

# **Bridging the Gulf:** Sovereign Wealth Funds as catalysts in securities exchange development across the GCC and Africa

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# Introduction

This report explores the evolving role of sovereign wealth funds in shaping the development of capital markets across the Gulf Cooperation Council (GCC) countries, with a particular focus on how these insights might inform similar efforts in other regions of the Global South, notably Africa.

It aims to unpack the mechanisms through which sovereign wealth funds influence market growth, governance reform, and institutional innovation, drawing on a blend of market data, interviews, and thematic analysis.



**Between 2021 and 2024, global equity markets, experienced robust gains, despite intermittent volatility.**

#### Market Context and Performance Overview<sup>1</sup>

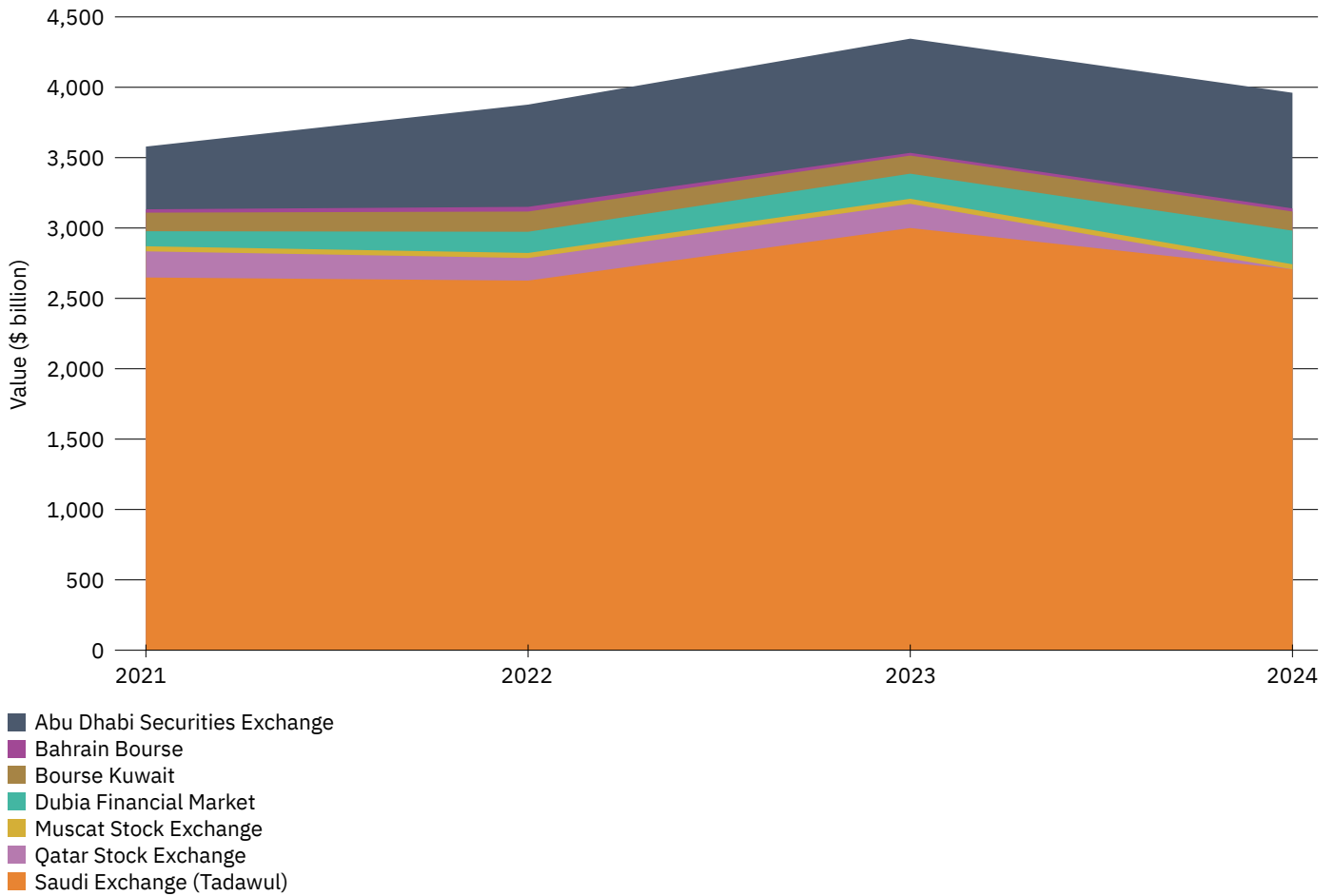
Between 2021 and 2024, global equity markets, particularly the US, experienced robust gains, despite intermittent volatility. Public offerings rebounded in 2024, as central banks reversed their tightening cycles and technological advances, particularly in artificial intelligence (AI), drove stock markets to new highs. According to the [S&P Global Market Intelligence](#), global equity issuance totalled \$1.039 trillion from 2022 to 2024, nearly matching the \$1.043 trillion raised in 2021 alone (which was a record year). In the last quarter of 2024, issuance surged 55.6% to \$116.35 billion, marking the highest quarterly level in two years.

Amid global volatility, the stock markets of the Gulf Cooperation Council (GCC) emerged as standout performers. Capital markets across its six member states—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates—demonstrated remarkable resilience and growth. Sovereign wealth funds played a pivotal role, not only injecting liquidity into their capital markets but also anchoring listings and driving institutional reform. Their strategic engagement has positioned local exchanges as engines of diversification and regional economic transformation.

GCC equity markets experienced consistent growth from 2021 to 2024. Total market capitalisation increased from \$3.6 trillion in 2021 to \$4.4 trillion in 2023, then slightly adjusted to \$4 trillion in 2024 following a period of strong expansion.

<sup>1</sup> This section was prepared by Enrico Soddu, Head of Data and Analytics at the International Forum of Sovereign Wealth Funds (IFSWF), who conducted the data analysis and provided guidance on the structure and visualisation of market data.

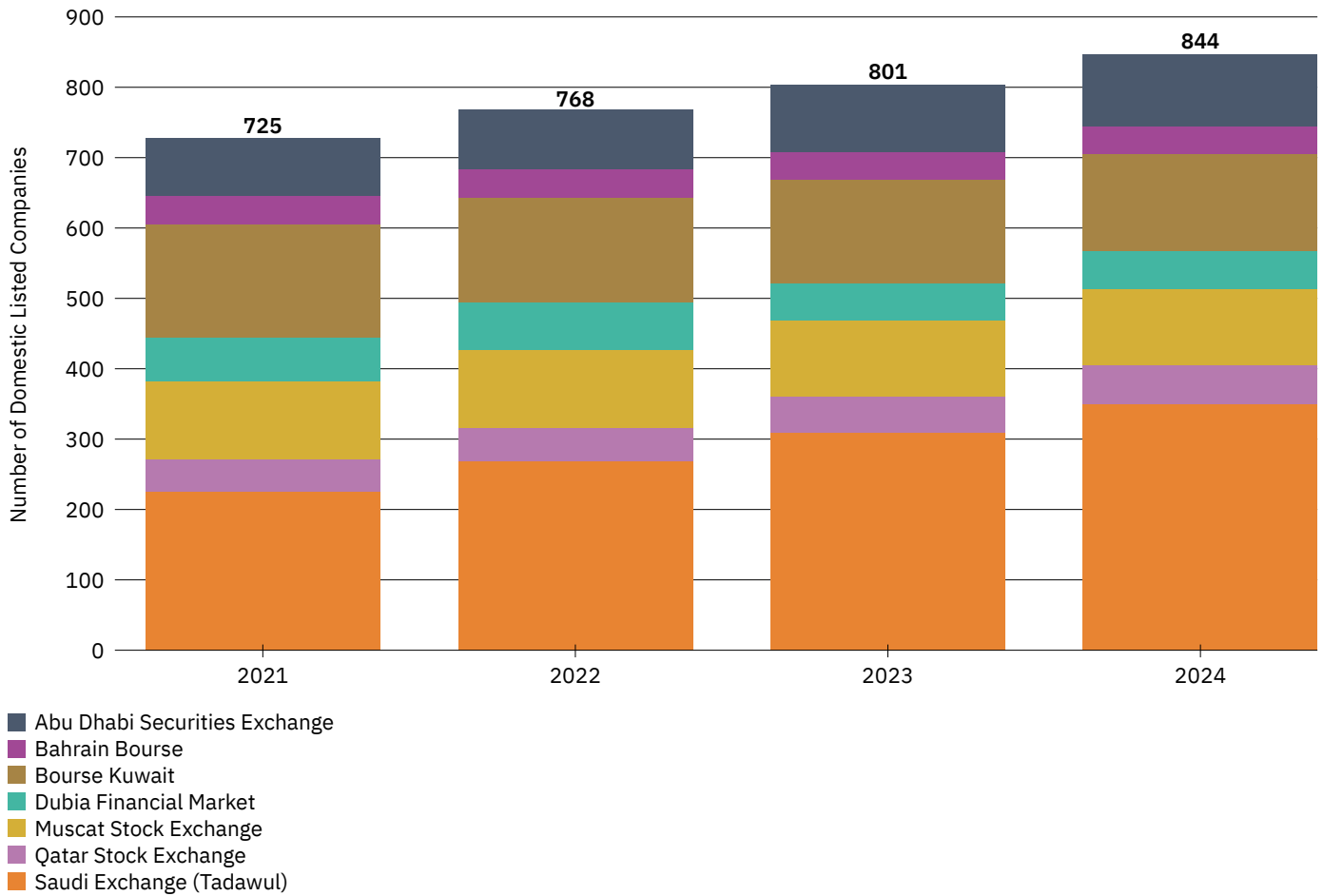
**Figure 1.1 Total Equity Market Capitalisation (Equity and Derivatives)**



Source: [World Federation of Exchanges](#)

Yet the most telling indicator of local success lies in listing counts, from 768 in 2022 to 801 in 2023 and reached 844 by mid-2024; an increase of 10%. In Saudi Arabia, exchange listings increased from 269 to 309, then to 352. The Abu Dhabi Securities Exchange saw its listings rise from 85 to 95, concluding at 101.

**Figure 1.2 Total Number of Listed Companies (Domestic)**

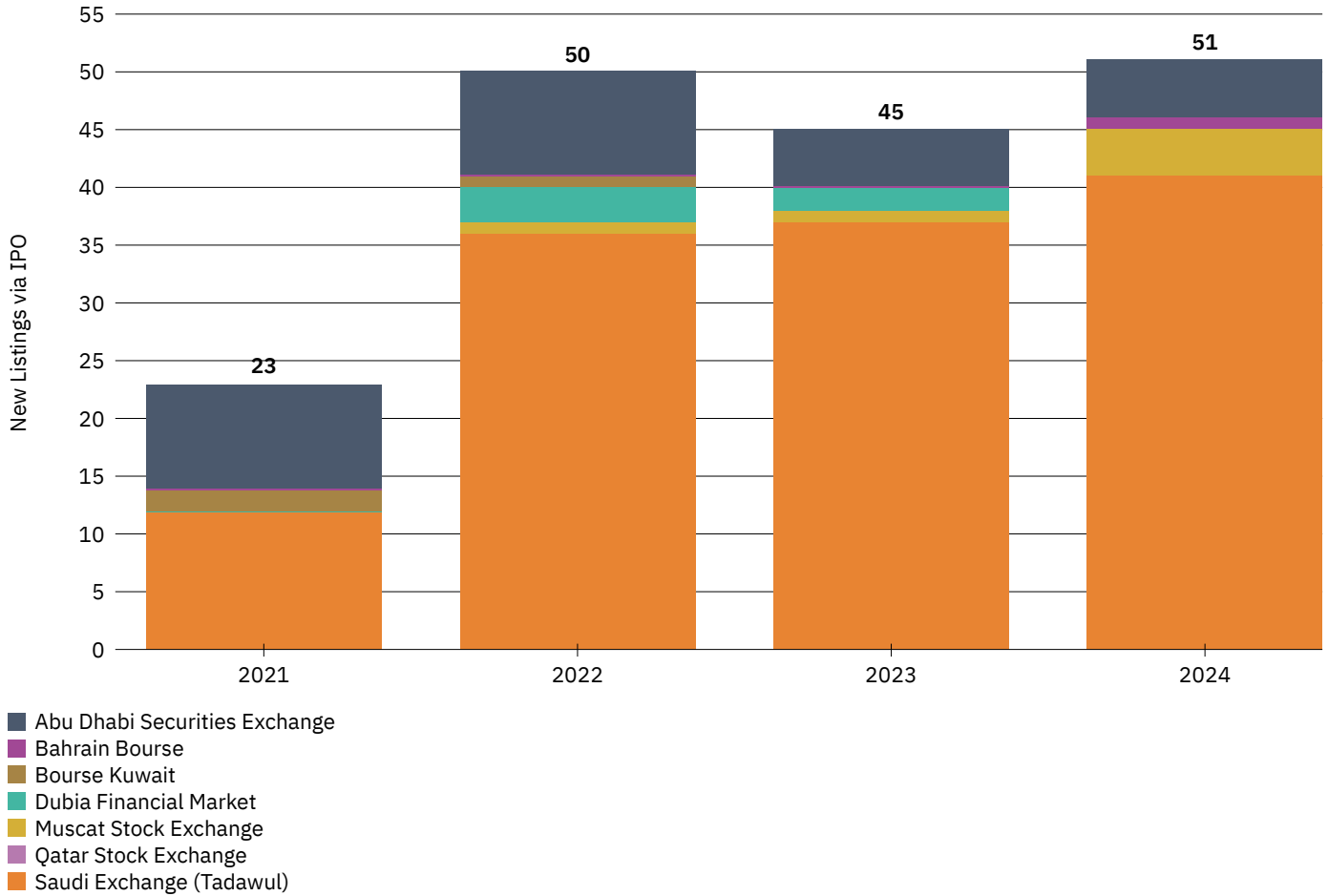


Source: [World Federation of Exchanges](#)

Despite global market instability, exchanges based in the Arabian Gulf countries have attracted more international issuers. Foreign listings climbed from 14 in 2022 to 25 in 2023, before slightly decreasing to 24 in 2024.

