

it difficult for institutions to adopt an ongoing hands-on approach to all projects, hence a substantial amount of work is off-loaded to the recipient countries and to consultants. Canadians would be at a great advantage in concentrating their efforts also on lobbying local executing agencies, particularly in Francophone Africa and the Caribbean where Canadian presence and expertise are well established and recognized. Surprisingly, many funds are in possession of lists of Canadian companies with whom they have worked with; Canadian capabilities are well accepted and generally all institutions indicated a willingness to do business with Canadians.

Arab development institutions are gradually moving to direct their attention to the promotion of the private sector as an important development engine, as witnessed by the recent creation of business development departments or funds. Still in their infancy stage, these programs are likely to evolve rapidly along the lines found in IFC projects and other privatization-type of projects. Canadian companies should take early advantage of this trend by creating and sponsoring their own projects in conjunction with private sector partners.

Islamic Banking and Finance

The growth in Islamic banking and finance initially coincided with the surplus revenues of oil-exporting Islamic countries. More recently, the globalization of the economy, the liberalization of capital movements and privatization have paved the way for the expansion of Islamic finance. The mushrooming capital requirements for infrastructure projects in the Middle East and Asia have increased the need for project sponsors to tap private sector funding. Islamic banks have welcomed project finance transactions as a religiously acceptable long-term investment alternative, although they still are in the process of coming to grips with its implications and various return on equity aspects. These banks are fairly liquid and usually enjoy a double-digit growth. With no shortage of capital, the Islamic banking sector is expected to continue its expansion.

There are an estimated 140 Islamic financial institutions with total assets of more than US\$101 billion and capital of US\$5 billion in more than 40 countries offering some form of Islamic finance. Many are located in Sudan, Pakistan and Indonesia but the largest in terms of assets are concentrated in Bahrain, Kuwait, Saudi Arabia and Iran. Abu Dhabi has just launched one such bank while Dubai has had a dynamic bank since 1975. Bahrain alone is the base for 11 Islamic financial institutions, including one set up by Citibank in 1996. A