2025 SOVEREIGN IMPACT REPORT

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Sovereign Impact Initiative

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EXECUTIVE SUMMARY

Sovereign wealth funds (SWFs) are government-owned investment vehicles, with many located in developing countries with abundant natural resources. With over $13 trillion in assets under management, they can be key actors in the achievement of the sustainable development goals (SDGs) set by the UN in 2015. In fact, SWFs are putting forth the development agenda as a mainstream solution to crowd-in public and private capital to close the SDG financing gap.

SWF investments in developing countries have been steadily trending upwards in recent years, despite some underinvestment in 2022, where global SWF investments dropped from 44% of global SWF investments in 2021 to just 14%. SWFs are becoming more SDG-aligned in their investment strategies, with recent analysis in 2023 finding that roughly 67% of surveyed funds are considering one or more SDGs in their investment decision-making processes, up from just 48% in 2022. SDG-aligned investments by SWFs have primarily focused on the renewable energy sector, representing over $6 billion of direct investments in 2022. Investing in renewable energy is critical to achieve the SDGs, as the UN estimates this is the largest SDG sector investment gap at about $2.2 trillion – about 50% of the overall SDG funding gap. As of now, the SDG financing gap has nearly doubled since COVID-19, and is now estimated at $4.2 trillion annually, up from $2.5 trillion before the pandemic. The most recent annual SDG report by the UN suggests that only 17% of the SDG targets are on track, with nearly half showing minimal or moderate progress, and a third stalled or regressing.

This report primarily focuses on SDG-aligned investors in developing countries, with a specific focus on investors in Africa. This includes SWFs, development finance institutions (DFIs), impact investors and private equity (PE) firms.

Unlike some counterparts in the Middle East, many African SWFs have multiple mandates, focused on economic development needs while also balancing savings and fiscal stabilization obligations. These economic development-focused funds are categorised as strategic investment funds (SIFs), also known as national development funds (NDFs). SIFs are a key lever to finance the SDGs, as they have strategic mandates to produce financial returns alongside domestic economic development, or the “double-bottom line”. SIFs also

USD
$13 trillion
Assets under management by Sovereign Wealth Funds.

Investment Strategy
67%
of surveyed Sovereign Wealth Funds consider at least one SDG in their investment strategies.

Only
17%
of SDG targets are on track, nearly half show minimal/ moderate progress, and one-third are stalled or regressing.

USD
$4.2 trillion
The SDG financing gap has nearly doubled since COVID-19.

typically leverage public-private partnerships to do so. SIFs have gradually become a popular approach for SWFs in recent years, as they now make up an estimated 40% of the International Forum of Sovereign Wealth Funds (IFSWF) — the largest forum of traditional SWFs established in 2009. In fact, all nine of the newest members of the IFSWF are SIFs. Though small in size, African SWFs are growing rapidly in number – with 15 established in sub-Saharan Africa from 2010 to 2022.

African SWFs manage an estimated $153 billion, which is minor in comparison to the roughly $5 trillion managed by SWFs in Asia, and $4 trillion in MENA. Additionally, deals by African SWFs in Africa are much smaller in size, with an average ticket size of about $84 million, compared to $383 million by Middle Eastern SWFs investing in Africa.

SWFs have been active in other important developing markets, such as India and Brazil. Though the focus of this report will be on high-level investment activities by global SWFs and African SWFs investing in Africa, in the context of traditional development finance and impact investing.

A key highlight of this report is IE University's ongoing project, the Sovereign Impact Initiative (SII). The SII has a goal of deploying capital through the creation of a financial vehicle with a blended finance approach, aimed at SDG aligned projects in Africa. Participants include African SWFs and other global investors, starting with a proposed initial cohort of African SWFs comprising Nigeria's Nigeria Sovereign Investment Authority (NSIA), Morocco's Ithmar Capital, Senegal's Fonds Souverain d'Investissements Stratégiques S.A. (FONSIS), and The Sovereign Fund of Egypt (TSFE).

The SII also has goals of training and capacity building for project beneficiaries, providing education that enhances the capabilities of these government-related institutions. The ultimate goal of the SII is to change the investment and organizational culture of these local and international investors for the benefit of their populations and the planet, and ultimately progress toward achieving the UN SDGs.

FOREWORD

BY VICTORIA BARBARY,
Director of Strategy & Communications
International Forum of Sovereign Wealth Funds (IFSWF)

Sovereign wealth funds are state-owned investment vehicles that manage national wealth for long-term objectives. Traditionally focused on stabilizing economies and preserving wealth for future generations, sovereign wealth funds are increasingly being recognised as powerful agents in the global push toward sustainable development. As the world grapples with climate change, social inequality, and economic volatility, these pools of long-term patient capital are uniquely positioned to align financial resources with sustainability goals, bridging the gap between financial returns and long-term societal impact.

Historically, sovereign wealth funds were conservative investors, prioritizing capital preservation and macroeconomic stability. However, the 21st century has seen a paradigm shift driven by a combination of internal policy shifts and external pressures, including climate risks, greater stakeholder expectations, and the global transition to a low-carbon economy. The rise of the strategic investment fund, which invests at home for both economic development and financial returns, has seen the mandates of many sovereign wealth funds broaden to include domestic economic development, diversification away from hydrocarbons, and support for global sustainability agendas. Even many traditional global investors are being tasked with seeking returns and impact at home. Indeed, the rise of the “hybrid mandate” for sovereign wealth funds was a key takeaway from our annual meeting in Muscat, Oman, in November 2024, the largest gathering of these investors in history.

Our research shows that despite the souring discourse around so-called Environmental, Social and Governance (ESG) factors, sovereign wealth funds are continuing to implement policies to reduce their impact on climate change and are increasingly examining and implementing policies for assessing social impact and their financial additionality in this space. This move is primarily driven by an understanding that these factors will ultimately improve long-term returns and help these investors meet their fiduciary duty to their citizens.

FOREWORD

BY PROFESSOR ADAM DIXON,
Adam Smith Chair in Sustainable Capitalism
Edinburgh, Business School, Heriot-Watt University

Sovereign wealth funds (SWFs) have evolved from vehicles for stabilizing fiscal revenues and saving wealth for future generations into influential actors in global development. Initially designed to manage excess revenue from natural resources or trade surpluses, these funds increasingly play a pivotal role in addressing global challenges, including climate change, infrastructure gaps, and sustainable economic development. This report examines the increasingly prominent role of SWFs, particularly African funds, in supporting the UN SDGs and fostering inclusive growth.

The emergence of strategic investment funds (SIFs), a type of SWF, represents a significant transformation in the purpose and function of SWFs. Unlike traditional funds, which focus mainly on preserving and growing wealth, SIFs integrate financial returns with domestic economic development priorities. This dual mandate enables SIFs to target sectors that are crucial for achieving the SDGs, such as renewable energy, infrastructure, and healthcare. They often serve as catalysts for investment in areas that are considered too risky or not investment-ready by private investors, bridging the gap between public policy goals and market failures.

Africa is emerging as a key region for this type of sovereign investment and organizational innovation. With 15 SWFs established in sub-Saharan Africa between 2010 and 2022, the continent is seeing a rapid expansion of sovereign capital institutions. These funds collectively manage an estimated $160 billion, which, though small compared to SWFs in Asia or the Middle East, is being deployed in highly targeted ways to address critical development needs. Many African SWFs function as SIFs, reflecting the development needs and priorities of their home countries.

– FOREWORD –

Renewable energy has become a central focus, with SWFs in Africa and globally channeling over $6 billion into renewable projects in 2022. This aligns with the broader SDG agenda, as renewable energy represents one of the largest financing gaps within the SDGs. The shift toward renewable energy is not just about addressing climate change but also about fostering long-term economic resilience by reducing reliance on fossil fuels and enhancing energy security.

African SWFs are particularly noteworthy for their flexibility and developmentoriented mandates. For example, Nigeria Sovereign Investment Authority (NSIA) has invested in both hard and social infrastructure including renewable energy projects and healthcare facilities, while Rwanda's Agaciro Development Fund has taken bold steps to support infrastructure development and social programs, focusing on projects that enhance national resilience and long-term economic independence. These examples demonstrate how African SWFs are aligning their investment strategies with national development priorities and the SDGs.

The report also examines the Sovereign Impact Initiative (SII), an innovative project that mobilizes African SWFs to invest collaboratively in SDG-aligned projects. The SII exemplifies the potential for collective action among SWFs to amplify their impact. By pooling resources and expertise, the initiative seeks to overcome the limitations of individual funds, particularly their relatively small size and constrained resources.

The SII represents a broader trend of regional and international collaboration in development finance. This trend aligns with the goals of the Addis Ababa Action Agenda and the upcoming 4th International Conference on Financing for Development in 2025, which will focus on creating enabling conditions for sustainable financial flows. SWFs, as long-term investors with the ability to take on patient capital roles, are well-positioned to contribute to these global efforts.

The transformative potential of SWFs lies in their ability to operate at the intersection of finance and development. They have the resources, expertise, and strategic vision to address complex challenges and unlock new opportunities for growth. African SWFs exemplify how sovereign investment can be a force for good, driving progress not just for individual nations but for the global community as a whole.

BOX OUT

THE STATE OIL FUND
OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN'S STATE OIL FUND (SOFAZ): ITS ROLE AT COP29 AND AZERBAIJAN'S SUSTAINABLE TRANSITION

Nigar Azizova, CFA,
Portfolio Manager at Equities and Alternative Investments;
Sustainability Officer, State Oil Fund of the Republic of Azerbaijan (SOFAZ)

The global financial landscape is shifting toward more sustainable and impact-driven investment strategies. Large-scale investors, including sovereign wealth funds (SWFs) are increasingly focusing on long-term value creation and resilience, recognizing the need for innovative financial mechanisms to support economic development, infrastructure, and the energy transition. A key platform for discussion in this evolving landscape is the annual United Nations Climate Change Conference (COP). As the primary global forum for climate negotiations, COP brings governments together to assess progress on climate action and advance the goals of the Paris Agreement, particularly limiting global warming to 1.5°C. The conference drives global political and investment decisions on topics like emissions reductions, climate adaptation, the just transition, and financial assistance for vulnerable nations.

In 2024, the 29th Conference of the Parties (COP29) was hosted by Azerbaijan, marking a significant moment in the country's engagement with global climate governance. The event provided a platform for high-level discussions on sustainable finance, climate resilience, and economic diversification. As the host nation, Azerbaijan reinforced its commitment to environmental sustainability, highlighting its efforts to transition toward a low-carbon economy and enhance its role in renewable energy development and climate finance.

Highlighting its active participation at COP29, SOFAZ, Azerbaijan's SWF, co-hosted two significant events on sustainable finance. The first event, a high-level panel titled "The Role of Sovereign Wealth Funds in Financing the Energy Transition," was organized in collaboration with the International Forum of Sovereign Wealth Funds

– BOX OUT –

(IFSWF), the largest industry organization of SWFs. Held on COP's "Finance Day," this gathering brought together global leaders, including representatives from major sovereign wealth funds and the International Monetary Fund (IMF) to discuss the role of SWFs in financing climate-related projects and supporting the global shift toward a low-carbon economy. Key topics included mobilizing capital, leveraging blended finance, and fostering partnerships to scale sustainable investments.

Following the discussion, IFSWF issued a communique reaffirming its commitment to scaling climate finance, supporting portfolio decarbonization, and fostering partnerships for sustainable finance. Looking ahead, IFSWF will continue mobilizing capital for climate action, with future engagements planned for COP30 in Belém, Brazil, and other UN Climate Change Conferences. During the event, Obaid Amrane, Chair of IFSWF, emphasized that SWFs have both the capacity and responsibility to take a leading role in mobilizing capital for sustainable development. He noted that COP29 served as a platform for collaboration, reinforcing a shared commitment to financing the energy transition and addressing climate challenges through long-term strategic investments.

Israfil Mammadov, CEO of SOFAZ and Deputy Chair of IFSWF, further highlighted SOFAZ's strategic role in Azerbaijan's sustainability agenda, stating, "SOFAZ, as a key contributor to Azerbaijan's state budget, also plays a supportive role in financing the nation's sustainability agenda and energy transition. By upholding robust governance, in line with the Santiago Principles, we are committed to fostering economic stability while driving progress towards a sustainable future."

In another key session at COP29, SOFAZ provided insights into its ESG (environmental, social, and governance) analysis and how these principles are embedded in its investment strategy. The discussion covered its approach to proxy voting, engagement with portfolio companies, and ESG due diligence in alternative asset classes. The session emphasized the increasing importance of transparency in ESG reporting and how SWFs can play a pivotal role in promoting sustainability-driven investment practices.

SOFAZ AND ITS ROLE IN AZERBAIJAN'S SUSTAINABLE FUTURE

As Azerbaijan continues its transition toward a sustainable economic model, SOFAZ remains committed to driving impactful change by aligning its financial strategy with both national priorities and global sustainability frameworks. Azerbaijan is well positioned to contribute to the global energy transition and green investment landscape. With its abundant natural resources and strategic location, the country has the potential to advance renewable energy and sustainable development. Hosting COP29 was a testament to Azerbaijan's commitment to global sustainability efforts, allowing it to showcase its transition from a hydrocarbon-dependent economy to a diversified, resilient, and sustainable economic model.

Azerbaijan's commitment is displayed in its national development plan - Azerbaijan 2030: National Priorities for Socio-economic Development, which prioritizes economic sovereignty, sustainable and inclusive growth, and the development of a competitive market economy. As a signatory to the Paris Agreement, the country has set targets, including reducing greenhouse gas emissions by 35% by 2030 and 40% by 2050 while increasing the share of renewable energy in electricity generation to 30%. The declaration of 2024 as the "Green World Solidarity Year" in Azerbaijan highlights the nation's commitment to combating climate change and fostering a sustainable economic future.

– BOX OUT –

Ensuring long-term economic stability requires not only policy commitments but also strategic financial management. SOFAZ is a key financial mechanism supporting Azerbaijan's economic security and development. Established in 1999, SOFAZ manages hydrocarbon revenues to support economic stability and diversification. Guided by the principles of transparency and accountability, the fund plays a crucial role in preserving national wealth for future generations while financing strategic development projects that contribute to sustainable growth.

To achieve these objectives, SOFAZ has prioritized diversification in its investment strategy, distributing assets across multiple classes and investing in over 60 countries. By limiting exposure to industries closely tied to the domestic economy, the fund mitigates risks stemming from energy market fluctuations. SOFAZ has expanded its focus to include green investments in its global portfolio while also financing national projects that enhance infrastructure and address critical development needs. One notable example of this commitment to diversifying into sustainable infrastructure is SOFAZ's recent commitment in February 2025 to a fund led by Global Infrastructure Partners (GIP), a part of BlackRock, to invest EUR 34.5 million in Italian high-speed rail operator Italo.

SOFAZ'S ESG APPROACH

As global investment trends evolve, financial institutions, including SWFs, are increasingly considering ESG factors in their decision-making processes. These considerations are driven by the need to manage long-term risks, enhance financial resilience, and align investment strategies with global economic and regulatory developments. SWFs, as stewards of national wealth, play a crucial role in integrating responsible investment practices while ensuring sustainable financial growth.

SOFAZ has recognized the growing importance of ESG factors in investment decision-making and has taken steps to integrate these principles into its investment

– BOX OUT –

strategy. As a long-term investor, SOFAZ aims to balance financial performance with responsible investment practices to safeguard assets for future generations.

SOFAZ VISION FOR LONG-TERM INVESTING

"SOFAZ is committed to its mission of safeguarding the financial assets of future generations by diligently pursuing a long-term investment strategy. By adopting a systematic approach to Environmental, Social, and Governance (ESG) factors, we aim to both mitigate risks and identify investment opportunities that align with our overarching goal. This approach, aligning with our focus on maximizing risk-adjusted returns, seeks to protect and enhance the real value of our assets, providing long-term security for the future."

SOFAZ has progressively integrated ESG factors into its investment strategy, aligning with its long-term objectives of sustainability and risk mitigation. The fund formally began incorporating ESG principles into its portfolio in 2023, following extensive research and engagement with management firms, international ESG organizations, and peer SWFs. This process led to the development of a structured project framework and action plan aimed at embedding ESG considerations into investment decision-making.

SOFAZ's investment approach reflects its commitment to financial stability while incorporating sustainability considerations. The fund's investment portfolio, which includes significant allocations in bonds and equities, has demonstrated strong performance in ESG metrics. Notably, 61% of the companies in SOFAZ's equity portfolio contribute to gender equality initiatives, with 35% addressing climate action. Additionally, SOFAZ has achieved a transparency score of 72% in private equity investments, exceeding industry benchmarks. The integration of ESG criteria extends to private equity and real estate investments, where the fund tracks manager performance through detailed ESG evaluations.

In 2024, SOFAZ introduced a proxy voting framework in public equity, allowing active participation in corporate governance matters to promote responsible business practices. Since its implementation, SOFAZ voted on 671 proposals across 86 meetings in 18 countries, covering governance, social, and environmental topics.

– BOX OUT –

Through this framework, SOFAZ has reinforced its commitment to shareholder engagement, ensuring that its investments reflect strong governance practices while advancing broader ESG objectives.

In alignment with global energy transition efforts, SOFAZ has increased its investments in renewable energy and infrastructure. The fund has expanded its allocations to renewable power production, climate change-related services, and infrastructure projects. As an example of its investment in social infrastructure, in June 2024 SOFAZ committed $100 million to GEMS Education, one of the world's largest private education providers, as part of an investor consortium led by Brookfield Asset Management.

At the national level, SOFAZ finances critical infrastructure projects that integrate sustainability principles. For example, the modernization of the Samur-Absheron irrigation system improves water transport efficiency for major cities like Baku and Sumqayit while incorporating renewable energy generation with a 25 MW capacity. Similarly, the Oguz-Gabala-Baku water pipeline project ensures a sustainable water supply for Azerbaijan's capital using an energy-efficient, self-flowing system. These initiatives demonstrate how sovereign wealth funds can leverage resource wealth to address environmental and socio-economic challenges, ensuring long-term resilience.

Through these efforts, SOFAZ upholds its commitment to financial responsibility and the country's long-term development.

INVESTMENT CASE STUDY

As part of its commitment to responsible investment, SOFAZ conducts ESG due diligence across its investments. One example is its investment in a leading infrastructure fund, classified as an Article 8 fund under the EU Sustainable Finance Disclosure Regulation (SFDR). This investment reflects SOFAZ's approach to assessing assets through an ESG lens, embedding ESG considerations throughout the investment lifecycle—from due diligence to exit—to ensure alignment with sustainability objectives.

Through its ESG due diligence process, SOFAZ evaluated the infrastructure fund's approach to sustainability, identifying key ESG performance metrics embedded in its investment strategy. The assessment highlighted notable findings across environmental, social, and financial impact areas:

Environmental Impact: The investment aims to achieve net-zero emissions by 2040. Its decarbonization strategies integrate carbon-related costs and revenue opportunities into business plans.

Social Impact: The fund promotes positive social outcomes by actively engaging with stakeholders such as employees, customers, and local communities. It emphasizes responsible labor practices, including health and safety, fair working conditions, and respect for human rights. The fund also seeks to contribute to societal well-being through infrastructure investments that support essential services and enhance the quality of life in the communities where it operates.

Financial Impact: Sustainability-linked financing mechanisms tied to governance and climate, demonstrate the investment's approach to generating long-term value while addressing global sustainability challenges.

– BOX OUT –

The ESG due diligence further confirmed that the investment aligns with key UN Sustainable Development Goals (SDGs), including:

• **Goal 7: Affordable and Clean Energy** – By investing in renewable energy infrastructure and promoting energy efficiency.

• **Goal 13: Climate Action** – Through its commitment to achieving net-zero emissions and integrating climate resilience into its projects.

• **Goal 11: Sustainable Cities and Communities** – By investing in infrastructure that supports access to essential services, strengthens community resilience, and enhances the quality of life in the areas where it operates.

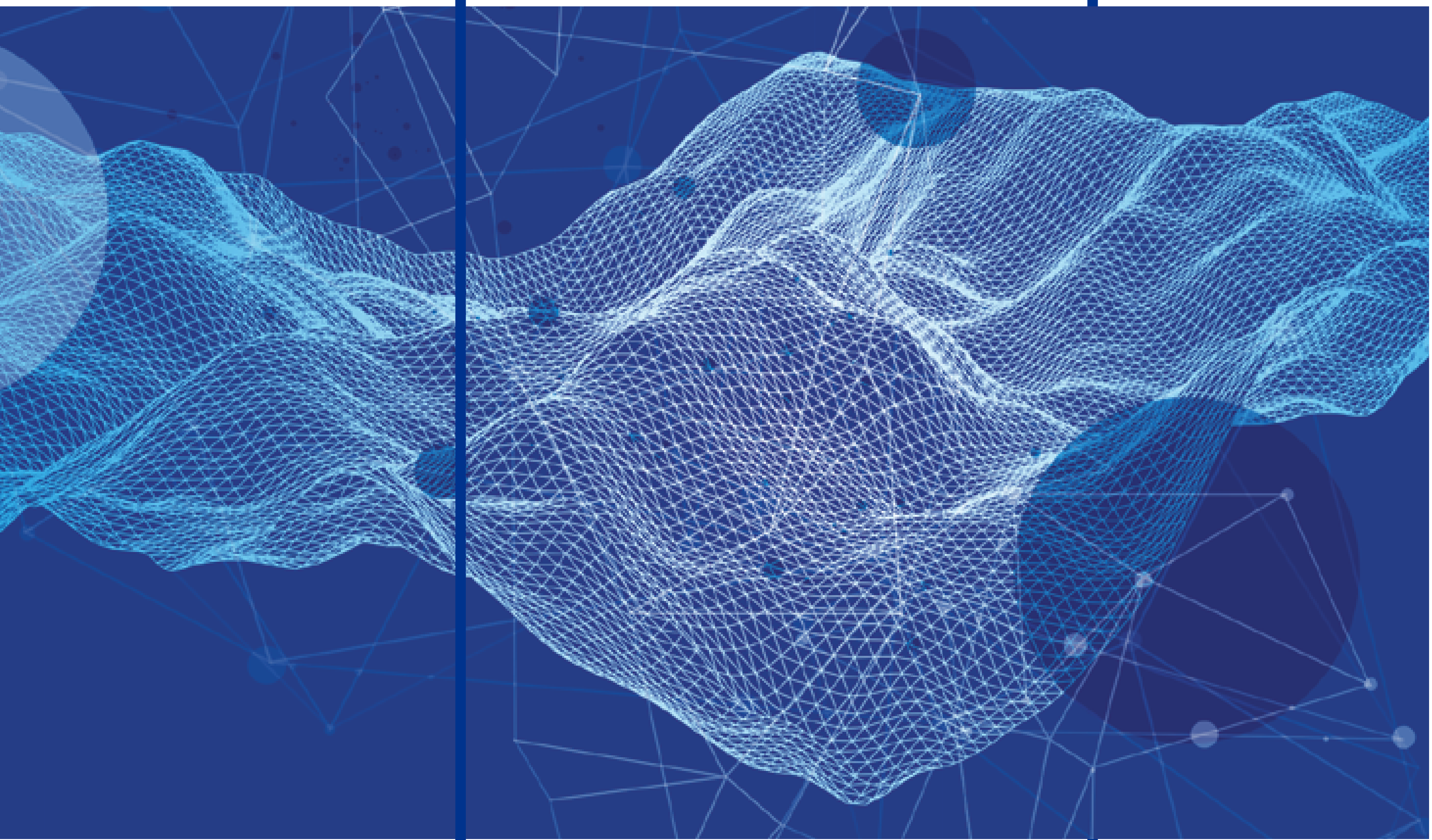
While the investment demonstrates strong alignment with sustainability principles, ongoing monitoring and evaluation will be essential to ensure continued progress. The investment's commitment to achieving net-zero emissions requires regular assessment of portfolio companies' decarbonization pathways to track progress, as well as other set goals and plans for portfolio companies. Additionally, ESG data collection and reporting will be further refined to enhance transparency and ensure alignment with industry standards.

SOFAZ incorporates ESG factors into its investment selection and due diligence process to enhance portfolio resilience and long-term financial stability. As ESG continues to evolve with new products, standards, and concepts emerging across the industry, SOFAZ remains committed to closely monitoring these developments, learning from best practices, and integrating them into its investment processes. This approach ensures that SOFAZ's investments not only generate financial returns but also contribute to a resilient and responsible future..

CLOSING REMARKS

SOFAZ demonstrates how SWFs can safeguard national wealth while adapting to global economic shifts and sustainability priorities. Through responsible investment and strategic financial management, it exemplifies the broader role of SWFs in fostering economic resilience and long-term growth.

As key global investors, SWFs are increasingly essential in mobilizing capital, supporting financial stability, and addressing sustainability challenges. Their ability to navigate evolving market dynamics while upholding strong governance ensures they remain pivotal in shaping a more secure and sustainable global economy.



INTRODUCTION

"We must recognize that humanity's very future depends on solidarity, trust, and our ability to work together as a global family to achieve common goals. No community or country, however powerful, can solve its challenges alone. Multilateral action has achieved an enormous amount over the past 75 years. Our Common Agenda must be a starting point for ideas and initiatives that build on these achievements."

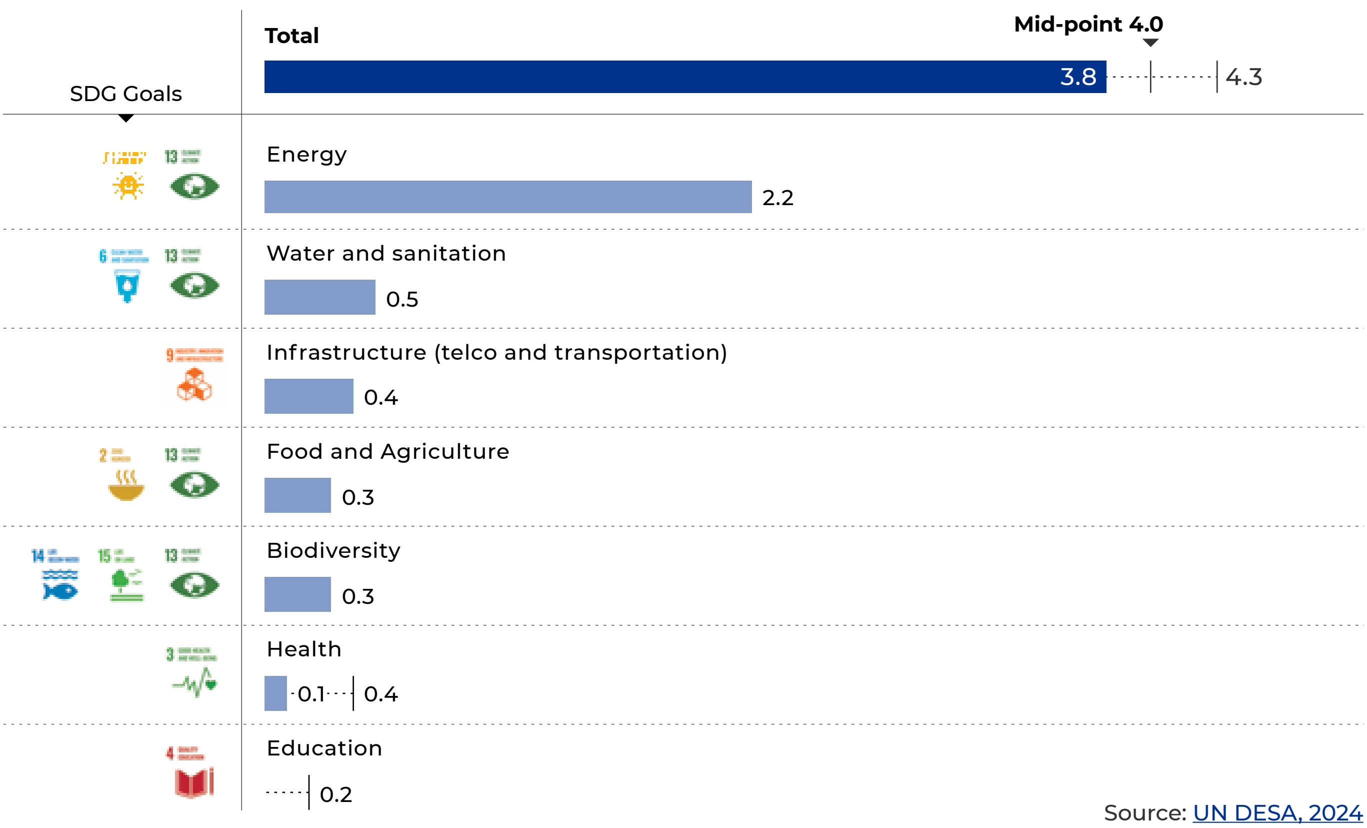
–UN SECRETARY-GENERAL ANTONIO GUTERRES

According to the United Nations, we are 'nowhere near' achieving the shared commitments to achieve the UN Sustainable Development Goals (SDGs) set out in the 2030 Agenda for Sustainable Development (UN, 2023). In The Sustainable Development Goals Report 2024, issued annually by the UN, we are only on track to achieve 17% of the SDGs. According to this report, an additional 23 million people have been pushed into extreme poverty, 100 million more have suffered from hunger in 2022 compared to 2019, all while 2023 and 2024 were the hottest years on record. In 2024, we surpassed the critical temperature barrier of 1.5 degrees above pre-industrial levels. To keep global warming in check we must reverse this warming path. Achieving this ambitious set of 17 goals requires an unprecedented level of global cooperation, and in the wake of COVID-19 and almost 5 years to 2030, the call to action for financial institutions and the stakes for the global community have never been higher.

In addition to the SDG progress report, the UN's Department of Economic and Social Affairs (DESA)'s annual *Financing for Sustainable Development Report 2024* highlights that urgent steps are needed to mobilize financing at scale to close the SDG financing gap, now estimated at $4.2 trillion annually, up from

FIGURE 1: Annual investment gaps across SDG Sectors

US dollars (USD), trillions.



Source: UN DESA, 2024

$2.5 trillion before the COVID-19 pandemic (UN DESA, 2024). The gap is primarily concentrated in the energy, and water & sanitation sectors (as seen in Figure 1 below) - which account for 85% of the investment gap increase. Underinvestment and additional needs due to external factors, such as the COVID-19 pandemic and its global consequences on inflation and interest rates are the main causes of the widening gap. The negative effects have disproportionately affected developing countries, and the least developed countries (LDCs) in particular. Foreign direct investment (FDI) in developing countries dropped 7% from 2022 to 2023, and overall, there was a 10% reduction in SDG-aligned international project finance deals in 2023 – mostly in agri-food, water, and sanitation. Most notably, there were fewer investments in these sectors in 2023 than in 2015, when the SDGs were first adopted (UNCTAD, 2024).

These findings indicate that only an exponential scaling of financing and a reform of the international financial architecture[1] (IFA) can rescue the SDGs. The current IFA and foreign direct investment (FDI) approaches have left many developing countries behind, violating the 2030 Agenda's founding pledge to leave no one behind (UN, 2015). The issues are systemic, as the IFA was not originally designed to provide the financial support for the development needs of developing countries, while also simultaneously meeting the demands of the current climate crisis and SDGs. Therefore, a reimagining of the IFA is essential to create the conditions necessary for achieving sustainable development for all.

A major barrier to achieve the SDGs are unsustainable debt levels in developing countries. Total public debt in developing countries has swelled from 35% of GDP in 2010 to 60% in 2021, with 29% owed to foreign creditors (UN trade and development, 2023). Debt levels have put many countries in default or at risk of doing so. In the past 3 years, there have been 18 sovereign defaults across 10 developing countries, which is the largest recorded number in the past 20 years. Currently about 60% of low-income countries are at a high risk of debt distress or are already experiencing it (World Bank, 2023). In 2022 alone, developing countries spent $43.5 billion on their external and publicly guaranteed debt payments, and over the past decade interest payments have quadrupled to an all-time high of $23.6 billion in 2022, a 5% jump year over year (World Bank, 2023). High debt repayments are diverting critical financial resources away from development needs. To put this into perspective, countries in Africa, Asia (excluding China), and Oceania are spending more on external debt interest payments than on health and education in their own countries (UN trade and development, 2023).

To achieve sustainable financial flows, transformations to the IFA must avoid further indebting developing countries and produce affordable, long-term financing. Investments need to be strongly aligned with the development needs of the investee countries, while also coordinating the public and private sectors to reduce perceived and real investment risks. Public finances alone will be inadequate to close the SDG financing gap, making coordinated efforts of blended finance necessary. Blended finance at scale, though it will be challenging to achieve, is necessary to leverage private capital to de-risk SDG-aligned projects in developing countries.

1 The international financial architecture (IFA) can be seen as a framework of institutions, policies, rules, and practices that govern the global financial system, which aims to promote international cooperation. It has a view to ensuring global monetary and financial stability, enabling international trade and investment, supporting the mobilization of the stable and long-term financing required for economic development, combatting the climate crisis, and achieving the Sustainable Development Goals (UN trade and development, 2023).

The world is critically off track from achieving the 2030 Agenda for Sustainable Development. This is reflected in the significant financing gap and declines in economic, social, and environmental outcomes in developing countries since COVID-19. To close this financing gap and minimise further indebtedness, strong partnerships and innovative financial mechanisms are essential. Both must be aligned with the action areas of the UN's Addis Ababa Action Agenda (AAAA) created in 2015, which built on foundational frameworks of financing for development in the Monterrey Consensus and the Doha Declaration convened by the UN's Conference on Financing for Development (FfD).

Financing for development is tasked to achieve parallel goals of inclusive economic growth, environmental protection, and social inclusion (UN, 2015). Ten years on from the 3rd FfD conference in Addis Ababa, the 4th International Conference on Financing for Development (FfD4) taking place in Seville, Spain in June 2025 will seek to be the guiding framework to finance the SDGs. The FfD4 will assess gaps to implementation and consider the fresh needs in the context of a rapidly changing global macroeconomy – marked by rapid digitisation and automation, global conflict, and the urgent need to address climate change impacts. Public and private investors in developing and developed nations, in coordination with existing development and multilateral institutions worldwide, can help in reducing the existing gaps by introducing innovative and practical channels to promote higher magnitudes of financing for the SDGs.

1

ADDRESSING DEVELOPMENT FINANCE NEEDS IN DEVELOPING COUNTRIES

A persistent issue for developing countries has been the challenge of attracting long-term "patient" capital essential for sustainable development, primarily due to persistent high-risk factors such as weak rule of law, underdeveloped financial markets, violent conflict, political instability, risk perception gaps and corruption. In addition to wicked problems like these, countries are burdened with unsustainable debt payments - diverting investments away from development priorities like education and healthcare. Many developing countries are also more exposed to the negative effects of climate change, which can compound existing factors and financial risk, potentially creating a vicious cycle of interdependent risks. This includes higher levels of violent conflict, drought and famine, mass migration, leading to cycles of political and social instability.

In addition to persistent and underlying factors, there is another critical barrier for foreign commercial investors[2] to invest in developing countries. These investors may lack the local knowledge of sufficiently large and prepared bankable projects, missing context of domestic development priorities, inability to deal in local currency, and lack of investment protections essential for carrying out complex and long-term projects. A key limitation, especially for foreign investors, is the potential inability to deal in local currency - which local institutions like domestic public institutions like SWFs have an advantage.

These factors affect the real and perceived risk of investments in developing contexts. There has been a significant slowdown of progress towards financing the SDGs in developing countries, largely due to slowing foreign direct investment (FDI). FDI flows – considered an important force for economic development, have declined significantly in developing countries, dropping 10% year over year from 2022 to 2023 (UN trade & development, 2024). FDI into Africa fell 3% to $53 billion, alongside a 26% decrease of international project finance deals. The overall level of FDI in Africa is critically low, and compared to other developing regions it is a tiny percentage of total FDI. The $53 billion coming into Africa is fractional compared to $621 billion in Developing Asia, and $193 billion in Latin America and the Caribbean (LATAM) (UN trade & development, 2024).

Investments in renewable energy are particularly critical for developing countries, as it represents a financing need of about $1.7 trillion per year. In 2023 alone, there was a 24% drop in number and 31% drop in value in renewable energy investments (UN trade & development, 2024). This is significant, as FDI in renewable energy projects in developing countries represents the majority of new projects (45% of all projects announced). Data from 2023 reflects a trend from the previous years' numbers, where 30 or more developing countries still had not registered a large international renewable energy project. Additionally, of the developing countries with the highest levels of FDI in 2022, investments in renewables represents between 10 and 33% of total FDI (UNCTAD, 2023). Africa has been hit disproportionately, where the estimated value of project finance deals declined by 50% to $64 billion. Though this trend may turnaround, partially given the continent's high renewables potential, complemented by the establishment of the African Continental Free Trade Agreement (AfCFTA) Investment Protocol[3], which will facilitate intra regional FDI in Africa (UN trade & development, 2024).

