

→ **Corporate Plan Summary 2020-2024**

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1.0 EXECUTIVE SUMMARY

FinDev Canada is a Crown corporation with a mandate to provide development financing and support to businesses in developing countries—in order to empower women, mitigate climate change and develop markets, consistent with Canada's international development priorities. FinDev Canada has been actively engaged in the development finance space through its transactions, thought-leadership and initiatives, to position itself as a leader in the development finance industry.

Development Finance has experienced a paradigm shift as a result of the Sustainable Development Goals (SDGs), most notably an increased recognition of the role the private sector needs to play to advance social and economic conditions in developing countries. That said, development finance today is not without its challenges, given slow growth in traditional funding sources for development assistance and the inherent risks of conducting business in developing countries.

The role of development finance institutions (DFIs) has never been more important, and they are increasing their capacity to fill the gap. Furthermore, there is a growing need to mobilize private investors to become more involved in development finance. FinDev Canada is well-positioned to help do so, and direct financing to the markets that need it the most, while contributing to the achievement of the SDGs.

With a vision of *creating a more sustainable and inclusive world, where women contribute to, and benefit from economic opportunities*, FinDev Canada has built a strong foundation to deliver on its strategic goals. In 2019, it has recruited experienced staff, completed the design of a gender equality strategy, established partnerships and built a portfolio of impactful transactions.

Building on the work accomplished to date, FinDev Canada's 2020 – 2024 Corporate Plan highlights how it will transition to the growth phase of its business, accelerating efforts to move from market-taker – participating in transactions which terms have been defined mostly by other institutions – to a market-maker – playing a leading role in defining the features and terms of a transaction. It also reflects the greater maturity of the corporation in key areas. Of particular note:

- A more fulsome presentation of our Investment strategy, building on our rapidly growing pipeline; it aims to create a diversified and balanced portfolio, investing in a variety of countries in its target regions including lower-income countries, where its impact can be felt most, while adhering to the highest standards in environmental, social and governance practices.
- A well-developed Technical Assistance strategy, with significant synergies with our investment strategy and an important tool for the success of our portfolio companies;
- A presentation of our newly-minted gender strategy, which articulates how we intend to establish ourselves as a leader in women's economic empowerment;
- Our intention to begin establishing a presence in our target markets, as a means for greater effectiveness in sourcing and managing transactions; and,
- A presentation of our enhanced risk management strategy, building on the initial work conducted in 2018.

FinDev Canada will endeavour to increase its effectiveness through rigorous risk management, agile operational processes and best practices in sustainability. FinDev Canada's organizational model rests on a strong team of dedicated professionals, supported by the depth and expertise of its parent Export Development Canada (EDC).

Financial sustainability is key to FinDev Canada's success and its ability to leverage the financial capacity of other institutions. It will measure and report on its financial performance on a portfolio basis.

In 2019, FinDev Canada devoted its efforts to building its capacity, credibility and visibility on the global market and has seen a great deal of success. It has for instance been elected by its peers to Chair the 2X Challenge, an initiative of the DFIs of all G7 countries to collectively mobilize U.S. \$3 billion in support of transactions that contribute to women's economic empowerment.

Building on this momentum, throughout the 2020-2024 planning period, it will accelerate the pace of these initiatives, and continue in its effort to adopt a gender lens strategy in everything it does, build its portfolio, develop partnerships and raise awareness of the FinDev Canada brand globally.



2.0 OVERVIEW

2.1 INTRODUCTION

FinDev Canada is Canada's Development Finance Institution (DFI), a Crown corporation that contributes to the achievement of the United Nations' Sustainable Development Goals (SDGs) by helping the private sector in developing countries to thrive. It was established in 2017 for the purpose of *providing, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities*¹. Since its launch in 2018, FinDev Canada has been completing transactions in the development finance market. It has reached scale rapidly by recruiting a team of highly experienced professionals, and is currently implementing a strategy to deliver on its ambitious mandate. It has already established itself as a credible and valued player in the global development finance market.

FinDev Canada is entering 2020 with established capabilities in areas that are key for a financial institution, such as business origination and investment, risk management, development impact and gender equality, as well as strategy and stakeholder engagement. Throughout the 2020-2024 planning period, FinDev Canada will focus on growing its business activities, playing a greater role in shaping its transactions and affirming its position as a Centre of Excellence in development finance for Canada and as a global leader in gender lens investing.



Figure 1: FinDev Canada's funded transactions as of July 2019.

¹ Export Development Act R.S.C., 1985, c. E-20 – Section 10(1)c. <http://laws-lois.justice.gc.ca>.

2.2 2019 ACHIEVEMENTS

In 2019, its first full year in operations, FinDev Canada laid down the foundation for its future success:

- **Building internal capabilities** –The organization has grown rapidly while ensuring it remains agile and client-centric, primarily through effective recruitment across all functions: Risk Management, Investment, Impact, Legal and Operations. Efforts have also focused on building and strengthening internal processes.
- **Adopting a gender lens strategy and promoting impact** – FinDev Canada completed the design of its gender equality policy and strategy, which it is now implementing through various initiatives. A critical component in the strategy is thought-leadership and FinDev Canada demonstrated its visibility through participation in various conferences. Its credibility as an active contributor to gender-related initiatives was demonstrated when FinDev Canada was elected as Chair of the 2X Challenge² Working Group for the 2019-2020 term. FinDev Canada signed the IFC Operating Principles for Impact Management and was elected to the Principles' Advisory Board.
- **Building its portfolio** – FinDev Canada expects to have approved nine new transactions in the course of 2019, in addition to two transactions signed in 2018. It has also been working to build a diversified pipeline of transactions that position it for growth in 2020 and beyond. It has focused on building strong relationships with peers with whom it shares strategic alignment and objectives. FinDev Canada has signed 11 Memoranda of Understandings (MoUs) since inception – seven of them in 2019, mostly with European DFIs and multilateral institutions, and is already seeing positive outcomes such as referrals of several transaction opportunities. Going forward, these MoUs will constitute a core element of its origination strategy and support the development of best-in-class operational practices.

COFIDES
Inversión y desarrollo

CDC
Investment works

finnfund

IDB | **Invest**

UN WOMEN



PROPARCO
GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

OPIC

EDFI

BIO
Development
Through Investment

FMO
Entrepreneurial
Development
Bank

Figure 2: DFIs, MDBs and organizations that have signed MoUs with FinDev Canada

2 2xChallenge, [2xchallenge.org](https://www.2xchallenge.org/home) (Home). Accessed summer 2019. <https://www.2xchallenge.org/home>.

- **Developing external networks and symbiotic partnerships** – Partnerships are key to FinDev Canada's success. Beyond transaction-focused partnerships, FinDev Canada has led and supported various gender equality initiatives. It signed an MoU with UN Women³ to collaborate in advancing women's economic empowerment through private sector initiatives. FinDev Canada also joined the Gender Finance Collaborative, a group that coordinates efforts among DFIs towards gender-smart investing. As a founding member of the 2X Challenge initiative, FinDev Canada has led the charge - with support from CDC, Overseas Private Investment Corporation (OPIC), Proparco and Mastercard Foundation - on the launch of Invest2Impact⁴, a business competition pilot aimed at increasing the bankability of high-potential, women-led businesses in East Africa.
- **Creating awareness of the FinDev Canada brand globally** - In its first year of operation, FinDev Canada affirmed its market presence through various initiatives and channels. Its formal launch celebration in September 2018, attended by the Minister of International Development, gathered eminent representatives of the development community from across Canada and beyond. In 2019, FinDev Canada continued work towards building its credibility as a player in the industry through participation in events, notably the World Bank Spring Meetings in April – where it also organized a side-event on technology - as well as the Africa Energy Forum and Women Deliver Conference both held in June. To create more awareness on gender inequality, FinDev Canada also launched Unequalopolis, a board game that illustrates the challenges that women face while doing business in developing countries.

2.3 2020, TRANSITION FROM START-UP TO GROWTH

With the momentum garnered in 2019, FinDev Canada is well-positioned to achieve the 5-year objectives set last year in the 2019-2023 Corporate Plan. The efforts of its first year are now seeing results, and its high-impact strategy remains framed by the following structuring elements:

- A Development Impact Framework resting on the three pillars of Women's Economic Empowerment, Market Development and Climate Change Mitigation and Adaptation;
- A geographic concentration in Latin America, the Caribbean and Sub-Saharan Africa; and,
- A focus on sectors that align well with its impact objectives and Canadian know-how including the agri-business supply chain, green growth and the financial services industry.

Appreciating that development finance is a long-term activity, FinDev Canada will continue work on the priority areas identified in 2018, throughout the next five years. FinDev Canada's objectives for the 2020-2024 Corporate Plan will be to refine and deepen its activities in strategic areas, while remaining sufficiently agile to react to market and client demands.

³ UN Women is the United Nations entity dedicated to gender equality and the empowerment of women -- United Nations. *UN Women*. <http://www.unwomen.org/en>.

⁴ Invest2Impact. *Invest2Impact*. Accessed summer 2019. <https://invest2impact.africa/>

3.0 THE OPERATING ENVIRONMENT

3.1 GLOBAL OUTLOOK

The year 2020 will mark the 5th anniversary of two landmark international initiatives: the launch of the United Nation's Sustainable Development Goals (SDGs) and the signing of the Paris Agreement on climate change. Also, of significance to FinDev Canada's work was the 2015 International Conference on Financing for Development in Addis Ababa. The global community will soon be a third of the way towards Agenda 2030⁵ target date, of which the SDGs are a fundamental component. It is important to take stock of the ground covered and of the challenges that remain.

In the last four years, the central role of the private sector in achieving economic and social progress in developing countries has steadily gained prominence, thanks in part to the SDGs. With the slowing growth of traditional sources of development support⁶, it has become increasingly important to help mobilize private sector resources around the globe and step up support for entrepreneurs in developing countries.

Nevertheless, efforts to reach these entrepreneurs remain arguably insufficient, across a wide range of countries, and particularly in low income countries (LICs). While there has been much focus on the need to step up financial efforts and increase financial flows "from billions to trillions," – a key objective of Agenda 2030 –, the challenge of developing successful businesses remains for organizations that target the private sector, such as Development Finance Institutions (DFIs).

Practitioners in the field recognize the challenge of turning a business idea into a bankable business venture. Behind the urgency of mobilizing large amounts of resources, lies the difficulty of successfully navigating the market-place, the regulatory environment, as well as logistical challenges and hiring constraints. While focusing on long-term aggregate needs, the development finance community must also take into account success factors for each transaction or group of transactions.

Blended finance—the strategic use of development finance and philanthropic funds—is an effective way to address these challenges. By combining the resources of different players, blended finance solutions can address needs that would otherwise remain outside the scope of individual organizations. The well-balanced deployment of grants or concessional funds alongside more traditional financing can facilitate early stage project development, and help structure transactions that support earlier stage companies, or companies with a higher risk profile. It can also help establish a development finance track record in countries considered too risky, such as low-income countries or fragile and conflict afflicted states (FCAS).

