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Impact Blueprint for Canada's Global Agenda:

Case and Actions for International Development and Impact Investing

About

SVX's mission is to advance social, environmental and economic justice through impact investing. As a nonprofit, diversified financial services firm, we work with investors, funds, enterprises, and institutions to help them take the first step or next step on their impact journey.

We provide knowledge products and programs, design strategies and products, manage funds, operate an impact investing platform, and develop systems change solutions. We work across sectors that deliver meaningful impact: climate, food, equity, housing, and community real estate.

SVX is regulated by the Ontario Securities Commission (OSC) and it is registered as an Exempt Market Dealer (EMD) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. We have partners and operations across Canada, the US, Mexico, and Colombia. For more information, please visit www.svx.ca.

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Executive Summary

Canada is at a critical moment. We face a hotter, more conflict-prone world and a continuing global trade fight driven by American tariffs. Decisions now being made on defence, foreign affairs priorities and the first budget of the new government will shape our global posture and the opportunities available to Canadians. We need to be clear about what we stand for abroad and how it serves us at home. We also need to invest in areas that generate results for Canada.

We are proposing an integrated global aid and trade strategy that will generate positive social, environmental and economic outcomes, strengthen trade and connections between Canada and the Global South, create new opportunities for Canadian investors, entrepreneurs and funds, and create leverage for Canada's investment in the Global South.

Canada cannot remain so dependent on a single country. We must reduce internal barriers but also build relationships, trade and partnerships across regions. Pullbacks in foreign aid by major donors lead to humanitarian crisis, weakened democracy and fewer reliable markets for Canadian entrepreneurs. We should not add to that gap. A bold global agenda integrating aid and trade for Canada would:

- At minimum, maintain overall aid levels.
- Broaden the global partner lens beyond Europe: include Latin America, Africa, and Southeast Asia in our aid, trade and economic development agenda.
- Keep a strong focus on gender equality, climate action, biodiversity and regeneration; these are established federal priorities and areas where investment delivers moral and economic returns.
- Prioritize impact investing as a part of our global agenda.

Impact Investing and Canada's Global Agenda

Impact investing is not a substitute for core grants to health, education or infrastructure; but it does mobilize private and philanthropic capital for resilient, sustainable development in Global South countries. Canada has already been part of this movement through Grand Challenges Canada, FinDev and related efforts.

Why this matters now:

- Impact investing mobilizes capital and enterprise to tackle inequality, food insecurity and climate crises, supporting long-term, locally driven economic and social development.

- The pool is large: more than $1.5 trillion in global impact assets, growing across North and South, can align with our aid dollars.
- Strategic fit with Canada's economic and trade agenda: we can be (and already are) a destination of choice to domicile impact funds. Canadian firms from Deetken to Sarona to CPPIB are investing and opening offices in Global South markets. Product flow can move both ways to mutual benefit.
- Blended finance leverage is proven: Convergence finds median ~$3:1 overall and ~$4:1 for climate in more than 1,100 transactions; 171 funds show ~$4 commercial for every $1 concessional.
- Canadian program example: a $4 million GAC commitment to the Colombia impact market has already helped mobilize $20 million in grant and private capital.

Impact Blueprint: Ten Key Actions

To integrate impact investing into Canada's foreign affairs and development agenda, we propose ten linked actions that build enabling systems, de-risk capital and connect Canadian and Global South ecosystems.

1. Support development and capitalization of national or regional wholesalers.
2. Support development and issuance of diaspora bonds.
3. Dedicate new concessionary capital to de-risk and catalyze private investment.
4. Make Canada a destination to domicile private impact products from the Global South.
5. Support a Canadian platform to aggregate and standardize emerging-market impact products.
6. Create a global market-building program including technical assistance and grants for national and regional ecosystems.
7. Support intermediary education and capacity building.
8. Support investor education and exchanges linking Canadian and local investors.
9. Provide soft-landing supports for intermediaries, investors and entrepreneurs operating between Canada and target markets.
10. Formalize internal and external partnerships to drive this new agenda.

Summary Ask

We are seeking a phased, performance-managed investment package that can be aligned to Budget 2026 and beyond:

- Catalytic Capital Facility to finance wholesalers, diaspora bonds, intermediary investments for $500 million over five years.
- Capital Markets Attraction initiative for $2–4 million over three years.
- Global Impact Investing Platform build for $2 million over two years.
- Ecosystem Market Building Program for $50 million over five years.
- Exchange and Soft Landing Program for $6–10 million over three years.

Total expected federal commitment averages about $115 million per year across three to five years (front-loaded). A total envelope of $550 million could mobilize roughly $1.5–2.5 billion in private capital, with recycling potential from the Catalytic Facility.

Results for Canada

This Blueprint advances our foreign, development and domestic interests together:

- Deeper knowledge, business and capital exchange with high-growth Global South ecosystems; strengthened trade diversification and soft power for Canada.
- New opportunities for Canadian investors, entrepreneurs and intermediaries; including co-management roles and Global South funds choosing Canada as domicile.
- Significant leverage on aid dollars (about $3–5 for each dollar allocated) and the prospect of capital recycling through the Catalytic Facility, supporting prudent fiscal management.
- Stronger, more resilient local ecosystems that enhance security, help address climate risk and deliver measurable social, economic and environmental impact (women's livelihoods; regenerative natural systems).
- Integrated impact investing strategy positions Canada as a first-of-its-kind leader among national governments and across the G7.

Table of Contents

Introduction 7

The Case for International Trade and Aid 8

Canada's Bold Foreign Policy Agenda 9

A Global Impact Investing Agenda 13

How can you create an enabling environment for impact investing to thrive? 13

What are the challenges and driving factors for private investors? 15

What can Canada do? 19

Impact Blueprint: Ten Recommended Actions 20

Results for Canada 28

Introduction

It is a critical moment for Canada and the world. We are living in a complex, hot world facing human conflict and human-caused environmental crises. We are also still in the middle of a global trade war with unrelenting and uncertain American tariffs.

The Canadian federal government is quickly making decisions about our priorities and responses to these challenges.

Canada is currently working on the development of **a bold new foreign affairs agenda**. Furthermore, the Prime Minister recently announced a rapidly accelerated commitment to meet the two (2) per cent defense spending target this year. There have been additional commitments to further increase defense spending in the medium term. This will have implications on priorities of the first budget of the new government, which is expected in the fall. In the UK, the national government accelerated its defense spending target, with a **concomitant reduction in aid funding**.