The number of IPOs in these markets fluctuated, moving from 50 in 2022 to 45 in 2023, and then rising to 51 in 2024. The Saudi Exchange was a clear leader, with 36 IPOs in 2022, 37 in 2023, and 41 in 2024. Other exchanges recorded less significant changes: Abu Dhabi went from 9 to 5, and remained at 5; Muscat increased from 1 to 4; and Dubai saw a decrease from 3 to 0.

**Figure 1.3 Total Number of IPOs**



Source: [World Federation of Exchanges](#)

While total capital raised through IPOs on GCC exchanges declined from \$125.1 billion in 2022 to \$17.8 billion in 2024, this shift reflects a healthy evolution in market composition. The initial surge of large state-owned listings has given way to a more sustainable phase of smaller, private-sector offerings, which is an encouraging sign of deepening market participation and diversification.

There are several examples where Arabian Gulf sovereign wealth funds have been instrumental in supporting and developing their countries' securities exchanges.

**Oman Investment Authority's (OIA) support of the Muscat Stock Exchange (MSX) via a liquidity fund<sup>2</sup>:** "The Oman Investment Authority (OIA) announced the allocation of 100 million Omani riyals (about \$260.8 million) to support the Muscat Stock Exchange through the Liquidity Fund initiative, which is launched by the body in cooperation with the National Program for Financial Sustainability and Financial Sector Development."

**Qatar Investment Authority's (QIA) support via a market-making initiative for Qatar Stock Exchange (QSE) licensed market makers<sup>3</sup>:** "As part of QIA's commitment to support and develop Qatar's local economy, QIA has set up a market-making initiative to boost liquidity at the Qatar Stock Exchange (QSE) via market makers. QSE licensed market makers will be able to access some of QIA's stock inventory and incentives programs to facilitate markets in QSE-listed stocks."

**Abu Dhabi Stock Exchange (ADX), which is wholly owned by Abu Dhabi Capital, is a key stakeholder of the Abu Dhabi IPO Fund<sup>4</sup>:** "The Abu Dhabi Initial Public Offerings Fund (ADIPOF) accelerates the growth of private companies by facilitating and expediting their IPO processes on the Abu Dhabi Securities Exchange (ADX)."

**Saudi Arabia's Public Investment Fund (PIF) established a Regional Voluntary Carbon Market Company in partnership with Tadawul<sup>5</sup>:** "The Public Investment Fund ("PIF" or the "Fund") announced... the establishment of the Regional Voluntary Carbon Market Company, where PIF holds an 80% stake and Saudi Tadawul Group Holding Company ("Saudi Tadawul Group") holds a 20% stake in the company. The company will offer guidance and resourcing to support businesses and industry in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains."

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2 [Oman's Investment Authority Allocates \\$260 Mln to Support Muscat Stock Exchange](#)

3 [QIA launches market making initiative to boost liquidity at QSE](#)

4 [Funding and Investment Opportunities](#)

5 [PIF announces the establishment of the Regional Voluntary Carbon Market Company](#)

Given the level of activity and development in capital markets across the GCC, now is an opportune time to explore the drivers of this expansion and the role sovereign wealth funds are playing in driving this transformation.

The lessons learned from these efforts can potentially be leveraged across the Global South<sup>6</sup> as recent and relevant examples of how to develop securities exchanges than the experiences of long-established stock markets in the US and Europe, for example, which may fail to reflect the unique challenges and cultural nuances that are both prevalent in and critical to the Global South.

To explore these issues in detail, we conducted a series of semi-structured interviews with sovereign wealth funds, securities exchanges, and advisors across the GCC and Africa, applying a thematic analysis of their perspectives to surface core themes and insights that frame the findings of this report (see Appendices 1 and 2 for methodology).

We have structured our report in three sections:

- 1. Key Insights and Core Themes**
- 2. Practical Implications**
- 3. A Toolkit**

The key objective from the outset was to create a toolkit of potential actions and guidance tailored for IFSWF members and their boards.



<sup>6</sup> The term “Global South” broadly refers to regions in Latin America, Africa, Asia, and Oceania, often characterised by emerging or developing economies. It contrasts with the Global North, which generally includes more industrialised and economically advanced countries.

# Key Insights and Core Themes



Through our independent research and interviews with sovereign wealth funds, securities exchanges, and advisors, seven core themes emerged, namely the importance of:

1. **Strategic Vision and Objectives**
2. **Institutional Support and Governance**
3. **Innovation, Infrastructure and Technology**
4. **Regulatory Environment and Legal Framework**
5. **Organisational Capabilities**
6. **Communication and Trust**
7. **Partnership and Collaboration**

These themes provide a lens through which sovereign wealth funds and stock exchanges can better understand the challenges and opportunities faced when developing and accelerating capital markets.



### 1. Strategic Vision and Objectives

Successful capital market development relies on a shared and clearly articulated strategic vision across stakeholders. Both sovereign wealth funds and exchanges cited government-led mandates aligned with the government’s broader financial and socioeconomic objectives as critical to advancing an exchange’s development.

Many interviewees told us that they actively structured their strategies in line with the key benchmarks of leading global index providers such as MSCI and FTSE. For them, achieving “emerging-market” status from these providers is a powerful trigger for attracting international capital while affirming investor confidence in their local economic reforms. This viewpoint mirrors the findings of MSCI’s report “Exploring the Futures of GCC Equity Markets”, which underscores how regulatory enhancements, such as easing restrictions on foreign ownership and upgrading financial infrastructure, formed the foundation for these markets to integrate into global investment portfolios

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“One of the most important things is...agreeing on the overall strategy first, because, at the end of the day...it’s important to present...that overall big gain for everyone... it’s [for the] good for our economy.” (GCC SWF)

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An effective exchange strategy must be comprehensive from the outset and cover the entire development cycle of an exchange, from pre-IPOs to planned divestments. Updating listing procedures, adopting digital trading platforms, and improving liquidity, trading volumes and regulatory alignment were common objectives aimed at fostering a more dynamic and competitive capital market.

However, given the complexity and infrastructure required to establish or transform an exchange, it requires more than a well-documented plan. Such initiatives require coordinated leadership, a clear sense of direction, strong governance, distributed decision-making among stakeholders, and the ability of organisations and individuals to adapt to local conditions and external forces, often beyond their control.

Additional considerations focused on the technical aspects of exchange operations, including the need to improve market liquidity, trading volumes, innovative financial products and services, and mechanisms that enhance transparency and encourage participation. GCC exchanges highlighted that engaging retail investors was a critical component of exchange participant diversification.

In Africa, sovereign wealth funds often face distinct primary challenges due to the stage of their domestic economic development. As a result, they typically focus on supporting private markets as a necessary first step in a longer-term strategy to build viable public capital markets and, eventually, support the creation or expansion of a local exchange.

Notably, in markets with an existing exchange, there was more emphasis from across the ecosystem on building a pathway from private to public markets. While not all private companies will seek a local public listing, this pathway nevertheless offers strategic direction that can help inform decision-making, whether firms choose to remain private or pursue a public listing. Crucially, it also clarified investor expectations and established a framework for accessing capital from both private and public markets.

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“It’s not, ‘what we’re doing next year’... It’s ‘what do we need to achieve in a decade’... Then you can have ambitious plans, and you can work towards that.”  
(GCC Exchange)

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**“You can have a world-class exchange... but if you do not have government support, it’s very difficult to make that exchange successful.”**  
**(GCC Exchange)**

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## 2. Institutional Support and Governance

Our interviewees consistently highlighted the importance of institutional support and robust governance frameworks, emphasising the centrality of government commitment and leadership, as well as the role of sovereign wealth funds as anchor investors or promoters. They also stressed the importance of regulatory coordination and autonomy, board independence and experience, as well as mandate clarity, and long-term planning and continuity.

Government support, particularly through clear mandates and coordinated action with other stakeholders, was widely considered essential by exchanges and sovereign wealth funds alike. Without this, even technically sound exchanges can struggle to gain traction with key external stakeholders. Both sovereign wealth funds and exchanges, especially in the GCC, highlighted that broad strategic alignment helps exchanges move beyond the planning stage and towards meaningful execution.

In many GCC markets, sovereign wealth funds often assume a particularly active role in their local economies by positioning themselves as strategic anchors that support longer-term capital market development. Yet, many interviewees were careful to distinguish between state ownership and operational interference. Government institutions were considered key enablers of growth, providing support while preserving the autonomy of exchange management teams. This balance between ownership and independence is a key factor in maintaining credibility and momentum.

For example, we had several discussions about the role of sovereign wealth funds in supporting their local exchange through IPOs of state-owned enterprises (SOEs). However, there are inherent limitations to the role this can play in developing an exchange due to the finite number of SOEs and the amount of free float available. Consequently, the timing and process of these listings are thoroughly planned and strategically executed.

Another avenue for developing capital markets identified by our interviewees was attracting foreign entrepreneurs to establish businesses in the GCC by offering tax incentives, company formation support, and streamlined access to government ministries to facilitate new business development and growth. The objective is to create a pathway for these businesses to eventually go public, adding another pipeline of potential listings. This approach suits the long-term horizons of sovereign wealth funds and exchanges in the GCC. While there are certainly short- and medium-term goals to ensure focus and motivation, a prevailing theme from our conversations was the importance of maintaining a long-term strategic perspective.

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“as we progress... we will see how the market adapts. And based on those results, we will then define what’s the next step, and what’s the next group of actions that we want to be putting in place as an institutional investor.”  
**(African SWF)**

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Board-level governance was also a recurring topic. Several interviewees stressed that board composition is just as important as its formal responsibilities. Exchanges with professional boards that include experienced independent directors are perceived to be better positioned to navigate complex change initiatives or advise on unique financial products and services. In contrast, some African respondents noted that they experienced persistent gaps in board expertise or mandate clarity, especially in markets where exchanges are still evolving or where developing capital markets has not necessarily been prioritised at the national level.

Long-term planning, particularly when it is tied to broader state-led economic strategies, was another critical factor in ensuring an exchange’s success. In more mature markets, such as those in the GCC, participants emphasised the importance of multi-year divestment timelines and cross-ministerial planning to ensure policy continuity. In contrast, African sovereign wealth funds often needed to adopt a more hands-on role, stepping in to fill the experience and knowledge gaps within the ecosystem that might not be present in other markets, such as the GCC.

Our interviews also revealed that a lack of clarity regarding company ownership, valuations, and transparency can slow progress and undermine market confidence. Institutional fragmentation, where responsibilities are split across multiple bodies with limited coordination, also presents a barrier, particularly if agencies or ministries operate in silos without a clear vision at the executive level. In such cases, moving forward requires more than technical readiness; it also depends on political will and alignment across institutions.





### 3. Innovation, Infrastructure and Technology

Innovation, infrastructure, and technology are critical enablers for an exchange's development, with participants highlighting the significance of trading systems and digital platforms, clearing and settlement, digital licensing and tokenisation, interoperability with regional and global systems, infrastructure readiness and prioritisation, and creative solutions and initiatives.

From both GCC and African perspectives, the modernisation of infrastructure and technology, coupled with an evident willingness to adapt and innovate, was seen as essential to building a successful securities exchange. Several interviewees also described technology as an enabler of broader market participation. However, its impact may depend on the presence of legacy systems, the maturity of a country's financial and economic ecosystem, institutional readiness and appetite for adopting new systems, and regulatory alignment with innovation efforts.

In the GCC, some exchanges already operate with modern infrastructure and continue to invest in further improvements, including digital exchange networks, direct-to-investor platforms, and shared cross-border systems. These platforms are designed to improve liquidity and enhance market access. Similarly, the introduction of apps for retail investors has been credited with strengthening direct communication links with exchanges. This direct engagement has helped build trust with investors and gain more control over the exchange's relationships with market participants, eliminating the need for intermediaries.

Participants noted that technology and infrastructure cannot be developed in isolation. GCC exchanges often collaborate with global industry partners, leveraging proven systems while adapting them to local needs. This approach has helped key stakeholders anticipate technical risks in advance and bypass common developmental hurdles. With this in mind, benchmarking against global standards, regardless of a market's evolutionary stage, could be valuable for African exchanges as they shape their own digital and operational frameworks.