Success in those markets, even more so than other markets, requires the provision of Technical Assistance⁷ alongside financial services, to strengthen the capabilities of companies supported. Technical Assistance is not meant to be an undue subsidization of business. Rather, it is a necessary complement of support that the target company clearly requires in order to maximize its chance of success.

Mobilizing private sector financial resources is a challenge faced by many players in this space, and one that DFIs in particular are trying to address. Institutions that manage large amounts of private capital, including banks, private equity firms, pension funds asset managers and sovereign wealth funds, have increasingly invested in inclusive growth in emerging markets. While some investors are compelled by specific market opportunities, particularly in areas such as clean technology, others are responding to growing pressure to invest responsibly.

5 United Nations General Assembly. *Transforming our World: The 2030 Agenda for Sustainable Development*. (A/RES/70/1). United Nations: 2015. <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>.

6 OECD. *Global Outlook on Financing for Sustainable Development*. OECD: 2018. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Global-Outlook-on-Financing-for-SD-2019.pdf>.

7 See section 4.3.2n of the 2020-2024 corporate plan.2

Notably, the Kampala Principles⁸ on effective private sector engagement in development co-operation, launched in 2019, aim to give greater consistency and focus on how to engage with private sector partners. These Principles recognize the importance of determining the specific role that the private sector can play in development. Different institutions have different roles and objectives, and failure to understand those will typically lead to failed collaboration initiatives.

3.2 THE DFI LANDSCAPE

As the development finance paradigm has shifted from a focus on social service support and grant-based official development assistance, to one where the private sector is recognized as a critical contributor to development, many countries have bolstered their DFIs to enhance their ability to create jobs, spur economic development and reduce poverty. This has resulted in many significant changes over the past two years.

In addition to the launch of FinDev Canada in 2018, the United Kingdom has directed an influx of capital toward its own DFI, CDC Group, quadrupling its funding cap from £1.5billion to £6billion⁹, in order to provide greater operational capabilities, such as expanded programs. The U.S. Congress approved the launch of a new DFI on October 1st, 2019: the US Development Finance Corporation (USDFC) will have a commitment ceiling almost triple that of its predecessor OPIC at \$60billion¹⁰, and will have new equity investment powers, thereby giving it much greater operational capabilities. The combined European DFIs (EDFI) portfolio of committed investments was €41.2 billion in 5,665 investments at the end of 2018. This represented an increase of €4 billion (10%), compared to 2017¹¹. Other countries, such as Australia, are considering creating their own DFI.

Because of their exclusive mandate to support private sector for development and, for many, their long track record, DFIs hold considerable expertise in identifying, developing and structuring transactions to generate a positive impact. Most DFIs have undertaken a thorough assessment of their strategies in recent years and adjusted them where appropriate. Because they are generally managed along commercial principles, they have demonstrated resilience and agility in the face of a constantly evolving market. They have also developed the tools required to structure transactions that will ensure additionality¹² - that is, not competing with the commercial private sector - while avoiding undue subsidization of private sector operations.

That said, DFIs do face several challenges today. First, they face a risk of fragmentation of their actions, each responding to slightly different policy orientations. A healthy level of dialogue and collaboration between DFIs has alleviated, but not eliminated, this challenge. For example, the diverse approaches to impact assessment and measurement, although efforts to harmonize these approaches are underway.

8 Global Partnership for Effective Development Co-operation. *Kampala Principles on effective private sector engagement in development co-operation*. Global Partnership for Effective Development Co-operation: 2019. <https://effectivecooperation.org/wp-content/uploads/2019/06/Kampala-Principles-final.pdf>

9 CDC Act of 2017 *Commonwealth Development Corporation Act 2017*. Chapter 5. February 23rd, 2017. See section 1(2). http://www.legislation.gov.uk/ukpga/2017/5/pdfs/ukpga_20170005_en.pdf. CDC Act of 2017

10 Shayerah Ilias Akhtar & Marian L. Lawson. Congressional Research Services, *BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation*, R45461. Congressional Research Services: January 15, 2019.2019

11 EDFI. *Facts & Figures*. Retrieved summer 2019. <https://www.edfi.eu/members/facts-figures/>

12 Additionality is covered in greater detail in Section 4.1.4 of the 2020-2024 corporate plan

DFIs are also expected to increase the share of their portfolio in more challenging jurisdictions, namely lower income countries and fragile states. While they are generally well-equipped to do so, the increased pressure on their sustainability resulting from a higher risk profile of their portfolio, requires solid management. Furthermore, the mission of DFIs is still frequently misunderstood by the broader stakeholder community: "DFIs are powerful, but precise development tools, and ones that are not well understood by some policymakers"¹³. This can lead to expectations that do not necessarily correspond to DFI's specialized know-how or to market risks.

While there is always room for improvement, DFIs are very well-positioned to play a central role in tackling the challenges that the international community is trying to address with Agenda 2030.

3.3 THE CANADIAN LANDSCAPE

The Government of Canada has recently considerably strengthened its capacity to target the private sector under its Development Assistance strategy. In complement to existing Climate Finance programs funded through multilateral development banks, Global Affairs Canada (GAC) has recently launched a pilot International Assistance Innovation Program and a set of new implementation tools. FinDev Canada plays a critical role in the Government of Canada's expanded international development toolbox, as the organization dedicated to providing commercial and quasi-commercial financing solutions to the private sector in developing countries with an objective to achieve positive development outcomes.

This new reality opens the door to offering, through enhanced collaboration, coherent and well-functioning programs that will position Canada at the forefront of development finance effectiveness.

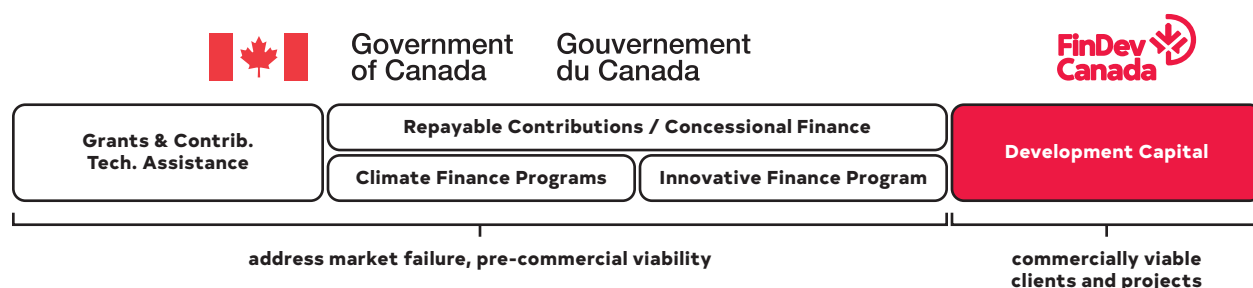


Figure 3: A Continuum of Canadian solutions for the private sector in developing countries

¹³ Savor, Connor M & Carter, Paddy & Lemma, Alberto. Directed by: Runde, Daniel F & Willem te Velde, Dirk. CSIS, *Development Finance Institutions Come of Age: Policy Engagement, Impact and New Directions*. Center for Strategic & International studies: October, 2016. https://csis-prod.s3.amazonaws.com/s3fs-public/publication/161005_Savoy_DFI_Web.pdf

4.0 FINDEV CANADA'S BUSINESS STRATEGY – CONTINUING ON A GROWTH TRAJECTORY

Over the 2020-2024 planning period, FinDev Canada will transition from being a market-taker – participating in transactions which terms have been defined mostly by other institutions – to a market-maker – playing a leading role in defining the features and terms of a transaction. This will position it as a true innovator, particularly in gender-lens investing and the clean technologies (or “cleantech”¹⁴) spaces.

As a young, nimble organization, FinDev Canada aims to differentiate itself by its focus on customer needs and the ability to address them with innovative approaches and solutions. To assist in the implementation of its strategies, FinDev Canada has laid out its top-level corporate objectives for the planning period:

- Building investment capacity and a broader portfolio;
- Adopting a gender-lens strategy and promoting impact investments;
- Attracting the best talent & optimizing its operating model;
- Implementing a Technical Assistance offering;
- Strengthening domestic and international and stakeholder relationships; and,
- Continuing to build FinDev Canada's brand globally.

4.1 FINE-TUNING INVESTMENT AND ORIGATION ACTIVITIES

FinDev Canada's investment activities place development impact at their core – market development, environment and climate action and an emphasis on women's economic empowerment. Underpinned by an operating model that takes into account innovation, additionality and monitoring and evaluation, among others, FinDev Canada's long-term vision is to ensure its portfolio reflects a balance between investments that generate stable financial returns, and high development impact results.

Over the course of 2019, FinDev Canada has been building its investment team to ensure it has the required capacity to implement its investment and origination strategy as highlighted in the present Plan.

4.1.1 A BALANCED PORTFOLIO

FinDev Canada aims to build a diversified portfolio, balancing ambitious and innovation objectives with long-term financial sustainability.

The investment strategy follows a phased approach: the early phase focuses on developing FinDev Canada's expertise in its target sectors and regions—deals conducted largely with strategic partners. As FinDev Canada transitions to its growth phase, it will adopt a more independent deal origination approach, with a focus on gaining greater influence over transaction characteristics¹⁵. As FinDev Canada matures and gains significant experience in its target sectors and markets, it will explore more innovative deals in an effort to generate high-impact investment opportunities.

¹⁴ Clean technologies, also referred to as Cleantech, and often used interchangeably with the term greentech, has emerged as an umbrella term encompassing the investment asset class, technology, and business sectors which include clean energy, environmental, and sustainable or green, products and services.

¹⁵ Transaction characteristics include components such as the tenor, pricing, structure, repayment profile.

4.1.2 INVESTMENT PARAMETERS

SECTORS

FinDev Canada, along with most other DFIs, chooses to concentrate its activities on specific sectors, recognizing that it cannot be successful across very broad portfolios if it wants to achieve the impact it seeks. It will therefore focus on the agri-business, green growth and financial services sectors, due to their strong potential for meaningful impact, and Canadian expertise in these fields. The capabilities of our teams are being aligned with these sectors, to ensure that the organization builds the expertise it needs to be successful.

Over time, FinDev Canada will remain open to exploring investments in other sectors where the potential for impact is high. FinDev Canada will also focus on sub-sectors within its priority sectors that offer high potential for impact but receive less attention than others. These priorities may evolve over time as it develops its internal expertise within these sectors.

