FINNFUND STRATEGY 2018–2025

FINNFUND

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1 Foreword from the CEO

A young entrepreneur I met in Africa had inherited his business from his father, who had suddenly passed away. The company had a few dozen employees. The young entrepreneur had received a loan from a development finance institution.

As a representative of one such institution, I asked him what development impacts he thought the loan had provided. He looked at me, slightly bemused. “I’m not sure about development impacts, but I feel that I have succeeded, because all my employees now have their children in school.”

And I agreed. Something must have been done right, if the families of employees were in a better position.

Profitable and responsible businesses are vital to development. They provide employment and enable people to earn a living. They help parents send their children to school.

No country in the world has risen from poverty without successful enterprises.

This was a view shared at the 2015 UN Conference on Financing for Development in Addis Ababa. Developing countries need up to an estimated US$2.5 trillion[1] worth of new investment each year in order to achieve the UN’s sustainable development goals. The goals are nothing but a dream, unless business resources are used in development efforts and the ability of companies to combine different elements of production is harnessed in this work.

The core task of Finnfund is laid down in law (the 1979 Finnfund Act), its articles of association and the owners’ instructions: “The Company shall promote the economic and social development of countries which the OECD has classified as developing countries by directing human and material resources to the development of the industrial and other economic corporate activity of these countries.” We must give people the opportunity to rise from poverty through work.

Although our mandate is clear, we nevertheless felt that it was time to update our understanding of it and produce a new, current version of our strategy. This will help us make the wider public aware of our activities and enable us to better steer our everyday work.

Crystallising our **mission** turned out to be surprisingly easy: **Our mission is to help create a better world by financing responsible companies that operate in developing countries.**

Creating a better world means work in areas such as climate change mitigation, while it is still possible, or influencing the forces driving population growth or forced migration.

Tackling global development problems is an urgent matter. Finnfund is needed more than ever. In many developing countries, especially in the poorest ones, small and medium-sized businesses struggle to find risk-tolerant long-term finance. On the other hand, ventures in sectors such as renewable energy or sustainable forestry often require significant initial outlays – investments that pay themselves back very slowly, sometimes only after decades. Commercial financiers are not keen on bearing the risks related to such ventures on their own. As a result, a vast amount of skills and human potential go untapped in developing countries.

Finnfund provides funding precisely for these purposes, including to financial institutions that provide credit to micro-businesses, by supporting investment in SMEs, renewable energies, food production and sustainable forestry. We help to fill gaps in the financial market that slow down economic and societal development.

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[1] UNCTAD, World Investment Report 2014. http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

As part of the formulation of our strategy, we also reviewed the principles that guide our operations and identified our aims and approaches as an organisation. According to our vision, **in 2025, Finnfund will be a valued partner and a frontrunner in impact among European development finance institutions.**

We will continue to improve and develop our activities in line with this vision. This requires increased focus on developing our approaches and ensuring that we operate effectively and responsibly.

The key points of our new operating strategy are summarised in this document. The new strategy sets out Finnfund's aims and the ways in which we will achieve them. The strategy is the outcome of a comprehensive process. We have examined current trends and future developments, and consulted our shareholders, stakeholders and staff members. We have mapped our target markets, countries and sectors and benchmarked our organisation against other operators both in the commercial and development finance sectors. We have given careful thought to the ways in which we can best deliver our mission and produce added value – in other words, create development impact.

Our aims are ambitious, but we are firmly committed to delivering them. If and when we succeed, the rewards will be fantastic: better access to good jobs and more opportunities for families.

Jaakko Kangasniemi
CEO
Finnfund

FINNFUND

2 Finnfund's strategy in a nutshell

Finnfund's mission is to help create a better world by financing responsible companies that operate in developing countries. Our vision 2025 is to be a valued partner and a frontrunner in impact among European development finance institutions.

The strategy consists of four areas designed to support this vision.

(1) We will focus on delivering, analysing and communicating the development outcomes of our projects.
(2) We will double our operational volume and direct funds to responsible, effective and profitable projects.
(3) We will mobilise additional funding and convince private investors of our capacity to manage funds.
(4) We will develop our policies and procedures while respecting the work of our colleagues and stakeholders.

All our activities are guided by a set of four principles: Impact, responsibility, profitability and professionalism.