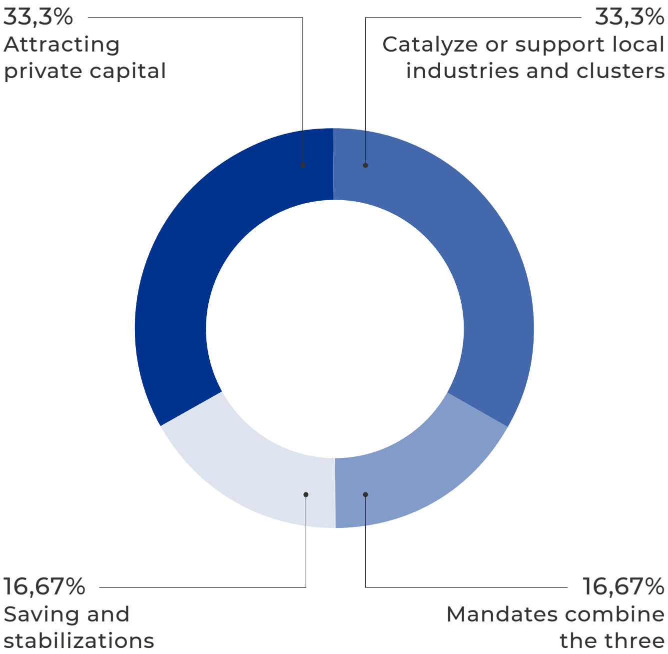
2 In this context, commercial investors include private investors and other sources, such as development finance institutions (DFIs) or sovereign wealth funds (SWFs), which may invest public capital but on commercial terms (Divakaran et al., 2022).

3 The AfCFTA is a flagship initiative of the African Union Agenda 2063, considered the largest free trade area in the world, which includes critical sectors of Africa's economy like digital trade and investment protections across the continent (AfCFTA, n.d.)

When looking at Africa in particular, FDI flows have failed to stimulate the growth of industries. To fill the investment gap, local private finance must mature exponentially to do so. In 2024, total private capital deal value was $5.5 billion in Africa as a whole (AVCA, 2025). To compare, the United States had $639 billion of value in 2024 (PE Insights, 2025), and the total African market of $5.5 billion was less than the size of one data center investment (Vantage Data Centers for $6.4 billion) in Denver, Colorado, the 19th largest city of the United States (Vantage, 2024). Though, there are some promising signals of the nascent African private capital markets. Since 2020, the market has grown from $3.4 billion to $5.5 billion, and total deals raised from 258 to 485. Additionally, despite a global decrease in fundraising activity, African fundraising more than doubled year over year to $4 billion - with infrastructure and private equity funds driving overall value. Despite a global slowdown in fundraising value of 19%, it raised 117% in Africa (AVCA, 2025).

FIGURE 2: African SWF Primary Investment Mandate

Percentage.



Source: IFSWF-Franklin Templeton African Sovereign Wealth Fund Survey 2021

1.1. STRATEGIC INVESTMENT FUNDS (SIFS) - THE NEW PLAYER IN FINANCING FOR DEVELOPMENT

In the face of this challenge to attract foreign capital, many governments in developing countries have responded by creating public, or quasi-public sovereign wealth funds[4] (SWFs) to accelerate domestic economic development, build local financial markets, but also critically to attract global investment. These funds are still considered SWFs, but can be identified under an emerging class of SWFs called strategic investment funds[5] (SIFs) – also known as national development funds (NDFs) (Divakaran et al., 2022). SIFs are becoming popular in Africa in particular, and have mandates for attracting private capital, catalyzing local industry, while also fitting into the more traditional SWF mandates of savings[6] and stabilization[7]. Notably, two thirds of African SWFs have mandates to attract private capital

4 There is an official definition of a sovereign wealth fund (SWF), written by SWFs themselves in 2008 and published in Appendix I of the Santiago Principles. In short, this defines SWFs as having three key characteristics: (i) A SWF is owned by the general government, which includes both central government and sub-national governments. (ii) Includes investments in foreign financial assets. (iii) They invest for financial objectives. These key elements exclude public pension funds, which are ultimately owned by the underlying policy holders, and central bank reserve assets, which are not invested (IFSWF, 2025).

5 SIFs exist as special-purpose investment vehicles backed by governments or other public institutions that seek a double bottom line of financial and domestic development returns. They invest in, and mobilize commercial capital to, sectors and regions where private investors would otherwise not invest or would invest to a limited extent (Divakaran et al., 2022). They are also known as National Development Funds, but for simplification this paper will use SIFs as the primary reference.

6 Savings funds are sometimes referred to as intergenerational savings funds because they have decades-long investment horizons. Savings funds are often set up by commodity-rich countries to save a portion of their resource wealth for the future (IFSWF, 2025).

7 Stabilization funds are designed as pools of capital which governments can draw on to smooth the budget. Often, commodity-rich nations create these funds to manage revenue streams; the fund will save some of the proceeds from large influxes of revenue and pay out when commodity receipts fall below a specified amount (IFSWF, 2025).

to co-invest alongside them on local development projects and catalyze or support local industry, which are the core mandates of SIFs, 16.7% with savings and stabilization mandates, and the remaining 16.7% with mandates combining the three[8] (see figure 2) (Cleary Gottlieb, 2023).

Although they are considered SWFs, SIFs are a particular subset of SWFs that have a "double bottom line" mandate to invest in domestic economic development alongside financial returns. Their purpose is to crowd-in commercial capital to co-finance in areas which might typically be avoided by private finance, which can help to fill the investment gap in critical areas of domestic economic development and build local financial markets.

Although SIFs are well-positioned to finance development and impact, they operate in an established field of development financiers, such as public investors like international financial institutions (IFIs), multilateral development banks (MDBs) and bilateral development finance institutions (DFIs), development aid agencies, philanthropies, as well as private investors such as institutional and asset managers, venture capital (VC), and private equity (PE) firms. Many of these investors have the same, or similar goals in developing markets – mainly centered around producing financial returns alongside positive development or impact benefits. Despite the crowded field of development finance, SIFs that are focused on domestic economic development do not seek to replace existing development finance institutions.

Although SIFs invest in development, an important distinction must be made when analyzing SIFs in the context of traditional development finance. SIFs differ from institutions like multilateral development banks (MDBs) and development finance institutions (DFIs), who focus on providing below market rate concessional finance[9] (e.g., below market rate debt, guarantees[10]) (Barbary, Dixon, and Schena, 2023). SIFs in contrast are looking for market, or near-market rate returns alongside economic development objectives (i.e., double bottom line), and it isn't necessarily limited to developing countries.

Examples of the latter include Ireland's SIF - the Ireland Strategic Investment Fund (ISIF), and the newly established National Wealth Fund (NWF) in the United Kingdom. Both are established in developed countries, and are pursuing investment strategies aligned with domestic economic development and climate objectives, while also building their nation's wealth. In today's context of growing protectionism, financial and political weight behind domestic development prioritization are a global phenomenon - not one reserved for developing nations.

8 Note that SWFs can simultaneously have multiple mandates with different strategic goals and sub-funds.

9 Concessional finance includes below market rate finance provided by major financial institutions, such as development banks and multilateral funds, to developing countries to accelerate development objectives. The term concessional finance does not represent a single mechanism or type of financial support but comprises a range of below market rate products used to accelerate a climate or development objective. It targets high-impact projects responding to globally significant development challenges – from climate change mitigation and resilience to vaccine deployment, water sanitation and education - that otherwise could not go ahead without specialized financial support (World Bank, 2021).

10 Developing countries are often assigned credit ratings below investment grade. This increases the cost of raising capital to finance a wide range of development projects. Take an example of projects looking to raise capital for climate mitigation and adaptation. With low credit ratings and higher costs of capital, this prevents issuers in these markets from accessing institutional capital with investment-grade mandates. As a result, the global market for green bonds remains dominated by developed markets. Guarantees can help to overcome this by providing investors with loss protection to improve the credit rating of assets to above investment grade. As a result, developing country borrowers can access a far bigger pool of capital at a lower cost.

SIFs in both the developing and developed context are especially well-placed to provide directed financing to fill infrastructure investment gaps, support key domestic industries, and provide early-stage financing to small and medium-sized enterprises (SMEs) aligned with development priorities. In the developing context, these are investment areas where foreign investors may avoid without local co-investors, which is where SIFs come in. Senegal's SIF - Fonds Souverain d'Investissements Stratégiques (FONSIS) is a notable example, as the fund plays the role as a private equity investor and project developer for the infrastructure sector. It acts as an enabling environment for co-investors through the creation of a larger pipeline of assets to invest (Divakaran et al., 2022).

As public finance institutions play an important role in de-risking and co-investing with other commercial investors, this represents a significant opportunity for more strategic alliances and deeper collaboration. Forging partnerships between SWFs, public and private development financiers, and other global investors are critical to lower the cost of capital, which is a key barrier to entry for critical investments like renewable energy projects. For example, when adding MDBs to potential investments, it lowers the spread on debt finance by 10%, and when you combine multilateral development bank (MDB) finance (e.g., World Bank) with other international investors and governments via public private partnerships (PPPs), it reduces the risk spread by 40% (UNCTAD, 2023).

SIFs also typically have in-house expertise to accelerate and enhance project preparation capacity in local markets, which compensates for scarce government resources unable to prepare and develop projects on their own. SIFs like FONSIS and NSIA notoriously leverage the power of partnerships to deliver scalable impact, most notably in Africa, where SWFs' scale are smaller in comparison to the top SWFs in Norway, China, Singapore, and the Middle East.

Africa in particular has developed a solid foundation of Pan-African investment platforms in which SIFs are playing a prominent role. One leading example of this is Africa50, an infrastructure acceleration platform established by African governments and the African Development Bank (AfDB). It provides project preparation and project finance for medium to large scale infrastructure across sectors like power, transport, ICT, healthcare, and education (Africa50, 2025). African SIFs have already leveraged Africa50's platform to advance local sustainable development at home and across the continent. In 2022, Nigeria Sovereign Investment Authority (NSIA), Nigeria's SWF and SIF, subscribed to Africa50's $500 million Infrastructure Acceleration Fund, a closed-end private equity vehicle to mobilize institutional capital towards sustainable infrastructure projects in Africa (NSIA, 2022).

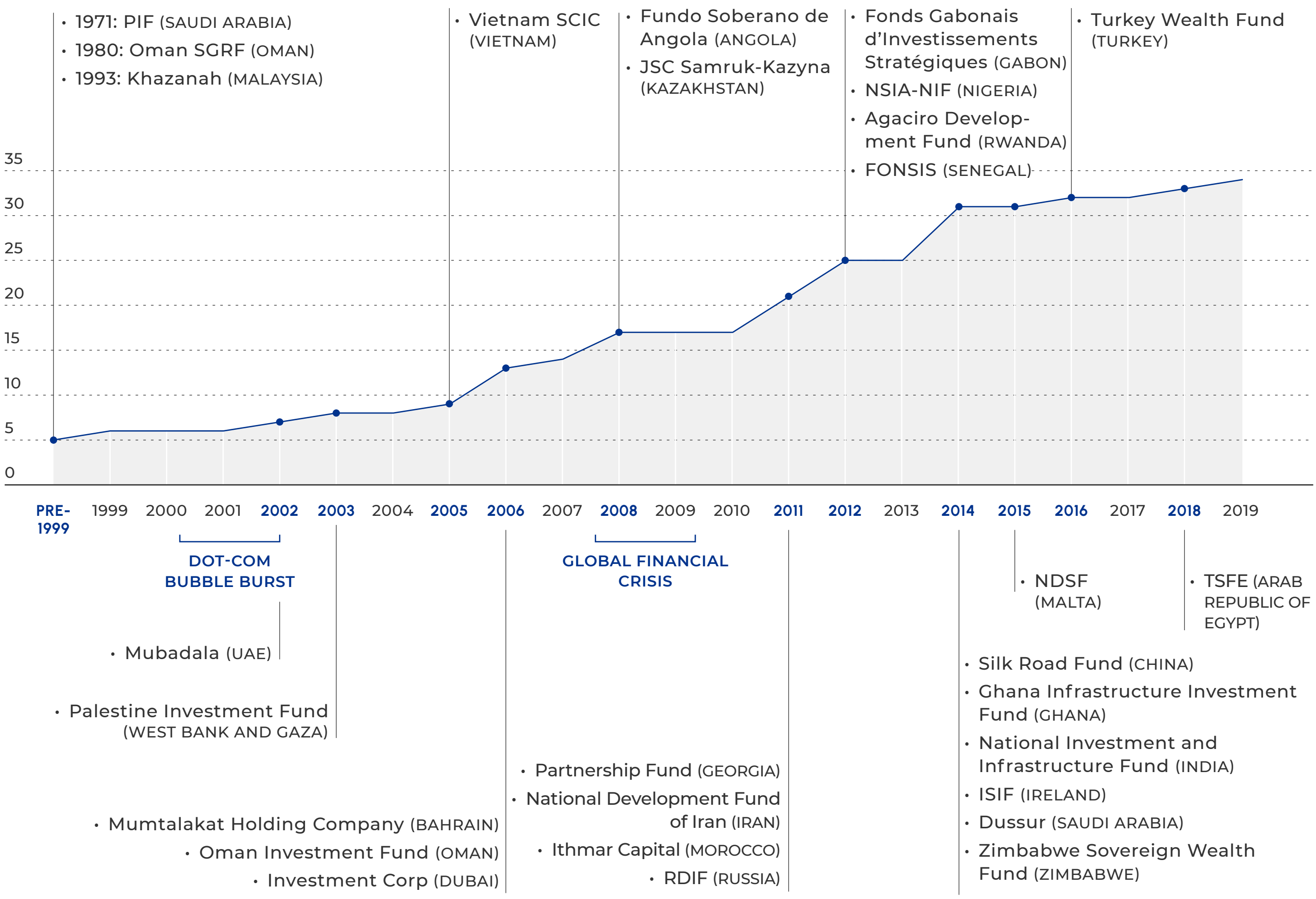
Though SIFs, like all SWFs, are not without their own operational and governance challenges. They must mitigate a complex set of risks given their status as a publicly funded institution operating in developing markets, and must make a strong effort to maintain independence. Successful SIFs rely on a few observed factors: (1) they have deployed substantial capital additional to the capital already available in the private markets, (2) they realize financial returns, (3) they fulfil their policy objective and crowd in commercial capital, (4) have effectively and transparently navigated the complex network of public and private relations inherent in the SIF model, and (5) have limited political interference (Divakaran et al., 2022). SIFs should also adhere to specific design principles to support strong governance, which can simply be broken down into a few different areas with sub-categories that clarify success factors: institutional coherence, people, process, and politics. Following these governance principles can help SWFs created in developing countries also avoid the observed phenomenon known as the natural 'resource curse'[11] ([Dixon and Monk, 2011]). Further recommendations for effective governance of SIFs will be explored later on.

1.2. SIFS IN THE CONTEXT OF TRADITIONAL SWFS

SIFs have emerged as a subset of traditional SWFs who both typically serve as sources of long-term capital designed to ensure the prosperity of future generations.[12]

FIGURE 3: Establishment of national-level SIFs since 1971

Number of SWFs.



Source: [Divakaran et al., 2022]

11 The natural resource curse indicates that there is a negative correlation between a country's natural resource abundance and economic growth, where a country experiences slow economic growth despite dependence on natural resources as a main source of revenue, first discovered in the late 1980s and early 1990s ([Sachs and Warner, 1995]).

12 Note that some types of SWFs are not designed for this purpose, such as stabilization funds. These funds are designed as pools of capital which governments can draw on to smooth the government budget. Often, commodity-rich nations create these funds to manage revenue streams; the fund will save some of the proceeds from large influxes of revenue and pay out when commodity receipts fall below a specified amount ([IFSWF, 2025]).

Traditional SWFs, in contrast to SIFs, primarily invest abroad to diversify government surplus revenues, typically derived from natural resources and foreign exchange reserves. The emergence of SIFs is part of a larger trend, where the importance of SWFs are steadily growing in size and scope. As of 2024, SWFs have reached over $13 trillion assets under management (AuM) globally (IE CGC, 2024).

SIFs as a subset of SWFs have become popular on the global stage in recent years, with over 30 SIFs established at national and sub-national levels since 2000 (see Figure 3). To give a better picture of the emergence of SIFs, they now make up an estimated 40% of the International Forum of Sovereign Wealth Funds (IFSWF)[13] — the largest industry organization of SWFs created in 2009 (Divakaran et al., 2022). In fact, all the nine newest members of the IFSWF are SIFs focused on domestic economic development: including Armenia, Djibouti, Dubai, Egypt, Ethiopia, Gabon, Indonesia, Malta and Mauritius (Capapé, 2023). This trend was predicted over 10 years ago, where it was expected that SWFs would transform themselves into long-term investors with strategic interests defined by themselves and the nation they represent, rather than aligning with modern portfolio theory (Barbary, Dixon, and Schena, 2023).

13 Members of the IFSWF approximate half of the world's SWFs and is the world's leading standard setter on governance for SWFs (IFSWF, 2025).

BOX OUT

KEY INSIGHTS FOR MANAGING STRATEGIC INVESTMENT FUNDS

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Strategic investment funds (SIFs) serve as powerful tools for achieving a blend of financial returns and broader developmental goals, often referred to as the "double bottom-line." This concept encompasses both commercial viability and socioeconomic impact.

BALANCING FINANCIAL RETURNS AND DEVELOPMENTAL GOALS

Evidence highlights that effective SIFs establish a clear and well-defined investment policy. Such a policy serves as a guide to achieving the fund's mandate and provides measurable criteria for evaluating performance. For SIFs, the dual mandate of financial and developmental objectives poses unique challenges. These funds must balance commercial returns with public or developmental goals, often requiring explicit weighting of these priorities.

To address this duality, investment policies should articulate the fund's financial objectives alongside its developmental goals. The policies should include both qualitative and quantitative targets for measuring progress. This duality introduces complexities in designing and monitoring metrics, especially in developing economies where basic data collection and analytical capacities may be limited. In such contexts, extra-financial considerations may be measured using tools like ESG criteria. ESG frameworks have gained global popularity as tools for identifying medium- to long-term risks and benefits, offering strategic insights to institutional investors.

A robust investment policy defines the fund's philosophy and purpose, outlines acceptable investments, and shapes the fund’s time horizon and expected returns. These factors collectively determine the fund’s risk tolerance, which must be continuously monitored and adjusted as needed. This process can be particularly challenging for resource-rich countries that lack the expertise to make real-time adjustments. Moreover, SIFs in such countries often face the dilemma of balancing commercial opportunities with competing development priorities. One solution lies in identifying investments that achieve additional externalities or explicitly leverage the double bottom-line.

– BOX OUT –

A notable example is the Ireland Strategic Investment Fund (ISIF), established in 2014 from the remains of the Irish National Pension Reserve Fund. ISIF's mandate focuses on supporting economic activity and employment in Ireland. This marked a significant shift from the pension reserve's prior focus on wealth creation through a diversified global portfolio. ISIF's strategy explicitly incorporates the double bottom-line by requiring investments to deliver financial returns while fostering economic growth and employment. To evaluate the economic impact of investments, ISIF uses three key concepts:

Additionality: This measures the surplus economic benefits likely to result from an investment, such as higher profits, increased exports, or enhanced infrastructure.

Displacement: This occurs when the benefits of one investment reduce the economic benefits elsewhere, such as when demand is shifted rather than increased. ISIF aims to avoid such scenarios to ensure net positive economic contributions.

Deadweight: This measures whether the economic benefits of an investment would have occurred without the fund's intervention. ISIF avoids investing in areas already adequately supported by the private market.

COORDINATING PUBLIC INVESTMENT TO MAXIMIZE IMPACT

SIFs must coordinate with government entities to prevent the duplication of public investments. This is particularly important when investing in public goods like infrastructure. Coordination ensures that investments align with broader public objectives without compromising the fund's operational independence.

While many SIFs operate independently from the government, maintaining some level of coordination is crucial. Lack of coordination can result in fragmented and inefficient use of public funds. For example, investments in overlapping objectives without collaboration may undermine the quality and impact of public investment programs. To mitigate these risks, SIFs can adopt governance frameworks that align with macroeconomic and fiscal policies.

An example of effective coordination is the Nigeria Sovereign Investment Authority (NSIA), established in 2011. NSIA manages Nigeria's SWF with three objectives: 1) creating a savings base for future generations; 2) supporting infrastructure development; and 3) providing economic stabilization during crises. NSIA's Nigeria Infrastructure Fund operates as a SIF with discretion over its investment projects, guided by a Five-Year Infrastructure Investment rolling plan.

NSIA prioritizes investments in sectors with high nationwide economic impact, including power, healthcare, agriculture, financial markets infrastructure, and transportation. Project selection is guided by key criteria including strategic relevance, commercial viability, social returns, capital mobilization potential, and conducive regulatory environment, undergoing rigorous evaluation and approval through its governance framework.

In some cases, the government appoints NSIA as the project and fund manager for strategic national initiatives, overseeing the full project lifecycle. Notable examples include the Presidential Fertilizer Initiative (PFI) and the Presidential Infrastructure Development Fund (PIDF), where NSIA's participation has driven the success of the initiatives, transformation of key sectors, improving long-term sustainability.

– BOX OUT –

ENSURING ROBUST GOVERNANCE FOR TARGETED INVESTMENTS

Making targeted investments to promote economic diversification and development is inherently complex. Unlike stabilization or long-term savings funds, which focus on wealth preservation and consistent returns, SIFs must achieve specific developmental outcomes alongside financial objectives. This dual mandate necessitates robust investment governance.

Well-governed SIFs adhere to the principles of sound governance found in stabilization and savings funds, with a clear separation between political authority and investment decision-making. While political authorities can define the fund's overarching parameters and objectives, the fund's Board and management should operate independently to ensure technical and strategic execution. Ideally, the Board includes independent directors with domain-specific expertise, alongside political representatives.

Transparency is a cornerstone of good governance. State-sponsored investment funds should follow globally accepted disclosure standards, such as the Santiago Principles, and undergo regular independent audits. Transparency fosters operational efficiency by benchmarking performance against peer funds and builds public trust by demonstrating accountability. For SIFs with domestic mandates, transparency is particularly critical for showcasing legitimacy and attracting foreign investment.

Transparency can be operationalized through mechanisms like submitting audited financial statements to parliamentary scrutiny. This demonstrates the fund's commitment to commercial discipline and mitigates risks of resource misallocation or misappropriation. Additionally, regulatory oversight and adherence to private-sector disclosure standards enhance trust, which is vital for attracting co-investors and fostering local financial market development.

The NSIA exemplifies this approach. Its governance framework ensures operational independence while aligning investments with national priorities. By involving external partners in co-investments, NSIA enhances scrutiny and due diligence. This collaborative approach amplifies investment impacts, and ensures alignment with broader developmental objectives.

1.3. ACCELERATING FINANCE FOR DEVELOPMENT THROUGH SWFS – THE POWER OF PARTNERSHIPS

Advancing progress towards financing the SDGs calls for investors like global SWFs and domestic SIFs to respond to these global needs and challenges. A multi stakeholder approach is needed to overcome such urgent and relevant financing needs. A conversation initiated at the UN sphere keeps spreading and reaching relevant actors such as SWFs. The goal is to facilitate a coherent and strategic approach to financing for development. Partnerships for the goals (SDG 17) proves more needed than ever. Such voluntary partnerships and communities have successfully advanced co-investments among SWFs. The role of the key industry organisations like the International Forum of Sovereign Wealth Funds (IFSWF) in supporting these efforts remains critical. The IFSWF established the foundational principles of SWF investment practices, governance and accountability arrangements via the Generally Accepted Principles and Practices (GAPP)—Santiago Principles back in 2008. Sixteen years later, the IFSWF keeps promoting good governance among its members and, increasingly, the IFSWF helps drive and channel the sustainability alignment efforts of its members.

Acknowledging this inclination, the IFSWF has partnered with another emerging SWF industry organisation, the One Planet Sovereign Wealth Fund (OPSWF) initiative in promoting the integration of climate-related financial risks and opportunities among SWFs and institutional investors more broadly. Other key partnerships between SWFs are being established in parallel, such as the African Sovereign Investors Forum (ASIF),[14] which was established between 12 African SWFs in June 2022 to foster knowledge sharing and collaboration to accelerate capital for sustainable development on the continent (UN trade & development, 2024).

SWFs, especially newly established ones, must have strong governance mechanisms as publicly funded institutions that navigate a complex set of investment challenges. In an assessment of their own capacities, SWFs in developing countries see themselves lacking in a few areas: investment strategy, risk management, governance and operational capabilities (Invesco, 2023). At the same time, SWFs believe that an effective way to build internal capacity is to learn from more established peers in collaborative fora like the IFSWF, OPSWF or ASIF. The ability to discuss privately, engage in constructive workshops and learn from best practices from SWFs with similar and comparable characteristics and contexts are of great importance and use for SWFs. The establishment of trustful networks contributes to organizational improvement and deal making as well.

Indeed, the power of partnerships lies not only in the creation of a safe platform for knowledge sharing and capacity building, but also in the identification of investment opportunities. In the 2023 Invesco Global Sovereign Asset Management Study one undisclosed, recently established SWF stated that “we have partnered with the IFSWF to develop an investment framework and understand best practices in the industry. We also collaborate with sovereign funds on investments in areas such as infrastructure, technology, and healthcare. These partnerships opportunities help us access new and gain knowledge from other organisations” (Invesco, 2023).

14 The Africa Sovereign Investors Forum (“ASIF”) is a multilateral platform that gathers the most established and prominent African sovereign investors, in order to foster institutional and commercial cooperation between these players. ASIF includes to date the sovereign funds of Angola, Djibouti, Egypt, Ethiopia, Gabon, Ghana, Mauritius, Morocco, Nigeria, Rwanda, Senegal and South Africa. The initiative is being established to intensify institutional and commercial cooperation between the members. It seeks to develop deep and lasting relationships, enabling them to share knowledge and build investment opportunities, with the objective to accelerate capital mobilization for the benefit of the continent (ASIF, 2025).

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Sovereign Impact Initiative

1.4. INTRODUCING THE SOVEREIGN IMPACT INITIATIVE (SII) – AN IE UNIVERSITY-LED SWF PARTNERSHIP

Acknowledging the power and the need for innovative partnerships and financing solutions towards achieving the SDGs, the Sovereign Impact Initiative (SII) was launched in November 2023 at COP 28 in Dubai (UN Joint SDG Fund, 2023). The SII is an initiative launched by the Center for the Governance of Change (CGC) at IE University, the UN Joint SDG Fund & UN Development Program (UNDP) (IE CGC, 2025). The SII was officially launched at the SWF SDG Conference at COP28 in Dubai which gathered SWFs from Egypt, Morocco, Nigeria, Spain, global private and public investors, government officials and the UN at the Mubadala pavilion.

Most recently, the SII hosted a third edition of the SWF SDG event in Baku at COP29. This event brought together the SWFs of Nigeria, Senegal, and Spain, along with Africa50 and UNCDF to discuss the opportunities of challenges for SWFs investing in development in Africa.

The SII is piloting first in Africa, with plans to replicate in Latin America and South-East Asia. Participants include African SWFs and other global investors, starting with a proposed initial cohort of African SWFs comprising Nigeria's Nigeria Sovereign Investment Authority (NSIA), Morocco's Ithmar Capital, Senegal's Fonds Souverain d'Investissements Stratégiques S.A. (FONSIS), and The Sovereign Fund of Egypt (TSFE).

The SII's goal is to transform the investment culture of SIFs in developing economies, the international SWF community, and other global investors to channel financial resources to investments aligned with the UN SDGs. The SII is built around four key pilars: 1) incubating a financial vehicle with a blended finance structure, 2) research on SDG-aligned SWF investments, 3) training and capacity building on impact investing strategies, and 4) outreach and partnership building. The SII seeks to accelerate and amplify the existing efforts of African and international SWFs on SDG financing.

The SII aims to solve a classical market failure introduced by asymmetric information. On the one hand, global investors want to diversify their global exposure and invest in sustainable and impactful projects in Africa. On the other hand, Africa-based projects need to attract risk capital from international sources. Yet, these two needs are not satisfied by the markets as they operate now. These pre-market conditions explain why there should be an incentive for the private sector to join, to close the information and project preparation gap, and accelerate new financing opportunities.

Here the role of local SIFs can be substantial: providing the de-risking mechanisms that activate such financial flows, such as identifying investment opportunities aligned with domestic development priorities providing financial guarantees in local currency to provide comfort for investors. Sustainable development requires attractive and consistent projects (in need of strong project preparation), along with the willingness to invest in these projects by commercial investors. There are consistent difficulties in closing this investment gap and developing a pipeline of bankable investments in the SDGs.

This long-term project aims to help solve this problem with the help of local African SIFs, expert academics, lawyers, and practitioners with expertise on SWFs, impact investors, development finance, and the institutional support of the SII founding members. The SII will work with key sources of blended finance like DFIs, multilateral banks, foundations and endowments. The SII seeks to take a true multi-stakeholder approach, while also redefining the traditional role of academia, taking theory into practice at scale to produce systemic change.

The SII will build on the momentum created by existing investor partnerships in Africa and globally, such as the IFSWF, ASIF, the SDG Investors Partnership, and the Global Investors for Sustainable Development Alliance (GISD). In this context the SII seeks to align with, support, and amplify existing initiatives focusing on sustainable development in Africa, emphasizing country ownership over development outcomes.

The SII is an example of an innovative model of financing for development to present at the FfD4 Conference in Sevilla in June 2025. Besides alignment with political enablers, success of the project may signal broader change in the global market at SWFs and other global investors in their investment strategies and overall business as usual. The goals of the project are targeting the systemic shifts in the SWF and global investment community that are already underway, and picking up speed. Despite political headwinds, sustainable investing strategies are only going to accelerate - given the global risks of climate change and severe needs for sustainable development investments. This report uncovers concrete investment activities and strategic partnerships, signaling a convergence of SWFs, development finance, and impact investment.

2

GLOBAL SWF TRENDS: TAKING INTEREST IN DEVELOPING COUNTRIES

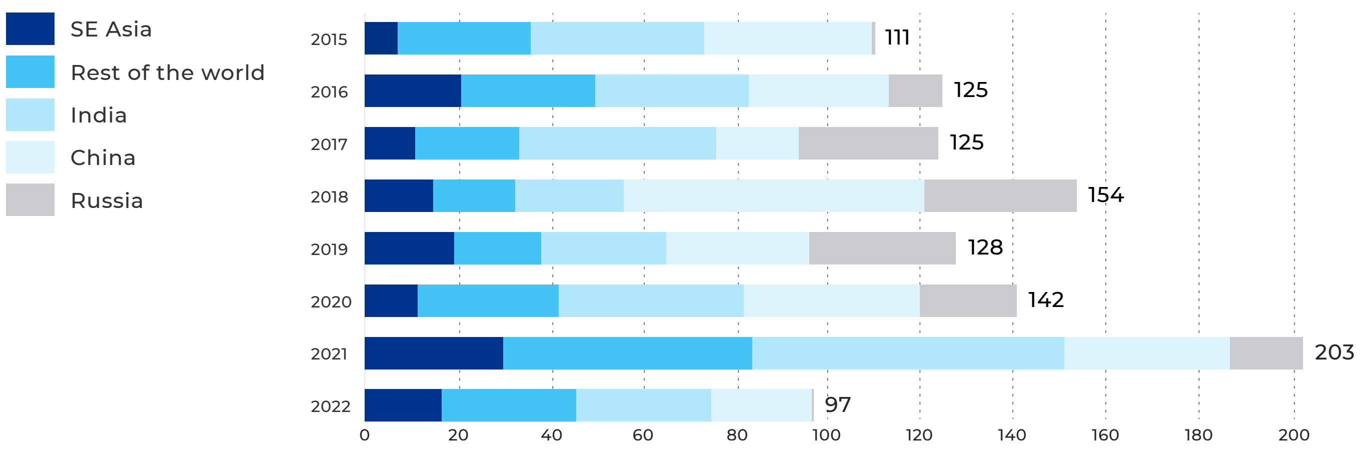
To complement the emergence of domestically established SIFs in regions like Africa, larger and globally diversified SWFs like those in Singapore and the Middle East are taking more interest in developing markets, despite a drop in 2022 (see Figure 4), where investments dropped from 44% of global SWF investments in 2021 to just 14% (IFSWF, 2023).

Despite the slowdown in this turbulent year, this trend is expected to continue upwards. It was likely that the bump in the long-term trend was due to COVID-19, rising geopolitical tensions between the U.S., China, and Russia, inflation and higher interest rates, behind a trend of slowing domestic investments by developing countries (IFSWF, 2023). For example, China's zero-COVID policy caused a slowdown of SWF investment in China from $4 billion to 1 billion between 2021 and 2022, which had knock-on effects in the rest of Southeast Asia, where total SWF investments fell from $9 billion to 1 billion between 2021 and 2022 (IFSWF, 2023).

SWFs have proven that they see developing markets as potential investment opportunities based on strong fundamentals. This includes strong growth of the middle class in many developing countries (especially across Africa), along with associated increases in the consumer, technology, real estate, infrastructure, agriculture, and water sectors. The growth however has been uneven across developing markets, with India and Southeast Asia receiving a disproportionate majority of SWF investments (see Figure 4).

FIGURE 4: SWF direct investments in developing countries: 2015-2022

Deal number.



Source: IFSWF Database, 2022

Besides India and Southeast Asia, Africa is becoming a popular investment location for global SWFs. ADQ (United Arab Emirates), Mubadala Investment Company (UAE), and PIF (Saudi Arabia) have been the most active non-African SWFs in Africa from 2018 to 2022, investing over $8 billion, mostly in energy and infrastructure (see Figure 5). In comparison, most active African SWFs were NSIA (Nigeria), TSFE (Egypt), and EIH (Ethiopia), with investments worth about 1/5th ($1.5 billion) over the same period.

One notable investment in Africa was Mubadala's collaboration with Moove, a Nigerian mobility fintech company founded in 2020. The company buys fleets of vehicles to sell to drivers through its platform, allowing drivers in ride hailing companies access to financing through an innovative e-credit scoring system. As part of their strategic collaboration, Moove strategically shifted its headquarters to the UAE, where Mubadala is located. Mubadala has also provided significant capital to Moove, as it led a $550 million equity and debt round in August 2023. It followed this by joining a $100 million funding round led by Uber, which pushed Moove's post-money valuation to $750 million. Moove is a leading example of the potential of African tech to compete on the global level. It currently operates in six markets: Nigeria, South Africa, Ghana, the U.K., India, and the UAE – with plans to expand to 16 markets by the end of 2025 (Techcrunch, 2024). This example showcases the Middle Eastern SWFs advantage of size and scale over African SWFs. African SWF deal sizes display a stark contrast, as the average deal size for African SWF transactions in recent years was ~$84 million, compared to ~$383 million for Middle Eastern SWF deals in Africa (BCG, 2023).

Given close ties, Middle Eastern funds have been active investors in North Africa, Egypt in particular. The Sovereign Fund of Egypt (TSFE) announced, on October 10th, 2022, that Saudi Egyptian Investment Co, an investment arm of the Public Investment Fund (PIF), Saudi Arabia's SWF, had acquired minority stakes in four companies listed on the Egyptian Exchange, for a total of $1.3 billion (Reuters, 2022). These investments came days after the PIF had established the Saudi Egyptian Investment Co, and two months after Egypt and Saudi Arabia signed 14 investment agreements worth $10 billion (Egyptian Streets, 2022). The Saudi Egyptian Investment Co. was established to invest in a broad variety of sectors of the Egyptian economy, including infrastructure, real estate, healthcare, financial services, food and agriculture, manufacturing, and pharmaceuticals.

The companies where the most investments have been made are in agriculture, with examples seen through Abu Qir Fertilizers and Chemical Industries, Misr Fertilizers Production Company, and through transport and logistics via Alexandria Container and Cargo Handling. In a statement, the PIF indicated that these investments are in line with the objectives of the established Egyptian investment arm to invest in promising sectors for the country's development needs. According to Hala El-Said, Minister of Planning and Economic Development, and Chairman of TSFE, "This deal supports Egypt's plans to maximise the ownership base of state-owned companies and foster foreign direct investment. It also comes within TSFE's strategy to attract direct foreign and Arab investments across various sectors in the Egyptian market" (Egyptian Streets, 2022).

In August 2022, the PIF also acquired 25% of the Egyptian fintech platform E-finance for a total consideration of EGP 7.3 billion (~$236 million (e-finance Investment Group, 2022). E-finance was founded in 2005 and is the first fintech platform in Egypt, as well as a leading digital payment infrastructure developer. With its investment, the PIF became the largest shareholder of the company. According to sources close to the deal, the expansion of digital services in Saudi Arabia is the reason why the PIF invested in e-finance. As such, the PIF will start implementing its expansion plan for the company in 2023.

