



Policy Brief: Innovative Financing for Sustainable Development

In order to achieve the Sustainable Development Goals (SDGs) by 2030, the world needs new ways of thinking that shift social, economic and political systems. In an increasingly complex, interdependent and ever-changing world, programs fail unless they can adapt quickly to changing contexts.

Innovative approaches to development assistance can also hold the key to financing the \$5 trillion dollar annual price tag of the SDGs. Official Development Assistance (ODA) contributions (\$143 billion in 2016), while important, are insufficient, and there is a need to tap into pension funds, insurance companies, private banks, and wealth managers, which have total assets of over \$200 trillion under management. By catalysing social enterprises, countries can accelerate private sector development and incentivise institutional investors into delivering social impact.

In Budget 2018, the Canadian government announced the International Assistance Innovation Program (IAIP: \$873 million). It is important that this program complements, rather than competes with, existing international assistance and development finance initiatives. In coordination with the newly established development finance institute, FinDev Canada, this program can play a more risk-tolerant and catalytic role within the innovative financing continuum.

Engineers Without Borders Canada recommends that the IAIP funds early-stage social enterprises to create innovative and scalable solutions to end poverty, reduce inequality, and achieve gender equality.

Specifically, we recommend that Global Affairs Canada:

- Identify specific development challenges that are not being adequately addressed by existing programs, within the six action areas of the Feminist International Assistance Policy, and invite proposals from social enterprises, to allow building, testing, failing, learning from, rebuilding and scaling-up of effective solutions to these challenges that have the potential for system-wide impact.



- Provide targeted early-stage, long-term, flexible investments where they can make the most difference: to new social enterprises led by women and youth, in low-income countries, on sectors that receive the least investment.
- Build synergies with Canada's innovation efforts, particularly the Innovation Supercluster Initiative, to apply emerging technologies to development challenges, and foster cross-sectoral collaboration.
- Prioritize technical support, capacity building, and skills development, support improvements in governance for private sector development, and promote policy and regulatory measures to increase market efficiency and prevent market failures.
- Share experiences and lessons learned from this program, facilitate exchanges between Canadian and African entrepreneurs, and empower convenings between clusters and hubs.

Through such an initiative, Canada has a tremendous opportunity to make its development assistance more effective and to raise new sources of private capital to implement the Feminist International Assistance Policy and meet the Sustainable Development Goals, thereby positively impacting the lives of millions of people around the world. We call on the Government of Canada to seize this opportunity, and look forward to engaging in consultations to provide further direction to this program.

Please write to the Minister of International Development and La Francophonie, the Honourable Marie-Claude Bibeau, in support of our recommendations.

A template letter is enclosed for reference.

Engineers Without Borders Canada brings people and ideas together to tackle the most crucial causes of poverty and inequality.

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