

# The World SME Forum (WSF)

(An initiative of TOBB, ICC and WCF)

## A Business Plan for SME Advancement Globally

Sept 2015 – December 2019

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## I. Executive Summary

The 2015 Turkish Presidency of the G20, and the Turkish Chairmanship of the B20 under the leadership of its Union of Chambers and Commodity Exchanges (TOBB), provided an opportunity to amplify the voice of SMEs and to better serve the businesses that drive the global economy and employ over 60 per cent of the global workforce. Promptly responding to early research and deliberations by TOBB and the ICC and later, on the recommendation of the B20 Taskforce on SMEs & Entrepreneurship with the support of the G20 Finance Ministers, TOBB and the ICC officially founded the World SME Forum (WSF) in May 2015.

The WSF has been created to be the global platform for SMEs that would become an internationally recognized and trusted brand to advance the state and impact of SMEs globally. It will operate in strong partnerships with multilaterals, think tanks, standard setters, policy makers, and the business community at large. It will have membership from key associations/chambers that have an interest in SMEs around the globe. It will focus to advance the positioning of SMEs through supportive policies. It will act as an independent, global broker between key stakeholders supporting SMEs all over the world.

During the early June 2015 B20 Paris meetings, the WSF was officially presented to the B20 SME & Entrepreneurship Taskforce, and officially recognized by the B20 under the auspices of the G20 Finance Ministers when they met in Washington DC in April of 2015. In late June 2015, WSF's General Assembly and Board of Trustees were created. They in turn appointed WSF's Management Board and the WSF's first CEO.

As requested in April 2015 during the IMF/WBG Spring Meetings by the G20 Finance Ministers, this note lays out an overall 5-year action plan which captures inputs received from key stakeholders within the Turkey B20 process. Most of the actions in Section IV of this report align with recommendations from the B20 Turkey Task Force on SMEs & Entrepreneurship.

*To further increase WSF's positive impact on SMEs worldwide, the B20 now seeks the G20's official endorsement in having the WSF to serve as the secretariat that regularly raises concerns of the global SME community and suggests policy solutions for the G20 to consider.*

## II. Mission

The mission of the World SME Forum (WSF) is to improve the overall growth and impact of SMEs globally. The WSF aims to provide SMEs with effective representation, ensuring that they can compete fairly. Partnering with IFIs, development agencies, associations working in the SME space and chambers, it will advance the recognition of the role of SMEs in the global economy, by aiming to be represented in international bodies and among standard setters that either directly or indirectly affect, or aim to affect SME performance and development. All these will be accomplished while helping SMEs to achieve sustainable efficiency and competitiveness to reinforce their contributions to economic growth, employment and development.

The WSF will deliver on a solid pipeline of activities, and will aim to become financially self-sustaining in the shortest period possible. It will take a leadership role in major international events related to SMEs, and deliver state-of-the-art knowledge accessible by SMEs all over the world, utilizing advanced communications, digitization, and broadband to maximize reach.

### III. The World SME Forum – Why and What?

Small and Medium-sized Enterprises (SMEs) have been the subject of increasing attention by policymakers in national governments and international institutions in both developed and developing countries. This is not surprising as SMEs account for the lion's share of the private enterprise complex in virtually all economies and over 60 per cent of the global informal and formal workforce is employed by SMEs. SMEs are important for social stability, equitable growth and poverty alleviation, and they are the backbone of the middle class. A strong case can be made for SMEs to truly serve as the engines for new growth and innovation in economies—as a small productivity improvement in SMEs can have large positive ripple effects on GDP growth and jobs. Nonetheless, there is widespread recognition that their potential as job creating machines, core to economic growth, has not been fully realized. Some issues stand out:

- A dearth of official representation and advocacy both at country and international levels;
- A lack of targeted supporting facilities that are able to deliver the promise of vibrant technical skills and expertise that are essential to the well-functioning of SMEs generally;
- A lack of effective mechanisms to link promising SMEs to potential markets and more broadly to Global Value Chains (GVCs). As a result, their economic value addition to the economic pie typically falls far short of potential.

The WSF has been created to become the global platform for SMEs. The organization is envisaged to become an internationally recognized and trusted brand that would advance the state and impact of SMEs globally. It will operate in strong partnerships with multilaterals, think tanks, standard setters, policy makers, and the business community at large. It will have membership from key national, regional and global associations/chambers that have an interest in SMEs. It will focus to advance the positioning of SMEs through supportive policies. It will act as an independent, global broker between key stakeholders supporting SMEs all over the world.

These focal points are opportunities to scale up advocacy for SMEs that would not merely seal their role as key contributors to the global economy; in addition, to seal their contributions toward consistent and sustainable job growth and inclusiveness, through increased productivity and through advancements in their competitiveness.

The WSF will aim to provide an inclusive and open global platform and forum for partnerships and cooperation for the worldwide development of SMEs. The substantive deliverables of the WSF will be structured under three pillars tackling each of the major bottlenecks to SME growth mentioned above:

- 1. Advocacy and Research:** Global Advocacy for sustainable SME development, founded on well-established and fact-based research, to ensure that the economic interests of the global community of SME businesses are more effectively represented in the deliberations of international governance bodies, such as G20, APEC, ASEAN, and other regional blocs, global standard setting entities, and relevant agencies of the United Nations.
- 2. Advisory Services:** Scalable advisory and technical assistance services for policy and business solutions, including business and talent strategies/management. In addition, provision of technical expertise in potentially identifying and linking policy makers with financing, through conventional and Islamic finance, supporting specialized assistance to SMEs through virtual means, and so on.
- 3. E-Market Platforms:** Scalable access to markets, expertise and information through establishment of networks, and knowledge creation/dissemination, including establishing an e-Market Information Services platform to facilitate global connectivity, connections with SME supply chains, and GVCs.

The WSF will have three guiding principles:

- 1. Not-for-profit, global and independent:** WSF will be a not-for-profit, internationally oriented and independent entity supporting and representing SMEs worldwide. These characteristics would position this new group as a uniquely credible “honest broker”, with an international profile both in terms of its client base and staff.
- 2. Demand-driven, supply enhancing, and pragmatic:** WSF’s mission as a non-political organization will be geared towards removing supply side barriers to SME growth while channeling SMEs towards seizing demand-driven opportunities that leverages low-cost information technology. Above all, it will subject itself always to taking practical and pragmatic steps, always seeking objective and measurable results.
- 3. By private sector, for private sector:** The operations of WSF will be funded by Chambers/Associations, other private sector entities and private foundations only, and through additional funding that comes from its operations. Government funding will be accepted only

to finance specific pre-defined projects, but not as either operational or governance capital. However, the WSF will always work with governments to obtain their endorsement of its ideals and objectives. The WSF views this with paramount importance and thus will seek the endorsement of Governmental as well as inter-governmental bodies<sup>1</sup>.

During 2015 the Turkish Presidency of the G20 and the Turkish Chairmanship of the B20, under the leadership of its Union of Chambers and Commodity Exchanges (TOBB), provides an opportunity to amplify the voice of SMEs. Indeed, the Turkish G20 formally announced that SMEs is a major focal point for its Presidency. The WSF, therefore, will be an enduring platform that will become one important underlying foundation of the G20's overall mission for sustainable global economic growth—SMEs.

