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POLICY BRIEF

21-4 Uncertain Prospects for Sovereign Wealth Funds of Gulf Countries

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Government-owned or controlled investment vehicles known as sovereign wealth funds (SWFs) have become increasingly important players in the world economy in the last two decades. Among the best-known SWFs are those funded by hydrocarbon revenues in the member economies of the Gulf Cooperation Council (GCC), which comprises all of the Arab countries in the Persian Gulf except Iraq, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

Several factors, including the decline in oil prices in recent years, have slowed the growth of the GCC's SWFs. This slower growth could further diminish their governance and transparency standards, which are already weaker than those of other SWFs.

Even before the recent sharp decline in oil prices and the COVID-19 pandemic, the GCC economies and their SWFs faced daunting challenges in adjusting to lower hydrocarbon revenues. The risk has increased that demand for energy exports by the world's oil-producing countries will decline, leaving these countries increasingly vulnerable to fiscal difficulties. These long-term pressures have been compounded by the sharp decline in oil revenues and the expected drawing on SWF resources to help cover the fiscal consequences of the pandemic.[1] Unless the GCC countries privatize some of their oil assets (as Saudi Arabia did with Aramco) and use the proceeds to fund their SWFs, the assets of the SWFs funded from oil and gas revenues are likely to decline, or at least grow at a slower rate, in the coming years. These trends could increase public scrutiny over their investment patterns, financial results, and governance. Efforts to improve their governance and accountability will be important to garner public support for these SWFs.

A companion Policy Brief assesses improvements in transparency and accountability of SWFs globally (Maire, Mazarei, and Truman 2021). It describes

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1 See Global SWF Times newsletter, September 2020.

how the SWF scoreboard, originally devised by Truman (2007, 2008, 2010), is constructed and implemented. This Policy Brief focuses on the SWFs of the GCC countries. It compares them with each other and with other funds in terms of their transparency and accountability on the SWF scoreboard. It also examines the prospects for the continued expansion of the GCC funds and the implications of the likely decline in GCC oil and gas revenues in the coming years.

Several findings emerge for GCC SWFs from analysis of the 2019 SWF scoreboard:

- The average scores for the GCC SWFs have increased since 2007, the date of the first SWF scoreboard, and since 2015, the date of the fourth scoreboard.
- On average, the GCC SWFs score lower than other groups of funds, including other funds that derive their resources from oil and gas production.
- The GCC SWFs receive lower marks on some of the elements on the scoreboard: (1) clarity of the fund's legal framework; (2) clear procedures for changing the structure of the fund; (3) clarity on the sources of funding and the use of funds; (4) whether management of the fund is conducted independently of macroeconomic and other policies; (5) whether information on the size of the fund is publicly disclosed; (6) whether annual reports are published; and (7) whether the results of audits are published.

Public pressure is needed to compel SWFs to increase their transparency and accountability.

These results suggest that the GCC SWFs need to improve their procedures and practices, to increase not only the effectiveness of their management but also public understanding of their operations. In our view, public pressure is needed to compel SWFs to increase their transparency and accountability.

The rest of this Policy Brief examines the transparency and accountability of 10 GCC SWFs compared with 54 other SWFs covered in the 2019 scoreboard and the likely impact of declining oil prices and the COVID-19 pandemic on the GCC SWFs.

TRANSPARENCY AND ACCOUNTABILITY OF GCC SOVEREIGN WEALTH FUNDS

SWFs first began to attract international attention in 2005. They then expanded rapidly until 2014. Their growth slowed in recent years, as downward pressure on international energy prices and demands to use revenues from exports to cover current government expenditures increased.

Every GCC country has at least one SWF.[2] Their financial resources are derived directly, or at one remove, from hydrocarbon revenues.[3] SWFs whose resources also come directly or indirectly from hydrocarbon revenues account for 53 percent of the assets under management of the 64 SWFs included in the 2019 scoreboard. GCC SWFs account for 58 percent of the hydrocarbon total.

2 Oman had a State General Reserve Fund, which was scored at 52 out of 100 on the fourth SWF scoreboard. On June 4, 2020, it was combined with the Oman Investment Fund to become the Oman Investment Authority. Not enough information is available on the new fund to allow it to be scored in the fifth scoreboard.

3 Dubai Holding is technically a holding company that manages government-owned assets. Those assets were originally acquired with the proceeds from oil and gas production.