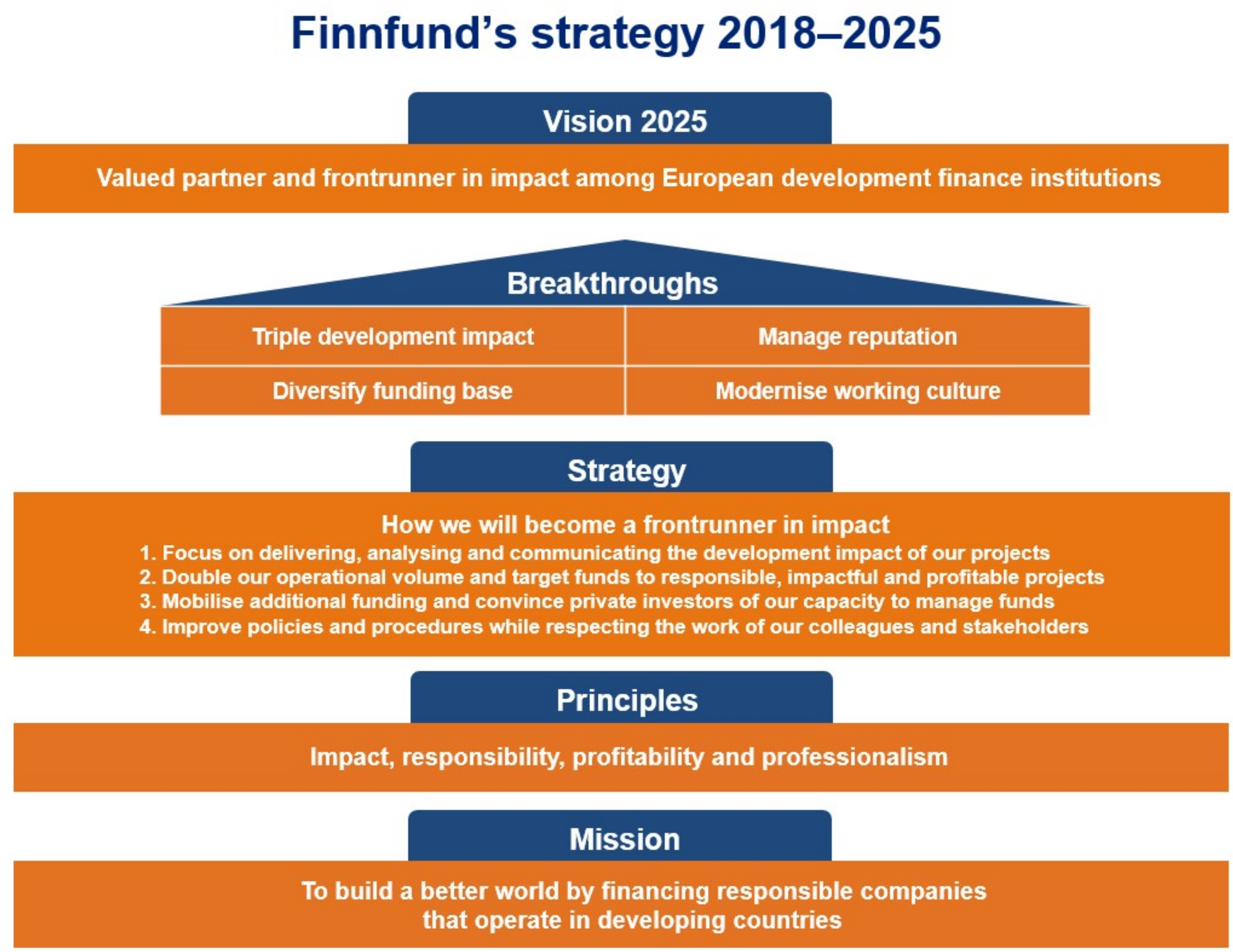

Figure 1: Finnfund's strategy

3 Mission: To help create a better world by financing responsible companies that operate in developing countries

Finnfund is a development finance institution that funds commercial enterprises in developing countries – we do not fund the public sector, NGOs or international organisations. Our funding is always provided on market terms, and we expect our clients to pay us back with returns. This promotes efficient use of resources with a focus on the long term. The returns are channelled back into other Finnfund projects in developing countries.

The need for finance in developing countries is enormous. For example, the population of Africa is expected to double to 2.4 billion by 2050. The continent will have to create 20 million new jobs per year by 2035 to address the population growth alone[2].