TOBB and the International Chamber of Commerce (ICC) are the Founding Partners of the WSF. TOBB will contribute US\$5 million, which will constitute its paid-up capital. TOBB will also provide the physical premises and related assets for operationalizing the WSF. ICC will contribute its brand value and networks, which will be deemed as its equivalent contribution of paid-up capital. The WSF will be legally domiciled in Turkey and its headquarters will be based in Istanbul, with future bases of its operations gradually expanding across the globe. Potential technical partnerships have already been discussed at the highest levels with relevant IFIs, and concrete interest to join the initiative has been expressed by several SME Associations and other relevant organizations. Over the next 5 years and beyond, it will be the objective of the WSF to expand its membership base, attract other interested parties through additional forms of memberships and partnerships (discussed later), and ensure that its foundations are based on a solid collaborative footing with all relevant parties pulling together for the advancement of SMEs.

On the basis of a conservative set of assumptions, the WSF is expected to turn around an operational breakeven performance towards the end of 2017 and will be in a reasonably healthy financial state founded on a growth strategy predicated on efficiency, tight resource management, and a financial strategy based on sustained movement towards self-sufficiency.

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<sup>1</sup> such as the G20, APEC, the OECD, International Monetary Fund (IMF), the World Bank Group (WBG), Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), other Global and Regional International Financial Institutions (IFIs) such as the Inter-American Development Bank (IDB), the Asian Development Bank (ADB) and the African Development Bank (AfDB), and relevant United Nations (UN) bodies.

## IV. Expected Activities (Sep 2015 to Dec 2019)

### 1. Preliminary Gaps identified offering WSF to launch early wins

In the formation of the WSF, many assessments were reviewed on the challenges SMEs faced around the world. There were many. However, we preliminarily identified four specific challenges among many that can be launch points for the WSF's initial phases of activities. In a sense, they are 'low-hanging fruits' that the WSF could take advantage of immediately to launch suitable products that can immediately result in substantial positive impact for SMEs. We describe each of these below:

**A. Lack of Credit Rating Programs:** As indicated by the 2015 B20 Financing Growth Task Force, financial institutions and individual investors rely on high quality and low cost information on borrower performance to take funding decisions. Lack of access to finance is a well-recognized and major problem for SME development and their sustained growth. This is substantially attributed to the lack of transparent and comparable information on SME performance. There are several reasons for this, including: unreliable SME financial information due to lack of standardized accounting practices and financial reporting; and lack of supporting infrastructure such as secured transaction legislations, collateral registries and credit bureaus, which considerably help improve reliable SME data availability and transparency.

The WSF plans to initiate a Credit Rating Program in line with the B20 task force findings and recommendations. Under this program WSF will work closely with the credit rating bodies, IFIs, Global Standard Setters, Governments, and other relevant authorities on both Global and local basis to address policy and regulatory issues, help develop and disseminate an SME rating toolkit and related standards. Governments will need to help in facilitating adoption and use of this product. WSF will partner with our members to help establish SME rating agencies through the cooperation with local banks, government and global rating agencies.

**B. Inadequacy of certification programs:** One of the main challenges faced by SMEs is to participate in the Global Value Chains (GVC). Many SMEs already see the importance of global expansion as a source of sustained growth. According to the findings of an OECD report, GVCs are particularly sensitive to the quality and efficiency of services; but standards

are often lower in emerging markets. Among entrepreneurs planning to expand internationally, challenges in finding local partners and alliances was the second most frequently stated key challenge, often combined with the lack of sufficient local market knowledge to identify opportunities. Therefore, it is very important and timely to initiate a certification program through the WSF and in partnership with Chambers/Associations, to provide certified information about SMEs in host countries. These certifications would be aligned with product line efficiency, management quality, financial standing, and business practices including compliance with contractual obligations and so on. This could take the form of a “one-stop-shop” facility to assist qualified SMEs and global companies enter into partnerships and alliances as part of their GVC(s).

**C. Connecting SMEs to their GVCs:** As mentioned above, one of the main challenges SMEs face participating in their GVCs. Many SMEs already see the importance of global expansion as a source of sustained growth. According to an OECD report, GVCs are particularly sensitive to the quality and efficiency of services they seek. For instance, standards are often lower in emerging markets. Among companies planning to expand internationally, the challenge of finding local partners and alliances was cited as the second most burdensome, often combined with the lack of sufficient local market knowledge to help identify opportunities. While the certification product will offer an avenue for MNCs/anchor investors to count on certified information about SMEs in the host countries, in a second phase we plan to pilot, with the appropriate partnership with the players already active in the space, a web-based tool that will make available all pertinent and valuable GVC information online. The tool might provide information on the “demand side”, by providing a bulletin board of opportunities made available in different countries by various MNCs interested in increasing local or external content in their supply chain. Access to the platform will be available only to SMEs that have completed the certification process.

**D. Talent and management capacity:** This is often mentioned as a key driver of firm performance, and it is particularly true for SMEs in developing countries, where the top talent tends to flock to less-risky, better paid jobs with MNCs. Improving basic skills in management has been broadly accepted as a high potential lever to improve economic outcome for SMEs, although questions remain on the type of training needed. The WSF will launch a tool in collaboration with other IFI’s or private organizations that are active in this space. It will be in two phases: first, we will develop a talent assessment module that will

allow SMEs to diagnose their level of readiness and how they fare compared to their peers when it comes to basic management and business skills; and second, the WSF will structure focused training modules to be delivered through chambers/associations and especially through WSF's web platform in a scalable way (e.g. MOOC style—Massive Open Online Course).

## **2. Moving Forward**

Leveraging the ideas above, we put forth below a comprehensive set of activities the WSF will aggressively pursue between September 2015 when the WSF is expected to begin operations, and December 2019, when the organization would be at the end of its fifth year of operations. While the below is a sub-5 year plan, the WSF management team is expected to update the BoT and the AB each year with a comprehensive and updated business plan.

The WSF will need to rapidly set-up and scale-up the organization. We group these activities as 'Organization and Promotion Activities'. In addition, several additional start-up activities will take place under the rubric of each of the three pillars of the WSF. In summary, the rest of this document will detail activities envisaged under each of these 4 buckets of activities:

- 1. Organization and Promotion Activities:** The set of activities that will build WSF's organizational foundations, put in place its infrastructure, and follow up on its corporate obligations.
- 2. Advocacy & Research Activities:** The set of activities meant to initiate key focal points of WSF offerings related to its primary mission of advocacy for SMEs. This pillar will largely become a cost center of the WSF.
- 3. Advisory Activities:** The set of activities that will be predicated on scalable advisory services only—i.e., scalable using technology to reach as many SMEs as possible. The Advisory Pillar is expected to become a profit center of the WSF.
- 4. E-Market Platform Activities:** The set of activities that will provide scalable information for the use of member organizations and their affiliates focused on improving the competitive entry and expansion of SMEs into their respective global value chains. This pillar is also expected to become a profit center of the WSF.

The WSF will carry out activities in three phases as follows: A Rapid Initiation phase; A Scale-up phase and; A Build Momentum phase.