Table 1 shows the percentage changes in the assets of 31 SWFs (4 GCC funds and 27 other SWFs) that were first scored in the 2007 SWF scoreboard and were still in operation in 2020.[4] For all funds, growth picked up in 2010–13. The growth rates of most funds slowed after this period, particularly between 2016 and 2020. For the two subgroups of oil and gas funds, the pattern in the second and third periods differs, but the pattern for the entire group of 17 funds is one of decline.

Table 1
Compound annual growth rates of assets of sovereign wealth funds scored on 2007 scoreboard and still in operation in 2020 (percent)

Sovereign wealth fund (number of funds)	**2008–10**	**2010–13**	**2013–16**	**2016-20**
All funds (31)	4.1	11.5	8.7	5.2
Natural resource funds (22)	1.4	10.5	6.5	4.5
Of which:				
Oil and gas funds (17)	1.4	10.6	6.5	4.8
Of which:				
GCC oil and gas funds (4)	–3.0	7.6	11.4	4.0
Non-GCC oil and gas funds (13)	7.0	13.6	1.4	5.1
Other natural resource funds (5)	–0.6	6.0	8.9	4.8
Non–natural resource funds (9)	9.3	13.3	12.1	6.2

GCC = Gulf Cooperation Council

Note: Data on the growth rates of funds are for the years in which the relevant SWF scoreboard was published.

Sources: Truman (2008, 2010); Bagnall and Truman (2013); Stone and Truman (2016); SWF websites; and the Sovereign Wealth Fund Institute website, www.swfinstitute.org/fund-rankings/sovereign-wealth-fund.

Scoreboard Results for the GCC Funds

The SWF scoreboard has 33 elements. Each element is scored from 0 to 1, with partial scores in quarters for some elements. The total is then expressed as a percentage of 33, resulting in a scale of zero to 100. In this and previous updates, we start from the previous SWF scoreboard and look for improvements. Scores are based on publicly available information principally from each fund's website, annual reports, and ministries of finance. Most of the information used in this edition of the scoreboard is from 2019, because funds tend not to release their annual reports until the second half of the following year at the earliest. Therefore, it is the 2019 SWF scoreboard.

Table 2 displays the scores of GCC SWFs on the five SWF scoreboards.

4 The 31 funds first scored in 2007 held $2.6 trillion in assets in 2008 and $6.1 trillion at the end of 2020. Of these, the four GCC funds held $1.0 trillion in 2007 and $1.8 trillion at the end of 2020. Estimated total assets of the 64 SWFs covered in the 2019 scoreboard were $8.1 trillion. Seventeen of the 64 SWFs currently have reported or estimated assets of more than $100 billion. They include 7 of the 10 GCC funds in the 2019 scoreboard. The 17 funds hold 70 percent of the $8.1 trillion in assets; the 7 large GCC funds hold 30 percent of the total.

Table 2
Scoreboard scores of GCC sovereign wealth funds, 2007–19

Sovereign wealth fund	Country	2007	2009	2012	2015	2019
All GCC funds in all years they were scored						
Mubadala Investment Company	United Arab Emirates	26	59	59	68	77
Kuwait Investment Authority	Kuwait	58	64	65	68	70
Abu Dhabi Investment Authority	United Arab Emirates	20	58	58	58	65
Qatar Investment Authority	Qatar	14	15	15	40	48
Investment Corporation of Dubai	United Arab Emirates		20	20	55	64
Bahrain Mumtalakat Holding Company	Bahrain		38	38	52	55
Dubai Holding	United Arab Emirates				59	67
Public Investment Fund	Saudi Arabia					39
Emirates Investment Authority	United Arab Emirates					36
Dubai World	United Arab Emirates					24
State General Reserve Fund	Oman	18	18	21	52	
Istithmar World	United Arab Emirates	13	17	17	23	
International Petroleum Investment Company	United Arab Emirates		43	43		
Dubai International Capital	United Arab Emirates	14	38	38		
Abu Dhabi Investment Council	United Arab Emirates				33	
Average of GCC funds covered in SWF scoreboard		25	37	37	51	54
Average of all funds covered in SWF scoreboard		36	55	52	62	66
GCC funds in indicated and all subsequent years, number of funds in parentheses						
2007 (four funds)		29	49	49	59	64
2009 (two funds)			29	29	54	60
2015 (one fund)					59	67
2019 (three funds)						33

GCC = Gulf Cooperation Council
Sources: Truman (2008, 2010); Bagnall and Truman (2013); Stone and Truman (2016); and Maire, Mazarei, and Truman (2021).