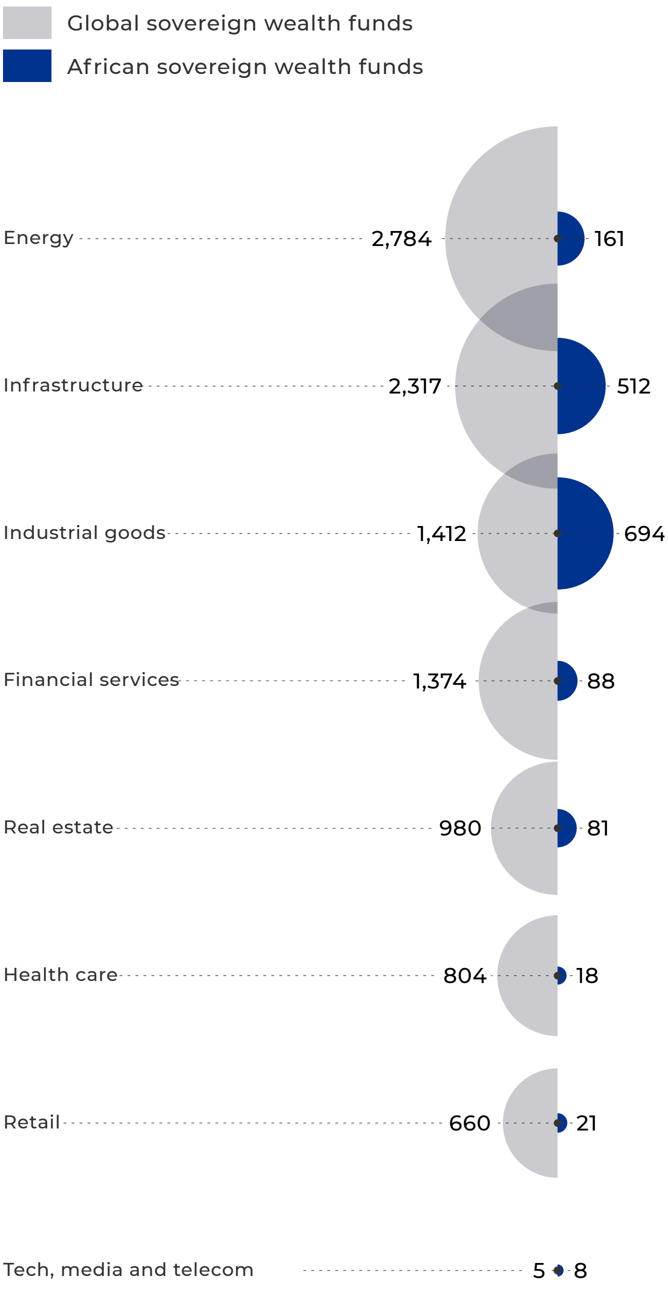
Besides Saudi Arabia, The United Arab Emirates (UAE) has been another sovereign partner in Egypt. The Abu Dhabi Developmental Holding Company (ADQ) recently established itself in Egypt in 2021 by opening up an office in the capital city Cairo. This local presence builds off an existing joint strategic platform launched in 2019 between ADQ and TSFE worth AED 73 billion ($20 billion) (ADQ, 2021). The platform has goals to advance Egypt's economic development with joint investment projects, funds, and investment tools created between TSFE and ADQ, investing in key sectors like healthcare and pharma, utilities, food and agriculture, real estate and financial services.

More recently, ADQ led a capital injection of $35 billion into a mega-project in Ras El-Hekma, including a new international airport and other infrastructure. According to Global SWF, this is the largest project ever undertaken in the country, and ADQ claims that the financing will attract over $150 billion from other investors. As part of the deal terms, the government of Egypt will receive 35% of the profit generated by the project (Global SWF, 2024).

ADQ has also committed to investing globally in emerging market, high-impact development projects. In February 2025 ADQ and the International Finance Corporation (IFC) signed a memorandum of understanding (MoU) framework for collaboration to mobilise capital and exploring co-investment opportunities in impactful sectors such as infrastructure energy security, transport and logistics, and real estate and urban development. This will contribute to investee countries' economic resilience, improve quality of life, and increase connectivity and competitiveness (Zawya, 2025).

FIGURE 5: Value of SWF transactions in Africa (2018-2022) by sector

US dollars (USD), millions.



Source: Global SWF; Preqin, PitchBook; BCG CCO and expert interviews, 2023.

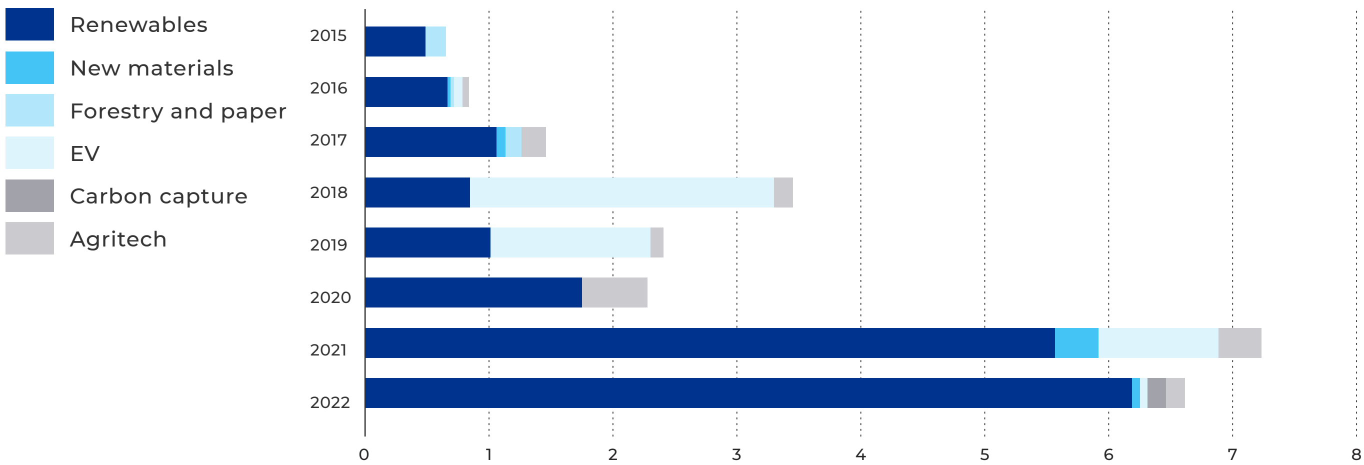
This deal size gap between African SWFs and counterparts such as those in the Middle East is a remarkable issue. It poses a threat to closing the financing needs for sustainable development in Africa. Yet, there are promising solutions to address this gap, including blended finance, pooling deals, platforms, funds of funds, and co-investment strategies. Initiatives such as the SII and ASIF could be of great help to ensure such mechanisms are put in place to scale up SWF deals in Africa and ensure their political alignment with development priorities.

2.1. GLOBAL SWF TRENDS - INVESTING IN SUSTAINABILITY & IMPACT

SWFs globally are increasingly diversifying across sectors & geographies, financing more early-stage companies through private investments, and are doubling down on sustainable and impact investments. For example, from 2022 to 2023, energy sector investments by SWFs were only made into renewable energy, with zero deals completed in oil and gas (IE CGC, 2023). This trend continued in 2023 and the first half of 2024, where $303 million was invested into greenfield

FIGURE 6: SWF direct investments in climate change opportunities (including investment platforms)

US dollars (USD), billions.



Source: IFSWF Database, 2022.

investments (e.g., green hydrogen and solar). Pressure and incentives in this area are coming from multiple angles, including the need to align with country-level commitments to the Paris Agreement,[15] regulations and investor pressure to manage climate and ESG risks, and profit incentivization due to the rapidly falling costs of renewable energy investments in areas like solar and wind. SWF investments in renewable energy have steadily dominated the total SWF climate change investment mix, with exponential growth in 2021-2022, as seen in Figure 6 below.

SWFs, alongside other global investors are partnering together to invest in sustainability and the SDGs more broadly. There have been key initiatives and partnerships that have mainstreamed these activities into SWF investment cultures, but this is still at its early stages. Examples include the One Planet Sovereign Wealth Fund (OPSWF) Initiative[16] and the SDG Investors Partnership[17] convened by UN trade & development (formerly UNCTAD). Although SWFs are less transparent in their reporting generally, it is becoming clear that the SDGs is becoming a preferred investment policy framework for sectors such as renewables, climate solutions, and the use of ESG-related financial instruments like green bonds. This is accelerating quickly, as a recent survey found in 2023 found that two-thirds (67%) of funds are considering one or more SDGs in their investment decision-making processes or aligning holdings with the SDGs, up from just 48% in 2022 (UN trade & development, 2023).

Given their unique positioning as publicly-backed investors, SWFs are well placed to align finance with country-level development and environmental goals. As they're working towards the same goals, many SWFs are already partnering with other strategic investors like private equity firms on co-investments for long-term projects and future fundraising opportunities.

For example, SWFs are using external asset managers to help achieve their development objectives. In a recent survey of 85 global SWFs, 62% of SWFs with solely development objectives (i.e., SIFs) stated that they work with external asset managers to meet their goals and objectives, with 100% of SWFs in the Middle East doing so. Asset managers assist SWFs in their diversification and appropriate hedging strategies. According to the surveyed SWFs, relationships with external asset managers also helped foster the development of the local investment industry and capital markets. This in turn produced a virtuous cycle and helped attract additional investment and reduced reliance on SWF capital in the long-term (Invesco, 2023).

Beyond identification of financing opportunities, the leading climate, development and impact-oriented financiers are designing and implementing relevant ESG and impact management systems. This is a critical component that SWFs will need to tap into to become credible sustainability and impact investors, as it embeds sustainability and impact into the investment lifecycle and across portfolios, asset types, sectors, and geographies.

15 The key element for financial institutions in relation to the Paris Agreement is Article 2.1(c), which has a goal to "align financial flows with low-greenhouse gas (GHG) emissions and foster climate-resilient development" (UN, 2015).

16 OPSWF is a coalition of SWFs launched at the One Planet Summit in December 2017, committed to integrating financial opportunities related to green growth and climate risks into the management of their assets. (One Planet Summit, 2025).

17 The SDG Investors Partnership supports governments and investors to identify sustainability risks and mobilise finance to the sectors and markets that can create maximum sustainable development impact. They produce research and policy recommendations for governments and public institutional investors across the globe, with a primary focus on sustainable development in developing countries (UN trade & development, 2025).

Luckily, such institutional frameworks are being put in practice that are readily available to use by all investors (including SWFs). Leading frameworks that are being adopted by the financial industry are the Global Impact Investor Network (GIIN) IRIS+ Standards, IFRS S1 and S2 sustainability reporting standards developed by the International Sustainability Standards Board[18] (ISSB), and the Operating Principles for Impact Management (OPIM)[19] – created by the IFC alongside other asset owners, asset managers, asset allocators, and DFIs. Notably, Singaporean SWF Temasek's asset manager, Temasek Trust Asset Management (TTAM) and Spain's SWF, COFIDES, are signatories of OPIM[20].

18 The ISSB develops—in the public interest—standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets. The ISSB builds on the work of market-led investor-focused reporting initiatives—including the Climate Disclosure Standards Board (CDSB), the Task Force on Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and industry-based SASB Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics (ISSB, 2025).

19 The Impact Principles, launched in April 2019, provide a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment life cycle. Signatories to the Impact Principles are a diverse group of over 180 impact investors, composed of asset managers, asset owners, Multilateral Development Banks and Development Finance Institutions (Impact Principles, 2025).

20 Temasek Trust Asset Management (TTAM), an asset manager of philanthropic capital funded by Temasek, Singapore's SWF and other donors, is a signatory of the OPIM (Impact Principles, 2025).

CASE STUDY

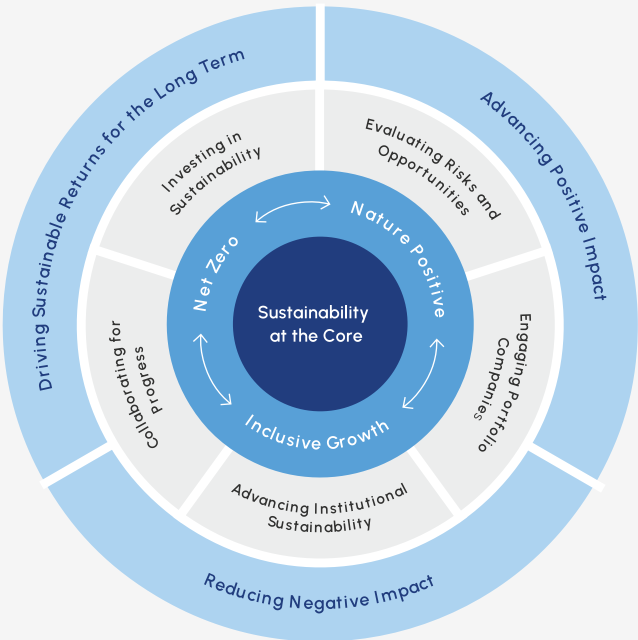
SWFs and Sustainability –Temasek

Temasek is a Singaporean SWF with over $300 billion assets under management. They have been the most active dealmaker of global SWFs, participating in 90 deals from January 2023 to June 2024. By value, this represented 13% of the total deal value (ranking 4th in the Top 10) (IE CGC, 2024). They also are a SWF with one of the most advanced and comprehensive sustainability strategies for which other SWFs and investors can model. This case study provides a deep-dive into the key areas of Temasek's comprehensive sustainability and impact investing approach.

AREA 1: ALIGN INVESTMENT STRATEGY WITH LONG-TERM SUSTAINABILITY GOALS

Temasek takes a multi-pronged approach to align their investment strategy with long-term sustainability goals. At the core is an investment strategy aligned with internal decarbonization goals, global sustainability frameworks, and emerging megatrends to ensure portfolio resilience and impact (Temasek, 2024).

TEMASEK'S SUSTAINABILITY APPROACH



Source: Temasek Sustainability Report 2024

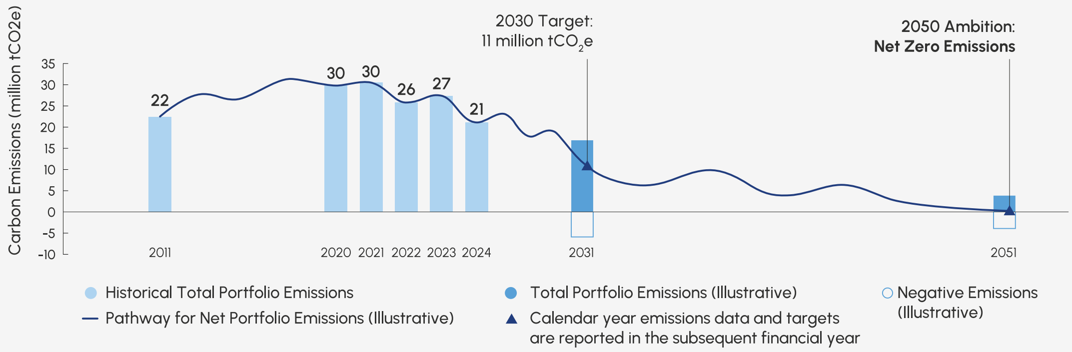
– CASE STUDY –

Net-Zero and Internal Carbon Pricing

Temasek's organizational-wide goal is to halve portfolio carbon emissions by 2030 (compared to 2010 levels) and achieve net-zero by 2050. They fixed an internal carbon price set at $65/ tCO2e (2024), with plans to increase to $100/tCO2e by 2030. These steps are driving material reductions in carbon emissions. In Temasek's 2024 Sustainability Report, they reported a 21% YoY reduction in portfolio weighted carbon intensity, and a 30% reduction in total portfolio emissions since setting climate targets in 2020.

(for year ending 31 March)

Towards Net Zero



Source: Temasek Sustainability Report 2024

Sustainability Trends Driving Temasek's Investment Thesis

Investment themes under Temasek's "Sustainable Living" criteria include investments in renewable energy, green hydrogen, and circular economy innovations. Currently, this represents S$44 billion (~$33 billion) of its portfolio as of 31 March 2024, including investments in H2 Green Steel, which uses green hydrogen in place of coal and aims to reduce CO^2 emissions by up to 95%; Ascend Elements, an advanced battery materials producer and recycler; Mahindra Electric Automobile, an electric four-wheeler manufacturer in India; and notably investing in impact investment firm Leapfrog's Emerging Consumer IV Fund. The latter investment indicates pioneering SWF expansion into impact, given Leapfrog's extensive track record in growth equity impact investments in Asia and Africa.

– CASE STUDY –

Nature Positive Goals

Although more nascent, SWF approaches to nature and biodiversity loss are advancing – with Temasek at the cutting edge. Temasek has implemented multi-year Nature and Social Roadmaps to halt biodiversity loss, restore ecosystems, and improve social equity aligned with the Kunming-Montreal Global Biodiversity Framework (GBF). The GBF is a pivotal global agreement ratified in 2022 by almost 200 countries of the United Nations. It sets 23 ambitious targets in nature and biodiversity to be achieved by 2030, including a 30% conservation of land, sea and inland waters, 30% restoration of degraded ecosystems, halving the introduction of invasive species, and $500 billion per year reduction in harmful subsidies (UNEP, 2022).

Collectively SWFs are building their approach to nature, as nature-based solutions recently became a core workstream of the One-Planet Sovereign Wealth Funds (OPSWF) Network in 2024. In this area, SWFs seek to scale investments in nature-based solutions, such as those in sustainable forestry & agriculture, marine resources, and ecosystem restoration and preservation. Investing in nature and biodiversity will provide diversified and attractive long-term returns, resilience, alongside key environmental goals of carbon sequestration, improved biodiversity, and community benefits (OPSWF, 2024).

ESG Investment Framework

Temasek has implemented a comprehensive ESG framework to guide investment decisions from pre-investment, due diligence, all the way to post-investment engagement with portfolio companies. This enables better management of material sustainability risks, and strengthens engagement with portfolio companies. Temasek does so by evaluating sustainability-related risks and opportunities across investments through its ESG framework, which integrates climate change and supports net-zero portfolio carbon emissions targets. The framework is designed to comprehensively manage sustainability risks, and expand opportunities in businesses that generate positive environmental or social impacts through their products or services.

This approach covers end-to-end investments and portfolio management, where Temasek deploys advanced ESG practices through pre-investment due diligence and post-investment engagement with portfolio companies. Risks are initially managed by limiting exposure to companies that have the potential to cause negative environmental or social externalities, while also avoiding investing into companies in restricted industries. This approach is rooted in a broader governance model, according to which Temasek participates in the boards and management of portfolio companies, but does not direct their day-to-day business decisions or operations. They protect interest by exercising shareholder rights, including voting at shareholder’s meetings.

– CASE STUDY –

This broader framework is supported by various ESG tools that promote responsible investment decisions. One example is a restricted industries list that defines which business activities fall beyond the scope of investment focus based on considerations around obligations under Singapore laws and regulations, including those arising from international treaties and UN sanctions, or proprietary assessment of the broader implications of the products or services on society. This is a set of internal guidelines that specify the conditions and necessary safeguards for investments in sectors and business activities with more inherent risks of negative impacts on the environment, workforce, or society.

Internally, Temasek also leverages tools such as the Climate Transition Readiness Framework and ESG Value Creation Playbook to support post-investment engagement efforts. Through this process, Temasek encourages portfolio companies to understand and manage climate and sustainability-related risks, focus on continuously improving operational practices, and where possible, seize opportunities to build competitive advantage, for example, by expanding business involvement in sustainability-focused products or services.

AREA 2: PRE-INVESTMENT DUE DILIGENCE

In deal evaluation, Temasek evaluates potential investments in line with their ESG criteria, identifying risks and opportunities to ensure long-term sustainability integration. This begins with an ESG & Climate Analysis, which includes research into company ESG metrics, performance against peers, and forward-looking sustainability trends. This process is facilitated by internal guidelines and safeguards against investments in high carbon emitting industries, which require enhanced due diligence. These analyses are prepared by the investment and ESG teams with the help of internal tools, which then get approved by the relevant investment committees.

The ESG framework mandates climate analysis for all new investments, including review of 1) potential contribution to climate change through its carbon footprint, 2) effects of climate change on the company's operations or business after assessing physical[21] and transition risk[22], and 3) examining new opportunities arising from technological innovations, regulations, and evolving customer demands.

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21 Physical risks are risks arising from climate change impacts and climate-related hazards (e.g., wildfires and flooding). These risks are important for financial investors as they are risks to facilities and infrastructure, impact on operations, water and raw material availability and supply chain disruptions (IPCC, 2021).

22 Transition risks typically refer to risks associated with transition to a low-carbon economy. Transition risks could include Policy; Legal; Technology; Market; Liability risk; and Reputational. Transition risks, if realized, can result in stranded assets, loss of markets, reduced returns on investment and financial penalties. A key issue for financial investors is the stranding of assets that may not provide the expected financial returns and may end up as large financial liabilities (IPCC, 2021).

– CASE STUDY –

Transition Risk Assessment

Temasek evaluates transition risks, determining how companies may be impacted by policy, legal, technology, or market changes associated with the transition to a low-carbon economy. This considered both their product and service portfolio, and the company's strategic positioning. In this process, Temasek applies an internal carbon price (ICP) to better assess impact. As mentioned earlier, they apply a current price of \$65/tCO2e, with a target of \$100/tCO2e by 2030. They look at forward-looking metrics such as total carbon emission (absolute greenhouse gas (GHG emissions) across Scope 1[23] and 2[24] , carbon intensity (absolute Scope 1 and 2 GHG emissions per million \$), expressed in tCO2e/S\$M market value, carbon efficiency (absolute Scope 1 and 2 GHG emissions, measured as tCO2e/S\$M revenue, and carbon spread (a proprietary metric which reflects the ICP modeled as a spread on top of the risk-adjusted cost of capital, acting as a trigger for deeper analysis into the investee's climate transition and decarbonization plans.

Climate Value Impact Assessments

Company-level climate assessments estimate potential impact on equity value of individual assets under climate scenarios using a third-party climate modeling tool, taking into account factors like price elasticity, cost-pass through, and Scope 3 Scope 3[25] emissions. These impact assessments critically measure exposure to physical climate risk - acute and chronic, on physical assets, operations, supply chains. With this, analysis takes into account existing or planned mitigation efforts, effectively measuring adaptation and resilience of potential investments.

Temasek, like most SWFs and other long-term investors, recognizes the importance of protecting sustainable returns for future generations. With the current and future impacts of climate change putting financial returns at risk, it is necessary to combine scientific and financial models to project the future and evaluate all potential scenarios. Climate scenario analysis is now a fundamental approach that most of the largest financial institutions are employing (many due to regulatory requirements for financial stability), albeit at different levels of sophistication.

23 Scope 1 emissions, or direct emissions, are emissions from operations that are owned or controlled by the reporting company (GHG Protocol, 2025).

24 Scope 2 emissions, or indirect emissions, are emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company (GHG Protocol, 2025).

25 Scope 3 emissions are all indirect emissions not included under Scope 2, that occur in the value chain of the reporting company, including both upstream and downstream emissions (GHG Protocol, 2025).

– CASE STUDY –

To do this, Temasek carries out technical scenario analyses of different potential climate change outcomes over the long term, up to the year 2100. They do this by projecting the impacts of different future temperature scenarios (1.5 degrees, 1.8 degrees, 4+ degrees warming scenarios), with pre-industrial temperatures as a baseline. With these scenarios, Temasek can better understand the potential impacts of climate change on future financial returns. These forecasts are underpinned by rigorous climate models, such as those created by the UN's Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). The financial sector commonly uses the scenarios designed by the Network for Greening the FInancial System (NGFS).[26]

Besides environmental factors, they take into account various different socioeconomic factors like global policy decisions that will affect global efforts to minimize global warming, which are naturally unpredictable. Despite uncertainties in the models predictions, they help Temasek monitor climate-related risks to make more informed investment decisions based on the impacts of climate change in the short, medium, and long-term.

Social Baseline Expectations

In the social area, Temasek has piloted a set of cross-cutting Social Baseline Expectations, including core business practices related to social issues for companies to adopt in their own operations, supply chains, and stakeholder interactions. When a company does not meet the baseline, enhanced due diligence is employed depending on the nature and severity of the gaps. In addition, Temasek pays close attention to emerging social risks related such as those presented by artificial intelligence (AI).

Nature Considerations

As part of due-diligence, Temasek evaluates nature-related dependencies and impacts, recently advancing its ability to identify and, where possible, quantify nature-related risks. This approach includes an explicit nature risk assessment tool to help identify potential investment assets that are located within proximity to key biodiversity areas or protected areas. Additionally, Temasek is expanding specific due diligence guidance toolkits to cover sectors with material dependency and impact on nature.

26 The NGFS works as a consensus-based forum, whose purpose is to share best practices on a voluntary basis, contribute to the development of environment and climate risk management in the financial sector, and conduct or commission analytical work on green finance. As of March 11th 2025, the NGFS consists of 144 members across over 90 countries and 21 observers. Members are central banks or prudential supervisory authorities committed to actively contributing to the objectives and work of the NGFS. The Membership brings together institutions from all continents, from all levels of economic development, representing different climate and nature challenges. The membership covers 100% of global systemic banks and 80% of the internationally active insurance groups (NGFS, 2025).

– CASE STUDY –

Governance Considerations

Temasek considers policies and procedures that companies have established and implemented to govern their organisation and ensure transparency and accountability regarding corporate activities. Where material, they aim to understand a company's oversight of ESG and climate policies, procedures, and practices, stakeholder engagement, reporting on human rights and environmental due diligence, as well as their efforts to remain up-to-date and compliant with changing regulations.

AREA 3: INVESTMENT APPROACH

Temasek invests across stages through its global investment teams as a bottom-up direct equity investor aligned with its four structural trends (digitalization, sustainable living, future of consumption, longer lifespans) and its seven sector focus areas (food, water, waste, energy, materials, clean transportation, and the built environment). Investing is complemented through strategic partnerships with like-minded investors and the establishment of dedicated investment platforms. This allows acceleration and scale of the deployment of financial capital while joining up capabilities, critical knowledge, and support networks.

Investing in climate & nature

Temasek uses an integrated approach to seize investment opportunities that deliver positive climate and nature impacts alongside sustainable financial returns. One concrete area of investment that fits this criteria is water conservation and the circular economy, which help address some of the key underlying drivers of the nature crisis, namely extraction of natural resources and pollution. For example, an investment in the Emerald Global Water Impact Fund supports the development of technologies that address water conservation, strengthen solutions for sustainable and resilient cities, improve resource efficiency, enable adaptations for climate change, reduce health risks, and stimulate innovation and economic growth.

Temasek invests in the low-carbon economy, including solutions that seek to accelerate energy transition and decarbonization across key sectors, such as the advancement of hydrogen technologies, energy-efficient solutions, or alternative production processes in hard-to-abate sectors.

– CASE STUDY –

“The world is facing pressing social and environmental challenges and impact investing has the potential to unlock capital to address such challenges. We will invest in leading impact fund managers with a strong sense of purpose and proven track record to support businesses that positively contribute to people and planet.”

– BENOIT VALENTIN,
HEAD, IMPACT INVESTING, TEMASEK

– CASE STUDY –

Impact Investing Approach

In 2021 Temasek established a dedicated impact investing team. Its mandate is to generate positive impact for underserved communities in emerging markets in Africa, Asia, and Latin America, whilst also achieving sustainable returns over the long term. It makes investments in impact funds and businesses aim to address basic needs, improve livelihoods, and build resilience of underserved communities.

As part of its investment strategy, the impact unit uses a Proprietary Impact Measurement and Management framework to assess all potential impact investments. The framework guides the decision-making process and enables measurement impact in a systematic way. Post-investment, Temasek works with investees to establish a set of metrics tied to the specific impact outcomes they aim to achieve.

Temasek also seeks to build a global ecosystem of impact investing. For example, in 2022, Temasek supported the Global Impact Investing Network (GIIN)'s Impact Lab, an industry initiative to create analytic tools including impact performance benchmarks. In that same year, Temasek Trust (which manages Temasek's endowment funds and gifts from Temasek and other donors), established the Centre for Impact Investing and Practices (CIIP) that year, a non-profit entity that aims to advance impact investing knowledge and practices in Asia and beyond. The following year in 2023, Temasek and CIIP organized an inaugural Impact Investing Roundtable, which convened leading impact investing professionals for further collaboration and knowledge sharing.

Three Core Strategic Impact Investing Pillars

1. Deepen strategic partnerships LeapFrog Investments and ABC Impact

Temasek entered a strategic partnership with Leapfrog Investments in 2021, involving a $500 million investment and commitment to anchor Leapfrog's future funds, and acquiring a minority stake with a non-executive seat on Leapfrog's Board. In 2024, Temasek committed to the LeapFrog Climate Fund and ABC Impact's Fund II, a $550 million fund established by leading Asian impact private equity firm ABC Impact.

2. Build a diversified portfolio of impact funds with complementary strategies

Aligned with its impact strategy, Temasek expanded its footprint in 2024 into other global impact funds besides LeapFrog and ABC Impact, investing in funds managed by Elevar Equity, Quona Capital, and AXA IM Alternatives.

– CASE STUDY –

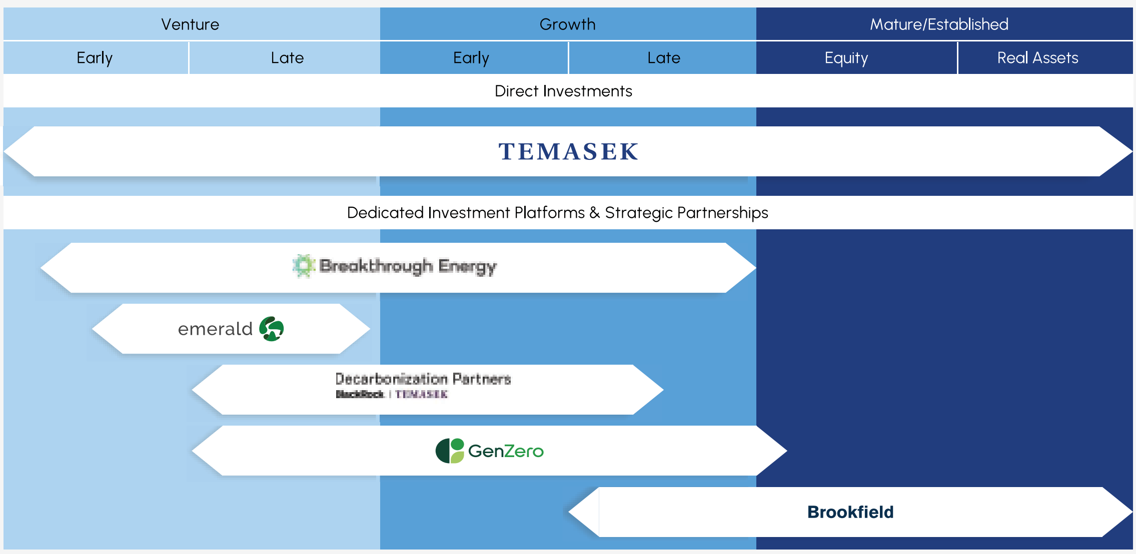
3. Advance direct and co-investments to deepen impact

For direct and co-investments, Temasek invested in SarvaGram, a company providing financial and productivity enhancing solutions to rural households in India. To further impact, Temasek collaborates with portfolio companies to drive impact and create value. This includes collaborating on strategy, enhancing impact practices, and introducing portfolio companies to partners in Temasek's network for further synergies.

Tailored Investment Instruments

Temasek acknowledges that companies with different sustainability solutions and funding needs require appropriate instruments to maximize impact and returns. For example, early stage companies require risk capital to bring solutions to scale, other growth stage opportunities seek funding for market expansion or increase production capacity, and mature companies may seek to raise funds through public offerings. Given this, Temasek invests in solutions across the investment continuum and has developed strategic, like-minded partners to do so.

For example, at the venture stage where risk is high, Temasek has partnered with Breakthrough Energy Partners in a new fund called "Select", which helps late-stage clean-tech startups raise capital and expand markets. In the growth stage, Temasek has notably partnered with BlackRock to establish Decarbonization Partners, which has made eight investments in late-stage venture capital and early-stage growth equity in clean energy, electrification, green materials, and a circular, digital economy.



Source: Temasek Sustainability Report 2024

– CASE STUDY –

In mature markets, Temasek has invested in Brookfield's Global Transition Funds (BGTF I and BGTF II), which aims to expand clean energy production, provide decarbonization solutions for carbon-intensive businesses, and scale established solutions.

Additionally, in 2022 Temasek built an in-house investment platform, GenZero, to accelerate decarbonization efforts globally. It has built up a diversified portfolio in areas like nature-based solutions, technology-based solutions, and carbon ecosystem enablers. Investments include a land restoration project in Ghana, sustainable aviation fuel (SAF) companies, carbon removal technologies, and a carbon marketplace and exchange.

As mentioned, nature has become central to Temasek's sustainable investment strategy. Nature-based solutions and biodiversity protection are essential components in mitigating the effects of climate change, ecosystem restoration and protection, and halting biodiversity loss. One key investment in this area is their investment in Emerald Global Water Impact fund, which supports the development of technologies that provide solutions in water conservation, resilient cities, resource efficiency, and climate adaptation.

AREA 4: DRIVING SUSTAINABILITY THROUGH ACTIVE OWNERSHIP

ESG Risk Monitoring

As part of ongoing portfolio monitoring, Temasek performs annual updates to the Board and senior management on key ESG risk areas in their portfolio, including investments with high-ESG risk exposures, external ESG ratings, ESG incidents and controversies (i.e., legal & reputation risks), and KPIs such as portfolio carbon emissions and material ESG issues. Additionally, they employ third-party climate modeling to monitor risks at the asset-level for listed assets and significant unlisted assets. These assessments take into account different climate scenarios and pathways aligned with the portfolio-level scenario analysis, as mentioned earlier. When high-risk companies are identified, necessary escalation is taken.

Carbon Budget

Temasek has set GHG emissions budgets for each sector to make sure investments are aligned with the overall portfolio emissions target.

Portfolio Carbon Analytics and Reporting Tool

Temasek has created an in-house measurement, reporting, and analytics tool with sector and market dashboards to track and monitor portfolio carbon emissions.

– CASE STUDY –

Engaging Portfolio Companies

In the post-investment monitoring process, constant evaluation of portfolio companies alignment and progress towards environmental and social concerns is assessed. Assessments cover both products and services offered, as well as operational practices. Temasek follows an internal prioritization process, accounting for the diverse range of companies within Temasek's portfolio. From there, they identify where they can drive the most significant impact.

In the prioritization process, Temasek considers ESG maturity, ESG relevance, and Temasek's potential influence. Based on the results, they prioritize companies which are long-term holds and are earlier in their ESG journey, companies with high potential for value creation, or if they foresee a clear pathway for ESG transformation.

They have created an ESG Value Creation Playbook, which guides investment teams in identifying opportunities and driving ESG value creation. They seek to identify opportunities to engage and support portfolio companies to improve ESG practices. This can include accelerating decarbonization efforts, and driving growth in sustainable products and services. When relevant, they work with the portfolio companies to establish sustainability-related KPIs that can be linked to compensation and financing opportunities. The aim of the ESG Value Creation Playbook is to strengthen portfolio company resilience, improve competitiveness, enhance ability to access capital, and position them for new growth opportunities.

When it comes to climate, Temasek makes use of a proprietary Climate Transition Readiness Framework. This provides a structured methodology to assess portfolio companies' ability to address climate-related risks and opportunities. This framework is a critical starting point of

Temasek's Sustainability Approach

Source: Temasek Sustainability Report 2024

– CASE STUDY –

engagement. It opens a conversation to set climate expectations for the long-term, including setting a 2050 net-zero target and relevant interim targets. They assess companies across eight areas including: 1) governance and organizational competencies on climate change; 2) climate transition strategy; 3) capital allocation; 4) scenario planning; 5) risk management; 6) GHG reduction targets and progress; 7) advocacy and engagement; and 8) external verification and disclosures.

Temasek also targets its portfolio companies with the highest emissions, engaging the Top 5 contributors to total portfolio emissions to create tailored and sector-specific decarbonization strategies. They also engage CEOs and sustainability leadership through two key platforms: 1) the annual Temasek's Portfolio Companies (TPC) Sustainability Council and 2) the Bi-annual TPC Sustainability Leaders Network.

To date as of 2024, Temasek has engaged 19 major portfolio companies, representing 94% of total portfolio emissions. Out of these 19, 11 have set 2050 net-zero targets, indicating Temasek's power to influence and encourage the development of strong sustainability commitments not just at the organizational SWF-level, but in their portfolio companies.

Fund Managers

When evaluating external fund managers, Temasek uses ESG approaches based on an investment lifecycle perspective to understand commitment, due diligence approaches, stewardship, and reporting practices. When evaluating their preparedness to climate-related risks and opportunities, Temasek references leading international frameworks to share best practices with managers – seeking continuous improvement. To monitor the ESG practices of external fund managers, Temasek issues an annual ESG survey, where managers share their latest initiatives and future plans. In addition, Temasek takes extra engagement measures with managers with whom they have investment positions in the fund management company.