## **PHASE 1: RAPID INITIATION (September 2015-December 2015)**

### **1. Organization & Promotion Activities**

Following the appointments of the General Assembly, the Board of Trustees, the Management Board and the CEO, which have been completed, it is urgent to move forward to build WSF's organizational foundations, put in place its infrastructure, and follow up on its corporate obligations in the short and long term. It is expected that the following would be initiated during this period, though full completion may take the WSF through to the early half of 2016:

- **Set up office in Istanbul and basic technology infrastructure:** Premises for the WSF will be provided by TOBB in TOBB's facilities in Istanbul. By the end of 2015, the management of the WSF will oversee the design and set up of the office space.
- **Define membership criteria and partnership agreements:** Develop detailed selection and membership criteria for General Assembly membership, Board of Trustee membership, and other categories of fee-paying and non fee-paying membership. In addition, the WSF's interim leadership has already received several requests from potential future permanent and honorary members<sup>2</sup> for more detailed information on membership criteria. As one of its first priorities, WSF will issue a document outlining detailed selection and membership criteria and application information for fee-paying and non fee-paying membership. In so doing, the WSF will develop a clear value proposition for permanent and honorary memberships. Also, the WSF will draft partnership agreements with honorary members (e.g. IFIs and other potential benefactors). The WSF will in addition officially start the first staff secondments from selected IFIs and other relevant International Organizations.
- **Establish WSF online presence and finalize WSF Logo:** WSF has started building its website. During the initiation phase, it will provide basic information (e.g. mission and history, membership criteria); in 2016, it will gradually evolve into a service portal with

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<sup>2</sup> Some IFIs have already indicated that they would be interested in being considered like Honorary Member who will be willing to provide contributions in-kind. In addition, certain SME Associations and Chambers could fit in the Honorary category as well, who wish to join as permanent members but require time to raise funds to become full permanent members.

separate sections for members, and access to services, feeds, resources and toolkits for SMEs. In addition, WSF has started exploring options for its official logo.

- **Set up operational processes:** It is essential for WSF to quickly start institutionalizing basic operational processes, such as: human resource procedures, procurement selection processes (e.g., consultants); accounting and financial standards, and internal and external audit protocols; and external communications standards. Importantly, the WSF management will begin the activities intended to formalize an M&E Framework in 2016, to enable the monitoring and evaluation of the operational effectiveness of the WSF in a transparent manner.
- **Draft Endowment Fund structure and strategy:** WSF's management will develop an Endowment Fund Strategy stating clearly how capital contributions to it will be managed (e.g. investment principles, drawdown criteria) and how endowments beyond membership fees would be raised (e.g. targeting plans for corporate and foundation giving, and direct crowd-sourced funds).
- **External project based fund raising:** WSF management will develop a Donor/Trust Fund strategy to be launched within 3 months of WSF formation, with the identification of specific donors and trust funds to support projects envisaged under each of WSF's three pillars (advocacy, advisory, e-market platform). Preliminary discussions are already being initiated with several organizations and we expect the first verbal agreements by end of CY2015, with formalization in FH2016.
- **Hire HQ corporate staff:** We expect to complete by the end of CY15 the hiring of 1 Office manager/General Secretary, 1 Executive Assistant, 1 x SME Specialist and 1 x Driver/messenger. This is about half of what was previously anticipated in the 5 years business plan: given a much more compressed timeline, we foresee in fact to utilize a targeted mix of staff and consultants to jumpstart work on core activities, while gradually scaling up the staff complement. In early 2016, the WSF will evaluate appropriate expansion.

## 2. Advocacy & Research Activities

- **Global awareness and membership drive:** WSF management will initiate a promotion campaign to ensure that the WSF gains visibility among prominent organizations that support

SME development globally. The WSF website will be a core channel to raise awareness, but, with the support of WSF's Founding Members, it will be complemented by participation at targeted SME global events and publication of opinion pieces in high impact journals around the world. In parallel, WSF management will systematically reach out to potential new members, and prepare the groundwork to secure at least 1 new Permanent Member into the organization in early 2016.

- **Strategic plan for the Advocacy Pillar:** As a short term priority, WSF management will work to secure the formalization of WSF as permanent chair of future B20 SME Taskforces, to guarantee accountability within B20 / G20 and provide continuity to the SME agenda across presidencies. In parallel, WSF management will draft a long-term strategic plan to implement this pillar, with details on: core policy areas; stakeholder and partnerships; impact measures; deliverables; success factors; channels / venues.

### 3. Advisory Activities

- **Initiate a WSF-branded Credit Rating Program:** As recommended by the B20 Turkey Policy Paper, this program is timely and the WSF is suited to sponsoring it in the coming years. Leveraging the good work that has already been done by credit rating bodies, the WSF will work to facilitate a more rapid globalization of credit ratings of SMEs. A study to assess how such facilitation can take place will be in place by mid-2016 and proposed to WSF's BoT/AB.
- **Initiate Certification program:** WSF will develop a framework for a Global SME Certification (GSC) program that includes: the core dimensions / criteria for certification, the process, the timeline to be followed and a roster of "licensed" partner entities. This program will define, in partnership with relevant standard setting and certification agencies, global and country specific standards that would certify local SME partners for consideration by investors and international buyers (i.e. SMEs with minimum requirements on integrity, financial strength, management quality; potentially including voluntary certification on labor, safety, environmental standards). National Chambers and/or other umbrella SME organizations and certification agencies would avail of training and licensing by the WSF to certify their SMEs in accordance with standards established. This program will be open to both members and non-members of the WSF with differentiated fee schedules proposed and developed by WSF management. Methodology, guidelines and standards will be developed

and input will be sought from supply chain leaders on industry specific issues. This program will address a portion of the recommendation to improve access to international markets, especially in helping position SMEs worldwide for better partnership opportunities with GVCs.

- **Awareness and capacity building:** In response to emerging priorities identified by the B20 SME taskforce and key stakeholders, WSF will partner with ICC, the B20 Anti-corruption Task Force and the G20 Anti-corruption Working Group to further increase dissemination and impact of a) the cyber security guidelines and resources for SMEs already endorsed by ICC b) the International anti-corruption SME toolkit under development by the Advisory Council on SME Anti-Corruption.

#### **4. E-Market Platform Activities**

- **Initiate discussions on Global Value Chain matching service / Web-based Market Clearing Facility (e-WSF):** e-WSF is intended to become a global online trading (and potentially financing) resource for SMEs, including a matching facility between SMEs seeking entry into their GVC (s) and global companies demanding services from them. This service will go live gradually in 2016-2017. In 2015, WSF management will start to define user's needs of this concept and will start exploring partnership agreements with relevant counterparts in IFIs and the private sector (e.g. preliminary discussions are already ongoing with online retailers and logistic providers).

### **PHASE 2: SCALE-UP<sup>3</sup> (JAN. 2016-DEC. 2017)**

This will be a two-year phase and the bulk of activities will take place during this phase. 2017 scale-up activities (e.g. additional hiring) are to be intended as contingent to meeting membership and demand targets in the previous 18 months.

#### **3. Organization & Promotion Activities**

- **Expand hiring of corporate specialist staff in 2016:** 1 x Senior Specialist; 1 x SME Specialist (both hires would be HQ-based).

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<sup>3</sup> This scale-up phase is, of course, contingent on the pace of new member entrants into the WSF as well as revenue generation capacity. If fully paid new members can come in at a pace of 3 per year, this scale-up phase will be realistically accomplished. Otherwise, expansion may be at a slower pace.

- **Expand hiring of HQ-based corporate staff in 2017:** By the start of 2017 the WSF expects to step up hiring of additional permanent staff. In particular, the hiring of additional senior executive level staff (Directors), to direct and build each of the three key pillars of the WSF. Hiring 2 specialists in each pillar is additionally expected. In total, if revenue momentum and performance were on track at that time, the WSF management team would propose to the AB hiring 7-9 Professional staff.
- **Launch endowment strategy:** WSF is expected to take this launch through a ten-year drive under an agreed upon end-target with the BoT.