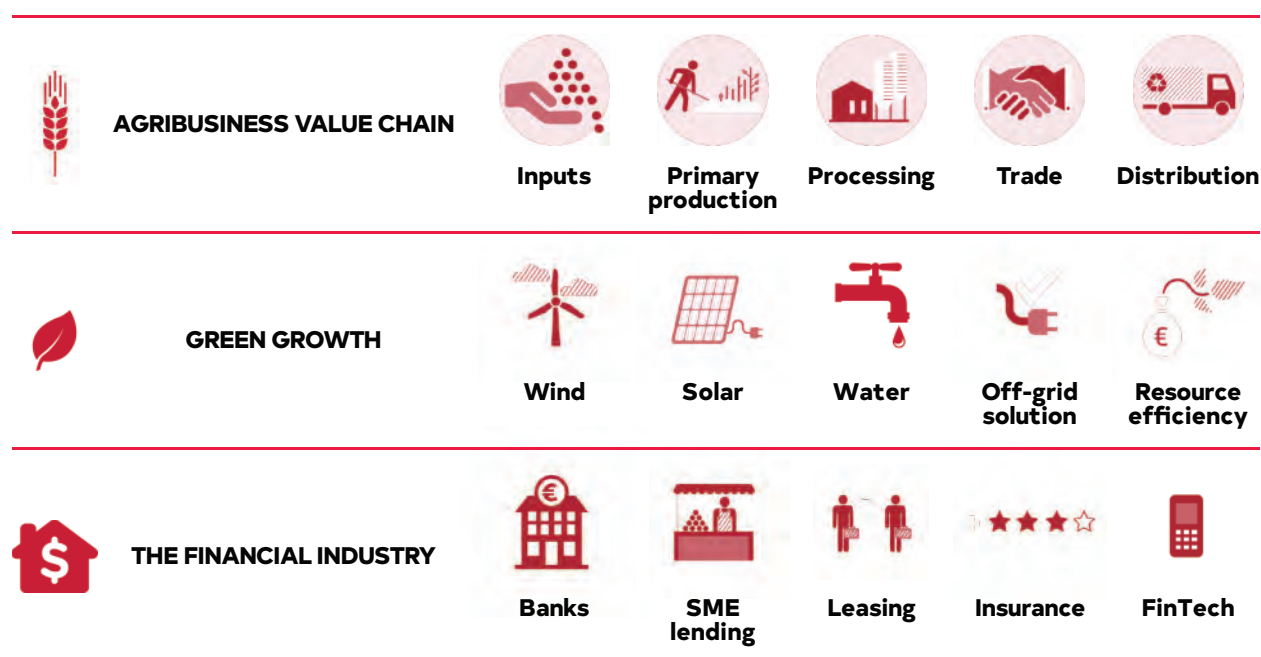


Figure 4: FinDev Canada's priority sectors

MARKETS

FinDev Canada remains focused on doing business in Latin America and the Caribbean, and Sub-Saharan Africa. Within those regions, it has initially selected 25 to 30 countries where it is actively building knowledge and partnerships to enable effective transaction origination, structuring and management. These countries reflect a mix of Low Income, Lower Middle Income and Upper Middle-Income countries (LICs, LMICs and UMICs), and are diverse in size and socio-economic profiles.

When investing in funds, FinDev Canada is open to expanding beyond these markets, but will ensure that Fund Managers prioritize FinDev Canada's primary target regions.

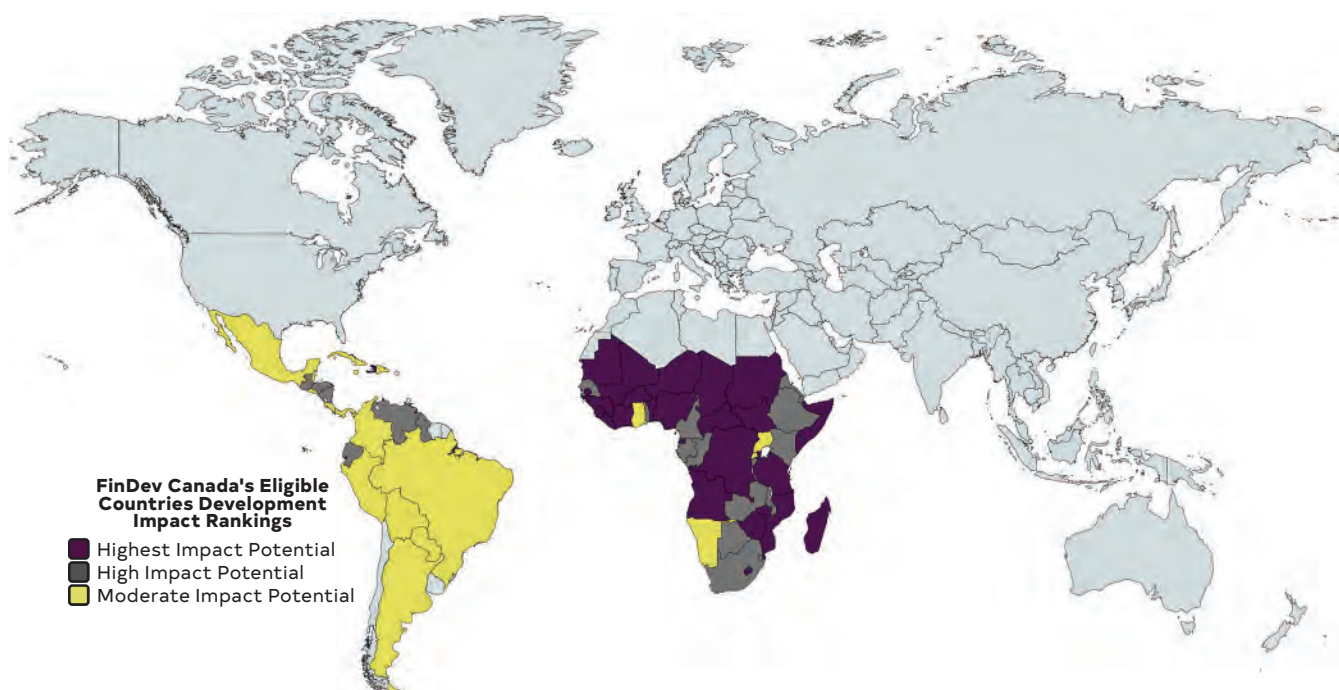


Figure 5: FinDev Canada's regional focus

TRANSACTION PROFILES

During its start-up phase, FinDev Canada will focus on transactions ranging from US\$ 5 to 20 million. In later stages of growth, it will target smaller transactions, primarily with in-market partners to avoid unnecessary costs of transaction for the clients.

FinDev Canada will continue to diversify the type of transaction structures it enters into, with a focus on expanding its debt portfolio, in line with its risk appetite policy. FinDev Canada will invest in both equity and debt in direct opportunities. Similar to sectors and geographies, the types of investments made by FinDev Canada will evolve as it continues to grow.

4.1.3 ORIGINATION CHANNELS

Key to ensuring an efficient and successful investment lifecycle, is a strong origination strategy. FinDev Canada has leveraged its team members' extensive networks to source some of its first deals and has built strategic relationships with peers and other partners, in part to complement its origination efforts.

As part of this strategy, FinDev Canada has identified the appropriate origination channels to source opportunities that will flow into its development impact management cycle. Eventually, accumulation of expertise and experience will lend itself to greater use of outbound channels.

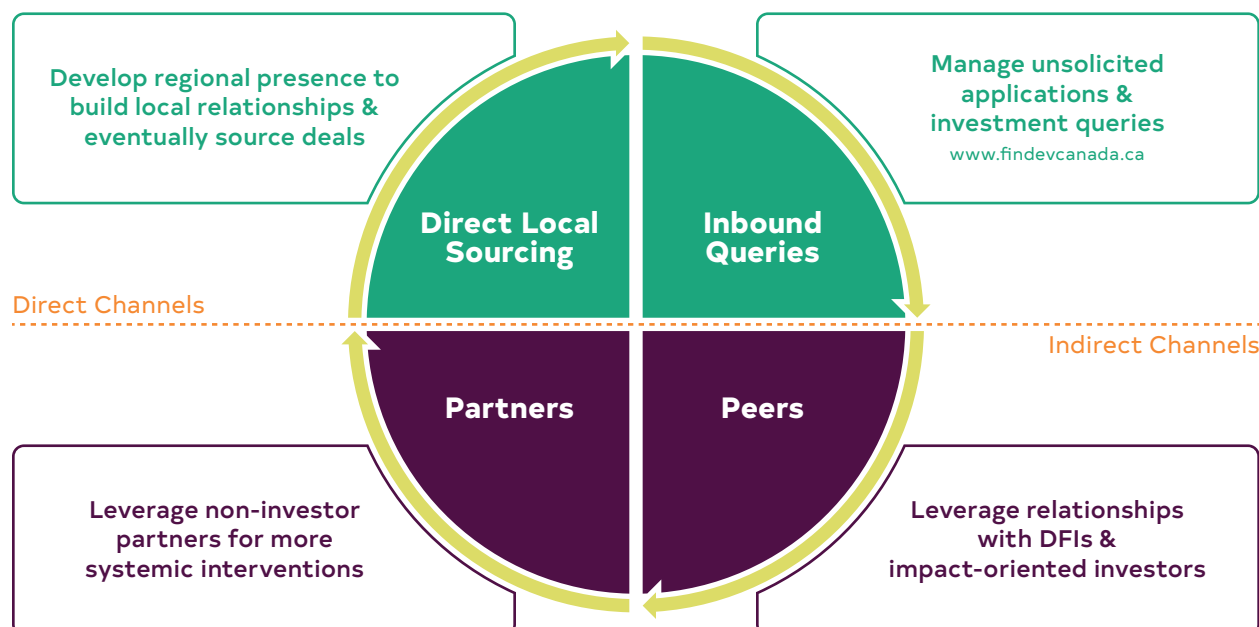


Figure 6: Origination channels to be pursued by FinDev Canada

4.1.4 ADDITIONALITY

DFIs' contribution to development will be greater, if they complement the work of other potential players, particularly from the private sector, and do not compete with them. This is referred to as the principle of "additionality". While the concept of additionality is difficult to precisely define, demonstrate and measure, several organizations, notably the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), has established a set of generally-accepted principles and practices across the industry.

Since inception, FinDev Canada has embraced the principle of additionality, leveraging the OECD's definition, when building its investment portfolio. Consistent with current definitions, it takes into account the two dimensions of additionality:

- Financial additionality - the provision of capital that is not offered by the private sector, or only offered in insufficient quantity or with unreasonable terms¹⁶ and,
- Value-added additionality - the knowledge, connections and capacity provided in support of the advancement of its clients and their potential for success.

In 2020, FinDev Canada will refine its practices relating to the assessment and demonstration of additionality, and further embed them in its decision-making process. To do so, it will benchmark industry best practices and methodologies, and leverage its own experience to contribute to refine these practices, alongside other DFIs.

¹⁶ CDC, Group., *Investing to Transform Lives: Strategic Framework 2017-2021*. CDC Group: Published in, 2017. <https://assets.cdcgroup.com/wp-content/uploads/2017/06/25150902/Strategic-Framework-2017-2021.pdf>

4.1.5 BUILDING MARKET INTELLIGENCE

FinDev Canada's success, both pre- and post- investment, relies on a strong understanding of, and connections in, the markets where it operates. Local connections and market intelligence are critical to understanding how business should be conducted in any region, at every stage in the investment process, from initial business development, to due diligence and commitment, to asset management and post-signing risk management. While much of this intelligence can be obtained through trusted partners and networks, the value of a local presence cannot be underestimated.