Fifteen GCC funds were scored on one or more scoreboards. Four were scored on all five scoreboards.[5]

The average score of the GCC funds rose from 25 out of a possible 100 in the first (2007) scoreboard to 54 in the 2019 scoreboard.[6] On the 2019 scoreboard, as well as the previous four scoreboards, the average scores for the GCC funds lagged the averages scores for non-GCC funds. The best performers among GCC funds were the Mubadala investment Company of the United Arab Emirates (UAE), with a score of 77, and the Kuwait Investment Authority (KIA), with a score of 70. Until the latest scoreboard, the KIA had been the highest-scoring SWF in the GCC. Other UAE funds lagged.[7] The average score of each group of funds rose or remained constant with each scoreboard.

The investment funds of SWFs originate from different sources. Earlier in this century, most of the SWFs that attracted international attention derived their funding from oil and gas revenues. Slightly less than half (29) of the 64 funds on the 2019 SWF scoreboard derived their resources from oil and gas and a total of 40 funds from natural resources of some variety. Table 3 summarizes the 2019 scores and reports the total invested resources as of 2020 for the several types of funds based on the source of their funding. On average, natural resource funds score lower (64) on average than non–natural resource funds (70). The oil and gas SWFs as a group on average score lower (62) than the other natural resource funds (68). The oil and gas funds of the GCC region on average score lower (54) than the other oil and gas funds (66) and all other types of funds.[8]

Comparison of Elements on the 2019 Scoreboard

Table 4 compares the average scores on 33 elements of the 2019 SWF scoreboard for the 10 GCC SWFs and the non-GCC funds. The elements are grouped into four subcategories: structure, governance, transparency and accountability, and behavior.

On five of the eight elements in the structure subcategory, the GCC funds scored substantially lower on average than other SWFs. These elements address the clarity of each fund's description of its legal framework (element 2), a clear procedure for changing the structure of the fund (element 3), clarity on the source of SWF funding and the use of funds (elements 5 and 6), and whether the management of the fund is appropriately integrated with macroeconomic and other policies (element 7). On two elements (1 and 4) in this subcategory (objective stated and investment strategy), GCC and non-GCC SWFs had essentially the same high scores.

5 Istithmar World was scored on the first four scoreboards. By 2019, it had been absorbed by Dubai World, a much larger entity, as Dubai faced a continuing financial crisis associated with lower energy prices. Dubai World was scored separately for the 2019 scoreboard and Istithmar World was dropped. The score of Istithmar World in 2015 (23) was essentially the same as that of Dubai World in 2019 (24).

6 If Oman's SWF had been included and had recorded no increase in the latest scoreboard, the averages would have been lower (see footnote 1).

7 The assets of two low-scoring UAE funds (the Abu Dhabi Investment Council and the International Petroleum Investment Company) were merged with Mubadala in 2018.

8 If the asset-weighted average of the UAE funds is used to compute the simple average for the six GCC countries, the result is also 54.

Table 3
Sovereign wealth funds on 2019 scoreboard, grouped by source of funding as of 2020

Type of fund	Score on 2019 SWF scoreboard	Size, as of 2020 (trillions of US dollars)
All funds (64)	66	8.1
Natural resources (40)	64	4.5
Of which:		
Oil and gas (29)	62	4.4
Of which:		
GCC (10)	54	2.7
Other oil and gas (19)	66	1.7
Other natural resources (11)	68	0.2
Non-natural resources (24)	70	3.6
Of which:		
Holding companies (7)	74	0.9
Reserves (4)	73	2.2
Other (3)	69	0.2
Budget (10)	66	0.2

Notes: Figure in parentheses is number of funds of this type. Totals may not add because of rounding.
Source: Maire, Mazarei, and Truman (2021).

In the related subcategory of governance over the operations of the funds, the GCC funds had higher average scores than the other funds for a clear role for the governing body (element 10), a clear role for managers (element 11), and well-specified internal ethical standards (element 13). The average score for GCC funds on whether managers are generally empowered to make decisions on individual investments (element 12) was just 35. For the governance subcategory as whole, the average score for the GCC funds (68) was essentially the same as for the non-GCC funds (66). These results underscore the room for improvement for both groups of funds.