It is a critical moment for Canadians to reflect on and articulate our global priorities and the case for those priorities. There is a clear case for Canada to prioritize international development, partnerships, and trade. Further, there is a strong case for impact investing as a part of Canada's international agenda.

This paper articulates the case for international trade and aid, alongside four key general directions for Canada's foreign affairs agenda. Further, this paper articulates the case for impact investing as a part of that agenda, components of thriving impact investing ecosystems, challenges and drivers for engaging investors, and a set of actions to activate impact investing.

Impact investing offers a means of tackling our most pressing global challenges through long-term sustainable and structural economic and social development. It creates significant leverage for the contributions made by countries like Canada in the form of aligned private and philanthropic capital. And it presents tremendous opportunities for alignment with our national economic and trade objectives.

Canada can maintain and build its global influence and advance its domestic economic interests with a bold foreign affairs agenda that prioritizes impact investing.

The Case for International Trade and Aid

Our biggest customer is increasingly unreliable and hyper-protectionist. We cannot expect, nor should we pursue, the maintenance or deepening of economic dependence on a single country.

In response, it is clearly critical to reduce internal barriers and to seek greater internal trade and production. But it is only a part of the solution. We cannot meet the entirety of our economic and material needs at home. Canada needs international trade and partnerships, and to invest in relationship building with a range of nations and regions.

On foreign aid, we know that the drastic cuts in funding by the largest provider of assistance (eg. America) will result in greater humanitarian tragedy, hunger, and poverty. Withdrawal from support of civil society and development initiatives will result in less democracy and greater inequality. It will also leave us with a less safe, less secure, and less prosperous world. Further, this means less reliable trading partners, customers, and opportunities for Canadian entrepreneurs.

We cannot fill the vacuum, but we cannot also add to the void by reducing our commitments to international assistance. It will be both a moral and economic imperative for Canada. It is also a political imperative, as our neighbours will remember how we responded when others stepped back. As a middle power, we need to sustain and build on that political capital.

Furthermore, international development and trade can be mutually supportive. Many Canadian companies want to enter emerging markets, including work in the development sector and core industries. A well-supported and connected trade and aid strategy can reap significant benefits for Canadians and our Global South counterparts. And many countries want to transition the relationship from aid to sustainable trading partnerships.

In the long run, this is a necessary strategy in a complex, multipolar world. It also leans on our strengths and capabilities as a nation, including a formidable and committed set of public servants, business leaders and civil society organizations.

So what do we need to do?

Canada's Bold Foreign Policy Agenda

The federal government is clearly focused on an active and ambitious foreign policy agenda. The early contours of the agenda seem clear. Canada is advancing a traditional and well understood agenda of investing in defense, supporting allies like Ukraine (and Europe), and diversifying economic deals beyond America, with strong early signals towards Europe and very recent signs towards other G20 nations.

But there are clear gaps and opportunities beyond this agenda where Canada can invest and lead as a principled, innovative middle power. We can take further action and establish priorities that will help us lead the G7 in growth.

The following priorities should be articulated as part of our national economic development and foreign policy strategy and included in the next budget in fall 2025:

1. Maintain (at minimum) our level of international development assistance.

Canada has increased the level of foreign aid over the past few years, although it is proportionally below many of its peers and below the 0.7 per cent target established in the seventies. The recent growth in aid has been primarily a result of increased, critical assistance to Ukraine. Non-Ukraine related aid (eg. ODA or Overseas Development Assistance) has generally flatlined and it is projected to drop, even before the recent defense commitment. We should, at the very least, maintain our level of foreign aid including support to Ukraine and Gaza and critical initiatives like GAVI, while ensuring that aid outside these envelopes stays at the same level. This would make a bold statement by Canada in a world where development funding is stagnating or declining.

2. Ensure our international aid, trade and economic development agenda includes Latin America, as well as Africa and Southeast Asia.

Although there are signs with the recent G7 invite list that Canada is seeking an expanded set of global relationships, it is clear that the Canadian government is focused on Europe and the UK. Surely, these are important relationships with like-minded peers. But we cannot limit ourselves to the Old World or our colonial counterparts.

The Global South will be at the forefront of innovation, opportunity, growth and entrepreneurship over the next century. We have firsthand experience of this trend, particularly in Latin America, where countries like Colombia represent strong allies, trading partners, and incredible sources for learning exchange and collaboration. As a partner country, Colombia has tremendous assets including a vibrant NGO sector, professional public sector and supportive policy environment, strong philanthropic sector, tremendous

biodiversity and natural assets, resilient and innovative rural communities, driven, high potential entrepreneurs, an excellent post-secondary education system, and robust local capital. Many Canadian firms have recognized the potential of Colombia and the Global South as a source of tremendous economic opportunity, collaboration, and trade.

