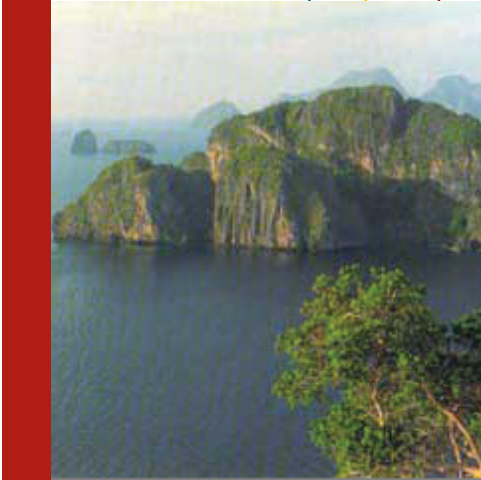


# IFC and Canada

## Reducing Poverty Together



### PARTNERSHIP OVERVIEW

Canada is a founding member of IFC. Through the Canadian International Development Agency, Canada partners with IFC in the delivery of technical and advisory assistance to companies and governments in the developing world with the aim of reducing poverty through private sector growth.



#### FOR MORE INFORMATION:

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Canada and IFC partner in Sub-Saharan Africa, East Asia and the Pacific, South Asia, Europe and Central Asia, and the Middle East and North Africa. In Sub-Saharan Africa, the partnership focuses on improving the investment climate; mobilizing private sector investment; and building up the capacity of small and medium-sized enterprises. Canada also supports IFC's efforts to enhance the capacity of the private sector and, in particular, small and medium enterprises, in the Mekong region, the Pacific, and Eastern Indonesia. In FY06, Canada further strengthened its cooperation with IFC by lending its support to the establishment of a dedicated facility that will drive the development of the private sector in the Philippines. In the Middle East and North Africa, Canada's support concentrates on supporting small- and medium-sized enterprises; facilitating access to finance; helping to restructure and privatize state-owned enterprises; and strengthening public-private partnerships.

Canada has been an important contributor to IFC's Technical Assistance Trust Fund. The program provides funding for short-term, targeted interventions aimed at private sector development. Canada also helps fund IFC's advisory work with governments in developing countries, which aims to improve the environment for attracting and retaining foreign direct investment in those countries. Canada is one of IFC's key partners in strengthening and expanding support for grassroots business organizations in the developing world.

## RECENT HIGHLIGHTS

### Promoting Sustainable Tourism in the Philippines

Canada is one of IFC's key partners in developing the private sector in the Philippines. Tourism is a particularly important sector for the country, and in FY06 work was carried out in this regard on the island of Boracay. Boracay has twice been named "Best Beach in the World" by Condé Nast. While it has substantial potential as a tourist resort, and hence income for local communities, it currently suffers from mismanagement, over-development, and environmental degradation. In FY06, IFC prepared a study – funded through its Bavarian trust fund - on investment opportunities on the island as a first step toward promoting sustainable tourism in the Philippines. The study's findings were presented to President Gloria Macapagal-Arroyo and her cabinet in March 2006. The study's proposals include developing the nearby city of Caticlan on Panay Island as a major commercial and business district to ease the strain on Boracay's resources; the transfer of a solid waste management facility from Boracay island to Caticlan; the construction of low-cost mainland housing to ease migration and over congestion on Boracay; an improved transport facility between Caticlan and Boracay; the upgrading of Caticlan airport terminal facilities; a Caticlan-based full-service hospital to respond to emergencies; and an agro-industrial center in Caticlan with ice and cold storage facilities and a public market. The area also needs new education facilities that can offer courses in tourism-related services, environmental management, and eco tourism. The study has already encouraged the world's leading five-star hotels to consider major investments in Boracay.

### Mediation: A Faster, Cheaper Alternative to the Courts

Resolving commercial disputes in Bosnia and Herzegovina has long been a matter for the courts. Despite improvements, court procedures remain complicated and lengthy, with high legal fees crippling the cash flows of smaller companies. Thanks to its initial success elsewhere in the region, IFC and its partners – including Canada – are rolling out the alternative dispute resolution and mediation program in Bosnia and Herzegovina. Launched in June 2004, the mediation pilot project has helped more than 400 smaller companies resolve their disputes, unblocking close to \$9 million in assets that had been caught up in years of litigation. The program, which includes the drafting of new laws, the training of 120 mediators (with help from the Canadian Institute for Conflict Resolution and the Association of Mediators), and awareness-raising, is currently being replicated throughout the region. Through the introduction of out-of-court mediation, there are now mechanisms that can in part address the massive backlog of cases that affect small businesses. The project aims to assist judicial reform, support the introduction of commercial mediation, and allow better access to justice and finance for businesses. The project is being extended to Serbia and Montenegro and Macedonia, and possibly Albania.