In both the GCC and Africa, there are challenges related to the introduction of new products, cross-border programmes, clearing and settlement mechanisms, and maturing regulatory environments. Some African institutions, for example, noted that while they wanted to digitise their operations and systems, they are hampered by legacy architecture and a lack of available funding. Others found that fragmented governance and oversight frameworks had made infrastructure upgrades difficult. Digitisation is particularly challenging when system upgrades are not accompanied by the necessary organisational capacity building (i.e. the skills, resources and systems) needed to deliver the upgrade effectively or clear communication with market participants.

Innovation is central to many exchange-led initiatives, and change-management programmes go beyond addressing hardware and software. Interviewees highlighted how creative approaches to problem-solving, including adapting Islamic finance models, establishing ESG reporting standards, and exploring dual-listing pathways, were crucial to the successful development of their local exchanges. These efforts reflect a growing recognition that local contexts and market-specific needs must also shape infrastructure strategy. Beyond high-level strategic alignment, exchanges may benefit from viewing innovation and technology as part of an integrated sociotechnical system that includes tools, processes, people, and policies.

For sovereign wealth funds, stock market technology and infrastructure should not be seen as static assets, but as parts of an evolving and adaptive system that facilitates the flow of capital into the economy. In this regard, an exchange's role also involves enabling innovation, experimentation, supporting ecosystem-wide learning, and helping to shape the conditions in which local capital markets can mature.

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“Collaboration with other exchanges helps us in bringing state-of-the-art, best practice, what’s worked, what’s not, and it really does help us.”  
(GCC Exchange)

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**“Our government doesn’t want to operate the economy like it has done in the past; they want to take on a more supervisory role.”  
(GCC SWF)**

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#### 4. Currency, Regulatory Environment and Legal Framework

Hard currency is one area of divergence when comparing the GCC with opportunities in Africa, as all six GCC countries have their currencies pegged to the US Dollar. In Africa, there are some parallels, such as the Djibouti Franc, which also has a dollar peg, and the CFA Franc, which is pegged to the Euro and is used by eight West African and six Central African countries.

The different relationships of local currencies to hard currency highlight some additional points worth considering when establishing an exchange’s strategy:

1. Will the exchange’s strategy need to be more focused on domestic institutional and retail participants to avoid large-scale currency movements by foreign investors?
2. Can you structure dual-currency listings?
3. Does your central bank have enough access to USD to enable foreign exchange (FX) flows across your local currency and USD?

Our findings suggest that a strong regulatory environment and robust legal framework are other key elements of a thriving stock exchange. Participants noted the importance of legal and regulatory structures, passporting and harmonisation efforts, market rules and listing criteria, incentives for listing, and compliance and regulatory clarity in ensuring the success of a local exchange.

Although the GCC countries have made notable progress in modernising their regulations, these efforts are still ongoing and often complex. Exchanges are often required to navigate parallel legal, national and free-zone regimes, which can present coordination challenges, particularly if regulators work in isolation or approval processes lack cohesion. However, with expert legal counsel, such scenarios can also be beneficial, providing optionality and flexibility.

In Africa, these considerations are, understandably, at a more formative stage. Our interviewees identified regulatory gaps, legal ambiguity in novel situations, and inconsistent enforcement as deterrents to issuers and challenges that may also undermine investor confidence. Nevertheless, reform is not only possible but promising, provided it is sequenced thoughtfully, guided by the broader strategic vision and an actively engaged group of key stakeholders (including sovereign wealth funds, ministries, regulators, legal advisors, and the private sector).

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“We’re trying to work with the regulators to make the necessary changes so we can gradually elevate and enhance these regulations.”  
(GCC Exchange)

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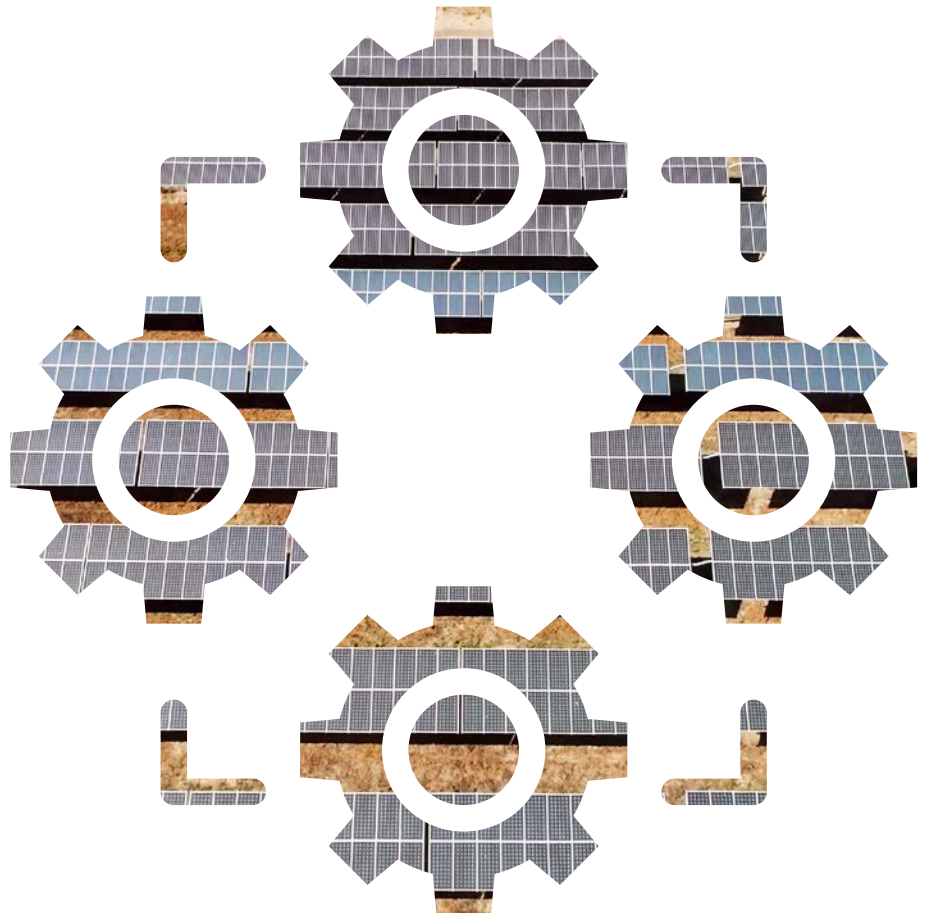
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“Regulators need to keep an open mind... It’s a strategic partnership.” (GCC Exchange)

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Interviewees noted that addressing regulatory and legal challenges requires a pragmatic approach, with a focus on collaborative solutions. GCC exchanges, for instance, described efforts to identify appropriate listing rules and streamline approval processes across jurisdictions. They also pointed to regular joint consultations with ministries and regulators (both nationally and regionally) to help align legal reforms with national and regional economic and social goals.

Several contributors highlighted that regulation must be both well-articulated and workable. Exchange law should reflect its intended purpose while remaining sensitive to the local context and overall strategic direction. Early engagement, for example, with pre-listing companies such as SMEs and family-owned firms, was seen as key to developing a steady, well-targeted pipeline of listings. For African sovereign wealth funds, the key takeaway may be to focus not just on policy design, but also on how new frameworks are introduced, communicated, and implemented in practice.



## **Case Study:** **Finstreet**

**Finstreet Limited develops infrastructure connecting primary issuance and secondary trading of private assets to address inefficiencies in capital markets. Incubated at Oxford University and developed in the UAE, Finstreet is backed by International Holding Company (IHC) through Sirius International Holding.**

Its regulated activities are carried out by three FSRA-licensed subsidiaries: Finstreet Global Markets Limited (FGM), Finstreet Global Clearing & Settlement Limited (FGCS), and Finstreet Capital Limited (FCL). Launched at Abu Dhabi Finance Week 2024 under the ADGM FSRA framework, these entities collectively provide a comprehensive infrastructure for issuance, trading, custody, and settlement.

The primary market gap being addressed is the limited infrastructure for orderly, transparent secondary trading in private markets. While private markets excel at raising primary capital, they lack efficient mechanisms for secondary transactions.

Finstreet's contribution is to standardise these functions. Primary deals are managed through the Private Financing Platform (PFP) by FCL, giving professional clients access to vetted opportunities with integrated know your client (KYC) & anti-money laundering (AML) checks. Secondary liquidity is provided via FGM's Multilateral Trading Facility, with operations governed by transparent rules and oversight. Post-trade settlement and multi-asset custody are managed by FGCS, enabling swift, secure transactions through delivery-versus-payment (DvP). These conditions are intended to support efficiency by reducing frictions and facilitating broader participation.

As a result, it creates a clearer pathway for capital formation and redistribution. Issuers gain a route to structured secondary windows, and investors gain a framework that supports transfers, rebalancing, and potential exits without relying on one-off, negotiated processes. For sovereign wealth funds and other long-term allocators, this infrastructure offers an additional tool to manage private holdings within a governed market venue, reducing the need for forced or discounted transactions.

Based in Abu Dhabi's tax and geographic environment, Finstreet contributes to the UAE's financial ecosystem by bringing public-market mechanisms into the private domain. Partnerships and discussions with institutional managers (e.g., Ninety-One, OneIM) signal the relevance of this model for cross-border capital. As these activities scale, they can deepen secondary liquidity, improve transparency around private valuations, and channel capital more efficiently to productive projects.

*Finstreet Global Markets Limited, Finstreet Global Clearing and Settlement Limited, and Finstreet Capital Limited are licensed and regulated by the FSRA. Services are available only to Professional Clients.*



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**“To introduce new initiatives and new products into the market, you need experts. Putting the strategy together is the easy part...the hard part is the implementation.”**  
**(GCC SWF)**

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**“...some of these experts are expensive, [and] they’re not many of them around... It can get challenging to attract the right calibre and the right expertise at a reasonable cost.”**  
**(GCC SWF)**

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**“We’ll do the analysis of what works for our market, and then move forward.”**  
**(GCC Exchange)**

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**“I think the key thing to take away is that we’ve set very clear objectives...and it’s very important to have very clear KPIs.”** (GCC SWF)

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## 5. Organisational Capabilities

Across both GCC and African perspectives, both exchanges and sovereign wealth funds pointed to the impact of limited organisational capability as a recurring theme. Discussions about organisational capabilities centred on skill shortages and the challenges of attracting and hiring appropriate talent, budgetary constraints, reliance on external consultants (as opposed to developing expertise in-house), leadership training and internal capability building, as well as knowledge sharing with other exchanges.

Attracting and retaining the right talent is a key challenge, especially for exchanges in the early stages of development. Interviewees noted that financial constraints often limit the ability to offer competitive compensation, especially for specialist roles that require a combination of financial, regulatory, and technological expertise. This challenge is particularly acute in African markets, where tighter budgets and a high demand for skilled professionals can frequently outpace their availability.

To address talent gaps, organisations have turned to a range of practical, short-term solutions. For example, they have engaged external consultants with relevant experience, particularly those who have worked in similar environments or on comparable projects. These organisations or individuals not only bring technical expertise, but also contribute to shaping internal processes and strengthening governance practices over the long term.

In the GCC, several exchanges reported building diversified teams with cross-jurisdictional and cross-sectoral experience to strengthen institutional know-how. Participants also noted strong government support, including manpower-related schemes designed to make their countries more attractive destinations for global talent.

Interviewees also emphasised the centrality of developing strong leadership teams and knowledge-sharing to building successful exchanges. Experienced teams were seen as critical in guiding exchanges through successive phases of development. Concurrently, several participants emphasised the importance of learning from peer exchanges, especially those further along in their journeys. However, benchmarking was seen less as imitation and more as bespoke adaptation, identifying what works elsewhere and tailoring it to local contexts.

For sovereign wealth funds where supporting the development of their securities exchange is part of their mandate, early planning must go hand in hand with individuals capable of executing and evolving an exchange’s strategy over time. Success in this area relies heavily on internal capability: leaders who understand the complexities of capital markets, diverse teams with operational depth, and dynamic organisational structures that can respond to shifting priorities. In contexts where local expertise is limited, early investment in talent development, knowledge transfer, and retention can significantly improve the chances of achieving long-term, sustainable outcomes.

## Case Study: Ethiopian Stock Exchange Young Professionals (YP) Programme

### Background and Rationale

The Ethiopian Stock Exchange (ESX) was established in the context of a limited domestic capital markets ecosystem, both within the exchange itself and the wider financial sector. With a need to employ talent but with no precedent or pipeline for such talent, ESX launched the Young Professionals (YP) Programme to address this. The main objectives for establishing the programme were:

- To build internal capacity for ESX and the Capital Markets Authority (CMA).
- To create a talent pipeline for the evolving capital market ecosystem.
- To increase the training options for university graduates and prepare them for specialised roles in capital markets.

### Stakeholder Engagement

Successful launch and operation of the YP Programme depended on engagement with critical stakeholders:

**Development Partners:** certain donors played a pivotal role in co-funding salaries for the initial cohort and providing support before ESX was fully licensed.