At the same time, the challenging operating environment does not appeal to commercial financiers. This means fewer opportunities for companies to secure funding, grow and create jobs.

Finnfund is committed to directing efforts to some of the poorest and most fragile countries, as they have the greatest need for development finance. Otherwise, many investments that could help promote sustainable development will not materialise.

We recognise that our involvement in fragile states increases the risks related to investments and projects. That is why we are continuously developing our processes.

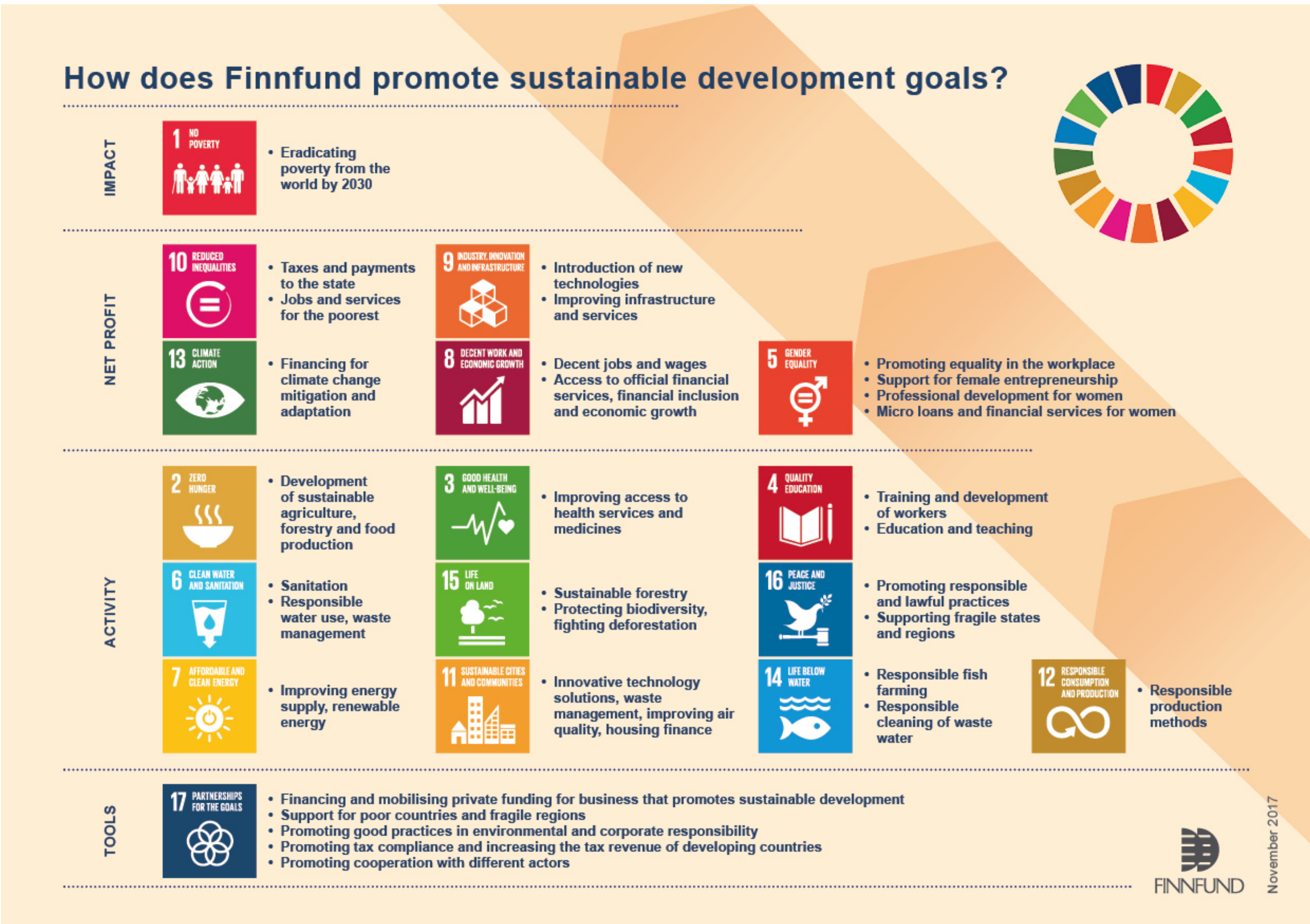

Figure 2: How Finnfund promotes sustainable development goals

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[2] IMF, Navigating Headwind. Regional Economic Outlook, April 2015, for Sub-Saharan Africa and IMF staff calculations for North Africa

4 Guiding principles

All Finnfund's activities are guided by a set of four principles: impact, responsibility, profitability and professionalism.

