

FINDEV CANADA | 2021 ANNUAL REPORT

Supporting a sustainable and inclusive recovery through the private sector

In 2021, the first steps of the economic recovery looked very differently depending on where in the world you were, and progress made to reduce poverty and support sustainable and inclusive economic growth in our target regions was at risk. We once again responded by doubling our investments and finding innovative ways to generate lasting impacts through the private sector in Sub-Saharan Africa, Latin America and the Caribbean.

TABLE OF CONTENTS

2021 Highlights	VI
New leadership and organizational growth	VI
Portfolio growth	VII
Climate action	VII
Gender action	VII
Partnership with the Government of Canada	VIII
Best-in-class impact management	VIII
COVID-19 response	IX
Financial intermediary strategy	IX
Focus on underserved markets, including women-owned and women-led enterprises	X
A growing focus on supporting green lending	XI
Working with financial co-operatives	XI
Operational effectiveness	XII
Digital transformation	XII
Risk management	XII
Investment updates and featured transactions	XIII
Feature: Central America and the Caribbean	XXII
Feature: Innovative structures and partnerships (MFX)	XXII
2X Canada – Inclusive economic recovery	XXIII
FinDev Canada's first transaction alongside 2X Canada	XXIII
Technical assistance	XXIV
Climate change approach	XXV
Strategy	XXV
Gender and climate	XXVI
Memberships	XXVI
Partnerships and stakeholder engagement	XXVII
Government of Canada	XXVII
Canada Forum for Impact Investment and Development (CAFIID)	XXVIII
EDFI and the DFI Alliance	XXVIII
Inclusion, diversity and equity	XXIX
ID&E Committee	XXIX
Parity Certification	XXIX
Vision for 2022	XXX
Financial statements and TCFD reporting	XXXI

In 2021, we began to write a new page on FinDev Canada's history and impact, with the appointment of Lori Kerr as CEO and the strengthening of our commitment to promoting women's economic empowerment, climate action and market development in Latin America and the Caribbean, and in Sub-Saharan Africa.

2021 also represented a year when our target regions continued to struggle with the impact of the pandemic on their economies and needed immediate support. I am happy to highlight that FinDev Canada responded by doubling its investments and leveraging their agility and customer-centric approach to maximize the positive impact of those investments in the regions' recovery efforts.

We are proud to see the evolution of the organization in the past few years, and we are looking forward to further growth with purpose, in the coming years, to maximize FinDev Canada's contribution to a more sustainable and inclusive world.



Mairead Lavery

*Chair of the FinDev Canada
Board of Directors and CEO of
Export Development Canada*

Bonjour and hello everyone — I hope you'll take a few moments to read through FinDev Canada's 2021 Annual Report.

I am very proud of all the work we have done this year to increase access to capital for the private sector to grow the economies of Sub-Saharan Africa, Latin America, and the Caribbean.

2021 was a challenging year for all of us. The COVID-19 pandemic has had devastating impacts across the world. In particular, though, it ravaged the lives — and the livelihoods — of people in developing economies. The consequences of the worst global health crisis in a century will continue for years to come.

The work we do at FinDev Canada is critical to the wellbeing and livelihood of people, as well as businesses, of the regions where we invest. That is why we are more committed than ever, to continue growing our impact through the private sector in the markets we serve. I have seen this commitment from the entire team at FinDev Canada the moment I began my journey as CEO in June of 2021. As a result, during the course of the year in 2021, we doubled our financing and investments — reaching a total of more than \$288 million in committed capital during the year.

Amongst many transaction highlights, we are very proud to have announced a 20M USD loan to JMMB Bank in Jamaica — our first transaction in the Caribbean. We also provided a 50M USD innovative financing solution to MFX — a currency hedging provider. This landmark transaction is helping facilitate local currency lending across the impact investing ecosystem in emerging markets, while also mobilising private insurance behind FinDev Canada.

We also launched 2X Canada, a blended finance facility, funded by the Government of Canada, which allows us to increase our impact on women's economic empowerment — and we approved a first blended deal with Energy Entrepreneurs Growth Fund to contribute to greater access to clean energy in Africa.

We ramped up our work on Technical Assistance to bring more value to clients, and in our markets. We collaborated with more partners — private and public — to be more effective together. At the same time, we finalized our Climate Change strategy, renewing our commitment to supporting climate finance and development.

FinDev Canada accomplished a lot in 2021, under difficult circumstances. So, please take a moment to learn what we did to advance women's economic empowerment, drive climate action, and support local market development in Africa, the Caribbean, and Latin America.

That's our mandate. It's what we do best. And it's what you'll see much more of in the months and years to come.

Thank you et merci beaucoup.



Lori Kerr

Chief Executive Officer



2021 Highlights



New leadership and organizational growth

In June of 2021, FinDev Canada's Board of Directors appointed Lori Kerr as CEO of the institution. Lori is a widely experienced development finance specialist with more than two decades of leadership in international development, and with a specialization in sustainable infrastructure, climate change, and private investment in emerging and developing markets. The year was also one of growth; we ended 2021 with a team of over 50, committed to supporting the private sector to accelerate inclusive and sustainable economic growth in emerging and developing markets.

Portfolio growth

In 2021, FinDev Canada continued to grow its portfolio to contribute to economic recovery in developing countries, doubling its level of financing to and investments in companies and financial intermediaries that advance women's economic empowerment, climate action and local market development.



Climate action

In November of 2021, FinDev Canada launched its Climate Change Strategy at COP26 in Glasgow as part of the Canadian delegation. The Strategy describes how we will promote climate mitigation, adaptation and resilience through our investments and our operations, with ambitious actions and targets to continue building a low-carbon portfolio that is gender-responsive.

