



Board Policy Note

3-year Strategic Plan



I. BACKGROUND

This board policy note outlines the 3-year strategic plan of the Forum. It considers the target state that the Forum aspires for by 2018 given its goals and endowments. The process that will lead the Forum to reach its target state is recognized and the required strategic initiatives are outlined to ensure that the Forum meets its goals and continues to add value to its membership. On approval, the Secretariat will execute the strategic plan with input from members, and with accountability to the Board.

This is the amended version. This version includes comments received from members at the Annual Meeting in Doha on 19 November 2014. Members were offered an opportunity to submit further comments by 6 February 2015; no comments were received. This document is submitted for the Board's final approval.

II. MANDATE AND GOALS

The Forum operates in an inclusive manner to facilitate communications, knowledge exchange, collaborative research and analysis, and other activities between SWFs as well as with recipient country officials, and representatives of international organizations and the private sector. Through its work, the Forum contributes to the maintenance of an open and stable investment environment, encouraging a stable global financial system and free flow of capital and investment.

Forum members are responsible for investing in observance of all regulatory and disclosure requirements in recipient countries. Investments are made solely on the basis of economic and financial risk/return consideration. In addition, Forum members assume responsibility to have in place a transparent and sound governance structure that provides for adequate operational controls, risk management, and accountability.

III. PROPOSED VISION, MISSION, AND VALUES STATEMENT

Based on the mandate and the purpose of the Forum as originally proposed in 2009, the following may be considered:

IFSWF Vision: *Promote economic prosperity through financial stability.*

IFSWF Mission: *IFSWF will promote the use of the Santiago Principles amongst Sovereign Wealth Funds so as to best support the free flow of capital in pursuit of long-term global economic prosperity.*

IFSWF Values:

- Inclusiveness – members volunteer to work together.
- Integrity – members are committed to IFSWF's and all members' success.

- Openness – members’ value all opinions.

IV. ENDOWMENTS

The Forum is endowed with important elements to allow it to achieve its goals:

- The Santiago Principles.
- A diverse membership of SWFs that voluntarily endorse the Santiago Principles and work to promote the Forum and its mandate.
- Access to a wide range of members’ capabilities and ownership, including:
 - Members’ long-term investment horizons.
 - Members’ spirit of collaboration and inclusion.
 - IFSWF’s support from global financial and policy institutions.

V. VALUE PROPOSITION

From the perspective of the membership, the value proposition of the IFSWF is:

- Access to global peers sharing and growing knowledge.
- Access to expertise and frank advice in a global peer network.
- Potential ability to speak on issues of common interest backed by the research capabilities of members and their networks.
- Access to customized analysis created by members for members to address prioritized research questions from SWFs.
- Access to members-only events.
- Intellectual ownership of the Santiago Principles and ability to promote and advertise voluntary endorsement.

VI. PROCESS

Outcomes

The desired outcomes are that the membership continues to uphold the voluntary endorsement of the Santiago Principles. The Forum continues to become more influential via our international engagement. We also seek to bring out the full value proposition of the Forum by providing members with relevant networking opportunities in addition to execution of successful annual meetings.

Outputs

The Board and Secretariat, in collaboration with members, will prioritize information sharing events, engender co-operation between members, collate and disseminate knowledge, and provide a synthesis of diverse views to serve as a legitimate voice for members’ interests.

Activities

The activities that the Forum should engage in are:

1. Promoting the Santiago Principles by publishing case studies and sharing knowledge on, and encouraging, operational excellence.
2. Exchanging views on topics of common interest by organizing successful annual meetings and, where there is sufficient demand, specific events.
3. Engaging and liaising with governments and international institutions.
4. Developing online platforms for information exchange and collaborative research.
5. Encouraging collaborative research with global academia, when relevant.
6. Communicating in a timely, factual and professional manner.

Inputs

To perform these activities, the Forum should draw on the valuable resources found in its membership with more than 3,600 talented staff. A lean secretariat that is staffed adequately with professional skills and capabilities to support the activities is desirable. The staffing of the secretariat is determined by examining gaps between the existing skill base and that desired in the context of the agreed strategic activities.