## 2. Advocacy and Research Activities

- **Accelerate promotion and enlisting of Permanent Members:** The WSF will continue to reach out to attract at least 3 new Permanent Members in each of 2016 and 2017 (conservative). This will indicate an infusion of US\$6 m per year.
- **Expand honorary memberships:** We expect in 2016 - 2017 to attract an additional 20 to 30 honorary members.
- **Initiate Standard Setting Role Definition:** This activity envisages developing greater clarity of the WSF role as an advocate for the global SME constituency. Given that the WSF's primary mission is to act as a cohesive advocate of SMEs, WSF management will develop a strategic plan that articulates how the WSF would most effectively play its advocacy role. This will identify the priorities of **what to advocate** (sourced, for example, through the conduct of a global survey instrument), and propose **how best to advocate** on behalf of members.
- **Accelerate the initiation of partnerships/affiliations with Standard Setters and IFI's:** Based on the strategy developed in 2015, in 2016 and 2017 WSF will primarily target to partner with standard setters and affiliates which already impact SME functioning throughout the world.
- **Initiate SME data development and policy research program:** In order to provide intellectual leadership on the SME agenda, WSF will begin to explore entering into alliances with relevant partners (e.g. think tanks, academic institutions and statistical bodies) to enhance gathering and analysis of SME data, review relevant industry developments and undertake research on the impact of various SME related policies. Data activities will include: analysis of SME data in G20 countries as well as support to more systematic gathering of basic SME

data in non-G20 countries (particularly in Sub-Saharan Africa). Reviews of recent industry developments would focus on the efficacy of measures to enhance financial access (e.g. market place lending and supply chain financing) and increase linkages (e.g. through local content development programs). Policy research would focus on analyzing the impact of various pro-SME development policies in G20 on the growth and sustainability of SMEs.

- **Coordinate access to finance programs:** As per the recommendation of the B20 SME and Entrepreneurship Task force, the WSF will undertake to coordinate with IFIs such as the IFC, the WB, and the EIB to ensure that G20/B20 recommendations are followed through. The WSF will report its findings annually to the B20. In this regard, the WSF will put in place a plan of action as to how international agencies can become better coordinated in broadening their access to finance programs targeted at SMEs and will include coordination on collateral registries, credit rating systems, and the like that would beef up the infrastructure of support for SMEs.
- **Organize the first global forum in Istanbul:** The WSF will hold its first “WSF Istanbul 2016 Conference” slated for October 2016. This global conference will target to attract SME leaders from around the world. The WSF management team is expected to articulate a full plan for this conference for consideration by the AB and the BoT. Ideas could include encouraging chambers from around the world to develop competitive processes in their home countries to select up to 20 SME leaders to attend the conference. In so doing, the conference would not only host serious discussions about improving the climate for SMEs but in addition, showcase innovations from SMEs around the world. The conference will also seek to have high level political and private sector leaders attend to obtain feedback and suggestions on the ongoing evolution of the WSF and its continued ability to positively impact SMEs throughout the world. The intention, depending on feedback after the 2016 event, is to repeat this event annually.

### 3. Advisory Activities

- **Initiate Collateral Registry Collaboration Platform:** As suggested by the Turkish B20 Financial Sector Task Force, the WSF will structure a platform to coordinate the enormous potential that exists to scale-up collateral registries throughout the world; a potential that is currently being served by only a few IFIs. The WSF’s intention is to facilitate partnerships with these IFIs with the view towards a more rapid scale up of collateral registries

- **Begin pilot to rapidly scale up certification program:** We expect to pilot the certification program at first in no more than 5 countries. However, by the end of this phase (end-2017) we expect to target 20 countries with certification programs fully developed and online. This will be a royalty based revenue model
- **Implement WSF’s platform development role to accelerate global credit ratings of SMEs:** Taking off from phase 1, in this phase we expect to put in place how the WSF would be able to accelerate credit ratings for SMEs by working closely with existing credit rating agencies globally. We believe, for instance, that the WSF could play, among other things, the role of educating market players in the SME space on the value of such credit ratings.
- **Initiate engagement with various Credit Guarantee Programs and providers,** to explore the possibility for WSF to deliver best practices to SMEs through WSF online platform, leveraging synergies with other services provided such as certification credit ratings.
- **Initiate “train the trainer” program:** Recruit retired CEOs to provide technical assistance and training to chambers and SME organizations with a focus on big impact to reach thousands of SMEs. WSF will target this program systematically, beginning with financial literacy programs utilizing entertainment education modules, before scaling up to incorporate other urgent needs for skills development among SMEs.

#### **4. E-Market Platform Activities**

- **Implementation of first revenue model:** On the basis of the study and discussions in 2015, we intend to put in place a pilot of a **Web-based Market Clearing Facility module** described earlier in Phase 1.
- **Develop and deploy talent assessment and upgrade module for SMEs:** As yet another low-hanging fruit and a role called for by the B20 Taskforce on SMEs and Entrepreneurship to promote investment in entrepreneurial skills through only platforms with universal, free access, the WSF aims to develop/co-develop and support a global on-line diagnostics and service to: i) Assess SME talent on entrepreneurial capabilities, comparing them with their competitors, for example; ii) Address how difficult it is to develop each of these competencies iii) improve their most relevant skills. This product will be entirely digitized and web-based. The WSF will work with leading private sector companies with the know-how and know-what to expedite online platforms targeted at SMEs globally.

### **PHASE 3: BUILD MOMENTUM (JAN. 2018-DEC. 2019)**

The WSF management team expects this phase to be updated considerably in due course. However, this phase will involve accelerating the momentum that the WSF is likely to have accomplished in Phase 2. The expectation is that each of the activities described in phases 1 and 2 will likely grow by 10 percent a year, if not more.

In this section therefore, what we present below is a depiction of what we believe a successful WSF may look like by the end of Phase 3 (Dec. 2019)

#### **1. Organization & Promotion**

The WSF would be fully organized with a Management Team of between 4 and 6, if not more, senior leaders. It is also likely that there will be a fully functioning infrastructure of human resource, technology and financial structures that will constitute the governance structure of the WSF. The WSF is expected by then to be widely known as a key player in the SME space and we expect that political leadership, and the international community of development agencies will view the WSF as the organization to go to for aid and advice on SME related issues and will likely find the WSF a useful body to engage with and collaboratively solve the issues surrounding SMEs. The WSF would also likely boast a healthy financial position with a growing endowment base of roughly \$20-40 million, if not more. The WSF will have in place a Results and Monitoring facility that consistently tests the impact of its various programs and transparently reports them back to its members, and indeed, to the public at large.

#### **2. Advocacy & Research**

We expect that WSF will have a seat at the table at several standard setting body, and itself be seen as a standard-setter in key matters of SME development (for examples, in Credit Rating and Certification platforms). We also expect to have about 30 full-fledged (fully paid-up or partially paid-up) permanent members, and about 40 to 50 honorary members in the pipeline as future permanent members. We expect that the WSF would have connected with a large proportion of the world's organizations that are supporting SMEs. We expect the Istanbul Forum to become a centerpiece event on the SME development agenda.