**Third-Party Talent Firms:** External training partners, onboarded via a donor, provided intensive pre-entry training for YPs.

**Internal Leadership and Talent Teams:** ESX's management and talent staff guided, mentored, and evaluated the YPs.

**Regulators and Industry Training Bodies:** Programme evolution was supported by collaborations with institutions like FSD Ethiopia, the country's development agency, and CISI to ensure ongoing professional development and certification.

### Programme Structure and Key Performance Indicators (KPIs)

The initial YP cohort was made up of 10 participants, making up almost one-third of ESX's staff at the time. They were placed in units across the organisation including operations, technology, legal, compliance, and business development. Programme rotation was considered, though practical constraints meant most YPs remained in their assigned teams.

#### KPIs and success measures for the programme included:

**Retention Rate:** All YPs from the original cohort have transitioned into full-time junior analyst roles after their first year.

**Departmental Placement:** Effective staffing of key ESX departments via YPs.

**Performance Evaluation:** Quarterly and annual reviews, carried out in partnership with donors, ensured accountability and skills development.

**Application Metrics:** The programme's popularity is evidenced by receiving 5,000 applications for six second-cohort positions.

## Challenges and Mitigation Strategies

Initiating the programme surfaced several hurdles:

**High Application Volume:** Screening thousands of applicants with similar qualifications created selection challenges, which were mitigated through systematic, multi-stage evaluation processes.

**Initial Funding Constraints:** The absence of funding in the project office phase was addressed by leveraging investment from the development partner.

**Limited Rotation:** High workload and ongoing developments restricted staff movement; the programme adapted by focusing on strategic placements.

**Stakeholder Alignment:** Ensuring clarity around programme intent, training objectives and mentorship processes was addressed through continuous communication and evaluation.

## Objectives and Long-Term Impact

The YP Programme's objectives extend beyond short-term staffing needs:

- To foster a sustainable, local pool of professionals for Ethiopia's emerging capital market.
- To cultivate future managers and industry leaders both within ESX and across other financial institutions.

Over time, the programme will shift focus from internal staff development to circulating YPs within banks and brokerages, contributing to skill gaps in the broader ecosystem.

## Societal Benefits and Ecosystem Development

The programme aspires to a significant societal impact:

**Skills Development:** By training and certifying young finance professionals, ESX is building foundational market expertise in Ethiopia.

**Ecosystem Growth:** The partnership-driven online academy (ESX Digital Academy) saw 16,000 registrations, democratising access to capital market knowledge.

**Bank Collaboration:** ESX's openness to training bank staff spreads the benefits further, encouraging sector-wide professionalisation.

**Industry Model:** The ESX YP Programme sets a precedent for similar initiatives in other frontier and emerging markets, aiming for long-term, organic growth and sustainability.



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**“You have to create and raise awareness, and communicate well with your stakeholders.” (GCC Exchange)**

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**“We are seeing growing familiarity between investors and the exchange, as well as between investors and listed companies.” (GCC Exchange)**

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**“Start building those positive stories that can feed into the market and capture the attention of the investors who have liquidity.” (African SWF)**

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**“If you’re looking at Africa, a lot of the work has to be done to convince the investment community that these changes are actually happening.” (GCC Exchange)**

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## 6. Communication and Trust

Effective communication and trust-building are fundamental to an exchange’s growth and expanding financial market participation. Areas identified for particular focus included retail investor trust and onboarding, issuer engagement and education, transparency and investor relations, confidence-building in legacy exchanges, and positive storytelling and narrative building.

For retail investors, trust does not automatically follow market access. Our interviews revealed that conventional onboarding methods are often perceived as transactional and impersonal, and fail to establish sufficient trust between the exchange and investors. These challenges can be addressed through more sustained outreach and direct communication with investors, particularly by leveraging new technologies and media.

In African markets, especially where retail investors’ exposure to capital markets is limited or shaped by legacy issues, it is necessary to move beyond standard awareness campaigns. Investor trust may hinge more on the consistency of market behaviour and the perceived backing of institutions, such as sovereign wealth funds, rather than purely on the availability of trading platforms.

Issuer engagement presents a parallel challenge. Several exchanges acknowledged that local companies, particularly SMEs and family-owned firms, often do not fully understand the benefits of listing. There is sometimes a lingering perception that the disclosure requirements of capital markets are burdensome and involve ceding control to external parties. Respondents emphasised the importance of demystifying such concerns through technical support and by shaping a positive and engaging narrative. Success stories, particularly when shared by peers, were cited as an effective means to overcome scepticism among potential issuers.

A lack of transparency and poor investor relations were also highlighted as key factors in discouraging local companies from listing on an exchange. While some exchanges have adopted market-leading standards in these areas, others continue to struggle with effective communication, particularly at the issuer level. Such environments can erode investor confidence quickly. Proactive and qualified investor relations professionals, clear disclosures, and timely updates were seen as basic, yet often underused or underappreciated, levers.

Several participants from the GCC described how crafting a coherent national investment narrative had supported both issuer and investor engagement. Positive storytelling emerged as an overlooked yet potentially powerful tool. This approach may offer valuable lessons for African sovereign wealth funds seeking to strengthen communication and trust within their own ecosystems.

For sovereign wealth funds aiming to support the growth of domestic exchanges, communication should not be treated as a nice-to-have. It is an integral part of the market-building process. Trust, whether from investors or issuers, takes time to earn and is shaped as much by cues, signals, relationships, and consistent behaviour as by rules or infrastructure. Creating space for dialogue, crafting clear shared narratives, and backing them with credible action may prove as essential as any technical reform.



## 7. Partnership and Collaboration

The final key theme that emerged from the project was the importance of partnership and collaboration. Participants highlighted several priority areas, including collaboration with other exchanges, the development of shared platforms and cross-listing arrangements, regional roadshows, knowledge sharing and benchmarking, and engagement with foreign investors and international advisors.

Both sovereign wealth funds and exchanges identified collaboration as a critical enabler of capital market development, particularly as financial markets continue to mature and evolve. While sovereign wealth fund-exchange partnerships remain important, cross-institutional and cross-border collaborations were consistently seen as ways to accelerate learning, expand market exposure, and mitigate risk.

In the GCC, collaboration often takes the form of strategic alliances between exchanges and government departments, as well as memoranda of understanding with regulators and ministries. Several exchanges described joint initiatives to align listing standards or co-develop market infrastructure. These efforts are specifically designed to establish credibility and promote regulatory and operational coherence throughout the ecosystem.

For example, the Abu Dhabi Securities Exchange (ADX) has established global collaborations with exchanges via its Tabadul Hub, launched in 2022. ADX also launched an initiative with global social trading and multi-asset investment platform eToro, whereby eToro users can access stocks traded on ADX.

Similar forms of cross-border collaboration could also benefit African markets. In particular, the CFA Franc bloc (comprising the 14 countries with a currency pegged to the Euro) offers a potential foundation for improved market integration, such as the development of a regional stock exchange.

Knowledge-sharing platforms also featured prominently in our discussions. Regional roadshows, for instance, play a crucial role in helping to raise the visibility of listings and create informal spaces for peer-to-peer exchange. Interestingly, our interviewees also noted that these roadshows increasingly need to engage with established international financial centres such as New York, London, and Singapore to build visibility and attract global investors.

As with legal frameworks, benchmarking against developed markets was seen as valuable, but only when practices are selectively adopted and adapted to fit local needs, i.e. creating ‘industry novel practice’. Likewise, hiring consultants with experience in other exchanges was also cited as an effective way to build institutional knowledge, develop cross-market partnerships and embed ‘industry best practice’.

For African sovereign wealth funds, one respondent emphasised the role of foreign direct investors (FDIs), regional institutions, and cross-border initiatives in early-stage development. The presence of credible external partners was seen as a way to attract diverse and alternative sources of funding and technical expertise, which in turn strengthens market confidence and trust, ultimately encouraging greater participation.

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**“It is important that the entire ecosystem comes together to support that exchange, ... [otherwise] it won’t be able to run on its own commercially, even if you have the best of everything.” (GCC Exchange)**

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## **Case Study: Unlocking African Capital**

### **The Gaia Renewables 1 Feeder Listing Model Feeder Fund Structure and Local Market Access**

To connect global climate capital with African investors, Gaia Fund Managers launched an innovative feeder fund structure through Gaia Renewables 1 Limited (GR1), which invests in the Gaia Africa Climate Fund (GACF).

GR1 is listed on the Cape Town Stock Exchange (CTSE) with a cross-listing on the Botswana Stock Exchange (BSE). Importantly, Botswana's regulator, NBFIRA, has granted the fund local asset status, enabling pension funds and insurers to treat it as a domestic investment. This unlocks previously restricted capital, allowing investors to participate in climate infrastructure through a locally traded instrument in local currency.

The feeder structure has been recognised as a pioneering solution to mobilise African institutional investors into sustainable infrastructure. Building on this success, additional cross-listings are planned for Kenya and Ghana within the next 12 months, further expanding regional investor access and integration.

### **Benefits of Listing on CTSE and BSE**

- **Governance and transparency:** Exchange listings ensure strong disclosure and governance, boosting investor confidence.
- **Credibility:** Institutional-grade recognition aligns GR1 with national and regional climate finance goals.
- **Liquidity and exit:** Tradable securities provide liquidity for investors and create a secondary market for infrastructure equity.
- **Market development:** Listings mobilise African capital, deepen markets, and provide a replicable model for financing green infrastructure.
- **Access for listed mandates:** The listing facilitates access for listed mandates to invest in the structure, broadening participation from institutional investors who are otherwise restricted by mandate rules.

### **Unlocking African Pension Capital & Building a Sustainable Ecosystem**

Through local listings, GACF is unlocking Africa’s vast pension and insurance capital pools for sustainable energy. Local-asset recognition enables institutions to invest at scale while remaining regulatorily compliant. Cross-listings create a pan-African investor base, pooling capital from South Africa, Botswana, Kenya, Ghana and beyond into one climate-focused vehicle.

Importantly, the listing also facilitates access for listed mandates to invest in the structure, broadening participation from institutional investors who are otherwise restricted by mandate rules.

This approach strengthens the project finance cycle: developers exit mature projects, reinvest in new ones, and local institutions gain predictable, impact-driven returns. By bridging global capital with African markets, GR1 demonstrates how profit with purpose can drive Africa’s green transition at scale.

### **Background: The Gaia Africa Climate Fund (GACF)**

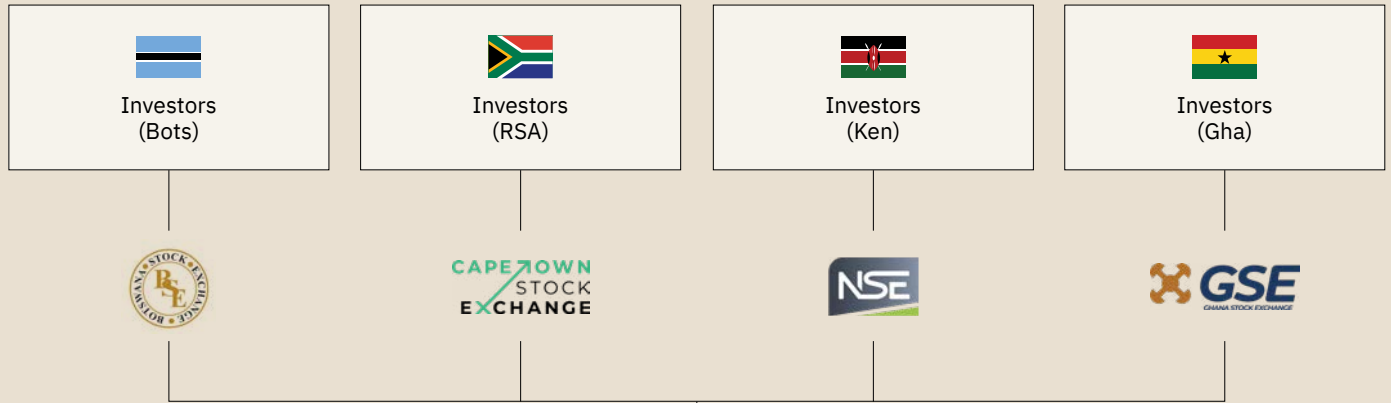
The Gaia Africa Climate Fund (GACF) is a \$200 million climate infrastructure fund domiciled in Luxembourg and classified as an SFDR Article 9 “deep green” fund. Endorsed at the 2023 New Global Financing Pact in Paris, GACF addresses the financing gap in Sub-Saharan Africa’s critical sustainable infrastructure, with a mandate to invest in utility-scale renewable energy.

Its mission is to catalyse secondary market exits for early-stage renewable energy developers, recycling capital into new greenfield projects. By creating a vibrant secondary market, GACF mitigates exit risk, increases investment capacity, and expands access to clean energy across the region.

