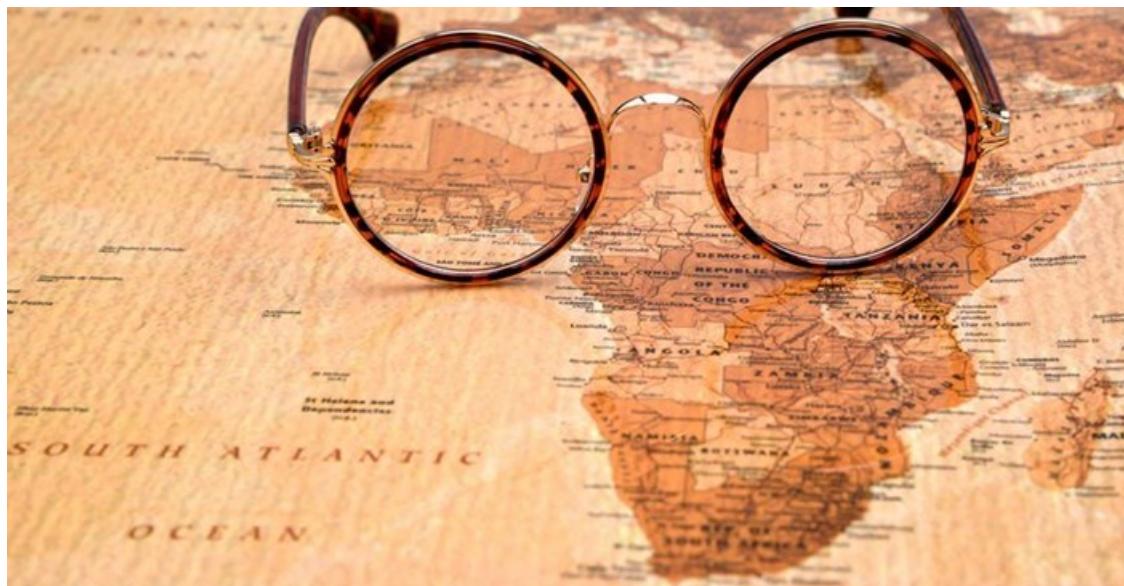


African sovereign wealth funds double down on governance to power growth and prosperity

A new [study](#) covering 11 African countries shows that most have a sovereign wealth fund or are in the process of establishing one, and are seeking to attract private capital from international investors to meet the continent's unique set of challenges: a shortage of domestic and international investment, a widespread lack of trust in institutions, and huge economic development needs.



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The report, by the International Forum of Sovereign Wealth Funds (IFSWF) and Franklin Templeton, identifies three key challenges to which Africa's sovereign wealth funds are taking a similar approach:

1. Governance

For Africa's sovereign wealth funds, robust, independent governance is key to attracting private capital. If they are going to attract co-investors, it is essential that international private investors see these funds as peers with aligned interests. Similarly, independence and transparency are essential to building public trust, particularly where the perception of government institutions is largely unfavourable.

2. Social impact

For African sovereign wealth funds ensuring that they have a material, and measurable, impact on the lives of their people builds legitimacy at home, an imperative made more important by the Covid-19 pandemic. To attract large international investors, Africa's sovereign wealth funds are seeking to collaborate to create projects at a financial and social scale that will have a significant impact on the lives of their citizens.

3. Environment

Rather than adopting the widely accepted approach to implementing environmental, social and governance frameworks, many African sovereign wealth funds are focusing on solving the problems caused by climate change, such as food and energy security, which can drive conflict and ill-health. This approach enables them to have a direct bearing on the everyday lives of their people.

"Africa has become a focus for the planning and creation of new state-owned investors. But these funds are distinct from

the resource-rich funds that made up the early wave of their peers. This research shines a much-needed light on a new and innovative sovereign wealth fund model in Africa, which we hope will assist the funds' collaboration and help their potential co-investors understand them better," says Duncan Bonfield, IFSWF chief executive.

"The current global macro environment poses challenges for global asset owners, especially Africa's sovereign wealth funds, which are a distinctive group of state-owned investors. They continue to evolve to address the continent's unique set of challenges and remain focused on attracting capital into their respective domestic economies," Sandeep Singh, regional head of central & eastern Europe, Middle East and Africa and head – Islamic business at Franklin Templeton.

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