On the third subcategory, transparency and accountability, which covers the public availability of information about the operations of the fund, the GCC funds' scores were substantially lower than the non-GCC funds' scores. On average, GCC SWFs outperformed non-GCC funds on disclosing the categories of their investments (element 16) and providing information on their specific investments (element 23). They tend not to use benchmarks to guide and evaluate their portfolios (element 17), however. The relatively low average level of transparency of the GCC SWFs as a group is illustrated by the fact that 5 of the 10 GCC funds scored in the fifth (2019) scoreboard provided no information on their size.[9] Only

9 The five funds are the Qatar Investment Authority, Saudi Arabia's Public Investment Fund, and three of the six UAE funds: the Abu Dhabi Investment Authority, the Investment Corporation of Dubai, and Dubai World.

Table 4
2019 SWF scoreboard scores of GCC and non-GCC funds, by element

Element number	Element category and description	GCC funds	Non-GCC funds
	Structure		
1	Objective stated	100	98
2	Legal framework described	60	97
3	Clear procedure for changing the fund's structure	55	94
4	Investment strategy described	90	86
5	Source of funding stated	65	89
6	Use of fund earnings stated	35	76
7	SWF operations integrated with other government policies	45	71
8	SWF resources separated from international reserves	55	69
	Subtotal	63	85
	Governance		
9	Clear role of government defined	85	94
10	Role for governing body defined	100	90
11	Role for managers defined	90	75
12	Investment decisions made by managers	35	53
13	Internal ethical standards specified	75	58
14	Guidelines for corporate responsibility established	53	44
15	Guidelines for ethical investment stated	40	46
	Subtotal	68	66
	Transparency and accountability		
16	Discloses investment categories	95	81
17	Discloses use of benchmarks	20	54
18	Discloses use of credit ratings	43	52
19	Discloses holders of mandates	0	35
20	Discloses size of fund	50	94
21	Discloses returns on investments	50	71

Table continues

Table 4 continued
2019 SWF scoreboard scores of GCC and non-GCC funds, by element

Element number	Element category and description	GCC funds	Non-GCC funds
22	Discloses location of investments	48	46
23	Discloses specific investments	68	48
24	Discloses currency composition of investments	25	48
25	Publishes annual reports	60	90
26	Publishes quarterly reports	5	53
27	Conducts regular audits	90	91
28	Publishes audits	40	69
29	Conducts independent audits	70	85
	Subtotal	47	64
	Behavior		
30	Reports risk management policies	83	81
31	Reports policy on use of leverage	25	37
32	Reports policy on use of derivatives	43	62
33	Discloses policy on adjusting portfolio	0	13
	Subtotal	38	48
	Total	54	68

GCC = Gulf Cooperation Council
Sources: Maire, Mazarei, and Truman (2021) and authors' calculations.

one other SWF (the Brunei Investment Authority) provided no public information on its size. Five GCC funds did provide information on their size.

The GCC funds also fall substantially short of the other SWFs in terms of publishing annual reports (element 25) and the results of audits (element 28). Three of the 10 GCC funds did not publish an annual report, two others provided only summary information, and one fund (Dubai Holding) reported publishing an annual report but it was not available online, where the remaining four are available. All but one GCC fund (Dubai World) reported that they conduct audits. However, six funds did not publish the results of their audits, and one (Dubai Holding) reported that it did. Seven of the 10 reported that their audits are independent. (The three that do not conduct independent audits are Saudi Arabia's Public Investment fund, the Emirates Investment Authority, and Dubai Holding.)

These results suggest that the procedures and practices of the GCC SWFs need to be improved to increase public understanding of their operations. Doing so also would likely increase the effectiveness of their management.

The comfort felt by the owners and managers of SWFs in the GCC region could well be disturbed by changes in the economic and financial environment for these countries (addressed in the next section). Truman (2017) found a significant correlation between the scores of funds on the fourth (2015) scoreboard and several indicators of the extent of and support for voice and accountability in the home countries. As GCC funds face a more demanding economic and financial environment, interest in their activities and performance is likely to rise. Public pressure and greater willingness on the part of the GCC SWFs' authorities are needed to increase their transparency and accountability.

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CHANGING ECONOMIC OUTLOOK AND GOVERNANCE CHALLENGES

The sharp rise in the supply of shale oil from the United States caused significant structural changes in global oil markets in the period since the 2015 scoreboard. These changes have had major implications for the economic and financial performance and prospects of the GCC countries, elevating the importance of economic diversification.