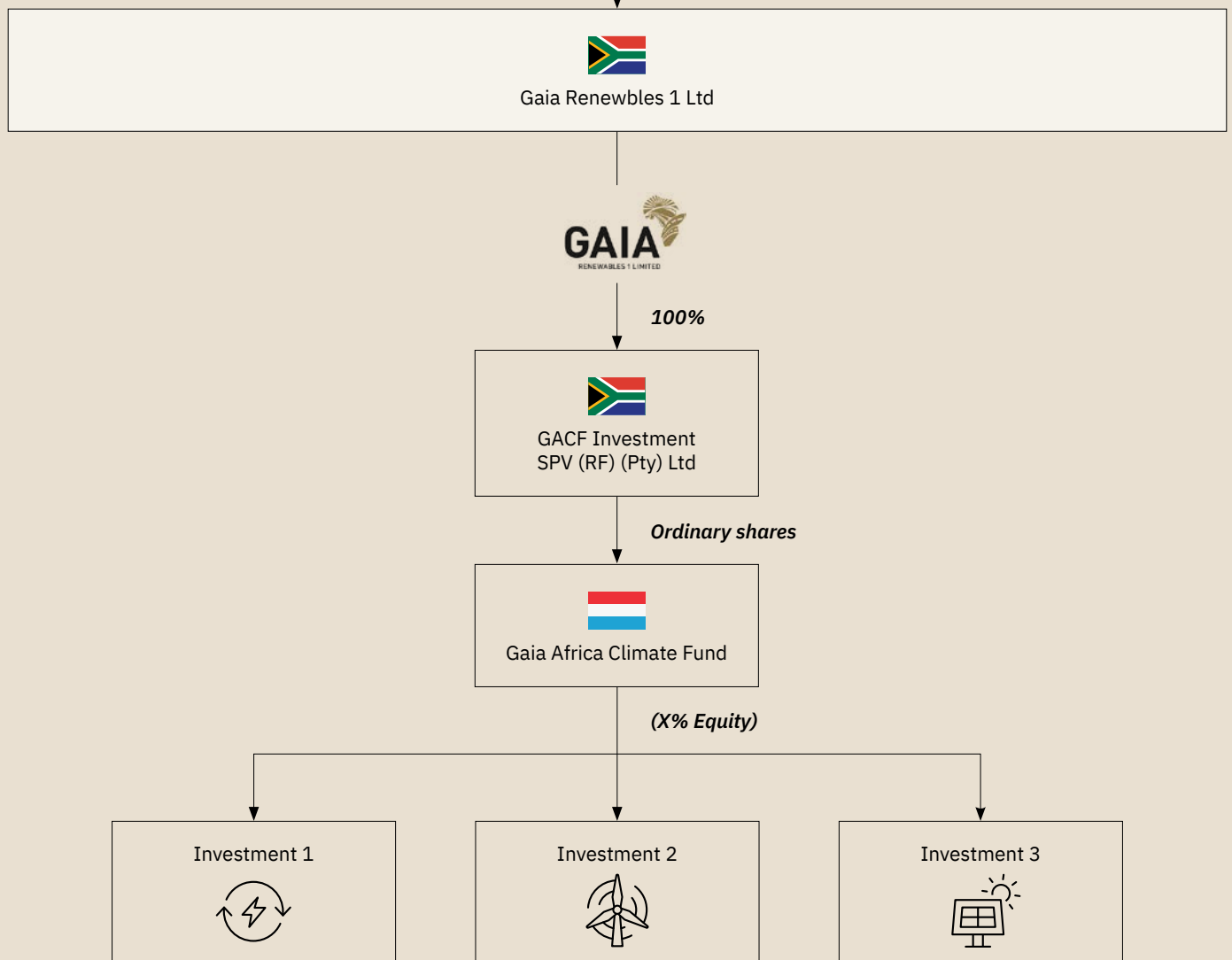


### Structure

#### Dual Listed Preference Shares



#### Primary B Preference Shares



# Practical Implications





Social and technical elements must be **jointly optimised** to support meaningful and sustainable capital market development.

In this section, we progress to a practical discussion, aiming to provide actionable insights for sovereign wealth funds and their boards. The goal is to support sovereign wealth funds and stock exchanges seeking to establish or accelerate their development, as well as that of local capital markets, by clarifying what has been successful and where challenges typically arise. In doing so, this report contributes to IFSWF's broader mission of facilitating the free flow of capital across markets, including in the Global South, reinforcing its position as a source of peer-driven knowledge and thought leadership.

The findings highlighted several interrelated factors influencing the development efforts of sovereign wealth funds and stock exchanges, reflecting structural, strategic, institutional, and relational dynamics. This section frames these factors within a broader perspective, viewing sovereign wealth funds and exchanges as operating within complex adaptive systems characterised by dynamic interactions, continual adaptation, and multiple stakeholders.

Furthermore, we can interpret the opportunities and challenges highlighted in the findings as features of a sociotechnical system, i.e., one in which both the social and technical elements must be jointly optimised to support meaningful and sustainable capital market development (Abbas & Michael, 2023; Ehsan et al., 2023; Imanghaliyeva, 2020; Pasmore et al., 2019; Polojärvi et al., 2023).

**Social aspects** focus on the human, organisational, and cultural side of the ecosystem and include:

- **People and Roles:** Skills, capabilities, expertise, and responsibilities.
- **Trust and Legitimacy:** Confidence in institutions, relationships, and governance.
- **Values and Norms:** Shared beliefs, narratives, and cultural context.
- **Organisational Structures:** Leadership, boards, hierarchies, decision-making practices.
- **Collaboration and Communication:** How actors coordinate, share knowledge, and build alignment.
- **Power and Politics:** Institutional authority, legitimacy, and stakeholder interests.

**Technical aspects** focus on the systems, rules, tools, infrastructure, processes, and structures that enable or constrain the system.

Technical aspects include:

- **Infrastructure and Systems:** Trading platforms, settlement systems, IT, and digital tools.
- **Regulation and Rules:** Legal frameworks, compliance regimes, reporting standards.
- **Processes and Models:** Benchmarks, performance metrics, risk models, financial products.
- **Data and Information:** Market data, reporting mechanisms, technical standards.
- **Incentive Structures:** Listing requirements, tax regimes, investor protections.
- **Physical/Material Resources:** Technology, capital, hardware, and logistics.

### A Complex and Adaptive Ecosystem

Developing an effective stock exchange involves more than just resolving institutional or regulatory challenges; it is inherently a social and technical process. As the *Key Insights and Core Themes* section illustrated, success relies significantly on the alignment between national strategic objectives and local operational capabilities. Both sovereign wealth funds and exchanges must navigate an ecosystem where policies, technologies, market participants, and institutional relationships evolve in an interconnected and non-linear manner. In this sense, exchanges and sovereign wealth funds can be understood as operating within a complex adaptive system (Holland, 1992; Anderson, 1999), in which their learning, adaptation, and co-evolution are essential.

Through this lens, the study suggests exchanges and sovereign wealth funds should view themselves as joint participants within a dynamic, complex adaptive system, and initiatives to develop their capital markets can be enriched by addressing the dynamic interdependencies between social factors and technical structures in organisations (Troyer, 2017). This requires flexibility, the capacity for continuous learning, and mechanisms for ongoing adaptation rather than rigid, linear planning.

Indeed, a recurring insight from the research findings is that purely technical challenges often require complementary social and/or technical solutions to ensure that they have a lasting impact. When either side develops in isolation, progress tends to stall. However, when these elements evolve in a coordinated and adaptive way, the ecosystem becomes more resilient, capable of learning, and better positioned to deliver long-term impact.

Sovereign wealth funds and exchanges would be well-advised to assess which challenges require technical solutions, social interventions, or a combination of both.

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“Everyone in this ecosystem is participating one way or another in the exchange.”  
(GCC Exchange)

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“As we make progress, we will observe how the market adapts. Based on those results, we can then define the next steps and the actions we, as an institutional investor, should take.” (African SWF)

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“We’re trying to act, essentially as a developer, as ‘a growth promoter’ in the economy.” (African SWF)

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### Strategic Clarity and Operational Flexibility

A clear and coherent national vision consistently emerged as a critical success factor for developing local stock exchanges. In more mature contexts, such as those within the GCC, the alignment of broader economic strategies and operational execution was well-established. Multi-year divestment programmes and coordinated cross-ministerial initiatives provided stability and direction. By contrast, in emerging African contexts, the connection between overarching strategies and practical implementation tended to be weaker and more aspirational.

Consequently, to drive the development of their local capital markets, Africa’s sovereign wealth funds should seek to emphasise strategic clarity and ensure alignment across institutions. However, strategic clarity alone is insufficient for success. Our findings indicate that successful execution depends on providing sufficient flexibility to local exchanges and operational teams. Allowing autonomy within defined strategic parameters helps exchanges navigate unforeseen challenges, leverage local and specialised knowledge, and respond effectively to changing conditions.

### Sovereign Wealth Funds are Enablers of Progress

Institutional coherence (clarity, alignment, and effective coordination of roles, responsibilities, and strategic goals across different institutions or stakeholders) emerged as a decisive factor in the successful development of stock exchanges. In addition to being financial investors, sovereign wealth funds can also be key providers of credibility, policy alignment, and market influence. The most successful examples from the GCC involved clearly defined roles and coordination between sovereign wealth funds (where there are multiple organisations), exchanges and all other key stakeholders.

Conversely, institutional fragmentation, which is often observed in contexts with overlapping mandates and weak governance frameworks, frequently undermines progress. Exchanges facing such fragmentation may encounter confusion, duplication, and friction. Thus, establishing clear governance structures and institutional coherence is essential for sustained strategic continuity and market confidence.

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“The learning process is looking at the market and identifying effectively what the bottlenecks are and how we can address them.”  
(African SWF)

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### Accounting for Technological and Social Innovation

The research findings highlighted that adopting new infrastructure and technology can drive progress, but also creates obstacles. Exchanges face significant pressure to modernise trading platforms, digitalise their operations, and ensure compatibility with global systems. However, without simultaneously building internal capabilities, technological upgrades in and of themselves do not guarantee effective outcomes.

Exchanges with limited budgets or legacy systems faced particular challenges in adopting new technologies. Their experiences demonstrated the importance of considering ‘technical’ challenges in conjunction with ‘social’ interventions, such as staff training, leadership development, and inter-agency collaboration.

### Maintaining Regulatory Flexibility and Responsiveness

Our interviewees consistently emphasised that clear and pragmatic regulatory frameworks were essential in helping them keep pace with technical and financial innovation. Excessively rigid regulation can inhibit innovation and market participation. The optimal regulatory environment identified by respondents strikes a balance between clarity and stability, allowing exchanges and market actors to respond swiftly to evolving conditions and opportunities.

Efforts to harmonise regulations across regions, whether within the GCC or between African markets, were widely supported but recognised as challenging. Participants recommended iterative approaches to regulatory development, allowing legal frameworks to evolve in tandem with the securities market. This flexible yet coherent regulatory stance can also facilitate trust-building and, consequently, encourage active market participation.

### Strengthening Organisational Capabilities

A critical insight from the findings relates to the internal capability of exchanges themselves. Exchanges can face significant challenges in recruiting qualified staff, developing leadership capabilities, and sustaining institutional knowledge. Smaller exchanges, in particular, noted a reliance on external consultants, which limits long-term capacity building.

The evidence suggests that sovereign wealth funds can support local entities in their effort to drive local capability development. Initiatives such as internal leadership programmes, structured secondments, peer-learning forums, and targeted training programmes were highlighted as effective strategies. These local entities can, in turn, empower exchanges to innovate and adapt independently, rather than relying solely on external expertise.

### Cultivating Trust

Building trust across stakeholders is fundamental to successful market development. Trust represents the critical relationship capital that can underpin market confidence, regulatory compliance, and investor engagement. Trust-building activities such as educational campaigns, incentive programmes, and clear communication strategies significantly enhance the exchange's trustworthiness and, therefore, engagement with investors and companies.

In this context, sovereign wealth funds can strengthen exchanges by visibly supporting strategic initiatives, thereby providing reassurance to other market participants and stakeholders. Trust fosters cooperation, enabling stakeholders to operate with greater confidence and autonomy, thus enhancing overall market resilience and effectiveness.

### Championing Collaboration

Partnership and collaboration emerged strongly as essential features of effective exchange development. Collaboration was consistently identified as a means to pool resources and serve as a crucial platform for learning, innovation, and strategic alignment. Cross-border collaborations, particularly between GCC and African exchanges, were seen as especially valuable for accelerating capacity building and knowledge exchange.

Sovereign wealth funds should advocate for treating partnerships as ongoing relationships, rather than isolated partnerships, to contribute to system-wide learning, improved collective knowledge, and resilience building. Collaborative approaches also facilitate shared innovation and reduce the risks inherent in unilateral experimentation or development initiatives.

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**“Nothing is perfect, but the enthusiasm, ability, and willingness [from the government] to remove obstacles and make changes have been fantastic.”**  
**(GCC Exchange)**

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### Principles for Effective Change

Drawing from the research findings, there are several practical principles that sovereign wealth funds can consider in order to effectively support exchange development:

- Clearly define and communicate strategic objectives across all relevant institutions to ensure alignment and consistency.
- Establish clear roles, responsibilities, and accountability structures among sovereign wealth funds, exchanges and other stakeholders.
- Invest in technological infrastructure alongside complementary organisational capacity-building efforts.
- Develop regulatory frameworks that balance “industry best practice” with the flexibility and responsiveness to changing circumstances of “industry novel practice”.
- Encourage decentralised decision-making, empowering those closest to operational challenges to adapt as needed.
- Prioritise ongoing trust-building activities and transparent communication to ensure market confidence.
- Foster meaningful, strategic partnerships that support knowledge transfer, capability development, and innovation.