Gender action

FinDev Canada continued to implement its [Gender Equality Strategy](#) in 2021, deploying capital to drive impact on women's economic empowerment and supporting the private sector in enhancing gender inclusion and diversity practices. We also advanced gender action through our Technical Assistance Facility, such as by launching the [2X Fund Manager Training](#) for investment professionals and fund managers to better equip them to apply a gender lens to their investments.



Partnership with the Government of Canada

FinDev Canada launched 2X Canada — Inclusive Economic Recovery, a CAD 75.9 million blended finance facility funded by the Government of Canada through Global Affairs Canada, to contribute to the socio-economic wellbeing of underserved populations, particularly women, in its target regions. In December 2021, 2X Canada closed its first transaction with the [Energy Entrepreneurs Growth Fund \(EEGF\)](#), which seeks to increase access to clean energy in Sub-Saharan Africa by providing flexible financing solutions to early- and growth-stage energy companies. 2X Canada's investment and technical assistance support will help address the unique needs of women as consumers, entrepreneurs, and employees in the access to energy sector.

Best-in-class impact management

FinDev Canada is a founding signatory to the Operating Principles for Impact Management (the Impact Principles), the international standard for impact management.

We disclose annually our alignment with the Impact Principles.

In 2021, BlueMark, a Tidelive company and a leading provider of impact verification services, performed an independent verification of our Disclosure Statement, in line with Impact Principle 9. The results helped to validate our approach to impact and Environmental, Social and Governance (ESG) management and benchmarked us against other impact investors. FinDev Canada was rated in the top tier on Principle 2 (Manage strategic impact on a portfolio basis) and Principle 5 (Assess, address, monitor and manage ESG risks) — a testament to our commitment to rigorously implement our [Development Impact Framework](#) and [Environmental and Social Policy](#).



COVID-19 response

Since the time of the COVID-19 outbreak, FinDev Canada has prioritized transactions with financial intermediaries to help meet growing liquidity needs of businesses, with particular attention to supporting women, who are among those most affected by the pandemic. In 2021 alone, 100% of transactions falling under our *COVID-19 response* have qualified for the 2X Challenge, meaning they actively contribute to advancing women's economic empowerment.

Financial intermediary strategy

Lending to financial institutions has always been a core part of our investment strategy, with a view to contributing to building a robust and efficient financial sector in developing countries that enables businesses to grow, attract investments and innovate.

To respond to the acute liquidity needs faced by businesses in our priority markets, we significantly increased our lending to financial institutions, with a particular focus on enabling them to cater to underserved segments, in order to advance gender and climate finance.

Focus on underserved markets, including women-owned and women-led enterprises

Nearly all of FinDev Canada's COVID-19 response transactions that were approved in 2021 focus on micro, small and medium enterprises (MSMEs), which are the main contributors to job creation in our target regions and yet struggle to obtain the financing they need to grow. In addition, our financial intermediaries set specific targets to further benefit women-owned/led enterprises. These efforts unlocked over USD 40 million to historically underserved women-owned and led businesses at the time when they needed it most.

Banco Sofisa

The USD 20 million loan to Banco Sofisa, a Brazilian mid-size bank focused on SMEs, is an example of FinDev Canada's COVID-19 response. It is part of an up to USD 200 million syndicated facility led by IDB Invest, in which FinDev Canada participates as a co-lender alongside Proparco, among others. The loan supports the growth of Sofisa's SME portfolio in Brazil, with at least 30% of FinDev Canada's proceeds benefitting women-owned or led SMEs (WSMEs).

Our support to Banco Sofisa extended beyond the loan. Seeing strong demand for non-financial assistance, the Technical Assistance Facility of FinDev Canada, together with IDB Invest and Proparco, designed and approved a project aimed at strengthening the bank's environmental and social risk management practices, its strategies for reaching more women-led businesses, and its approaches to driving gender diversity and inclusion within the bank itself.

Ecobank

SMEs make up about 90% of businesses in Africa, yet they struggle to find affordable financing to grow. There is an estimated USD 136 billion gap between what SMEs need in credit and what the market can offer. We responded to this reality with a USD 20 million loan commitment to Ecobank Transnational Incorporated, the parent company of the Ecobank Group, which is the leading pan-African banking group, with operations across 33 countries in Africa.

The financing supports Ecobank in strengthening its digital finance operations and helping businesses in Africa to grow, and maintain and create jobs as they prosper. At least half of the loan will be used in low-income countries, with 30% of the total amount directed to women-owned or led businesses.

A growing focus on supporting green lending

Loans to Banco Promerica Costa Rica and Produbanco, both part of Promerica Financial Corporation, represent examples of COVID-19 response transactions that incorporated strong gender and climate lenses. Both banks are signatories to the [Principles for Responsible Banking](#) and have committed to achieve net-zero status by 2050 (as members of the [Net-Zero Banking Alliance](#) convened by the UN).

Banco Promerica Costa Rica

Thanks to FinDev Canada's USD 15 million loan, Banco Promerica Costa Rica will on-lend 30% to WSMEs and the same amount to support its Green Loans Program. The Program offers advantageous borrowing conditions for green projects, especially in the clean energy and transport sectors.

Produbanco

In early 2021, Produbanco, the third largest private commercial bank in Ecuador, [received a USD 10 million loan](#) from FinDev Canada to facilitate the financing of SMEs, with an equally important focus on its Green Loans Program. By year-end, Produbanco reported a significant increase in its green loan portfolio, which supports green businesses, businesses with sustainability certifications, and renewable energy projects. Furthermore, the bank reported positive environmental impacts in terms of tonnes of CO2 emissions avoided, water savings, electricity savings, and waste reduced.

