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## African Sovereign Wealth Funds Double Down on Governance to Power Growth and Prosperity

### ***Research reveals the challenges and opportunities for a new generation of sovereign wealth funds***

**London and Cape Town, April 28 2021** – Today, the International Forum of Sovereign Wealth Funds (IFSWF), a global network of sovereign wealth funds from nearly 40 countries, and Franklin Templeton, a global investment management organisation serving clients in over 165 countries, has released new research, titled *Investing for Growth and Prosperity: In Africa, sovereign wealth funds focus on G, S and E* about the challenges and opportunities faced by sovereign wealth funds on the continent of Africa.

The research draws on a wide-ranging survey and interviews with officials from 11 African countries that have a sovereign wealth fund or are in the process of establishing one. The report reveals how the continent's sovereign wealth funds are seeking to attract private capital from international investors to meet the continent's unique set of challenges: a shortage of domestic and international investment, a widespread lack of trust in institutions, and huge economic development needs.

The report identifies three key challenges to which Africa's sovereign wealth funds are taking a similar approach:

1. **Governance.** For Africa's sovereign wealth funds, robust, independent governance is key to attracting private capital. If they are going to attract co-investors, it is essential that international private investors see these funds as peers with aligned interests. Similarly, independence and transparency are essential to building public trust, particularly where the perception of government institutions is largely unfavourable.
2. **Social Impact.** For African sovereign wealth funds ensuring that they have a material, and measurable, impact on the lives of their people builds legitimacy at home, an imperative made more important by the COVID-19 pandemic. To attract large international investors, Africa's sovereign wealth funds are seeking to collaborate to create projects at a financial and social scale that will have a significant impact on the lives of their citizens.
3. **Environment.** Rather than adopting the widely accepted approach to implementing environmental, social and governance frameworks, many African sovereign wealth funds are focusing on solving the problems caused by climate change, such as food and energy security, which can drive conflict and ill-health. This approach enables them to have a direct bearing on the everyday lives of their people.

**Duncan Bonfield, IFSWF Chief Executive**, said, “Africa has become a focus for the planning and creation of new state-owned investors. But these funds are distinct from the resource-rich funds that made up the early wave of their peers. This research shines a much-needed light on a new and innovative sovereign wealth fund model in Africa, which we hope will assist the funds’ collaboration and help their potential co-investors understand them better.”

**Sandeep Singh, Regional Head of Central & Eastern Europe, Middle East and Africa and Head – Islamic Business at Franklin Templeton**, said, “The current global macro environment poses challenges for global asset owners, especially Africa’s sovereign wealth funds, which are a distinctive group of state-owned investors. They continue to evolve to address the continent’s unique set of challenges and remain focused on attracting capital into their respective domestic economies. At Franklin Templeton, we are excited to leverage our extensive capabilities to help African sovereign wealth funds navigate the challenging global environment and jointly develop customized solutions to meet their objectives.”

The full research report, *Investing for Growth and Prosperity: In Africa, sovereign wealth funds focus on G, S and E* is available here

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### **About the International Forum of Sovereign Wealth Funds**

The International Forum of Sovereign Wealth Funds (IFSWF) is a voluntary organisation of global sovereign wealth funds committed to promoting good governance and investment management practices through dialogue, research and self-assessment. The IFSWF also seeks to promote a deeper understanding of sovereign wealth fund activity amongst government and financial services institutions.

Find out more at [www.ifswf.org](http://www.ifswf.org)

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### **About Franklin Templeton**

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