

WASHINGTON - OFFICE OF LIAISON  
WITH INTERNATIONAL FINANCIAL INSTITUTIONS

Trade and Economic Overview

Last year, the World Bank approved loans in excess of \$16 Billion, while the Inter-American Development Bank approved loans in excess of \$3 Billion. The Major sectors of lending are: agriculture, energy, transportation and telecommunications, urban development and education. Steady lending growth is being forecast at the World bank in particular, which is expected to reach the \$20 Billion mark by 1990. While some 20% of Bank lending will be earmarked for structural adjustment (i.e. largely geared to correct Balance of Payments), the major portion of loans will still be oriented to specific sector projects and open to international competitive bid. Another arm of the World Bank, the International Finance Corporation (IFC), is taking on an increasing role in lending to or taking equity in private investments in developing countries (\$719 M in FY 1985/86) largely in the food/agribusiness. Contracts under IFC financing may require equity participation but are still of interest to a large number of Canadian firms.

With an additional M/Y provided to the OLIFI program since March 1985, and an increased effort at publicizing IFI-funded project opportunities in trade journals and in seminars across Canada, there has been a tremendous increase in business inquiries and visitors to this division. OLIFI was also involved in the successful settlement of several procurement disputes with the IFIs. As contracts are passed in borrowing countries and not in Washington, it is however difficult to assess results of our action in dollar terms. World Bank procurement in Canada in the year June 1985 to June 1986 totalled \$169 M or 2.5% of the \$10.6 M total.

With an increased profile and proactive role in the Washington-based IFIs, we hope that not only Canadian consultants will expand their share of business, but that construction firms and equipment suppliers will also be able to obtain a better share of new export business opportunities. OLIFI's action in the coming year will cover the following: (1) Develop and maintain a high profile with IFI officials at various levels, including the Canadian Executive Directors' offices, to determine the nature and content of upcoming projects of potential interest to Canadian suppliers; we further intend to do sectoral reviews of project opportunities; (2) Disseminate timely project information to the Canadian business community and appropriate government officials and provide them with advice and counsel in the IFIs' policies, practices and procedures; arrange programs as required; (4) Participate in business seminars in Canada on IFI procurement; (5) Assist EDC and CIDA in co-financing undertakings with the IFIs; (6) Keep abreast of lending policies of the IBRD, IADB and IFC.