Support to these two banks by FinDev Canada provides needed liquidity to Costa Rica and Ecuador in face of the pandemic, while enabling equitable and climate-sensitive recovery from the economic and social consequences of COVID-19.

Working with financial co-operatives

FinDev Canada recognizes and values the important role that financial co-operatives play in the inclusive finance sector, contributing to promoting entrepreneurship, women's economic empowerment, agriculture development, and food security. We are proud to partner with an increasing number of leading financial co-operatives in Latin America with long-standing experience in expanding access to financial services to underserved segments.

Alianza del Valle

[LEARN MORE](#)

Coopprogreso

[LEARN MORE](#)

Cooperativa Pacífico

[LEARN MORE](#)

Développement International Desjardins

[LEARN MORE](#)



Operational effectiveness

Digital transformation

One of FinDev Canada's digital objectives since inception has been to build an operational model that supports customer centricity and an agility culture for our team. The challenge of the health crisis and the rapid switch to virtual work presented an opportunity to fast-track change and implement our vision in a truly agile way.

Among the many improvements implemented in 2021, our team enjoys a more seamless digital-first experience to make online work more efficient, receives security upgrades and training to ensure proper information management, and has access to enhanced technical support for virtual and hybrid work.

Risk management

As our organization is maturing, it is becoming increasingly important that we continue building our core organizational competencies. In 2021, we increased our internal capabilities for managing non-financial risks, specifically in the areas of environmental and social risks, as well as business integrity. Previously managed by our parent company, Export Development Canada, these critical functions are now fully embedded into our organization, enabling FinDev Canada to better respond to market and customer needs, as well as aligning with peer institutions.

Additionally, FinDev Canada has further developed its risk management governance. By providing development financing and other forms of development support in furtherance of its mandate, the organization is exposed to several risks. FinDev Canada's Enterprise Risk Management Framework (ERMF) identifies three broad risk types that are intrinsic to the business: strategic, operational and financial. While the policy governing financial risks had been in place for a few years, the policies overseeing strategic and operational risks were officially launched in 2021.

Lastly, with the continued acceleration of our transacting activity, 2021 brought a substantial increase in the financing and investment assets in our portfolio. This led to, for the first time, an effective diversification of financial risks considered by the organization's concentration limits: obligors, sectors, geographies and product lines.



Investment updates and featured transactions

In 2021, our team's commitment and agility, as well as our close collaboration with partners and clients, allowed us to double the size of our portfolio through financing and investments in businesses that can generate lasting impacts in our markets.

Our investments focused on supporting an effective, inclusive and sustainable financial sector in the markets we serve, strengthening food security and green growth through agribusiness and sustainable forestry, advancing innovation in development finance to scale up access to clean energy, and reducing currency risks in developing and frontier markets.

SIGNED

MIRC
FORESTRY & TIMBER PRODUCTS

PHATISA

Produbanco
Grupo Promerica

ETG

avla
Respalda tu empresa

Alianza del Valle
Cooperativa de Ahorro y Crédito

Pacífico
COOPERATIVA DE AHORRO Y CRÉDITO

DPI
Development Partners International

Banco
SOFISA

fedecredito

PC CAPITAL

TDB
TRADE & DEVELOPMENT BANK

Banco
Promerica

Costa Rica

CASEIF IV

mfxcurrency
risk solutions

Ecobank
The Pan African Bank

Triple Jump

THE
JMB
GROUP

APPROVED

BANCO
NACIONAL

FEATURED INVESTMENTS IN 2021



MIRO FORESTRY

Miro is a West African leading integrated forestry and timber enterprise. Miro operates over 17,000 hectares of sustainable plantations in Ghana and Sierra Leone, planting a mix of fast growing trees and processing the wood flow into products including sawn timber, utility poles, plywood, and energy biomass from fast-growing, high-yield, FSC-certified trees for both local and international markets.



PHATISA FOOD FUND 2

Phatisa Food Fund is a pan-African private equity fund dedicated to investing in the under-capitalized food and fast-moving consumer goods value chain. They contribute to food security in Sub-Saharan Africa through the promotion and expansion of sustainable and resilient local food value chains.



PRODUBANCO

The third-largest bank in Ecuador, Produbanco targets its financing to SMEs and green loans, contributing to employment growth, sustainable development, and climate change mitigation.



EXPORT TRADING GROUP (ETG)

Export Trading Group is one of the largest agricultural trading companies in Africa and a key player in several value chains in more than 20 countries across Sub-Saharan Africa. They focus on growing food supply and agricultural exports in the region, as well as ensuring food security.

FEATURED INVESTMENTS IN 2021



AVLA PERU

AVLA Peru is an insurance solutions provider to SMEs in Chile, Peru, and Mexico through a variety of different financial offerings. A leader in credit insurance, they facilitate access to capital for local businesses, contributing to market growth and job creation in the region.



COOP. ALIANZA DEL VALLE

Alianza del Valle is a leading financial cooperative providing services to micro-enterprises and individuals. It is the sixth major financial cooperative in Ecuador, with 12 branches in the city of Quito, as well as innovating online services that respond to the needs of its rural clients.



COOPERATIVA PACIFICO

Founded as a savings and credit cooperative in 1970, Cooperativa Pacifico has expanded its network of 10 branches in and around the capital city of Lima. The Cooperative promotes economic and social development through financial products such as loans and non-financial services including scholarships, internships, and seminars on economic and commercial issues.