4.1 Impact

Finnfund's activities support Finland's development policy goals[3] in several ways. Our projects generate income opportunities and tax revenue for developing countries, help deliver cleaner energy to people, promote sustainable forestry and improve food security.

Our operational priority areas are poor countries and those where businesses struggle to operate.

Finnfund only funds projects that clearly improve the everyday lives of people and support the development of our target countries.

In 2017, 47 percent of the projects financed by Finnfund were in Africa. 49 percent were in least developed countries (LDC) or low-income countries (LIC). For purely commercial financiers, these types of projects and countries often represent too high a risk.

The benefits of our financing activities in developing countries spread via companies and their immediate stakeholders. When a company has better resources, it can expand and enhance its operations, for example, by adopting cleaner technologies or finding new business partners. In many cases, profitability also improves.

In addition to providing finance, Finnfund advises companies on how to manage their impact on the environment and society. Local people benefit from job-creation and from more affordable and better-quality services.

Many of our projects help create new ways for consumers to access energy supply and services. Finnfund projects have brought electricity to thousands of homes in some of the poorest countries in Middle America and Sub-Saharan Africa.

In some cases, our funding helps to generate entirely new industries. Companies adopt and commercialise new technologies.

Mobisol's solar panel brought electricity to Mary's family

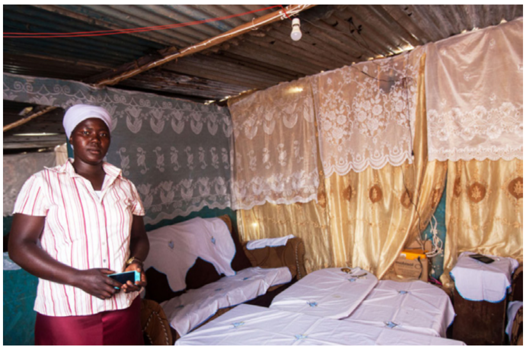
"I didn't want my children to have to breathe toxic paraffin fumes," says Kenyan mother Mary Muigain.

In December 2016, Mary, who lives with her husband and children in the rural region of Kajiado outside the capital Nairobi, purchased a solar power system manufactured by Mobisol. The package consists of a roof-top solar panel and a battery that stores energy generated during daylight hours.

Mobisol sells single-household solar power stations in Africa's rural areas without electricity. Customers can use mobile money to pay for the purchase in affordable monthly instalments.

Finnfund's finance package is designed to support the company's growth, improve people's standard of living and help increase the use of renewable energy.

By the end of 2016, the company had installed over 67,000 solar power systems for households and businesses and helped more than 330,000 East Africans.



[3] Finland's development policy is focused around four priority areas: 1. The rights and status of women and girls have been enhanced; 2. Development countries' own economies have generated more jobs, livelihood opportunities and well-being; 3. Societies have become more democratic and better-functioning; 4. Food security and access to water and energy have improved, and natural resources are used sustainably. Source: Finland's development policy. Government report to Parliament, 4 February 2016. VNS 1/ 2016 vp.

They generate tax revenue, which helps the local public sector provide education, health care and social services desperately needed by people. Aid dependency is thus reduced.

At a global level, our investments in renewable energies and sustainable forestry help support the fight against climate change.

4.2 Responsibility

We operate responsibly and with responsible partners.

This means social, environmental and financial responsibility. For Finnfund, it means financing, for example, projects that support climate change mitigation or adaptation. It also means promoting tax responsibility and working with the civic society. As an investor, we are answerable also to taxpayers and private investors.

Profitable business does not automatically improve well-being across society. In worst cases, companies can pollute with impunity, or exploit the infrastructure, services and natural resources of the operating country without paying due compensation and taxes. If a company restricts its employees' right to organise and protect and further their interests, it is violating their rights.

The development outcomes Finnfund seeks require businesses to adopt and adhere to environmental and corporate social responsibility principles. Companies financed by Finnfund must commit to the responsibility principles of the international development finance sector, including those of the IFC (International Finance Corporation) of the World Bank Group. The higher the risks and expected environmental and social impacts are, the more stringent the requirements get.