In 2020, FinDev Canada will begin establishing a local presence in key target markets. This targeted approach will focus first on regions with the best potential for impactful business. It will also leverage in-country partnerships in order to establish a presence in the most cost-effective way possible, and with the utmost care for the security of its employees.

Local representation will also be key to gathering intelligence and building relationships. In the early stages of its presence in a market, FinDev Canada will focus on understanding market dynamics and constraints, and identifying the right business opportunities and partners. Once FinDev Canada has assets in the market, local intelligence will help manage risk, to anticipate and address potential issues. At a later stage, its local presence will help develop comprehensive regional strategies and partnerships to maximize its impact.

FinDev Canada anticipates securing its first in-market presence by the end of 2020, with a likely focus on East Africa. Lessons learned from this will help in planning subsequent expansion in the following years.

4.1.6 COLLABORATION

FinDev Canada will seek to work with investors across the impact-investing spectrum while remaining mindful of co-investors and partners' objectives and priorities, and ensuring its own impact objectives are preserved. Consequently, it is keen to share information and deal flow and, ultimately, co-invest with other lenders and investors, such as fellow DFIs.

Opportunities to leverage other DFIs' expertise through secondments and staff exchanges are being explored and should result in specific initiatives.

FinDev Canada will also leverage intermediaries and funds where direct investment proves unfeasible due to investment size, operating environment, or risk, and where fund managers embrace a development impact model and mobilization targets.

Its collaboration and partnership strategy will hinge on a thorough assessment of the strategic objectives of its partners, to ensure complementary interests and priorities.

4.2 PORTFOLIO MANAGEMENT

As its portfolio grows, it is important for FinDev Canada to ensure adequate monitoring and management of its performance, from a financial and an impact perspective.

4.2.1 ASSET MANAGEMENT

Throughout the planning period, FinDev Canada will develop its internal capabilities to manage assets over their lifetime. This will include the management of assets' financial performance and all aspects of FinDev Canada's exposure.

With increased capabilities, FinDev Canada will be able to identify potential performance and sustainability issues in its portfolio companies and consider courses of action. Managing these assets will help preserve FinDev Canada's financial interests and reputation. It will also take into consideration the sustainability of the businesses it supports and their ability to generate positive development impact over time.

In aggregate, the portfolio will need to remain diversified across sectors, geographies, types of investment and risk profiles.

4.2.2 MONITORING AND EVALUATION

An essential tool to better manage risks and understand the actual development impact generated by clients is to be present with customers. This is a best practice of the development finance community. In 2020, FinDev Canada will implement a transaction monitoring and evaluation program. It will conduct site visits of its portfolio companies in order to collect data, both qualitative and quantitative, in all relevant areas of business, financial and impact performance.

The intelligence collected will help identify and address potential issues across all aspects of the performance of portfolio companies, and inform its future investment practices and decisions. It will also enable FinDev Canada to conduct detailed reporting on its activities, through its digital Annual Report and other channels.

4.3 DEEPENING AND BROADENING FINDEV CANADA'S CAPABILITIES

4.3.1 DEVELOPMENT IMPACT

Development impact is a primary consideration in FinDev Canada's investment process. To this end, it has developed and continues to refine its Development Impact Framework centered around the three impact goals: women's economic empowerment, market development, and environment and climate change mitigation. These areas of focus correspond to SDGs 5, 8 and 9, and 7 and 13, respectively, and will anchor FinDev Canada's strategy and operations. This Framework encompasses a variety of development impact assessment tools that are used to estimate the potential impacts of client operations at various points in the transaction and portfolio lifecycle.

As such, it serves multiple purposes:

- Informs the decision to enter into a transaction at very early stages of the origination process. Transactions that do not meet FinDev Canada's impact objectives, or do not have the potential to achieve the targeted objectives, will not be eligible for support.
- Guides the evaluation of the impact of portfolio companies during the entire duration of FinDev Canada's engagement with them. It is important to note that the achievement of development outcomes takes time and needs to be monitored and, wherever relevant, supported.
- Informs FinDev Canada's public reporting on the achievement of its impact goals.

While still in the early phase of implementation, the Framework is proving to be an important and effective tool in FinDev Canada's decision-making process. As more transactions are processed using the Framework, we will continue to assess its effectiveness and evolve its methodologies where appropriate.

Given the rapid evolution in the field, a key element of FinDev Canada’s approach is collaboration on impact management. In 2019, FinDev Canada became a founding signatory and Advisory Board member of the International Finance Corporation’s (IFC) Operating Principles for Impact Management, which will help define the elements of impact investing processes. FinDev Canada also participates in technical fora with partners including European Development Finance Institutions (EDFI), the Global Impact Investing Network (GIIN) and the Emerging Markets Private Equity Association (EMPEA) to share innovations and learnings in impact management.

4.3.2 TECHNICAL ASSISTANCE

Technical assistance is a core component of development finance used by DFIs, multilateral development banks and impact investors to build the capacity of their portfolio companies to enhance development outcomes, mitigate risks and drive business performance.

FinDev Canada has developed a technical assistance strategy and will establish a technical assistance facility (TAF) to complement its financing solutions and bring more value to its clients by improving their ability to grow and scale sustainably. The facility will also support market-building initiatives to address barriers to growth or to private sector investments in FinDev Canada’s priority markets and sectors.

The TAF will address a range of clients’ capacity building needs, including inclusive governance and leadership, human capital development, financial management and analysis, impact measurement and reporting through four main programs:



Figure 7: Types of capacity building interventions covered under the Technical Assistance Facility

In 2020, FinDev Canada will introduce its technical assistance offering with a dedicated team and deliver its first services, a major step in building a foundation for success and delivering value to its clients.

FinDev Canada will work closely with donors to contribute to its technical assistance needs. This includes collaboration with Global Affairs Canada (GAC) and building on the preliminary work already performed in 2019 on the TAF. FinDev Canada will also explore opportunities to work with other public and private donors, in Canada and abroad, whose missions and priorities align with the objectives of the TAF.

FinDev Canada will also seek to secure patient and stable sources of funding to enable programming of its activities beyond 2020, with a goal to maximize impact. In some instances, FinDev Canada will consider using its own resources to support small, impactful technical assistance missions where speed is critical to achieving objectives.

4.3.3 MOBILIZATION

Mobilizing financial resources from the private sector—getting the private sector to direct their resources to financing opportunities that they would otherwise not consider—is a core objective of all DFIs. While currently there are various definitions and methodologies to measure mobilization, the OECD has conducted considerable work on this issue, and is a main reference point for the international community.

In essence, the decisions of private sector investors and lenders can be influenced by modifying the risk profile of certain assets, or their perception of risk in those assets. Mobilization therefore speaks to the ability to structure transactions that match investment opportunities with the risk appetite of partner investors, for example, through blended finance or by demonstrating through actual investment activity that the risk profile of certain assets is not as high as it may seem (“demonstration effect”).

That said, successful mobilization takes time and can be particularly challenging in low-income countries. There can be an inherent tension between seeking high impact, riskier business opportunities on one hand, and attracting private sector capital on the other. It is more challenging to seek significant levels of mobilization in a low-income country than it is in an upper middle-income one.

Effective mobilization requires an intimate understanding of the investment strategies and priorities of potential partners. FinDev Canada has made it a core objective to pursue the mobilization of private sector resources, focusing particularly on potential Canadian investors and will leverage its understanding of emerging markets to engage with targeted Canadian institutional investors. To this end, FinDev Canada will organize a meeting of key Canadian stakeholders in the spring of 2020, to explore avenues to collaborate. Based on this initial work, FinDev Canada will develop an outreach strategy with a goal to build more visibility for its activities and identify or structure specific opportunities for consideration. It will seek to deploy a dedicated resource for its implementation, which will happen in phases. In 2020, the focus will be on mapping and prioritizing relationships, and exploring collaboration models.

FinDev Canada also seeks to mobilize greater amounts of capital for gender-lens investing through its participation in the 2X Challenge¹⁷.

This mobilization strategy will be implemented in phases. The focus in 2020 will be on identifying opportunities, based on the preliminary outreach work conducted in 2019.

It will also work closely with GAC to consider how to best leverage complementary programs, to provide greater incentive to potential investors. The ability to deploy highly catalytic capital such as GAC’s new Innovative Finance programs, combined with FinDev Canada’s capabilities and structuring expertise, can be instrumental in successfully achieving mobilization.

¹⁷ See 2X Challenge textbox in section 4.3.4n of the 2020-2024 corporate plan.²

4.3.4 GENDER EQUALITY

Since its inception, FinDev Canada has placed women's economic empowerment as a core impact priority and a central element of its decision-making. This commitment to promote gender equality¹⁸ and women's economic empowerment¹⁹ through its investments and operations was affirmed in the 2019-2023 Corporate Plan with the vision to develop a strategy on gender equality.



Figure 8: Gender lens investing considers that gender cuts across all aspects of society, including economic and financial systems, and that all investments have gendered impacts²⁰

FinDev Canada's Gender Equality Strategy guides and informs its activities, and is underpinned by a gender equality policy, which establishes a set of overarching principles to integrate and promote gender equality and women's economic empowerment. This strategy takes into account FinDev Canada's priority sectors, impact areas, gaps and resources. It is also aligned with and complementary to the Development Impact Framework, the Investment Strategy, the Technical Assistance Strategy and the Environmental, Social and Governance (ESG) Assessment Policy.

The Gender Equality Strategy focuses on four elements of women's economic empowerment:



- 1. Use of capital to bridge gaps in gender-lens investing and deploy capital towards investment opportunities that intentionally and actively drive impact on women's economic empowerment
- 2. Promote 'Gender action' by supporting clients to enhance their gender inclusion and diversity practices and drive greater women's economic empowerment outcomes through their business activities
- 3. Lead by example, by ensuring that FinDev Canada's institutional and governance practices are aligned with and drive international best practices on gender inclusion and gender-lens investing
- 4. Be a catalyst for change in the investment community for gender lens investing.

18 Adapted from: Mennonite Economic Development Associates (MEDA), *Gender Equality Mainstreaming (GEM) Framework* and UN Women Training Center, *Gender Equality Glossary*.
19 Golla, Anne Marie & Malhorta, Anju & Nanda, Priya & Mehra, Rehka. International Center for Research on Women (ICRW), *Understanding and Measuring Women's Economic Empowerment*, International Center for Research on Women (ICRW) :2018. <https://www.icrw.org/wp-content/uploads/2016/10/Understanding-measuring-womens-economic-empowerment.pdf>.
20 Venn,NextBillion.com - David. Venn, *Turning intentions into Action: how to boldly implement gender lens investing*. Nextbillion: July 20, 2018. <https://nextbillion.net/how-to-boldly-implement-gender-lens-investing/>

Below are examples highlighting FinDev Canada's leadership in gender lens initiatives.