ADP III FOLLOW-ON

ADP III is a private equity fund focused on established and growing companies targeting Africa's growing middle class. It is the third fund of Development Partners International (DPI), which serves as a key source of large-scale investments that provide capital to spur growth across the continent.

FEATURED INVESTMENTS IN 2021



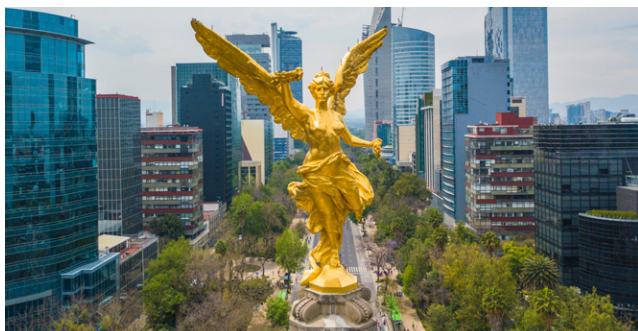
BANCO SOFISA

Sofisa is a commercial bank with 60 years of experience in the Brazilian financial market and more than 30 years in the middle-market segment. Sofisa's expertise in financing SMEs is remarkable in Brazil due to the efficiency of its client acquisition and credit profile management, which delivers solid risk analysis that guarantees the quality of the loan portfolio.



FEDECRÉDITO

The FEDERACIÓN DE CAJAS DE CRÉDITO Y DE BANCOS DE LOS TRABAJADORES (FEDECRÉDITO) is a second-tier bank and member of the SISTEMA FEDECRÉDITO, which provides specialized advice to its partner organizations (credit unions and banks for workers); it also manages the SISTEMA's international relations, among other things.



PC CAPITAL

PC Capital is a Mexican institution that manages co-investments, direct deals and private equity funds for Latin America. PC Capital is a leading institution for the region in growth capital, and has a proven track record for excellence since its foundation in 2008. PC Capital seeks to invest in high growth social impact opportunities of proven but underdeveloped business concepts and industries.



TRADE & DEVELOPMENT BANK

Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development finance institution, with a special mandate to benefit its member states, the majority of which are low-income countries. TDB plays a key role in financing and fostering trade, regional economic integration and sustainable development in Eastern and Southern Africa and beyond.

FEATURED INVESTMENTS IN 2021



PROMERICA COSTA RICA

Promerica Costa Rica, part of the Promerica Financial Network, is a pioneer and leader in green credit and sustainable development financing in Costa Rica. The bank supports its clients through a wide range of financial services, benefiting the productive sector through its broad portfolio of small and medium sized enterprises ("SMEs") and women-owned or led SMEs ("WSMEs").



CASEIF IV

CASEIF IV is a growth equity fund, managed by LAFISE Investment Management (LIM), operating in Latin America and the Caribbean. The Fund provides growth capital and technical support to mid-sized businesses to strengthen their operational and financial performance in a responsible and sustainable way, while promoting women's participation as business owners, leaders and employees.



MTX SOLUTIONS

MTX Solutions is a company that supports impact investing in emerging and developing markets through affordable hedging products and risk management education. Established in 2009, MTX gives impact investors the ability to protect themselves against the risk of currency movement. Its growing client base of impact investors operates in sectors such as renewable energy, agriculture, MSMEs and housing.



ECOBANK (ETI)

Established in Togo in 1985, Ecobank Transnational Incorporated, the parent company of the Ecobank Group, is the leading pan-African banking group, present in 33 countries across sub-Saharan Africa ("SSA"). ETI provides access to financial services to businesses in Sub-Saharan Africa ("SSA"), including women-owned and led businesses, to foster economic development and support local jobs.



ENERGY ENTREPRENEURS GROWTH FUND (EEGF)

The EEGF is an innovative investment fund that provides financing to early and growth-stage companies operating in the access to energy ecosystem in Sub-Saharan Africa. It is managed by Amsterdam-based Triple Jump, an impact-focused investment manager, established in 2006, that provides investment opportunities in emerging markets.



JMMB BANK JAMAICA

JMMB Jamaica is the 7th largest commercial bank in Jamaica with the mandate to foster economic development and support local jobs through a wide range of financial solutions focused on products and services to better support SMEs and WSMs in Jamaica. The Bank is dedicated to empowering women both as employees and entrepreneurs by offering a variety of programs and trainings.