We also adhere to the UN Guiding Principles on Business and Human Rights (UNGP). We monitor the companies we fund and take action if discrepancies are found. Finnfund will not fund businesses or projects which have committed human rights violations that cannot be prevented or corrected.

Responsibility also means that we use the resources trusted to us wisely. It would be irresponsible for us to invest funds – taxpayers' money, market finance, profits of previous investments and private investors' capital – in unprofitable or loss-making ventures. It is part of our responsibility to ensure that our own activities and the projects we fund are profitable. The profits are channelled back into new development projects.

4.3 Profitability

Our activities are profitable and cost-efficient.

Our project portfolio has an acceptable yield-to-risk ratio.

Finnfund's activities must be profitable. The Ministry for Foreign Affairs is responsible for Finnfund's steering on behalf of the state owner, and it sets annual targets for return on equity. Finnfund's other financiers also expect us to operate profitably.

A significant proportion of the funds we invest in developing countries is borrowed from the capital markets. This means that private money is mobilised to development on two levels: first from the markets and then from private investors at the project level.

Our financiers must be able to trust in our ability to repay. It means that our investments have to be profitable. And, if our activities were loss-making, we would not be seen as a credible funding partner at the project level.

The profitability of the projects and the development of poorest countries reinforce each other. This is particularly evident in investments that support climate change mitigation or adaptation. According to the International Energy Agency (EIA), the delivery of government pledges to the UN to cut greenhouse gases will require approximately USD 13.5 trillion by 2030[4]. A significant part of that will have to be targeted at developing countries. Without potential returns, private investment capital will not be committed to these ventures.

Finnfund often invests in high-risk projects and countries. For example, when investing in projects relating to renewable energies or sustainable forestry in Sub-Saharan Africa, we often take a higher risk than many of the world's other development finance companies do. Globally, only two percent of foreign direct investment (FDI) is currently directed to Africa.[5] In contrast, over half of Finnfund projects are targeted at LDC and LIC countries[6]. The majority of these are in Africa.

However, we cannot opt for maximum risk in all the projects we fund. We also need steady and secure sources of return. These include, for example, financial institutions that serve SMEs and households in developing countries.

At the portfolio level, we front-load our investments and take as much risk as we can without jeopardising profitability with an aim to ensure development outcomes.

4.4 Professionalism

We adhere to the highest quality criteria in our activities.

We are skilled finance professionals with expertise in such areas as environmental and corporate social responsibility as well as measuring development impact.

Development finance is a demanding sector. It requires comprehensive understanding and expertise of finance on one hand and development and responsibility aspects on the other. In this new era of socially responsible and impact investing, development finance institutions like Finnfund continue to stand out thanks to their long experience and knowledge of the business climate in developing countries. With 40 years of development finance experience, we are very well-versed in local conditions and markets. We target our finance at projects that deliver the highest added value and the best possible benefits for all parties.

Finnfund's staff includes

- More than 30 finance professionals
- 7 experts of development outcomes and environmental and corporate social responsibility
- 6 lawyers who oversee contractual and other obligations

Our investments are ultimately steered by our goal to improve people's everyday lives and the quality of life in developing countries. We maintain and develop our skills and expertise to

[4] Energy and Climate Change. World Energy Outlook. Special Briefing for COP 21. IEA, 2015.
[5] The G-20 Compact with Africa. A Joint AfDB, IMF and WBG Report. G-20 Finance Ministers and Central Bank Governors Meeting. March 17-18, 2017. Baden-Baden, Germany.
[6] LDC, Least Developed Countries; LIC, Low Income Countries

support this goal. In our investment process, we scrutinise projects from the development perspective as well as in terms of the environment and corporate social responsibility to ensure that the businesses we fund comply with the laws of the operating country and the best practices of the development finance industry. The ability to ensure the profitability of funded projects is part of the financier's expertise.

Professionalism includes the willingness to evaluate and develop our activities. We strive to be our own most rigorous critic.

5 Vision 2025: Finnfund will be a valued partner and a frontrunner in impact among European development finance institutions.

The importance of profitable and responsible business to development is increasingly recognised in international discourse. As a result, awareness about development finance institutions that provide funding to businesses has also increased. Like many other development finance institutions, Finnfund has also been allocated more resources. Consequently, DFIs now attract more publicity and higher expectations.

