

1. Background

FinDev Canada is Canada's bilateral development finance institution (DFI), established in 2018. We support development through the private sector by providing financing, investment, and blended finance solutions, as well as technical assistance and knowledge, to support sustainable and inclusive growth in emerging markets and developing economies in alignment with the United Nations Sustainable Development Goals and Paris Agreement commitments.

Having a dual mandate to achieve both development impact and financial sustainability, we are guided by our three impact goals of climate and nature action, gender equality, and market development. This Development Impact Policy is an integral part of the overarching policy framework at FinDev Canada and is complemented by our [Gender Equality Policy](#), [Climate Change Policy](#), and [Environmental & Social Policy](#).

2. Goal

This Development Impact Policy sets out our strategic impact objectives and our intent to advance development impact across FinDev Canada's financing and investments. Hereinafter, in this document, the term investment is used to cover all type of financial solutions that we could provide, including debt, equity and guarantees.

3. Policy statement

- a. Advancing development impact through the private sector is a core part of FinDev Canada's mandate and central to our decision making.
- b. For us, it means supporting clients that have the potential for positive and measurable impacts at the point of investment, and enabling them to realise this potential for positive impacts during the investment period.
- c. Our development impact is focused on three strategic goals: (i) climate and nature action, (ii) gender equality and (iii) market development. In every transaction, we aim to achieve positive impact in at least one, and wherever possible in more than one of these goals, recognising that the goals are interconnected and synergistic.
- d. We target our three impact goals in the priority sectors outlined in our Corporate Plan and use sectoral data and analysis to understand the pathways to impact.
- e. We are committed to (i) maintaining a client-centric approach, offering financial and non-financial solutions; (ii) ensuring that our contributions to every investment have financial additionality, or non-financial additionality, or both, and (iii) striving to mobilise private sector capital wherever possible.

- f. Positive impact is rigorously and systematically assessed throughout the investment lifecycle, from investment selection through to exit, using our Development Impact Tool, theories of change, and other applicable tools. Rigorous due diligence, and monitoring approaches are applied throughout the investment process.
- g. In addition to assessing the positive development impact of all transactions, FinDev Canada is committed to rigorous ESG risk management to assess, mitigate, monitor, and manage potential negative impacts of our investments.
- h. We are committed to robust impact management and measurement practices, and to continuous improvement, ensuring (i) rigorous monitoring of development impact throughout the investment process; (ii) impact performance assessment and evaluation; (iii) learning and dissemination to further our own thinking and contribute to industry knowledge; (iv) transparency and disclosure of development impact policies, strategies, procedures and data, as permitted by client confidentiality; and (v) constructive participation in relevant initiatives designed to contribute to best practices in advancing development impact through the private sector.

4. Adoption and implementation

This Policy is adopted by FinDev Canada's Board of Directors and takes effect on January 1, 2024. The way this Policy is implemented is set out in *Our Approach to Development Impact* and *Our Impact Management Framework*.

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