

## WORKING PAPER PRESENTATION

### Sovereign Wealth Funds, Financial Stability and Crises: The Case in Singapore

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Thursday, 20 May 2021 | 4.00pm–5.30pm (SGT) via Zoom

#### ABSTRACT

Sovereign wealth funds (SWFs), as government-owned investment vehicles, have been operating in the global financial markets for the past seven decades. The sovereign wealth allocated to SWFs usually comes from two main sources that can be classified as commodity or non-commodity. Commodity-based SWFs receive their funding from the revenues that come from commodity exports. In the case of the non-commodity-based SWFs, their funding comes from fiscal surpluses, excess of foreign exchange reserves and/or debt. Within this heterogeneous group of institutions, SWFs also differ greatly in their legal framework, mandate, governance, accountability and investment policies. As long-term investors, SWFs have become essential players in the regional and global financial markets. In particular, during times of crises – such as the ongoing Covid-19 pandemic crisis – SWFs have been called upon to play an important role in helping to stabilise both national economies and the global financial system. In this context, the paper studies the historical evolution of SWFs. It offers an analysis of SWFs' legal and institutional aspects from a multidimensional perspective (domestic, regional and international) and examines the role of SWFs in times of crises, such as the global financial crisis of 2007–2009 (GFC) and the ongoing Covid-19 crisis. It argues that interventions by SWFs during exceptional situations require them to carefully consider the delicate balance among governments' current spending needs, the long-term investments of SWFs and commitments to future generations. The final section of the paper provides a case study of GIC Private Limited (GIC) and Temasek Holdings (Temasek) in Singapore and observes the crucial role that these funds play in the stability and resilience of the city-state during both regular and stressful times.

#### ABOUT THE SPEAKER



Dr Lucia Satragno's research at CBFL deals with the key role that reserve asset accumulation is playing in the stability of the global, regional and domestic monetary and financial systems. In this context she develops a legal case study about the increasing growth and importance of sovereign wealth funds with a special focus on the ASEAN Region and Singapore in particular. Before starting with her post-doctoral research at CBFL, Lucia worked as a doctoral fellow in monetary and financial law at the World Trade Institute, University of Bern (2015–2020) and as a research fellow at the same institute (2012–2014). Lucia also worked as a legal counsel in banking and finance law for a major law firm (2004–2009) and a corporate bank (2009–2010) in Buenos Aires, Argentina. Lucia holds a law degree with honours from the University of Buenos Aires (2003), an LLM degree with distinction, awarded by Queen Mary University of London (2010–2011) and has recently obtained her Doctor of Philosophy (PhD) degree in international monetary and financial law (magna cum laude), from the University of Bern (May 2020).

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