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ASG - FinDev Canada – Yolanda Banks April 9th, 2019

- FinDev Canada operates in Sub-Saharan Africa and Latin-America and the Caribbean
- Mission: provide financial solutions to business in developing markets with the potential to positively impact market development, empower women and mitigate climate change
- Parent company is Export Development Canada
- Capitalized from EDC surplus – from the net profit EDC made in the year they were created
- Initially announced in the March 2015 budget, but delayed due to a change of government, in the March 2017 budget, it was confirmed to move ahead with capitalization of 300\$ million
- Financial institutions must retain a certain ratio of capital, and disburse some as well
- EDC manages the capital, FinDev Canada alerts them when they intend to sign a deal and then EDC makes the needed capital available to them (these treasury operations, e.g. placement of undisbursed capital, making capital allocations are managed by EDC)
- Board of directors announced last week; 4 independent directors (no affiliation with EDC or FinDev Canada)
- Advisory Council established 2018 to provide impartial advice on strategic issues
- Both board of directors and advisory council very gendered balanced, which is intentional as promoting women's economic empowerment is an important objective for FinDev Canada
- Core values:
 - o Sustainable development
 - o Poverty reduction
 - o Women's economic empowerment
 - o Climate mitigation
- FinDev Canada focuses on businesses that are on a growth trajectory, and where there is a particular potential for favourable impact on women: as business owners, leaders, employees, or users of goods and services
- Country concentration: any country that is ODA eligible in Sub-Saharan Africa, Latin America and the Caribbean
 - o Economies that have promising conditions for business
 - o Economies that are on a growth trajectory
 - o Ended with a list of 27 countries, 16 countries in Sub-Saharan Africa
- Fin Dev Canada's objective is financial sustainability and development impact
- Development impact framework built around their three main objectives:
 - o women's economic empowerment
 - o market development - job creation
 - o climate mitigation
- Hire an evaluator – one that understands how to measure impact that the private sector generates



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- What is FinDev Canada trying to achieve?
 - o Additionality: be sure that they are adding value, so building in technical assistance.
 - o Catalyst: can our involvement bring along other financiers? Use FinDev Canada's power to attract capital, particularly from private sector sources.
 - o Innovative: can technology help us – can assess the quality of the potential borrowers using technology? Can technology help us bring that deal size down?
- Priority sectors
 - o Green growth
 - o Agribusiness value chain
 - o The financial industry
- Field of providing funding to private sector is crowded
- Always targeting the formal business sector with financing from FinDev Canada of between 5 and 20 M\$. Given this financing size, the client company is normally 5 to 10 times that amount in revenue and have a minimum of 3 years track record. FinDev Canada is providing funds or guarantees to investment funds or financial institutions that lend money to smaller enterprises. In this manner, they are able to serve small and medium-size enterprises.
- Can become shareholders of a company.
- As these are long term investments, FinDev Canada is prepared to participate for the long haul.
- Small DFIs like Sweden, and others came together and created GuarantCo to provide guarantee in local currency.
- Have a risk framework strategy enables them to make riskier investments, but protect the integrity of the organization
- 20 employees so far, but thus far, no field presence. Thinking about it, but requires a clear strategy.
- EDC provides back-office support, such as HR, financial accounting and reporting, IT services, facilities management.
- Pipeline is full, so no need to market much. Receive a lot of requests from financial advisors, through their participation in conferences, Trade Commissioners, and directly from entrepreneurs.
- First investment with M-KOPA (off-grid solar energy company in Kenya), who needed to change their business model and technology to grow, such as reaching households that are at further distance from the electricity grid. They employ 2000 people, 80% are women, mostly sales. But no women in senior management.



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- Second investment signed in December 2018 – Climate Investor One, an investment fund investing in renewable energy projects around the world, although FinDev Canada's participation is restricted to its investments in SSA and Latin America and Caribbean.
- Will run business plan competitions, initially to identify Sub-Saharan African women entrepreneurs.
- Projects are mostly mitigation which is more profitable; adaptation is more challenging to structure as a profitable business enterprise
- Expect to be running out of capital in about 2 years. Will need to think of re-capitalization strategies in about a year from now.
- While demonstrating impact is the goal, it should be recognized development impact doesn't happen over night and should be measured over the medium-term