



Broadening Canada's Development Efforts

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A Canadian DFI would help leverage private-sector resources and capital in developing countries by:

- Supporting commercially viable projects:
 - foster local partnerships;
 - deliver in-country market intelligence and expertise.
- Providing early-stage project support:
 - financial engineering services, technical assistance, etc;
 - equity, quasi-equity, and debt untied to project supply.
- Attracting private-sector interest and risk capital:
 - structure leading-edge financing solutions,
 - access global networks of project funds and partners

"A world free of poverty is a goal we, in the global development community, can only realistically achieve with the engagement of the private sector."

James D. Wolfensohn
President, World Bank

"The structural gap in infrastructure constitutes a very serious handicap to economic growth and poverty reduction. If infrastructure is to improve in Africa, private foreign finance is essential to complement the two major funding methods, namely credit and aid."

New Partnership for Africa's Development (NEPAD)



For projects in developing countries, perceived higher market risks, "utility-grade" rates of return and (often) the lack of access to long-term domestic debt instruments make attracting private capital more difficult.

Canada's existing public- and private-sector financiers fail to adequately address these pressing needs. Within the government community, we are seeing some positive signs of evolving institutional support, such as the new amendments to CCC's mandate to better equip it to respond to the needs of Canadian companies, but much more needs to be done.

- In particular, there are few effective financing mechanisms to leverage private-sector risk capacity:
 - commercial banks seek senior debt status and are typically unwilling to consider financing on a less than "pari passu" basis;
 - low "base case" project ROIs are unattractive to commercial equity investors.
- Few sources of early-stage patient capital, particularly for higher-risk markets:
 - IFI support is driven by international competitive bidding processes;
 - EDC financing tied to downstream procurement;
 - host governments often have limited (or negligible) funding capacity.