

# **WORLD FEDERATION OF DEVELOPMENT FINANCING INSTITUTIONS (WFDFI)**

## **3-YEAR STRATEGIC PLAN (2010-2012)**

*Theme: “WFDFI: Dynamic and Visible”*

### **1. Mission:**

*To serve as the global focal point for institutions providing and promoting sustainable development finance.*

### **2. Vision:**

*To be the world’s preeminent knowledge and advocacy network on sustainable development finance.*

### **3. Background**

The World Federation of Development Financing Institutions (WFDFI) was founded on June 13, 1979 with the signing of an agreement in Zurich, Switzerland among the Association of African Development Finance Institutions (AADFI) based in Abidjan, Cote d’Ivoire, the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) based in Manila, Philippines and the Latin American Association of Development Financing Institutions (ALIDE) based in Lima, Peru. The Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI) based in Istanbul, Turkey joined the WFDFI afterwards. To date, the four regional DFI associations have a total membership of 320 institutions in 106 countries and territories.

For many years, the WFDFI has not been that active in terms of programs and activities and its visibility worldwide was limited as its regional members have been preoccupied with their respective work in their own jurisdictions. It also had meager financial resources to mount projects that are of long and continuing duration. There was therefore a clear need to review and rationalize the purpose and ideals of the WFDFI.

### **4. Recent Developments**

There are at least three (3) recent developments concerning the WFDFI members’ status and business environment that have emerged to merit a revisit of the mission and vision of the World Federation, namely, the increase in the number of universal banking-modeled DFIs, the change in regulatory regime of DFIs, and the present global financial crisis.

As the world economies grew and expanded, the need for financial institutions, including DFIs, that provide more diversified products and services have been clearly evident. This is coupled by the fact that government-owners of DFIs have not infused additional capital as they should and/or have demanded issuance of dividends from DFIs as added revenues to national treasuries, necessitating DFIs to look for alternative sources of funds and explore new business models for their operational survival and sustainability. The biggest evolution of DFIs to this end is their “conversion” into multi-purpose financial organizations or what is termed as “universal banks”.

The regulatory regime for DFIs around the world has also undergone changes. In the past, DFIs were regulated and supervised by Ministries of Finance and, in some cases, by ministries which have oversight functions of the sector, e.g.. agricultural development banks under the Ministry of Agriculture. While this practice is still in place in some countries, many others have put their DFIs under the supervision of Central Banks which are more familiar with commercial banking operations. This situation has raised certain issues on how Central Banks regulate DFIs, especially in monitoring their mandated dual bottom line performance – financial and economic development contribution. While the criteria for financial performance can be comparable to commercial banks, the economic development impact is quite different and proved difficult to measure.

Finally, the on-going global financial crisis has certainly an effect on the role of DFIs. As governments take stock of their available resources and provide stimulus initiatives to mitigate the impact of the crisis in their respective areas, DFIs have to adapt accordingly and use their project finance expertise to contribute to these efforts. One of the promising opportunities for DFIs in this crisis, not to mention climate change issues, is the emergence of clean and renewable technologies or “green” projects that are within the ambit of DFIs’ mandate and practical scope. Financing sustainable development is now more than ever a key dimension for DFIs worldwide.

## **5. The Rationale and Context for the WFDFI**

It is in the context of the above-mentioned developments that the WFDFI believes there is need to re-energize and revitalize its role and place in the world stage which no other organization can fill and that is to “*serve as global focal point for institutions providing and promoting sustainable development finance*”.

Using finance as an instrument to catalyze economic development has been a long-standing mandate of DFIs. But even the word “development” has also since evolved and expanded to include, apart from economic development, social and environmental considerations – termed as “sustainable development”. The rationale therefore for the WFDFI to be relevant and credible is to position and transform itself “*to be a knowledge and advocacy network on sustainable development finance*” around the world.

## 6. The Four Strategic Directions

To achieve this mission and vision in the short term, the WFDFI has set a 3-year strategic plan, themed: “**WFDFI: Dynamic and Visible**”, with four “**SPUR**” elements to support it.

For the WFDFI to be relevant and credible to its members and stakeholders, it should actualize the following twin and reinforcing characteristics:

- a) *Dynamism* – connotes continuous change, advancement and expansion in initiatives that are undertaken, knowledge and information that are shared, and behavior that is manifested, all these with an end in view of building credibility and relevance.
- b) *Visibility* – is characterized by being tangibly present, recognizable and available, communicating messages clearly and creating good impression and impact, thus building image and brand equity.

The four elements supporting these characteristics are as follows:

- **S**ustaining membership
- **P**romoting advocacy
- **U**nleashing knowledge
- **R**efreshing alliances

- **Sustaining Membership**

Provide members with venues and opportunities to share knowledge and experiences with each other as well as with other like-minded organizations, and develop other value-added services and benefits responsive to the interests and needs of a diverse membership.

- **Promoting Advocacy**

Engage, shape and advance policy and advocacy positions that impact the development banking and finance community worldwide and improve the members’ capacity to do the same.

- **Unleashing knowledge**

Consolidate and manage all knowledge and partnership resources on development financing available from members and create a web portal for 24X7 access to these resources.

- **Refreshing Alliances**

Re-invigorate old and energize new relationships and undertake collaborative partnerships with same-purposed organizations worldwide.

**Annex A** provides the summary of strategic directions, goals and strategies.