

## DEVELOPMENT FINANCE INSTITUTION BACKGROUNDER

### ENGINEERS WITHOUT BORDERS CANADA

#### What is Canada's Development Finance Institution (DFI)?

The Prime Minister has made it clear that he wants Canada to be seen as a compassionate and constructive voice in the world. He is aiming to refocus Canada's development assistance on helping the poorest and most vulnerable.

A key element of this approach is international development, which Canada supports in three ways:

1. Canada provides about \$5 billion in its International Assistance Envelope (IAE) every year.
2. Convergence, launched in 2016, connects Canadian investors with opportunities in emerging markets.
3. The Development Finance Institution combines the best of both by using government investment to attract private investment to promote market growth and job creation.

#### Why the DFI?

In Canada, public financing is increasingly stretched to address key development challenges, such as humanitarian crises, the impacts of climate change, and more notably, the implementation of the Sustainable Development Goals (SDGs).

In the developing world, promising businesses in low-income and middle-income countries struggle to find the necessary financing to grow, create jobs and reduce poverty. Private lenders typically find it too risky to provide affordable capital to entrepreneurs in these regions. This is the finance gap, and Canada can close it with good policy.

DFIs provide financing to small, medium and large enterprises in countries where access to capital is limited, and within sectors where growth leads to jobs, such as manufacturing, agribusiness, infrastructure, financial institutions, construction, health and education.

In effect, Canada's Development Finance Institution is uniquely able to help two economies at once:

- This opens up new opportunities for Canadian businesses abroad.
- Developing countries see increased private investment flows and expertise in critical infrastructure.

In other countries, DFIs have a proven record of success by:

- Attracting private investors to promising enterprises abroad.
- Providing longer loan periods, which can help fund long-term infrastructure projects.
- Helping provide access to outside expertise.
- Identifying and addressing policy issues in the deals they finance.

A Development Finance Institution (DFI) could complement Canada's existing foreign aid by providing support to growing businesses that can create jobs and make a lasting difference for people in low-income and middle-income countries.

**Contact:**

Weiwei Su

Manager, Strategic Communications & Marketing

Engineers Without Borders Canada

416 939 9662

[weiweisu@ewb.ca](mailto:weiweisu@ewb.ca)