AREA 5: ACCELERATING SUSTAINABILITY THROUGH COLLABORATION

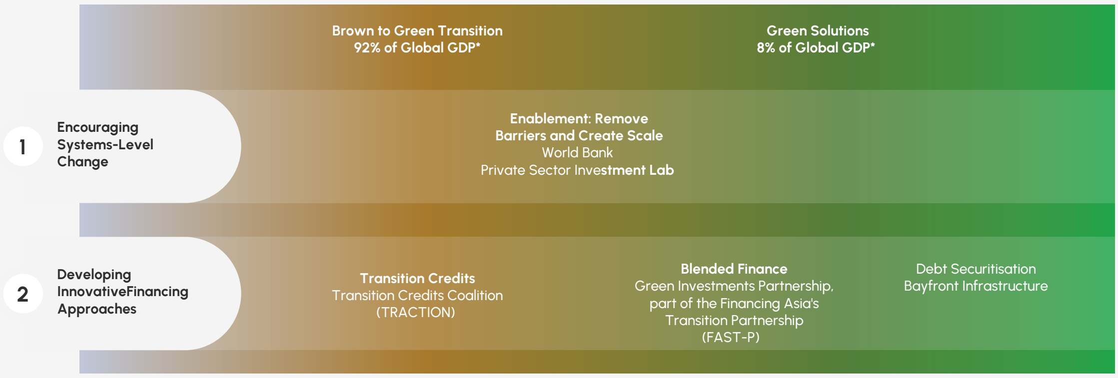
Temasek has taken significant steps to leverage the power of strategic partnerships to accelerate decarbonization and scale up sustainable finance. When it comes to transition finance[27] Temasek focuses on addressing climate financing gaps with varied and innovative financial solutions. These include blended and transition finance mechanisms that can better support

27 Though definitions vary, transition finance defined by the OECD describes it as finance intended to decarbonize entities or economic activities that: (i) are emissions-intensive, (ii) may not currently have a low- or zero-emission substitute that is economically available or credible in all relevant contexts, but (iii) are important for future socio-economic development (OECD, 2022).

– CASE STUDY –

the development and scaling of sustainable infrastructure. Temasek's partnerships approach is two-pronged: encouraging systems-level change while also developing innovative financing solutions. In addition to the partnerships mentioned earlier (Breakthrough Energy, Emerald, LeapFrog, BlackRock, GenZero, and Brookfield), Temasek has a multitude of ongoing strategic partnerships to achieve different aims. For example, Temasek partners with Clifford Capital Holdings, which is a platform that provides debt financing solutions for the infrastructure and maritime sectors. It is committed to sustainable growth and net zero financed emissions by 2050. So far, it has structured and issued three project and infrastructure debt securitization

Partnering for Climate Transition



* FTSE, Investing in the green economy 2022, May 2022

Source: Temasek Sustainability Report 2024

transactions for eligible green and social loans since its first issuance in 2018, with its most recent issuance in September 2023.

Another example is a partnership with Pentagreen Capital, a joint venture (JV) established with HSBC, which finances sustainable infrastructure projects in Asia. Pentagreen signed its first transaction with Philippines-based solar development company Citicore Solar Energy Corporation, structuring a $100 million mezzanine construction green loan with an initial tranche of $30 million. The initial tranche supports a portfolio of six solar projects in the Philippines, and is expected to enable more than $300 million in total project capital value. The transaction reflects Pentagreen's potential as a specialised lender to remove barriers to bankability.

– CASE STUDY –

In the area of blended finance, Temasek has joined the Green Investments Partnership, a part of Financing Asia's Transition Partnership (FAST-P) – an initiative led by Singapore's central bank, the Monetary Authority of Singapore (MAS). The FAST-P is a blended finance initiative that brings together the public, private, and philanthropic sectors to mobilize up to $5 billion to de-risk and finance marginally bankable green projects in Asia.

Other innovative financial mechanisms include the Transition Credits Coalition (TRACTION), also launched by the MAS. TRACTION explores financial mechanisms that encourage financing for the early retirement of coal-fired power plants. It studies the challenges and relevant solutions for transition credits to be used as complementary and credible financing instruments.

Besides financial instruments, Temasek is exploring partnerships to enable systems-level transformations. This includes partnering with the World Bank's Private Sector Investment Lab, which is a collaborative effort to address the barriers to private sector investment in emerging markets, with an initial focus on scaling transition financing in renewable energy and energy infrastructure. The Lab supports the growing momentum and increasing level of commitment for the public and private sectors to come together to address global challenges, contribute to ideas for improved financing structures, develop approaches to balancing and allocating risks across investors, and to reimagine new partnerships.

AREA 6: ROBUST GOVERNANCE AND ACCOUNTABILITY

Internal Governance Structures

A strong sustainability approach ultimately needs an equally strong governance and accountability system to ensure continuity, coherence, and proper incentivization across the organization. When evaluating Temasek's approach, it can be observed from the top-down. From the top, there is Board oversight with various committees (Executive, Audit, Leadership Development & Compensation, and Risk & Sustainability). Each is chaired by a non-executive director independent of management. Each committee oversees sustainability in different ways. For example, the Executive Committee (ExCo) approves new investment and divestment decisions, taking into account sustainability-related risks and opportunities to manage and shape the portfolio. The Risk & Sustainability Committee (RSC) focuses on general sustainability-related risks and opportunities. The RSC supports the Board in oversight of sustainability through reviews of portfolio risk appetite, material ESG matters, risk management, sustainability frameworks and policies, and public statements related to risk, sustainability, and ESG.

– CASE STUDY –

Below the Board is Senior Management (known as OneTemasek), which implements the strategy and policy directions set by the Temasek Board to fulfil the mandate to deliver long-term sustainable returns. Levels of authority for investment, divestment, and other operational matters are defined according to the Board's delegation. Senior management oversees Temasek's key business strategies and organizational initiatives with the support of the following committees, which are chaired the CEO and comprises members of senior management:

1. Strategy, Portfolio and Risk Committee (SPRC)

The SPRC reviews macroeconomic, political, industry, technological, and social trends that provide the context in which new opportunities and risks may arise, in both existing and new markets. It also reviews overall portfolio construction efforts and investment strategies, and oversees ESG policy and the integration of ESG considerations.

2. Senior Divestment and Investment Committee (SDIC)

The SDIC manages and shapes the portfolio on an ongoing basis and decides on investments and divestments up to the authority limits as delegated by the Board. It takes into account sustainability-related risks and opportunities, and makes other decisions to manage and shape the total portfolio. Investment proposals beyond these authorization limits are escalated to the ExCo and/or the Board as needed.

3. Senior Management Committee (SMC)

the SMC reviews and sets overall management and organizational policies. These include internal controls, the implementation of the Derivatives Framework, and the Valuation Policy approved by the Board Audit Committee. The SMC has developed the Temasek Code of Ethics and Conduct (T-Code) and constituted the Ethics Committee to assist implementation. All employees are required to observe and comply with the T-Code. The SMC also oversees the operationalization of corporate initiatives and processes within the frameworks and overarching principles approved by the Board. Examples include sustainability-related initiatives and institutional sustainability strategy.

– CASE STUDY –

Functional Capabilities

Senior management works with a dedicated team of functional experts supporting the delivery and evolution of the sustainability strategies, frameworks, and programmes. Overall, the Sustainability Group initiates, develops, and implements the overarching strategy and sustainability initiatives. The Sustainability Group convenes internal and external stakeholders to catalyze and invest for long-term positive impact, to support the transition to a net zero, nature positive, and socially inclusive world, to build a sustainable organization, and collaborate for global progress.

The integration of sustainability considerations across our investment lifecycle is supported by a dedicated ESG Investment Management (ESG IM) function that reports to the Chief Investment Officer. ESG IM oversees ESG integration efforts pre- and post-investment and climate transition readiness. In sum, it serves as a center of knowledge and expertise on ESG issues, partners investment teams to a material ESG issues, and engages with portfolio companies. In this sense, its goal is building portfolio resilience and advancing ESG practices. This includes identifying and assessing the emission profiles of portfolio companies.

Compensation Linked to Sustainability Goals

Temasek applies a carbon charge against portfolio performance. This carbon charge is taken from the Wealth Added incentive pool to be awarded as another type of co-investment grant tied to organizational carbon emission reduction targets. This drives Temasek to collectively work towards institutional commitment to halve net carbon emissions of the portfolio by 2030 compared to 2010 levels, and to achieve net-zero carbon emissions by 2050.

CONCLUSION

Temasek's comprehensive strategy, accountability, and governance around sustainability and impact indicates leadership and innovativeness for SWFs in this area. Their policies are organizational-wide, starting from the highest level of Board leadership. Decisions flow through senior leadership and down to investment teams, risk management officers, and ESG strategists within the organization. Recognizing that sustainability and impact can be amplified by the power of partnerships, Temasek has established a wide-ranging suite of partnerships to meet different needs of its investment strategy and its portfolio companies. The commitment

– CASE STUDY –

to achieving essential global goals such as net-zero, nature and biodiversity protection, management of sustainability-related risks, and impact investing strategies is a signal not only for SWFs, but investors, fund managers, and companies who seek investment from powerful institutions like SWFs.

Temasek not only seeks to align its investments through pre-investment due diligence, but is an active asset owner throughout the investment life cycle. In that sense, it works as a responsible steward of public capital for future generations. Prudent investors like Temasek recognize that investing in sustainability and impact is not just a feel good approach and secondary to returns, but rather, protects against the present and future material risks of failures to address environmental and social risks. Additionally, given the massive opportunities that the transition to a low-carbon future presents, Temasek sees this future not only as a risk to the bottom line, but an active opportunity. Low-carbon technologies, nature-based solutions, and impact investments with social returns reinforce long-term financial returns. Given the interconnectedness of environmental and social sustainability with financial sustainability, expect Temasek and other SWFs to continue and enhance these approaches - with others to follow.

2.2. SWF CONTEXT - DEVELOPMENT FINANCE

Traditional development financiers like MDBs and DFIs play differing, but complementary roles to SWFs in the developing country investment context. They all seek to be aligned with achievement of sustainable development, but use different financial tools and approaches to do so. It is also unclear if these institutions are developing coherent strategies of collaboration and coordination, slowing progress towards achieving the SDGs. According to a recent survey of 18 senior DFI officials, cooperation between DFIs and other development agencies exists, but it is typically limited to knowledge sharing rather than action-oriented approaches like financing tools and instruments (Center for Global Development, 2024). Despite limited cooperation and different viewpoints of the issue at hand, all sides see the value in deepening cooperation, especially through strategic planning via project pipelines in the identification process. Additionally, development financiers can work more closely to generate investment opportunities at the project and country level, including the structuring of blended finance mechanisms (Center for Global Development, 2024).

To accelerate financing of sustainable development across institutions, not just traditional development financiers, these partnerships must extend to other investors like SWFs and other capital owners. One successful example of this is a recent partnership between IFC (the World Bank's private sector arm) and FONSIS, Senegal's SWF. In this partnership, IFC and FONSIS will acquire 20,000 homes over 8-10 years from developers and make them available to lowerincome earners through a rent-to-own scheme.[28] This innovative mechanism facilitates affordable home ownership in a country facing rapid population growth and housing shortages, but also encourages Senegalese people to save for retirement and plan for their children's education through investment opportunities like insurance (IFC, 2022).

NSIA, Nigeria's SWF has a long-standing relations with KfW, the German Development Finance Institution, who invested EUR 31 million of subordinated capital into NSIA-launched InfraCredit back in 2018 (InfraCredit, 2018).

Developing country SWFs (primarily SIFs in Africa) are investing in parallel objectives with other DFIs. These include IFIs, MDBs, bilateral DFIs, and development aid agencies. Annex 1 shows a high-level overview of the different types of development finance institutions mentioned in this report, including their key priorities and financing strategies.

28 In the developing economy context, rent-to-own schemes combine the flexibility of a rental contract with the commitment of a mortgage loan – by allowing equity to build up but also providing a way out of the deal, if the client decides not to buy or move on. Rents can also be adjusted in inflationary periods, while maintaining the growth in equity (World Bank, 2022).

2.3. SWF CONTEXT - IMPACT INVESTING AND PRIVATE EQUITY (PE)

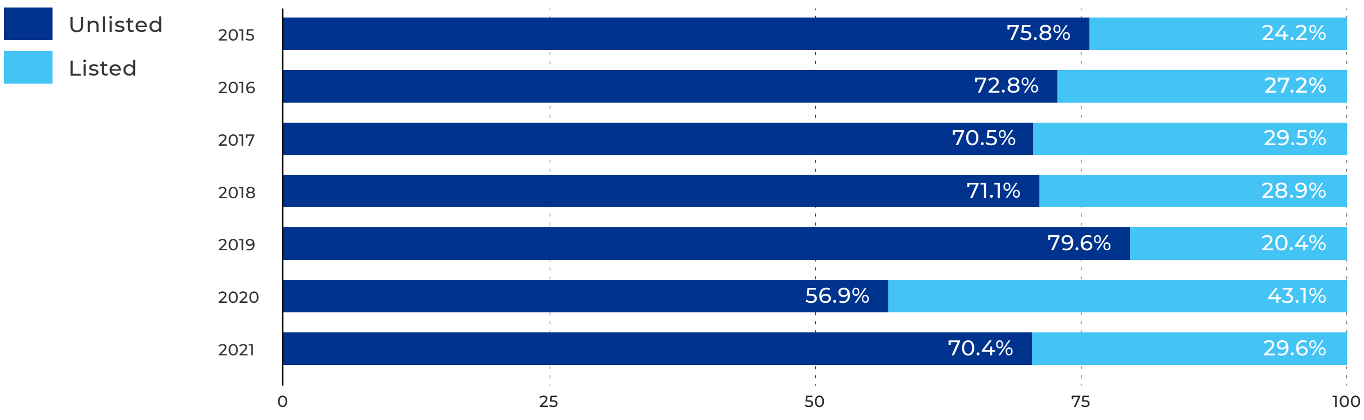
Impact investing[29] is a broad term that encompasses investments in both developed and developing economies that intend to generate a measurable benefit to society, in addition to a financial return. The impact investing industry has been growing strongly over the past years, with an estimated size of $1.571 in 2024, up from $1.164 trillion in 2022 (GIIN, 2025). Investor appetite for impact investing was surging prior to the COVID-19 pandemic, where it reached $2.3 trillion in AuM in 2020 (IFC, 2022). Impact investments made in developing countries are expected to keep growing in the years to come, as the GIIN expects that 56% of impact investors plan to increase their investments in sub-Saharan Africa, followed by Latin America and the Caribbean (48% of investors), and Southeast Asia (42% of investors) (GIIN, 2023). IFC estimated in 2022 that globally, the appetite for impact investing is up to $26 trillion, or about 10 percent of global capital markets. According to them, most of this enthusiasm revolves around investments that offer both market-rate financial returns and positive social impacts (IFC, 2022).

When it comes to impact investing strategies, private equity (PE) continues to be the preferred asset class, with 1,321 funds established globally as of September 2023 (Impact Investor, 2024). Some of the largest PE firms are joining in, like PE giant KKR, who just recently raised $2 billion for its second impact fund. Investing in climate, and renewable energy in particular has seen the most funds globally, with 915 funds aligned with SDG 7 (*Affordable and Clean Energy*), followed by 723 funds aligned with SDG 9 (*Industry Innovation and Infrastructure*) (Impact Investor, 2024).

SWFs are tapping into the impact investing market

FIGURE 7: SWF Investments % breakdown (public vs. PE)

Equity, US dollars (USD), billions.



Source: IFSWF Database, 2021.

29 According to the Global Impact Investing Network (GIIN), impact investments are investments made with the intention to generate positive, measurable social and environmental impact, alongside a financial return. Impact investments target financial returns that range from below market (sometimes called concessionary) to risk-adjusted market rate, and can be made across asset classes, including but not limited to cash equivalents, fixed income, venture capital and private equity (GIIN, 2025).

to form active partnerships and co-financing opportunities, largely through the PE approach. As mentioned in the earlier case study, Temasek recently entered into a $500 million strategic partnership in March 2021 with impact investment firm LeapFrog Investments[30] (Temasek, 2021). The two parties have established a multi-fund investment, where Temasek will anchor LeapFrog's future investment funds. Temasek will also take a minority stake in LeapFrog and provide growth capital to support LeapFrog's expansion and investment capabilities across Asia and Africa. LeapFrog and its investment process will continue to be managed and controlled by its team of partners, with Temasek taking one non-executive seat on LeapFrog's management board.

The trend of SWFs increasing allocations to PE has been steadily rising since 2016, which likely was accelerated by the COVID-19 pandemic (see Figure 7) (IFSWF, 2021). Importantly, findings of IFSWF research suggest that SWFs find PE firms the most preferred strategic investor partner. Although SWFs have developed in-house expertise in PE, there is still a significant knowledge gap with other partners who may have specialised skills or competitive advantage. Therefore, it is preferred for SWFs to be a part of a consortium of investors, rather than invest solo (IFSWF, 2021).

The fifth annual IFSWF and OPSWF climate survey found that 40% of surveyed SWFs (about 80% of global AuM) reported investing in sustainable PE funds, and 33% in impact investment funds - with the energy transition being the most attractive focus (IFSWF, 2025).

This is particularly relevant in developing countries, where global SWFs or other institutional investors have asymmetric information with local development institutions with on the ground knowledge. Local financial institutions in these contexts can de-risk through better information of the local market, more established relationships, understanding of regulations, and have the added benefit of dealing in local currency. Coordination and shared efforts like achieving local economic development alongside financial returns, investors can pool their resources and expertise to potentially achieve better investment outcomes than if either party would invest by themselves.

In Annex 2 you can find a high-level overview of the different types of impact investors and private equity firms that operate in the context of SWFs in developing markets, with a focus on investors in Africa. Within this there are some example projects and SMEs that provide insight into the types of local projects that are impact oriented and SDG-aligned. This gives helpful information for SWFs and investors to understand the types of projects that may be included in future pipelines of projects, along with potential co-investors in private equity, the preferred type of investments for impact in today's context.

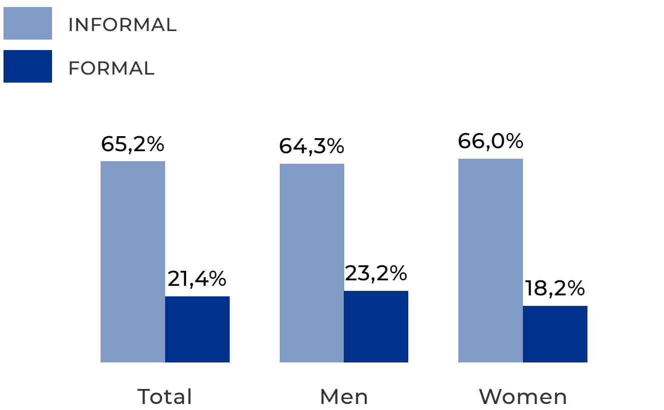
30 LeapFrog Investments is a South African-Australian PE firm with estimated assets under management over $1 billion. They are an impact investor who invest in financial services, healthcare, and energy & climate businesses in Asia and Africa. Since its inception in 2007, it has now reached over 537 million people through its companies as of December 2023, and 359 million in emerging markets living on less than $11.20 a day (LeapFrog, 2024).

INVESTING IN AFRICA'S DEVELOPMENT: CHALLENGES AND OPPORTUNITIES

The development needs in Africa are high, especially in infrastructure, energy access, digital connectivity, and job creation through SMEs. It is estimated that the continent's infrastructure financing needs are from $130-170 billion a year (AfDB, 2023), but recently in just over five years (2016 – 2020), financial flows into infrastructure was only $130 billion in total. Additionally, solving Africa's housing backlog will require a total of $2 trillion over 10 years (World Bank, 2022). Another driver of growth is digital infrastructure and increasing internet access across Africa. Achieving universal, affordable, and good quality broadband internet access in Africa by 2030 will require an investment of $100 billion to connect nearly over 1 billion new users. As a result, Africa's internet economy could contribute $180 billion to its GDP by 2025, and up to $712 billion by 2050 (IFC, 2020). In addition to infrastructure financing gaps, 1 in 4 young Africans are not in employment, education, or training (NEET). There is a vast shortage of formal employment opportunities, as the AfDB estimates that each year 12 million young people enter the workforce with only 3.1 million formal jobs available.

FIGURE 8: Persons in formal and informal employment living in poor households in Africa

Percentage.



RATIO	3.0	2.0	3.16

Ratio poverty rates informal compared to formal.

Source: ILO, 2025.

Development is hindered due to the shortage of formal employment opportunities, which is a highly persistent issue in Africa. The result is a dominant informal economy that has prevailed in African economies for decades, primarily in Sub-Saharan Africa. Based on estimates from the International Labour Organization (ILO), an average of 83% of Africans overall, and 86% of Sub-Saharan African employment was informal from the years 2004-2024 (ILO, 2025). Informal employment is associated with higher levels of poverty, affecting both men and women at similar rates. In Figure 8, it shows that those working informally are 3 times more likely to be living in a poor household.

Low-paid, informal workers also inherit this vulnerability from their parents and other family members, making informal work a persistent driver of underdevelopment globally. Research from the OECD suggests that informality and low-paying work are path dependent. Children who grew up in households where family members are informally employed have a lower chance of securing a formal job in the future. They tend to spend less time in school than children of formal working parents (from primary level onwards), have less financial resources and parental time devoted to their education, and school-to-work transitions are longer and more uncertain (OECD, 2024).

Corruption also remains a persistent issue in Africa, which stands as a critical barrier to achieving inclusive sustainable development and opportunities for future generations. In 2024, 90% of African countries scored below a 50 on the Corruption Perceptions Index (CPI), with Sub-Saharan countries averaging the lowest score at 33/100 (Transparency International, 2025). The UN has estimated that the continent loses about $88 billion per year as of 2020 (about 3.7% of Africa's GDP) due to illicit financial flows (OCCRP, 2020), with an estimated $854 billion lost from 1970 to 2008 (GFI, 2010).

This problem is a serious challenge that has widespread implications - affecting prospects of stable politics and rule of law that protect foreign investment, credible financial markets, and entrepreneurship and employment opportunities, especially for young people. According to the 2024 annual African Youth Survey, asking 5,600 youth aged 18-24 their opinions on a wide variety of topics, 83% of youth are concerned about corruption in their country. They see reducing corruption as the highest ranking priority, even above job creation. The perception of corruption spans the national, provincial, and local government, but youth are also skeptical of corruption at companies, police, and the security forces (Ichikowitz Foundation, 2024). Corruption is also affecting the continent's ability to fight climate change and build credibility with foreign investors to fund development needs. One recent high-profile case is from 2023, where the former CEO of South African power utility Eskom alleged that Eskom lost at least 1 billion rand ($55 million) per month due to corruption, and stated to the parliament that this was likely a conservative estimate (AP News, 2023).

THE AFRICAN OPPORTUNITY

Though there are pressing challenges to overcome, there is optimism in the African opportunity. Africa's GDP is expected to grow by 4.3% annually through 2027—a third more than the global average, far surpassing the outlook for Europe (1.5%) and the Americas (1.8%). There are several factors that will support this growth going forward: the continent has a population of around 1.4 billion people, which is forecasted to grow up to 2.5 billion people by 2050. If it reaches this number, it would represent over 25% of the world population (IMF, 2023).

It has high potential for sustainable development, given that Africa has a third of the world's natural resources, 65% of its uncultivated arable land, untapped renewable energy capacity across the continent, and large reserves of critical minerals for the energy transition (BCG, 2023).

When looking at renewables in particular, Africa's potential is unique. Africa is currently on course to surpass Europe in geothermal energy production by 2030 to become the world's third-largest (after Asia and North America). According to Rystad Energy, the industry could attract over $30 billion in investments by 2050, with Kenya and Ethiopia leading. In 2024, Sosian Energy in Kenya received $68 million from the Development Bank of South Africa (DBSA) to expand its geothermal output from 35 MW to 105 MW. This also highlights interregional investment and cooperation by development finance institutions across Africa.

The East African Rift System (EARS) has enormous, largely untapped, geothermal potential. The EARS spans about 6,400 km and estimates suggest that it could generate over 10,000 MW of electricity for East Africa. Despite regulatory and policy limitations that have so far prevented realized potential, the region has still attracted international development finance attention to invest with local partners for blended finance. For example, in 2024, British International Investment (BII), the U.K.'s DFI and impact investor, invested $15 million with infrastructure asset manager Meridiam - investing into into wholly owned and managed Rift Valley Energy (RVE), a renewable energy platform (Meridiam, 2024).

Besides geothermal, Africa has enormous solar potential, yet like geothermal potential, is still largely untapped. The world continues to add solar capacity at a rapid rate, adding roughly 600 GWp of solar power in 2024, 29% growth from 2023. Growth is highly uneven, with China representing over 50% of the total, and five countries (China, United States, India, Germany, and Brazil) accounting for 75% of the global total (Ember, 2024).

In comparison, Africa added 2.5 GWp of new solar capacity in 2024, reaching a total of 19.2 GWp. Despite this representing only 0.5% of the global capacity added in 2024, there is a 21% increase in the project pipeline. Africa's solar projects are also highly concentrated, with South Africa and Egypt representing 78% of the total 2.5 GWp installed (Africa Solar Industry Association, 2025).

Given its renewables potential, Africa has an opportunity to "leapfrog"[31] reliance on polluting fossil fuels and turning to renewable energy, but there are still high barriers to overcome. Africa faces an energy poverty crisis compared to other developing regions. According to the African Development Bank, approximately half the continent is without access to electricity, equalling about 600 million people. This is due to numerous factors over decades, such as lack of investment, access, and maintenance, unaffordable subsidies, and financially distressed power utilities. Most cannot cover their operating costs, and rely on governments for subsidies to cover capital expenditures. Additionally, the financing available for energy projects is typically only available in international "hard" currency (e.g., USD, Euro). This is unsustainable given that local providers want to pay in local currencies, which are vulnerable to currency fluctuations. Corruption and political interference can play a role as well, which adds another layer of risk and uncertainty for power providers and investors.

Though there are ambitious initiatives that may produce compound, exponential financing opportunities both domestically and globally. The African Development Bank, the World Bank, and others have launched an initiative called Mission 300. As its name suggests, its goal is to provide 300 million Africans with access to electricity by 2030. The approach will target a mix of grid extensions and distributed renewable energy solutions, such as mini-grids and stand-alone solar home systems - effective in fragile and remote areas where traditional grid infrastructure is impractical. Investments in generation, transmission, regional interconnection, and sector reform will complement these efforts (AfDB, 2025).

NSIA is leading African SWF efforts in this area. In November 2023, NSIA launched the $500 million Renewable Investment Platform for Limitless Energy (RIPLE) - an innovative platform dedicated to developing, investing in, and operating renewable energy projects in Nigeria. RIPLE's scope includes renewable technology manufacturing, midstream generation & diesel displacement and downstream distribution. RIPLE has already initiated five projects with a combined renewable capacity of approximately 1.1GW, with an additional 300MW in the pipeline.

Another more recent project by NSIA is a partnership with Sustainable Energy for All (SEforALL), the International Solar Alliance (ISA) and Africa50. In March 2025, the groups announced an innovative partnership for a $500 million distributed renewable energy (DRE) Nigeria Fund to develop and finance DRE projects in Nigeria. The DRE Nigeria Fund's purpose is to raise financing for tailored financial instruments and attract private sector capital. It will address critical barriers mentioned before, such as currency volatility, tariff structures, and the limited availability of local currency financing options. Investments will support mini-grids, solar home systems, commercial and industrial

31 Leapfrogging implies that African countries can harness advanced technologies to accelerate sustainable development, avoiding the development paths of Western nations. The concept is typically referred to in the areas of renewable energy, information and communications technology (ICT). ISS African Futures explores this concept in depth (ISS Africa, 2025).

power solutions, embedded generation projects, and innovative energy storage technologies. This fund will ensure more reliable and cost-effective power access for Nigerian homes and businesses. A key objective of the Nigeria DRE Fund is to catalyze local currency funding from pension funds, insurance companies, and other local institutional investors (Africa50, 2025).

NURTURING THE YOUTH ENTREPRENEURIAL BOOM IN AFRICA

Africa boasts the world's youngest population, with 70% of Sub-Saharan Africans under the age of 30. By 2050, African youth are expected to account for a third of the world's total. Remarkably, the median age of Africa in 2024 was 19.2 years old, the youngest continent in the world. To put this into perspective, the median age of the U.S. is 39.2 years old and Europe's is 44.7 years old - nearly double.

Besides renewables potential, MSMEs are an untapped but critical area to advance Africa's development. Estimates suggest that micro, small, and medium enterprises (MSMEs) account for 80% of employment on the continent and up to 90% of GDP, making them the key drivers of socio-economic development. Sub-Saharan Africa alone has 44 million MSMEs, a majority identifying as micro. African youth also happen to be highly entrepreneurial - a positive sign for future growth. In an annual survey on African youth what they would do if they were given $100, 45% responded that they would invest in or start a business (Ichikowitz Foundation, 2024).

BLENDED FINANCE AS A SOLUTION TO FINANCING CONSTRAINTS

The case for more finance to flow into key areas of development in Africa is clear, such as critical infrastructure, healthcare systems, supporting affordable housing developments, and investing in SMEs. Yet access to affordable capital is still a challenge in Africa - which prevents development projects and SMEs from getting necessary working capital to scale operations. Currently, 51% of SMEs require more funding than they can access, with credit constraints being a serious barrier (CSIS, 2021).

The total funding gap for African SMEs is estimated to be around $300 billion, with 40% of SMEs having difficulty accessing financing. Broadly speaking, African SMEs face two critical challenges when it comes to financing: accessibility and affordability. Given the informality of most economies, entrepreneurs without formally registered businesses have little opportunity to access traditional financing like a bank loan or line of credit. Recent figures suggest that only 20-33% of SMEs in Sub-Saharan Africa have access to bank loans or lines of credit (NEPAD, 2022). In South Africa, for example, only 33% of businesses report having access to credit (UNDP, 2024). If they do receive a loan, past estimates suggest that bank interest rates can reach over 20% - making them unaffordable to most SMEs (CSIS, 2021).

SMEs in Africa have been referred to as the "missing middle" when it comes to financing opportunities. Banks typically prefer to avoid costly and time-intensive Know your customer (KYC) assessments, and save these for bigger and more stable corporations rather than SMEs, who then receive traditional bank loans. Also, individuals and micro-enterprises tend to receive financing from microfinance institutions - leaving SMEs in between without appropriate financial products to support their growth (MfWFA, 2024).

This is where blended finance can make a significant impact, combining public and private capital to support the growth of SMEs and fill the financing gap for the "missing middle". Blended finance is a structuring approach that leverages financing from different sources (e.g., DFIs, MDBs, IFIs, Philanthropy) with below market rate debt, equity, or grant-capital to attract private investment on top. Similar to a layer cake, concessional capital serves as the basis for the structure, which attracts higher-risk capital like equity investments, reducing the overall risk-return profile for investors who may otherwise avoid participating.

Blended finance can be valuable to scale financing in critical sectors in African development such as energy and agriculture. Take agriculture for example, which makes up over 50% of all Sub-Saharan African employment. Agricultural SMEs are part of the "missing middle" as individual farmers who operate at scale tend to be too big for microfinance, but too small for commercial bank loans. Blended finance in the agricultural space is growing in activity, comprising 21% of the total blended finance deals in 2023. Yet, data suggests that these transactions are relatively small and should be aggregated through the use of fund of funds and facilities, rather than direct investments into projects and companies (Convergence, 2024).

Blended finance is a necessary short-to-medium term solution to scale-up SME financing, and this will plug the shortcomings of traditional overseas development assistance (ODA) and attract private sector capital. ODA and public capital alone has shown that it is inadequate to close the development finance gap in Africa, and the rest of the developing world. To put the gap into perspective, estimates by the UN suggest the cost of meeting the SDGs is anywhere from $4 - 6 trillion (UN trade & development, 2025). Yet as of 2023 the total ODA is only about $200 billion, meaning the funding needed is 27 times greater than current ODA volumes (OECD, 2024).

Other forms of finance will be critical to scale up blended finance, especially private finance alongside concessional capital from MDBs, DFIs, IFIs, and philanthropy. This trend is already underway, where private sector contributions to blended finance reached $6.9 billion in 2024, and have invested about $20 billion in blended finance since 2022 - representing 32% of total commitments (Convergence, 2024). Carefully designed blended finance structures can create investment opportunities that may not otherwise exist, and going forward these structures will be essential to leverage the scarce sources of concessional capital to effectively bring in the largest sources of global capital - private, institutional capital, and sovereign wealth. SWFs, especially SIFs, are well positioned to scale up investments in development needs, while also creating commercial opportunities.

4

AFRICAN SIFS: OPPORTUNITIES TO CLOSE THE DEVELOPMENT FINANCE GAP

SWF partnerships, specifically with impact fund managers can be the key to unlock capital for development through blended finance. Blended impact funds are becoming the standard vehicle in the industry, just surpassing project structures in 2024, for a total of $5.1 billion mobilized ([Convergence, 2025]). SWFs have already began partnering and investing with such managers, the most prominent examples being from the Singaporean funds, including the recent partnership between Leapfrog Investments and Temasek for $500 million in 2021, and Temasek and GIC's investment in Brookfield's $1 billion Catalytic Transition Fund.

Though blended finance is growing, there is still a critical link missing, which is a lack of local investors participating in emerging market blended finance transactions. On average from 2022-2024, local investment represented about 17% of all capital commitments. In Sub-Saharan Africa, it is about 15%, and in the Middle-East and North Africa, it is just 11%. Here lies an opportunity for African SIFs to anchor these blended finance transactions and funds.

It is also promising that Sub-saharan Africa remains the most targeted region for recent blended finance transactions, representing an average of 48% of the total from 2022-2024. There are also opportunities for African SIFs to partner with African-based fund managers, such as AfricInvest, who was the second most active blended finance fund manager globally, with 3 funds totalling $389 million ([Convergence, 2025]).

African SIFs can also leverage their capacity and positioning to build an ecosystem of investors to structure blended finance funds and projects. Besides investments with fund managers, blended finance is being driven by financial institutions like multilateral development banks (MDBs), development finance institutions (DFIs), and banks, making up 33% of the total deals. SWFs can also work with these institutions and play a similar role given their ongoing focus in blended finance transactions. FIs like MDBs and DFIs primarily target investments in SMEs or agriculture, representing on average 79% and 36% respectively.

The instruments used have been primarily guarantees that (46%), which SWFs like NSIA have already been implementing to provide an important source of risk protection and local currency guarantees. Additionally, 53% of blended finance transactions observed by Convergence from 2022-2024 were gender-responsive ([Convergence, 2025]). Meaning these institutions include gender-lens investing, incentivizing lending to women-owned businesses. This is a hallmark approach of Senegal's SIF, FONSIS, who has launched a second fund targeting SMEs and women entrepreneurs through the Women's Empowerment Fund (WE Fund).

SWFs, specifically SIFs in Africa can scale up finance for development through blended finance approaches. Given their mandates to invest in development, attract private sector capital, build local financial markets, and their status as publicly-backed financial institutions - they are ideal partners to participate in blended finance facilities and funds. Given the expansion of development initiatives initiated by African governments and the African Development Bank, Africa is already establishing a number of blended finance approaches for public capital to de-risk investments and leverage private capital.

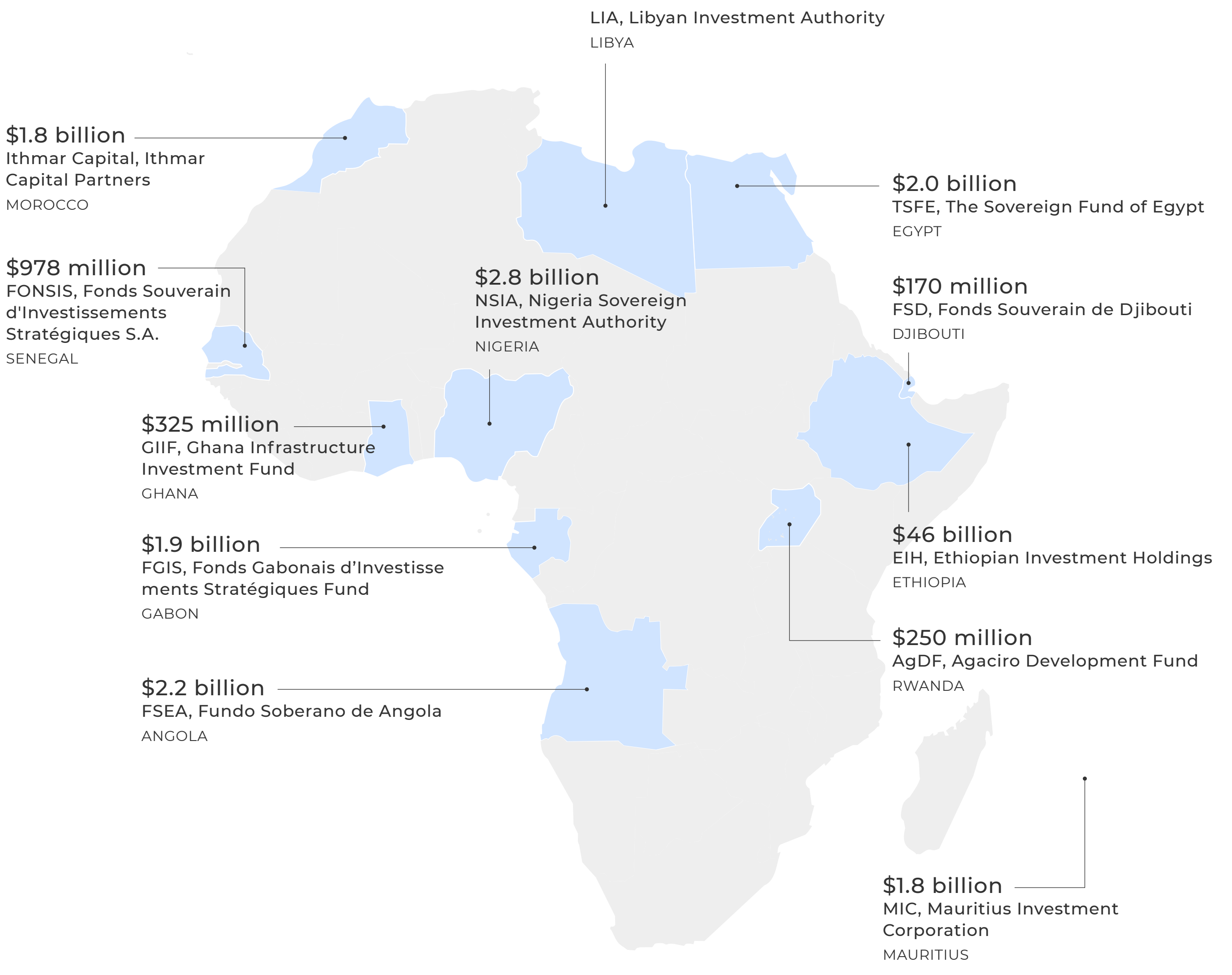
One leading example is Africa50, an infrastructure investment platform created by African governments and the African Development Bank. NSIA has been a key contributor to Africa50, participating in their $500 million infrastructure acceleration fund. Another example is the Private Infrastructure Development Group (PIDG), which has been doing blended finance before the term became popular. The PIDG comprises a number of blended financing facilities for infrastructure projects in Africa and Asia, including the Emerging Africa Infrastructure Fund, InfraCo, and GuarantCo.