Early in 2020, before the devastating consequences of the COVID-19 pandemic were recognized, the International Monetary Fund (IMF) published a report arguing that the GCC countries faced increasingly difficult economic prospects (Mirzoev et al. 2020). The authors argued that demand for oil was likely to peak in two decades, especially because of mounting concerns about the environment and the shift away from carbon-based energy. This trend, together with the rising supply of shale oil, would exert substantial downward pressure on oil prices and the economies of the GCC countries, creating challenges to the sustainability of their fiscal positions.

To different degrees, GCC policymakers have taken steps to diversify their economies. Progress has been slow, however (Hendrix 2019, Mazarei 2019).

The spread of the pandemic has weakened the economic and financial prospects of oil-producing countries. With the partial shutdown of the global economy, demand for oil fell sharply. In retrospect, the outlook painted in the Mirzoev et al. report was too rosy. With COVID-19 and the consequent drop in oil prices, the economic outlook for the GCC countries has deteriorated further. The revised outlook projects a sharp deterioration in growth prospects, lower current account positions, and a drop in capital inflows. In October 2020, the IMF projected that the GCC economies would contract by more than 6 percent in 2020, before recuperating a bit in 2021 (table 5). Their nonoil sectors are expected to contract as well, in part because of the impact of the pandemic on travel and tourism. Fiscal positions are also deteriorating rapidly, with fiscal deficits averaging 9.2 percent of GDP in 2020 and remaining large in 2021 (IMF 2020b). The debt of the GCC governments, which had been rising since the start of the decline in oil prices in 2014, is expected to continue to mount (IMF 2020a). Fiscal break-even oil prices, although down somewhat from recent peaks, are also expected to remain high, signifying continued economic difficulties for the GCC economies.[10]

10 Fiscal break-even oil price is the oil price at which the fiscal balance for an oil-exporting country is zero.

Table 5
Selected economic indicators for GCC countries

Indicator	Actual				Projected	
	Average 2000–16	*2017*	*2018*	*2019*	*2020*	*2021*
Real GDP growth (percent)	4.7	–0.2	1.9	0.7	–6.0	2.3
Real nonoil growth (percent)	6.4	2.1	1.7	2.4	–5.7	2.9
Current account balance (percent of GDP)	14.3	2.8	8.6	5.8	–1.8	0.4
Overall fiscal balance (percent of GDP)	7.6	–5.6	–1.5	–2.0	–9.2	–5.7
Government debt (percent of GDP)	24.4	25.5	25.6	30.4	41.4	43.0
External debt (percent of GDP)	29.7	50.9	50.6	58.7	73.5	72.6
Inflation (annual percent)	2.9	0.2	2.2	–1.5	1.5	2.9

GCC = Gulf Cooperation Council
Source: IMF (2020b).

IMPLICATIONS FOR ECONOMIC POLICIES AND GOVERNANCE OF SWFs IN THE GCC

The pandemic effected a complex mixture of supply and demand impacts. It has interrupted global supply chains and caused a deep drop in demand around the world, especially for commodities, including oil. The unforeseeable path of the pandemic, of the speed and extent of adoption of vaccines, and of the resulting economic impacts has upset expectations regarding global economic prospects, creating very high levels of uncertainty that will complicate both economic and social policies.

GCC policymakers have taken an array of actions to mitigate the impact of the double shock of the pandemic and lower oil prices.[11] These actions have included measures to stimulate the economy and cushion the impact of the twin shocks on nonoil output and employment. Some public investment plans are being delayed or reconsidered.

Shrinking financial means and heightened social stress because of the pandemic will test the performance of SWFs (Bortolotti, Fotak, and Hogg 2020). Their governance will very likely become more central in economic policymaking and in social and political debates. Several issues could become important in those debates:

1 **The financial performance of SWFs could deteriorate.** The global economy is experiencing a large negative tail event.[12] Following the drop in oil prices and the pandemic, GCC SWFs are not only less likely to receive large inflows from their governments, they are also likely to contribute significantly to the defense of their countries' economies. Their assets could lose value as a result of the decline in global asset prices. In March 2020, estimates of those

11 The IMF's COVID-19 Policy Tracker describes the measures the GCC countries took.
12 An event with a small probability of occurring that has substantial consequences.

losses were in the range of $225 billion to $300 billion; some of these losses has since been recouped. SWFs could experience further losses, however, albeit probably less than feared in 2020. In addition to losses on their assets, in a world with much greater uncertainty (and with greater responsibility for domestic investments in their own economies), assessing long-term returns is much more difficult. SWFs other than stabilization-oriented funds have longer investment horizons than other investors, but it is likely that their owners and managers, as well as the general publics, will focus more on short-term performance, because governments may draw on their SWFs for near-term fiscal support.