#### **3. Advisory**

The WSF would boast between 4 and 6 key programmatic offerings as scaled up offering to SMEs and to our membership. These advisory activities will, in turn, be showing healthy revenues that would further fuel additional services. All of WSF services in this pillar would take advantage of hi-tech solutions to SMEs; accordingly minimizing onerous overheads in people investments.

Accordingly, and at the behest of the B20 SME and Entrepreneurship Task force's recommendation to improve access to innovation ecosystems and the digital economy, the WSF will put in place how an improved digital infrastructure framework may be incorporated into the G20 Growth Plans. In particular, developing and recommending to the G20 a five-year universal broadband connection target for G20 countries, and providing for continuous investment in next-generation digital networks.

#### **4. E-Market Platform**

Similar to Advisory services above, we expect that the WSF will have at least 3 or 4 running offerings leveraging technology as the gateway to getting relevant information out to SMEs in real time. We expect to see a virtual CFO and CMO program up and running, a talent assessment program that SMEs use, and discernible signs that SME linkages to GVCs stemming from our matching program is working.

We expect that at the end of 5 years, the WSF will be open to undergoing a full review of its operations from an independent external agency that will report back to the General Assembly of the WSF.

## V. Governance, Ethics and Responsibilities

The WSF aims to be an open and inclusive global forum to engage a wide and diverse assembly of stakeholders to help implement its objectives. These stakeholders could include business associations including those with a charter to assist SMEs, national or sub-regional chambers of commerce, academic and policy institutes, NGOs, IGOs, Financial Institutions which aim to support SMEs, and donor organizations such as national governments and private foundations. In essence, the governance structure (described in more detail in Appendix I) will be made up of:

- General Assembly (GA) - comprised of WSF's voting members . The GA determines and communicates general policies of the WSF with regard to its mission and vision,
- Board of Trustees (BoT) - The BoT will articulate, safeguard and promote WSF's mission,
- Administrative Board (AB) – WSF's administrative and executive body,
- Board of Auditors (BoA) - responsible for auditing the decisions, operations and finances of the AB.

WSF and its representatives will operate in line with global best practices of corporate governance, ethics and responsibilities as set forth below:

- a) Commitment.** Representatives shall understand and commit to the vision and mission of WSF, its strategic goals and key policies.
- b) Professionalism.** Representatives shall act with integrity, respect and in an ethical and professional manner in their interactions with each other and with other stakeholders of the WSF. They shall conduct themselves in a manner that does not damage or undermine the reputation of the WSF and shall not take part in any activity, which could compromise, discredit or diminish the integrity of the WSF.
- c) Conflicts of interest.** Representatives shall not act for personal or third party gain or financial enrichment. Upon being aware of a potential conflict of interest, representatives shall disclose such conflict to the BoT and if the BoT determines that such conflict exists, the representative shall not vote on any matter relating to such conflict or be asked to step down from the Board.
- d) Collective Responsibility.** Representatives shall take collective responsibilities in decisions taken and ensure all decisions are made transparently and in the best interests of WSF.
- e) No Abuse of Powers.** Representatives shall not abuse their powers or their position.
- f) Confidentiality.** Representatives shall not misuse confidential information and intellectual property and any other information of the WSF for personal or commercial gain.
- g) Compliance with Laws.** Representatives shall comply with all applicable law and requirements of authorities, including fiduciary duties set forth in the relevant law governing the WSF and not engage in any illegal acts when conducting their duties.

## VI. Funding Sources for the WSF

There will be three avenues of funding for the WSF: from capital contributions from membership<sup>4</sup>, from continuing operations, and finally from Donor and Trust Funded sources<sup>5</sup>.

1. **Capital contributions:** These are capital contributions from Permanent and Founding members: Founding Members<sup>6</sup> will contribute \$5m each, while Permanent Members<sup>7</sup> will contribute \$2m each. Honorary Members<sup>8</sup> will not be paying membership dues, but if they intend to become permanent members, they will be afforded the opportunity to contribute over time and become permanent members once they have fulfilled their obligations, if the GA so approves.

2. **Core funding sources from continuing operations:** Core funding sources will come from 3 avenues: 1) Royalty-based funding from continuing operations in the Advisory and E-Market platform Pillars; 2) Fee-based services for ad hoc projects; and 3) Returns from endowment funds that will come partly from initial capital contributions and donors. Details on each can be found in Appendix II.

3. **Donor and Trust Funds:** The WSF will accept financial support for implementation of its core program objectives. Donors will have the ability to submit project proposals and will hold voting rights in the determination of any specific project's strategic plan subject to the approval of the WSF management under the guidance of the BoT. Approvals, in principle, will only be given if the project fits the scope and mandate of the mission of WSF. Donors can include national governments, private foundations, universities, Aid organizations, and intergovernmental organizations and development institutions, including Financial Institutions with special focus on SMEs, and multilateral development banks. Activities funded through this channel could be global or country focused in nature, as long as they are consistent with the WSF's mission and there is mutual agreement amongst participating counterparts.

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<sup>4</sup> To date, over 10 potential permanent and honorary members have been preliminarily identified as being interested in joining the WSF. The aspiration is that by 2019, the WSF would have between 30 and 50 additional permanent members in the organization. The ultimate long-term aim of the WSF is to have members from every country in the world represented in its GA.

<sup>5</sup> Additional sources may be adopted in due course as directed by WSF's BoT.

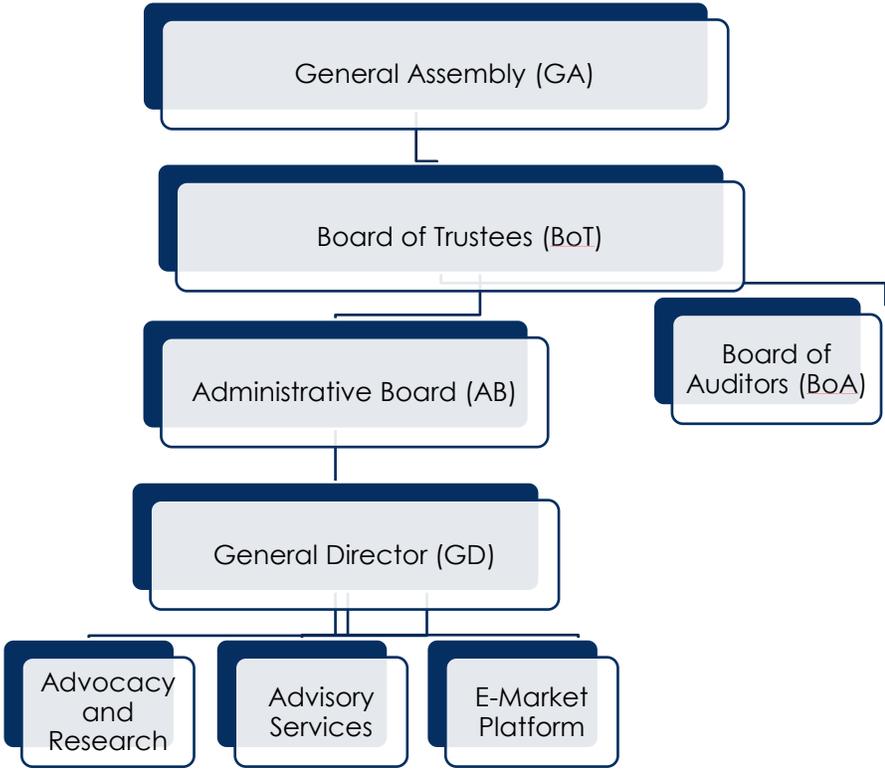
<sup>6</sup> TOBB's contribution will be in cash equivalent. ICC's will be deemed as in-kind contribution as mentioned earlier.