To meet these expectations, we have enhanced our investment process and strengthened the set of tools and approaches we use to ensure human rights compliance and tax responsibility. We have developed tools for the assessment, monitoring and reporting of development outcomes. We have put our additional resources to efficient use. In 2017, we made 30 new investment decisions which are worth EUR 199.5 million in total – more than ever before.

Finnfund is one of the smallest of European DFIs[7], but the way we operate stands comparison with the others. Compared with most other DFIs, Finnfund invests more in Africa and specifically in the poorest countries. Of our key sectors, agriculture and sustainable forestry are particularly challenging in the world's poorest countries. We take more risks in terms of our projects and target countries in comparison with most other financiers. Despite our demanding projects, we have been able to maintain our profitability.

But we want more. We want to strengthen our impact as a DFI and become an even more valued partner for our client businesses, co-financiers and other stakeholders. We will continue to improve our effectiveness in raising people out of poverty and giving them opportunities to influence their futures. We will strive to develop the quality of our work during the strategy period to a whole new level and become a model for other actors in our field.

6 Strategy – how we implement our vision

6.1 We will focus on delivering, analysing and communicating the development outcomes of our projects.

What we will do: We will redesign the set of tools we use to assess, monitor and report our development outcomes and incorporate these tools in our investment process more closely than before. We will integrate evaluations as part of our work and actively use their findings.

Why: The purpose of DFIs is to reduce poverty and improve the quality of life of people in developing countries. We must have an in-depth understanding of the direct and indirect impacts of our finance activities and how these impacts are achieved. To this end, we will increase our efforts in the development of evaluation tools and seek to produce added value

[7] European Development Finance Institutions, EDFI

that can benefit the international DFI community as a whole. Sector- and theme-specific independent evaluations carried out by external organisations and our own project-specific evaluations both provide valuable information about the results of our work. We will use these findings efficiently when planning our future activities.

Success indicators:

- We have redesigned our development outcome evaluation tool (DEAT) and will use it more effectively throughout the project cycle.
- We will assess our projects and their impact both internally and based on evaluations carried out by independent experts in accordance with our evaluation policy.

What we will do: We will improve our communications about the development outcomes and responsibility aspects of our work.

Why: As development instruments, finance and the business activities generated by it differ from the grant-based aid on which has been the traditional focus of Finland's international development policy. This applies to practices, impact chains and the tools we apply. One of the challenges of development finance institutions is how to communicate the activities and demonstrate their impacts to shareholders, financiers, other stakeholders and the public. Our partners in developing countries value Finnfund's work and its outcomes and are eager to see more funding for sustainable investments. We must find ways to better communicate this message to our stakeholders.

Success indicators:

- We have revised Finnfund's communication strategy and are implementing it effectively.
- We have developed our publications and contents relating to development outcomes.
- We frequently publish the results of independent external evaluations.
- We have established practices for knowledge-sharing with civic society, including NGOs, and other stakeholders – both at a general and individual project level.

6.2 We will double our operational volume and target funds to responsible, effective and profitable projects

What we will do: We will grow in a profitable way.

Why: The UN sustainable development goals are arguably the most ambitious set of global targets to date. The goals can be met only if many times more capital flows particularly into the developing countries. Estimated USD 90 trillion is required for sustainable infrastructure investments in the next fifteen years. Two thirds of this should be targeted at developing countries.[8]

Finnfund has extensive experience of funding responsible businesses in developing countries. We want to play even a greater role in building a more sustainable future. To do that, we are required to significantly increase the volume of our activities.

Success indicators:

- We have increased the annual volume of new project approvals to EUR 140 million.

[8] "The New Climate Economy". The 2016 report of the Global Commission on the Economy and Climate.

What we will do: We will place special emphasis on key sustainable development sectors: **cleaner energy, sustainable forestry, agriculture and financial institutions.** We can also fund projects with demonstrable development impacts in other sectors.

Why: We have selected our key sectors based on their development impacts. Within the constraints of our mandate, we will also seek to promote the competencies of Finnish businesses in providing solutions to development problems. Finland has high levels of expertise that is needed in developing countries, including in areas such as clean energy.

Poor countries need **energy** to support their development and to boost and diversify their economies. In Sub-Saharan Africa, for instance, 62 percent of households [9] and as many as 82 percent of rural households[10] do not have electricity. By funding renewable energy production, we can help these households whilst also contributing to climate change mitigation efforts.

