THE INTERNATIONAL WORKING GROUP OF SOVEREIGN WEALTH FUNDS

“Kuwait Declaration”

ESTABLISHMENT OF THE INTERNATIONAL FORUM OF SOVEREIGN WEALTH FUNDS

The International Working Group of Sovereign Wealth Funds (IWG) published the Generally Accepted Principles and Practices — Santiago Principles — on October 11, 2008. In completing its work, the IWG recognized that SWFs are important participants in the international monetary and financial system. Their activities have helped promote growth, prosperity, and economic development in capital exporting and receiving countries. They also help contribute to macroeconomic and financial stability. In presenting the Principles to the International Monetary and Financial Committee (IMFC), the IWG recognized that the framework suggested by the Principles could benefit from continuing exchange of views and study of SWF activities.¹ To facilitate this and to follow up on the work undertaken in the context of the Santiago Principles, the IWG reached a consensus (“Kuwait Declaration”) on April 6, 2009 in Kuwait City to establish the International Forum of Sovereign Wealth Funds (Forum).²

The following are the purpose, mandate, membership, and structure of the Forum.

A. Purpose of the Forum

The Forum will be a voluntary group of SWFs. The purpose will be to meet, exchange views on issues of common interest, and facilitate an understanding of the Santiago Principles and SWF activities. The Forum shall not be a formal supranational authority and its work shall not carry any legal force.

The Forum will act as a platform for:

1) exchanging ideas and views among SWFs and with other relevant parties. These will cover, inter alia, issues such as trends and developments pertaining to SWF activities, risk management, investment regimes, market and institutional conditions affecting

¹ See also the communiqué issued by the International Monetary and Financial Committee (IMFC) on October 11, 2008 welcoming the work done by the IWG and its intention to consider establishing a standing group for follow-up work.

² The following IWG members were present in Kuwait: Australia, Azerbaijan, Botswana, Chile, China, Korea, Kuwait, Mexico, New Zealand, Norway, Qatar, Russia, Singapore, Timor-Leste, United Arab Emirates, and United States. Canada, Equatorial Guinea, Ireland, and Trinidad and Tobago were unable to attend the meeting but have extended full support to future work program of the new group.
investment operations, and interactions with the economic and financial stability framework;

2) sharing views on the application of the Santiago Principles including operational and technical matters; and

3) encouraging cooperation with investment recipient countries, relevant international organizations, and capital market functionaries to identify potential risks that may affect cross-border investments, and to foster a non-discriminatory, constructive and mutually beneficial investment environment.

**B. Mandate of the Forum**

The Forum will operate in an inclusive manner and facilitate communication among SWFs, as well as with recipient country officials, and representatives of multilateral organizations and the private sector. Through its work, the Forum will contribute to the development and maintenance of an open and stable investment environment, thereby supporting the four guiding objectives underlying the Santiago Principles:³

1) to help maintain a stable global financial system and free flow of capital and investment;

2) to comply with all applicable regulatory and disclosure requirements in the countries in which they invest;

3) to invest on the basis of economic and financial risk and return-related considerations; and

4) to have in place a transparent and sound governance structure that provides for adequate operational controls, risk management, and accountability.

**C. Membership of the Forum**

The Forum members shall be the SWFs who participated in the IWG and endorsed the Santiago Principles. Membership will be open to other Funds who meet the Santiago Principles definition of a SWF and endorse the Santiago Principles.⁴ Each member shall be

---

³ See “International Working Group of Sovereign Wealth Funds Presents the “Santiago Principles” to the International Monetary and Financial Committee”, [http://www.iwg-swf.org/pr/swfpr0806.htm](http://www.iwg-swf.org/pr/swfpr0806.htm).

⁴ SWFs are defined as special purpose investment funds or arrangements, owned by the general government. Created by the general government for macroeconomic purposes, SWFs hold, manage, or administer assets to achieve financial objectives, and employ a set of investment strategies which include investing in foreign financial assets. The SWFs are commonly established out of balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses, and/or receipts resulting from commodity exports. These exclude, *inter alia*, foreign currency reserve assets held by monetary authorities for the
entitled to nominate up to three senior level officials of the SWFs, its owners or governing body(ies) as its representatives.

**D. Structure of the Forum**

**Chair and Deputy Chairs**

A Chair and two Deputy Chairs will be elected by the Forum members, by consensus. The Chair and the Deputy Chairs shall initially hold the position for a period of two years.

**Sub-groups**

The Chair and Deputy Chairs, in consultation with the Forum members, may establish sub-groups on special topics. A sub-group could consist of Forum members and external experts with a proven record and expertise as determined by the Forum. Such sub-groups will report and make recommendations to the Forum with regard to the mandates for which they are established.

**Secretariat**

The Forum shall have a professional Secretariat to facilitate the activities of the Forum and its sub-groups, and efficient cooperation and communication among its members and with other relevant parties. The Secretariat shall work under the direction of the Chair and Deputy Chairs. The Secretariat will be responsible for keeping a record of the Forum’s meetings, agendas, decisions, actions, and announcements, and facilitate the work of the Forum.

**E. Meetings**

The Forum will meet at least once a year. Meetings for special purposes can be held as required and as determined by the Chair and Deputy Chairs. They will propose the agenda for the Forum meetings and circulate it to the members ahead of the meetings. Sub-groups may meet more frequently so as to complete their mandated tasks and be able to report to the Forum at its regular meetings.

The Chair and Deputy Chairs, in consultation with Forum members, can also invite relevant recipient countries, and any other person, entity, or organization, private or public, with an interest in the business of SWFs, as observers.

---

traditional balance of payments or monetary policy purposes, state-owned enterprises (SOEs) in the traditional sense, government-employee pension funds, or assets managed for the benefit of individuals.

5 The Forum has requested the IMF staff to initially undertake this role on mutually agreed scope of engagement and financial terms.
F. Financing

Members will meet their own costs as they relate to attending the Forum meetings or other Forum activities. The costs related to organizing the Forum meetings will be borne by the host member. The Forum will work towards establishing its own budget and regular source of funding.

G. Communications

Internal communication among the Forum members will be facilitated by a password-protected website, which will be maintained by the Secretariat. The principal means of external communication for the Forum will be its website. The Forum will communicate its work through the issuance of press releases.

6 The website will initially be the IWG’s website http://www.iwg-swf.com, but the Forum will seek to establish a new website that reflects its name.