<sup>7</sup> The BoT will reserve the right to change permanent member contributions in accordance to the Articles of Incorporation.

<sup>8</sup> Honorary Members will contribute in cash or in-kind, in accordance to their abilities and interests; in-kind contributions could be in the form of knowledge sharing, provision of facilities and amenities, and the like, each of which will be agreed contractually with WSF management. Honorary members are non-voting members, they are considered as "observers" and hence they are not participating in WSF's governance structure.

# VII. Organizational Structure

As discussed in the previous section, the operations of the WSF will be under the overall guidance of the GA and the BoT. Executive decisions of those bodies will be carried out under the direction of the AB. Under that top-tier of leadership, a General Director (GD) will be appointed to run the organization as the Chief Executive. The GD will oversee the three pillars of the WSF (Advocacy & Research, Advisory, and E-market Platforms), each of which, when the WSF reaches “steady-state”, will be overseen by a Director. Specific strategies and action plans of each pillar will be coordinated and executed under the direction of the GD.



While the WSF will be headquartered in Istanbul, it is envisaged that additional offices or branches could be opened in other countries in due course, with the approval of BoT and AB. Opening of future offices will be predicated on business needs of the WSF, among other factors.

The leadership core of the WSF will be responsible for the attraction and retention of top-rated talent. The WSF will put in place sound human resource, technology, and other infrastructure support facilities to enable it to have a well-grounded and efficient organizational structure.

More details on WSF’s leadership, staff and HR first principles are available in Appendix III.

## VIII. Expected Financial Trends and Requirements

We expect a healthy financial position over the next five years and the perspectives presented here are on the basis of a first cut estimate of sources and uses of funds. In summary, here are the most salient considerations:

- **Beginning Capital Contribution:** As of September 1, 2015, with contributions from TOBB, capital is US\$ 5 million.
- **Endowment Funds:** Expected to accumulate to US\$ 15 million by the end of 2019. Assumptions include: 25% set aside from capital contributions, profit retention, and donor contributions.
- **Expected five-year horizon of capital contributions from new members:** US\$ 24 million assuming a conservative total of 12 new permanent members over five years.
- **Expected revenue scenario:** Assuming all projects are completed and launched on time, this will range from US\$ 2.4 million in 2016 to US\$ 10.5 million by 2019. These will be from royalty based advisory and e-market services, fee for service projects, and receipts from endowment fund investments.
- **Expected expenditure scenario:** Expenditures are expected to rise from around US\$ 780,000 in 2015 to US\$ 9 million in 2019 due to expansion of activities and related operational expenses.

Details on WSF's action plan for the Initiation Phase between September and December 2015 are presented in Appendix IV.

## **IX. A Request to the Heads of State of the G20**

The Finance Ministers of the G20, the Government of Turkey, and the global business community supported the initiation of the World SME Forum since early 2015. The WSF has since been founded by the International Chamber of Commerce (ICC) and the Turkish Union of Chambers and Commodity Exchanges (TOBB), and its Articles of Incorporation and governance structure has been promulgated.

The WSF seeks to energize SMEs globally toward heightened performance and productivity that would step up their contribution to worldwide job creation and growth. The WSF is meant to complement the outstanding work that other agencies and international organizations are doing to fight poverty, in particular by creating sustainable wealth for all. The G20 has charted ambitious targets and goals to achieve sustainable and equitable growth for all. The G20, therefore, has significant interest in ensuring that the WSF can deliver on its plans to expedite the growth and long term potential of SMEs.

In April during the IMF/WBG Spring Meetings, the G20 Finance Ministers reiterated their support to the formation of the WSF and asked for a detailed plan of action for WSF. This document delivers on that request.

The B20 now seeks the G20's official endorsement of the World SME Forum (WSF) and its objectives as an independent, multilaterally represented organization formed by private sector interests. Additionally, the B20 seeks the G20's endorsement in having the WSF to serve as the secretariat that regularly raises concerns of the global SME community and suggests policy solutions for the G20 to consider.

## Appendix I – WSF’s governance structure

In essence, the governance structure will be made up of a General Assembly (GA), a Board of Trustees (BoT), an Administrative Board (AB), and a Board of Auditors (BoA). WSF’s governance bodies and staff will operate in line with corporate governance best practices and coherently with WSF’s guiding principles as set forth below:

- i. One Vision, one team that focuses on end results and knowledge sharing;
- ii. Openness and accountability with appropriate division of labor and trust and goodwill;
- iii. Institutional integrity that emphasizes consistency of actions, values, methods, measures, principles, expectations and outcomes; truthfulness and accuracy of actions;
- iv. Culture of constructive criticism and open debate by providing mechanisms for addressing conflict and ethical and civil behavior; and
- v. Excellence that focuses on results and high performance standard.

### 1. The General Assembly (GA)

In order to accommodate partnerships, affiliations, engagements, and potential financial support with various stakeholders, a GA will be comprised of all voting members of the WSF including: Founding Members and Permanent Members. Honorary Members can participate as observers (these are members who are: non-capital contributing; not fully paid-up; or precluded from being Permanent Members of the WSF for any legal reason): by participating, they would not be part of WSF’s governance structure, but they would always be up to date on WSF’s strategic priorities and initiatives and would be invited to express their views and share their knowledge on issues subject to the GA decisions, hence participating in WSF’s priority setting process. Founding Members are TOBB and the ICC. The General Assembly consists of those admitted to membership of the Foundation and a total of fourteen (14) members formed by seven (7) representatives from each of TOBB and the ICC, including subsidiary bodies of the ICC such as the World Chambers Federation (WCF). Among other important decisions, the GA is responsible for making appointments to the BoT. Founding Members and Permanent Members can vest their authority to the GA through their representatives.

The GA will elect the BoT of the WSF in compliance with the requirements stipulated for membership in the BoT. It will also determine and communicate general policies of the WSF

with regard to its mission and vision, be responsible for communicating these and other announcements and declarations, and accepting/acquitting activity reports and financial statements presented to the GA by the BoT.

## **2. The Board of Trustees (BoT)**

The primary responsibilities of the BoT are to identify, articulate, safeguard and promote the mission of the WSF. The BoT approves programs that are in line with the objectives of the WSF. It shall oversee the conduct of the business of WSF, determine/approve its policies and programs, and provide overall strategic and financial guidance. The BoT has the powers to appoint the Administrative Board, Board of Auditors, and advisory sub-committees as may be needed to carry out its responsibilities.

The BoT consists of the founding members and permanent members only, and will be comprised of a total of 15 members to serve for two years. Of these 15 members, six are from the representatives of the founding members (three from each), and nine elected among the permanent members of the GA. (Honorary Members will not be electable to the BoT although they will be eligible to be voting members of the GA.)

Eligibility criteria to be appointed as part of the BoT are as follows:

- i.** Integrity with a sense of personal honor and ethics;
- ii.** Professionalism and independence;
- iii.** Capability and willingness to function as a member of a diverse group of individuals in an atmosphere of collegiality and mutual respect;
- iv.** Appreciation of the vision and mission of the WSF;
- v.** Diversity of knowledge, skills, experience such candidate can bring on the problems, opportunities and deliberations that are involved for the development of the WSF; and
- vi.** Experience and knowledge with respect to at least one area of WSF's operations or area of the BoD's responsibilities such as strategic planning, financial management, fund raising and public relations.