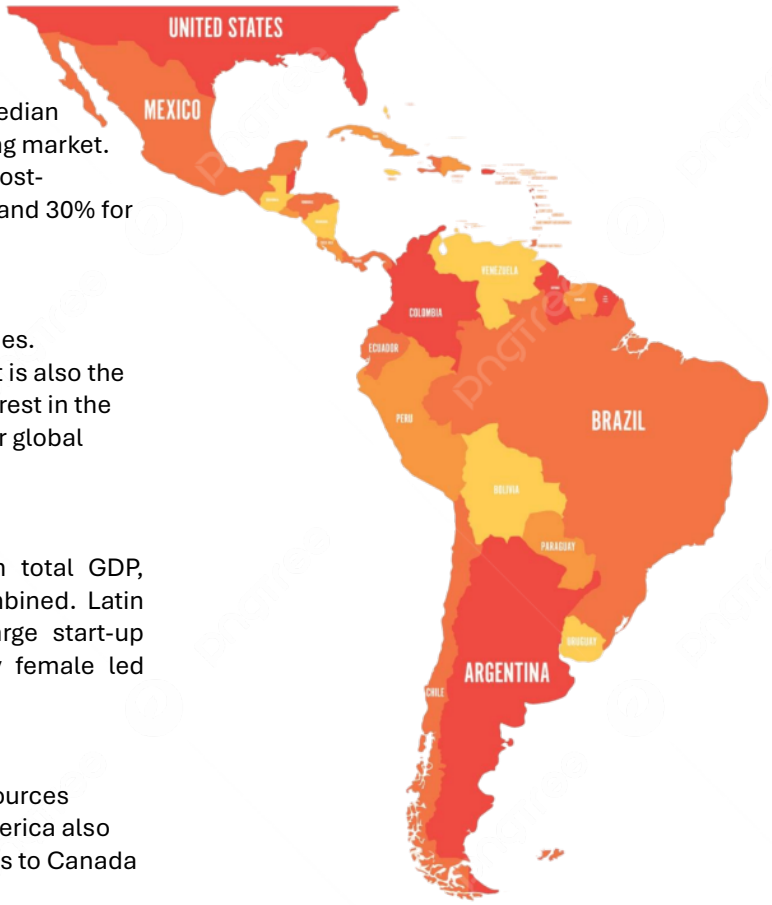
Snapshot: Latin America in Focus

Large, Young, Well-educated Population
+665 million people live in this region, with a median age of 30 years, representing a large and growing market. Countries like Colombia have rapidly growing post-secondary attainment rates of 40% for women and 30% for men amongst 25-34 year olds.

Tremendous Biodiversity
Seven (7) of the world's 17 megadiverse countries. Including: Brazil, Colombia, Mexico and Peru. It is also the home of the Amazon, the largest tropical rainforest in the world and one of the most important regions for global biodiversity and carbon storage.

Economic Strength and Entrepreneurship
The region represents $12.8 trillion (PPP) in total GDP, roughly equal to France, Italy and Spain combined. Latin America is highly entrepreneurial, with a large start-up sector, significant fintech growth, and many female led enterprises.

Resources and Exports
The region is a significant source of natural resources including minerals and raw materials. Latin America also had the greatest growth of merchandise imports to Canada compared to other regions.



Accordingly, the Canadian government should ensure a diversified strategy that dedicates sufficient resources to a connected trade and development agenda that includes Latin America, Southeast Asia, and Africa. Understandably, there are different resources that are already dedicated and required in each category. For example, Canada dedicates a lower level of ODA to Latin America in comparison to Africa. Again, it is important to maintain these resource commitments to ensure greater impact.

3. Maintain explicit focus on gender equity and climate action, and lean into biodiversity and regeneration.

Canada has a robust, thoughtful, and well-articulated set of priorities for its international development agenda, including advancing gender equality, environmental protection, peace and security, global health, sustainable and inclusive growth, human rights, democracy and inclusive governance.

In particular, the **Feminist International Assistance Policy (FIAP)** is a signature and well-founded priority. Investing in women is the right thing to do, morally and economically:

- Start-ups led by women **generate over twice as much revenue as men for every dollar raised.**
- Closing the gender employment gap would **raise long term GDP by 20 per cent across countries.**
- When women earn and control income, **they channel a larger share into children's health, nutrition and education**, boosting long-term human capital for their communities and countries.

Further, our focus on environmental protection, particularly on climate change and conservation, are critical for us to tackle in a warming world facing wildfires and floods that demands a global response. And we can go beyond protection by explicitly focusing on biodiversity and regeneration.

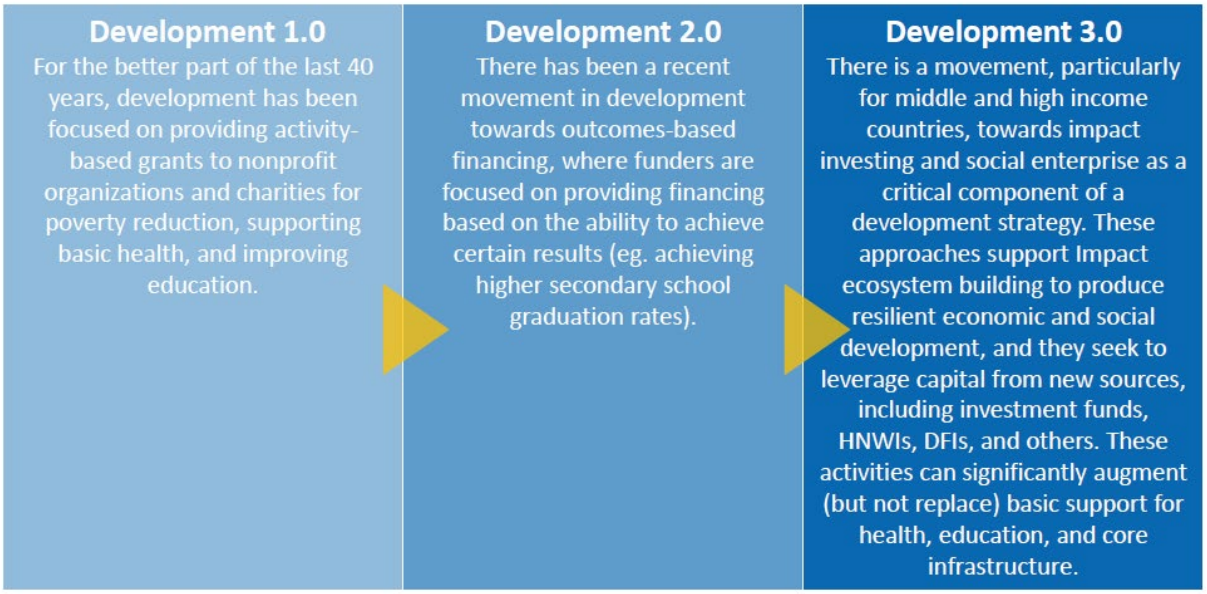
Regeneration aims to create net-positive outcomes: maintaining biodiversity, sustaining natural ecosystems, improving soil health and fertility, integrating fair labour practices, strengthening local communities and more, all while delivering economic value simultaneously. Regenerative investing is a rapidly emerging practice that seeks to advance this approach, with many leaders connected to the global impact investing movement. This may include investments in the blue economy to the restoration of degraded land.

