

A new partnership for sustainable investment in Africa aims to fill the SDG financing gap

Abu Dhabi, UAE, 19 October 2023. At the World Investment Forum 2023, UNCTAD and the Africa Sovereign Investors Forum (ASIF) committed to a partnership helping unlock investments in areas such as the energy transition and infrastructure in Africa.

The collaboration aims to leverage African and global institutional investors, such as sovereign funds, to help finance sustainable development, focusing on sectors relevant to the achievement of the Sustainable Development Goals (SDGs).

Africa presents tremendous opportunities for institutional investors thanks to its rich natural and human resources and a continental market, but the SDG investment gap has, according to UNCTAD, widened due to both additional needs and a lack of new investment.

Ms. Rebecca Grynspan, Secretary-General of UNCTAD, said, “long-term institutional investment can make a big difference in financing the SDG investment deficit in Africa, but faces high capital costs and policy challenges. UNCTAD’s partnership with ASIF aims to help investors overcome these challenges and support African countries to attract long-term investment in the SDGs.”

Institutional investors, such as sovereign funds, have long been aware of the investment opportunities in Africa that span a broad range of strategic SDG sectors, such as sustainable infrastructure and energy.

Many African countries have also created their own sovereign funds, which can act as important vehicles to catalyze patient international capital in strategic sectors that are crucial for achieving more inclusive, sustainable and resilient development.

Nevertheless, many of the investment opportunities in Africa remain untapped, and international investors still face challenges when seeking to invest in the continent. These include a shortage of sizable and bankable projects, limited connections with the international sustainable finance market, and perceived risks that impede long-term international investment.

Founded in 2022, ASIF is a multilateral platform that has gathered 12 leading African sovereign investors to foster collaboration and knowledge-sharing in order to accelerate capital mobilization for the benefit of inclusive and sustainable development in the continent.

Mr. Obaid Amrane, CEO of Ithmar Capital (Morocco) and Chair of ASIF, said, “by leveraging the resources and expertise of UNCTAD and ASIF members, the partnership can help intensify cooperation among sovereign funds on project preparation to facilitate capital mobilization”.

Mr. James Zhan, Director of the UNCTAD Investment and Enterprise Division acknowledged the vision of ASIF in trying to bring more investment to the continent through enhanced collaborations among African sovereign investors. He added, “we will support this effort and look forward to making the initiative a success.”

The partnership will focus on facilitating investment through assistance in project preparation, such as the promotion of sustainable development outcomes and identifying sustainability risks and opportunities linked to climate change, for example.

Additional areas of collaboration intend to foster partnerships to promote co-investments and cooperation among international institutional investors and development finance institutions. The partnership will also help amplify the sustainable development impact of investments, and advocate for sustainable investment opportunities in Africa at international events like the World Investment Forum.