#### Summary

Sovereign wealth funds are uniquely positioned to act as agents of change. Their role goes beyond pure capital deployment; they are pivotal in shaping the environment in which the ecosystem operates. By embracing adaptive, context-sensitive strategies aligned with clear overarching objectives, sovereign wealth funds can effectively support sustainable capital market development.

The insights provided here underpin the practical toolkit summarised in the next section, offering actionable guidance for IFSWF members and their partners to advance their exchange development initiatives within their respective complex adaptive ecosystems.

# Toolkit: Bridging the Sociotechnical Gap



## In this final section of the report, we translate the findings and discussion into a practical toolkit guide.

Our findings revealed that considering the technical aspects of the capital markets in isolation from the social factors can hinder the development of a stock exchange. Doing so creates a sociotechnical gap, where both social and technical challenges must be addressed and optimised in context. Importantly, this gap does not always need to be narrowed, but it does need to be bridged. According to our research, sovereign wealth funds are uniquely positioned to play this bridging role.

Our toolkit distils the seven core themes identified in the research and highlights three in particular, **Strategic Vision and Objectives**, **Institutional Support and Governance**, and **Organisational Capabilities**, as practical levers for balancing social and technical factors, and as areas where sovereign wealth funds can positively influence the trajectory of exchange development.

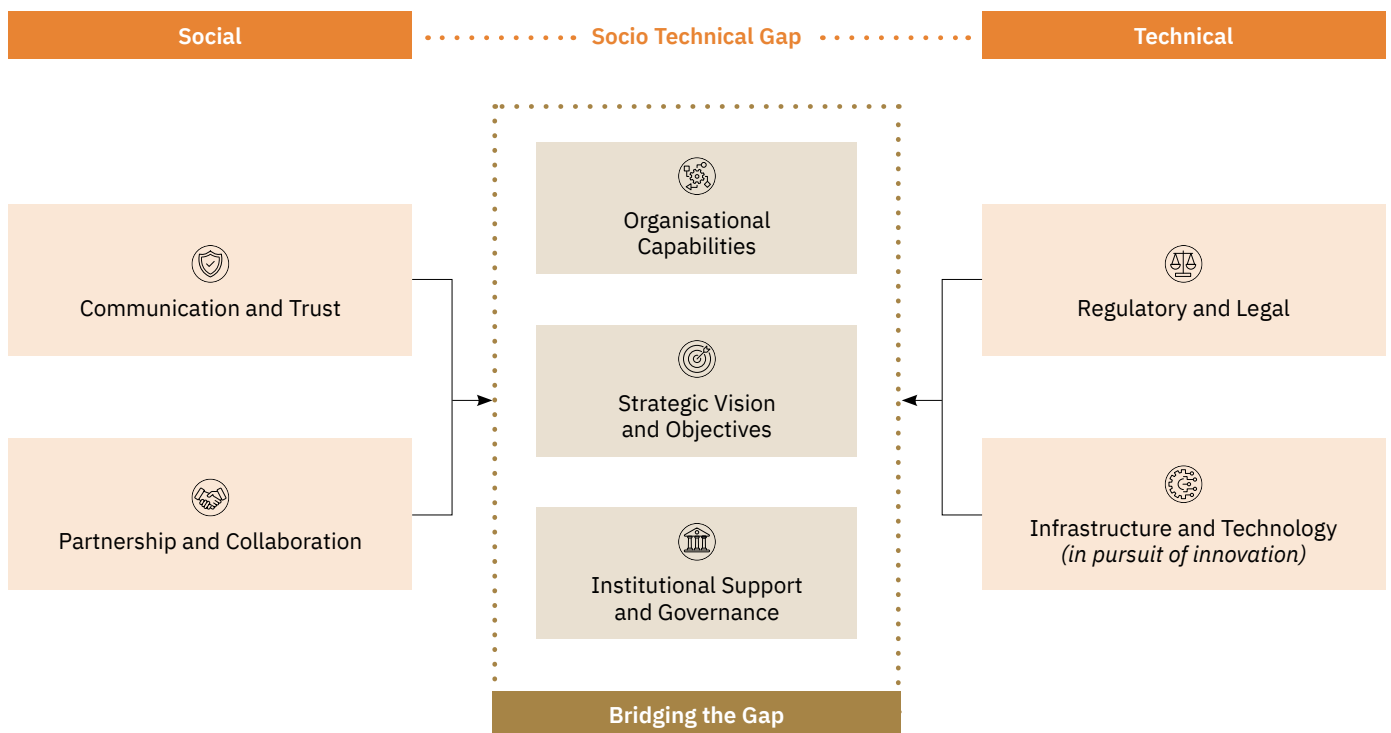
We believe that sovereign wealth funds can create the greatest value in what we describe as the **Bridge Zone** (see Figure 2 overleaf). This is where the social and technical factors intersect, operate interdependently, and can be jointly optimised to address challenges through best-practice or innovative novel solutions, while preparing for both anticipated and unanticipated bottlenecks in uncertain and complex environments. As noted, from the core themes identified in the thematic analysis, three in particular were found to occupy this Bridge Zone.

### The Three Bridging Themes: Where Sovereign Wealth Funds Have the Most Impact

- 1. Strategic Vision and Objectives** translate national ambitions into exchange-specific aims and boundary conditions (e.g., market depth, strategic listings, retail participation). It turns the “why” into a strategy for “how.”
- 2. Institutional Support and Governance** aligns stakeholders (ministries, regulators, exchanges, etc.) and can help stabilise progress across business or management change cycles. The aim is for coherence within the ecosystem, not necessarily control.
- 3. Organisational Capabilities** make the strategy executable (leadership, skills, incentives, and knowledge transfer, etc.) so that an exchange can develop resilience without becoming dependent on any single social or technical factor.

The following diagram provides a breakdown of the core themes, illustrating how they can be understood within the context of a sociotechnical system. We also highlight the Bridge Zone, where sovereign wealth funds can operate to connect social and technical aspects of their system, leading to more adaptive approaches to problem-solving and driving more resilient exchange development initiatives.

**Figure 2 The Sociotechnical System**



Core themes mapped according to the Sociotechnical System (adapted from Ehsan et al., 2023, p. 12)

This toolkit translates our findings into practical considerations and self-reflective questions across the seven core themes derived from our interviews. By identifying their own challenges on the sociotechnical spectrum, these questions may help sovereign wealth funds make sense of their current landscape, identify sociotechnical gaps and decide how to respond accordingly. The solutions highlighted also reflect this dynamic: challenges at one end of the spectrum may require solutions from the other.

For each core theme, we summarise the common challenges and present the corresponding solutions identified by participants in the research findings. We also suggest potential questions to help sovereign wealth funds make sense of their current context, enabling stakeholders, and sovereign wealth funds in particular, to respond effectively and steer developments in the right direction.



## 1. Strategic Vision and Objectives (Bridging the Gap)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Aligning national economic strategies with exchange development	<ul style="list-style-type: none"> <li>• Embed exchange goals within broader economic transformation plans (Both)</li> <li>• Use sovereign wealth funds as strategic partners to ensure policy alignment (Social)</li> </ul>	<ul style="list-style-type: none"> <li>• Are exchange strategies clearly aligned with national development priorities?</li> <li>• How can sovereign wealth funds bridge gaps between national economic vision and market execution?</li> <li>• Do sovereign wealth funds act as passive investors or strategic anchors?</li> </ul>
Exchange transformation complexity	<ul style="list-style-type: none"> <li>• Phased, realistic transformation plans (Both)</li> <li>• Regular review and adaptation (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are transformation goals pragmatic and sequenced?</li> <li>• How do we ensure reforms adapt to fast-changing contexts?</li> <li>• What role can sovereign wealth funds play in sustaining momentum?</li> </ul>
Retail participation & market depth	<ul style="list-style-type: none"> <li>• Investor education and awareness (Social)</li> <li>• Incentives for retail engagement (Technical)</li> <li>• Support for SME listings (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can sovereign wealth funds catalyse broader retail participation?</li> <li>• Should sovereign wealth funds support IPOs of consumer-facing or other SME firms?</li> <li>• What incentives are most effective to deepen liquidity and improve trading volume?</li> </ul>
Limited pipeline of listings (public & private)	<ul style="list-style-type: none"> <li>• Support IPOs, divestments, and SME participation (Technical)</li> <li>• Selective anchor listings with sovereign wealth fund involvement (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can sovereign wealth funds use their portfolio companies to seed listings?</li> <li>• Are the listing pipelines diversified across sectors and sizes?</li> <li>• Should sovereign wealth funds set targets for IPO participation?</li> </ul>
Attracting foreign & institutional investors	<ul style="list-style-type: none"> <li>• Roadshows and international marketing (Social)</li> <li>• Improve market access frameworks and incentives (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are we actively promoting domestic exchanges internationally? If not, why?</li> <li>• Can sovereign wealth funds co-lead international investor engagement?</li> <li>• What barriers deter foreign listings or participation?</li> </ul>
Pathway to emerging market status	<ul style="list-style-type: none"> <li>• Benchmark against MSCI/FTSE requirements (Technical)</li> <li>• Institutionalise reforms to meet global standards (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we manage reforms to meet index provider criteria?</li> <li>• Should sovereign wealth funds push for emerging market recognition as a capital inflow catalyst?</li> <li>• What risks arise from over-focusing on benchmarks?</li> </ul>



## 2. Institutional Support and Governance (Bridging the Gap)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Board composition & mandate clarity	<ul style="list-style-type: none"> <li>• Clearer board mandates and role definitions (Social)</li> <li>• Cross-stakeholder board representation to improve perspectives (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Do our exchange boards have the right mix of expertise and independence?</li> <li>• Are sovereign wealth funds using board roles to provide strategic clarity rather than micromanagement?</li> </ul>
Long-term planning & continuity	<ul style="list-style-type: none"> <li>• Establish long-term strategy aligned with sovereign wealth fund mandate (Social)</li> <li>• Successive government commitment to continuity (Social)</li> </ul>	<ul style="list-style-type: none"> <li>• Are our initiatives embedded in long-term frameworks beyond political or management cycles?</li> <li>• How can sovereign wealth funds underpin consistency during leadership or policy transitions?</li> </ul>
Government commitment & leadership gaps	<ul style="list-style-type: none"> <li>• Explicit government backing of privatisation and listing pipelines (Social)</li> <li>• Government guarantees/involvement to attract investors (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we ensure strong, visible government commitment to the exchange?</li> <li>• Are incentives and support aligned with the sovereign wealth fund's strategy?</li> </ul>
Regulatory coordination & autonomy	<ul style="list-style-type: none"> <li>• Coordinated regulatory frameworks (Both)</li> <li>• Empower regulators with autonomy while balancing oversight (Social)</li> </ul>	<ul style="list-style-type: none"> <li>• Are regulators empowered with autonomy and resources?</li> <li>• How do we avoid over-politicisation while ensuring alignment with national goals?</li> </ul>
Unclear sovereign wealth fund role (anchor vs. promoter)	<ul style="list-style-type: none"> <li>• Position sovereign wealth fund as an anchor investor and strategic promoter (Social)</li> <li>• Use sovereign wealth fund legitimacy to catalyse market trust (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are we balancing our financial role with appropriate social behaviours?</li> <li>• Should we act as passive investors or strategic partners?</li> <li>• Do we have the expertise/skills to be a strategic partner for national development?</li> </ul>
Coordination with external stakeholders	<ul style="list-style-type: none"> <li>• Formal coordination mechanisms with banks, DFIs, and private actors (Both)</li> <li>• Joint innovation and co-investment initiatives (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we leverage external partners without losing internal know-how and ownership?</li> <li>• How do we incentivise blended investment opportunities effectively?</li> </ul>
Political/external dependencies	<ul style="list-style-type: none"> <li>• Phased, context-specific strategies resilient to external shocks (Both)</li> <li>• Regional cooperation for stability (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we insulate exchange development from short-term politics and politicking?</li> <li>• Can sovereign wealth funds use regional partnerships to reduce vulnerability to external factors?</li> </ul>
Funding & resource mobilisation	<ul style="list-style-type: none"> <li>• Patient capital via sovereign wealth fund-led financing (Technical)</li> <li>• Catalysing private and international capital (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• What is the most effective way to provide patient capital to fill funding gaps without crowding out the private sector?</li> <li>• How do we select appropriate private investors, and what are the most important interests that need to be aligned?</li> </ul>