VII. THE TARGET STATE OF THE FORUM BY 2018

By 2018, the Forum is envisioned as a global membership institution. It offers a unique network that allows new members to learn from peer experience and obtain unbiased advice directly from peers. The Forum forms its positions based on research driven by its members and has obtained a central position as the global hub for knowledge sharing and exchange of experiences regarding sovereign investors. It benefits from strong global engagement and collaboration with major international institutions, recipient countries and academia that gained deep insight into the activities of SWFs and their voluntary endorsement of the Santiago Principles.

Through its work, the Forum would have contributed to the maintenance of an open and stable investment environment, and assisted in maintaining a stable global financial system and free flow of capital and investment.

VIII. WHAT ACTIONS DO WE NEED TO TAKE?

In order to reach the target state and implement the value proposition for the Forum we should be driven by the needs of members, and be able and willing to adjust to changing demands. The strategic initiatives to consider in this regard are as follows:

- A. Knowledge sharing through networks and events.

B. Promoting the Santiago Principles and deepening the understanding of SWF activity.

IX. RESOURCES

To achieve these strategies we will need appropriate resourcing. We will also need clear measures of success for each initiative. These are clear terms of reference for our activities and a structure by which each subcommittee submits their planned activities annually to the Board before the Annual Meeting to allow the Board to coordinate the activities of the Forum and agreed these with members at each Annual Meeting. This will form the basis for a dynamic work plan that evolves with changing membership needs.

X. COMMITTEE STRUCTURE

At the Annual Meeting in Doha on 19 November 2014, members decided to keep the existing structure with three Subcommittees and the Communications Advisory Group (CAG). It was agreed that the terms of reference for each Subcommittee should be revised to reflect IFSWF's future work streams, and that the Secretariat should contact each of the three Subcommittees (and CAG) to initiate such a review of their Terms of Reference. A separate document presented at the 9 March 2015 Board Meeting details the revised Terms of Reference.

The proposed work stream of each Subcommittee the following year is to be discussed at the Annual Meeting, as envisioned in the new Members' Agreement, which states that: "*the committees will report and make recommendations to the Company with regard to the purposes for which they were established and their terms of reference will be reviewed by Members at the Company's annual general meeting at least once every two years*".

XI. CONCLUSIONS FROM ANNUAL MEETING IN DOHA

In Doha, on 19 November 2014, IFSWF members approved, in principle, the new 3-year strategic plan, as amended in this document. At the meeting a revised strategic plan and cover note were circulated with amendments from members. These amendments, which were supported by the meeting participants, highlighted that the core focus of IFSWF should be on promoting the Santiago Principles; and on harnessing the experiences, capabilities and networks of the Membership. The strategic plan should, therefore, place most emphasis on developing the frameworks and resources necessary to create value for the membership from exchanging knowledge, collaborating on matters of common interest and, where desirable, from presenting a unified perspective on those matters.

Members discussed this matter with the Board. It was generally agreed that members are well able to express their own views, and thus, the Forum should have no role in advocacy, except where the engagement is broadly relevant to all members (e.g., the engagement with the stakeholders like the OECD).

In addition, the members concluded that:

- **Sounding board:** The Secretariat is well placed to be a sounding board on issues of broad relevance. Thus, the Board and Secretariat should communicate issues of broad interest and represent the agreed views of its Members when relevant.
- **Research:** Research should generally be conducted by the Membership in collaboration with the Secretariat. The IFSWF website would be used broadly to make members' research publically available.
- **Staff exchange:** Members called for increased focus on staff exchange and sharing of experiences. This was especially relevant as many new members are currently joining the Forum and more would be expected to join in years ahead. The Secretariat could well have a role in terms of facilitating staff exchange and could potentially maintain a roster of relevant expertise at member institutions.

The Board and Secretariat will take steps to appropriately incorporate these suggestions in the future work program of the Forum, while the proposed activities of the Subcommittees will be provided by the lead of each of the three subcommittees.