4. Advance impact investing as a priority strategy for Canada's international development agenda.

Canada has been a part of the movement to include impact investing as a part of an innovative, impactful international development strategy for decades, from Grand Challenges Canada (GCC) to FinDev. This represents an augmentation (not replacement) of traditional aid strategies that focus on activity-based grants to NGOs for basic health, education, infrastructure and beyond. The movement, particularly in low and middle income countries, seeks to leverage impact investing and enterprise strategies to support resilient

and sustainable economic, social and environmental development, leveraging private and philanthropic capital from new sources including financial institutions, families, foundations, and others.

Figure 1: Evolution of International Development Approaches



There is strong alignment with impact investing and our international development agenda, as well as the emerging agenda and philosophy of the Canadian government:

- By definition, the purpose of impact investing is to mobilize capital and enterprise to tackle our most pressing global problems from inequality to food security to climate crises.
- These strategies support local long-term sustainable and structural economic and social development, in line with the priorities and challenges of local citizens. The aim of impact investments are productive, just economies in service of people and the planet, providing sustainable livelihoods and wealth.
- Impact creates significant leverage including private and philanthropic capital, representing significant value for Canada's foreign aid. Globally, **there are over $1.5 trillion in impact investing assets** that can be (and are) directed towards impact investments, and this figure is growing in both the Global North and Global South.
- Impact investing presents tremendous opportunities for aligning with our national economic and trade agenda. Canada can be (and already is) a destination of choice to domicile impact investing funds. Canadian firms can invest for positive returns and

impact in the Global South. From impact investing firms like Deetken to CPPIB, Canadians have already identified the opportunity to invest or open up offices in places like Colombia to expand their portfolios. There are also opportunities for leveraging impact investing to bring products and solutions to Canada (and vice-versa) for mutual material, economic, environmental and social benefit.

The next big question: **how can we advance impact investing as a part of Canada's new foreign affairs and development agenda?**

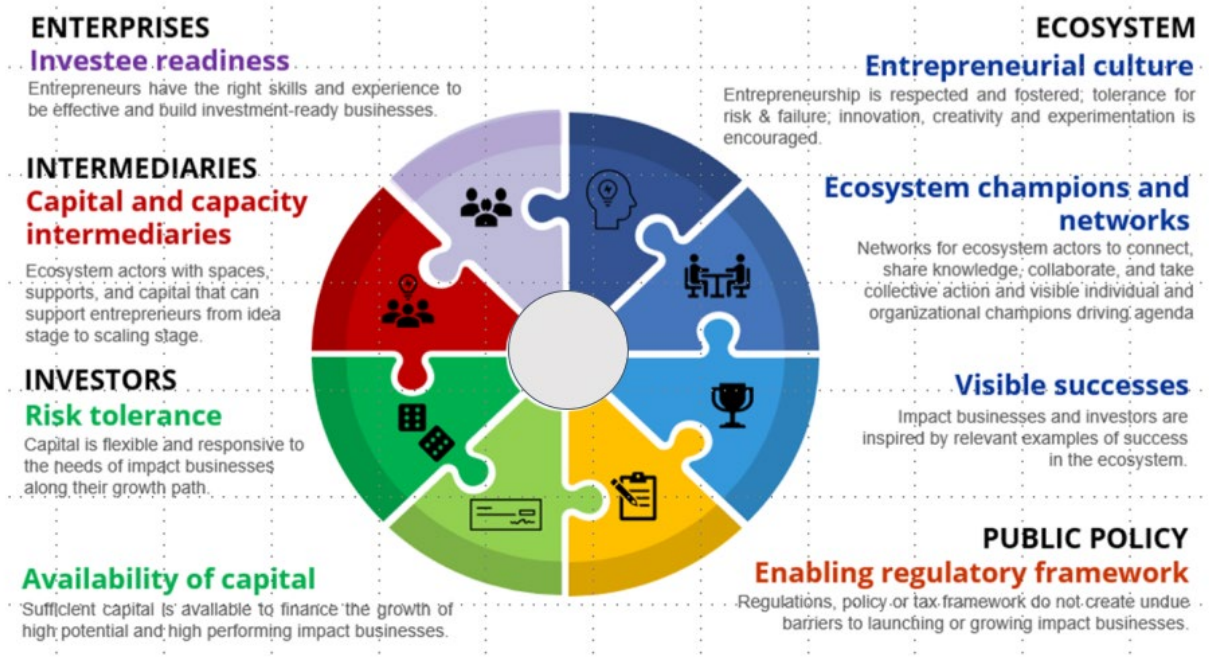
A Global Impact Investing Agenda

In order to establish a set of actions, we first need to understand the components of thriving impact investing ecosystems and the challenges and drivers for engaging private capital holders in Canada and around the world.

How can you create an enabling environment for impact investing to thrive?

We have learned a great deal from a front row seat in the development of impact investing ecosystems at a regional and national level in a range of jurisdictions including Ontario, Manitoba, Canada, Mexico, Colombia, Peru, and the US. Each regional or national ecosystem is at a different stage of development, and each system has different gaps and assets that can be filled and leveraged. But we can say with some certainty that there are key components of a vibrant impact investing market system as outlined in the figure below.

Figure 2: Key Components of a National Impact Investing Ecosystem



There is a need to invest in both the systems infrastructure and directly in impact investing funds, organizations and enterprises to help this sector thrive. Although impact enterprises and impact investing have the potential to transform local economies into true engines of sustainable and inclusive growth, there are many pieces that need to be in place to ensure entrepreneurs, organizations, and projects can be capitalized to drive economic growth, equality, climate adaptation and mitigation, and beyond.

In order to create a fully functioning ecosystem with enabling policy, high impact entrepreneurs and organizations, viable impact investing products, and active, high capacity impact investors, the following components are critical:

- **Technical Assistance:** Organizations and enterprises need greater awareness and capacity support to have the right knowledge and expertise to start-up and scale up. Similarly, investors need to be "investor ready" to start or scale their capital allocations in impact investing.
- **Capital:** Communities, entrepreneurs, organizations and intermediaries need all forms of capital, from grants to debt and equity investments to human capital.
- **Products:** There needs to be a range of impact investing products (and managers / intermediaries) that have access to networks, education, a range of different capital sources, and markets.

- **Systems Infrastructure:** A well-resourced, coherent, connected and high capacity ecosystem of investors, accelerators, incubators, and service providers. It is important to leverage the assets of the existing system, while creating new networks, institutions, regulations and infrastructure.
- **Impact Lenses and Management Systems:** The impact investing ecosystem, from enterprises to investors, needs to have strong and viable impact lenses, measurement and management systems that embed gender equality, inclusive economic growth, environmental sustainability, human rights, and beyond.

