

Committee: Global Economy 2A
Subject: Sovereign Wealth Funds
Country: Greece
Sponsors: France, Israel

THE GENERAL ASSEMBLY,

Recognizing the potential of Sovereign Wealth Funds (SWFs) to be abused for unchecked predatory investments and used to project “soft power” abroad and influence business climates abroad,

Noting that countries have the right to establish SWFs that are beholden to their national governments in order to meet development goals,

Affirming and emphasizing the need to preserve national sovereignty in any international policy regarding the transparency of SWFs,

Aware of the immense benefits that well-administered, transparent SWFs have for incentivizing domestic and foreign investment, create a buffer for economic shocks, and accruing national wealth,

Aware of the risks that SWFs that are completely transparent to the global community pose to national security of the countries that have them,

Acknowledging the Santiago Principles and member states who choose to adopt them,

Encouraging all countries with the potential to embrace SWFs as a source to boost economic growth,

Cautions countries from implementing policies that make SWFs more opaque by hiding investment.

1. Encourages member states to adopt SWFs and accept many of the GAPP Principles agreed on in Santiago regarding SWFs in 2008;
 - a. Particular emphasis given to:
 - i. GAPP 1.1. Subprinciple. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions;
 - ii. GAPP 3 Subprinciple. Where the SWF’s activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies;
 - iii. GAPP 8. Principle The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions;
 - iv. GAPP 9. Principle The operational management of the SWF should implement the SWF’s strategies in an independent manner and in accordance with clearly defined responsibilities;

- v. GAPP 10. Principle The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement;
 - vi. GAPP 14. Principle Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures;
 - vii. GAPP 19. Principle The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds;
2. Advises that member countries do not utilize SWFs that give these governments and their transactions complete anonymity;
- a. Investments from SWFs ought not to be in significant areas of critical defense/energy infrastructure of other countries that could be used to leverage national security threats for economic and political gain if they do not disclose these investments to the global community;
 - i. Should disclose investments in military contractors and defense industry in other nations;
 - ii. Should disclose investments in energy infrastructure such as pipelines, LNG terminals, nuclear power, and utility providers in other nations;
 - b. Adopt GAPP 18.1. Subprinciple. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage;
 - c. Strongly condemns and recommends multilateral action against nations that pursue predatory investment practices to seek leverage in critical industries abroad;
 - i. This would be monitored by all WTO member states;
3. Provides nations with a UN framework to establish their own SWFs through the IMF;
- a. This addresses a need in developing countries to strategically invest in sectors of their own economies;
 - b. Member nations that opt in can have SWFs managed in conjunction with the IMF to secure seed capital and management expertise;
 - i. This provides developing nations with a buffer against economic downturns and a path to prosperity through direct investment.