

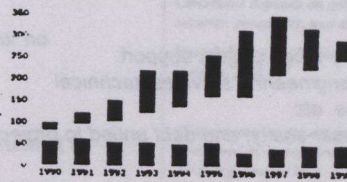


The Need to Leverage Private Capital

Canada's success in fostering sustainable development in the poorest countries is critically dependent on developing effective mechanisms to increase the flow of private capital to these markets.

- Enabling environments alone have proven to be ineffective.
- Traditional ODA/ODF programs and funds cannot adequately address the enormous infrastructure needs in developing countries, and are unlikely to grow any larger.
- Therefore, leveraging incremental private-sector resources and capital is essential.

Net long term resource flows to all developing countries



The investment resources required for infrastructure expansion and modernization in developing countries are huge. Private capital is needed to meet the challenge.
 Nemat Shaikh - World Bank, Vice President PSD



The Need for Incremental Resources:

- The international community, and Multilateral Development Banks in particular, now realize that market liberalization, privatization and the creation of "enabling investment environments" have in themselves proven insufficient to mobilize private sector participation in infrastructure or investment in the majority of less developed countries.
- Total financial flows (concessional and non-concessional) to LDCs as a % of aggregate financial flows to all developing countries in fact fell from 21.3% in 1990 to 7.6% in 1998. (Source: UNCTAD)
- It is highly unlikely that ODA/ODF resources will increase substantially in the near term, therefore, tapping the creative energies and leveraging incremental private-sector resources and capital will be critical.