What are the challenges and driving factors for private investors?

Private investors are the key unlocking factor for impact investing markets in any city, region, or country. Simply put, they have the money that is needed to capitalize impact projects, enterprises and organizations. For these private investors, there are many general challenges to investing in the Global South and emerging markets, including well-understood risks, investor specific challenges, issuer specific challenges, and market data challenges.

Challenges

When we consider the challenges, let's start with the general and well understood risks:

- **Economic risk:** Global economic risks in a world faced with hot conflicts and trade wars are more present at the moment, as investors seek safe havens for their capital. Nations need to build living local economies that also create opportunities for entrepreneurs to build regional and global markets.
- **Currency risk:** Foreign exchange volatility is at multi-year highs and investor surveys show a greater perceived currency risk. Although there are many opportunities and means of managing currency risk, this dampens investor interest in emerging markets and the Global South in traditional investments.
- **Political risk:** Political polarization and instability is a feature around the world, with radical swings along the political spectrum causing investors to put a pause on capital investments. These challenges are exacerbated without a vibrant civil society.

Beyond these risks, there are also investor specific challenges that need to be addressed:

- **Lack of investor experience and capacity:** Many investors lack experience, understanding and capacity related to impact investing and/or investing in emerging markets.
- **Traditional decision makers:** In Canada and across the Global South, many asset owners and asset managers operate with Boards, Investment Committees, Chief Investment Officers with traditional and conservative investment philosophies. These decision makers are often unfamiliar with impact investing, and find it challenging to move beyond their core portfolio management strategies.
- **Product Scale:** The ticket sizes and overall fund and product sizes are often too small for private investors, including domestic, Canadian and global investors. Most products have fund targets well below $50 million, which is the floor for many investors. Their minimum ticket may be $5 million, with maximum concentration of ten per cent in a fund. Although beneficial, many development financial institutions (DFIs) have taken this approach, missing out on the capital gap that exists and effectively displacing traditional capital providers.
- **Market perception:** There are often uninformed or inaccurate market perceptions of the Global South or of particular countries or regions, including the perceived risk profile of the market. For example, Colombia is a vibrant market with a strong public service, innovative entrepreneurs, supportive policies and infrastructure

There are also a number of issuer-focused factors that can create challenges for private investors interested in capitalizing impact investing products:

- **Investment readiness:** As with entrepreneurs, many intermediaries face challenges with their own investment readiness including understanding of local capital markets regulations, innovative capital structures, impact management and measurement, fund management and operations, and even financial modelling and management.
- **Scale vs Economics:** As per the above, investment product or fund size is often a challenge in terms of economic viability as well as alignment with investment ticket (or cheque) size of investors. There are some exceptions for very large infrastructure projects or mature funds.
- **Local securities regulations:** Local regulatory environments, particularly securities regulations, create environments that are costly, complex and challenging for both issuers and investors.

- **Transactions:** Issuers can have highly bespoke and complex private transactions that are often quite different from traditional investments. This can require specialized sector, geographic, or capital markets expertise that can be challenging to acquire.
- **Language barriers:** Language barriers are a concurrent challenge between investors and entrepreneurs seeking to enter into markets, acquire capital, navigate regulatory barriers, develop partnerships, and beyond.

Finally, there are significant challenges with data related to impact investing in the Global South:

- **Product access and availability:** Unlike the public markets, there is not a single place where impact investors can access private impact opportunities at a national or global level. There is a clear need and opportunity for aggregation of impact investing products.
- **Data standardization:** Although there have been many tremendous efforts and there are sources of data at an intermediary level (and some repositories of impact data), we do not have commonly understood and applied data standards for impact investing markets at national or global levels.
- **Product qualification or standards:** Further, there are few markets that have established comprehensive financial and impact standards as a qualification for an impact product or market. This makes it challenging to source and aggregate impact investing products in the Global South at a national or intra-regional level.
- **Market coverage and research:** There is limited market coverage in the private markets overall. When looking at private impact investing in the Global South, there are very limited sources of trusted research and data related to products that cut across a wide range of geographies, thematics, and industries.

Further, without addressing these data challenges, we cannot get products on the shelves of mainstream asset managers or even through due diligence processes of active impact investors that have significant data and documentation requirements.

Drivers

Despite the challenges above, there are many drivers that can catalyze capital from private investors into impact investing in the Global South:

- **Demand for portfolio diversification** is driving investors into alternative investments, including private investments in the Global South.
- Private impact investments in emerging markets are de-linked from mainstream capital markets, providing a valuable **hedge against general market volatility**.
- **Growth of investment products** at greater scale presents more opportunities for investors to place capital across a range of assets, geographies, and impact areas.
- **Growing track record of impact investing** in the Global South of positive financial returns alongside long-term social, economic, and environmental impact.
- **Supportive public policy environments at a local level** including co-investment, tax incentives, funding for local capacity and capital infrastructure, supportive regulations (eg. local green taxonomies), and other policies designed to attract foreign direct investment.
- **Demand for innovation in a world reducing aid** requires private and philanthropic capital to start and scale high impact projects, enterprises and organizations.
- **Demand for trade and economic diversification and development** will drive nations and individuals in the Global South and beyond to build economic capacity towards greater levels of entrepreneurship, and likely more enterprises seeking capital.
- Impact investments offer demonstrable impact in line with the sustained and growing **demands for many private investors (and their shareholders) to achieve positive impact performance**, from greenhouse gas emission reductions to addressing inequality.