2X CHALLENGE FINANCING FOR WOMEN

In June 2018, the DFIs of G7 countries launched the 2X Challenge, a call to action to collectively mobilize US \$3 billion by 2020 to invest in women. By the following G7 in August 2019, nearly US \$2.5 billion had already been committed and mobilized in 2X-eligible investments.



Gender Finance Collaborative

In November 2018, FinDev Canada joined 14 DFIs and the European Investment Bank in the Gender Finance Collaborative (GFC) to coordinate efforts towards 'gender-smart' investing.

FinDev Canada will implement the Gender Equality Strategy in phases. Throughout the planning period, it will focus on embedding the principles across all core functions and operations. With time, by collaborating, investing and building capacity, FinDev Canada will be able to:

- Highlight clients' results to promote greater gender inclusion, leadership, workforce and value chains in the private sector, to bring about an increased ability for women to make and act on economic decisions.
- Contribute to the growing industry knowledge about the value of gender inclusion for businesses and, ultimately, demonstrate the viability of gender lens investing as an investment strategy.

DANPER ALV

FinDev Canada's loan of U.S. \$8 million to Danper Agricola La Venturosa will yield job creation, improve environmental management systems and support women's economic participation in Peru's agriculture sector.

For over 25 years, Danper Trujillo and its subsidiaries, have set an example in Peru and Latin America of agricultural best practices, continuous improvements in efficiencies, and social and environmental leadership.

FinDev Canada's loan to Danper ALV is the second transaction to qualify for the 2X Challenge: Financing for Women.



4.3.5 TECHNOLOGY

FinDev Canada seeks to unlock new opportunities by deploying innovative technology. To this end, it has developed a digital roadmap that articulates strategic objectives and proposes technology options to achieve them. These objectives are underpinned by a set of principles that provide direction on how to position FinDev Canada as a "DFI for the Future," with a focus on promoting digital, data-enabled business models and use of technology as a tool to scale up businesses.

STRATEGY AND IMPLEMENTATION

FinDev Canada will implement its technological solutions in order to improve its own effectiveness and connectivity with clients, and to identify technology-based initiatives that lead to greater development impact. The digital roadmap provides general direction on how FinDev Canada intends to use technology in order to:

- Inform investment decisions and financial intermediation approaches with appropriate "big data";
- Support product innovation with technology and data-enabled risk mitigation tools;
- Use digital platforms to collect data, mobilize investors and reduce market inefficiencies; and,
- Apply advanced data analytics and visualization methods for impact monitoring and measurement.

In 2019, FinDev Canada created the position of Digital Officer. Once filled, this role will lead FinDev Canada's ambitious digital roadmap and implementation plan, drawing where appropriate from the information technology (IT) platform and expertise of EDC.

In the short-term, the goal is to establish the infrastructure and expertise required for enterprise and investment operations. This includes, but is not limited to, an investment platform for its deal pipeline and management, productivity tools for communication and basic analytics. It will also conduct a benchmarking exercise to understand technology best practices of other DFIs and peer institutions.

FinDev Canada's medium-term priorities will focus on building integrated systems that capture and leverage data in support of business objectives. It will pursue efforts to harness big data and advanced analytics through various platforms and by developing impact measurement models and tools for its clients.

THOUGHT LEADERSHIP

FinDev Canada also aims to show its leadership in the DFI space by creating a community of practice. Throughout the planning period, it will continue to develop partnerships with peers, academia, and digital innovators in the private sector, and connect stakeholders with converging interests.

In April 2019, FinDev Canada co-hosted with Swedfund (Swedish DFI) the Development Finance and Technology Roundtable in Washington D.C. It brought together technology companies, venture capitalists, DFIs, MDBs, IFIs and research institutions to explore ways to harness new and disruptive technologies in furtherance of the SDGs. With clear action points²¹ - listed below, the Roundtable laid the foundation for further dialogue.

21 Runde, Daniel F. & Bandura, Romania & Ramanujam, Sundar R. Center for Strategic and International Studies Policy Brief, *The Role of Development Finance Institutions in Enabling the Technology Revolution*. Center for Strategic and International Studies Policy Brief: June, 2019. https://csis-prod.s3.amazonaws.com/s3fs-public/publication/190617_RundeRominaRamanujam_DFI_v3.pdf

- Resetting DFIs' vision and strategy in the technology space.
- Helping countries invest in the fundamentals: building regulatory frameworks, strengthening government capacity, and developing capital markets.
- Supporting local efforts that can bring solutions to scale.
- Engaging with venture capital and impact investors.
- Filling the "early growth" funding gap for innovative businesses.

Building on these efforts, over the planning period, FinDev Canada and its partners will continue to pursue thought leadership initiatives.



Figure 9: Highlights from the Development Finance and Technology Roundtable in Washington D.C., April 2019. Bottom-left: Suzanne Gaboury, FinDev Canada's CIO, Hon. Peter Eriksson, Swedish Minister for International Development Cooperation, Maria Hakansson, Head of Swedfund and Paul Lamontagne, Head of FinDev Canada.

4.4 PARTNERSHIPS

4.4.1 RELATIONSHIP WITH GOVERNMENT OF CANADA

Throughout the planning period, FinDev Canada will continue to strengthen its relationship with GAC to ensure that the various programs available across the government community build on their respective strengths and capabilities. This will include developing joint solutions to address the financing challenges for businesses in low income countries and support for businesses that are typically underserved, such as women-owned companies or first-time fund managers. GAC's ability to deploy concessional or grant-based resources can be an important complement to FinDev Canada's commercial expertise and offering. For the first time, Canada is able to offer comprehensive solutions spanning the entire spectrum of financing needs.

With experienced employees, a growing deal pipeline, and the international relationships it has built, FinDev Canada is well-positioned to deliver unique value as a recognized centre of development finance expertise within Government and the country.

4.4.2 ENGAGING THE STAKEHOLDER COMMUNITY

As a new organization in the Canadian development assistance landscape, it is important for FinDev Canada to establish strong ties with the stakeholder community, in Canada and abroad. Building on the consultations and outreach conducted over the past two years, FinDev Canada will strengthen its presence with the community through a variety of initiatives and channels.

ADVISORY COUNCIL

FinDev Canada's Advisory Council was created in the spring of 2018. It has since been expanded to 9 members, with a target of 10 members in 2020. The Council has met several times and plays an important role in FinDev Canada's activities. The deep and diverse expertise of its members is a valued addition to management's and to the Board of Directors'.

The Council provides its views and feedback on topics that are core to FinDev Canada's operations and values. In 2019, it participated in a joint strategy session with the Board of Directors to set the basis of FinDev Canada's 2020-2024 strategy, and a similar session is planned in 2020.

The Council has had the opportunity to review and provide input into FinDev Canada's development impact framework, its gender strategy and its Environmental and Social assessment practices, among other topics. In 2020, we will continue to solicit the views of the Council through formal meetings and informal engagement on specific issues.

CANADIAN BUSINESS COMMUNITY

While FinDev Canada does not have an obligation to consider Canadian commercial interests in the transactions it supports, it is interested in building relations and partnerships with Canadian businesses with which it has converging interests. As such, FinDev Canada will focus on industry sectors that match Canadian capabilities.

Throughout the planning period, FinDev Canada will explore opportunities to leverage Canadian expertise in specific transactions or initiatives and engage with businesses and associations active in areas where it sees significant potential for collaboration. This includes cleantech, financial services and agricultural technology industries. FinDev Canada will focus particularly on building relationships with Canadian businesses already present in developing markets with a strong understanding of the local social, technological and economic implications of their activities, and proponents of technologies that have the potential to significantly and durably create positive outcomes in the markets where they are deployed.

FinDev Canada will also increase collaboration with Canadian institutions such as the International Development Research Centre (IDRC), with which it is exploring potential secondments and shared office space.

FinDev Canada is also an active member of the Canada Forum for Impact investment and Development (CAFIID) and is committed to helping to increase the flow of Canadian capital going to investing for impact in emerging and frontier markets.

INSTITUTIONAL INVESTORS

As noted, FinDev Canada seeks to build strong collaborative relationships with Canadian institutional investors in order to mobilize financial capacity. FinDev Canada is, for instance, exploring opportunities to collaborate with the Investors Leadership Network (ILN), an initiative of leading G7 institutional investors.

5.0 STRATEGY & OPERATIONS- BUILDING A MORE EFFECTIVE DFI

5.1 RISK MANAGEMENT

Risk Management is a critical function of a financial institution, particularly those that operate in challenging markets. In 2018, FinDev Canada drew from EDC's experience to establish an initial risk management framework, which allowed it to operate with clear processes and guidelines and, in 2019, it formed an internal Risk Management Team. In 2020, it will focus on further embedding risk management best practices throughout the corporation, while continuing to leverage EDC's experience.

FinDev Canada has organized itself along the Three Lines of Defence model, which represents a best practice in the financial industry. The model provides for a clear identification of roles and responsibilities along the entire business lifecycle, with clear decision-making principles and specializing between functions.

In 2020, the focus of the Risk Management team will be to:

- Complete the implementation of the "second line of defence" framework, as well as the capital management activities and reporting that provide a sound base for decision-making;
- Review and adjust as required, the governance established in the first 18 months of operation around risk management decisions, such as the functioning of the credit committee;
- Review the existing Risk Management Policy framework and consider its update and expansion; and,
- Ensure adequate procedures and guidelines are in place to support the application of existing policies.

The Risk Management team will work with other departments within FinDev Canada to strengthen the connection between the risk management practice and other internal functions, taking a more proactive role in areas such as Monitoring and Evaluation.

5.2 TRANSPARENCY & DISCLOSURE

Since inception, FinDev Canada has employed a high level of transparency and stakeholder engagement.

FinDev Canada endeavours to provide stakeholders information of its transactions prior to signing. Disclosure of transactions under consideration are posted on FinDev Canada's website 30-days prior to signing, giving stakeholders sufficient time to be made aware of FinDev Canada's pipeline and to raise any concerns. Similarly, summaries of transactions with additional details on environmental, social and governance practices, and development impacts are published after signing, which FinDev Canada will continue to do moving forward.

5.3 ENVIRONMENTAL, SOCIAL & GOVERNANCE PRACTICES

FinDev Canada follows a stringent set of international standards to conduct its Environmental, Social and Governance (ESG) activities, notably the International Finance Corporation's Performance Standards for Environmental and Social Sustainability. FinDev Canada relies on EDC to provide the necessary expertise, taking into account its considerable experience in this space.

FinDev Canada applies rigorous screening to every transaction it supports. ESG assessments of all transactions are critical to not only identify risks, but also to surface opportunities to work with clients to improve their practices in these areas, and by extension to improve their development impacts. Environmental and Social Action Plans (ESAPs) are included in transactions wherever relevant, setting objectives that customers are committed to meet.