As of December 31, 2021
All figures stand in USD

31

clients in
portfolio

\$479M¹

total signed
commitments

23

2X clients
in portfolio

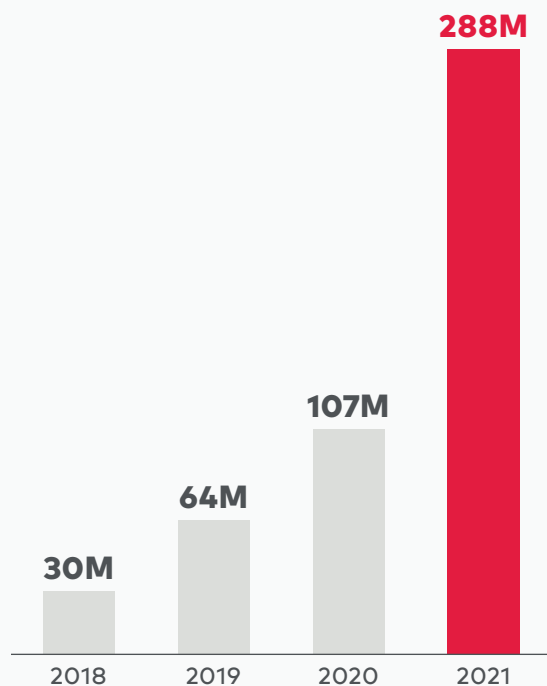
24%

climate finance investments

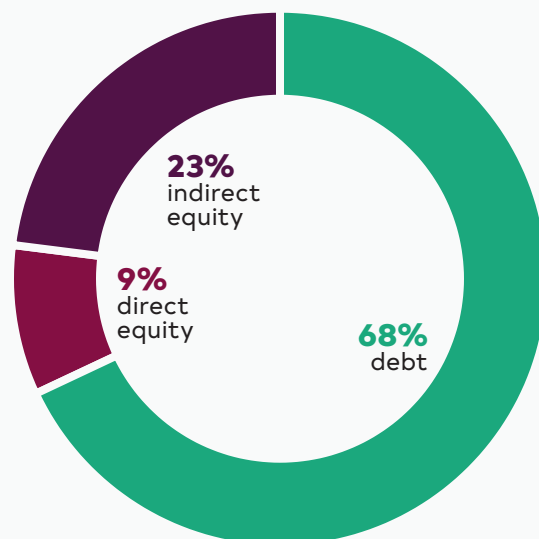
16%

of investments in LDCs

NEW COMMITMENTS

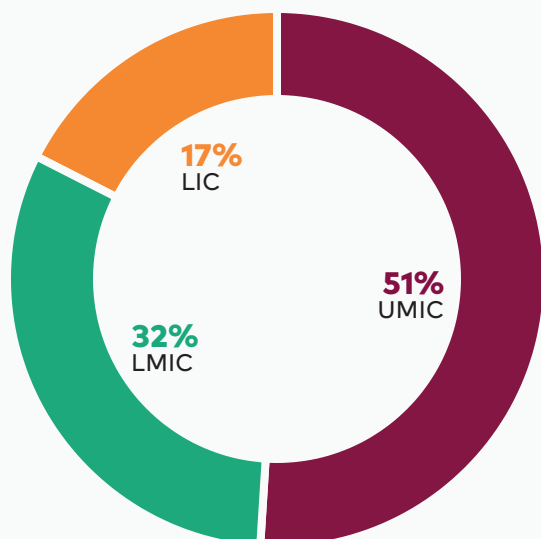


EQUITY VS. DEBT

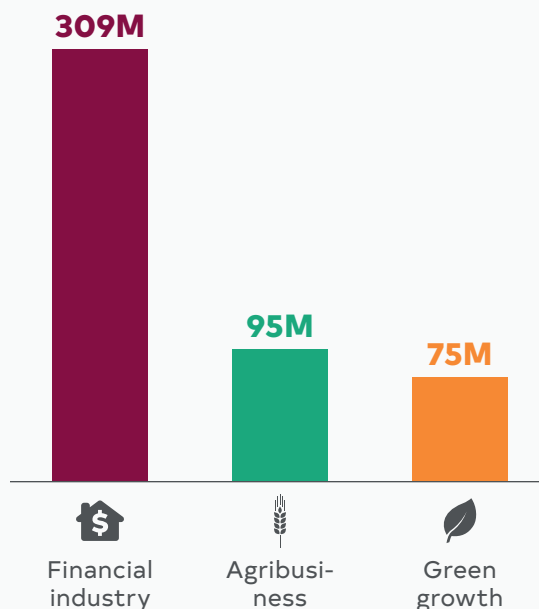


¹Based on active commitments. Total commitments since inception, including repayments or exits, are USD 489M.