An important aside on leverage

Beyond the drivers for investors, there is also a clear case on the ability of blended finance and development funding to create private capital leverage:

- ***The State of Blended Finance 2024** by Convergence analyses a database of 1,123 blended finance transactions closed since 2007 and finds a median leverage ratio of roughly 3:1, rising to about 4:1 for climate deals.*

- *A "**Blended finance leverage ratio**" analysis by Convergence reviewed 171 closed blended-finance funds and reports an average $4 USD of commercial capital mobilised for every $1 USD of concessional capital.*
- ***Private finance mobilised by official development finance interventions** by OECD tracked guarantees, syndicated loans, and other instruments reported to the DAC and shows $48.6 billion USD of private finance mobilised in 2020, with guarantees often exceeding a 4:1 leverage ratio in low-income countries.*
- *The **Managed Co-Lending Portfolio Program (MCPP)** of IFC, a pari-passu co-lending platform, has mobilised more than $19 billion USD from 18 institutional investors since 2013, demonstrating MDBs can crowd in private money at scale on commercial terms.*
- *An **independent evaluation of the IDA/IFC/MIGA Private Sector Window*** (PSW) *by the World Bank found that $3.9 billion USD in PSW commitments have catalysed about $20.3 billion USD of additional private and other finance, a leverage ratio close to 5:1.*
- *A $4 million funding allocation by Global Affairs Canada (GAC) in the development of the impact investing market in Colombia has already generated $20 million in grant and private capital leverage.*

What can Canada do?

Canada can simultaneously tackle the range of challenges and take advantage of the drivers identified above by applying a systems lens that supports and builds impact investing infrastructure through a range of approaches that:

- Unlock investor understanding and collaboration at a local level, with Canadian investors, and between Canadian investors and investors in the Global South;
- Build intermediary and entrepreneur capacity;
- Create new and innovative products at the right size for investors;
- Provide blended financing and concessionary capital to de-risk opportunities;
- Enhance market coverage of global impact investments in areas of focus for Canada's development, trade, and economic agenda; and
- Position Canada as a global capital markets leader in impact investing.

Impact Blueprint: Ten Recommended Actions

There are ten (10) recommended actions for Canada to advance impact investing as a part of Canada's new foreign affairs and development agenda:

1. Support the development and capitalization of national or regional wholesalers.
2. Support the development and issuance of diaspora bonds.
3. Dedicate new funding as concessionary capital to existing vehicles and new initiatives to truly de-risk, catalyze and enable private investment.
4. Make Canada a destination to domicile private impact investing products from the Global South.
5. Support a Canadian platform (or platforms) that can aggregate private impact investing products in emerging markets, ensure they meet market standards, and standardize data collection on impact and financial performance.
6. Create a global program to support impact investing market building initiatives at a national and regional level that provide technical assistance and tactical grant programs for impact investing ecosystems, capital and capacity intermediaries, and entrepreneurs.
7. Support intermediary education and capacity building programs.
8. Support investor education and exchange programs for Canadian investors and local investors to build local capital market ecosystems.
9. Support soft landing programs for intermediaries, investors and entrepreneurs between Canada and target countries in the Global South.
10. Formalize internal and external partnerships to drive this new agenda.

These actions would create an enabling environment for impact investing, address key challenges and take advantage of drivers of private investment. Further details on each of the actions is articulated below.

1. Support the development and capitalization of national or regional wholesalers.

An impact investing wholesaler operates as a financial intermediary, pooling capital from various investors to allocate across multiple smaller impact funds, innovative financing products, or projects. Instead of investing directly in individual companies or projects, a wholesaler invests in a diversified portfolio of funds or financial instruments, each with its own focus on generating positive, measurable social and environmental impact alongside a financial return. This structure allows for risk diversification, access to a broader range of impact opportunities, and the ability to leverage the expertise of specialized fund managers. In the context of a wholesaler, the entity often plays a more active role in developing the

impact investing ecosystem, providing not just capital, but also knowledge sharing, capacity building, and fostering collaboration among various stakeholders in the sector.

As of October 2024, there are **19 impact investment wholesalers either established or in development across various countries and regions**. For example, the Nigeria Wholesale Impact Fund is an initiative led by the Impact Investors Foundation (IIF) and managed by Kuramo Capital Management. They aim to raise $1 billion to finance social enterprises and small businesses across sectors such as agriculture, education, health, and energy. The federal government in Nigeria has committed $50 million towards the target first close of $100 million for the fund which is expected in 2025. Wholesalers like Better Society Capital in the United Kingdom (UK) have helped start and scale impact investing funds, mobilizing hundreds of millions in capital to advance social, economic and environmental impact. They also have proven impact from catalyzing affordable housing to creating employment in low-income communities. Its investments have helped build or preserve over 7,000 affordable homes and social outcomes contracts backed by BSC have supported 70,000 people with complex needs, generating £507 million in fiscal savings to government. A sister wholesaler fund in Hong Kong, the Social Innovation & Entrepreneurship Development Fund (SIE Fund), has also catalyzed significantly positive impact: 706 projects supported through its investments have directly benefited 580,500+ people; over 3,200 new jobs were created, 2,400 of them for under-served groups.

A wholesaler is important for many reasons, particularly related to addressing some of the challenges identified above:

- *Fund Size:* The fund landscape is beginning to grow across the Global South, with many emerging or scaling funds seeking capital from investors. It is challenging for these funds to access larger domestic investors or foreign investors when the investment sizes are small or undersized, and the perception of risk is high.
- *Diversification and Risk Mitigation:* A wholesaler structure allows for diversification by investing in multiple smaller funds or projects. This spreads risk across various sectors, geographies, and strategies, which is particularly important in emerging markets where certain sectors might be more volatile.
- *Filling the Financing Gap:* Many countries have a significant gap between the financing needs of impactful projects and the available capital. A wholesaler can aggregate capital from various sources and channel it to where it's needed most, acting as a bridge between global investors and local opportunities.
- *Leveraging Expertise:* By pooling resources, a wholesaler can access and leverage the expertise of specialized fund managers or project leaders, ensuring that investments are made in the most promising and impactful ventures.

- *Strengthening the Ecosystem:* Many impact investing ecosystems are still in their nascent stages. A wholesaler can play a pivotal role in strengthening the ecosystem by providing not just capital, but also knowledge, best practices, and fostering collaboration among stakeholders.

Canada could establish a fund to support feasibility studies, design, and capitalization of national or regional (eg. across multiple countries) wholesalers in emerging markets. These products could be developed and managed by a combination of local intermediaries and Canadian market leaders to bring together the right expertise for these kinds of initiatives and advance market leadership.

2. Support the development and issuance of diaspora bonds.

Diaspora bonds channel the capital, loyalty, and local knowledge that expatriate communities (and allies) already have toward their countries of origin. Canada can work with reputable local financial institutions, mission-driven fund managers, or community groups that maintain strong cross-border ties, structuring bonds that satisfy both home-country regulation and Canadian securities rules without relying on Canadian banks for distribution.