FinDev Canada's ESG practice will continue to evolve, to ensure that it is on par with international best practices, through continued engagement with other DFIs, as well as the stakeholder community. After 18 months of operations, the corporation is conducting a review of the interim policy adopted in the fall of 2017, prior to the start of its operations. In the summer of 2019, it engaged an external service provider to recommend areas where the policy can be updated based on market practices and trends in the field. A revised policy is expected to be implemented in early 2020 to include a clear framework for decision-making and reflect a high standard among its peer organizations.

This policy will complement the Development Impact Framework and constitute with it a comprehensive set of standards, objectives and tools that will guide FinDev Canada's decision-making in fulfilling its core mandate and aspiration: generating positive development outcomes in target markets.

5.4 AN EFFECTIVE SHARED SERVICE MODEL

The current organizational model was designed to effectively leverage EDC's capabilities for core corporate services, provide FinDev Canada with autonomy in its customer-facing activities and optimize its ability to deliver on its mandate, while avoiding confusion of identity in the market between the activities of EDC and of its new subsidiary. Designed during the pre-launch phase, this model will evolve with FinDev Canada's growth and the expansion of its business activities throughout the planning period.

In 2020, FinDev Canada will focus on scaling-up business-related services to accompany the growth of its transaction pipeline. Key considerations will be the availability of a service from EDC, the possibility to customize it to FinDev Canada's specific needs, and the implication of delivering such service on its resources.

If FinDev Canada opts to use the services of a third party, it will do so in full transparency.

FinDev Canada anticipates that the demand for services from EDC will remain fairly stable, as FinDev Canada builds its own capabilities to accompany its growth. Transaction-related functions will be built up within the FinDev Canada team, while general corporate services will continue to be delivered by EDC for the foreseeable future.

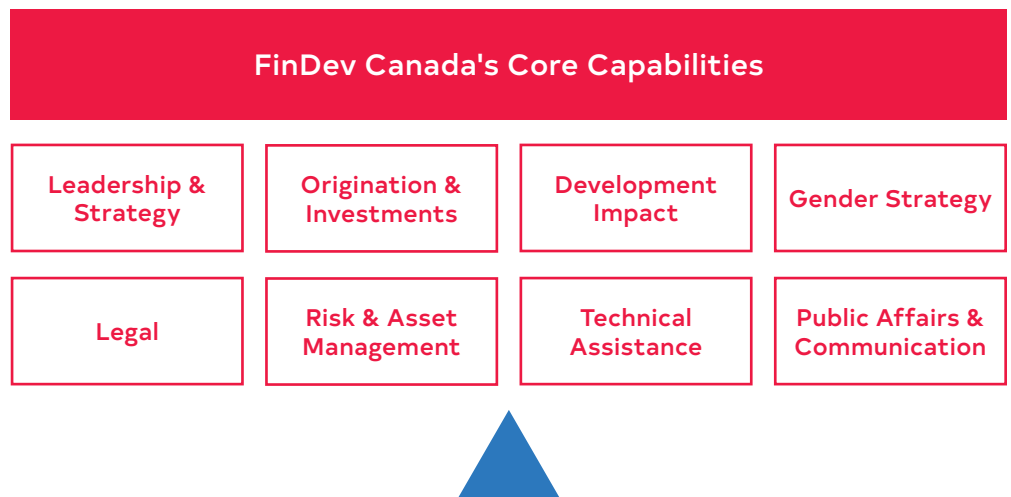


Figure 10: Shared services model

5.4.1 A TAILORED BOARD OF DIRECTORS

Over 2018 and 2019, EDC appointed new members to FinDev Canada's Board of Directors. With expertise across all areas of activity of the corporation, the Board is tailored to the needs of FinDev Canada and well positioned to support planned growth over the next few years. With six of its Directors also serving on EDC's Board and the Managing Director, an additional four have been appointed, two of whom are based in Africa, bringing first-hand experience of the development finance needs of the region. (Please see Appendix 1).

5.4.2 A CULTURE OF EXCELLENCE

FinDev Canada's success lies in the ability of its people to deliver on its ambitious agenda. In 2019, the organization underwent considerable growth, hiring seasoned professionals with expertise and experience from diverse horizons across all its functions. A number of additional hires will take place in 2020, albeit at a lesser pace, to staff critical positions and help the organization grow and diversify.

In 2020, FinDev Canada will also develop individualized training plans and institute succession plans, to create an enabling environment and ensure the corporations' resilience.

In its first year of operations, FinDev Canada created and embraced a culture of respect, collaboration and innovation. Throughout the planning period, it will continue to ensure this culture is embedded throughout all aspects of the organization.

5.5 CONTINUE TO BUILD FINDEV CANADA BRAND

As mentioned in the 2019-2023 Plan, under "*Inclusive business for a Sustainable Future*", the FinDev Canada brand will continue to be synonymous with transparency, credibility, collaboration and inclusion. Moving forward, FinDev Canada will continue with these efforts through:

- Client centricity: FinDev Canada will highlight its clients' work by sharing impact reports and through storytelling.
- Thought leadership: FinDev Canada will focus on creating rich, educational, and dynamic content, to increase awareness about FinDev Canada and the development finance space in general, and to target new players.
- Innovative content on the issues important to the organization: through innovative tools and content, FinDev Canada will start the conversation on issues such as women's economic empowerment and climate change mitigation, in order to identify solutions and position FinDev Canada as a leader in the field.

In the past year, through traditional and social media, FinDev Canada has been connecting with clients, partners, peers and various stakeholders, enabling the organization to:

- Demonstrate transparency by communicating events and transaction;
- Gain visibility with potential partners that can help amplify FinDev Canada's impact; and,
- Give its clients more exposure with potential investors and partners, by communicating their stories.

In 2020 and throughout the planning period, FinDev Canada will continue to leverage these channels. FinDev Canada will also enhance its website to create a more interactive, informative and dynamic platform for its stakeholders.

5.6 PATH TO FINANCIAL SUSTAINABILITY

FinDev Canada has a mandate from the Government of Canada to become financially self-sufficient. While no specific timeline was set to achieve a financial break even, management is focused on balancing its key priority – to generate meaningful impact in its markets – while ensuring it reaches financial sustainability in a reasonable period.

6.0 MEASURING SUCCESS

FinDev Canada's 2020 corporate scorecard will encourage progress towards its objectives by driving behaviours and corporate decisions, utilizing four elements:

- A Development Impact Framework: ongoing projections and monitoring of the impact performance indicators continue to be a key element of the scorecard, these have been further defined into short-term and long-term goals;
- The ability to mobilize other investors, particularly from the private sector;
- Financial sustainability; and,
- Client satisfaction.

6.1 IMPACT MANAGEMENT

A full-cycle approach to portfolio impact performance has been established in alignment with the Development Impact Framework. This incorporates a variety of indicators that can be assessed at various points in the transaction and portfolio lifecycle.

As FinDev Canada tests its impact assessment tools with its pipeline transactions, the impact scores can be compared between sectors, geographies, and business models, giving new insights into how to refine the tools to provide the best estimates of development outcomes during the ex-ante process.

Additionally, FinDev Canada has established initial client data collection and monitoring tools and in 2020, it will explore additional technology solutions to effectively monitor and report on the qualitative and quantitative development impact of our investments.

It has selected impact performance indicators, informed by the global indicator framework for the SDGs and targets of the 2030 Agenda for Sustainable Development,²² to guide management on progress toward its development impact goals, which it will monitor regularly and report back on annually. A snapshot of these impact indicators is provided below.

Impact Goal	Selection of Key Performance Indicators tracked	Measure
MARKET DEVELOPMENT	Direct permanent jobs supported	# FTEs
	Direct economic value-add (expenses on salaries, taxes, local procurement etc.)	\$ M
	SMEs financed	# companies
WOMEN'S ECONOMIC EMPOWERMENT	Women-owned companies financed	# companies
	Women in senior leadership	# women
	Direct permanent jobs for women	# FTEs
	Access to services/tools	# women
ENVIRONMENT & CLIMATE	Net CO ₂ emissions avoided	Tons/yr.
	Renewable energy produced	MWh/yr.
	Waste reduced	Tons

As a DFI leading on Women's Economic Empowerment, FinDev Canada is committed to contribute to the 2X Challenge.

²² UN General Assembly. *Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development*. UNGA:2017. http://ggim.un.org/documents/A_RES_71_313.pdf

6.2 MOBILIZATION

Based on industry best practices, FinDev Canada is developing a methodology to measure its ability to mobilize investments. Once a methodology is in place, FinDev Canada will be able to set more specific targets, and refine the initial stated goal of a one-to-one mobilization ratio over time. As FinDev Canada grows and gains experience, this target will be adjusted to reflect the realities of the markets where it operates and the type of instruments that the corporation intends to deploy.

6.3 CLIENT CENTRICITY

Client feedback is critical. As such, FinDev Canada will implement a system to measure client satisfaction, including the likelihood that they would recommend working with FinDev Canada. This client feedback mechanism will allow FinDev Canada to better understand its clients' needs and identify ways to refine its service offering to attract more clients.

Drawing on EDC's experience and on industry practices, work is currently underway to establish a methodology for collecting client feedback.

7.0 FINANCIAL OVERVIEW

7.1 SUMMARY

Key items to highlight in the Financial Plan are as follows:

- FinDev Canada is initially being funded by capital injected by its parent company, Export Development Canada (EDC). An injection of \$100 million occurred in 2018. Further injections of \$100 million are planned for 2019 and 2020.
- The financial statements in this plan cover the years 2019, 2020 and 2021. The years 2022, 2023 and 2024 are shown with nil amounts. While normally included in a corporate plan, the financial information for these years is currently unavailable. The reasons for the unavailability of this information are as follows (as per Section 5 of the *Crown Corporation Corporate Plan, Budget and Summaries Regulations* (SOR/95-223)):
 - the Government of Canada planned the capitalization of \$300 million to be within the first five years of operation;
 - the Government of Canada expressed an intention to do a review of FinDev Canada within the first five years of operation;
 - the years 2022, 2023 and 2024 fall outside this five year period, and as a result, once this review is complete, it will inform the future funding strategy for FinDev Canada and subsequent Corporate Plans will reflect this approach.
- FinDev Canada is projecting a net loss of \$13 million in 2019. In its early years of operation, FinDev Canada is concentrating its efforts on building up its capabilities and market presence, and progressively building a portfolio that meets its impact goals. The profile of transactions that match FinDev Canada's strategy also do not typically generate strong revenue streams at an early stage.
- Loans receivable are projected to grow to \$258 million by 2021.
- Investments are projected to be \$50 million in 2019 and are expected to grow to \$184 million by 2021.
- FinDev Canada expects to have consumed the \$300 million capital injection from EDC by the end of 2020. To support its continuing growth, FinDev Canada intends to borrow from EDC in the years up to and including 2021. FinDev Canada currently forecasts to borrow \$3 million in 2020. Borrowings at the end of 2021 will total \$181 million.

EDC will engage in any borrowing, investing and hedging activities on behalf of FinDev Canada.

