic Integration (CABEI), will identify partnerships to increase their collective impact and explore ways to protect the economic and social gains achieved to date.

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