

On average, World Bank financing represents between 30% and 40% of a project's total cost. Therefore, the total lending pipeline associated with World Bank financing is much larger.

The IBRD raises its funds on international money markets by selling AAA-rated bonds; it then lends those funds at variable or fixed rates set at about a half percent above the borrowing cost. Repayment terms are 20 years or less, with a 5 year grace period. The IDA receives its funding largely from contributions from its industrialized member countries, and from its retained earnings. It then lends to the less developed countries at zero interest over a 30 to 40 year period with grace periods of up to 10 years. Because Canada is a member of the World Bank, Canadian firms and individuals are eligible to compete for business opportunities arising from projects and activities funded by the Bank.

When the World Bank lends funds to a developing country for a project, the executing agency of the project is usually the borrowing country's government or a branch thereof. It is the executing agency, and not the World Bank, that is responsible for virtually every element of project execution, particularly the hiring of consultants and the procurement of goods and works. Accordingly, companies must focus their sales and marketing approach directly on the executing agency for the project in the borrowing country.

World Bank Project Cycle

Before a World Bank project loan is approved, it evolves through the following stages:

(1) Identification

This first phase of the cycle concerns identifying projects that appear appropriate for the country's priorities and development strategy, as well as suitable for Bank support. Both parties are involved in this process which normally takes about 12 to 18 months. Prefeasibility studies are often required in this stage.

(2) Preparation

After a proposed project has entered the "pipeline" it is further studied and defined by both the borrowing country and Bank technical staff. Feasibility studies and detailed project design usually occur at this stage. Preparation, which lasts from 1 to 2 years, is still the borrowing country's responsibility, but