The Financial Plan will first present the key business assumptions which were used to derive the projected financial results followed by a discussion of its projected operating expenses and planned capital expenditures. Projected financial statements are also included.

7.2 KEY BUSINESS ASSUMPTIONS

A series of key assumptions, including business volume, risk profile of business volume, foreign exchange and interest rates, all of which have an impact on FinDev Canada's business activity and financial performance, drive the Financial Plan. Using these assumptions, which align with its business strategy and economic outlook, projected financial statements are developed for the planning period, including a forecast to the end of the current fiscal year. Any changes to the business strategy or to the underlying assumptions may materially affect the projections over the planning period.

BUSINESS VOLUME

The level of business volume for each program is presented in the table below.

Table 1: Projected Level of Business Volume

<i>(in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Business Volume								
Lending	-	50	100	132	151			
Investments	30	50	63	67	81			
	30	100	163	199	232			

2019 FORECAST

The 2019 lending and investments business volume is projected to be \$163 million, which is higher than the \$100 million forecast in the 2019 Corporate Plan. The increase is due to greater business development efforts that have been underway since the beginning of the year, coupled with the expansion of the corporation's operational capacity.

2020 TO 2021

FinDev Canada is projecting growth in business volume in the lending and investments program of 17 per cent between 2020 and 2021, as market awareness of FinDev Canada increases and early business development efforts continue to deliver benefits.

RISK PROFILE OF BUSINESS VOLUME

FinDev Canada is projecting that the lending and investment business it undertakes will be largely non-investment grade due to its high-impact strategy. The risk profile of the financing portfolio is one of the key drivers of both the provision for credit losses and capital demand for credit risk.

FOREIGN EXCHANGE

The Financial Plan uses a month-to-date average rate as the U.S. dollar foreign exchange rate assumption for the remainder of 2019 and all subsequent years. This methodology removes the volatility associated with yearly exchange rate fluctuations and ensures more easily comparable projections. The rate used in this Plan, as represented by the average rate for June 2019, is U.S. \$0.75.

INTEREST RATES

This forecast is based on Bloomberg financial market data, and is driven by supply and demand as well as market expectations for interest rates.

8.0 APPENDICES

APPENDIX 1: STATEMENT OF PRIORITIES AND ACCOUNTABILITIES

Pursuant to the *Export Development Act* (ED Act), the Minister of International Trade Diversification, in consultation with the Minister of International Development, is responsible for providing direction to EDC regarding FinDev Canada, as per the annual Statement of Priorities and Accountabilities (2020 SPA).

APPENDIX 2: CORPORATE GOVERNANCE STRUCTURE

Established under the *Canadian Business Corporations Act* (CBCA), FinDev Canada is governed by an independent Board of Directors, appointed by EDC's Board of Directors. FinDev Canada's newly appointed gender-balanced Board is composed of some of EDC Board of Directors, the Managing Director, as well as independent members with expertise and experience regarding the facets of its business and markets.

In order to ensure adequate coordination between the two organizations, and optimize the deployment of shared services, FinDev Canada's Board of Directors is chaired by EDC's President and CEO.



Figure 11: FinDev Canada's Board of Directors from top left: Mairead Lavery, Mimi Alemayehou, Pierre Boivin, Albert Essien, Anne Gaboury, Karna Gupta, Paul Lamontagne, Elliot Lifson, Karen MacWilliam, Andrea Stairs Krishnappa and Jeffrey Steiner.

In consultation with the Ministers of International Trade Diversification and International Development, FinDev Canada created an Advisory Council composed of individuals with expertise in development and development finance. The Advisory Council was first convened in the spring of 2018.

The Council will not be involved in operational, transactional, governance or staffing matters. Its duties are solely advisory in nature—to act as a sounding board in the formulation of some of the procedures and policies of FinDev Canada.

The Advisory Council will convene annually for a strategic planning session with FinDev Canada’s Board.



Figure 12: FinDev Canada's Advisory Council members from top left: Margaret Biggs, Debby Carreau, Piers Cumberlege, Daniele Henkel, John Hendra, Joan Larrea, Boris Martin, Khalil Shariff and Kim Thomassin.

FinDev Canada is led by a Managing Director who reports directly to the Board of Directors, and whose responsibility is to determine the business strategy, in line with the government of Canada’s mandate and the Board’s direction. The Managing Director is responsible for building and leading a team of professionals and is accountable for the performance of the corporation. He is assisted in his functions by a senior management team.

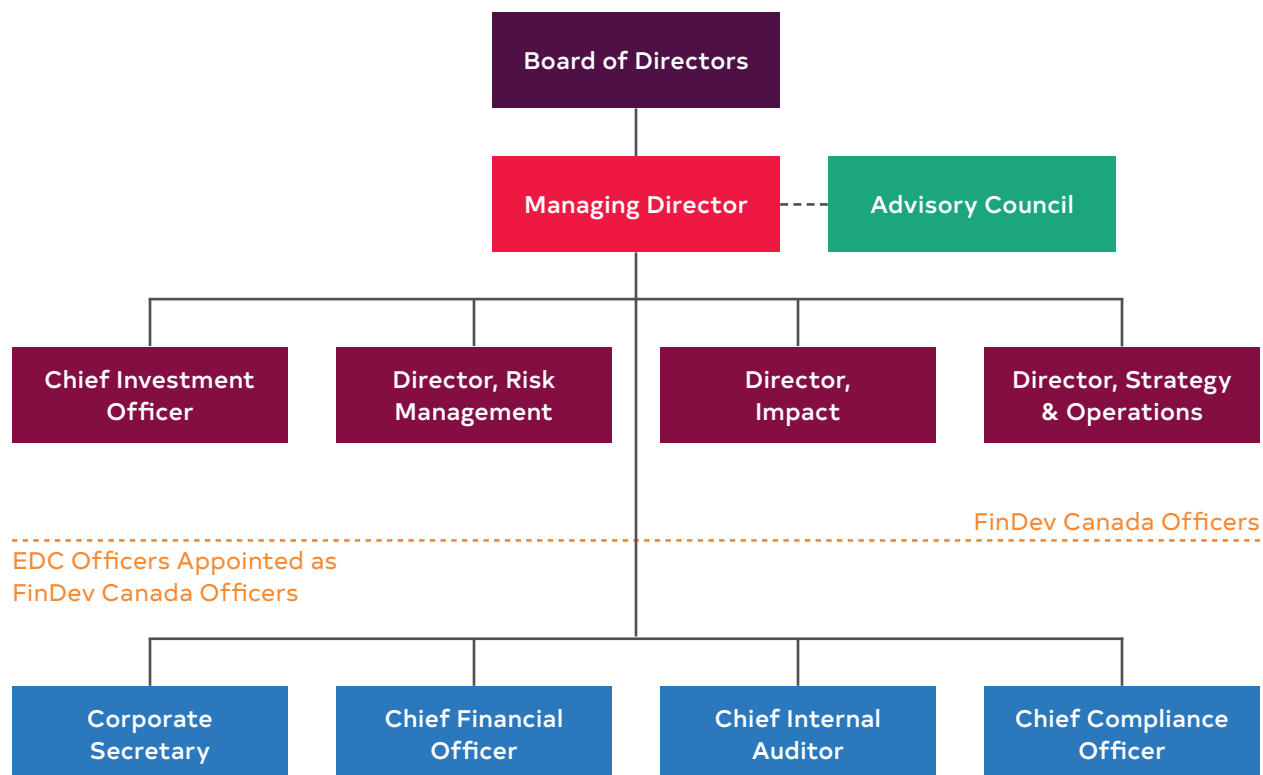


Figure 13: FinDev Canada's Managerial and Organization Structure

APPENDIX 3: CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Chief Financial Officer at FinDev Canada, accountable to the Board of Directors of FinDev Canada through the Managing Director, I have reviewed the financial projections provided in FinDev Canada's 2020-2024 Corporate Plan. It is in all material respects, in accordance with International Financial Reporting Standards, based on information available at the time of the preparation of this submission, that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to change in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision making.

The Corporate Plan 2020-2024 was approved by FinDev Canada's Board of Directors on October 25th, 2019.

I, therefore, recommend that you endorse this submission for the Minister for International Trade's approval.



Ken Kember
Senior Vice-President and Chief Financial Officer
Export Development Canada

October 25, 2019

APPENDIX 4: FINANCIAL STATEMENTS AND BUDGETS

4.1 FINANCIAL STATEMENTS AND NOTES

STATEMENT OF COMPREHENSIVE INCOME

Table 2: Projected Condensed Statement of Comprehensive Income

<i>for the year ended December 31 (in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Financing and Investment Revenue:								
Loan	-	1	1	8	15			
Marketable securities	1	2	1	1	-			
Total financing and investment revenue *	1	3	2	9	15			
Interest expense	-	-	-	-	2			
Net Financing and Investment Income	1	3	2	9	13			
Other (Income) Expense	1	-	(1)	-	-			
Administrative Expenses	8	15	13	15	16			
Provision for Credit Losses	-	2	3	4	8			
Net Income (Loss)	(8)	(14)	(13)	(10)	(11)			
Other Comprehensive income	-	-	-	-	-			
Comprehensive Loss	(8)	(14)	(13)	(10)	(11)			

*During the Plan period, FinDev Canada does not expect to earn investment revenue or divest any investments.

2019 FORECAST

FinDev Canada is forecasting a net loss of \$13 million for 2019, which is aligned with the 2019 Plan.

2020 CORPORATE PLAN

FinDev Canada is forecasting a net loss of \$10 million in 2020. Although it is forecasting \$9 million of net financing and investment income, this revenue will be offset by administrative expenses and provision for credit losses.

STATEMENT OF FINANCIAL POSITION

Table 3: Projected Condensed Statement of Financial Position

<i>as at December 31</i> <i>(in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Assets								
Cash	3	2	2	2	2			
Marketable securities	77	48	56	-	-			
Loans receivable	-	50	68	160	258			
Allowance for losses on loans	-	(2)	(3)	(6)	(12)			
Investments	16	72	50	111	184			
Other assets	-	-	2	2	2			
Property, plant and equipment	1	1	1	1	1			
Intangible assets	-	1	1	1	2			
Building under finance lease	-	2	2	1	1			
Total Assets	97	174	179	272	438			
Liabilities and Equity								
Accounts payable and other credits	1	-	-	-	-			
Owing to Export Development Canada	6	-	-	3	181			
Obligation under finance lease	-	2	2	2	1			
Total Liabilities	7	2	2	5	182			
Equity								
Share capital	100	200	200	300	300			
Deficit	(10)	(28)	(23)	(33)	(44)			
Total Equity	90	172	177	267	256			
Total Liabilities and Equity	97	174	179	272	438			

2020 CORPORATE PLAN

FinDev Canada is funded by capital injections from its parent company, EDC. A capital injection of \$100 million occurred in 2018, with additional capital injections planned in 2019 and 2020 of \$100 million each. Surplus capital will be invested in marketable securities until it is required for cash outlays.