### 3. Innovation, Infrastructure and Technology (Technical)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Liquidity & Market Functioning	<ul style="list-style-type: none"> <li>• Support market-making mechanisms (Technical)</li> <li>• Use banks to provide liquidity backstops (Both)</li> <li>• Encourage cross-market trading through regional digital platforms (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can we ensure sufficient liquidity in early-stage exchanges?</li> <li>• Should we backstop liquidity directly or through partnerships (banks, DFIs)?</li> <li>• How can regional platforms enhance scale and depth?</li> </ul>
Infrastructure Readiness & Cost	<ul style="list-style-type: none"> <li>• Prioritise infrastructure investment strategically (Technical)</li> <li>• Partner internationally to share costs/benchmarks (Both)</li> <li>• Explore phased, modular build-outs (Technical)</li> </ul>	<ul style="list-style-type: none"> <li>• Are we considering infrastructure investments that avoid overbuild and future legacy issues?</li> <li>• How might we engage with global peers to maintain quality while managing costs?</li> <li>• Can we adopt modular or flexible infrastructure models?</li> </ul>
Complexity & Integration	<ul style="list-style-type: none"> <li>• Promote solutions integrated with the wider ecosystem (Both)</li> <li>• Collaborate with regulators, banks, and exchanges to co-develop initiatives (Both)</li> <li>• Use narrative building and stakeholder engagement to align interests (Social)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we ensure new solutions are integrated, not standalone?</li> <li>• Are we engaging regulators, banks, and private actors early and often enough?</li> <li>• How do we balance ambition with executional pragmatism?</li> <li>• What narrative do we want to create and share?</li> </ul>
Technology & Digital Transition	<ul style="list-style-type: none"> <li>• Invest in trading, clearing, and settlement upgrades (Technical)</li> <li>• Explore digital licensing and tokenisation initiatives (Technical)</li> <li>• Benchmark against global leaders (e.g., exchange partnerships) (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we ensure our systems meet global standards for interoperability?</li> <li>• Are digital innovations (e.g., tokenisation) aligned with real market needs?</li> <li>• How can sovereign wealth funds help accelerate the adoption of proven technologies?</li> </ul>
External Dependencies & Uncertainty	<ul style="list-style-type: none"> <li>• Build resilience by stress-testing external shocks (Both)</li> <li>• Encourage diverse product and innovation pipelines (Both)</li> <li>• Support ecosystem-level innovation through pilots and partnerships (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can we prepare exchanges for external shocks (e.g., geopolitics, global liquidity cycles)?</li> <li>• Do we have sufficient product diversity to withstand volatility?</li> <li>• What are we (not) learning from our peers and global case studies?</li> </ul>



#### 4. Regulatory Environment and Legal Framework (Technical)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Regulatory complexity & fragmentation (federal vs. freezone, multiple systems)	<ul style="list-style-type: none"> <li>Streamline legal/regulatory structures (Technical)</li> <li>Coordination across jurisdictions (Both)</li> </ul>	<ul style="list-style-type: none"> <li>How can we encourage harmonisation across fragmented systems?</li> <li>Are exchanges suffering from overlapping or conflicting regulations?</li> <li>Should regional sovereign wealth funds work together to advocate for a unified (multi) national listing framework?</li> </ul>
Compliance & reporting burdens	<ul style="list-style-type: none"> <li>Improve governance and reporting standards (Technical)</li> <li>Standardise exchange reporting (Technical)</li> <li>Promote transparency and clarity (Social)</li> </ul>	<ul style="list-style-type: none"> <li>Are reporting frameworks aligned with global standards?</li> <li>How can sovereign wealth funds push for practical compliance clarity?</li> <li>Is compliance viewed as investor protection or a deterrent to innovation and listings?</li> </ul>
Limited number/diversity of listed companies	<ul style="list-style-type: none"> <li>Incentives for listing (tax, contracts, subsidies) (Both)</li> <li>Encourage debt issuance and new sectors (Technical)</li> <li>Promote privatisations to expand pipeline (Social)</li> </ul>	<ul style="list-style-type: none"> <li>What incentives would genuinely attract listings for our specific market?</li> <li>Should the domestic sovereign wealth fund anchor IPOs and debt issuance to widen pipelines?</li> <li>How might government-owned companies be nudged or incentivised to list?</li> </ul>
Market access & forex burdens	<ul style="list-style-type: none"> <li>Align forex regulations with investor expectations (Technical)</li> <li>Address burdens on trading accounts (Technical)</li> </ul>	<ul style="list-style-type: none"> <li>What forex and market factors might deter foreign participation?</li> <li>Can sovereign wealth funds work with central banks to help stabilize FX regimes to encourage listings?</li> <li>Should incentives be tied to FX flexibility?</li> </ul>
Investor incentives & protections	<ul style="list-style-type: none"> <li>Targeted tax incentives, preferential access (Both)</li> <li>Enhanced investor protections through legal clarity (Technical)</li> <li>Awareness campaigns to support reform (Social)</li> </ul>	<ul style="list-style-type: none"> <li>Are incentives sustainable and transparent?</li> <li>How can sovereign wealth funds monitor incentive schemes to avoid distortion or gaming of the system?</li> <li>What investor protections are missing to build long-term trust?</li> </ul>
Regional harmonisation gaps	<ul style="list-style-type: none"> <li>Passporting &amp; harmonisation regimes (Both)</li> <li>Regional cooperation to align frameworks (Social)</li> </ul>	<ul style="list-style-type: none"> <li>How do we integrate regionally without undermining sovereignty?</li> <li>Are sovereign wealth funds best positioned to help facilitate regional listing or passporting frameworks?</li> <li>Should harmonisation target DFIs, corporates, or retail first?</li> </ul>



## 5. Organisational Capabilities (Bridging the Gap)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Skills shortages & talent attraction	<ul style="list-style-type: none"> <li>• Build local talent pipelines and retain expertise (Social)</li> <li>• Leverage diaspora and regional hiring (Both)</li> <li>• Use external consultants and secondees (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can sovereign wealth funds support exchanges to attract and retain critical talent?</li> <li>• Should we sponsor any training, secondments, or exchange staff programs?</li> <li>• How do we balance in-house capability vs. external consultants?</li> </ul>
Budgetary constraints & hiring flexibility	<ul style="list-style-type: none"> <li>• Prioritise long-term benefits to justify resource allocation (Social)</li> <li>• Flexible budget models, phased hiring (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are exchanges being given sufficient resources at critical stages?</li> <li>• How can sovereign wealth funds provide funding to relieve short-term budget gaps?</li> <li>• What governance structures ensure accountability for resource use?</li> </ul>
Leadership gaps & executional difficulty	<ul style="list-style-type: none"> <li>• Leadership development and internal capability building (Social)</li> <li>• Engage mentors and experienced advisors (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can sovereign wealth funds help develop leadership pipelines in exchanges?</li> <li>• Do we rely too heavily on external expertise instead of building internal capacity?</li> <li>• How can leadership stability and retention be supported during change programmes?</li> </ul>
Reliance on external expertise	<ul style="list-style-type: none"> <li>• Use of external consultants and technical advisors (Both)</li> <li>• Knowledge transfer clauses to avoid dependency (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are consultants really transferring knowledge, or just providing temporary fixes?</li> <li>• How can sovereign wealth funds ensure advisory input strengthens long-term internal organisational abilities?</li> <li>• How might sovereign wealth funds tie consultant use to structured capability-building?</li> </ul>
Learning from peers & global benchmarks	<ul style="list-style-type: none"> <li>• Collaboration with other exchanges (Both)</li> <li>• Learning from international failures and successes (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are we systematically learning from peer markets?</li> <li>• How can sovereign wealth funds convene platforms for cross-exchange knowledge transfer?</li> <li>• What benchmarks should exchanges measure themselves against?</li> </ul>



## 6. Communication and Trust (Social)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Investor confidence & retail engagement	<ul style="list-style-type: none"> <li>• Build personal connections with retail sector (Social)</li> <li>• Provide guidance to issuers (Social)</li> <li>• Long-term retail investor relationships (Social)</li> <li>• Bring in international expertise (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can sovereign wealth funds use their brand and industry relationships to establish and maintain retail trust?</li> <li>• Can sovereign wealth funds provide investor education alongside financing?</li> <li>• How will partnerships boost or result in retail participation?</li> </ul>
Transparency & investor relations	<ul style="list-style-type: none"> <li>• Strengthen disclosure standards &amp; IR practices (Both)</li> <li>• Encourage robust IR teams (Social)</li> <li>• Invest in digital reporting tools (Technical)</li> </ul>	<ul style="list-style-type: none"> <li>• Are disclosure/reporting frameworks aligned with global standards? Which local standards might need to be different?</li> <li>• How can we professionalise investor relations?</li> <li>• Can digital infrastructure improve real-time reporting and relationship building?</li> </ul>
Confidence-building in exchanges	<ul style="list-style-type: none"> <li>• Establish market-making &amp; liquidity support (Technical)</li> <li>• Build positive narratives around exchanges (Social)</li> <li>• Promote exchanges as national assets (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How can we backstop liquidity in early-stage exchanges?</li> <li>• Are we communicating the right messages e.g., stability and reliability, effectively?</li> <li>• How do we signal and demonstrate long-term commitment?</li> </ul>
Complexity & stakeholder buy-in	<ul style="list-style-type: none"> <li>• Use storytelling to align stakeholders (Social)</li> <li>• Adapt proven practices via global partners (Both)</li> <li>• Promote regional collaboration &amp; knowledge exchange (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we ensure stakeholder buy-in early?</li> <li>• Are we using narratives to mobilise support?</li> <li>• How can regional collaboration reduce costs and accelerate adoption?</li> </ul>



## 7. Partnership and Collaboration (Social)

Challenges	Corresponding Solutions	Key Questions for Sovereign Wealth Funds
Knowledge gaps & stakeholder education	<ul style="list-style-type: none"> <li>• Structured knowledge exchange and benchmarking (Social)</li> <li>• Targeted education programmes for regulators, issuers, and investors (Social)</li> </ul>	<ul style="list-style-type: none"> <li>• How can sovereign wealth funds convene and fund effective knowledge-sharing platforms?</li> </ul>
Market perception & promotion	<ul style="list-style-type: none"> <li>• Roadshows, marketing campaigns, and ecosystem promotion (Social)</li> <li>• Collaboration with governments and peers to raise awareness (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are we doing enough to raise the visibility of domestic exchanges internationally?</li> <li>• How can sovereign wealth funds use their networks to attract global investors?</li> <li>• Should sovereign wealth funds co-lead investor roadshows with exchanges?</li> </ul>
Fragmented stakeholder coordination	<ul style="list-style-type: none"> <li>• Partnerships with other exchanges (Social)</li> <li>• Cross-listing, shared platforms, and joint investor outreach (Both)</li> <li>• Engagement with DFIs and development banks (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• Are we creating joint platforms to reduce fragmentation?</li> <li>• How can sovereign wealth funds use DFIs/IFIs to crowd in capital and expertise?</li> <li>• Should we pursue cross-listings to accelerate liquidity and volumes?</li> </ul>
Dependence on government or external actors	<ul style="list-style-type: none"> <li>• Regional and international partnerships to share risk (Both)</li> <li>• Leverage DFIs for co-financing and blended structures (Technical &amp; Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we avoid over-reliance on the involvement of any one stakeholder or foreign partner?</li> <li>• How can sovereign wealth funds design sustainable, locally anchored partnerships?</li> <li>• What balance of domestic vs. external partnerships best supports resilience?</li> </ul>
Limited regional collaboration	<ul style="list-style-type: none"> <li>• Peer exchange and South–South partnerships (Social)</li> <li>• Structured MoUs and cooperation agreements (Both)</li> </ul>	<ul style="list-style-type: none"> <li>• How do we strengthen regional collaboration rather than compete?</li> <li>• Can sovereign wealth funds play a catalytic role in aligning regional capital-market initiatives?</li> <li>• What lessons from GCC–Africa cooperation can be replicated elsewhere?</li> </ul>

# Conclusion



This report has highlighted the role that sovereign wealth funds can play in accelerating the development of local capital markets and contributing to broader social impact through their support of domestic exchanges.



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Sovereign wealth funds can help create **more resilient platforms for future growth** and development.

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By examining experiences across the GCC and reflecting on perspectives from their African counterparts, the research reveals that the role of sovereign wealth funds extends well beyond that of a passive investor. They provide legitimacy, anchor confidence, and align exchange development with broader national objectives and strategic initiatives. Our research has shown that their engagement has enabled innovation, attracted prominent listings, and catalysed new partnerships while reinforcing existing ones. However, such initiatives have also exposed challenges around regulation, talent, infrastructure, and long-term adaptability.

Our findings suggest that successful exchange development necessitates a balance of vision and pragmatism, institutional coherence, and robust collaboration among stakeholders across the ecosystem. Exchange development must also be understood as a process of dealing with complexity, where progress depends on the dynamic interaction of social and technical elements rather than on any single lever of change. When positioned as strategic partners, sovereign wealth funds can help lead and bridge structural social and technical gaps, creating more resilient platforms for future growth and development.

While no single model fits all, the lessons from GCC markets offer valuable insights for other members of the Global South, particularly in Africa, as they chart their own pathways.

IFSWF members are ideally placed to use the Forum as a platform for sharing their knowledge and experiences. Through this collaboration, members can also coordinate their approaches and support each other in strengthening their own capital markets.

