

## **A Brief on Money & Investments (4)**

### **political economy and Sovereign wealth Funds of the Middle East & Africa**

The continued rise in oil prices gave Sovereign Wealth Funds the opportunity for more investments. The last sixty days were quite busy for the Middle East and some African funds with investments and capital allocations across many diversified sectors. Globally, Gulf region Funds led the way in acquisitions and asset allocation toward environmentally concentrated projects. They demonstrated strong investment leadership both internationally and at home.

**ETHIOPIA: Ethiopia Investment Holding (E.I.H.):** The recently established fund makes its first overseas investment move with a 30% stake purchase in Djibouti's Damerjog Liquid Bulk port (DLBP) for a new oil terminal project. The new project will cost \$4 Billion and will be constructed by SOMAGEC, a Moroccan firm specializing in port infrastructure. The project will strategically benefit both Djibouti and Ethiopia.

**Libya: The Libyan Investment Authority (LIA):** In a gathering of Fund and subsidiary managers last November, LIA Chairman and Foreign investment company executives announced the completion of their annual collective financials, but none were published for public review. LIA did not announce any new investments made or dispositions of assets in 2022.

**Gabon: Gabonese Strategic Investment Fund (FGIS):** This \$2 Billion fund is leading the way for green energy and renewables in Africa. Recently, the fund announced the issuance of a \$200 million bond as the most significant green bond in Africa for the financing and construction of hydroelectric plants in the country.

#### **Nigeria:**

**Lagos State wealth Fund:** Nigeria established its first sub-national wealth fund to focus on Lagos's development in a 30-year plan to make the state an investment and a technology hub in Africa. Domestic infrastructure will be the focus. As of now, it is not clear how much seed money the fund will receive.

**Nigeria Sovereign Wealth Authority (NSIA):** The country's Minister of Finance, Budget, and planning has called to increase capital injection to the country's \$4 Billion fund for the benefit of future generations but to not ignore today's development needs. The minister is advocating more capital support for domestic infrastructure projects.

**Mozambique:** The country's Finance minister Mr. Max Tonela has announced plans to launch its first sovereign Wealth Fund to invest new revenues estimated at \$95 billion for the next 25 years from liquified natural gas sales. The fund is expected to receive half of the state's revenue from gas sales for domestic investments. The rest of the funds will be allocated to the government's budget during the first two decades of liquified natural gas sales.

**U.S.A. – Africa:** Recently, at the Woodrow Wilson International Center for Scholars in Washington D.C., over 60 delegates from 18 countries and many distinguished guests from Africa, the U.S.A., and

international organizations met to discuss the role Sovereign wealth funds in Africa can play in domestic and regional economic growth. Participants focused on future opportunities, better policies, and how to collaborate to advance SWF agendas and build a better African economy.

**Africa – Africa Investment Forum:** An exceptional year for this Africa-focused investment organization. The theme for this year's meeting was "Building Economic Resilience through Sustainable Investments." With that in mind, over \$63.8 Billion in investment interest was completed from institutional investors across the globe. The meeting attracted many heads of state, investment executives, and international financial organizations worldwide. Sectors targeted were infrastructure, agriculture, energy, education, and projects promoting women-owned businesses. African development bank president, Mr. Adesina, stated that the goal of the Forum was attracting Foreign Direct Investments (FDI) and promote private sector participation. Since 2018, the Forum has attracted over \$100 billion in investments.

**Sultanate of Oman:** Oman Investment Authority (O.I.A.), according to Bloomberg, the Fund now has \$41.5 billion of assets under management spread over 40 countries with a focus on real estate, logistics, mining, and industrial projects. The Fund reported an annual average return of 10.3% on its 2021 annual review, with the bulk of its investments at 61% at home in the Sultanate. 17% in North America, Western Europe at 9.3%, and Asia pacific at 4.7%. For ten years, and especially the last two, I have watched this Fund make great small moves strategically and on its executive team. With the Sultanate's political leadership and economic vision, I predict great things for this Fund's future.

**U.S.A. – U.A.E.:** To meet the goals of zero emissions by 2050, the U.S.A. and U.A.E. signed a strategic partnership to invest \$100 billion to produce 100 gigawatts of clean energy globally by 2035. The agreement also calls for supporting environmentally focused projects in developing and under-developed countries with technical and financial assistance. According to the same agreement, the U.S. and UAE have agreed to produce clean fuels for use in long-distance transportation such as shipping and aviation.

**U.A.E.:** To meet its zero-emission commitment of 2050, the United Arab Emirates announced a series of investments over the next decade that will positively impact the environment. Over the next three decades, \$163.5 Billion in clean and renewable energy projects will be committed. Also, the completion of the world's largest solar plant with a capacity of two gigawatts in Abu Dhabi, and the development of a five gigawatts Mohammed bin Rashid Solar Park to be completed by 2030.

**Omar Khattaly**

**A Researcher on Sovereign Wealth Funds and the Political Economy of the Middle East & Africa.**