

IFSWF

INTERNATIONAL FORUM OF SOVEREIGN WEALTH FUNDS



OSLO
2013

Members' Experiences in the Application of the Santiago Principles

Oslo, Norway
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What are the Santiago Principles (SP)

- 24 GAPPs that properly reflect the principles and practices of IFSWF Member SWFs
 - GAPPs 1-5 - legal framework, objectives and coordination with macroeconomic policies;
 - GAPPs 6-17 - Institutional framework, governance structure and accountability framework
 - GAPPs 18-23 – investment and risk management practices
 - GAPP 24 – Self-assessment of implementation of SP

Why do the Principles exist?

- To identify principles and practices reflecting appropriate governance and accountability arrangements and a prudent investment approach
- To enable home and recipient countries and financial markets to better understand SWFs
- To ensure that the pursuit of the principles and practices would economically and financially benefit home and recipient countries and financial markets

Key IFSWF milestones related to SP

2008	<ul style="list-style-type: none">• Agreement on SP
2009	<ul style="list-style-type: none">• Establishment of dedicated group to drive promotion and understanding of SP
2011	<ul style="list-style-type: none">• First comprehensive public report on Member implementation
2013	<ul style="list-style-type: none">• Completion of online self-assessment tool

Objectives

1. Sharing of experiences of the Forum members in implementing the Santiago Principles (SP);
2. Identifying and dealing with issues that the Members face in the implementation process;
3. Contribute towards facilitating an understanding of SP.

2013 - the online tool

- Common platform for Member's self-assessment of application of SP (GAPP 24)
- Facilitate information sharing between Members
- Build awareness of SWF's investment and operational practices
- May be used for evaluating trends and provide data for case studies

2013 Findings

- 84 percent response rate (76 percent in 2011)
 - but still not 100 percent
 - 13 of 21 respondent have implemented all 24 GAPPs
 - Compared to 10 of 19 in 2011
- More GAPP implementation
 - Biggest increases in audits (GAPP 12)
 - Ethical standards (GAPP 13)
 - Investment decisions on economic and financial grounds (GAPP 19)
 - Non-use of privileged information (GAPP 20)
 - Ownership rights (GAPP 21); and
 - Risk management framework (GAPP 22)
- Very encouraging progress, but more detailed responses are needed

Table: Improvements in GAPP Implementation between 2011 and 2013

GAPP 1	+2	GAPP 13	+7
GAPP 2	+2	GAPP 14	+4
GAPP 3	0	GAPP 15	+4
GAPP 4	+3	GAPP 16	+1
GAPP 5	+2	GAPP 17	+1
GAPP 6	+1	GAPP 18	+1
GAPP 7	0	GAPP 19	+5
GAPP 8	+4	GAPP 20	+5
GAPP 9	+3	GAPP 21	+7
GAPP 10	0	GAPP 22	+1
GAPP 11	+3	GAPP 23	+4
GAPP 12	+6	GAPP 24	+2

Source: IFSWF

Future work plan

- Working together:
 - to identify priorities and processes for learning between Members
 - to prepare case-studies that can assist current and new member learning