NSIA has leveraged PIDG's innovative finance schemes to unlock institutional investment through guarantees. In 2017, NSIA and GuarantCo established an infrastructure credit enhancement facility ("InfraCredit"). InfraCredit provides guarantees to enhance the credit quality of local currency debt instruments (primarily in the form of corporate and infrastructure bonds) issued by eligible entities (corporates, state governments) to finance creditworthy infrastructure projects in Nigeria. The rationale for this investment facility was to enhance Nigeria's ability to unlock capital from institutional investors like pension funds to invest directly in the Nigerian economy. Since 2017, 'AAA' rated InfraCredit has facilitated over $445 million in local currency finance for 12 first-time issuers and 20 infrastructure projects and has also enabled Nigeria's first 15-year green infrastructure bond. Highlighting its success, it has received over $25 million in financing from the African Development Bank since 2020, with a 10-year, $15 million facility secured in 2024 (InfraCredit, 2024).

Though, as it stands now, African SWFs are still small in comparison to other geographies. Sub-Saharan African SWFs have about $153 billion of AuM (IE CGC, 2024), in comparison to Asia ($4.94 trillion) and the Middle East ($4.1 trillion). Despite this, there has been a proliferation of Sub-Saharan African SWFs from 2010-2022, with 15 new SWFs created in this time (Global SWF, 2023).

This chapter provides an overview of the main African SIFs that are investing in these critical areas of development. Example projects will be compared with other development financiers in each country, to give a holistic context of the development finance landscape in nine African nations: Nigeria, Morocco, Senegal, Egypt, Ethiopia, Ghana, Rwanda, Gabon, and Angola - all SWFs with strategic mandates to invest in economic development alongside financial returns.

FIGURE 9: Geographic overview of African Strategic Investment Funds (SIFs)



Source: IE CGC Database, 2025.

TABLE 1: Overview of African Strategic Investment Funds (1/2)

African Strategic Investment Funds (SIFs)		Country, year of creation/ Assets under management (AuM)	Mandate/Mission[32]
NSIA Nigeria Sovereign Investment Authority		Nigeria, 2011 $2.8 billion	• Manage funds in excess of budgeted hydrocarbon revenues. Play a leading role in driving sustained economic development for the benefit of all Nigerians by building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, providing stabilisation support in times of economic stress.
Ithmar Capital Ithmar Capital Partners		Morocco, 2011 $1.8 billion	• Foster investment in the national strategic sectors by developing projects with a strong structural and transformational nature.
FONSIS Fonds Souverain d'Investissements Stratégiques S.A.		Senegal, 2012 $978 million	• Contribute to inclusive and sustainable development, by acting as a catalyst for capital investment and savings ecosystems.[33]
TSFE The Sovereign Fund of Egypt		Egypt, 2018 $2 billion	• Stimulate private investments in Egypt's underutilized assets to unlock value and create wealth for future generations.
EIH Ethiopian Investment Holdings		Ethiopia, 2021 $46 billion	• Contribute to sustainable economic development through professional management of its funds and assets to maximize the value for the benefit of current and future generations; • Serve as a strategic investment arm of the government of Ethiopia. • Attract foreign investment through a co-investment platform, consolidating assets for further monetization, and unlocking value from current unutilized assets.
GIIF Ghana Infrastructure Investment Fund		Ghana, 2014 $325 million	• Mobilize, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development.
AgDF Agaciro Development Fund		Rwanda, 2012 $250 million	• Maximize the fund's return over the long term, without undue risk, so as to reduce Rwanda's debt burden and secure a better Rwanda for future generations.
FGIS Fonds Gabonais d'Investissements Stratégiques Fund		Gabon, 1998 $1.9 billion	• Financing the implementation of government priorities for the benefit of the population and future generations. Our action is aligned with the country's in a logic of structural transformation of the economy.

32 Mandates are sourced from respective fund websites and are not necessarily the mandates enacted by their country's legal text

33 Translated from the original text on FONSIS' website – "contribuer à un développement inclusif et durable, en étant le catalyseur des écosystèmes de l'investissement en capital et d'épargne" (FONSIS, 2025)

TABLE 1: Overview of African Strategic Investment Funds (2/2)

African Strategic Investment Funds (SIFs)		Country, year of creation/ Assets under management (AuM)	Mandate/Mission[32]
FSDEA Fundo Soberano de Angola		Angola, 2012 $2.2 billion	• Responsible for setting up a sustainable mechanism that ensures the maximization of long-term returns, the preservation of capital and support for Angola's sustainable socio-economic growth, through investments in strategic sectors, in Angola or abroad, with a view to maximizing capital and the generational transfer of wealth.
FSD Fonds Souverain de Djibouti		Djibouti, 2020 $170 million	• Improve governance and catalyze investments by co-investing alongside private investors in strategic sectors of the economy to build long-term wealth for future generations, foster inclusion, and create jobs. FSD aims to diversify and modernize the country's economy as well as boost the growth of the country by relying on a competitive private sector.
MIC Mauritius Investment Corporation		Mauritius, 2020 $1.8 billion	• Support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius, by (a) Investing in companies geared towards building self-sufficiency in key basic necessities; and (b) Investing in companies enhancing Mauritius as an innovation-driven economy. • Invest the assets under its management to secure key basic necessities and support higher long-term growth of Mauritius.
LIA Libyan Investment Authority		Libya, 2006 $68.4 billion[34]	• Provide stability against volatile oil revenues and government budget shortfalls. • Create a diversified source of wealth for Libya's future generations by investing internationally with a sustainable, long-term view. • Stimulate Libya's economy through major, transformational private sector projects, to preserve and grow sources of wealth for the benefit of current and future generations.

34 LIA's assets were just recently unfrozen with some conditions in January 2025 after seizures of assets were in place since 2017. The UN Security Council recently adopted a resolution allowing the LIA to invest its assets in fixed income instruments, under the condition that those instruments and the income from them would remain frozen (Reuters, 2025).

4.1. NIGERIA

Nigeria Sovereign Investment Authority (NSIA)

The Nigeria Sovereign Investment Authority (NSIA) is the SWF of Nigeria and a full member of the IFSWF, with $2.8 billion AuM as of 31 December 2024 (IE CGC, 2024). The fund was established in 2011, and started its operations in 2012, beginning investment activities in the third quarter of 2013, with seed capital of $1 billion. The fund was set up to manage funds budgeted hydrocarbon revenues, and its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians. The current ownership structure of the fund is the following: Federal Government - 46.5%, State Government – 34.8%, Local Government – 18.2%, and Federal Capital Territory - 0.5% (NSIA, 2025).

It aims to do this through three core pillars:

1. **Building a savings base for Nigerian people**, providing the Federation the financial foundation to achieve development and diversification objectives. NSIA invests the savings gains made on the difference between the budgeted vs. actual market prices for the sale of oil.

2. **Enhancing the development of Nigeria's infrastructure,** specifically investing in agriculture, healthcare, motorways, power and renewable energy, industrialization and financial markets infrastructure. The goals are to stimulate sustainable economic growth, enable industrialisation, attract investment capital, and facilitate policy changes across these key sectors.

3. **Providing stabilization support in times of economic stress**, helping to provide a safety net against budgetary deficits.

NSIA's Approach to Sustainability

NSIA embeds sustainability through three core pillars:

1. **Institution:** NSIA follows global best practices, and highly ranked in governance, sustainability metrics such as the Linaburg – Maduell SWF transparency index.
2. **Investments:** Incorporates ESG metrics across climate, gender, and development impact, across its portfolio and invests in climate-focused initiatives that generate commercial, social, and environmental returns.

Examples:

Carbon Vista – A joint venture (JV) between NSIA and Vitol that invests in carbon avoidance and reduction projects in Nigeria that meet the dual criteria of supporting UN SDGs and generating verified emissions reductions. NSIA invested 40% and Vitol 60%, for a total of $50 million in 2023 (NSIA, 2023).

Kano Solar Project – A 10 Megawatt solar farm located close to the Challawa Industrial Estate, in the Kumbotso Local Government Area of Kano State. NSIA invested $16 million of equity on behalf of the Federal Government of Nigeria in January 2019, and the project was completed in Q1 2023 (NSIA, 2023).

The Renewables Investment Platform for Limitless Energy (RIPLE) – Is an innovative platform dedicated to developing, investing in, and operating renewable energy projects in Nigeria, covering renewable technology manufacturing, midstream generation & diesel displacement and downstream distribution. NSIA launched this $500 million platform with the International Finance Corporation (IFC) in November 2023 (NSIA, 2023).

Green Guarantee Company (GGC) – NSIA alongside the Green Climate Fund, UK FCDO and USAID, set up the Green Guarantee Company, aimed at mobilising finance for low-carbon climate-resilient infrastructure in Nigeria and other EMDEs, by providing credible climate-project developers with investment grade guarantees to support bond issuances and loans of up to 20 years. This is the world's first climate-focused guarantee company, and will leverage $100 million to provide up to $1 billion of guarantees. It will be underpinned by an investment grade rating of BBB/Stable from Fitch Ratings, and will initially focus on private credit and the London Stock Exchange green bond market. It plans to expand to other major exchanges , seeking to raise capital from the private sector and reach a target size of $5 billion or more by 2035 (NSIA, 2024).

Construction Finance Warehouse Facility (CFWF) – NSIA has co-developed a Construction Finance Warehouse Facility with InfraCredit, to facilitate the provision of construction finance to credit-approved climate-aligned infrastructure transactions, to be refinanced with InfraCredit's guaranteed bond. NSIA seeded NGN 10 billion ($9 milion at the time of announcement) in 2023, with an aim of reaching up to NGN 100 billion capacity within three years - with potential to unlock up to NGN 500 billion in bankable infrastructure projects (NSIA, 2023).

3. **Partnerships** – NSIA harnesses the power of partnerships to advance sustainability practices and scale up investment. It has partnered with some key stakeholders and initiatives, including:

- **National Council on Climate Change in Nigeria**
- **One Planet Sovereign Wealth Fund Initiative (OPSWF)**
- **Africa Sovereign Investors Forum (ASIF)**
- **Africa Carbon Market Initiative (ACMI)**

NSIA has 3 ring-fended funds with their respective mandates, capital allocation and asset classes and missions: the Stabilization Fund, the Future Generations Fund and the Nigeria Infrastructure Fund. Stabilization Fund.

Stabilization Fund

The Stabilization Fund is the smallest of the NSIA's three funds, with a 20% allocation/$300 million AuM - which grew from an original size of $200 million. Its purpose is to be a buffer against short-term macroeconomic instability associated with government revenues derived from hydrocarbon exports. To achieve its purpose, the fund has a short time horizon and a low returns target. The investments are conservative and focus on maintaining liquidity. Withdrawals of the fund are made at the discretion of the Minister of Finance in line with criteria set out by the NSIA Act. For instance, in 2020, $150 million was withdrawn to cope with the deficit caused by the COVID-19 pandemic. In terms of asset allocation, the stabilization fund has the following policy target:

Cash - 25% of the AuM are kept in cash
Growth assets - 75% of the AuM are to be invested in "growth assets," (such as Investment Grade Corporate Bonds and US Treasuries)

Futures Generations Fund – Savings fund

The Futures Generations Fund's objective is to invest in a portfolio of growth investments to provide future generations of Nigerians a savings base before the hydrocarbon reserves are exhausted. Its investment time horizon is over 20 years and invests mainly in public equity and private equity, venture capital, and hedge funds. The fund became operational in 2012, with 40% of total NSIA AuM, or $400 million at the time going to fund its activities. To date the fund has a 30%

allocation, and has reached a current size of $1 billion. It has a long-term investment horizon of 20+ years, and has expected average annualized returns of US CPI + 400 BPS. Given its long-term approach, diversification is a key risk management tool to maximize returns and minimize volatility through market and economic cycles. This means asset allocation is skewed towards growth assets, which account for 85% of the allocation. The rest account for inflation hedges (10%) and deflation hedges (5%).

The fund has the following asset allocation breakdown:

- **25% in public equities** (67% in developed market equities, and 33% to emerging markets).

- **25% committed to PE and VC investments** (with PE having 75% allocation and VC a 25% allocation).

- **17.5% of the allocation comprises four hedge funds and two funds of funds.**

- **25% kept in hedging assets.**

- **7.5% in cash reserves and other diversifiers,** which include strategies such as healthcare royalty, and commodities.

AFRICAN SIF HIGHLIGHT #1

NSIA'S NIGERIA INFRASTRUCTURE FUND (NIF)

NSIA's Nigeria Infrastructure Fund is the SIF of the NSIA fund and is the fund where the NSIA's impact investing and development activities are carried out. Although its public objective is to enhance the development of infrastructure, the fund invests in infrastructure projects in sectors which have the potential to contribute to the growth and diversification of the Nigerian economy, create jobs within Nigeria, and where possible attract enhanced foreign investment. It focuses entirely on domestic investments to certain sectors of the economy.

The NIF aims to crowd-in investments in the following sectors: power generation, distribution and transmission, healthcare, residential, commercial, and industrial real estate assets, technology and communications infrastructure, aviation assets, agriculture, dams, water and sewage treatment and delivery, roads, port, and rail as well as other sectors that will enable the development of private investments in infrastructure in Nigeria.

KEY FACTS:

- **The fund has reached $1 billion in assets under management**, up from an initial allocation of $400 million.
- Unlike the other two funds (which are outsourced to external fund managers), **the NIF is managed by an in-house team of investment professionals**.
- NSIA maintains a **long-term investment horizon of >20 years**.
- **Expected average annualized returns are US CPI + 300 BPS**,
- Its **strategic allocation** is **based on** the following **sectors**:
- The NSIA **infrastructure strategy** is anchored on **three pillars**:

  - Agriculture
  - Healthcare
  - Motorways
  - Power
  - Gas Industrialisation
  - Financial markets
  - Technology

– African SIF Highlight #1: NSIA's Nigeria Infrastructure Fund (NIF) –

1. **Direct investment** in infrastructure projects or companies.
2. **Co-investment** strategy via the establishment of co-investment funds.
3. **Creation of institutions** that support infrastructure development.

- **Recent investments** include:

  - **$1.4 billion ammonia plant** with (Office Chérifien des Phosphates, (OCP), a state-owned Moroccan company and one of the world's leading producers and exporters of phosphate and its derivatives.
  - **Sponsored a new local currency-denominated agriculture fund** with $10 billion seed capital.
  - **Invested $202 million in cancer treatment and diagnostic centers** in Nigeria.

- **Thematic Investing Areas** aligned with strong growth and impact potential:

Source: [(NSIA, 2025)]

1. **Climate & Sustainability**
   - Climate Resilience Financing
   - Sustainable Farming
   - ESG
2. **Transportation & Logistics**
   - Ports Infrastructure
   - Aviation Infrastructure
   - Storage
3. **Industrialization**
   - Manufacturing
   - Basic Materials
   - Mining
   - Energy
   - Economic Zones
4. **Services**
   - Education
   - Healthcare
   - Construction
   - Tourism
   - Financial Market Infrastructure
5. **Technology & Innovation**
   - Digitization
   - Talent Development
   - Technology
   - Innovation

INVESTMENT EXAMPLE CASE STUDY: NSIA'S INVESTMENTS IN HEALTHCARE

Since inception, healthcare has been designated a focus sector for investment through the NIF. The sector faces challenges like poor and inadequate infrastructure, inaccessibility, insufficient financial investment, poor customer service, substandard pharmaceutical products and fake drugs, brain drain, and a dearth of skilled and adequately trained personnel.

HEALTHCARE INVESTMENT APPROACH

Private sector

Partner with local market leaders and co-develop projects with experienced international sector players

Public sector

Focus on large scale platforms that will address service provision for the lowest income earners via partnerships with both government and private sector

Tertiary healthcare providers

60% of the funds spent on medical tourism relate to four specialties requiring tertiary care: Oncology, Orthopedics, Nephrology and Cardiology

Diagnostic Services

There is a lack of adequate diagnostic capability in the country. Intervention in the diagnostics space (secondary care) is thus required to support tertiary care.

Medical Manufacturing

Investments in pharma and vaccine manufacturing is currently not sufficient to ensure scale and quality of products.

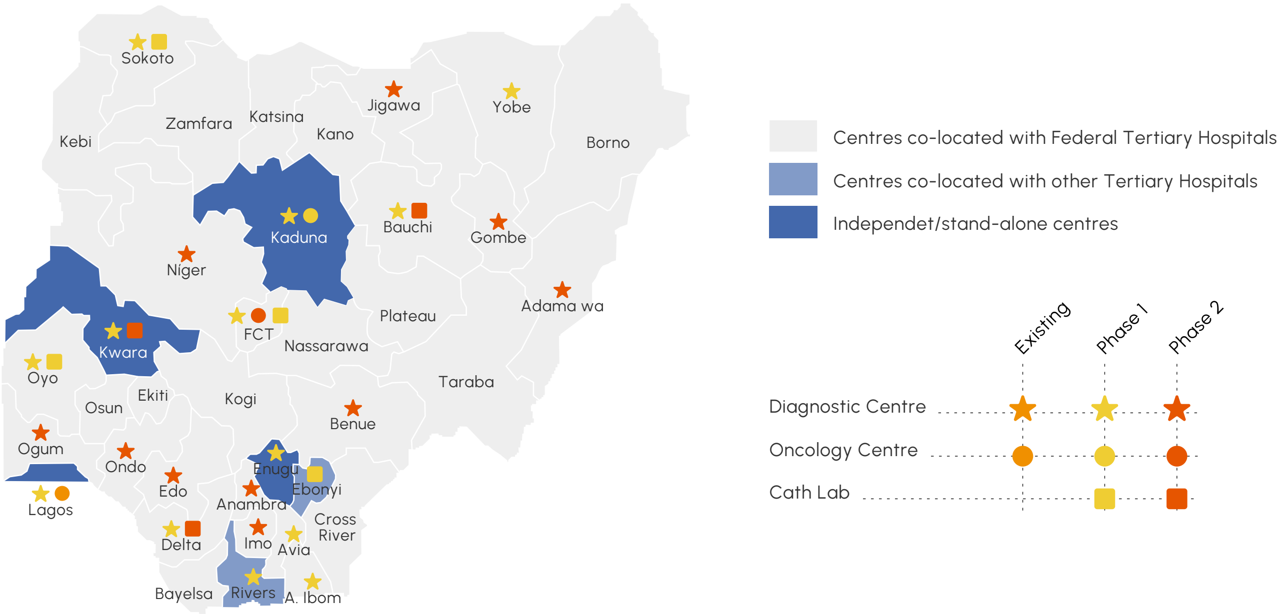
EXECUTION STRATEGY

The Healthcare Expansion Programme ("the Programme"), through a special purpose vehicle, NSIA Advanced Medical Services Limited ("MedServe"), seeks to establish in phases, a portfolio of 23 diagnostic centres, 7 catheterization labs and 3 oncology centres across Nigeria's six (6) geopolitical zones and the FCT.

– African SIF Highlight #1: NSIA's Nigeria Infrastructure Fund (NIF) –

GEOGRAPHICAL LOCATIONS

The centres will be dispersed across the country in a manner that, amongst other considerations, facilitates equitable geographic access by all Nigerians. as shown in the map below:



MORE INFORMATION ABOUT THE CENTERS:

→ NSIA LUTH Cancer Centre

- **Services Provided:** Oncology (e.g., chemotherapy, immunotherapy).
- **Number of unique patients since inception:** >10,000.
- **Employment:** 114 persons directly employed.

→ NSIA KANO Diagnotic Center

- **Services Provided:** Radiology (e.g., Xray, MRI) and Laboratory (e.g., genetic studies, microbiology).
- **Number of unique patients since inception:** 131,117.
- **Employment:** 64 persons directly employed.

→ NSIA UMUAHIA Diagnotic Center

- **Services Provided:** Radiology (e.g., Xray, MRI) and Laboratory (e.g., genetic studies, microbiology).
- **Number of unique patients since inception:** 92,883.
- **Employment:** 51 persons directly employed.

FURTHER WORK BY NSIA THROUGH MEDSERVE

Nationwide Training Program

Recognizing the gap in skilled professionals across the Oncology value chain, NSIA in collaboration with its international partners through MedServe is set to establish a comprehensive training program for diverse healthcare workers on an ongoing basis. This program will cover the following key aspects:

- **Clinical Training:** Local and international subject matter experts will provide clinical training and deliver clinical guidelines at the center-level.
- **Technical Training:** Healthcare workers will receive technical training on the usage of modern medical equipment directly from original equipment manufacturers (OEMs).
- **Practical Immersion and Clinical Observation:** Healthcare workers will undergo practical immersion and clinical observation in the existing NSIA facilities.
- **Quality Assurance Training:** All staff will receive quality assurance training from an internationally recognized quality management firm.
- **Administrative Training:** Business process firms will collaborate to provide centralized administrative training to all staff.
- **Workforce:** Over the next three years, the program aims to train approximately 500 clinicians, including doctors, lab scientists, nurses, radiographers, therapists, and medical physicists, in batches across the country.

Oncology Summit

- **The inaugural Oncology Summit**, held in August 2023, **marked a key moment in addressing Nigeria's cancer care challenges**. It brought together oncologists and medical physicists to discuss improving treatment and patient outcomes.
- **The second edition** held in Sept 2024 in collaboration with the National Institute for Cancer Research and Treatment (NICRAT), **expanded its focus to include regulators and governing bodies**, aiming to tackle systemic issues through collaboration and regulatory alignment.
- **This year, experts** from leading institutions, including Memorial Sloan Kettering and the American Oncology Institute, **gathered to address the critical shortage of oncology healthcare personnel in Nigeria** and advance strategic initiatives:
    - Expand the residency training program in oncology in Nigeria.
    - Establish courses in medical physics in Nigeria.
    - Establish a post graduate degree in oncology pharmacy in Nigeria.
    - Separate tracks for training in diagnostic and therapy radiography in Nigeria.
    - Advocate for the creation of the Medical Physics and Therapy Radiographers within the Federal Civil Service in Nigeria.

TABLE 2: SWF context – development finance activity in Nigeria[35] (1/3)

Name & Type	SDG/Impact priorities	Financing activity
Development Bank of Nigeria (DBN) Domestic DFI	• Finance Nigeria's economic diversification. • Serve unserved and underserved markets. • Facilitate innovative and eco-friendly market solutions.	Distributed N149.6 billion (~$95.3 million) in loans in 2022, which created an estimated 235,148 jobs (163,327 by women-led businesses), and avoided over 7 megatons (MT) of CO2 through their investments (DBN, 2023).
Bank of Agriculture (BOA) Domestic DFI	• The provision of agricultural credit. • Provision of non-agricultural micro credit. • Savings mobilization. • Provision for opportunities of self-employment in the rural areas, thereby reducing rural-urban migration.	In February 2023, the BOA and the federal government initiated a public private partnership (PPP) to distribute more mechanised tractors to enable farmers to carry out land preparation, planting, harvesting and other farm operations which raise and improve their productivity[36] and income. (BOA, 2023).
Bank of Industry (BOI) Domestic DFI	• Providing financial and advisory support for the establishment of large, medium, and small projects & enterprises. • Supporting the expansion, diversification, rehabilitation, and modernisation of existing enterprises.	Disbursed 213.6 billion Naira (~$148 million) in 2021 to micro, SME, and large enterprises, helping create ~1.84 million jobs (BOI, 2022).
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Support the development of infrastructure • Promote social inclusion through. agribusiness and the development of skills. • Provides financing in the financial sector, agriculture and rural development, water supply and sanitation, and power.	There are currently 9 approved projects yet to be initiated, and 20 ongoing projects (AfDB, 2024). In November 2023 the Nigerian government approved a $1 billion loan from the AfDB to support the financing of the national budget and improve the supply of foreign exchange (Reuters, 2023). The financing supports the government budget with three key objectives: invest in the power sector, enhance social inclusion, and move forward with policy reforms.
World Bank (WB) International Financial Institution (IFI)	• Promote diversified growth and job creation, focusing on youth, women, and the poor in marginalized areas. • Social inclusion. • Fostering macroeconomic resilience. • Promoting private sector-led, non-oil growth. • Empowering women and girls (World Bank, 2025).	The World Bank currently supports Nigeria with active investments worth $12.2 billion, and is one of the fastest growing portfolios for the IFC in the region (World Bank, 2024). One recent WB project is to improve access to irrigation and drainage services for integrated water resources management and agriculture services. The project takes place in northern Nigeria to rehabilitate public irrigation schemes, complemented with improvements in dams/ reservoirs. It also helps to increase agriculture productivity of the irrigated lands, along with the processing and marketing of increased output. The total cost of the project is estimated at $560.30 million, with a $495.30 million contribution from the WB (World Bank, 2023).

35 Others domestic DFIs not mentioned that are members of the Association of African Development Finance Institutions (AADFI) include the National Economic Reconstruction Fund, New Nigeria Development Company Ltd (NNDC), Federal Mortgage Bank of Nigeria (FMBN), Nigeria Export-Import Bank (NEXIM), Odu'a Investment Company Ltd, IBILE Holdings Ltd, LECON Financial Services Ltd, The Infrastructure Bank Plc, and the Nigeria Incentive- Based Risk Sharing System for Agricultural Lending (NIRSAL).

36 Currently Nigerian agriculture is operating at a horse power per hectare (hp/ha) rate of 0.27hp/ha, which is significantly below the recommended mechanisation rate of 1.5hp/ha, by the Food and Agricultural Organisation (FAO) (BOA, 2023).

TABLE 2: SWF context – development finance activity in Nigeria[35] (2/3)

Name & Type	SDG/Impact priorities	Financing activity
European Investment Bank (EIB) Multilateral DFI	• Reliable infrastructure and sustainable urban development. • Essential healthcare. • Climate change mitigation and adaptation. • Access to financial services for small businesses. • Microfinance. • Female entrepreneurship. • Financial inclusion. • Jobs creation and poverty reduction.[37]	The European Union (EU) announced a partnership with Nigeria in 2023 to advance, among others, the green energy transition - with a financial package worth EUR 900 million. There the EIB announced the establishment of a new credit facility with Access Bank (a Nigerian commercial bank) to support entrepreneurship in the country, with the goal to improve the access to financing for female entrepreneurs and to support business aligned with green priorities (European Commission, 2023).
DEG/KfW Bilateral DFI	• Sustainable economic development, training, and employment. • Climate and energy, and just transition. • Health, social protection, and population policy. • Peaceful and inclusive societies.	The average yearly commitment from DEG/KfW to Nigeria over the period 2007-2023 is EUR 32 million. Projects that the KfW has recently undertaken in Nigeria (KfW, 2023): • **Sustainable economic development**, training, and employment - DEG/KfW partners with the DBN and has promoted InfraCredit since 2017 (KfW, 2022). • **Climate and energy** – DEG/KfW injected a EUR 25 million credit line in 2023 into the Nigerian renewable energy sector and the growth of MSMEs through the DBN (The Guardian, 2023). • **Agriculture and food security** – DEG/KfW, alongside other partners like NSIA, finances the FAFIN fund, whose objective is to provide capital and TA to train businesses in agricultural cultivation, processing, and marketing to increase incomes (NSIA, 2025). • **Health and support for disadvantaged municipalities** - Supported the fight against polio between 2005 and 2021 by providing EUR 126 million to fund vaccination campaigns, alongside the support of the Japanese International Cooperation Agency (JICA) (KfW, 2019).
COFIDES Bilateral DFI	• Sustainable mobility. • Sustainable infrastructure. • Healthcare. • Digital and green transition. • Sustainable agriculture. • Biotechnology and life sciences.	In November 2022, the Humura Fund provided a loan worth EUR 5 million to Babban Gona Farmer Services, an agribusiness in northern Nigeria. Since it was founded in 2010, Babban Gona has created a network of over 81,000 farmers, becoming the largest maize producing organization in West Africa (Humura Fund, 2022).

z37 EIB's strategy in Nigeria falls under its comprehensive strategy of Sub-Saharan Africa (EIB, 2025)

TABLE 2: SWF context – development finance activity in Nigeria[35] (3/3)

Name & Type	SDG/Impact priorities	Financing activity
Agence Française de Développement (AfD)/ French Development Agency Development Aid Agency	• Finance the green transition. • Improve water access and transportation in cities. • Diversify the economy and improve public services. • Develop agriculture, including at regional level. • Increase the resilience of the North-eastern part of the country (where humanitarian crisis and conflict have arisen).	Some examples of projects carried out by AFD in Nigeria are: • Since 2008, AFD has invested EUR 2 billion in Nigeria, and has financed 35 projects that have given 2 million better access to potable water (AFD, 2025). • Supporting activities for economic recovery, social cohesion between communities, and institutional strengthening through the RESILAC project through the Sahel Alliance (AFD, 2025). • The establishment of a partnership with the DBN to provide financing to SMEs from 2016-2023 (AFD, 2025). • Invested EUR 100 million in digital and creative (audio-visual, cultural heritage) companies. This investment is part of a $618 million funding initiative of the Nigerian government and other partners, such as the AfDB and the Islamic Development Bank (IsDB) (MSME Africa, 2023).

4.2. MOROCCO

AFRICAN SIF HIGHLIGHT #2

ITHMAR CAPITAL

Ithmar Capital is a SIF founded in 2011, with the primary mission of supporting the economic development of Morocco and was formerly known as Fonds Marocain de Développement Touristique, FMDT. It falls under the SIF category as defined earlier – focused on domestic economic growth alongside financial returns with financing from commercial investors. It adheres to the Santiago Principles and has been an active member in the IFSWF since 2015, and currently serves as the chair.

Ithmar's objective is to foster investment in the national strategic sectors by developing projects with a strong structural and transformational value (Ithmar Capital, 2025), and currently has $1.84 billion AuM (IE CGC, 2024).

ITHMAR'S MISSIONS ARE TO:

- **Invest in the productive sectors** of the economy with the objective of having a direct and tangible impact on the economic development of the Kingdom.
- **Catalyze national and international private investment** through equity multiplier effects.
- **Contribute to national projects development and innovation** by providing all the necessary resources for their success.
- **Support Moroccan economic diplomacy**, mainly in Africa thanks to strong relationships and partnerships across the continent.

THE FUND STRATEGY IS BASED ON THE FOLLOWING PILLARS:

1. **Large-scale projects** following the sectorial strategies initiated by the government.
2. **Adopt a dual bottom-line approach** by seeking both developmental impact and commercial viability.
3. **Develop projects and co-investment opportunities** through strategic partnerships with local and international investors.
4. **Prepare and implements projects through public-private partnerships.**

In its portfolio, Ithmar has invested in large-scale and transformational projects supporting long-term strategies with a strong socio-economic impact. Ithmar's portfolio is invested in two strategic sectors: **tourism and real estate**. Ithmar has invested in projects in both urban and rural areas, the major financial commitments are indeed located in cities, through Wessal Capital.

WESSAL CAPITAL

In 2011, Ithmar sponsored and launched Wessal Capital, a Joint Venture that brings together five SWFs: Al Ajial Investment Fund Holding (Kuwait), Mubadala (UAE), Public Investment Fund (Saudi Arabia), Qatar Holding (Qatar) and Ithmar. The fund was established in 2011 to finance transformational tourism and real estate projects in Morocco at the initiative of King Mohammed VI (Ithmar Capital, 2025). Wessal is a unique investment vehicle with a unique partnership structure, as it is equally owned by the five partners, with a total equity commitment of EUR 2.5 billion. Therefore, Ithmar's participation in the fund is 20% and its total commitment is EUR 500 million.

SINCE ITS ESTABLISHMENT, WESSAL HAS LAUNCHED TWO LARGE-SCALE PROJECTS:

- **Wessal Bouregreg:** A mixed-use project related to the development of the second segment of the Bouregreg valley (Rabat), that includes shopping malls, hotels, a business centre, and a residential and leisure centre. It is characterized by its goal of revitalizing the area situated on the banks of the river Bouregreg, through a range of high-end residential, entertainment, and cultural attractions. Wessal Bouregreg is the main investment project carried out by Wessal Capital with a total project value of $900 million (Hill International, 2025).

- **Wessal Casa-Port:** A mixed-use project that aims to create a new destination in the heart of Casablanca, based on the reconversion of the old fishing port and shipyard into an integrated project combining leisure, shops, offices, and residential components. Wessal Casa-Port was launched in 2014 to modernize the port of Casablanca with a cost of AED 6 billion, c. $1.63 billion. The project was aimed to be developed in seven years (already finished), on a surface area of 12 hectares, where the goal was to erect a new urban centre with a high-end residential area and 53,000 square meters of office buildings surrounding the marina. In addition to the latter, 63,000 square meters are saved for retail shops for tourists and residents, as well as parks, hotels, etc. Finally, 30% of the surface area was intended to be saved for public and green areas that will gather cultural activities and festivals, and that will be connected with the new train station and tram (The National News, 2015).

COMPANY FOR THE PROMOTION AND DEVELOPMENT OF TAGHAZOUT BAY

Ithmar has also acquired a stake (currently sitting at 25%) in the "Company for the promotion and development of Taghazout Bay" (in French, Société d'aménagement et de promotion de la Station de Taghazout (SAPST)), whose objective is to enhance Taghazout Bay coastline and to strengthen the positioning of the seaside resort offer by developing a destination for all, around sport, nature and discovery.

In 2012, Ithmar acquired a stake in the capital of the company, alongside CDG, Sud Partners, and SMIT. The SAPST was created in 2011, with the mandate to plan, develop, market, and manage the Taghazout Bay, situated on the coastline of the South of Morocco, in a rural area located fifteen kilometres from Agadir, and two hundred fifty kilometres from Marrakech. Taghazout Bay is characterized by its unique natural surroundings, and its development has taken into account ecological factors, such as the preservation of natural resources and promotion of eco-tourism (SAPST, 2025).

SAIDIA DEVELOPMENT COMPANY (SDS)

The Saidia Development Company (SDS) was established in December 2011 as a partnership between Madaëf (part of Groupe CDG), which holds 66% of the capital, and Ithmar Capital. SDS is in charge of developing a set of bare plots of land, intended to accommodate hotels, real estate and tourist residences and entertainment components (SDS, 2025).

The Saidia resort covers an area of 713 hectares, featuring a 6 km coastal strip of exceptional beaches. It includes residential and hotel developments, a marina, shopping areas, a golf course, and various sports and entertainment facilities (SMIT Morocco, 2018).

– African SIF Highlight #2: Ithmar Capital –

TABLE 3: SWF context – development finance activity in Morocco (1/3)

Name & Type	SDG/Impact priorities	Financing activity
Mohammed VI Fund for Investment (FM6I)[38] State-owned limited company	• Sustainable Infrastructure. • Agriculture. • Innovation. • Industry. • SMEs. • Tourism	In November 2023 FM6I and the European Investment Bank (EIB) signed a mandate letter for a 500 million euros financing envelope (Framework Loan). The envelope would add the existing $1.5 billion seed capital, and would prioritize infrastructure projects, the deployment of innovative financing instruments for Moroccan companies as well as the support of the fund of funds activity in private equity and venture capital. This envelope could also be accompanied by guarantee instruments and support in terms of technical assistance, through the mobilization of innovative tools being currently structured with the European Commission (FM6I, 2023). In March 2024, FM6I and the Professional Group of Moroccan Banks (GPBM), local banks, and Tamwilcom established a subordinated debt product called “CapAccess” for Moroccan companies. CapAccess will support Moroccan companies that do not have the level of equity required by banks to complete the financing plan of sustainable investment projects. CapAccess offers a new financing source combined with bank debt, following a ratio of 2/3 senior bank loan and 1/3 CapAccess subordinated loan. The product offers flexible implementation terms, competitive pricing, an extended grace period and duration. CapAccess can also be combined with investment subsidies that companies could benefit from. Tamwilcom has been appointed by the FM6I to manage this fund and ensure a rigorous monitoring of this activity. FM6I aims to allocate 4 billion dirhams (~$400 million) to the CapAccess Fund, with the objective of catalyzing an investment amount of around 15 billion dirhams(~1.5 billion) over a 4-year period (FM6I, 2024). In April 2024 launched in partnership with the Ministry of Digital Transition and Administrative Reform and the Caisse de Dépôt et de Gestion (CDG), a call for expressions of interest to manage a newly launched startup fund. The fund will invest equity or quasi-equity in a wide array of sectors including fintech, agritech, edtech and may cover one or more stages of financing (e.g., Pre-Seed, Seed, Pre-Series A, Series A, etc.) (FM6I, 2024).