Investments are projected to reach \$111 million in 2020 and are expected to grow to \$184 million by 2021. Loans receivable in 2020 are expected to reach \$160 million.

FinDev Canada expects to have consumed the \$300 million capital injection from EDC by the end of 2020. To support its continuing growth, FinDev Canada intends to borrow from EDC up to and including 2021. FinDev Canada currently forecasts to borrow \$3 million in 2020. EDC will engage in any borrowing, investing and hedging activities on behalf of FinDev Canada.

STATEMENT OF CHANGES IN EQUITY

Table 4: Projected Condensed Statement of Changes in Equity

<i>for the year ended December 31</i> <i>(in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Share Capital	100	200	200	300	300			
Retained Earnings								
Balance beginning of year	(2)	(14)	(10)	(23)	(33)			
Comprehensive loss	(8)	(14)	(13)	(10)	(11)			
Balance end of year	(10)	(28)	(23)	(33)	(44)			
Total Equity at End of Year	90	172	177	267	256			
Return on Equity	-18.2%	-10.9%	-9.7%	-4.5%	-4.2%			

STATEMENT OF CASH FLOWS

Table 5: Projected Condensed Statement of Cash Flows

<i>for the year ended December 31</i> <i>(in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Cash Flows from (used in) Operating								
Net loss	(8)	(14)	(13)	(10)	(11)			
Adjustments to determine net cash from (used in)								
operating activities								
Provision for credit losses	-	2	3	4	8			
Change in accrued interest and fee receivable	-	-	(1)	(1)	(1)			
Other	-	-	1	3	(1)			
Loan disbursements	-	(50)	(70)	(92)	(104)			
Loan repayments	-	-	-	1	5			
Net cash used in operating activities	(8)	(62)	(80)	(95)	(104)			
Cash Flows from (used in) Investing								
Disbursements for investments	(16)	(46)	(34)	(61)	(73)			
Receipts from investments	-	-	-	-	-			
Purchases of marketable securities	(83)	(87)	(90)	(70)	-			
Maturities of marketable securities	55	113	83	102	-			
Purchases of property, plant and equipment	(1)	-	-	-	-			
Purchases of intangible assets	-	(1)	(1)	-	(1)			
Net cash used in investing activities	(45)	(21)	(42)	(29)	(74)			
Cash Flows from (used in) Financing								
Increase (decrease) in amount due to EDC	4	-	(6)	3	178			
Issuance of share capital	100	100	100	100	-			
Net cash from financing activities	104	100	94	103	178			
Net increase (decrease) in cash and cash equivalents	51	17	(28)	(21)	-			
Cash and cash equivalents								
Beginning of year	-	9	51	23	2			
End of year	51	26	23	2	2			
Cash and cash equivalents are comprised of								
Cash	3	2	2	2	2			
Cash equivalents included within marketable	48	24	21	-	-			
	51	26	23	2	2			

ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

The accounting policies used in the preparation of this Financial Plan are in accordance with International Financial Reporting Standards (IFRS) currently in effect. The earnings of the corporation are not subject to the requirements of the *Income Tax Act*.

AMENDED AND EVOLVING STANDARDS

The International Accounting Standards Board (IASB) does not have any projects underway that will affect the standards relevant to FinDev Canada.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY POLICY (CAP)

For the initial years of operations, the supply of capital (i.e. the capital injection) will meet the majority of the operating needs of the corporation. During that period, FinDev Canada will develop a capital management framework.

4.2 OPERATING BUDGET AND NOTES

ADMINISTRATIVE EXPENSES

Table 6: Projected Administrative Expenses

<i>(in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Salaries and benefits	2.0	5.1	4.7	6.3	6.5			
Professional services	1.9	2.8	2.1	3.0	3.0			
Administration costs	2.2	3.5	1.7	2.0	2.1			
Marketing and communications	0.7	0.7	0.7	1.0	1.0			
Travel, hospitality and conferences	0.5	0.9	1.0	1.3	1.3			
Other	1.1	1.6	2.5	1.7	2.1			
Total administrative expenses	8.4	14.6	12.7	15.3	16.0			

2019 FORECAST

Administrative expenses are expected to be \$1.9 million lower than projected in the 2019 plan due to revised assumptions relating to the chargeback of EDC salaries and benefits for supporting FinDev Canada.

2020 PLAN

FinDev Canada is targeting administrative expenses of \$15.3 million for 2020. Items of significance in the administrative expense projections for 2020 and beyond are as follows:

- Salaries and benefits are projected to increase as new employees are hired to support FinDev Canada's business.
- Professional services are expected to grow in 2020, driven primarily by consulting and legal fees related to increasing business volume.

Table 7: Travel and Hospitality Expenses

<i>(in thousands of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Travel	435	770	907	1,190	1,214			
Hospitality	35	35	45	43	43			
Conferences	7	100	57	57	58			
Total	477	905	1,009	1,290	1,315			

Table 8: Travel and Hospitality Expenses as a Percentage of Total Administrative Expenses

<i>(in thousands of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Total travel, hospitality and conferences	477	905	1,009	1,290	1,315			
Total administrative expenses	8,427	14,608	12,703	15,332	15,997			
Travel and hospitality as a % of total administrative expenses	5.7%	6.2%	7.9%	8.4%	8.2%			

4.3 CAPITAL BUDGETS AND NOTES

CAPITAL EXPENDITURES

Table 9: Projected Capital Expenditures

<i>(in millions of Canadian dollars)</i>	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Facilities	0.5	0.1	0.1	0.1	0.1			
Information technology	0.1	0.7	0.7	0.7	0.7			
Total capital expenditures	0.6	0.8	0.8	0.8	0.8			

**Facilities capital expenditures include leasehold improvements, furniture and equipment. Information technology capital expenditures include hardware, internally developed and purchased software.*

Capital expenditures for information technology are projected to be \$0.7 million for purchases and enhancements of required technology in 2019 and 2020.

No capital expenditures during the plan period meet the requirements for disclosure per the value and risk tests.

APPENDIX 5: BORROWING PLAN

BORROWING AUTHORITY

Pursuant to EDC's expanded mandate under section 10(1)(c) of the amended *Export Development Act*, EDC has incorporated Development Finance Institute Canada (DFIC), trade name FinDev Canada, as a wholly owned subsidiary of EDC.

BORROWING STRATEGY

FinDev Canada plans to borrow \$3 million from EDC in 2020 and \$178 million in 2021. EDC Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

APPENDIX 6: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

FinDev Canada takes compliance with the Government of Canada's legislative and policy requirements seriously in order to protect the company, its employees, and the Government of Canada from potential exposure to legal, reputational and financial consequences.

FinDev Canada's suite of policies are, among other business objectives, designed to address the legislative and policy requirements that are relevant to its operations. Furthermore, EDC systematically monitors new bills that are tabled in Parliament to ensure that EDC and FinDev Canada are prepared for continued compliance with any new federal requirements.

As a company engaged in development finance, FinDev Canada is subject to a diverse range of laws, regulations, international agreements and treaties, government policies, directives and industry standards across multiple jurisdictions resulting in a wide array of compliance obligations. To manage the risk of non-compliance with its many compliance obligations, FinDev Canada is aligning its approach to Compliance Risk Management with that of EDC, with the support of EDC's Compliance and Ethics team.

FinDev Canada will align its practices with those of EDC whenever relevant to its mandate and to its operating environment. This is the case for directives that are issued to EDC under Section 89 of the *Financial Administration Act* (FAA), and in particular:

- The 2008 directive instructing EDC to give due consideration to the personal integrity of those they lend to or provide benefits to is in accordance with Government's policy to improve the accountability and integrity of federal institutions;
- The directive issued in July 2015 to EDC and other federal crown corporations to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. FinDev Canada will report on a regular basis on its travel and hospitality through the Corporate Plan and Annual Report.
- The directive, issued in 2014, requiring a number of Crown corporations to implement pension plan reforms. All employees of FinDev Canada are employees of EDC seconded to its subsidiary, and therefore fall under the same Human Resources management practices. EDC supports the principles underlying the directives and has taken action to implement the spirit and intent of these reforms such as increases to employee contributions in the Defined Benefit plan and a later age of retirement for Defined Contribution employees hired since 2015. Additional details on the implementation of this directive can be found in EDC's Corporate Plan.

APPENDIX 7: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

FinDev Canada is committed to establishing relationships based on trust and accountability, including accurate and timely disclosure of information. A Transparency & Disclosure Policy (the Policy) was a critical deliverable prior to the launch of FinDev Canada. It was approved by its Board in December 2017, prior to beginning its business activities. FinDev Canada will continue to evolve and build on this policy as its activities and the complexity of its organization grow.

Its transparency efforts aim to provide access to information while maintaining the commercial confidentiality of its customers. The Policy governs how it publicly releases significant quantities of information on transactions. It places FinDev Canada in a leading position, alongside just a few others, by proposing to conduct pre-signing disclosure of the transactions it considers entering into. FinDev Canada will also provide regular reporting on its aggregate activities, in particular, its development impact performance, as well information on all transactions it enters into.

In addition to the disclosure of transaction information, FinDev Canada also makes certain information publicly available on its website, including:

- Travel and Hospitality expenses;
- Annual Reports on the Administration of the *Access to Information Act*;
- Information about EDC's function, programs, activities and information holdings (Info Source); and,
- Any disclosure reports of wrongdoing under the *Public Servants Disclosure Protection Act*.

FinDev Canada will continually work to enhance its ability to provide increased access to information for its customers, partners and civil society over the planning period.

GENDER-BASED ANALYSIS PLUS

Gender equality is at the core of FinDev Canada's priorities. This applies both to its activities as a development finance institution and to its own corporate practices. As is outlined in the Corporate Plan (see gender equality section above), FinDev Canada will apply a gender lens to all its investments, therefore placing it among leading organizations in this field.

It will also strive to lead by example in its own management practices in matters of gender equality. Its hiring and management practices will create a culture of equal opportunity and advancement (see diversity and employment below).

DIVERSITY AND EMPLOYMENT EQUITY

Diversity and inclusion are fundamental aspects of the business FinDev Canada conducts, in helping businesses in developing countries. These values will be reflected in its corporate practices.

FinDev Canada relies on the support of its parent for its Human Resources management and, as such, benefits from the breadth of experience and the recognized leading practices of EDC as an employer. The recognition of EDC as one of Canada's Best Diversity Employers in 2019 is a testament to its ongoing efforts to strengthen the diversity of its organization over the years.

With a majority of female employees, FinDev Canada's current team reflects a strong openness to gender diversity. As it grows its team, FinDev Canada will seek to increase diversity, by hiring professionals that originate from, or have ties to, the countries in which it operates.

INDIGENOUS ISSUES

FinDev Canada will only operate outside of Canada. Through its Environmental, Social and Governance due diligence process, it will pay close attention to the impact of its clients' activities on local communities, including indigenous communities. It will also seek to maximize, through its support to local businesses, benefits to the poorest communities, including indigenous ones.

