

### **A Brief on Money & Investments (3)** **political economy and Sovereign wealth Funds of the Middle East & Africa**

- ❖ **France is targeting investments from the Gulf region.** To increase the flow of foreign direct investments (FDI), France creates an ambassador position to attract investments from key Gulf states' Sovereign wealth funds. The focus will be on the Kuwait investment authority, Saudi Investment Fund, Qatar Investment Authority, and Abu Dhabi Investment Authority.
- ❖ **Africa Private Wealth.** According to a published report by the UK consultancy Henley & Partners, Africa's private wealth is concentrated in 5 countries that make up 56% of Africa's \$2.1 trillion. On the top of the list was South Africa at \$651 billion, Egypt at \$307 billion, Nigeria at \$228 billion, Morocco at \$125 billion, and Kenya at \$91 billion. The report predicts that Africa's private wealth will grow by 38% in the next decade. Most of the growth will be in Eastern Africa at 60% in Uganda and Rwanda and over 50% in Kenya and Zambia. The small island of Mauritius currently has the highest wealth per capita in Africa at \$34,500. These are staggering numbers of wealth in private hands in a continent where 25% of the population face starvation and hundreds of thousands risk their lives in a rush to open seas for a better life in Europe. To avoid future political instability. Income inequality, corruption, and lack of opportunities are three significant issues Africa's leaders and policymakers need to address urgently.
- ❖ **Kuwait Public Institution for Social Security (PIFSS),** which manages the country's social security fund of \$134 Billion, had an impressive 2021 with 35.9% investment returns. For his success, the Fund's director Mr. Meshal Alothman rewarded himself with resignation.
- ❖ **Qatar Investment Authority (QIA)** invests 250 million euros in French giant Innovafeed. The company produces protein for animal and plant nutrition for human food. Money will be used for better technology, research, and development. Other investors included global food companies such as ADM and Cargill.
- ❖ **Africa Sovereign Investors Forum (ASIF).** Early this year, Africa-based funds signed an agreement in Rabat, Morocco, to form the Africa Sovereign investors Forum to increase cooperation, partnerships and Investments in Africa. Funds for Egypt, Morocco, Angola, Djibouti, Ghana, Nigeria, Rwanda, Senegal, and Gabon and observers seeking investments in the continent from Qatar, Kuwait, and United Arab Emirates were present. Libya was the only major Fund missing from the meeting.
- ❖ **The Sovereign Fund of Egypt (TSFE).** With \$316 billion In debt, the Egyptian government is working overtime to get the economy moving and avert a total collapse. The government of Egypt, through its newly formed Investment fund, announced the formation of a sub-fund for government-owned companies to be listed on the Egyptian Exchange (EGX). The government hopes to raise and attract investments of \$10 billion in the next four years, mainly from Gulf state's institutional investors. So far this year, Saudi Arabia's investment fund (PIF) invested \$1.3 billion in four major Egyptian companies, and Abu Dhabi's (ADQ) invested \$2 billion in Egyptian fertilizer companies and bought over 90% stake in Egypt's real estate development company SODIC. It is essential to mention here that Egypt's total debt of \$316 billion equals the total amount of private wealth in Egypt of \$307 billion.

- ❖ **Saudi Public Investment Fund (PIF).** In addition to its offices in London and Hong Kong, the Fund announced its decision to open an office in New York to seek partnerships and originate deals. The Fund has over \$30 billion committed in the USA market and plans more. All investment decisions will be made in Riyadh. New York City has over 22 Sovereign Wealth Funds offices with over 1,100 persons working for them.
- ❖ **Qatar Investment Authority (QIA).** The Fund announced plans to help both Egypt and Pakistan. Both countries are under significant financial constraints and need foreign aid and investments. The Qatari Fund will invest over \$3 billion in the Pakistani economy in various sectors, including renewable energy and hospitality. It will also invest \$5-\$20 billion in the Egyptian economy by buying shares in Egypt's publicly listed companies in cooperation with Egypt's Sovereign Wealth Fund.
- ❖ **Ethiopian Investment Holdings (EIH).** One of the world's newest Sovereign Wealth Funds. The Fund is made up of the country's largest 27 companies, with a total value of \$38.5 billion and current revenue of \$7 billion. The Fund will have eight sub-sectors: hospitality, communication, transport, and finance. These companies add 10% to Ethiopia's total GDP and currently has the plan to increase revenue to \$10.4 billion.
- ❖ **The Saudi Public Investment Fund (PIF).** It is the first Sovereign Wealth Fund to issue Green Bonds to finance environmentally focused projects. The issuance occurred at the London Stock Exchange with over \$3 billion in orders and interests for over \$20 billion. The Bond had three maturity dates, 2027, 2032, and a 100-year term for 2122 at 6.75%. Many analysts were skeptical of the terms; some criticized the Bond as unsustainable and worried that funds would be used for Saudi's \$300 billion highly controversial NEOM project. Many fear that the project is too large and costly and are worried it will not be completed.

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