Forests are depleting globally at an annual loss rate of 3 million hectares.[11] As the world's population grows, especially on the African continent, old-growth forests are being cut down at increasing rates to supply fuel and construction materials. Deforestation is also caused by livestock grazing and desertification. The current tree-planting volumes are far from enough to respond to the challenges of deforestation and the increased demand for timber products. Finnfund invests in private tree-planting projects that help slow down deforestation, create local jobs and promote sustainable forestry practices.

The UN Sustainable Development Goals (Goal 2) include the following statement: "End hunger, achieve food security and improved nutrition and **promote sustainable agriculture"**. Investing in agriculture and food production in developing countries is at the core of promoting sustainable development. For example, in Ethiopia, Finnfund has provided finance to EthioChicken, a breeder company that has already supplied 400,000 chickens to smallholder farmers, which ultimately benefits some 1.3 million Ethiopian households. EthioChicken directly employs more than 700 people of which 40 percent are women.

Sathapana: loans for micro and small businesses in rural areas

Sathapana is a Cambodian bank that provides loans especially to residents and small businesses in rural areas.

The bank's extensive network of branches and services can reach customers in sparsely populated and rural areas, where banking services have traditionally been difficult to access.

With Sathapana's loans, farmers can expand their operations and improve their income levels by purchasing seed, fertilisers and machines.

In 2016, Sathapana employed close to 4,000 people of whom 36 percent were women. By the end of 2016, Sathapana had granted more than 92,000 micro business loans with a total value of over USD 158 million. In addition, it had granted 45,000 small business loans with a total value of USD 412 million.

Approximately 55 percent of Sathapana's micro and small business loan customers are women.

Economic development is not possible without **financial markets and institutions,** and this encompasses more than just the transactions between investors and major corporations. More than two billion adults do not have an official bank account. When people are unable to make payments or keep their savings secure, they face difficulties when trying to access education – not to mention getting finance needed to buy machines, software products and supplies for their businesses. Finnfund provides funding to several banks and financial institutions that provide services to individuals as well as micro, small and medium-sized businesses. Banking services can now be accessed by many groups who have previously been unable to do so,

[9] https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS
[10] https://data.worldbank.org/indicator/EG.ELC.ACCS.RU.ZS
[11] Global Forest Resources Assessment 2015. How are the world's forests changing? Second edition. Food and Agriculture Organization of the United Nations (FAO), 2015.

including women and micro enterprises. In this way, we are helping to create new businesses and jobs and promote economic equality in developing countries.

Especially renewable energy and sustainable forestry projects contribute not only to development goals but also international targets on climate change mitigation and adaptation.

Success indicators:
- We will target at least 80 percent of our annual investment decisions in our focus areas.

What we will do: We will apply clear criteria in project selection and other decision-making. The key criteria are development impact and responsibility, risks related to projects and their operating environments, profitability, and Finland’s interests.

Why: Finding good investments that support development is the sum of a number of factors. These factors have to be balanced against each other in our decision-making. It means that the decision-making process has to be clarified around key criteria: what should be given special emphasis in our funding decisions, and how? The rules of decision-making must be clear but sufficiently flexible to accommodate the diverse range of situations related to development finance.

Finnish businesses have leading expertise in various sectors, including bioenergy, sustainable forestry and services that are based on mobile technology. We will seek to facilitate the use of this expertise towards sustainable development.

Success indicators:
- We have defined a set of “ground rules” for project selection and incorporated them in our investment process.
- A significant proportion of new projects transfer Finnish expertise to developing countries.

What we will do: We will have a specific focus on investing in fragile states.

Why: There are various definitions for what constitutes a fragile state. Fragile states often have issues such as weak or non-existent central government, lack of public services, corruption or violence. A fragile state may have been crippled by war, ethnic conflict or natural disaster.

The UN Sustainable Development Goal no 16: Peace, justice and strong institutions[12] is particularly challenging in fragile states. One of the reasons is that businesses and private investors avoid investing in such countries due to the high risks. Currently only about 3 percent of foreign direct investment is directed to fragile countries[13], and the rate is decreasing.[14] For the most fragile states on the planet, the situation is even bleaker.

In its funding activities, Finnfund targets countries and projects that purely commercial financiers tend to avoid without the support of a development finance institution. We will continue to do so. Our geographical focus areas will remain largely unchanged. During the strategy period we will, however, place special emphasis on using our funding to lower the risk for companies that are looking to invest in fragile states and thus reduce the threshold of investment in such countries. As fragile states often have very adverse environments for businesses, this is a demanding task and requires systematic long-term efforts.