## Contributors

### About the International Forum of Sovereign Wealth Funds (IFSWF)

The International Forum of Sovereign Wealth Funds (IFSWF) is a global network of sovereign wealth funds established in 2009 to enhance collaboration, promote a deeper understanding of sovereign wealth fund activity, and raise the industry standard for best practice and governance.

### About Consilient Alpha™

Consilient Alpha™ (CA) is an independent research and management consultancy based in Singapore, dedicated to enhancing decision-making processes within the investment industry. CA partners with institutional investors and asset managers to develop tailored and often unconventional strategies that address their unique organisational and investment challenges. Our transdisciplinary approach bridges the gap between academic theory and practical application, offering insights that empower senior management and key decision-makers to navigate and manage their complex, adaptive work environments. We work predominantly with investment teams, executive leadership, and boards, offering bespoke advisory, research, and training, as well as coaching through trusted external partners. CA collaborates with some of the world's leading academics, industry experts and practitioners to deliver independent advice and consultancy. All engagements are handled with the highest level of discretion.

Robert Bennett-Lovsey is the Founder and Managing Director of Consilient Alpha, based in Singapore. His current research focuses on expert team performance, AI-human teaming, creative insight generation, and the decision-making processes within large, multi-billion-dollar institutional investors. He holds a BA (Hons) in Modern Languages and European Studies from the University of Bath (UK) and a Master's degree with Distinction from INSEAD (Singapore/France). Robert has completed executive programmes in investment decision-making, behavioural finance, neuropsychology and decision analysis at Harvard, the University of Chicago, Cornell and the University of Cambridge. He is a member of the INSEAD Directors Network and the Singapore Institute of Directors, and is also a CAIA charterholder.

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## Steve Wallace

Steve Wallace is a seasoned executive in traditional and web3 capital markets, based in Dubai, with over 25 years of experience at the forefront of institutional finance, blockchain innovation, and investment management.

Steve serves as Head of Capital Markets at RealFi, an Input Output Group company, where he leads capital markets strategy, develops institutional pipelines for investment products, and forges commercial partnerships for various web3 initiatives. RealFi is a decentralized finance (DeFi) platform that enables users to access a wide range of DeFi services, including lending, borrowing, and staking.

Steve is an active member of the Industry Advisory Council for Higher Colleges Technology (HCT) in the UAE and advises them on their digital finance curriculum. In addition, he also acts as Corporate Advisor to Blocklogica Labs, advising on web2-to-web3 transitions, and as Middle East Advisor to Alpine Capital Advisors.

Steve's career encompasses senior leadership roles with globally recognised institutions, including ING Wholesale Banking, CAIA Association, CFA Institute, Franklin Templeton Investments, Polygon Labs, and MSX Limited. At these organizations, he has built and managed investment pipelines, executed institutional sales strategies, originated government and NGO partnerships, and spearheaded industry leading educational and digital asset programs.

He holds a Bachelor of Business (Financial Planning) from RMIT and attained both the Chartered Alternative Investment Analyst and Chartered Due Diligence Analyst designations. Steve further completed a Postgraduate Certificate in Sustainable Development from SOAS and the Blockchain Strategy Programme at Oxford Saïd Business School, underscoring his commitment to sustainable finance and digital asset leadership.

# Appendix

## **Appendix 1: Methodology and Research Setting**

### **Methodology**

Sovereign wealth funds and their domestic economies are undergoing rapid change, driven by both internal and external forces. Domestically, economic growth and the demand for more sophisticated financial services are on the rise. Externally, geopolitical tensions, regulatory changes, social and technological shifts, and global financial and capital market dynamics are reshaping the landscape. While the development of financial exchanges has been extensively researched, the specific role of sovereign wealth funds in establishing or accelerating the growth of their local exchanges has received limited attention. This research aims to address that gap, offering a precedent for knowledge-sharing within the Global South by leveraging insights from sovereign wealth funds and local exchanges in the GCC for the benefit of their African counterparts.

### **Thematic Analysis**

Given the qualitative nature of this study, thematic analysis was used to identify emergent themes from the data (Braun & Clarke, 2006). Thematic analysis is a systematic method for finding meaningful patterns across audio recordings, interview transcripts, field and meeting notes, and other qualitative data. It enables researchers to distil large volumes of information into significant trends and concepts that address the research question(s).

### **Inductive Coding**

To avoid imposing researcher preconceptions, we used an inductive coding approach. Codes were created directly from the data rather than from a pre-set framework (deductive coding). This flexible process allowed unexpected insights to emerge by capturing meaningful patterns organically through the data analysis.

### **Semi-structured Interviews**

A semi-structured interview format was chosen to allow for flexibility and adaptability in exploring this under-researched topic (Ruslin et al., 2022). This format provided a balance between consistency across core research areas and the ability to capture participant-specific perspectives.

### **Data Sources**

Primary data was collected through interviews conducted via Zoom and Microsoft Teams between March and August 2025, each lasting approximately one hour. Notes from selected in-person meetings were also included to provide additional contextual insights.

Participants were purposively selected to capture the perspectives of professionals directly engaged in exchange development and/or with the involvement of sovereign wealth funds. All interviews were conducted on a non-attributable basis, with confidentiality assured unless otherwise agreed. Interview data was supplemented with desk research and publicly available sources to provide additional context and validation.

### **Data Processing**

A documented coding process was followed to ensure transparency and consistency. Interviews were recorded and transcribed using software (Zoom and Otter.ai), followed by manual corrections. Transcripts were uploaded into qualitative analysis software (Delve), and notes were taken during interviews.

The analysis followed Braun and Clarke's (2006) six-phase process. Once coding was largely complete, the data was exported to Excel, reorganised, and refined using affinity diagrams (White, 2022).

Because both virtual semi-structured interviews and in-person meeting notes were included, not all participants responded to identical questions, which created challenges in aligning themes. To address this, transcript snippets were grouped into concepts by participant. From these snippet groups, 'Initial Codes' were developed and tagged as either challenges or solutions. These were then consolidated into 'Subcategories,' which were subsequently grouped into seven overarching themes:








1. Strategic Vision and Objectives
2. Institutional Support and Governance
3. Innovation, Infrastructure and Technology
4. Regulatory Environment and Legal Framework
5. Organisational Capabilities
6. Communication and Trust
7. Partnership and Collaboration

A consolidated theme, "Dealing with complexity in an adaptive sociotechnical system," served as an interpretive lens for the discussion. Retrospectively, codes were also classified as social, technical, or sociotechnical in nature.

An abbreviated summary of the coding framework is shown overleaf, illustrating how snippets and initial codes were organised into categories, subcategories, overarching themes, and the consolidated theme within the Excel analysis.

**Table: An abbreviated summary of the thematic analysis results.**

As a qualitative study, the findings reflect the perspectives of a focused group of practitioners. While not exhaustive, they provide directional insights to support peer learning.

Category	Sociotechnical	Subcategories	Overarching Theme	Consolidated Theme
Challenges	Both	Transparency and investor relations	 Communication and Trust	<b>Dealing with Complexity in an Adaptive Sociotechnical System</b>
Challenges	Social	Confidence building in exchanges		
Challenges	Social	Retail investor trust and onboarding		
Solutions	Social	Issuer engagement and education		
Motivations & Aims	Social	Narrative building and storytelling		
Solutions	Both	Transparency and investor relations		
Solutions	Social	Retail investor trust and onboarding		
Challenges	Social	Creative solutions and initiatives	 Innovation, Infrastructure and Technology	
Challenges	Technical	Trading systems and digital platforms		
Solutions	Technical	Infrastructure readiness and prioritisation		
Solutions	Technical	Interoperability with regional and global systems		
Challenges	Both	Infrastructure readiness and prioritisation		
Challenges	Technical	Digital licensing and tokenization		
Solutions	Social	Clearing and settlement		
Challenges	Social	Board composition and mandate clarity	 Institutional Support and Governance	
Motivations & Aims	Social	SWF involvement as anchor/promoter		
Solutions	Both	Regulatory coordination and autonomy		
Solutions	Social	Government commitment and leadership		
Challenges	Both	Government commitment and leadership		
Challenges	Social	Long-term planning and continuity		
Challenges	Social	Regulatory coordination and autonomy		
Motivations & Aims	Social	Long-term planning and continuity		
Challenges	Social	Private markets, IPO and divestment planning		
Solutions	Social	Board composition and mandate clarity		
Challenges	Both	Learning from other exchanges	 Organisational Capabilities	
Challenges	Social	Budgetary constraints and hiring flexibility		
Motivations & Aims	Social	Leadership development and internal capability building		
Solutions	Both	Skills shortages and talent attraction		
Solutions	Both	Use of external consultants		
Challenges	Both	Learning from other exchanges		
Challenges	Both	Leadership development and internal capability building		
Challenges	Social	Skills shortages and talent attraction		
Solutions	Both	Use of external consultants		
Challenges	Social	Knowledge exchange, education and benchmarking	 Partnership and Collaboration	
Challenges	Social	Role of DFIs and international advisors		
Solutions	Social	Marketing and market promotion		
Challenges	Social	Partnerships with other exchanges		
Motivations & Aims	Social	Cross-listing and shared platforms		
Motivations & Aims	Social	Exchange transformation goals		
Solutions	Social	Partnerships with other exchanges		
Solutions	Social	Roadshows and market promotion		
Challenges	Social	Marketing and market promotion		
Solutions	Both	Knowledge exchange and benchmarking		
Solutions	Social	Knowledge exchange, education and benchmarking	 Regulatory Environment and Legal Framework	
Solutions	Social	Passporting and harmonisation efforts		
Solutions	Technical	Compliance and regulatory clarity		
Challenges	Both	Legal and regulatory structures		
Challenges	Technical	Compliance and regulatory clarity		
Challenges	Social	Incentives for listing		
Motivations & Aims	Technical	Market rules and listing criteria		
Solutions	Technical	Market rules and listing criteria		
Solutions	Both	National economic strategy alignment	 Strategic Vision and Objectives	
Challenges	Social	Pathway to emerging market status		
Challenges	Social	Retail participation and market deepening		
Challenges	Technical	National economic strategy alignment		
Challenges	Technical	Pathway to emerging market status		
Motivations & Aims	Technical	Retail participation and market deepening		
Challenges	Technical	Exchange transformation goals		

## **Appendix 2: Research Setting**

The investment and securities exchange ecosystem involves a diverse set of organisations and services, with sovereign wealth funds and exchanges playing integral roles in the broader financial system. The objective of this research was not to distinguish between these institutions but to capture their collective perspectives on capital markets and exchange development. Most importantly, the resulting themes provide a foundation for actionable insights tailored to IFSWF fund members and their boards.

To ensure breadth, interviews and meetings included sovereign wealth fund and exchange professionals directly involved in exchange development, as well as conversations with industry consultants and vendors to provide additional perspectives.

Data sources were flagged according to region (GCC or Africa), perspective (sovereign wealth fund, Exchange, or Other, e.g., asset manager/vendor), and data type (interview transcript or meeting notes).

Eight participants were spread across six countries across the GCC and Africa, and on average they each interviewee had more than 15 years of professional experience. Because establishing or accelerating a local exchange typically requires coordination across multiple departments, participants were selected to represent both internal functions (investments, finance, legal, and operations) and external roles (vendors and exchange partners).

## **Appendix 3:** **Limitations**

This research report is based primarily on qualitative insights derived from semi-structured interviews with sovereign wealth funds and exchanges in the GCC and Africa. While this method provided valuable perspectives, the findings reflect the views and experiences of a relatively small group of participants and may not capture the full diversity of contexts across the Global South. Conducting many interviews via video call, rather than in person, may also have limited opportunities to interpret non-verbal cues and the broader institutional environment, which could have enriched the analysis.

The use of thematic analysis allowed for the identification of recurring patterns and shared challenges, but it inevitably involved a degree of researcher interpretation. Although efforts were made to mitigate bias, the interpretive nature of qualitative coding means that some nuances may have been overlooked or emphasised differently.

Finally, while this study draws lessons from the GCC with the intention of providing actionable insights for African exchanges, the transferability of these findings must be approached with consideration. Political, regulatory, and cultural contexts can differ significantly from region to region, and further locally grounded research will be necessary to adapt these insights into effective practice.

## **Appendix 4:** **Future Research**

This report highlights the important role of sovereign wealth funds in supporting the development of local exchanges, but it remains only an initial step in understanding this evolving area. Further research could expand the geographic scope, examining how lessons from the GCC may be applicable to other regions of the Global South, both within and outside Africa, and across diverse cultural and institutional contexts.

More longitudinal studies could explore how sovereign wealth fund interventions influence capital markets over time in relation to social factors, such as investor participation, and inter- and intra-institutional collaboration, rather than focusing on more traditionally analysed technical factors such as trading volume and liquidity. However, this is out of the scope of this report.

Future work could also combine qualitative insights with quantitative metrics, such as market depth or listing trends, to strengthen the evidence base and our understanding. Methodologically, incorporating group interviews or naturalistic observation could help capture the dynamics of collaboration between exchanges, sovereign wealth funds, government, regulators, and the private sector.

Finally, comparative studies between Global South experiences and more mature markets may offer further clarity on what is context-specific versus broadly replicable, enhancing the relevance of subsequent research.

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