

garner a larger share of IBRD/IDA funds. Conversely, for some major projects, focus may be shifting from build-transfer or build-operate-transfer mechanisms financed by loans, to ongoing investment in such countries promoted by the IFC and other private-sector windows. The current and growing impact of the HIV/AIDS pandemic in Africa and South-east Asia is also likely to augment the priority on health over the near future.

Recent proposals may also change the IFIs lending conditions. These proposals, coming largely from the United States, have suggested that World Bank concessional lending should be changed to grants, rather than loans. While it is unquestionable that such an initiative would reduce debt burdens, the effect on overall development would depend on funding levels. Recalling that even the current system requires periodic replenishment, a move to grants would either necessitate a much smaller concessional pool, or a substantial increase in resources provided by IDA members.

...for the Marketplace

The growth of both trade and investment has outpaced GDP globally. Canada has outpaced this growth in trade, but has fallen short of the growth in investment. Indeed even such growth as occurred in trade, was focused almost entirely in the United States, and Canada actually lost market share in other countries.

This has important impacts on Canadian success with IFI-financed projects both because the procurement regulations favour domestic capacity building and because of the value placed on area-specific knowledge as selection criteria. In order to respond to this Canada will need to look to a more holistic internationalization of business, involving both trade **and** investment. If Canada fails to do this, it risks losing such markets to other countries that are more engaged.