38 FM6I is a joint-stock company (société anonyme) with an initial share capital of MAD 15 billion ($1.5 billion), with the ambition of raising an additional 30 billion dirhams ($3 billion). It is fully owned by the State, governed by law n°76-20 of 31 December 2020 and decree 2.21.67 of 19 February 2021. The Fund's initial share capital shall be held entirely by the State. Its amount shall be laid down by regulations. The Fund may open its capital up to a maximum of 49%, provided that the share of any non-State body does not account for more than 33% of the Fund's share capital (FM6I, 2021). The Fund's primary objective is to catalyze investment, using its equity and through the mobilization of significant national and international funding. The Fund aims to support major infrastructure projects through public-private partnerships and strengthen the capital of companies in need of equity in order to contribute to their development and help creating jobs (FM6I, 2025).

– African SIF Highlight #2: Ithmar Capital –

TABLE 3: SWF context – development finance activity in Morocco (2/3)

Name & Type	SDG/Impact priorities	Financing activity
TAMWILCOM (formerly known as Caisse Centrale de Garantie (CCG)) State-owned limited company	• Financial inclusion. • Green SME financing.	Introduced the "Damane Istitmar" product, designed to guarantee medium-and long-term investment credits, increasing from 20 million to 40 million dirhams per company for those operating in the green economy. It also improved its "Green Invest" offering, which targets companies operating in green sectors. Its ambitious roadmap seeks to incentivize low-environmental-impact projects through prioritization in financial guarantees (Global SME News, 2024).
Groupe Crédit Agricole du Maroc Domestic Credit Institution	• Provide financing for rural agriculture. • Accelerate rural development.	Since its inception, the bank has distributed MAD 108 billion loans (~$10.8 billion) (Crédit Agricole du Maroc, 2024).
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Fostering inclusive growth through enhanced skills development, employability and entrepreneurship. • Strengthening the Moroccan economy's resilience to external shocks by investing in sustainable infrastructure.	From 1978 to 2020, the AfDB has financed more than 170 projects equal to over EUR 12 billion. At the end of 2020, the active portfolio of the AfDB had 36 projects that account for more than EUR 3.5 billion. AfDB has recently unveiled its 5-year strategic roadmap in Morocco aligned with the Kingdom's new development model through 2035, which aims to bolster economic competitiveness, resilience, and social inclusion. The new strategy builds on its previous strategy from 2017-2023, which mobilised nearly EUR 3 billion in projects that included water desalination, healthcare, an expanded social safety net, and improved transportation (Morocco World News, 2024). AfDB and FM6I signed a Letter of Intent in November 2023, committing to backing the FM6I's various funding models and TA options, joint funding, risk-sharing through guarantee products, and other funding mechanisms (FM6I, 2023).
World Bank (WB) International Financial Institution (IFI)	• Contribute to social cohesion through growth and private sector job creation. • Reducing social and territorial disparitie. • Strengthening human capital • Promoting inclusive and resilient territorial development.	The WB committed an average of $1.815 billion to Morocco over the last 2 years (World Bank, 2023). Example impact projects and programs set up by the WB in Morocco: • **Resilient and Sustainable Water in Agriculture:** Funded in March 2022 with $180 million to support resilient and sustainable agriculture in Morocco. The project aims to improve the governance of water in agriculture, the quality of irrigation services, and increased access to irrigation technology advisory services (World Bank, 2022). • **Public Sector Performance Program for Results:** Funded in December 2021 with $450 million to support key governance reforms in Morocco as part of the government's ambitious strategy to modernize the public sector. The goal is to improve the performance and transparency of government operations and service delivery (World Bank, 2021).

– African SIF Highlight #2: Ithmar Capital –

TABLE 3: SWF context – development finance activity in Morocco (3/3)

Name & Type	SDG/Impact priorities	Financing activity
DEG/KfW Bilateral DFI	• Energy. • Water. • Sustainable economic development.	DEG/KfW has a history of financing activity in Morocco, example projects include: • **Renewable Energy**: The Noor I-IV solar power plants in Ouarzazate were estimated to enable annual savings of 56,000 tons of CO2, and provide a total of 580 megawatts (MW) of power per year (KfW, 2017). • **Water:** EUR 700 million was invested to support Morocco's water sector. This is critical as about 85-90% of Morocco's total water consumption is for irrigation for agriculture, which contributes 14% to overall GDP and about 40% of overall employment (KfW, 2025). • **Finance:** DEG/KfW provides refinancing funds to banks and microfinance organizations. The objective is to foster granting loans and giving equity capital to microbusinesses and medium-sized companies. KfW also prioritizes and supports start-up financing and providing capital to rural areas (KfW, 2025).
COFIDES Bilateral DFI	• Sustainable mobility. • Sustainable infrastructure. • Healthcare. • Digital and green transition. • Sustainable agriculture. • Biotechnology and life science.	COFIDES and Ithmar Capital signed a joint statement in February 2023 to strengthen their relations. Both entities consider that Spain and Morocco have important collaboration possibilities on sectors such as automotive, infrastructure, digitalization, and climate, among others (COFIDES, 2023).
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Support the education and youth employment opportunities. • Develop rural areas. • Improve the urban environment. • Promote the ecological transition. • Adaptation to global warming.	AFD has invested EUR 5.6 billion in Morocco since it started providing support to the country in 1992, and currently has 55 active projects (AFD, 2025). Example impact projects by AFD in Morocco (AFD, 2025): • **Supporting the education and employment opportunities of the youth:** AFD partners with the Moroccan authorities to implement elements of the National 2015-2030 Education Strategy. Additionally, AFD is very active in the financing of infrastructure (25 centres) devoted to professional training. • **Improving the urban environment:** Among others, AFD has financed the trams of Rabat and Casablanca and is engaged in their extension. • **Favouring the ecological transition:** AFD has recently engaged EUR 80 million to support the Moroccan agricultural sector to reduce water consumption, and to allow it to adapt to the effects of global warming in November 2023.

4.3. SENEGAL

AFRICAN SIF HIGHLIGHT #3

FONDS SOUVERAIN D'INVESTISSEMENTS STRATÉGIQUES S.A. (FONSIS, THE SOVEREIGN WEALTH FUND OF SENEGAL FOR STRATEGIC INVESTMENTS)

FONSIS is a development fund and investment company wholly owned by the Government of Senegal. It was created in December 2012 and started its operations in 2014. Even though its bylaws allow for investments in foreign countries, FONSIS focuses primarily on Senegal. FONSIS currently has $978 million of AuM (IE CGC, 2024). FONSIS makes investments taking into account socio-economic impacts on populations and the environment. It aims to develop funds to accelerate the growth of SMEs and create national champions, strengthen national production to replace imports, consolidate sovereignty over key sectors, while preserving Senegal's environmental capital for current and future generations (FONSIS, 2025). FONSIS invests in equity and quasi-equity in projects with high potential for economic growth, job creation, and wealth creation.

Key Facts:

- **FONSIS employs a 5-5 strategy which is based on 5 areas of intervention and in 5 priority macro-sectors:**

  1. **Funds & Financing Vehicle**s.
  2. **Agribusiness.**
  3. **Healthcare & Pharma.**
  4. **Water & Energy.**
  5. **Infrastructure & Transport.**

- **Teranga Capital is FONSIS' impact investment fund** dedicated to Senegalese and Gambian SMEs and start-ups (seed funding included) with high growth potential. The fund provides financing alternatives (minority equity investments, seed financing, etc.), and is also involved in offering support to the management team (contributions to strategic thinking and corporate governance), gives technical assistance (TA), and offers access to its network to the companies they have provided financing to.

– African SIF Highlight #3: FONSIS –

Teranaga is expected to play three main roles within FONSIS' overall impact investing and development finance strategy:

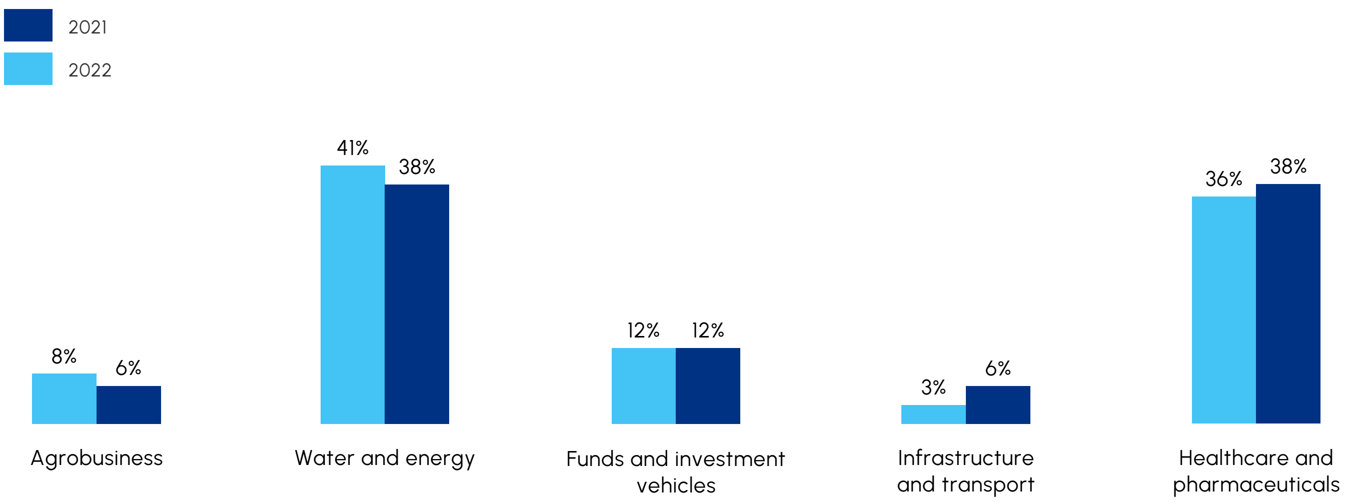
1. **FONSIS developer:** development of strategic projects and search for partners by calling for expressions of interest.
2. **FONSIS co-investor:** taking a stake in projects received on spontaneous proposals from entrepreneurs, investors, or financial partners.
3. **FONSIS restructuring:** restructuring of state-owned enterprises (SOE) or in the private sector.

- **Regarding asset allocation**, the fund has invested in the following sectors as of 2022 (the latest annual report) (FONSIS, 2022):

  - **Funds & Financing Vehicles:** 12%.
  - **Agribusiness:** 6%.
  - **Healthcare & Pharma:** 38%.
  - **Water & Energy:** 38%.
  - **Infrastructure & Transport:** 6%.

Evolution of disbursements per sector

Percentage.



FONSIS HAS SET UP THE FOLLOWING FUNDS (FONSIS, 2025):

- **Facilité d'amorçage des Projets d'Infrastructures (FPI):** This fund signed a partnership agreement November 2021 with Afremixbank to provide project preparatory capital to assist public and private sector investors to progress projects from the concept stage to bankability. FPI will finance infrastructure projects in priority sectors of the economy, including Agro-industry, energy, health, water & sanitation, and services.

- **Agri Fund:** This fund supports agriculture development by strengthening capacities of SMEs in investment, debt, and governance capacities. It has an initial budget of 1 billion CFA francs (~$1.6 million) in its pilot. In December 2021, the Agri Fund financed the DB Foods factory, Rassoulna company, and two other investments in the pilot phase. To continue the fund's activities in the agricultural sector, representing over 40% of the active population, FONSIS is actively fundraising to increase its size to 10 billion CFA francs (~$16 million) and expand its reach beyond the initial northern zone.

- **We! Fund (Women Economic Empowerment Fund):** This fund was set up in November 2019 in partnership with the United Nations Capital Development Fund (UNCDF) with an amount of FCFA 1 billion ($1.6 million). In 2021, an objective to increase the fund to FCFA 10 billion ($16 million) was validated as part of a second round.

- **Oyass Capital:** This fund was set up in partnership with German cooperation through DEG/KfW, with the financing agreement between the State of Senegal and DEG/KfW signed in November 2021. The objective is for Oyass Capital (which started with a EUR 30 million investment from FONSIS) to reach a size of EUR 79 million in the coming years (with an investment of EUR 24 million from the World Bank). The fund was set up to focus entirely on investments in SMEs in Senegal.

IT ALSO COMPRISES SPECIFIC FINANCIAL VEHICLES FOR TARGETED INVESTMENTS:

- **Panacea:** a financial vehicle designed to intervene in the operations of companies to revive, restructure private or public companies with a strategic impact or operating in a strategic sector in Senegal. It started operations in 2021 with the restructuring of pharmaceutical company MédiS, in which FONSIS is now a shareholder.

- **Kajom Capital:** FONSIS has recently established an investment vehicle called Kajom Capital, in collaboration with the IFC. The goal of the fund is to help increase the supply of affordable housing in Senegal. Under the agreement, IFC and FONSIS will acquire quality houses from developers and make them available to low-income earners, through a rent-to-own scheme. The project is expected to attract an initial investment from IFC of about $10 million over the medium term, and more than $50 million over the long term. IFC and FONSIS expect to attract other local and international institutional investors to support this development project. The project will kick off by supporting the development of 200 houses in the region of Dakar, with around 120,000 families expected to benefit from this initiative over the long run.

EXAMPLE INVESTMENTS IN STRATEGIC IMPACT SECTORS:

Agribusiness

- **Société d'Exploitation de l'Agropole Sud (SCEAS)** operates a series of five agropoles[39] to be established in Senegal. The Agropole Sud targets priority sectors (mango, cashew nuts and maize) and complementary ones: bananas, milk, citrus fruits and non-timber forest products. It covers the regions of Ziguinchor, Kolda, and Sédhiou. SCEAS is responsible for setting up private infrastructure.

- **Aquapoles** is an operating company which aims to develop aquaculture farms with a total capacity of 10,000 tons in the long term while contributing to the emergence of a local fish feed production industry, in collaboration with industrial operators so that the sector has quality and low-cost inputs promoting the development of the sector. The project is in partnership with the Minister of Fisheries and Maritime Economy, FONSIS, the National Agency for Aquaculture (ANA), the Operational Office for the Monitoring of the Emerging Senegal Plan (BOS) and the Office of Lakes and Rivers (OLAC).

- **DB Foods** is a startup founded in 2017, operating in the Senegal River Valley. It specializes in the collection, processing, and marketing of rice. It has a high-performance industrial plant with an annual processing capacity of nearly 10,000 tons intended for the Senegalese population. FONSIS has been a key partner, helping with financial structuring, operational monitoring, institutional support and fundraisiThe POLIMED medical imaging center is operated by POLIMED SASUng from other State instruments like the DER (Délégation à l'Entreprenariat Rapide).

- **BIOSOY** is the first agricultural project carried out by FONSIS. It consists of producing a high value-added speculation near the Guiers lake in the commune of Syer (Louga region). A first phase of 100 ha was launched in 2017 as a pilot and produced sorghum fodder. The objective is to launch a farm on 1000 Ha in the second phase for the production of seeds, cereals and fodder for livestock feed. The project develops livestock farming through the purchase of manure and organic matter, makes provision of water points and access corridors to the lake, provision of services to breeders, etc. It also includes construction of infrastructure including laterite tracks, water, electricity, etc.). In 2022, in line with its fund-of-funds strategy to make it a fund manager, FONSIS made an investment exit in favor of WE! Fund.

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39 An agropole is an economic development pole focused on the agri-food industry. It brings together companies, research centres and training organisations related to agriculture, food processing and distribution within the same geographical area to foster synergies and innovation. The agribusiness sector in Senegal faces several obstacles, including the cost of energy, the lack of structuring of a value chain, the low level of development of local industry, access to land and basic infrastructure such as warehouses, which are still very limited in number. Also, in order to strengthen agro-industrial value added and reduce dependence on imports, the government of Senegal has decided to set up five integrated agropoles (FONSIS, 2025).

HEALTHCARE & PHARMA

- **Medical Infrastructure Cluster (POLIMED)**[40] specializes in the design, development, and operation of medical infrastructure. This may include the definition, acquisition, operation and maintenance of medico-technical equipment. POLIMED monitors the implementation of projects entrusted by the Ministry of Health and Social Action (MSAS), as part of its program to improve health coverage. POLIMED has made significant investments including: 1) The construction of a turnkey infrastructure within the Mathlaboul Fawzaïni National Hospital Center of Touba (CHN MFT); 2) The construction project of the new 24,000 m2 hospital with a capacity of 300 beds, built on a 6-hectare site in Yadjine, in the department of Tivaouane; 3) a reconstruction project of the Le Dantec hospital in Dakar to set up a 660-bed hospital on a built area of 70,000 m2; and 4) established the POLIMED medical imaging center is operated by POLIMED SASU.

- **Parenterus** is a pharmaceutical industrial unit aimed at the production of massive solutions commonly known as infusions. FONSIS has financed the factory alongside private partners, including the Caisse des dépôts et consignations (DUOPHARM), which brings together more than 400 pharmacists who are investors in the sector, and private investors. The plant aims to produce 12 million vials of infusion solutions per year for the hospital environment. The plant is located in the Commune of Diender in Bayakh, Thiès Region.

- **Medis** is a revival of one of Senegal's main pharmaceutical units which is being carried out through FONSIS' restructuring vehicle, PANACEA. MédiS specialises in the local manufacture of medicines, and holds a licence to manufacture hydroxychloroquine.

WATER & ENERGY

- **Ten Marina Solar Power Plant** is a solar power plant that has been operational since 2017. It had a total cost of 28 billion CFA francs (~$46 million), modeling the Senergy Power Plant located in Santhiou Mékhé - which is one of West Africa's largest solar installations with a peak capacity of 29.5 MWp. Ten Merina has a production capacity of 30 MW.

- **Kaél Solaire and Kahone Solaire power plants** are two photovoltaic power plants with a capacity of 60 MWp, initiated by the State of Senegal and the World Bank Group. Responsible for the implementation of these plants by the Ministry of Energy, FONSIS studied and validated the development of the project. This marked the beginning of a partnership with IFC. After these transactions, FONSIS has become the first developer of PPP photovoltaic power plants in Senegal and produces solar energy at a record price of 25 FCFA per kilowatt hour. Construction began in 2020 with a provisional delivery in December 2020.

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40 Further impact of POLIMED's facilities include: (in hospital projects) - 1000 beds in 3 most populated regions, a latest-generation medical technical platform, more than 90,000 m2 of built-up area; (in the imaging center) - More than 185,000 radiology procedures performed since 2016, over 23,000 procedures per year in a local setting, includes several types of imaging examinations: radiology, CT scan, mammography, hysterosalpingography, endoscopy (FONSIS, 2025).

– African SIF Highlight #3: FONSIS –

- **SEN'EAU** has been managing the operation and distribution of drinking water in urban and peri-urban areas of Senegal. Mandated by the State, FONSIS brought the shares of the State (24%) at the creation of the company and those of the national private sector (20%) and the employees of the sector (11%) in SEN'EAU. The transfer of shares to employees was launched in 2021.

INFRASTRUCTURE & TRANSPORT

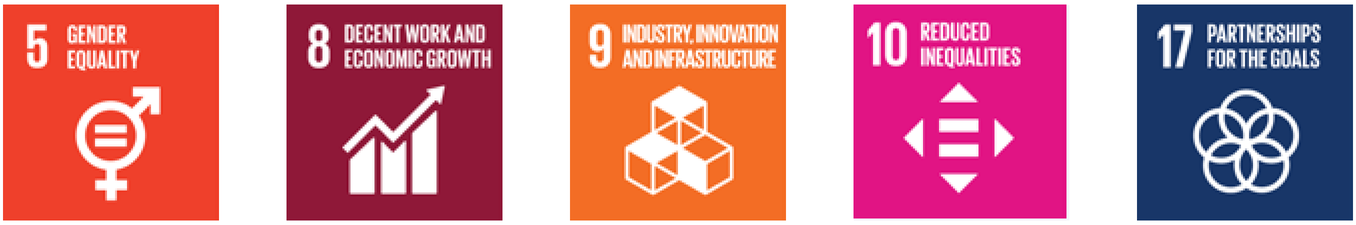
- **Dakar Mobility** is the management company of Bus Rapid Transit (BRT). The company is responsible for the operation of the electric buses. The BRT will run on dedicated lanes powered by electricity, which will be part of a mass transport system that will facilitate the movement of populations and facilitate the exercise of economic activities.

- **SEMIG**, the Société d'Exploitation du Marché d'Intérêt National et des Gros Jeteurs oversees the management of markets for producers and traders who contribute to the organization and animation of the distribution channels of agri-food products, to the establishment of healthy and fair competition in these economic sectors and participates in the objective of food security for the population. FONSIS is a co-shareholder of SEMIG alongside the Chamber of Commerce and Agriculture of Dakar.

INVESTMENT EXAMPLE CASE STUDY: WE! FUND

WE!Fund I is a special purpose vehicle of FONSIS, set up with UNCDF, that focuses on achieving multiple SDGs and is committed to investing in gender-sensitive projects that enhance women's participation in the local and national economy. By financially supporting initiatives that improve women's access to employment, ensure fair compensation, and encourage their involvement in income-generating activities, WE!Fund contributes to enhancing women's living conditions and purchasing power. Women's economic empowerment is not only a crucial element of gender equality but also a fundamental pillar of inclusive and sustainable development.

SDG-ALIGNMENT



WE!Fund goes beyond financing. As a project developer, the Fund refines the project alongside the promoter. WE! Fund is involved in the concept and business plan, the choice of partners, and the follow-up of the project start-up. Optimization advice is also provided to achieve adequate governance for the operation of the company. It becomes a shareholder in the financed company with a predetermined period of presence in the capital alongside the project leader upstream of the investment. At the end of the investment period of the WE! funds are transferred to the project owner or to third parties.

WE! Fund I invests in equity and quasi-equity, with three criteria taken into account in the investment eligibility analysis:

1. **Thematic:** Projects must have a positive impact on women's empowerment.
2. **Geographic:** Projects must be located in Senegal.
3. **Financial:** Minimum investment ticket size in 100 million CFA francs (~$170k).

FUNDING ELIGIBILITY CRITERIA

- Looking for an equity and quasi-equity investment, rather than a bank loan.
- The project has a minimum profitability level of 5%.
- The project has a positive gender impact in favor of women's empowerment.
- The project is located in Senegal, with priority to the regions of Thiès and Louga.
- The project has a minimum value of 100 million CFA francs (~$165k).

– African SIF Highlight #3: FONSIS –

ACHIEVEMENTS

- WE! Fund I has started its operational activities with a first phase (WE! Fund I), with a size of 1 billion CFA francs (~$1.6 million), of which 851 million CFA francs (~$1.4 million) are invested in SMEs.

  Investments include:
  - **Patria (2021) -** an SME specializing in bakery and pastry based on local cereals.
  - **Dialibatou (2022) -** an SME specializing in the roasting of coffee in bags and capsules.
  - **Secas (2022) -** an SME specializing in the roasting of coffee in bags and capsules.
  - **WE! Fund 1** has created and/or maintained 302 jobs.

IMPACT MEASUREMENT

The gender impact of projects is measured through an in-house WEE INDEX, a tool developed by UNCDF, UNDP and UN Women. Only projects with a positive gender impact are selected for the technical and financial feasibility study phase.

FACTORS IN THE IMPACT ASSESSMENT INCLUDE:

- The proportion of women employed in decision-making positions and in the ownership of share capital among the business partners of the company.
- Equal pay.
- Specific social benefits.
- Adaptation of working conditions to women.
- Support during maternity.
- Existence of an equity charter and the adequacy of the content with the challenges of the work environment.
- Vigilance on the presence of stereotypes.
- Monitoring of the retention and advancement of women.
- Contribution of the good/service to the reduction of domestic work at the expense of women, or to sectors recognized as particularly strategic for the economic empowerment of women.

Learn more here: [We! Fund]

– African SIF Highlight #3: FONSIS –

TABLE 4: SWF context – development finance activity in Senegal (1/2)

Name & Type	SDG/Impact priorities	Financing activity
African Development Bank (AfDB) Multilateral Development Bank (MDB)	Improve the productivity of the Senegalese economy through transformative transport, energy, and agriculture infrastructure projects (AfDB, 2021).	The AfDB and Senegal have collaborated since 1972, and the Bank has approved ~$4.4 billion for the financing of 135 operations at the end of 2022 (AfDB, 2024). The **main sectors** of activity for the AfDB financings in Senegal in terms of assets allocation are: • **Transport Infrastructure –** 25.25% • **Multisector –** 20.4% • **Agricultural and rural development –** 16.08% • **Finance –** 11.77%
World Bank (WB) International Financial Institution (IFI)	• Building human capital. • Boosting competitiveness and job creation through private sector-led growth. • Increasing resilience and sustainability in the context of growing risks.	The WB's portfolio in Senegal comprises 20 national investment projects totalling $2.79 billion and 11 regional operations totalling $834.5 million, all financed by the International Development Agency (IDA). The IFC has committed a total of $439.5 million, while the Multilateral Investment Guarantee Agency's (MIGA) gross portfolio is $773 million (World Bank, 2024). Among the projects of the World Bank in Senegal, we can find the following: • **Food protection and urban resilience:** The WB has financed a $172.4 million project called the Stormwater Management and Climate Change Adaptation Project (PROGEP2). The project will protect selected flood prone areas in Dakar with drainage infrastructure and flood risk management (World Bank, 2021).
European Investment Bank (EIB) Multilateral DFIt	• Infrastructure and climate action projects that enhance connectivity with the country's neighbours. • Boosting trade and fostering sustainable growth. • Affordable solar power generation. • Sustainable urban transport (EIB, 2024).	EIB has been active in Senegal since 1966, having financed 52 projects amounting to about EUR 1.1 billion. The EIB has mainly targeted the following sectors (EIB, n.d.): • **Transport:** (31.7%) • **Water, sewage:** (22%) • **Industry:** (19%) • **Energy:** (11%) Example EIB investment in Senegal: • **Bus Rapid Transit Dakar Project:** financing 121 fully electric buses, which will become the first fully electric bus rapid transit in West Africa (EIB, 2022).

TABLE 4: SWF context – development finance activity in Senegal (2/2)

Name & Type	SDG/Impact priorities	Financing activity

Islamic Development Bank (IsDB)
Multilateral Development Bank (MDB)
	The IsDB and Senegalese government recently developed an IsDB-Senegal Member Country Partnership Strategy (MCPS) for 2023- 2027. This new partnership strategy aims to provide practical solutions to the needs and priorities of Senegal as defined by the government in its national development strategy, the Plan for an Emerging Senegal, and the priority action plan.	Senegal joined IsDB on 20 November 1976. To date, IsDB Group has approved $4.77 billion of development financing for Senegal's different sectors, and has an active portfolio of $3.26 billion (IsDB, 2023).
		Among the most recent projects of the IsDB include 3 financing agreements, for a total value of $390 million signed in April 2022 (IsDB, 2022):
		• **Dakar-Tivaouane-Saint Louis Highway/ Louga- Gandon section Project:** A EUR 238,230 investment into the construction of the Dakar-Tivaouane-Saint Louis Highway/ Louga-Gandon section. The project falls in line with IsDB's 10-year strategy and its transport policy and will boost economic development and reinforce national cohesion and regional integration. Once completed, the key results of the project include:
		• **Phase II of Diamniadio-Blaise Diagne International Airport:** a EUR 100 million investment into Phase II of Diamniadio–Blaise Diagne International Airport (AIBD) of the Regional Express Train. It is a continuation of the IsDB support during Phase 1 (36km) of the project. This phase will be jointly financed by the IsDB, AfDB, BIDC, Government of France (Export Credit), and the Government of Senegal. The project will generate considerable benefits in terms of urban and inter-urban economic development, as well as greater safety and comfort for rail users. The positive development impacts of the project are:
		  ◦ Reducing travel time between Dakar City Center and to the AIBD from 1.5 to 0.5 hours.
		  ◦ Reducing air pollution by an estimated at 17,000 tons of CO2/year.
		  ◦ Providing capacity to the travel demand estimated at 10 million passengers/year and land development reserve for 20 million passengers/year.
		• **Waqf Project:** The last signed financing agreement is related to the construction of a real estate Waqf project for the benefit of the Daras schools for $20 million. The project entails the construction of a commercial and residential tower of 19 levels covering approximately a 26,000 m² built-up area.

Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Improve education and youth employability. • Support durable development. • Ensure the well-being of local populations. • Strengthen social cohesion. • Fight against global warming.	AFD has provided Senegal with EUR 2.2 billion since 2012, financing 115 projects in the process. The agency has supported 4,400 SMEs and has created 40,400 direct and indirect jobs since 2010 (AFD, 2025). Among recent project examples includes: • **AFD's participation in the financing of the Blaise Diagne International Airport.** • **Financing bonuses for SMEs** with high growth potential to increase their competitiveness and create local Jobs (since 2005).

4.4. EGYPT

AFRICAN SIF HIGHLIGHT #4

THE SOVEREIGN FUND OF EGYPT (TSFE)

The Sovereign Fund of Egypt (TSFE) is a private investment fund established in 2018 (in accordance with law 177 of 2018) to shape, manage, and perfect opportunities for investment in Egypt's state-owned assets by creating partnerships and co-investments with private investors.

TSFE aims to fulfill its mandate as a strategic leader and partner of choice, creating unique investment opportunities for all its stakeholders by leveraging its:

- Best-in-class governance mechanisms
- Investment-friendly regulatory framework with its special law that enables it to become an innovative and agile investor
- Access to a unique portfolio of opportunities in Egypt, structured into investor-friendly products
- Ability to attract the right investment partners and become their partner of choice
- Management team comprised of industry specialists who guarantee the implementation of sound market-based investment strategies

KEY FACTS:

- **AuM of $2 billion** (IE CGC, 2024).
- **TSFE has four sub-funds, which are the following**:

1. **TSFE Tourism, Real Estate&Antiquities Sub-fund:** The fund's mandate is to achieve a financial return through investing in tourism, real estate, student housing, and antiquities.
2. **TSFE Healthcare & Pharma Sub-fund:** The fund's mandate is to invest in healthcare and pharmaceutical companies.
   Portfolio Investments:
   - B Healthcare Investments
   - Elezaby Pharmacy

3. **TSFE Infrastructure & Utilities Sub-fund:** The fund's mandate is to invest in utilities and infrastructure.

4. **TSFE Financial Services & Fintech Sub-fund:** The fund's mandate is to invest in banking and non-banking financial services, digital transformation and inclusion, financial technology, insurance brokerage, real estate financing and financial leasing, microfinance, etc.
   Portfolio Investments:

- Arab Investment Bank.
- Erada (Microfinance).
- MISR Insurance Holding Company.

5. **Pre-IPO Sub-Fund:** The fund offers institutional investors the option to acquire stakes in partially or fully State-Owned Enterprises, ahead of their Initial Public Offering (IPO).

INVESTMENT STRATEGY

TSFE's strategy relies on a multi-sectoral approach through affiliate Sub funds and companies. In its strategy the TSFE has a few strategic pillars:

1. **Deliver sustainable financial returns over the long-term** through a balanced and diversified portfolio constructed to optimize risk/return profiles across the portfolio. Along with financial objectives, TSFE will look to deliver socioeconomic impact through all investments.

2. **Catalyze investment in local priority sectors from a diversified set of local, regional, and international investors and operators**, through these products, and to unlock wealth through operational improvement, greenfield, and brownfield development.

3. **Proactively identify and prioritize assets with the greatest potential for value creation through private ownership and capital**, as well as collaborate with investors and operators to create investment structures to meet their investment demand and criteria.

4. **Fulfill its mandate by leveraging its access to a unique portfolio of opportunities in Egyp**t, with an aim to turn its local champions into regional and global players. Over the long-term, TSFE will explore commercial investment opportunities abroad.

APPROACH TO SUSTAINABILITY

ESG PRINCIPLES:

- TSFE's ESG Framework incorporates ESG considerations into its strategy, governance, investment criteria and risk management. The Framework aligns TSFE's and its sub-funds' sectoral approaches with the national ESG laws and regulations.

- TSFE's ESG framework maps to IFC's and EBRD’s ESG standards and benchmarks.

- TSFE aims to use its ESG Framework as an ESG score-enhancing tool to motivate partners to enhance their ESG performance by cooperating with TSFE.

– African SIF Highlight #4: The Sovereign Fund of Egypt (TSFE) –

SDG ALIGNMENT:

- TSFE's investment portfolio is built around UN SDGs and Egypt's 2030 vision.

- TSFE's multi-sector investment strategy and sub-funds focus on sectors that are vital to economic growth. These sectors collectively represent more than 60% of Egypt's GDP.

SDG-ALIGNED INVESTMENTS

- **MULTI-SECTOR STRATEGY[41] TO ACHIEVE SUSTAINABLE DEVELOPMENT**

1. Education

TSFE invests in the education sector with priorities of:

- Creating affordable schooling and higher education for all tiers of society, emphasizing quality.
- Expanding on skill-based career education that equips students with knowledge and skills for employment.

Portfolio Investments:

- Egypt Education Fund.
- Lighthouse Education.
- GEMS Education Egypt.
- Mobica.
- Selah El Telmeez Company.

41 Investments in these sectors are managed directly by the main fund.

– African SIF Highlight #4: The Sovereign Fund of Egypt (TSFE) –

2. Industry

TSFE invests in the industrial sector with priorities of:

- Localization through transfer of knowledge from the best in the field worldwide to enhance quality and competitiveness of local products.
- Deepening of localization through development of feeding industries to increase the percentage of local components in the final product.
- Increase exports of high value-added and technologically advanced products.

Portfolio Investment:

- National Egyptian Railway Industries Company.

3. Agriculture

TSFE invests in the agricultural sector with priorities to:

- Maintain food security in alignment of the objectives of Egypt's Vision 2030 and the structural reform program.
- Attract private investments to raise productivity by deploying the latest technologies.
- Capitalize on Egypt's fertile land and high-quality diversified range of crops, to increase the sector's value addition and exports.

4. Telecommunication

TSFE invests in the telecommunications sector due to:

- Its identification as a key strategic sector with high growth potential and financial returns.
- An accelerator to growth and development in all economic sectors.

Source: (TSFE, 2025).

– African SIF Highlight #4: The Sovereign Fund of Egypt (TSFE) –

TABLE 5: SWF context – development finance activity in Egypt (1/3)

Name & Type	SDG/Impact priorities	Financing activity
National Investment Bank (NIB) Domestic DFI	The NIB was established to finance projects aligned with the national plan for economic and social development.	For more than 40 years, NIB has performed the largest process of local savings mobilization to fund national plans for economic and social development. NIB has funded and followed up investments estimated at hundreds of billions of Egyptian pounds for governmental institutions as well as economic units and organizations (NIB, 2025). Investment areas include: • **Electricity generating stations** • **Networks for transferring and distributing electricity** • **Water and sanitation plants and networks** • **Road and bridge networks, railways, and harbours** • **Agricultural and irrigation projects** • **Housing projects** • **Mining projects**

Export Development Bank of Egypt (EBank)
Domestic DFI
	• Import substitution projects that help improve local production.
	• Facilitating Egyptian products to the worldwide market through the financing of export transactions.
		Relevant impact investment strategies by the Ebank of Egypt (Ebank, 2025):
		• **SMEs:** Ebank finances the SMEs sector through signing an agreement with the IFC. They finance SMEs with an annual turnover that ranges from EGP 1 million to EGP 200 million ($20,000 to 4 million). Ebank finances companies in different economic sectors (industrial, agricultural, trade and services), with a particular interest in exporters and import substitution companies in these sectors. Financing includes:
		• **Working capital and/or capital expenditure for small enterprises** with interest rate 5% annually
		• **Financing working capital and capital expenditures for companies with a minimum annual turnover of EGP 50 million** ($1 million) at an annual interest rate of 8%. The CBE Initiative is available for industrial, Agribusiness, Contracting sectors.
		• **Nile Preneurs Initiative:** A programme launched by the Central Bank in cooperation With the Small and Medium Enterprises Development Authority and Nile University. It offers the following services:
		    • BDS Business Development services
		    • New project idea generation service
		    • Registration service and obtaining activity licenses
		    • Feasibility studies services
		    • Facilitating obtaining financing service
		    • Financial analysis and evaluation services
		    • Service for disseminating knowledge and available data on SMEs
		    • Packaging design business incubator

TABLE 5: SWF context – development finance activity in Egypt (2/3)

Name & Type	SDG/Impact priorities	Financing activity
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Support the country's competitiveness to support a strong private sector that creates jobs and leads economic growth. • Contributing to achieve food and water security, as well as energy efficiency.	Since 1967 AfDB has completed 92 projects in Egypt. Of these, 8 projects are approved but are yet to be initiated, and 11 are ongoing. The most financed sector in Egypt by AfDB is the power sector, with 2 ongoing and 25 completed projects. These investments contribute to one of AfDB's "High-5" priority areas – "Light Up and Power Africa" (AfDB, 2024).
World Bank (WB) International Financial Institution (IFI)	• Spurring private sector enablement and jobs growth. • Improving human capital and inclusion outcomes. • Improving resilience to climate and macroeconomic shocks. • Mainstreaming governance, citizen engagement, regional integration, and women empowerment as cross cutting themes.	In 2023, the WB's portfolio in Egypt was composed of 15 projects totalling, for a net commitment amount of $7.33 billion. Over one-third of this engagement is committed to Human Development (39%), including social protection and jobs, health, nutrition and population, and education. This is followed by sustainable development (29%), including environment, agriculture and food, water, and urban development. The WB's commitments are also complemented by a package of 24 Advisory Services and Analytics (ASA) products (World Bank, 2023). Example projects carried out by the WB in Egypt: • **$500 million financing in 2019 to support Egypt's Social Safety Net Program:** Piloting productive inclusion and graduation models in eight governorates under the "FORSA" program, which is an economic inclusion and graduation program. The pilots provide links to economic opportunities through asset transfer, wage employment and training, with focus on women and youth (World Bank, 2019). • **$500 million financing for the Upper Egypt Local Development Program for Results:** This program is improving local government capacity for quality infrastructure and service delivery to citizens and local firms in 4 of Egypt's poorest governorates: Qena, Sohag, Minya and Assuit. These areas have a combined population of around twenty million inhabitants (World Bank, 2021). • **Citizens in 20 cities**, 400 villages and 2970 hamlets have benefited from the expansion and improvement of municipal services and infrastructure. This includes water and sanitation, local markets, vocational areas, local roads, public spaces, and solid waste management.