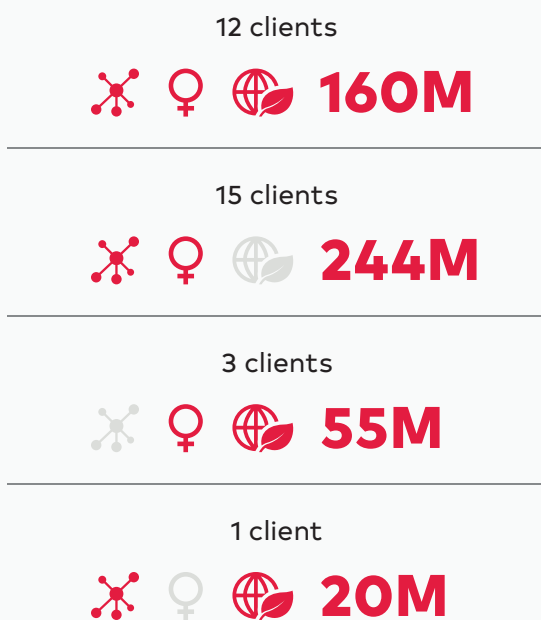
ODA COUNTRY SPLIT²



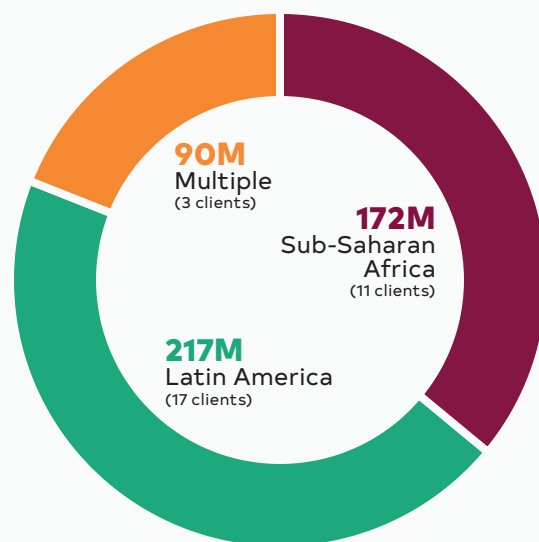
BY SECTOR



BY IMPACT FOCUS

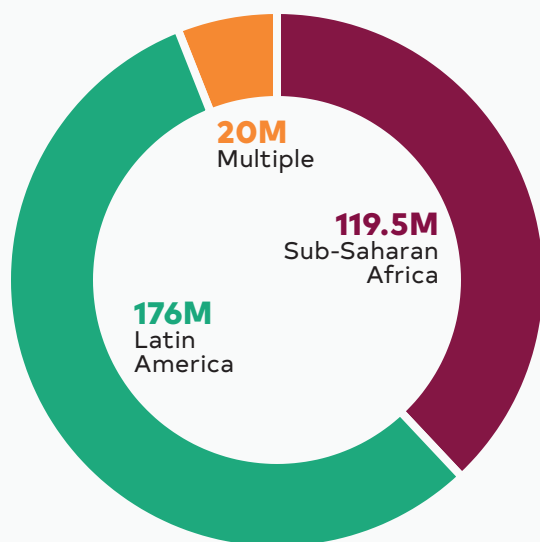


BY GEOGRAPHICAL FOCUS



²The Official Development Assistance (ODA) classification is based on the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) List of ODA Recipients. The list groups countries, according to their gross national income (GNI per capita in current USD) following the World Bank's income classification as "low-income economies", "lower-middle-income economies", and "upper-middle-income economies", while taking into account the United Nations (UN) classification of some countries as "Least Developed Countries" (LDCs). For details see: DAC List of ODA Recipients for reporting 2021 flows June 2021.xlsx (oecd.org)

2X QUALIFICATION³



QUALIFYING CRITERIA



IMPACT REPORTED BY CLIENTS



12,530 jobs supported and
161,727 MSMEs financed



4,858 jobs for women and
57,755 women-owned MSMEs financed



3,662,649 people with access to clean energy



1,401 GWh of clean energy produced

³2X-qualified capital represents 66% of our total commitments to-date, totaling USD315M across 23 clients. Given a considerable portion of financial institutions and funds in our portfolio, our clients typically qualified on several 2X criteria (among most common ones being leadership, employment and indirect criteria for financial intermediaries)

Feature: Central America and the Caribbean

In 2021, FinDev Canada increased its support to Central America and the Caribbean through a series of investments focused on supporting MSMEs and building economic resilience, improving women's access to finance, and promoting green growth.

USD 15 million loan to Banco Promerica Costa Rica

[READ THE MEDIA RELEASE](#)

USD 10 million loan to FEDECRÉDITO in El Salvador

[READ THE MEDIA RELEASE](#)

USD 8 million fund commitment in the Central American Small Enterprises Investment Fund IV

[READ THE MEDIA RELEASE](#)

USD 20 million loan commitment to JMMB Bank Jamaica

[READ THE MEDIA RELEASE](#)

Feature: Innovative structures and partnerships (MFX)

MFX Solutions is a company that supports impact investing in emerging and developing markets through affordable hedging products and risk management education. Established in 2009, MFX gives impact investors the ability to protect themselves against the risk of currency movement. Its growing client base of impact investors operates in sectors such as renewable energy, agriculture, MSMEs and housing.

In 2021, FinDev Canada participated in an innovative structure providing financing of up to USD 50 million in parallel with an existing USD 100 million guarantee issued by US DFC. The financing includes a USD 45 million collateral facility, of which USD 30 million will be insured by the AXA XL Group of companies, a group of leading private sector insurance companies. MFX's solvency and liquidity will be further bolstered by a direct equity investment from Proparco of USD 7 million.

This partnership between FinDev Canada, US DFC, Proparco and AXA XL marks the first time that development finance institutions have partnered with a private insurer to support local currency impact lending.

The United Nations' Sustainable Development Goals (SDGs) call for multi-stakeholder partnerships to help reduce poverty and achieve the ambitious 2030 agenda for a more sustainable and inclusive world. SDG 17, Partnerships for the Goals, specifically lists among the targets the need for "mobilization of additional sources of financing for developing countries from multiple sources" and to "assist developing countries in attaining long-term debt sustainability." The financing structure achieved with public and private partners shows mobilization of additional sources of financing for mitigation of currency variation risks, helping long-term debt sustainability in the served regions.



2X Canada – Inclusive economic recovery

2X Canada is a CAD 75.9 million blended finance facility that contributes to the socio-economic wellbeing of underserved populations, particularly women, in Latin America and the Caribbean, and Sub-Saharan Africa.

Administered by FinDev Canada and funded by the Government of Canada through Global Affairs Canada, 2X Canada supports investments that drive positive impact on women's economic empowerment — women as entrepreneurs, leaders, employees and economic agents. As the name indicates, all facility investments will qualify for the 2X Challenge.

FinDev Canada's first transaction alongside 2X Canada

FinDev Canada and its 2X Canada facility invested in the Energy Entrepreneurs Growth Fund, which offers catalytic financing and technical assistance to early- and growth-stage companies that increase access to clean, safe, dependable and affordable energy for off-grid households and businesses in Sub-Saharan Africa.

Through its investments, the Fund will address the particular energy needs of African women consumers and women business owners, while promoting inclusive practices within its portfolio companies, thus making a positive impact on women's economic empowerment in the region.



