

# Introduction

Over the past decade enormous change has happened in development financing around the globe. Driven by changes in ideology and the broader business environment, the International Financial Institutions (IFIs), who provide such financing, have evolved significantly. They now focus on different sectors and different regions, and use different tools than ever before.

This report details some changes within the IFIs of which Canada is a member<sup>1</sup>. Particular attention is given to how the IFIs procure the goods and services needed for development, and how the Canadian private and public sectors can best adapt to these changes. Throughout, the World Bank (sometimes just 'Bank') will be used as a proxy for trends within the IFIs. It is used because it is the largest of the IFIs, and usually leads the others in policy development.

Key elements explored herein include how procurement and bidding for contracts has evolved, what types of financing the IFIs are doing, the relationship between different institutions within the Bank, and the ultimate goals being promoted by IFI financing. Conclusions are then drawn about the impact of such changes and their relationship to Canada.

## International Financial Institutions (IFIs)

### Procurement

Procurement by the IFIs is a very large business. Each year the IFIs approve billions of dollars in lending commitments, which are then disbursed over the period of the loan. The money flowing out of such disbursements is enormous. Indeed, in fiscal 2000 the World Bank alone disbursed US\$18.5 billion<sup>2</sup>.

Broadly speaking, there are two types of loans that get approved: project lending and policy-based lending. Project lending funds are approved for work on specific investments. Examples of which could include road construction, rural electrification, or an HIV/AIDS awareness program. Policy-based lending is quite different. It occurs

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<sup>1</sup>World Bank, Asian Development Bank, African Development Bank, Caribbean Development Bank, Inter-American Development Bank, and the European Bank for Reconstruction and Development.

<sup>2</sup>World Bank (2000a), p 131.