[12] “Promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all, and building effective, accountable institutions at all levels.”
[13] LDC (Least Developed Countries), LLDC (Land-locked Developing Countries), SIDS (Small Island Developing States)
[14] World Investment Report 2017, UNCTAD, http://unctad.org/en/PublicationsLibrary/wir2017_en.pdf

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Success indicators:

- By 2025, Finnfund will have made a number of investments in fragile states.

6.3 We will mobilise additional funding and convince private investors of our capability to manage funds

What we will do: We will develop new instruments and structures for channelling private and institutional investors' investments to climate change projects and other ventures in developing countries.

Why: More expertise and resources are needed to facilitate development outcomes, especially in climate change mitigation and adaptation. Socially responsible investing and impact investing is a growing trend and attracts increasing volumes of private finance as well as investments from institutions such as insurance companies and pension funds. However, the level of SRI investing is still quite low in some of the poorest countries. We want to do more to support sustainable development and ensure that capital also flows to more difficult regions. We will need additional funding resources for this purpose and will seek them from external sources as well as from our state shareholders.

Finnfund has decades of experience investing in some of the world's poorest countries. We will offer our experience to Finnish private and institutional investors and develop tools for collecting and directing funds to responsible business activities in developing countries.

Success indicators:

- During the first years of the strategy period, we will implement some individual projects with Finnish investors.
- By the end of the strategy period, we will have developed established approaches and investment instruments that allow us to channel funds invested by Finnish private and institutional investors to businesses in developing countries.

What we will do: We will develop and/or contribute to joint efforts to develop new blended finance instruments used to direct concessional financing to support companies' project development and to strengthen the profitability, responsibility or impact of existing projects.

Why: The need to use public funds in order to mobilise private finance towards supporting sustainable development has been recognised in international development policies. For example, the OECD's Development Assistance Committee has drafted a set of principles for blended instruments.[15] The principles promote the deployment of blended finance to address market failures while minimising the use of concessionality, and a focus on commercial sustainability. Businesses will ultimately be responsible for funding investments that are commercially viable, but in many cases an initial public contribution – not necessarily of great magnitude – is needed to reduce the most severe risks and obstacles.
A public contribution can be used for various purposes, such as reducing investment risk or increasing profitability. Similarly, public contributions can provide support in the project preparation stage with a view to ensuring that access to commercial finance is possible in the later stages, or to develop a company's expertise and command of environmental and corporate social responsibility.

[15] OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the SDGs. 2017

Unlike many other development finance institutions, Finnfund has not had access to funds or instruments that serve these purposes. For that reason, we have been unable to fund some projects that have significant potential development outcomes because they involve a higher risk or are still in the early stages. The ability to use targeted, well-considered blended finance would support Finnfund's development policy mission.

Success indicators:

- We will have at least one blended finance model that we use with key stakeholders or partners.
- At least one of our projects has been prepared or funded with blended finance, or we have used blended instruments to provide technical assistance that supports investment attractiveness, responsibility/sustainability or impact to least one project.

6.4 We will improve our policies and procedures while respecting the work of our colleagues and stakeholders

What we will do: We will develop our organisation in line with our mission and vision by, for example, strengthening our leadership and management processes and our people's competencies. We will develop our information systems to enable us to work more effectively and reduce the ecological footprint of our offices, for example, by reducing our paper consumption. We will strengthen our competencies in finance, development outcomes and responsibility/sustainability, and develop investment expertise relating to fragile states.

Why: Promoting development outcomes by funding commercially viable activities in poorer countries is a challenge, and we will now seek to become a leader in this area among the European DFIs. In order to succeed in this goal, we will need the highest level of expertise and sound approaches and tools.

Success indicators:

- We will set annual performance indicators for organisational development in line with our staff development programme and plans relating to the development of IT, tools and systems.

7 Monitoring

We will communicate our performance outcomes in our annual report by using the success indicators defined in this strategy as well as other applicable indicators.

We will provide detailed reports of our activities to the Ministry for Foreign Affairs, which is responsible for our steering on part of the state ownership. These reports will address our strategy goals as well as our performance outcomes against the targets set by our state shareholders.

We will continuously monitor the implementation of the strategy as part of our management processes. We will refine and revise our strategy and indicators as and when needed.