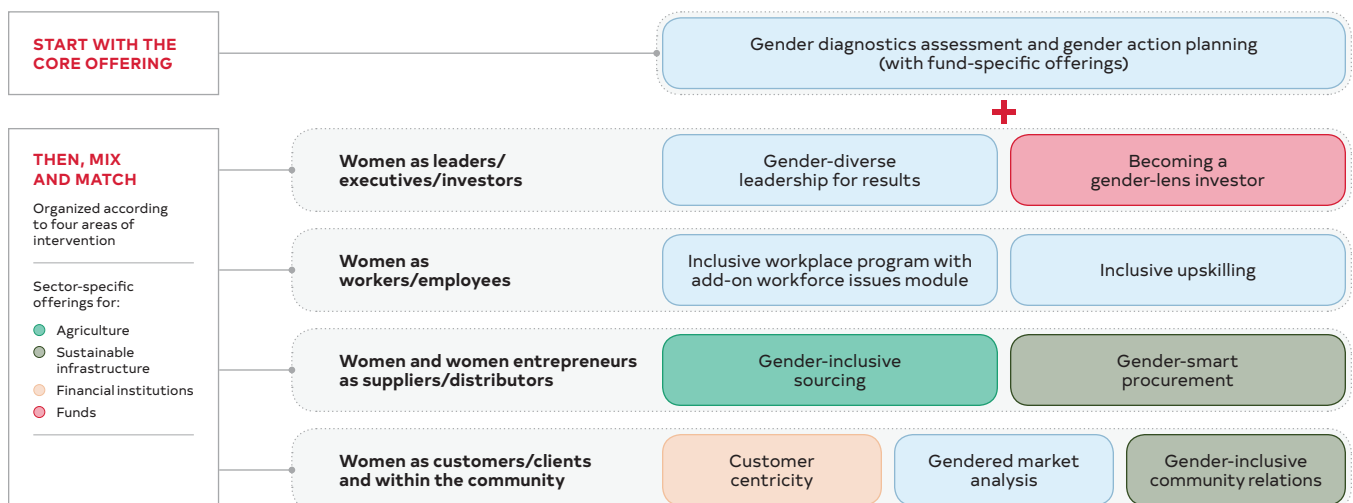
Technical assistance

FinDev Canada's Technical Assistance Facility entered its second year of operations in 2021, during which it significantly expanded its portfolio of projects, both in terms of number and scope.

Ten projects were approved by the Technical Assistance Committee, for a total commitment of CAD 860,823. Seven of these are client-facing projects and were developed with guidance from the Facility's "Gender Action Menu," which includes a range of interventions that the Facility can offer to clients depending on their priorities, to support them in achieving their impact potential on women's economic empowerment.

The other three are market-development projects that support initiatives that aim to address constraints on inclusive sustainable economic growth in the areas of impact measurement harmonization, gender, diversity and inclusion, and the reduction of gender-based violence and harassment.

For details on the portfolio, please visit the [Technical Assistance Facility page](#).





Climate change approach

Strategy

In 2021, FinDev Canada launched its [Climate Change Strategy](#), which articulates how its [Climate Change Policy](#) is implemented across the organization's activities, structured around three strategic considerations:

- Promoting both **gender and climate action** throughout our investment process, including sourcing, due diligence, decision-making and post-investment support
- Building a **low-carbon portfolio** in line with the objectives of the Paris Agreement of reaching net-zero emissions
- Enabling **climate adaptation and resilience**, as our target regions are among the most vulnerable to climate change

We are operationalizing our climate change strategy through four priorities for action, which encompass portfolio-level and institutional-level initiatives:

	Portfolio level		Institutional and industry level	
	1. Steer capital towards low-carbon & climate-resilient transactions	2. Promote climate action with clients	3. Lead by example with own practices	4. Be an agent of change in the investment community
Gender & climate-smart investing	Continue prioritizing climate investments that are gender-responsive	Promote gender equality and women's economic empowerment and provide tailored gender action support for climate investments	Continue mainstreaming climate and gender in decision-making and investment process	Support market-level interventions to further gender & climate-smart investing
Driving net-zero emissions	Increase portfolio allocation to climate finance	Support clients in reducing GHG emissions	Reduce and offset operational GHG emissions	Contribute to industry initiatives on net-zero and mobilize capital for low-carbon investments
Enabling climate adaptation and resilience	Support bankable climate adaptation and resilience projects	Improve clients' capacity in identifying, assessing, and managing climate risks to increase resiliency	Deepen climate risk assessment and management across the investment process	Work with peers to develop common climate adaptation and resilience methodology

Gender and climate

We know that applying a gender lens to climate finance is both possible and important in advancing sustainable economic growth.

We apply a gender lens to the entirety of our climate finance portfolio, conducting gender assessments and collaborating closely with our clients to identify opportunities to enhance gender inclusion and diversity practices. Driving greater inclusion is not just good for women's economic empowerment — it also constitutes an asset for growth-oriented businesses, being correlated with sound business management and better performance.

Memberships

In 2021, FinDev Canada [joined the Partnership for Carbon Accounting Financials \(PCAF\)](#), a collaboration between financial institutions worldwide that enables them to assess and disclose the greenhouse gas (GHG) emissions of their loans and investments. Membership includes more than 100 banks, asset owners and asset managers, representing over USD 23 trillion in assets under management. As part of our membership, we commit to measure and disclose the GHG emissions associated with our loans and investments.

We also [joined the Adaptation & Resilience Investors Collaborative](#) (previously the DFI+ Adaptation & Resilience Collaborative) to accelerate investments in climate adaptation solutions. We are actively participating in the three working groups of the Collaborative (adaptation metrics, physical risks of climate change, and investment approaches and vehicles).

