

Saudi Arabia

Saudi wealth fund targets \$24bn investment in Arab states

Kingdom's sovereign fund to set up companies in Middle East and north Africa in attempt to shore up soft power



Crown Prince Mohammed bin Salman chairs Saudi Arabia's Public Investment Fund © Saudi Royal Palace/AFP/Getty Images

Samer Al-Atrush in Riyadh YESTERDAY

Saudi Arabia's sovereign wealth fund plans to invest \$24bn in six Arab countries as the kingdom enjoys an oil boom and seeks to bolster its soft power in the region.

The Public Investment Fund said in a statement it would set up companies in Iraq, Jordan, Bahrain, Oman and Sudan that would seek investments across sectors ranging from infrastructure and healthcare to finance and food.

In August, the PIF began this process by establishing a similar investment company for Egypt, where the fund has already spent \$1.3bn acquiring minority stakes in four firms, including fertiliser and tech companies.

While [Saudi Arabia](#) and the Gulf's other large oil exporters have enjoyed a huge petrodollar windfall as energy and food prices have soared since Russia invaded Ukraine, poorer states in the Middle East are struggling with deepening economic and social pressures.

Saudi Arabia, the United Arab Emirates and Qatar have deposited \$13bn in Egypt's central bank this year as it struggles with a foreign currency shortage.

The wealthier Gulf states have traditionally aided their allies with loans and central bank deposits, but in recent years they have made their assistance more conditional. And under day-to-day ruler Crown Prince Mohammed bin Salman, Saudi Arabia's

support has been shifting to investments that could profit the PIF.

“This is a continuation of a shift in the way Saudi Arabia supports its regional partners from grants and soft loans to strategic long-term investment,” said Tarek Fadlallah, chief executive of Nomura Asset Management in the Middle East.

The PIF said that the planned investment fitted with its strategy of “seeking new investment opportunities in the Middle East and north Africa to build lasting strategic economic partnerships and achieve sustainable returns”. It provided no timeframe for the \$24bn target.

Monica Malik, chief economist at the Abu Dhabi Commercial Bank, said Saudi Arabia’s focus on providing regional support through economic programmes and investment “provides a greater ability to guide changes, alongside potentially benefiting from investment returns”.

“Greater Saudi economic support remains vital for the wider region, which is suffering from higher energy prices and various structural imbalances,” she added.

The PIF is chaired by Prince Mohammed and the heir apparent has been put in charge of driving the government’s ambitious plans to diversify the kingdom’s economy beyond oil revenues.

The fund has been tasked with overseeing a massive domestic spending programme, including developing megaprojects and establishing companies to kick-start new sectors, as well expanding its foreign exposure.

It has been one most active [sovereign wealth funds](#) in recent years as it targets increasing its assets under management to \$1.07tn by 2025, with 24 per cent to be held internationally.