The first BoT President will be the Founding Member TOBB President; the Vice President will be the Founding Member ICC Secretary General. Their tenures will be for up to two operating cycles. In subsequent operating cycles, the BoT will elect its President and Vice President.

### **3. The Administrative Board (AB)**

The AB consists of five members, four of whom are elected by the BoT for tenure of two years each and the fifth member is the General Director (also known as the CEO of the WSF). The BoT may elect substitute members if and when deemed by the President of the BoT as necessary. The majority (3) of the AB members must also be members of the BoT. Appointing persons independent of the WSF may be possible provided that they do not form the majority of the AB. The General Director (CEO) becomes a member of the AB automatically and has all the rights of a member of the AB except as specified in the Articles of Incorporation

The AB elects the Chairman of the AB in its first meeting. A Vice President and a Bookkeeper is elected among the other members. The first Chairman will be the founding member TOBB President and the Vice Chairman will be the founding member ICC Secretary General, and their tenures will be for up to two operating cycles.

The AB will be the administrative and executive body of the WSF. Therefore, the AB: implements the tasks assigned by the BoT in line with plans and policies adopted by the GA; when necessary, it drafts amendments to the Articles of Incorporation and submits them to the BoT for approval; oversees all legal requirements; establishes all principles and procedures for operations such as recruitment, determination of titles, salaries, workflows, termination of employment and performance criteria; ensures proper documentation processes for the organization; takes all necessary measures for the Board of Auditors to conduct audits conveniently and access all audit-related documentation.

The WSF will follow international best practices of good governance and procurement, and the fiduciary responsibility of the AB is to act in the best interest of the WSF. The AB will consider all proposals from all interested service providers in procurement of goods and services. This is critically important in the interest of accountability and transparency, and such matters will be subject to best standards of procurement (for e.g., open tenders).

However, should there be SME-related services (within the overall framework of the WSF's purpose and objectives) that WSF's Founding Members are able to provide, and, which are approved by the AB through the submission of a formal proposal by said Founding Member, the WSF will be able to compensate the Founding Member for such services.

The WSF will compensate vendors on a contract-for-service basis administered by the AB.

#### **4. The Board of Auditors (BoA)**

The Board of Auditors is the body responsible for auditing the decisions, operations and finances of the AB and reports to the BoT as to whether legislations and objectives of the WSF are complied with. The BoA consists of 3 (three) members chosen by the BoT among its own members or those independent of the WSF. The tenure of the BoA is 2 (two) years.

## Appendix II – WSF's core funding sources from continuing operations

These revenues will form the base of monies that will fund the WSF's operations. Details on each are below:

- b) Funds from royalty based funding:** This will be from operations in Advisory & Research Pillar and E-Market Platform Pillar. This would include royalties received in exchange for the delivery of a product or service to SMEs or to Chambers/Associations for onward service to SMEs. Earnings from continuing operations (Retained Earnings) of the WSF would also be in this category after a mandatory minimum proportion is allocated to the Endowment Fund (described further below). The BoT can decide to increase or decrease this proportion annually.
- c) Funds from fee based services for ad hoc projects:** These will depend on particular requests indicated by member partners or non-member countries willing to use the expertise and knowledge of WSF on targeted initiatives (e.g. SME Master Plans), which are consistent with WSF's mission. These activities will be priced with a 50% mark-up consistently with the practice of IFIs.
- d) Endowment Fund Contributions:** In keeping with the view that the WSF should be self-sustaining in the long term, the organization will set up an Endowment Fund structure (similar to those that many US Universities, especially private ones, are well known for) where principle contributions are invested and never used for day-to-day operational purposes of the organization. Only proceeds from investments (interest, dividends, and capital gains) will be used for day-to-day operational use by the WSF, as directed by the BoT. The sources of the Endowment Fund will be: 1) Mandatory proportional set-aside from member contributions; 2) Mandatory proportional set-aside from annual continuing profits from operations of the WSF (as described in a) above); and 3) Donors who may wish to contribute specifically to the Endowment Fund separately. The BoT will determine the specifics of the rules of the Endowment Fund upon receiving a proposal from management and the AB.

## Appendix III – WSF’s HR approach and first principles

The WSF views human resources (HR) as a critical component to its overall ability to deliver the best services it can to its clientele. It regards HR as centered on managing talent effectively to deliver against its goals. Importantly, it aims to adopt principles of HR that reflect (industry and public sector) good practices, providing it flexibility to evolve standards quickly given the fast pace of change and competition for talented resources.

### 1. Operational Leadership & Staff

The leadership core of the WSF will be responsible for the attraction and retention of top-rated talent. The WSF will put in place sound human resource, technology, and other infrastructure support facilities to enable it to have a well-grounded and efficient organizational structure.

The following is expected of senior executives of the WSF:

- a. Deep experience and practitioners of international organizations or private sector companies.
- b. Possess extensive knowledge of private sector development and SME issues.
- c. Credibility in management and leadership expertise: managerial talents that possess entrepreneurial zeal; have established, rich and varied global network at highest levels of IFIs, government and private sector.
- d. Driven by social mission to create shared value between SMEs and their communities.
- e. Focused and able to build a global expertise base of agile and qualified professionals with solid SME expertise, integrity, and credibility to be part of an international organization.
- f. Uphold the principle of diversity so as to ensure that the WSF is always representative of all its members, all ethnicities, and regardless of race, religion, gender or political affiliation.

### 2. Human Resource first principles

The WSF puts importance on a set of 5 first principles that it will abide by and which are deemed essential to the core values it wants to engender for itself. The WSF as an organization that facilitates SME excellence should, first and foremost, be seen as a standard bearer for SMEs in the way it manages its own talent resources.

The First Principles the WSF adopts and elaborates on below are founded and drawn from best practices of service-oriented organizations. These Principles are meant to be long term goals and aspirations as the WSF grows over time. It is understood that during the first few years when the

WSF is just starting its activities, a simplified and flexible approach will be followed keeping in mind the reality on the ground in terms of its business needs, size, funding, etc.

**1. Fair:** All staff will be treated and are expected to treat others with respect regardless of race, religion, nationality, gender and sexual orientation. In tandem with fairness, promptness in dealing with HR issues is reinforcing. Delays in decisions affect staff morale. Staff and other affiliated human resources (consultants, secondees and others) should expect that the organization be fair and prompt with them. Specifically with regard to the management of talent, this principle will underline the following precepts:

- Hierarchy in administration is expected; intellectual hierarchy is frowned upon.
- Rules and protocols for talent management are clear.
- All employees will be subject to the same treatment regarding benefits, travel, and prudence of resource-use.
- Good work ethics and performance are rewarded; the converse behaviors are dealt with fairly and promptly.

**2. Transparent:** Good HR practices require transparency in rules and/or guidelines provided to all employees. Transparency ensures that HR decisions are not received as surprises to anyone within the organization and the WSF believes is essential to maintain trust between and among employees of all ranks. Transparency will also ensure that all staff would be clear in what is expected of them and what they can expect of their employer. The WSF will maintain transparency with its external partners and clients as well as internal staff.

- Rules and protocols on HR policy are transparent and easily accessible.
- All staff hires for regular positions will be subject to open competition as spelled out in “Staff Guideline & Procedures”.
- Once hired, all staff member will be subject to probation and confirmation. The WSF embraces “At-Will Employment” subject to local labor laws.
- WSF will not recruit immediate or extended family members of existing staff, consultants or General Assembly or Board members. In the event two staff members marry, one of them will tender his/her resignation.