2021 also marked the launch of the [2X Collaborative](#), the new leading industry body for gender-lens investing. Building on the success of the 2X Challenge led by development finance institutions, the 2X Collaborative brings together a broader range of investors — institutional investors, banks, impact investors, private foundations, etc. — deploying capital with a gender lens. It provides members with access to peer learning networks, knowledge, co-investment platforms, partnership and training opportunities, and innovative investment tools. FinDev Canada is actively participating in many working groups and communities of practice housed by the Collaborative, including the 2X+ Taskforce, to examine the intersection of gender and other forms of social underrepresentation and marginalization in private sector investments in emerging markets.



Partnerships and stakeholder engagement

Government of Canada

As Canada's bilateral development finance institution, FinDev Canada is the Government of Canada's direct conduit to the private sector in emerging and developing markets. We amplify the visibility of Canada's development finance efforts by directing and structuring the use of financial resources, including concessional finance, in an innovative manner that is competitive with peer international financial institutions.

2X Canada is a good example of effective collaboration to deliver on Canadian international development priorities and widen the reach of Canada's development finance impact. By complementing our core capital, the 2X Canada concessional capital enhances our ability to deliver high-impact outcomes through private sector investments that actively promote gender equality and women's economic empowerment and address market gaps for a sustainable, resilient and inclusive recovery.



Canada Forum for Impact Investment and Development (CAFIID)

FinDev Canada is proud to contribute to strengthening the Canadian ecosystem of impact investing and development finance. In 2021, we supported the design and launch of the CAFIID Gender Lens Investing Community of Practice, to provide a peer learning system for gender-lens investing practitioners and support the development of the gender finance ecosystem in Canada.

FinDev Canada supported the development of the [CAFIID 2021 State of the Sector Report](#), released on December 1 in both English and French — in English at the MaRS Climate Impact 2021 conference, and in French in partnership with [Finance Montreal](#). CAFIID's report tracks the scale, trends and outlook for Canadian impact investing in developing and emerging economies, and lays out the challenges and opportunities for mobilizing the capital needed to meet the SDGs and the goals of the Paris Agreement.

EDFI and the DFI Alliance

EDFI is the association of European DFIs and an important hub for collaboration, intelligence sharing and policy engagement on issues of common interest to the industry. FinDev Canada has been invited to participate in several EDFI working groups, and to collaborate on strategic issues. We continue to solidify our relationship with EDFI members, and US DFC, establishing periodic touch points, identifying priority issues for common work and removing obstacles to open and mutually beneficial collaboration.



Inclusion, diversity and equity

At FinDev Canada, we want to lead by example when it comes to inclusion, diversity and equity, and to become an employer of choice.

AS AT DECEMBER 31, 2021, WOMEN COMPRISED:

59%

of our workforce

57%

of all leaders

60%

of roles at the Director level or above

67%

of roles at the VP/CEO level

45%

of our Board of Directors

50%

of our Advisory Council

ID&E Committee

FinDev Canada launched its inaugural ID&E Committee to promote an organizational culture of inclusion, diversity and equity, and to empower staff with resources and tools to deepen their understanding and application of key ID&E concepts. The Committee, sponsored by Senior Leadership and comprising employees from different teams, backgrounds and experiences, organizes engaging and powerful events, presentations and activities, and has focused on topics such as Indigenous Peoples and Canada, Pride, Microaggressions, and Black History Month.

Parity Certification

EDC and FinDev Canada received a Gold Certification as a result of the gender assessment conducted by [Women in Governance](#) in 2021. This reflects the organizations' commitment to women's economic empowerment, as well as the calibre of their gender practices, strategies, policies and programs. More details about the certification process can be found [here](#).





Vision for 2022

I hope you've had a chance to learn about some of our achievements in 2021. They've put us on a solid path forward — as we, at FinDev Canada — approach our fifth year of operation — and, as things continue to “open up” after the lockdowns of COVID.

2022 is already off to a great start. We are very proud to have introduced our first social bond in Costa Rica, through a 30M USD investment in Banco Nacional de Costa Rica. As we examine the development finance horizon for the years to come, we see many of the same needs that led to the creation of FinDev Canada in 2018 and our initial strategic orientations. Those needs have however grown in importance:

- There is even more urgency today to address the climate crisis and to invest in climate change mitigation, adaptation and resilience.
- COVID-19 has reversed decades of development gains in many developing countries — leaving the private sector in crucial need for capital.
- Inflationary pressures are having devastating impacts on the lives of those most vulnerable to economic downturns; and
- Geopolitical events around the world remind us of the insecurity that threatens global peace, economic opportunities, and food security everywhere.

Given existing and new challenges, our strategic review has led us to anchor our initial development goals: to make a positive impact on women's economic empowerment, climate action, and market development. And mobilizing private capital is crucial to creating an inclusive and sustainable future. We've had remarkable success to date by partnering with financial intermediaries in order to support and serve the needs of micro, small and medium businesses with tailored solutions.

Now, with post-pandemic recoveries underway, we have an opportunity to “grow into our mandate” and invest directly in key sectors in the markets we serve. As a result, we plan to invest more in agriculture and forestry and related value-chains — more in sustainable infrastructure... and we plan to offer more direct support to corporate entities, all while applying gender and climate lenses to our investments.

Finally, we will continue to “grow with purpose” as an organisation and keep on deepening our commitment towards having the greatest impact we can on our three key goals: driving women's economic empowerment, climate action, and market development.

Continue to follow us on this journey as we move into the next phase of growth — and as we take action towards building a more sustainable and resilient private sector in developing economies.



Financial statements and TCFD reporting

FinDev Canada is committed to transparency about its operations, strategies and policies. Below you can find FinDev Canada's 2021 Financial Statements.

2021 Financial Statements

[VIEW](#)

2021 Annual Report

[VIEW](#)

2021 TCFD Reporting

[VIEW](#)