2 **SWFs' investment strategies may become more difficult to explain and justify and subject to greater scrutiny.** In a world of tail events, SWFs' investment strategies and performance will be more difficult to articulate and defend. In particular, issues will arise regarding investments abroad by SWFs that may be trying to take advantage of distressed international asset prices and diversify income sources. Questions will focus on the reasonableness of investing abroad while there are increasingly urgent needs at home, especially at a time when citizens are being asked to pay higher taxes. In addition, the management of various risks by SWFs will likely become more complicated and more closely scrutinized.[13] In light of the COVID-19 pandemic, managers will need to explain and justify how they, as long-term investors, anticipate or modify their investment strategies with regard to tail events.

3 **SWFs may be under pressure to contribute to the economic diversification of their economies.** With the expected long-term decline in oil revenues, SWFs will likely come under pressure to contribute more and more quickly to the diversification of their domestic economies. This new role could make assessment of the returns on their portfolios more complex, as not only the returns to the SWFs themselves but also the social returns from engaging in projects for diversifying domestic economies need to be measured.

4 **The relationships between SWFs and their governments are likely to become more complicated.** Contributing to the fiscal costs of addressing the pandemic and lower oil prices should be viewed as broadly consistent with the SWFs' mandates. There will, however, be questions about the size and pace of governments' payments into and withdrawals from SWFs and whether they are based on rules or are ad hoc.[14] In Kuwait, for example, the government and parliament have been at odds over withdrawals from the Kuwait SWF.[15] Only 2 of the 10 GCC SWFs on the 2019 SWF scoreboard (Mubadala and Dubai Holding) have clear rules on the uses of their funds by the government. In contrast, 74 percent of non-GCC SWFs have such rules.

13 These risks include market, credit, operational, liquidity, legal, regulatory, agency, governance, and reputational risks (Al-Hassan et al. 2013).

14 The recent experience of Iran's National Development Fund (NDF) offers some insights. Iran is suffering not only from the pandemic and the drop in oil prices but also from draconian US sanctions. In these circumstances, the guidelines for deposits into and withdrawals from the NDF have not been followed (Islamic Parliament Research Center of the Islamic Republic of Iran 2019).

15 Attempts to resolve the conflict between the government and parliament led to a change in arrangements over the transfer of funds from Kuwait's SWF to the government.

5 **Concerns about the political motivations of SWFs may rearise.** Concerns about the contribution of oil exporters to global (current account) imbalances have declined since oil prices declined. However, concerns about the political motivations of SWFs—voiced vociferously before the global financial crisis—could arise again in the new era of populism and protectionism in many host countries.[16]

Against the background of these issues, it is likely that the governance and accountability of SWFs will become matters of greater public interest and concern, both at home and abroad. Examination of the aspects of the governance and transparency of SWFs that the SWF scoreboard captures will likely intensify. Questions will be raised about (1) modifying the mandates of SWFs to allow them to play greater roles in the diversification and domestic economic development of their host economies (as opposed to focusing on saving revenues for future generations), as well to deal with highly consequential tail events, in light of the short timeframe before environmental or other factors further reduce the oil revenues of the GCC countries; (2) the processes governing the making of decisions about the overall strategy of SWFs, especially with regard to their investments and budgetary contributions; and (3) the transparency and accountability of the funds. Further progress on governance and accountability, which the SWF scoreboard and the Santiago Principles[17] are designed to capture, will support SWFs in achieving their objectives by increasing the trust of their citizens, including by ensuring that SWFs operate at arm's length from their governments, with an appropriate set of checks and balances.

It is likely that the governance and accountability of SWFs will become matters of greater public interest and concern, both at home and abroad.

16 New scrutiny could also follow attempts by SWFs to take advantage of distressed assets abroad. The aborted attempt of the Saudi Public Investment Fund to buy UK soccer club Newcastle United was one such example; both Labor and Conservative members of the UK Parliament resisted it, after scrutinizing Saudi Arabia's human rights record at home and its role in the Yemeni civil war.

17 The Santiago Principles, or formally the Generally Accepted Principles and Practices, were drafted by the International Working Group of SWFs to promote transparency, good governance, and accountability of SWFs. See Das, Mazarei, and Stuart (2010).

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