

3 key development roles of trade associations

TRADE associations, also known as industry trade groups, business associations or sector associations, are organizations founded and funded by businesses that operate in a specific industry. Trade associations offer their members services, such as organizing conferences and networking events, as well as offering educational programs and publications. But more than services, trade associations have developmental roles to fulfill for the benefit of society.

Based on my experience with the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), these overarching developmental roles of trade associations include the following:

- Professional development role (developing the individual)—In our case, this role refers to training and building the capacity of development bankers for them to be able to identify national priority and strategic projects, evaluate them adequately and ultimately provide funding. Our association, through a separate training business unit, designs and delivers professional learning courses, including a certification or credentialing program to professionalize the industry. Developing the human capital is, thus, an important part of our role as an association.

- Business development role (developing the institution)—After the individual, the next level of our development role is the institution. While an institution is made up of individuals, it is equally important to develop the organization cohesively through knowledge and best practice sharing and advisory services. We do this institutional capacity building under a separate consulting and advisory business unit. Developing the institution results to enhancing its sustainability and contributes to increasing its financial capital, thus, its organizational continuity.

- Sustainable development role (developing the nation)—As an association of development finance institutions, our main work and advocacy centers on the four pillars of sustainable development, i.e., economic, social, environmental and governance. In terms of economic, our association’s thrust is developing and financing micro, small and medium enterprises deemed to be the backbone of the economy. For the social aspect, our focus is on financial inclusion, including microfinance. On environment, our concentration is on the promotion of green-banking initiatives, while on governance, the centerpiece is both on advocating for good corporate and public governance policies and practices in development banks. All these efforts are lodged in our responsible citizenship unit that provides information, capacity-building and best-of-industry practice exchange.

With these three key developmental roles, trade associations can make a difference in society by developing the individual, the institution, and the country through capacity-building, partnerships and advocacy initiatives.