These diaspora bonds would effectively include a diversified, balanced portfolio of enterprises, projects, and available structured products in target countries. The equivalent (or even connected) product would be a fund of funds or wholesaler, which are in operation in some countries as noted above. In the case where there was a wholesaler on the ground in a target country, this would make the process of structuring a related diaspora bond highly efficient. Furthermore, this kind of strategy would have several advantages to manage key risks: such as currency risk by domiciling in Canada (and other target countries) with a manager navigating through various strategies and enterprise risk by investing in a diversified portfolio of opportunities.

Pilot programs for Colombia, Palestine, and Ukraine could draw on proven precedents: **Israel Bonds**, which have mobilized more than $48 billion USD since 1951, India's **Resurgent India Bonds**, which raised $4.2 billion USD in 1998, and **Nigeria's $300 million USD diaspora bond** issued in 2017. Canada could provide targeted technical assistance for structuring, support for outreach through diaspora networks and platforms to connect with these investors, and potentially provide credit enhancements to de-risk these products.

3. Dedicate new funding as concessionary capital to existing vehicles and new initiatives to truly de-risk, catalyze and enable private investment.

A catalytic capital fund providing concessionary capital including first loss funding, low-cost financing, guarantees or similar types of capital would unlock significant capital and fill and mitigate a real risk gap. Importantly, it would not compete with private capital which is already chasing large scale transactions with low risk and more favourable projected returns.

A standing fund at Global Affairs Canada (GAC) of $500 million over five (5) years could be deployed directly and through a range of existing funds and programs. This could include a range of transactions from junior equity in a regenerative agriculture fund in Latin America, a partial risk guarantee for a climate infrastructure project in Southeast Asia, or a revolving line of credit for a blended technical assistance facility in West Africa. Clear requirements on leverage and additionality metrics could ensure impact, including assurance that public dollars are not crowding out private capital but are making otherwise bankable deals happen. This catalytic pool of capital could be used to finance wholesalers and diaspora bonds as articulated in actions one (1) and two (2). This fund could be directly administered by GAC or a separate entity through a competitive bidding process.

Further, the federal government could designate a greater mandate to institutions like FinDev to seek smaller transactions and assume greater calculated risk with a portion of their portfolio. A target of ten (10) per cent of the portfolio in sub $50 million products could be a reasonable goal.

4. Make Canada a destination to domicile private impact investing products from the Global South.

Canada's capital markets are already a global destination given the leadership of leaders like the TMX Group. We can position Canada as the Luxembourg of impact investing. With streamlined fund-formation rules, tax neutrality for foreign LPs, and a fast-track exemption for cross-border impact funds, Canada can attract managers who currently default to the US, Caribbean, or Europe. In return, Canada gains legal, accounting, and advisory work plus closer ties to growth market opportunities for Canadian investors. A joint federal-provincial task force could map regulatory tweaks within six months and launch an "Impact Funds in Canada" promotion campaign through embassies and trade missions. There are already model attractor programs like Finance Montréal that could be leveraged to advance this effort. It is estimated that this action would require $2-4 million in funding over three years.

5. Support a Canadian platform (or platforms) that can aggregate private impact investing products in emerging markets, ensure they meet market standards, and standardize data collection on impact and financial performance.

Platforms such as the SVX Impact Index already vet Canadian and Colombian deals; scaling the model internationally would give investors a single storefront for diligence ready opportunities. Federal funding can expand the technology backbone including multilingual functionality, underwrite impact verification, and integrate with global taxonomies like ISSB or IRIS+. The result is lower discovery costs for investors and higher visibility for credible funds in the Global South. It is estimated that this recommendation would require $2-4 million over a three (3) year period.

6. Create a global program to support impact investing market building initiatives at a national and regional level that provide technical assistance and tactical grant programs for impact investing ecosystems, capital and capacity intermediaries, and entrepreneurs.

Building on Canada's long standing engagement in many countries, including **El Programa de Apoyo a la Inversión de Impacto en Colombia (PAIIC)**, Canada can launch a competitive grant window ($2–10 million per country) over three years focused on building and enhancing ecosystems: impact accelerators, intermediaries, investors, enterprises, and industry networks. Grants and technical assistance could be paired with Canadian mentorship and study visits, creating a virtuous loop of shared learning while positioning Canada as a go-to partner for market development. These programs would also create improved conditions for Canadian investment and knowledge exchange, increasing the likelihood of success of Actions 1-5.

This program to start or scale ecosystems could be implemented with $50 million over a five (5) year period with an average commitment of $1 million per year over that time frame to support ten (10) target countries.

Case Example: El Programa de Apoyo a la Inversión de Impacto en Colombia (PAIIC)

Programa de Apoyo a la Inversión de Impacto en Colombia (PAIIC) is an impact investing ecosystem support program that provides both capital and capacity supports for enterprises, organizations and funds seeking to start or scale their impact, particularly focused on rural regions in Colombia, women, and climate action. This impact investing infrastructure program seeks to leverage and support the work of existing stakeholders while tactically filling market gaps in capital, capacity and network development with resources and new programs. This program has been designed and led by SVX in collaboration with ecosystem partners, with its origins in market development and field-building work in 2017.

The core program is implemented through:

1. Support Programs: Hands-on capacity building support to impact enterprises, organizations, projects, intermediaries and investors.

2. Granting Streams: Grant funding to enterprises, organizations, funds, and capacity building organizations including an innovative finance grant program, accelerator grant program, and enterprise grant program.

3. Partners: The program has both core and delivery partners for its programs.

Over the last three (3) years, PAIIC has mobilized over CAD $20 million in capital to support impact-driven projects and enterprises, collaborating with more than 600 organizations, including funds, investors, corporations, companies, and accelerators. This has represented significant leverage from a midpoint of the $4 million total commitment by Global Affairs Canada (GAC) towards the program. Its initiatives have reached 72 municipalities across 24 Colombian departments, covering over 70% of the national territory. These efforts have had a significant positive impact on key areas such as climate action and biodiversity, rural development, and gender equity.

For more information, please visit: https://svxcolombia.com/.