TABLE 5: SWF context – development finance activity in Egypt (3/3)

Name & Type	SDG/Impact priorities	Financing activity
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Developing sustainable cities and managing natural resources more effectively. • Supporting the private sector and employment. • Strengthening social cohesion. • Promoting gender equality.	Priority impact areas for AFD in Egypt include (AFD, 2025): • **Strengthen social cohesion:** AFD supports NGOs in Egypt that work for the inclusion of people in fragile situations (street children, disabled people) and the vocational integration of young people, particularly girls. • **Private sector and employment: A**FD has partnered with Micro, Small and Medium Enterprises Development Authority (MSMEDA), formerly the Social Fund for Development). The aims of this project are to facilitate access to loans for MSMEs and support the growth of these companies. • **Agriculture:** AFD allocates direct financing to agricultural MSMEs to increase local food production and the added value of the sector. • **Gender Equality:** Supporting women's jobs and women who wish to become entrepreneurs. • **Climate Action:** In October 2023, the Egyptian government launched a project to build seventeen green food hubs in the country. AFD collaborated in this project by financing the construction of logistic hubs to produce and sell vegetables and fruits. These hubs will use clean energy and help reduce food waste (Daily News Egypt, 2023).

4.5. ETHIOPIA

AFRICAN SIF HIGHLIGHT #5

ETHIOPIAN INVESTMENT HOLDING (EIH)

Ethiopian Investment Holdings (EIH) is the second largest SWF in Africa behind Libya, with over $46 billion in assets under management (IE CGC, 2024). The EIH is a SIF, and is young, having been established in 2021 and operations beginning in 2022. It is an active member of the IFSWF (IFSWF, 2025).

EIH has a vision to create wealth to meet the nation's developmental objectives and lay the foundation for prosperity by enhancing the quality of livelihood of its citizens. It aims to do so by driving performance of public commercial assets through modern management practices, corporate governance standards and protection of public interest. It has a goal to mobilize new investment through the creation of multiple, innovative platforms.

Its goals as Ethiopia's strategic investment fund (SIF) include:

1. **Contributing to sustainable economic development through professional management of its funds and assets** achieving the optimal use thereof in accordance with international best practice and corporate governance principles and to maximize the value for the benefit of current and future generations.

2. **Serve as a strategic investment arm of the government of Ethiopia.**

3. **Provide a strategic vehicle to attract foreign investment** by, among others, establishing a co-investment platform, consolidating assets for further monetization, unlocking value from current unutilized assets and thereby bring the highest possible return on investment.

TRANSFORMING EIH INTO AN EFFECTIVE SIF

Recently EIH has undergone a shift in management and investment philosophy with a change in top leadership. Specifically, EIH is moving away from promoting state-owned enterprises (SOEs) as policy instruments or means to address market failures. With new CEO Dr. Brook Taye, EIH is taking a more commercial approach. Dr. Taye aims to focus on profitability, transparency, and corporate governance. Modernizing and professionalizing EIH's investment culture will instill modern management practices of continual analysis, performance accountability, and long-term value creation - which is a positive signal in SIF governance and future success.

– African SIF Highlight #5: Ethiopian Investment Holding (EIH) –

"The first success for EIH, or the change in terms of the government view, is that these assets need to be managed commercially. They're not a policy instrument." – Dr. Brook Taye, CEO, EIH

EIH's role is expected to go beyond just managing SOEs, but to making strategic investments that benefit Ethiopia's economy and people. EIH has a clear long-term vision outlined in three main areas: 1) diversification, 2) driving economic growth, and 3) delivering results. Diversification involves expanding products, services, and geographic reach beyond Ethiopia. EIH expects its SOEs to be at the forefront of driving economic growth, which is already evident with recent dividend payments to the government. EIH also aims to increase foreign currency generation through exports, as in Q4 2024 Ethiopian ship lines generated $147 million, and Ethio Telecom $72 million, indicating the significant impact of this strategy. The introduction of the Ethiopian Securities Exchange (ESX) is another key component of Ethiopia's economic reform. The listing of 10% of Ethio Telecom's shares on the ESX marks a major milestone, allowing for strategic divestment, and providing companies with an alternative to bank financing for raising capital.

PARTNERSHIPS, JOINT VENTURES, AND DE-RISKING

Embracing its powerful role as a SIF, EIH is actively seeking partnerships and joint ventures, positioning itself as a "de-risking partner" for foreign investors. EIH offers support in land acquisition, electricity connections, and navigating regulatory issues. This approach has proven effective, attracting companies like an EV bike company, who are now focusing on their core business without dealing with logistical hurdles. EIH is also open to equity partnerships, utilizing its strong financial position to invest in promising ventures.

Ethiopia's strategic location, competitive labor market, and diverse agro-climates make it an attractive destination for foreign investors. The country's large and growing consumer base, with 70% of the population under 30, is another significant advantage. EIH is focused on supporting young entrepreneurs through a fund of funds strategy, allocating significant resources to invest in startups (StockMarket.et, 2025).

"If you have ever any doubt trying to come to Ethiopia and you don't know the lay of the land, let us be your de-risking partner" – Dr. Brook Taye, CEO, EIH.

EIH PORTFOLIO

EIH has a portfolio of over forty government owned projects across diverse sectors, holding flagship enterprises such as Ethio Telecom and Ethiopian Airlines. The fund tries to optimize the performance of public assets and attract sizable investments by establishing a co-investment platform with global investors. In addition, EIH is expected to have a stake in the nation's securities exchange and manage both tangible and intangible national assets (EIH, 2025).

– African SIF Highlight #5: Ethiopian Investment Holding (EIH) –

One example of an impact-oriented investment is Ethiopian Agricultural Business Corporation (EABC), which falls under the agricultural and agro-processing sector in Table 6 below. The company was set up in 2015 with a mission to provide agricultural inputs and technologies that should considerably improve production and productivity, boost modern farms and agro-Industries at a very competitive price to make the economic development of the nation grow fast. To achieve its mission, the corporation is supplying agricultural inputs (improved seeds, fertilizers & agrochemicals), reliable, modern, and high-quality agricultural machinery and spare parts, construction equipment, and chemical spraying equipment at affordable prices (EABC, 2025).

The portfolio of EIH is made up of state-owned enterprises (SOEs) in a variety of sectors. The following is a comprehensive list of the sectors in which the fund holds SOEs and the names of such companies:

TABLE 6: State-Owned Enterprises in EIH's Portfolio (1/2)

Sector	Enterprises
Trading	• Ethiopian Trading and Business Corporation • Ethiopian Petroleum Supply Enterprise • Ethiopian Tourist Trading Enterprises • Ethiopian Lottery Service • Ethiopian Industrial Inputs Development Enterprise
Mining, Engineering, and Chemicals	• Ethio Engineering Group • Ethiopian Minerals Corporation • Chemical Industry Corporation
Financial Services	• Commercial Bank of Ethiopia • Ethiopian Insurance Corporation
Transport and Logistics	• Ethiopian Airlines Group • Ethiopian Shipping and Logistics Services Enterprise • Ethiopian Toll Roads Enterprise • Ethiopian Railway Corporation
Hospitality	• Gihon Hotels Enterprise • Spa Service Enterprise • Genet Hotel Enterprise • Development and Hotel Company
Manufacturing	• Berhanena Selam Printing Enterprise • Education Materials Production Distribution Enterprise • Ethiopian Pulp and Paper SC • National Alcohol & Liquor Factory • National Veterinary Institute • ShieldVax

– African SIF Highlight #5: Ethiopian Investment Holding (EIH) –

TABLE 6: State-Owned Enterprises in EIH's Portfolio (2/2)

Sector	Enterprises
Energy and Connectivity	• Ethio Telecom • Ethiopian Electric Utility • Ethiopian Petroleum Supply Enterprise
Construction and Real Estate	• Federal Housing Corporation • Ethiopian Construction Works Corporation • Ethiopian Engineering Corporation • Industry Parks Development Corporation
Agriculture and Agro-Processing	• Ethiopian Sugar Corporation • Wonji Shewa Sugar Factory • Fincha Sugar Factory • Kessem Sugar Factory • Metehara Sugar Factory • Tana Beles Sugar Factory • Ethiopian Agricultural Business Corporation

TABLE 7: SWF context – development finance activity in Ethiopia (1/3)

Name & Type	SDG/Impact priorities	Financing activity
Development Bank of Ethiopia (DBE) Domestic DFI	• Commercial agriculture projects. • Agro-processing industries. • Manufacturing. • Mining and extractive industries. • Lease financing service for, small and medium-sized enterprises (SMEs) (DBE, 2021).	In 2020-2021 the DBE disbursed Birr 10.1 billion ($176 million) (100 % achievement against target) and collected Birr 8.9 billion ($155 million) (108 percent achievement against target) from various projects. The DBE has mobilized Birr 1.74 billion ($30.3 million) from sale of Grand Ethiopian Renaissance Dam Bond in 2020/21 The DBE approved a total of Birr 10.4 billion ($181.1), which broken down by sector: • **Agriculture -** Birr 547 million ($9.5 million) • **Manufacturing -** Birr 2.2 billion ($38.3 million) • **Mining and Energy -** Birr 399 million ($6.9 million) • **Financial Services -** Birr 6.4 billion ($111,4 million) • **Service Sector -** Birr 517 million ($9 million) • **Staff Loan -** Birr 285 million ($4.96 million) (DBE, 2021)

– African SIF Highlight #5: Ethiopian Investment Holding (EIH) –

TABLE 7: SWF context – development finance activity in Ethiopia (2/3)

Name & Type	SDG/Impact priorities	Financing activity
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Improve economic and financial governance to increase resilience, service delivery and private sector growth. • Sustainable and high-quality infrastructure to support Agro industrialisation.	AfDB has completed 124 projects since 1967. Of these, 1 project is approved but yet to be initiated, and 14 are ongoing. The four main impact sectors targeted by the ADB in Ethiopia are: transport, power, agriculture and rural development, and water supply & sanitation (AfDB, 2024).
World Bank (WB) International Financial Institution (IFI)	• Promote structural and economic transformation through increased productivity in rural and urban areas by focusing on basic education, access to markets, and job opportunities for youth. • Build resilience and inclusiveness (including gender equality) by improving social safety nets. • Supporting early childhood education using its Investing in the Early Years (IEY) Framework.[42] • Institutional accountability and assists in combating corruption. • Delivery of basic services, food security, and addressing the needs of vulnerable populations (especially Internally Displaced People and women, including survivors of gender-based violence) while retaining a long-term development focus (World Bank, n.d.).	Between 2018 and 2022, the WB has averaged an annual commitment of $~1,931 million in Ethiopia. In 2022, the annual commitment reached $738 million, whereas in 2021 it reached $2,504 million. IDA also provides analytics and advisory services, and it is Ethiopia's largest provider of development assistance, with more than $22 billion committed since 2000 in 149 projects (World Bank, 2024). As of April 2024, the WB's portfolio consists of 46 lending operations with $16.4 billion in commitments, complemented by $1.13 billion in trust fund financing. The portfolio includes financing for conflict-affected communities and internally displaced persons (IDPs), national programs on safety nets, agriculture, sustainable land management, basic service delivery (including health, education, and water and sanitation), as well as support in the energy, transportation, trade logistics, and financial sectors (World Bank, 2024). Example impact investment project by the WB in Ethiopia: • **OWNP-Phase II project ($300 million)** launched in 2019 is focused on enhancing climate resilience and water supply service access, quality, and sustainability, and equitable access to improved urban and institutional sanitation services – targeting 4.9 million beneficiaries. It also plays a catalytic role in sector financing and attracted $250 million of finance from seven other donors and international financial institutions into a pooled fund which is managed under the WB's oversight (World Bank, 2019).

42 The World Bank's Investing in the Early Years (IEY) Framework highlights the need for investments in children across three pillars to ensure they reach their full potential: (1) children are healthy and well nourished, especially in the first 1,000 days; (2) children receive early stimulation and learning opportunities; and (3) children are nurtured and protected from poverty and stress. While these three areas of intervention are proven to have substantial impact on lifelong human capital formation, such efforts also require coordinated support and access to quality services across sectors to drive positive outcomes (World Bank, 2025).

TABLE 7: SWF context – development finance activity in Ethiopia (3/3)

Name & Type	SDG/Impact priorities	Financing activity
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Turning energy into an engine for growth. • Improving the quality of life for city dwellers. • Supporting the private sector and job creation.	AFD has committed EUR 525 million in Ethiopia since 1997, participating in 50 projects, and reaching 2.5 million Ethiopians (AFD, 2024). Example impact investment projects carried out by AFD in Ethiopia[43]: • **Hydropower:** AFD has helped enable over 2,000 MW of hydropower from 2005 to 2013 in Ethiopia • **Ethiopian Electric Power company:** Extending and strengthening the national power grid with construction of 4 transformer stations and the installation of transmission lines around Addis Ababa. • **Wind Power:** AFD has also co-financed the country's first wind farm in the north of the country, near Mekele. • **Transport:** AFD is financing the first bus rapid transit line in the capital of the country • **Access to credit**: Creation of the ARIZ guarantee fund (which is a final loss guarantee offered to FIs by AFD to cover from 50% to 75% of an individual loan or a loan portfolio for SMEs and microfinance institutions). It was created to encourage Ethiopian banks to lend to SMEs and microfinance institutions.

4.6. GHANA

Ghana's SWFs include the Ghana Stabilization Fund (GSF), the Ghana Heritage Fund (GHF), and the Ghana Infrastructure Investment Fund (GIIF). The first two funds are together known as Ghana Petroleum Funds. The Ghana Petroleum Funds were established to manage the revenues derived from Ghana's petroleum resources, where petroleum revenues are deposited in the Petroleum Holding Fund for subsequent transfers. A percentage of petroleum revenue, as determined by Parliament, is transferred from the Petroleum Holding Fund into the Ghana Petroleum Funds to be invested.

The most recent figures found for revenue allocation from 2011 to December 2023 that the distribution of funds is the following (Bank of Ghana, 2024):

1. **Ghana Heritage Fund –** 9%
2. **Ghana National Petroleum Company –** 29%
3. **Ghana Stabilisation Fund –**22%
4. **Annual Budget Fund Amount –** 40%
5. **Ghana National Petroleum Holding Fund –** 0%

43 Ethiopia has the second largest hydropower in Africa, with over 50 GW of capacity. It currently only has 10% developed to date, but yet it provides 90% of the country's electricity demand (ANDRITZ, 2024).

GHANA STABILIZATION FUND (GSF)

The objective of the Ghana Stabilization Fund (GSF), established in 2011, is to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls. The GSF is a fiscal stabilization fund rather than a SIF and has a short-term investment horizon with highly liquid investments to be able to meet allow flexible and immediate withdrawals. At the end of 2023, the GSF reserves were $190.38 million (Bank of Ghana, 2024).

The investment objectives governing the management of the Ghana Stabilization Fund are (Bank of Ghana, 2024):

- **Safety:** To maintain assets of high credit quality with negligible default risk while receiving a specified rate of return as will be determined from time to time.
- **Liquidity:** To ensure that the portfolio of the Ghana Stabilization Fund holds ample liquid instruments to meet immediate fiscal needs in the event of unanticipated petroleum revenue shortfalls.
- **Capital Preservation:** To safeguard the capital of the Ghana Stabilization Fund

GHANA HERITAGE FUND

Established in 2011, the purpose of the Ghana Heritage Fund is to provide an endowment to support the development of future generations when the petroleum reserves have been depleted. To achieve this objective, the fund seeks to preserve and enhance the real (inflation-adjusted) purchasing power of the fund over the long term. It is essentially a savings fund established to create wealth for future Ghanaian generations with a long-term investment horizon. It can take more risk and invest in more long-term illiquid investments in comparison to the GSF. As of December 2023, the reserves of the GHF were $1.046 billion (Bank of Ghana, 2024).

According to the Bank of Ghana, the investment objectives governing the management of the Ghana Heritage Fund are:

- **Safety:** To maintain assets of high credit quality with negligible default risk while receiving a specified rate of return as will be determined from time to time
- **Capital preservation:** To ensure that the capital of the fund is preserved
- **Diversification:** To invest in a mix of negatively correlated asset classes in proportions that reduce risk and maximize the real rate of return over the medium to long-term.

AFRICAN SIF HIGHLIGHT #6

GHANA INFRASTRUCTURE INVESTMENT FUND (GIIF)

The Ghana Infrastructure Investment Fund (GIIF) is Ghana's SIF that was established in 2014, with an estimated $325 million AuM (Global SWF, 2024). It has a mandate to mobilise, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development. Therefore, the GIIF would fall under the category of an African SIF (Ministry of Finance Ghana, 2017). The GIIF is 100% owned by the Government of Ghana (GIIF, 2022).

Public-private partnerships (PPPs) have been an effective conduit to develop infrastructure projects in Ghana. In 2022 the infrastructure sector established 16 PPP projects estimated at $23.84 billion (Ministry of Finance Ghana, 2023). This is due, in part, to the GIIF, whose equity helps facilitate private infrastructure investments.

According to the fund's policy statement, the fund will invest in projects that include:

1. **Public or private infrastructure or infrastructure-related investments** that have the relevant approvals, permits, and licenses
2. **Commercially viable infrastructure** projects of SOEs,
3. **Partnerships in infrastructure projects** through strategic investment vehicles such as special purpose vehicles, joint venture or public-private partnership arrangements.

In terms of investment type, the fund can participate in projects through debt or equity. Some of the products offered include senior debt, subordinated debt, bridge financing, direct equity, indirect equity, and refinancing. It targets a 5% real return in USD net of operating costs, investing only in projects where there is a clear and potentially profitable exit opportunity in the future. Exit strategies depend on the investment, including 1) sales to strategic investors; 2) sale to other shareholders; 3) listing in the stock exchange; 4) sale to other funds or management buy-outs. nerships in infrastructure projects through vehicles such as SPVs, JVs, or public-private partnership agreements.

IMPACT INVESTING STRATEGY

GIIF defines impact investing as investments made into companies, projects and funds with the intention to generate social and environmental impact alongside a financial return. These investments are made into enterprises and funds that expand access to critical public goods and services, and/or generate positive social and economic impact through their operations.

The fund's investment policy statement indicates that the impact portfolio of the fund can never exceed 10% of the net worth of the fund. It also indicates that the impact investments made by the fund are exempted from the performance benchmarks of the fund (Ministry of Finance Ghana, 2017).

Instead, GIIF takes the following approach to measure returns of the impact portfolio:

- **Make rules, procedures and regulations** as it deems necessary in respect of the submission and evaluation parameters for Social Portfolio Projects
- **Evaluate the economic returns and summarise the non-financial social welfare** enhancing attributes of such Projects; and
- **Develop an evaluation framework with metrics** that appropriately measure the social impact generated by its investments

GIIF also follows other internationally recognized standards on ESG and impact, applying local and international standards, regulations, and laws such as IFC's Performance Standards on Environmental and Social Sustainability, and the Equator Principles.

EXAMPLES OF SOCIAL BENEFITS AND METRICS TO TRACK OUTCOMES:

TABLE 8: List of GIIF's example social benefit metrics (1/2)

Social outcome	Impact metric
Enhanced Public Services	The Project will provide new or substantially improved access to basic infrastructural services to a broad population.
Employment Creation	The Project will generate short and long-term employment, directly and indirectly.
Social and Economic Impact	A positive impact on different groups affected by the Project in terms of increased incomes, enhanced skills, better health, social organisation or access to natural resources and other positive effects.
Effect on Government Revenue	The Project pays taxes/royalties to the Government of Ghana

TABLE 8: List of GIIF's example social benefit metrics (2/2)

Social outcome	Impact metric
Effect on markets/competition	The Project will prompt competition between relevant providers and lead to improved quality, lower pricing and inform on necessary changes of government policy.
Innovation/Technology Transfer	The Project introduces new technology or training, innovation, investment and training of Ghanaian staff relating to technology
Regional Development	The Project is located in a region that faces particular developmental challenges
Contribution to Capital Markets Development	The Project or Beneficiary has either equity or a debt instrument, which is publicly traded

GIIF invests in economic and social infrastructure categories that can be seen in Table 9 below (GIIF, 2020):

TABLE 9: List of GIIF's social and infrastructure investment categories

Economic Infrastructure	Social Infrastructure
• Energy • Transportation • Telecommunications, Media and ICT • Heavy industry • Oil & gas • Mining & associated services • Tourism • Agribusiness	• Health • Education • Social housing • Sports and cultural centres • Water/Waste services • Municipal and local government facilities • Administration and security

– African SIF Highlight #6: Ghana Infrastructure Investment Fund (GIIF) –

TABLE 10: SWF context – development finance activity in Ghana (1/3)

Name & Type	SDG/Impact priorities	Financing activity
The Development Bank of Ghana (DBG) Domestic DFI	• Support financial institutions in providing long-term lending and advisory services to SMEs in strategic sectors, such as agribusiness, manufacturing, ICT, and high value services. • DBG highlights 4 SDGs in particular as part of their sustainability approach (DBG, 2024): ◦ **SDG 5 [44]:** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, public life, and gender balance across all levels of management. ◦ **SDG 9 [45]:** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. ◦ **SDG 13 [46]:** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. ◦ **SDG 17 [47]:** Deepen global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the sustainable development goals.	The EIB supported the DBG's creation with a commitment of EUR 170 million. The bank also received help from other development institutions, such as the World Bank ($250 million), DEG/KfW (EUR 46.5 million) and the African Development Bank ($40 million). In addition to these commitments by international institutions, the bank is owned by the government of Ghana, which financed $250 million in equity (DBG, 2025). The DBG has set some strategic goals and action plans, including as its plan to lend $600 million to SMEs over 1-2 years.

44 SDG 5 is to achieve gender equality and empower all women and girls

45 SDG 9 is to build resilient infrastructure, promote sustainable industrialization and foster innovation

46 SDG 13 is to take urgent action to combat climate change and its impacts

47 SDG 17 is to Revitalize the global partnership for sustainable development

TABLE 10: SWF context – development finance activity in Ghana (2/3)

Name & Type	SDG/Impact priorities	Financing activity
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Support Ghana's industrialization and its private sector. • Support infrastructure that enables trade at the domestic, regional, and global level. • The four main sectors targeted by the AfDB in Ghana of its country strategy 2019-2023 are agriculture, transport, social, energy, water supply and sanitation (AfDB, 2019).	Example impact investment project carried out by AfDB in Ghana: • **Approval of a $102.59 million grant to support the fiscal consolidation and economic recovery program of Ghana's government.** The objective is to boost recent economic reforms and fiscal consolidation. The grant also targets increasing the government's capacity to make investments in key sectors, including agriculture (AfDB, 2023).
World Bank (WB) International Financial Institution (IFI)	• Improving equitable access to services for improved human capital development. • Enhancing conditions for diversified growth and quality jobs. • Promoting resilient development.	The WB portfolio commitment in Ghana is currently valued at $4.6 billion across 20 projects through the IDA. The IFC is invested in Ghana with $431 million in financing and $8.5 million in advisory services, including sectors like agribusiness, energy, finance, healthcare, real estate, logistics, and retail (World Bank, 2024). Some example impact investment projects by the WB in Ghana include (World Bank, 2024): • **Ghana Commercial Agricultural Project:** set up to improve agricultural productivity and production which has benefited 14,264 farmers, of which 4,876 are women. • **Secondary Education Improvement Project:** increased the number of available seats to students in senior high schools in underserved districts by at least 43,000 seats and provided scholarships to 20,000 low-income students between 2014 and 2021. It has also helped deliver secondary education of high quality to 568,000 children and provided bursary support to 20,000 children, 60% of them being girls. • **eTransform project:** This project is characterized by being a technical assistance project. It supports a digital entrepreneurship program through three tech hubs: the Ghana Tech Lab, the Ghana Innovation Hub in Accra, and the Kumasi Business Incubator in Kubassi. This project has helped boost entrepreneurial skills for over 11,000 young people. Also, 49 start-ups have been created, and more than 1,200 businesses have been supported through access to mentoring and training opportunities.

– African SIF Highlight #6: Ghana Infrastructure Investment Fund (GIIF) –

TABLE 10: SWF context – development finance activity in Ghana (3/3)

Name & Type	SDG/Impact priorities	Financing activity
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Ensuring food security and promoting a sustainable rural development. • Supporting urban development and local government. • Developing a safer energy for economic growth. • Producing intellectual material, working alongside research institutes and think tanks.	AFD has engaged more than EUR 700 million in Ghana since 2008, financing more than 60 projects. Some example impact investment projects by AFD in Ghana include (AFD, 2025): • **Supporting rural communities in northern Ghana:** AFD has reinforced Ghana's rice sector for more than fifteen years and has provided its technical expertise to allow for an increase in agricultural productivity of local farmers. • **Infrastructure:** AFD has financed infrastructure in four Ghanaian cities (Kumasi, Tamale, Sekondi-Takoradi, and Ho). • **Green Finance:** AFD has implemented its Green Finance Programme in the country (SUNREF). The goal of the programme is to support renewable energy and projects that improve energy efficiency. To achieve such an objective, the AFD provides green credit lines to local banks and technical assistance to public and private stakeholders.

4.7. RWANDA

AFRICAN SIF HIGHLIGHT #7

AGACIRO DEVELOPMENT FUND (AGDF)

Agaciro Development Fund (AgDF) is Rwanda's SIF and a full member of the IFSWF. Established in 2012, Agaciro has grown its assets to over $250 million as of 2024 (IE CGC, 2024). The fund was established to build public savings to achieve self-reliance, maintain stability in times of shocks to the economy, and accelerate Rwanda's socio-economic development goals. The latter goal of economic development puts AgDF with other African SIFs. The core objective of the fund is prosperity for generations of Rwandans, and has a mandate to maximize the fund's return over the long term, without undue risk, to reduce Rwanda's debt burden and secure a better Rwanda for future generations. When the fund was instituted, its initial assets were contributions by Rwandans at home and in the diaspora, private sectors, and "friends of Rwanda." At the onset, funds were invested in treasury (T)-bonds issued by the government and with banks in fixed-term deposits (Agaciro, 2025).

Its investments are concentrated on equities, T-bills and T-bonds, fixed deposits, and current accounts. AgDF's equity investments were composed of investments in thirty-three companies as of the end of 2021, operating in different sectors, such as agriculture, and food processing, financial services, manufacturing, transport, and telecommunication, among others. According to the 2021 annual report (last available), the fund has the following asset allocation (Agaciro, 2021):

1. **Equities**: 73%
2. **Fixed income:** 22%
3. **Assets held for sale**: 3.2%
4. **Related parties:** 1.75%

One example of a development project by AgDF is **Kinazi Cassava Plant Limited (KCP)**, which is a cassava plant processing company in the Ruhango District in the southern province of Rwanda. KCP was created in coordination with the Rwandan government through the Ministry of Finance and Economic Planning (MINECOFIN) and Rwanda Development Bank (BRD). KCP exports cassava to Europe, the USA, Canada, Australia, and others. They improve the lives of farmers as they purchase cassava above market price, allowing them to easily obtain loans and other services from banks like insurance. 300 people are directly employed by KCP, with 90% coming from the local community (Agaciro, 2021).

– African SIF Highlight #7: Agaciro Development Fund (AgDF) –

TABLE 11: SWF context – development finance activity in Rwanda (1/3)

Name & Type	SDG/Impact priorities	Financing activity

The Development Bank of Rwanda (BRD)
Domestic DFI
	• Improved living standards.
	• Developing modern infrastructure.
	• Transformation for prosperity.
	• Values for Vision 2050[48].
	• International cooperation and positioning to seek freedom from aid dependency, and to forge its place in the world in the context of regional integration (BRD, 2022)[49].
	• Impact sector areas include (BRD, 2025):
	  ◦ Agriculture
	  ◦ Education
	  ◦ Housing & Infrastructure
	  ◦ Energy
	  ◦ Export & Manufacturing
	  ◦ Digital Economy
	  ◦ Social Infrastructure
		• **The BRD provides several types of financing:**
		  ◦ **Loans:** Short, medium, and long-term investment loans to projects in the priority impact sectors of the economy.
		  ◦ **Leasing:** Leasing facilities to already existing clients with projects in the priority impact sectors.
		  ◦ **Equity:** The bank provides equity participation in any company if it does not exceed 25% of the company's portfolio.
		  ◦ **Guarantee Funds:** It offers a variety of guarantee funds to cover the risks of prospective projects that impact sustainable development. Examples include the Agriculture Guarantee Fund, SMEs Guarantee Fund, African Solidarity Guarantee.
		  ◦ **Trade Finance:** It includes (i) international incoming and outgoing transfers by SWIFT system, and (ii) Documentary credits/issuing Letters of Credit.
		  ◦ **Advisory services.**
		  ◦ **Lines of credit to finance working capital needs.**
		• **Sector Allocations in $ (2018 – 2024)**:
		  ◦ **Agriculture:** $39.44 million
		  ◦ **Energy:** $73.22 million
		  ◦ **Education:** $17.18 million
		  ◦ **Housing:** $277.1 million
		  ◦ **Exports:** $135.61 million
		  ◦ **Social infrastructure:** $26.12 million

48 Vision 2050 serves as the critical planning and policy blueprint to guide the efforts of all players in Rwanda's development, including Government, private sector, citizens, diaspora, civil society and faith-based organizations, development partners, academia and research institutions, and political parties (Republic of Rwanda, 2020).

49 The BRD's priorities are linked to Rwanda's National Strategy for Transformation, which has a goal for the country to become an upper middle-income country by 2035, and high-income country by 2050 (Republic of Rwanda, 2020).

TABLE 11: SWF context – development finance activity in Rwanda (2/3)

Name & Type	SDG/Impact priorities	Financing activity
Rwanda Development Board (RDB) Domestic DFI	• Accelerate the economic development of Rwanda by enabling growth of the private sector. • Transform Rwanda into a dynamic global hub for business, investment, and innovations. • Fast tracking economic development in Rwanda by enabling private sector growth.	• In 2023, RDB recorded $2.4 billion in new investment registrations, which are expected to create over 40,000 jobs. This is a remarkable 50% increase compared to the previous year. • Total revenues from exports of goods and services amounted to $3.5 billion, an increase of 17.2% compared to 2022. • RDB Launched the Rwanda Global Business Services (GBS) Initiative, a significant step towards positioning Rwanda as a leading GBS destination, with an aim to create 10,000 jobs by 2030. • Launched the first BioNTech mRNA-based vaccine manufacturing plant in Africa. • Operationalized Gabiro Agribusiness Hub (GAH), hosting 7 companies in the production of high value crops for export and staple crops for food security purposes (RDB, 2023).
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Energy and water infrastructure. • Inclusive economic growth. • Development of skills. • Economic transformation (AfDB, 2025).	Example impact investment project carried out by AfDB in Rwanda: • AfDB made a recent commitment of $101 million to sustainable water and sanitation reforms. The financial package will be used to finance Rwanda's Sustainable and Resilient Water and Sanitation Program, a program that intends to improve access to basic water supply and sanitation services, benefitting more than 13 million people (AfDB, 2023).
DEG/KFW Bilateral DFI	• Peaceful and inclusive societies. • Sustainable economic development. • Job training and employment. • Health. • Social protection. • Population policy. • Climate, energy, and the 'Just Transition' (KfW, n.d.).	• As part of the country level partnership between Germany and Rwanda, KfW is participating in the "Green City Kigali" project, by financing infrastructure. This project consists in building climate-efficient homes for 7,000 people (KfW, 2024).

– African SIF Highlight #7: Agaciro Development Fund (AgDF) –

TABLE 11: SWF context – development finance activity in Rwanda (3/3)

Name & Type	SDG/Impact priorities	Financing activity
World Bank (WB) International Financial Institution (IFI)	• Improved Human Capital. • Private Sector Development. • Infrastructure and the Digital Economy. • Increased Agricultural Productivity and Commercialization. • Intensified Urban Agglomeration (World Bank, 2024).	Currently, the WB's portfolio in Rwanda includes 22 national and 4 regional projects with a net commitment of $3.19 billion. Project objectives have ranged from increasing access to basic infrastructure and enhancing urban management in selected urban centres, to strengthening of the social protection system, health, energy, and education (World Bank, 2024). Example impact projects led by the World Bank in Rwanda include: • **Rwanda Quality Basic Education for Human Capital Development Project:** This project, funded with $209 million, is aimed at improving the teaching competency of professors and student retention and learning in basic education. The project is still active and was initiated in 2019 (World Bank, 2024). • **Priority Skills for Growth:** This project, funded with $270 million, looks to expand opportunities to acquire quality, market relevant skills in selected economic sectors including energy, transports and logistics, manufacturing (World Bank, 2024). • **Boosting Green Finance, Investment, & Trade in Rwanda:** funded in December 2023 with $125 million, it aims to strengthen the ability & capacity of foreign and domestic firms to invest sustainably. It does so by promoting long-term economic and political stability, fiscal responsibility, promoting inclusive and sustainable trade & investment, growing MSMEs, and creating a more competitive business landscape in Rwanda (World Bank, 2024). • **Second Rwanda Urban Development Project:** A project funded with $160 million directed at improving access to basic services, enhancing resilience, and strengthening integrated urban planning and management in the City of Kigali CoK) and the six secondary cities of Rwanda. The program has helped boost entrepreneurial skills for over 11,000 young people. In addition, 49 start-ups have been created, and more than 1,200 businesses have been supported through access to mentoring and training opportunities. Entrepreneurs are helped throughout the whole business process, from concept stage to entering the market (World Bank, 2024).
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Human capital (health; education and vocational training). • Sustainable economic development. • Local development. • Access to basic services.	Since 2019 AFD has committed EUR 218 million in Rwanda, and from 2022-2023 planned to deploy a further EUR 200 million. They have also developed a partnership with long-standing partner BRD, exploring areas of green financing, as well as mainstreaming the inclusion of gender, and creation of decent jobs (AFD, 2024). Example investments of AFD in Rwanda include: • **Support of sport activities at school through the "Isonga" programme** with EUR 1.5 million mainly used to repair and upgrade sports infrastructure in schools and training sports education teachers, to help implement the Ministry of Sports' programme (Africa Press, 2023). • **In partnership with the World Bank, AFD contributed EUR 80 million in 2021 to the Rwanda Universal Access Program (RUEAP)** that aims at enabling access to the power grid, which will provide electricity to over 230,000 households and 17,000 commercial consumers (AFD, 2024).

4.8. GABON

AFRICAN SIF HIGHLIGHT #8

FONDS GABONAIS D'INVESTISSEMENTS STRATÉGIQUES FUND (FGIS)

The SWF of Gabon, a full member of the IFSWF, was established in 1998. Its mission is to leverage the government's resources from its portfolio and oil revenues for the benefit of Gabon's infrastructures, economic fabric, and social sector. The Fonds Gabonais d'Investissements Stratégiques manages $1.9 billion of AuM (IE CGC, 2024).

The FGIS can be considered another African SIF as it invests in the development of essential infrastructure, supports SMEs to promote job creation (especially for women and young people), land development, and strengthens social sectors. The fund focuses on long-term financial performance and invests towards the achievement of shared prosperity, for the benefit of the Gabonese population and future generations.

The FGIS has the following priorities:

- Enabling growth of Gabonese SMEs, which present the most potential for job creation
- Reduce economy's exposure to the fluctuations of international oil markets and to consolidate the sustainability of our revenues
- Develop a strong savings base for future generations

The fund finances development and impact in three primary ways (FGIS, 2025):

1. **Asset Management:** It manages assets held by the State in private companies, to grow its savings base. The fund also monitors the strategy of those companies.
2. **Project development and financing:** It brings projects to the pre-feasibility stage and participates in the financing of essential infrastructures through SPVs created in partnership with international companies.
3. **Private Equity:** It invests in Gabonese SMEs which present a strategic interest for the State to promote the development of national champions

FGIS has also recently committed to strong governance over sustainability through its membership of the UN-convened Net-zero Asset Owner Alliance (NZAOA), which is a voluntary initiative of global asset owners who are committed to align financial flows with country level commitments to the Paris Agreement and achieving net-zero by 2050 (UNEP FI, 2022). Gabon is a country that has 88% of its territory covered with forests, which are natural carbon absorbers "sinks". With these natural advantages, it is well-placed to be environmentally net positive in its carbon emissions, as well as an attractive destination for investments in climate and nature-based solutions to accelerate sustainable development.