**3. Flexible and Prompt:** While HR policies must be clear and accessible to all concerned, HR policies must necessarily evolve as the context of the organization changes. Accordingly, the WSF will take a flexible approach in managing talent policy and avoid bureaucratic creep that delays decision-making, specifically decisions concerning HR. The WSF will pay special attention to the following:

- HR and talent policies will be regularly reviewed by the WSF's senior management team through their membership in the HR Committee.
- Hiring and firing of staff and/or other resources will be completed expediently.
- Staff may be asked to leave at any time should performance or need become an issue after an appropriate remedial period as spelled out in "HR Guidelines & Procedures".
- Should there be a need to adjust staff headcount downward due to budgetary or skills mix reasons, affected staff will be provided severance as spelled out in "HR Rules and Procedures."

**4. Managed:** In the interest of developing an institution where talent can partake of professional growth, the WSF believes that all talent should be given the opportunity to advance themselves continually. This means the WSF is obligated to manage the career of each individual hired into regular employment and who has shown the ability to perform in accordance to expectations of the institution. This principle will be important to ensure that the WSF is able to attract, retain and grow the best talent.

- Each staff member's career development will be given priority. With regard to promotions, they will have a career plan including milestones and a timeline. To ensure staff development, preference will be given to deserving internal staff in staffing projects before sourcing external experts or new hires. Similarly, the WSF may encourage staff to explore external opportunities when this is deemed good for the staff member as well as the institution.

- All International Staff positions will be on an “up or out” path i.e. demonstrating potential for advancement to the next level. All Local Staff will be on a “grow or go” path i.e. staff members must show growth even if remaining at the same level.
- Most managerial positions will not be considered permanent appointments which is the industry best practice (e.g., McKinsey, BCG, Google). Promising senior staff who show managerial abilities may become managers for a predefined period (e.g. four years), after which they would be expected to return to doing field or client work. This would ensure that managerial positions are not “locked in” by a few individuals and would incentivize younger staff to aspire for career growth.
- The WSF will pay special attention to ensuring a vibrant alumni community of past staff and advisors.

**5. Institutionally owned:** HR and talent management is the responsibility of the senior leadership of the WSF and not to specific individuals. To ensure homogeneity, the WSF will take this “institutional” approach to decision making on HR and talent management. This principle stems from the knowledge that collective HR decisions taken as an institution tend to be qualitatively better and simultaneously reduces the “bias-burden” individual managers may be encumbered by if they had to make binding HR decisions on staff instead. Therefore, transactional decisions such as recruiting and firing/layoffs, performance reviews, and strategic decisions such as HR policy will all be “owned” by the institution.

## Appendix IV – Initiation Phase Action Plan (Sep-Dec 2015)

WSF has prepared an ambitious action plan, with timelines, deliverables, and staffing needs to ensure effective implementation in a compressed timeframe described during the Initiation Phase, between September and December 2015. Details are presented in the two charts below.

Expected expenditures in this action plan stand at US\$ 780k, adjusted from the US\$ 1.23 million. In total, between September and December 2015 we estimate the need for 140-165 staff weeks; considering about 14 working weeks per person in the relevant period, this would translate into 10-12 Full Time Equivalents or FTEs on board at the beginning of September. More pragmatically, given hiring timelines, WSF will utilize during its rapid initiation phase a targeted mix of staff and consultants to jumpstart work on core activities, while gradually scaling up its staff complement, in the following way:

- a gradual staff ramp up throughout the period, but with the CEO, one office manager/general secretary and an executive assistant in place before the end of the summer – to be increased up to 5 staff by end of calendar year 2015. A first estimate of employee cost through the end of this calendar year is US\$ 170K.
- at least 4 senior experts / consultants / secondees, to be identified before the end of the summer, with principal duties in a) organizational set-up support b) advocacy strategy c) certification d) credit rating. With 3-4 additional junior consultants identified throughout the period (on e.g. tech infrastructure, website design). A first estimate of consulting cost through the calendar year is US\$ 260K.

In addition we expect travel costs at around US\$ 150k for staff and consultants; and other general admin & expenses at US\$ 150k (e.g. staff benefits, office set-up). An additional US \$ 50k may have to be set aside for travel for Members of the Board whose expertise may be required for WSF promotional activities pending the involvement of more permanent staff.

In total, this means a total cash outflow by the end of 2015 of about US\$ 780K.

## Action plan (1/2) – Organizational Set-up

Activities	Sep 15	Oct 15	Nov 15	Dec 15	Deliverables	FTE wks*
Membership criteria and partnerships	[Timeline bar from Sep 15 to Oct 15]				<ul style="list-style-type: none"> <li>Application documents and procedures, "pricing";</li> <li>MoU with honorary members / IFIs; first secondments</li> </ul>	4-6
Online presence and logo	[Timeline bar from Sep 15 to Oct 15]				<ul style="list-style-type: none"> <li>Basic website in place</li> <li>Logo selection</li> </ul>	3-5
Organizational processes	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>HR policies (e.g. hiring, STC ToR), accounting standards;</li> <li>First thoughts M&amp;E framework</li> </ul>	20-22
Istanbul office set-up and tech infrastructure	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>HQ Office up and running</li> <li>Concept design of tech infrastructure requirements</li> </ul>	14-16
Endowment Fund	[Timeline bar from Sep 15 to Dec 15]				Endowment fund strategy and principles (nov); set-up (dec)	4-6
Project-based Donor Fundraising	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>Donors / TF strategy (nov);</li> <li>at least 2 verbal agreements reached</li> </ul>	10-12
Hiring	[Timeline bar from Sep 15 to Dec 15]				5 staff complement in place (dec)	6-7
						<b>61-74</b>

\* Assumes 15 working weeks in the September-December 2015 period.

Source: WSF: A Business Plan for SME Advancement Globally May 2015 – December 31, 2019

**WSF – For SME Advancement Globally**

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## Action plan (2/2) – Priority initiatives

Activities	Sep 15	Oct 15	Nov 15	Dec 15	Deliverables	FTE wks*
Awareness and membership drive	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>Website up and running (sep)</li> <li>Participation to SME events</li> <li>(2-3) Op-eds / publications</li> <li>2 honorary members (dec)</li> </ul>	10-12
Advocacy pillar plan	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>WSF becomes permanent B20 SME chair (sep)</li> <li>Strategic plan (nov)</li> </ul>	14-16
Certification program	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>Framework definition</li> <li>Certification process</li> <li>Identification of partner certification agencies</li> <li>Organization of training modules and plans</li> </ul>	23-25
WSF credit rating	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>High level credit rating stocktaking and partnership alignment</li> <li>First draft SME rating toolkit</li> </ul>	23-25
Awareness and capacity building	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>Finalization toolkits</li> <li>Dissemination plan, including joint offering with certification program and trainings</li> </ul>	3-5
eWSF	[Timeline bar from Sep 15 to Dec 15]				<ul style="list-style-type: none"> <li>Draft concept / users needs</li> <li>Preliminary partnerships</li> </ul>	6-8
						<b>79-91</b>

\* Assumes 15 working weeks in the September-December 2015 period.

Source: WSF: A Business Plan for SME Advancement Globally May 2015 – December 31, 2019

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