7. Support intermediary education and capacity building programs.

Intermediaries translate investor intent into deployable capital. National, regional, or global level online and/or in-person educational programs can raise the bar for fund structuring, capital raising, governance, and impact measurement. Canada can be a leader in deploying these programs based on existing models, including those already deployed with the support of Global Affairs Canada (GAC) and others around the world (eg. International Climate Finance Accelerator). Funding and applications for these capacity building programs could be integrated into the ecosystem market building initiatives funding pool.

8. Support investor education and exchange programs for Canadian investors and local investors to build local capital market ecosystems.

Nothing replaces visiting a market in-person or meeting a peer investor, potential investee, or potential investor face-to-face. Structured investor missions alternating host duties between Canada and partner countries can spotlight live deals, demystify perceived risk, and seed co-investment relationships. Combining these efforts with locally focused and globally focused learning curriculum on topics including market insights, legal frameworks, currency risk management, and impact management ensures participants build both contacts and competence. Ultimately, this builds capacity and capability for local investors to capitalize local ecosystems and for Canadian investors to successfully identify and capitalize opportunities in the Global South. Further, Canada has a lot to learn from markets in the Global South including policies, innovations, and strategies that we can integrate into our domestic impact investing efforts. A tactical grant program for investor exchange would be estimated at $3-5 million over three (3) years, with potential for integration in the market building program stream.

9. Support soft landing programs for intermediaries, investors and entrepreneurs between Canada and target countries in the Global South.

Soft landing services including visa facilitation, temporary workspace, regulatory guidance, and curated introductions compress the time it takes for a fund manager or entrepreneur to operate across borders. A joint program run by Trade Commissioner Service offices and local incubators can provide landing pads, backed by modest grants to offset travel and compliance costs. The payoff is faster market entry for Canadian capital and entrepreneurs abroad and smoother pathways for promising Global South ventures and fund managers to raise funds and do business in Canada. The vision would be to provide an easily accessible front door for investors and entrepreneurs seeking market and capital access. Furthermore, resources and support could be provided for Trade Commissioners to host events for Canadian and local investors and entrepreneurs. A tactical grant program for soft landings would be estimated at $3-5 million over three (3) years, with potential for integration in the market building program stream.

10. Develop, expand and formalize internal and external partnerships to drive this agenda.

There are many partnerships with active or emerging groups that could be developed or formalized to achieve greater impact. This may include knowledge sharing, exchange programs, joint capacity building or market building initiatives, or more formal non-governmental trade, investment or development partnerships. This may include partnerships with:

- Chambers of Commerce (eg. Canada-Peru Chamber of Commerce);
- Investor networks such as Latimpacto or Impact United;
- Ecosystem networks including entrepreneur networks and sector-wide networks (eg. Impacto Colombia); and
- Government departments with a focus on economic development, trade, social development, agriculture, renewable energy or other aligned sectors of focus.

Beyond external partnerships, we can also seek to build internal partnerships by fostering collaboration and combining teams of development and trade staff. This can take place at a senior and strategic level at GAC in Ottawa, and on the ground in Canadian embassies and missions in target countries. There is a great deal of talent that can be combined to achieve results for Canada and our host countries.

Summary

Action	**Program**	**Amount**
1-3	Catalytic Capital Facility for wholesalers, diaspora bonds, and intermediary investments	$500 million over five (5) years
4	Capital Markets Attraction Program	$2-4 million over three (3) years
5	Global Impact Investing Platform	$2-4 million over three (3) years
6-7	Ecosystem Market Building Program including target country programs and intermediary education and capacity building	$50 million over five (5) years
8-9	Exchange and Soft Landing Program for intermediaries, investors and entrepreneurs	$6-10 million over three (3) years

The total expected investment by the federal government for these actions would average $115 million per year over a three (3) to five (5) year period, with front end loading to ensure maximum impact. This would represent a small percentage (1-1.5% of Canada's ODA budget). It is expected that these funds would mobilize significant private capital leverage alongside philanthropic and public sector leverage. The total prospective investment of over $500 million could generate between $1.5 – 2.5 billion in private sector leverage, alongside its positive social, economic and environmental impacts. Through thoughtful effective decision making that still prioritized impact, a large portion of this capital could be returned over time from the Catalytic Capital Facility. This would be a prudent investment of Canada's resources that would generate positive results for Canadians.

Results for Canada

There could be many mutually beneficial and positive results for Canada's foreign affairs, international development, and domestic agenda as well as partner countries in the Global South:

- Advancing knowledge, business and capital exchange between ecosystems in Canada and the Global South.
- Advancing economic and trade diversification through partnerships in the Global South.
- Building and maintaining political capital for Canada through soft power gains.
- Creating opportunities for Canadian investors, entrepreneurs and intermediaries.
- Creating significant leverage for Canada's international development funding of between $3-5 CAD for every dollar allocated.
- Positioning Canada as a global leader in impact investing.
- Creating resilient local investment and enterprise ecosystems.
- Contributing to local and global security by providing economic opportunities and mitigating risks of challenges like climate change.
- Delivering positive, demonstrable and measurable social, economic, and environmental impact from sustainable livelihoods for women and their families to supporting regenerative, local natural ecosystems.

Beyond these results, we can also articulate examples of specific domestic benefits for Canadian investors and enterprises:

- Canadian funds developing partnerships and co-investments in high impact, high potential countries in the Global South from establishing an office to finding portfolio companies.
- Business partnerships can be established at a range of scales by companies connected to the market building, exchange and investment programs, from coffee wholesalers and retailers in Canada seeking suppliers and business partners to municipalities seeking innovative solutions to low-carbon intensity public transportation.
- Growth in market access by Canadian SMEs and large corporates to countries in the Global South.
- Canadian impact investing institutions may have the opportunity to co-manage national or regional level wholesalers.
- Global South funds and enterprises choosing Canada as a destination of choice beyond Delaware, Bermuda, or the Cayman Islands.
- Opportunities for co-investment and diversification by Canadian investors from pension funds to individuals in funds and enterprises in the Global South that have been significantly de-risked.

Furthermore, a comprehensive and integrated strategy that integrated aid, trade, and domestic economic interests with impact investing and private capital leverage as a priority would be a first-of-its kind strategy for any national government. The implementation of this Impact Blueprint would establish Canada as a leader amongst G7 countries in driving greater impact.

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