TABLE 12: SDG/Impact Areas of FGIS

Area	Details
Infrastructure	Infrastructure represents 18% of the overall portfolio of the FGIS. In 2015, the Gabon Power Company (GPC), which is the FGIS investment vehicle dedicated to energy and water production infrastructures, was created. The GPC's mission is to carry out the research and development, design, construction, and operation of these infrastructure projects. GPC takes equity stakes in the project companies created for each project and remains free to sell them once the facilities are in operation. To date, the total capacity of projects in GPC's portfolio has reached over 250 MW (FGIS, 2025). Some example infrastructure projects include (FGIS, 2025). • **Barrage de Dibwangui:** A project implemented in partnership with Eranove, a French hydroelectric company. It is located in the province of Ngounié, and this hydroelectric plant will have an installed capacity of 15 MW. • **Barrage de Kinguélé Aval:** A project implemented in partnership with Meridiam, another French infrastructure developer. The project is located in the province of Estuaire and is developing a hydroelectric plant with an installed capacity of 34.5 MW. The plant is expected to be operational at the end of 2024 and provide 205 GWh of annual energy production. • **Usine de traitement d'eau de Ntoum 7:** This water treatment plant will have a production capacity of 140,000 m3 per day.
SME Financing	The fund's activities related to SME financing are mainly carried out through its portfolio company Okoumé Capital, which is a FCFA 20 billion ($32 million) PE fund dedicated to supporting entrepreneurship through SME financing and start-ups with strong potential on a national and an international scale. To strengthen its action, Okoumé Capital has established the "Société Gabonaise de Garantie", which is set to intervene directly with banks to offer guaranteed loans to entrepreneurs (FGIS, 2025). Recent activities carried out by Okoumé Capital include: • **A partnership in August 2023 with Edelweiss Clinic at Port-Gentil** to improve medical care and reinforce the capacity to acquire new equipment. • **Financing agreements with Hemspro and MishKhan Immo Construction companies.**
Social sector support	The FGIS intervenes as a partner to finance health and education institutions to improve the living conditions of the Gabonese population. $9 million is expected to be injected into the capital of the National Pharmaceutical Office (OPN). The OPN is the public purchasing office for medicines and other health products, whose mission is to supply public health structures with medicines and health products, and it has a monopoly on all medicines in hospital form (FGIS, 2025).
Land development	FGIS plays an important role through two vehicles in this area: Façade Maritime du Champ Triomphal (portfolio company of the fund), and Luxury Green Resorts. Façade Maritime du Champ Triomphal is a company that was created in 2015, and that oversees the urban development of the Baie des Rois in Libreville. Luxury Green Resorts has a mission to help in the development of the tourism industry in the country, enhance the value of the National Parks, and promote the creation of jobs while respecting the criteria of sustainable development and profitability. It offers high-quality tourism and eco-tourism services in Gabon (FGIS, 2025).
Climate Action & Nature-based solutions	Since November 2022, the fund has been the exclusive representative for the marketing of carbon credits in the Gabonese Republic (FGIS, 2025). Through the launch of sovereign carbon credits, Gabon is pioneering a new green growth model to connect carbon credits to nature-based solutions. So far, Gabon has issued a first tranche of 90 million carbon credits (the largest ever), while Gabon's forests will produce 50 million carbon credits annually. Funds from these credits will be reinvested to support sustainable development in the following areas: reinvestment into forest conservation (10%); 25% into health, education, and climate infrastructure; 25% into future generations; 25% in debt service; and 15% in rural development (FGIS, n.d.)
Financial Services	In July 2024 it was reported that BNP Paribas sold its 47% share of the International Bank for Trade and Industry of Gabon (BICIG)[50], a universal commercial bank with its core business being retail banking, to FGIS (L'Union, 2024).

50 BICIG was originally established in 1945 under the name BNCI (National Bank for Commerce and Industry), and was later renamed BICIG in 1973 with the purpose of supporting and developing the Gabonese economy. BICIG has been the first Gabonese bank to support the country's development efforts by providing a conducive market for financial services and business (BICIG, 2025).

TABLE 13: SWF context – development finance activity in Gabon

Name & Type	SDG/Impact priorities	Financing activity
African Development Bank (AfDB) Multilateral Development Bank (MDB)	• Support economic diversification. • Infrastructure development. • Human capital development.	AfDB has been active in Gabon since 1967, with 59 projects since that year (8 ongoing). Some key impact results that AfDB intends to achieve with their projects include: 730,000 people with better access to health services (306,600 which are expected to be women), as well as 217,000 expected beneficiaries from improvements in agricultural practices (AfDB, 2024).
World Bank (WB) International Financial Institution (IFI)	• Local infrastructure. • Sustainable management of critical wetlands ecosystems. • Information, and communications technology (ICT).	Example impact investment projects led by the WB in Gabon: • **Access to basic services in rural areas (PASBMIR):** the PASBMIR project aimed to expand access to water and energy in peri-urban[51] and rural areas in four provinces of Gabon. As of July 2023, 12,784 households were connected to the network by the Gabon Water and Electricity Company (SEEG), 75 villages benefited from access to basic services, over 300 km of electricity lines installed, and 27 community water plants were constructed or rehabilitated (World Bank, 2024). • **Digital health innovation:** An ongoing $56 million E-Gabon Project aims to accelerate the development of Gabon's digital innovation ecosystem and delivery and management of public health services (World Bank, 2024). • **Digital public services:** The Digital Project for Gabon is a $68.5 million project that aims to enhance adoption of digital public services, as well as ensuring public identification credentials of citizens of Gabon. The project will run until June of 2026 (World Bank, 2024).

51 Peri-urban areas refer to areas immediately surrounding a city or town.

4.9. ANGOLA

AFRICAN SIF HIGHLIGHT #9

FUNDO SOBERANO DE ANGOLA (FSDEA)

The Fundo Soberano de Angola (FSDEA) was established in 2012 and is a full member of the IFSWF, and currently manages $2.2 billion (IE CGC, 2024). FSDEA is a SWF specializing in strategic investments, responsible for establishing a sustainable mechanism that ensures the maximisation of long-term returns, capital preservation, and support for Angola's sustainable socio-economic growth through investments in strategic sectors, either in Angola or abroad, with a view to maximising capital and generational wealth transfer. With this dual focus of economic development alongside financial returns and seen by its allocation to PE activities in the investment strategy below, the FSDEA is considered another African SIF.

In 2023 FSDEA recorded record growth of 10%, attaining net results of $199.35 million, and reversing losses in 2022. According to FSDEA's investment policy, the returns must be reinvested, and will be divided into existing successful asset classes, but expanding more into alternative investments in Angola. This includes sectors like fertilizers, pharmaceutical industry, animal and plant protein production, export cash crops, and forestry, in accordance with the approved alternative investment strategy. The goals of this strategy are to promote Angola's economic diversification, stimulate increased productivity and competitiveness of the national economy, reduce imports, increase exports, and promote investment opportunities in Angola through the establishment of strategic partnerships and the attraction and retention of foreign capital (FSDEA, 2024).

FSA'S INVESTMENT STRATEGY (FSDEA, 2019):

1. **Increase national wealth through strategic and responsible management** of sovereign resources, allocating them to investments in Angola and abroad, whose risk / return prudence criteria allow maximizing returns and minimizing risks.
2. **Contribute to the creation and maintenance of alternative sources of wealth for the country**, considering the long-term interests of Angolan citizens, favouring the function of saving and generational transfer of wealth.
3. **Set up a fund for fiscal stabilization.**

STRATEGIC ASSET ALLOCATION OF THE FSDEA IS AS FOLLOWS:

- A minimum of 20% limited to a maximum of 50% of the capital is invested in fixed income assets issued by supranational agencies or institutions from mainly G7 countries, or from other investment grade rated economies, corporations and financial institutions, issued by one of the top 5 rating and rating agencies.
- A maximum of 50% of capital is allocated to equity securities, including stock market quotations in advanced economies, emerging market assets, as well as markets and frontier.
- A maximum of 50% of the capital is intended for alternative investments.

– African SIF Highlight #9: Fundo Soberano de Angola (FSDEA) –

The FSDEA invests more than 33% of its investment portfolio in securities such as treasury bonds, high-quality bonds, listed securities, derivatives, financial hedging strategies and currencies to preserve capital. The remaining 66% are allocated to PE activities in emerging and border markets to generate high long-term returns. The FSDEA's investment portfolio is currently broadly diversified in terms of asset classes, industries and geographical areas. Though PE activity in infrastructure, agriculture, forestry, mining and health in sub-Saharan Africa is emphasised to support the socio-economic development of the region.

ACCORDINGLY, THE PORTFOLIO HAS THE FOLLOWING BREAKDOWN OF ASSETS:

1. **Variable Income:** 45%
2. **Fixed Income:** 43%
3. **Hedge Funds:** 8%
4. **Investments in Global Funds:** 3%
5. **Available:** 1%

THE CURRENT SECTOR ALLOCATION OF THE FUND IS THE FOLLOWING:

- **Governmental:** 30%
- **Financial:** 20%
- **Technology:** 10%
- **Global Credit:** 9%
- **Consumer Non-Cyclical:** 7%
- **Health:** 5%
- **Industrial:** 4%
- **Telecommunications:** 4%
- **Consumer Cyclical:** 3%
- **Energy:** 2%
- **Other sectors:** 6%

GEOGRAPHIC ALLOCATIONS: 58.4% of the funds are allocated to North America, 33.8% to Europe, 6.2% to Asia, 1.6% to other regions (FSDEA, 2023).

– African SIF Highlight #9: Fundo Soberano de Angola (FSDEA) –

TABLE 14: SDG/Impact Areas of FSDEA[52]

Area	
Infrastructure	FSDEA has invested $1.1 billion in an infrastructure VC fund that focuses on investments in the energy, transport, and industry sectors of both Angola and Sub-Saharan Africa. According to the last available report, around 19% of the funds have been allocated (16% for transportation, and 3% for materials). Of this amount, 16% of the total was invested in Angola and 3% in Kenya (FSDEA, 2017).
Tourism & Hospitality	FSDEA has invested in the Sub-Saharan hospitality sector by establishing a VC fund for the hotel industry in Africa that is worth $500 million. FSDEA indicates that the hospitality sector has great potential for employment and wealth generation in Angola, and stimulates the local supply chain, which in turn has a positive impact on the economic growth of local economies in the region. According to the last available report, around 23% of the funds have been allocated (18.6% in 5-star hotels and 4.1% in 3-star hotels). Of this amount, 15.5% of the total was invested in Angola and 7.2% in Zambia (FSDEA, 2017).
Agriculture & Forestry	FSDEA allocated $250 million in the agriculture sector over 5 years through its Agricultural Venture Capital Fund, with this investment contributing to support social objectives such as employment in rural areas and food security (FSDEA, 2016).
Healthcare	FSDEA's VC fund dedicated to healthcare was expected to invest $400 million in three years from 2016 in the healthcare sector, with a focus on the following countries: Angola, Cameroon, Ghana, Kenya, Mozambique, Nigeria, and South Africa (FSDEA, 2016). In October 2024 FSDEA signed a participation agreement with DeltaGest Capital in their Greenfield Private Equity Fund for the development of a pharmaceutical factory in the province of Huambo. The factory will have an annual production capacity of 100 million tables, covering about 2% of national demand for medicines. The 5 billion kwanza (6 million euro) project aligns with FSDEA's strategy of investments in alternative sectors to drive economic development, increase local production capacity, reduce dependency on imports, and ensure a national supply of essential medicines (FSDEA, 2024).
Structured capital fund	The FDSDEA VC fund for structure capital will devote, over five years, $250 million to support entrepreneurship, in such instances where traditional debt financing is not applicable. Structure capital applications aim to meet the needs of sectors that are predominantly driven by entrepreneurship (FSDEA, 2016). In August 2022, it invested an additional $10 million in Pensana (the same amount was additionally invested in May 2023). This company, whose purpose is to "establish a world-class, independent and sustainable supply chain of the rare earth metals vital for electric vehicle, wind turbine and other strategic industries", has allocated those funds towards the Longonjo project, which is a mining project in Longonjo, a town in Angola. The project is currently ongoing, and the funds will serve to establish the construction camp, site offices, and associated infrastructure ahead of the main plant (Pensana, 2022).
Kimbo Fund - Private Debt Fund	In August 2024 FSDEA made a $5 million equity commitment to BFA Asset Management's Kimbo Fund. Kimbo Fund's objective is to support the growth of companies led by young people and women, contribute to filling value chains, promote job creation, strengthen financial inclusion, and improve access to financing. Kimbo Fund will primarily invest in the debt components of the capital structure of small to mid-market companies, while providing investors with periodic streams of income through regular payment of distribution while prioritising the preservation of invested capital on a competitive risk-adjusted return basis. Investments are anywhere from $250 - 500k, followed by capital injections of $1 million to support growth. Kimbo Fund is a 10 year closed-ended collective investment scheme with a $20 million target size (FSDEA, 2024).

52 The investment portfolio can be found on FSDEA's website (FSDEA, 2025).

– African SIF Highlight #9: Fundo Soberano de Angola (FSDEA) –

TABLE 15: SWF context – development finance activity in Angola (1/2)

Name & Type	SDG/Impact priorities	Financing activity
Banco de Desenvolvimento de Angola (BDA) (Development Bank of Angola) Domestic DFI	• Grow the country's wealth. • Improve well-being. • Finance productive sectors like agriculture, fishing, and mining.	The BDA concentrates on supporting the activities of the private sector through medium to long term financing (lines of credit) to the productive sectors of the country. Example impact investment activities by DBA include: • **Import and Export for the Private Sector:** The DBA, under Deutsche Bank's credit line, recently signed two transfer agreements to the Salinas Calombolo and Alexandre's House projects for over 70 million, which will help advance the fishing sector in Angola (BDA, 2024).

African Development Bank (AfDB)
Multilateral Development Bank (MDB)
	• Inclusive economic growth through agricultural transformation.
	• Infrastructure development, focusing on the energy and transport sectors.
		AfDB has been active in Angola since 1983, with 53 approved loans and grants approved for a total of $2.95 billion.
		• **The expected results of its priority areas (AfDB, 2024):**
		  ◦ **Agricultural transformation:** reach over 81,000 smallholder farmers in the Eastern Region with a 50% gender balance, increasing the youth employment rate from 36% in 2023 to 41% in 2029, create 36,000 MSMEs, and to increase cereal productivity from 1.1 ton/ha to 3 ton/ha.
		  ◦ **Sustainable infrastructure & energy:** to increase country transmission capacity of 3,500 MW with an additional 2,250 MW, reduction of carbon emissions from 206 to 125 (MtCO2), over 83,000 with access to improved wastewater services, 85% of people with improved sanitation in coastal areas, and one cross-border road project prepared.
		• **Example impact investment activities include:**
		  ◦ **AfDB and Angola signed two loan agreements** (worth $124 million) in October 2023 to provide financing for a sanitation project aimed at four coastal towns with a population of 1.4 million. The agreements - for a $75 million loan from the African Development Bank and $49.4 million from the Africa Growing Together Fund (AGTF) - will benefit Benguela, Baía Farta, Catumbela and Lobito, in western Angola. The AGTF is a $2 billion facility sponsored by the People's Bank of China and administered by the AfDB (AfDB, 2023).

World Bank (WB) International Financial Institution (IFI)	• Economic diversification through revitalization of rural economies and greater competitiveness. • Enhancing the quality-of-service delivery. • Strong social protection to improve quality of life.	The WB's projects portfolio in Angola contains nine projects with a total commitment of around $1.8 billion. Example projects of the WB in Angola include: • **Municipal Health Service Strengthening Project:** targeting assistance to more than 200,000 people, with $15 million to finance critical health sector needs surrounding COVID-19, as well as screening 1.4 million children for malnutrition, and curing over 24,000 children with severe acute malnutrition with a 71% cure rate (World Bank, 2024). • **Social protection: through the National Social Protection System Project** it has registered more than 1 million households with cash transfers as of March 2024, with 25,000 benefitting from protective inclusion programmes, and over 280,000 benefitting from Integrated Social Action Centers (CASI) and Community Development and Sanitation Agents (ADECOS) (World Bank, 2024).

TABLE 15: SWF context – development finance activity in Angola (2/2)

Name & Type	SDG/Impact priorities	Financing activity
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	• Access to water and reliable energy for all. • Economic and financial transition through macroeconomic reforms. • Modernizing vocational training. • Higher education. • Strengthening entrepreneurship. • Agriculture. • Inclusive growth and job creation. • Reduce country dependence on hydrocarbons.	AFD has committed EUR 806 million across 11 projects in Angola since 2018. Example impact investment activities by AFD in Angola (AFD, 2024): • **Water and Sanitation:** in partnership with the World Bank, AfDB, and EIB, AFD has committed to restructuring the water and sanitation management system, by creating provincial water companies and a regulatory institution for the sector, which will ideally provide 1 million additional inhabitants access to water. • **Electricity:** AFD is supporting the Angolan government's goals to provide 60% of the population with electricity by 2025 by providing EUR 150 million in financing for rehabilitation and extension of existing networks, as well as technical assistance for public companies.

CONCLUSION

SWFs are growing in size and of equal importance in the sustainable development sphere. Many are unknown and misunderstood to the world, yet they manage a pool of assets over $13 trillion. This would represent the third largest economy in the world behind the U.S. and China in nominal GDP terms. There is a massive opportunity to channel even a small percentage of SWF capital into the SDGs to close the funding gap, given the meteoric rise of strategic investment funds (SIFs) in both developed and developing nations alike. These funds are designed and mandated to invest in economic development alongside financial returns, also known as the "double-bottom line".

What's missing, among other factors, is deeper publicprivate collaboration, scale, speed, and a steady flow of investment opportunities - with policies, protections, and de-risking strategies to enable investments. Blended finance approaches are an essential tool for development finance to plug the SDG financing gap. Though it needs to reach scale and be used with precision, so not to distort markets and provide the right level of intervention. There is a "missing middle" of financing for MSMEs in Sub-Saharan Africa in particular, which are the backbone of economic activity and job creation. The strong presence of informal work and associated lack of job opportunities contributes to the long-term cycles of poverty. With many developing countries overburdened by debt spending, investments in critical sources of human capital like education and healthcare will further disadvantage future generations. The development finance models of recent history aimed at breaking these cycles of poverty and human capital are broken; ODA and public money have fallen short of the ever increasing funding gap, with promises of aid watered down or abandoned altogether. With globalization slowing and international cooperation faltering, both the developed and developing world are looking inwards to prioritize domestic priorities, such as economic development and security. In developing contexts like Africa, foreign domestic investment is welcomed and encouraged - but on new terms. Africa is looking ahead to a prosperous future without the prominence of traditional finance from ODA, seeking to build its own national champions, unicorn startups, successful multinational companies, and future-proof its economies for a more autonomous and prosperous future.

By prioritizing sustainable development, harnessing its vast wealth of natural resources, renewable energy potential, empowering youth entrepreneurs, investing in technology, infrastructure, and women-led businesses, Africa has potential to "leapfrog" the common arc of country development Western nations were built on. Yet, the reality is that there are development needs in the short-term, and every country on the continent has a different path.

SIFs are leading development efforts across the continent, and are well-positioned to achieve national priorities as publicly-backed institutions. With professional investment capabilities, transparency, and strong governance, they will be able to break down real and perceived risks to attract global investment needed to build industries. SIFs who choose credible partners like DFIs to support development goals and provide further de-risking will attract global investor attention. There are barriers and challenges to realize the potential of SIFs, such as their vulnerability to governance issues, corruption, mismanagement, and political threats to their functions and assets. Yet SIFs across Africa, in the rest of the developing world, and in the developed world are becoming tools of choice to achieve long-term prosperity for future generations.

Annex 1: Overview of selected development financiers (1/3)

Name & Type	Summary	SDG/Impact investment themes
African Development Bank (AfDB) Multilateral Development Bank (MDB)	The African Development Bank (AfDB) is a multilateral development bank (MDB), that comprises three entities: The African Development Bank, the African Development Fund, and the Nigeria Trust Fund. Founded in 1964, the ADB's main objective is to participate in the sustainable economic development and social progress of the African countries. AfDB recently announced their Ten-Year Strategy (2024-2033), which outlines a vision of a prosperous, inclusive, resilient, and integrated Africa, supported by twin objectives of accelerating green growth and driving prosperous and resilient economies across the continent. The Strategy outlines how AfDB will fulfil its mandate to mobilise finance for Africa from all sources — not just international public finance, but also private investment and domestic revenues (AfDB, 2024).	AfDB's 'High 5' priority areas: • **Feeding Africa:** Strengthen food security for Africa through a transformation of African agriculture • **Lighting up and powering Africa:** Accelerating progress towards universal electricity access for Africa through a clean energy revolution • **Industrializing Africa:** By 2033, industrialisation will be firmly under way across all African regions • **Integrating Africa:** Promote the free movement of goods, finance, and people, and build regional value chains as the foundation for a more productive African economy and to drive industrialisation. • **Improving the quality of life of the people in Africa:** Support Africans — especially women and young people — to fulfil their potential. Other cross-cutting themes & priorities: • **Economic growth on the continent** • **Advancing climate action** • **Building resilience and addressing fragility** • **Bridging the gender gap** • **Empowering yout**h • **Strengthening economic governance**

World Bank (WB)
International Financial Institution (IFI)
	• The World Bank (WB) has funded more than 12,000 projects using loans, interest-free credits, and grants since its creation in 1947. The WB provides both financial products and technical advisory (TA) to developing and emerging countries, and it is made up of different sub-institutions: International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the International Development Association (IDA).
	• **World Bank's strategy in Africa**:
	IFC has committed over $60 billion over nearly 6 decades of investing in Africa, and IFC's current portfolio in Africa exceeds $12 billion, with a special focus on the following sectors: agribusiness, financial inclusion, fragile and conflict-affected situations, infrastructure, gender, tourism, retail, and property (IFC, 2024). The WB divides Africa into the Middle East and North Africa (MENA) region and Sub-Saharan African region.
	• **Climate Action:**
	The WB has responded to the urgent need to address climate change in Africa originally with its Africa Climate Business Plan (ACBP) launched at COP21, which has since been revamped as the Next Generation Africa Climate Business Plan (NG-ACBP) in 2020 (World Bank, 2025).
		Priorities in the MENA region:
		• Renewing the Social Contract
		• Expanding regional cooperation
		• Strengthening resilience to climate and refugee shocks
		• Promoting recovery and reconstruction in conflict-affected countries
		Priorities in the Sub-Saharan African Region:
		• Climate crisis
		• Food insecurity
		• Covid-19 fallout
		• Building resilience
		• Protecting the less fortunate
		• Strengthening human capital
		• Creating jobs
		The NG-ACBP has 5 Strategic Directions and 2 Special Areas of Emphasis:
		• Strategic Directions
		  • Food security
		  • Climate shocks
		  • Resilient green cities
		  • Environmental stability
		  • Clean energy
		• Special areas of emphasis
		  • Climate informed macroeconomic policies
		  • Green and resilient infrastructure

Annex 1: Overview of selected development financiers (2/3)

Name & Type	Summary	SDG/Impact investment themes
European Investment Bank (EIB) Multilateral DFI	The EIB is the lending arm of the European Union, and the biggest multilateral finance institution in the world. The EIB offers three main products: loans, investments in equity, and guarantees. The EIB gives loans to both the public and the private sector. The EIB is also one of the main financing actors in climate action and sustainability. In 2022 alone, the EIB invested EUR 36.5 billion in climate action and sustainability projects, representing 56% of total financing (EIB, 2023). • **EIB's Strategy in Africa:** The EIB has invested EUR 59 billion in 52 African countries since 1965. EIB Global is the development arm of the EIB. It was set up in 2022, and invested EUR 9.1 billion in 2022, with EUR 2.57 billion going to Sub-Saharan countries (EIB, 2023). To date, the EIB has invested in 18 Sub-Saharan infrastructure funds, and in 64 SMEs and Mid-caps funds in Sub-Saharan Africa. EIB has also created a shared portfolio with the African Development Bank, which has grown to EUR 3.4 billion, and has leveraged a total of EUR 10.2 billion so far (EIB, 2024).	• Climate and environmental sustainability • Development Finance • Innovation, digital and human capital • Sustainable energy and natural resources • Sustainable cities and regions • Small and medium-sized enterprises • Cohesion (within the Member States of the European Union) **EIB & AfDB Joint Partnership Action Plan investment areas:** • Climate action and environmental sustainability • Transformative large-scale infrastructure • ICT infrastructure and services • Financial inclusion aimed at the empowerment of girls and women • Education and training • Health
COFIDES SWF/Bilateral DFI	COFIDES is a Spanish state-owned enterprise (SOE) that specializes in the management of Spanish government funds and is Spain's Sovereign Wealth Fund. It currently has EUR 4.97 billion AuM. The Spanish government is the majority shareholder, with the remaining capital being spread over four financial institutions: Banco Santander, Banco Bilbao Vizcaya Argentaria, Banco Sabadell, and the Development Bank of Latin America and the Caribbean (COFIDES, 2025). Besides its domestic objectives COFIDES, in its role as Spain's SWF, it also contributes to the development of emerging economies. COFIDES supports the management of the portfolio of the Spanish Agency for International Development Cooperation, as well as mobilising resources from the United Nations Green Climate Fund (GCF).	• Sustainable mobility • Sustainable infrastructure • Healthcare • Digital and green transition • Sustainable agriculture • Biotechnology and life sciences
DEG/KfW Bilateral DFI	DEG is a subsidiary of KfW Group, and a German bilateral DFI established in 1962. DEG/KfW provides financing to private sector companies that operate in developing and emerging markets. DEG provides financing and advisory services to banks, insurance companies, and finance institutions in developing and emerging markets. DEG gives long-term loans and mezzanine facilities to banks and finance institutions, which in turn contributes to increased lending to local SMEs, and other businesses. This also facilitates investments in gender and green energy businesses. DEG is mainly active in corporate and PE funds where they provide financing to companies in the industrial, processing, trade, and service sectors. DEG is currently invested in EUR 1.6 billion in over 173 PE funds that target investments in developing and emerging markets. These funds have provided a total of EUR 16 billion to investees in developing and emerging markets, and technical assistance through its Business Support Services. As a result of its fund investments, they have produced 500,000 new jobs, more than EUR 105 billion in local income, 16.6 terawatt hours (TWh) of renewable energy, and EUR 90 million for local community funding. • **DEG's Strategy in Africa:** DEG does not have a specific strategy in Africa, but a recent example activity in Africa by DEG is the ImpactConnect programme, formerly known as AfricaConnect. ImpactConnect provides German and European companies with loans for investment projects that have a positive development impact in developing countries, with loans ranging from EUR 750,000 to EUR 5 million (DEG, 2025).	• Renewable Energy • Telecommunications and digital infrastructure • Transport and Infrastructure • Water supply and wastewater proposal

Annex 1: Overview of selected development financiers (3/3)

Name & Type	Summary	SDG/Impact investment themes
Agence Française de Développement (AFD)/ French Development Agency Development Aid Agency	AFD is the development aid agency of France, involved in more than 3,600 projects in 160 countries, in addition to France's overseas territories. Financing takes the form of loans, grants, expertise or technical assistance granted to States, local authorities, companies, foundations and NGOs. AFD Group works to meet the 17 UN sustainable development goals (SDG), as well as the Paris Agreement on climate (AFD, 2025). • **AFD´s Strategy in Africa:** AFD has multiple regional offices throughout Africa with unique approaches and activities, including North Africa, Gulf of Guinea, East Africa, Greater Sahel, Central Africa, and Southern Africa (AFD, 2025).	• Climate • Biodiversity • Energy • Education • Urban planning • Health • Digital technology • Sport • Training
Association of European Development Finance Institutions (EDFI) Industry Association	Founded in 1992, the Association of Bilateral European Development Finance Institutions, or EDFI, represents 15 member institutions. In addition to supporting members to implement their vision, EDFI serves to inform the public and government stakeholders about their role and contribution to development. Though EDFI members have slightly different mandates and strategies, they are guided by a common ambition: To improve people's lives – for current and future generations – in countries where the need is the strongest, through the engine of private sector growth (EDFI, 2023).	• Job creation • Investment in private sector projects • Investments that are commercially sustainable and catalyse capital from private investors
Africa50 Infrastructure Investment Platform	Established by the African Development Bank in 2014 and has currently funded over 20 projects valued at $6.6 billion. By 2030 Africa50 aims to be a leading infrastructure investment platform with all African governments as shareholders. It will help bridge Africa's infrastructure funding gap by facilitating project development, mobilizing public and private sector finance, and investing in infrastructure on the continent. Africa50 focuses on medium- to large-scale projects that have a significant development impact and that provide an appropriate risk-adjusted return to investors (Africa50, 2025).	• Power • Transport • ICT • Midstream gas • Healthcare • Fintech • Education

Annex 2: Overview of selected impact & PE firms (1/2)

Name	Investment themes		Financing activity
Leapfrog Investments	Financial Services		**ARM Pensions**, a firm that has reached more than 2 million customers in Nigeria, helping them with their retirements. It is the largest independent pension manager in the country. ARM has recently merged with Access Pensions Limited to form Access ARM Pensions Limited, which manages N3 trillion (~$2 billion) in AuM - or 15% of the total assets in Nigeria's pension industry.
	Healthcare		**Pyramid Pharma**, a distributor of specialist medical equipment and health products. The company is fighting the lack of access to medical resources in Africa, as well as a rising prevalence of cancer and diabetes. Pyramid Pharma distributes its products in Tanzania, Kenya, Uganda, Rwanda, Mozambique, Ethiopia, and Burundi, reaching four million customers.
	Energy and Climate		**Sun King**, a Kenyan company that distributes kits that enable household electrification in Africa and Asia. LeapFrog has invested $70 million in the solar kit provider. Founded in 2009, Sun King is the largest off-grid solar energy company in the world, providing clean energy to over 100 million people in 65 countries. This investment by Leapfrog supports the firm's objective to reach more of the 1.8 billion off-grid and under-electrified consumers in Asia and Africa over the upcoming five years.
Bamboo Capital Partners	Agriculture		**Socak Katana** is a cocoa cooperative based in Côte d'Ivoire. The firm sustains and has more than 2,700 members and produces raw cocoa before it processes, transports, stores, and sells the cocoa beans to both local and international clients. In terms of production figures, Socak Katana has a production capacity of 6.000 metric tons, thanks to its nearly 8.400 hectares under cultivation.
	Financial Inclusion		**Lidya** is a financial services platform to improve access to credit and finance across frontier and emerging markets, starting with Nigeria. Launched in November 2016, with a mission to close the credit gap, both in Nigeria and across emerging markets where there is a $2.6 trillion SME credit gap worldwide. The company provides secure and flexible credit infrastructure and is the leading digital financer of SMEs in Nigeria. To date, Lydia has issued 32,000+ loans.
	Access to clean energy		**Bboxx** is a company that is headquartered in Kigali, with offices located in the Democratic Republic of Congo, Kenya, Rwanda, and Togo. Bboxx is a data-driven platform that manufactures, distributes, and finances decentralized solar-powered systems in African countries. The firm is working alongside governments and world-class international partners to help to achieve the United Nations' SDGs in the next decade, with clean energy, clean cooking, smartphones, and e-mobility access catalysing enabling economic development of communities and making progress on a range of the global goals.
Acumen	Access to clean energy		**Redavia Solar Power** is a company that provides solar farms to businesses in West and East Africa. Its goal is to use solar energy as a fundamental driver of sustainable development. Redavia currently has forty solar farms in operation, has avoided ¬7.000 tonnes of CO_2, and reached ¬30.000 people. The company offers both on-grid and off-grid solutions, solar generation modules, and energy storage modules. They serve the following sectors: Agrofood processing, mining and minerals, manufacturing, hospitality and real estate, utilities, and services.
	Agriculture		**SunCulture**, is a Kenya-based solar irrigation company that designs, assembles, finances, and services solar-powered water pumps. SunCulture's water pumps allow farmers to grow crops throughout the year, even in periods of droughts, and increase the land under their cultivation. The company's services, weather forecasts, and agronomy tips help smallholder farmers spend less time fetching water, improve their productivity, and increase their crop and livestock yields, leading to greater incomes and improved resilience to climate change.

Annex 2: Overview of selected impact & PE firms (2/2)

Firm	Fund names(s) and AuM($)		Fund description/investments
KKR	**KKR Global Impact I ($1.3 bn) & Global Impact II ($2.8 bn)**	• Climate action • Lifelong learning • Sustainable living • Inclusive growth	KKR Global Impact was established in 2018 and has raised two funds to date. The first fund raised $1.3 billion in 2020, while the second fund (Global Impact Fund II) more than doubled in size to $2.8 billion in November 2023 (Impact Investor, 2023). KKR has made $1.5 billion in 17 closed investments that contribute to achieving 13 of the SDGs companies as of March 2023, and since 2019 has put over $5 billion overall in SDG-aligned investments (KKR, 2023). KKR has not yet invested in Africa, and focuses on investments in the developed world and Asia.
TPG Capital	**The Rise Fund ($7.9 bn)**	• Climate and conservation • Education • Financial inclusion • Food and agriculture • Healthcare • Impact services	The Rise Fund has $7.9 billion in AuM where they seek to expand the reach of commercial capital to a new generation of entrepreneurs to create solutions to help achieve the SDGs. Example investments include: • **Wilderness Holdings:** a safari company with more than 6 million acres of land under its stewardship. It provides an economic support system for the communities through well-paying jobs for roughly 2,600 people from more than 20 different ethnic groups, while also supporting local farming and infrastructure. It was founded in 1983 and is based in Botswana, operating in over 7 African countries. In 2018 The Rise Fund acquired a 34% stake in Wilderness. • **Airtel Africa:** is a provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa. In 2021 The Rise Fund invested $200 million in Airtel's mobile money business at a $2.65 billion valuation. • **Cellulant:** Cellulant's range of products helps expand financial inclusion and access. The company operates across 8 African countries, and its technology connects more than seven million farmers across the continent with its payment portal, allowing them to receive fertilizer subsidies and increase their productivity through Cellulant's mobile blockchain-based platform. In 2018 Cellulant raised a $47.5 million Series C round led by The Rise Fund, which marked TPG's first investment in Africa.
	Evercare Fund ($482 m)	• Healthcare	The Evercare Group, provides an integrated healthcare delivery platform in emerging markets across Africa and South Asia, including India, Pakistan, Bangladesh, Kenya, and Nigeria. Evercare has made investments and has a portfolio of healthcare companies in Kenya and Nigeria: • **Gender Violence Recovery Center**, a charitable trust of the Nairobi Women's Hospital that provides medical treatment and psychological support to survivors of gender-based violence. • **The Nairobi Women's Hospital, which is supported by a network of 9 hospitals throughout Kenya) and The Nairobi Women's Hospital College, which offers training to students in Nairobi.** • **Avenue Healthcare**, with a total of 300 beds and 15 clinics. • **Metropolitan Hospital and Ladnan Hospita**l, a group with 2 hospitals, and more than 160 beds in Nairobi.
	TPG Rise Climate	• Climate Solutions	Established in 2021 with an investment focus that takes a broad sector approach, ranging from growth equity to value-added infrastructure. The fund closed with a size of $7.3 billion (Rise Fund, 2022). TPG Rise Climate focuses on climate solutions in the following thematic areas: • **Clean electrons** (energy transition and green mobility). • **Clean molecules** (sustainable fuels and sustainable molecules). • **Negative emissions.**
Development Partners International (DPI)	**Multiple**	• Climate change • Job growth • Gender equality	Development Partners International (DPI) was founded in 2007 and is an investment company that invests only in Africa (DPI, 2025). To date they have raised three funds amounting to $3.1 billion AUM across 31 investments (DPI, 2025). DPI has reached 40+ countries in Africa, having invested in 21 industries. According to its last available report, DPI has invested in all the countries in Africa, except Libya, Sudan, Eritrea, the Central African Republic, Angola, Malawi, Somalia, and Burundi. As a result of their ADP III fund, 1,193,476 clients were financed across 42 countries (DPI, 2023). Example investments include: • **Ukheshe** is a company that is headquartered in the UK that aims at reducing the financial inclusion gap in Africa. The company has expanded considerably since its inception in 2018 and currently has offices in the UK, the UAE, India, South Africa, Mauritius, and Kenya. • **Kelix Bio** is present in 40+ countries and the company aims to commercialize medications in countries and jurisdictions that have been historically deprived of such products. Kelix Bio has three main shareholders which are the European Bank for Reconstruction and Development, British International Investment, and DPI. • **Cofina** is a financial service business founded in 2014 and headquartered in Abidjan, Ivory Coast. Group Cofina develops solutions to bridge the gap between institutional financing and microfinance, having allocated EUR 1.5+ billion of credit to date.

2025 SOVEREIGN IMPACT REPORT

– June 2025

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JOINT SDG FUND