

Macroeconomic Trends: High Oil Prices and Sovereign Wealth Expansion

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Macroeconomic Trends: High Oil Prices and Sovereign Wealth Expansion

The continued rise in global oil prices has provided sovereign wealth funds (SWFs) with expanded opportunities for capital deployment. The past 60 days have been exceptionally active for Middle Eastern and African funds, characterized by widespread investments and capital allocations across highly diversified sectors. Globally, Gulf region funds have led the way in major acquisitions and asset allocations toward environmentally focused initiatives, demonstrating strong investment leadership both internationally and within their domestic markets.

Key Institutional Updates across Africa & The Middle East

Ethiopia: Ethiopian Investment Holdings (EIH)

The recently established sovereign wealth fund has made its first strategic overseas investment by purchasing a 30% equity stake in Djibouti's Damerjog Liquid Bulk Port (DLBP) to support a new oil terminal project. The infrastructure initiative is estimated to cost \$4 billion and will be constructed by SOMAGEC, a Moroccan firm specializing in port infrastructure. This landmark project is positioned to yield mutual strategic and logistical benefits for both Djibouti and Ethiopia.

Libya: The Libyan Investment Authority (LIA)

During a closed gathering of fund directors and subsidiary managers last November, the LIA Chairman and executives from the Libyan Foreign Investment Company



announced the completion of their consolidated annual financial statements. However, none of these records were published for public review. Furthermore, the LIA did not announce any new investment acquisitions or asset dispositions throughout 2022.

Gabon: Gabonese Strategic Investment Fund (FGIS)

Managing approximately \$2 billion in assets, the FGIS is leading the way for green energy and renewable infrastructure in Africa. The fund recently announced the issuance of a \$200 million debt instrument, marking it as the most significant green bond in Africa. The raised capital will directly finance the construction of domestic hydroelectric power plants.

Nigeria: Structural Expansion of Sovereign Capital

- **Lagos State Wealth Fund:** Nigeria has established its first sub-national wealth fund, designed to anchor a 30-year developmental roadmap aimed at transforming Lagos State into a premier technology and investment hub in Africa. While the vehicle will focus exclusively on upgrading domestic infrastructure, the government has not yet disclosed the exact amount of seed capital allocated to the fund.
- **Nigeria Sovereign Investment Authority (NSIA):** The country's Minister of Finance, Budget, and National Planning has called for increased capital injections into the federal \$4 billion wealth fund. The minister emphasized the importance of balancing long-term savings for future generations with immediate fiscal demands, advocating for stronger capital allocations toward high-impact domestic infrastructure projects.

Mozambique: The Inception of Gas-Backed Wealth

The Minister of Economy and Finance, Max Tonela, announced a structural framework to launch Mozambique's first sovereign wealth fund. The vehicle is designed to manage and reinvest an estimated \$95 billion in state revenues projected over the next 25 years from liquefied natural gas (LNG) exports. Under the proposed framework, the fund will receive 50% of the state's total gas revenues for long-term investments, while the remaining half will be funneled directly into the national budget during the first two decades of production.



U.S.-Africa Institutional Dialogue

At the Woodrow Wilson International Center for Scholars in Washington, D.C., over 60 delegates representing 18 nations met with distinguished guests from Africa, the United States, and various international organizations. The high-level summit focused exclusively on the evolving role of African sovereign wealth funds, exploring how these state-backed entities can be leveraged to stimulate sustainable domestic development and regional economic growth. Participants centered their discussions on future pipeline opportunities, robust policy frameworks, and collaborative strategies to advance SWF agendas and build a more resilient African economy.

The Africa Investment Forum: Driving Economic Resilience

The Africa Investment Forum experienced an exceptional year, centered around the theme "Building Economic Resilience through Sustainable Investments." Reflecting this mandate, the forum secured over \$63.8 billion in investment interest from institutional investors worldwide. The high-level summit attracted heads of state, investment executives, and leaders of international financial organizations.

Capital allocations specifically targeted infrastructure, agriculture, energy, education, and initiatives promoting women-owned businesses. Dr. Akinwumi Adesina, President of the African Development Bank, emphasized that the forum's primary objective remains attracting foreign direct investment (FDI) and accelerating private sector participation. Since its inception in 2018, the forum has successfully mobilized more than \$100 billion in investment interest for continental projects.

The Sultanate of Oman: Strategic Expansion of the OIA

According to data compiled by Bloomberg, the Oman Investment Authority (OIA) now oversees approximately \$41.5 billion in assets under management (AUM), distributed across 40 countries. The fund's portfolio focuses heavily on real estate, logistics, mining, and industrial infrastructure.

In its 2021 annual review, the OIA reported a robust average annual return of 10.3%. Geographically, the bulk of its capital remains deployed domestically, with 61% invested within the Sultanate. The remaining assets are distributed globally, with 17% allocated to North America, 9.3% to Western Europe, and 4.7% to the Asia-Pacific region. Backed by the Sultanate's stable political leadership and a clear economic vision, the OIA continues to make calculated, high-impact executive and strategic movements that position it for sustained long-term growth.

Transatlantic Climate Alignment: The U.S.-UAE Strategic Energy Partnership

To accelerate progress toward achieving net-zero emissions by 2050, the United States and the United Arab Emirates have signed a landmark strategic partnership. The bilateral framework commits to mobilizing \$100 billion in capital to produce 100 gigawatts of clean energy globally by 2035.

Beyond scaling capacity, the agreement mandates providing technical and financial assistance to support environmentally focused projects across developing and underdeveloped nations. Furthermore, the U.S. and the UAE have committed to the joint development and production of low-carbon clean fuels specifically designed for long-distance transportation sectors, such as maritime shipping and commercial aviation.

Domestic Climate Initiatives in the UAE

In alignment with its net-zero emissions target for 2050, the United Arab Emirates has unveiled a sweeping series of domestic investments spanning the next several decades. The state has committed more than \$163.5 billion to fund clean and renewable energy projects over the next 30 years.

Key milestones in this green transition include the completion of Al Dhafra Solar PV—the world's largest single-site solar power plant, boasting a capacity of two gigawatts in Abu Dhabi—alongside the ongoing phased development of the five-gigawatt Mohammed bin Rashid Al Maktoum Solar Park, which is on track for full completion by 2030.