



Bohlale Institute

Policy Brief

Saudi Arabia-South Africa Strategic Investment Fund

12 March 2025

ESTABLISHING A STRATEGIC INVESTMENT FUND FOR SAUDI ARABIAN INVESTMENT INTO SOUTH AFRICA

Executive Summary

The rise of sovereign wealth funds (SWFs) as key players in global financial markets has reshaped investment dynamics, with their assets now exceeding USD 12 trillion. This trend is particularly evident among Gulf Cooperation Council (GCC) nations, where SWFs have evolved from conservative investment vehicles into active agents of economic transformation. At the forefront of this evolution is Saudi Arabia's Public Investment Fund (PIF), which has expanded from USD 150 billion in 2015 to USD 925 billion in 2023. Central to Saudi Arabia's Vision 2030, the PIF is diversifying the Kingdom's economy beyond oil by investing in high-growth sectors globally.

Building on these successful investment strategies, the establishment of a Saudi Arabian strategic investment fund in South Africa represents a significant opportunity for both nations. South Africa, as the most industrialised economy in Africa, offers promising investment potential in key sectors such as mining, infrastructure, agriculture, manufacturing, renewable energy, and property development. The proposed fund would provide a structured investment approach, ensuring professional evaluation and strategic alignment with national priorities.

For Saudi Arabia, this fund aligns seamlessly with its economic diversification efforts, offering access to South Africa's high-growth industries and reducing dependence on traditional energy revenues. Additionally, it enhances Saudi Arabia's bilateral ties with South Africa while securing a foothold in one of Africa's most dynamic economies. South Africa, in turn, stands to benefit from increased foreign direct investment (FDI), capital inflows to key economic sectors, and the stimulation of job creation and infrastructure development. By addressing funding gaps in bankable projects, the fund will contribute to South Africa's long-term economic resilience and competitiveness.

The proposed fund will be structured as a private equity vehicle, utilising an *en commandite* partnership model with a Saudi-based limited partner and a South African-based general partner. This governance structure will ensure transparency, accountability, and strategic decision-making. Targeting investments in sustainable mining practices, industrial expansion, infrastructure enhancement, and renewable energy projects, the fund aims to generate strong financial returns while driving economic transformation.

In summary, the proposed investment fund represents a strategic partnership between Saudi Arabia and South Africa, fostering economic growth, diversification, and sustainable development. By leveraging Saudi Arabia's financial strength and South Africa's industrial potential, the initiative promises to create long-term economic value for both nations.

Background

Overview of Global Sovereign Wealth Fund (SWF) Developments

The evolution of sovereign wealth funds (SWFs) over recent decades has transformed them into pivotal players in global financial markets. Notably, the rapid expansion from 50 to 176 funds since 2005 and the aggregation of assets exceeding USD12 trillion underscore their growing influence.¹ This expansion is particularly marked among

¹ Alami, I., & Dixon, A. D. (2020). State capitalism(s) redux? Theories, tensions, controversies. *Competition & Change*, 24(1), 70–94. <https://doi.org/10.1177/1024529419881949>

Gulf Cooperation Council (GCC) nations, where eight of the largest SWFs manage a combined portfolio surpassing USD4.9 trillion—a figure that outstrips the economic output of major advanced economies.²

Historically, SWFs in the Gulf region adhered to conservative investment models. However, a strategic shift has emerged; these funds are now engaging in more aggressive, transformative investments. This change has seen them allocate billions into large-scale infrastructure projects, foster nascent industries, and secure influential corporate stakes. Such an evolution underscores the capacity of SWFs to act not merely as passive investment vehicles but as active agents of economic transformation.³

The Saudi Public Investment Fund (PIF) and Vision 2030

At the heart of this paradigm shift is the Kingdom of Saudi Arabia's Public Investment Fund (PIF), which has rapidly transitioned from a relatively modest development fund to the world's largest SWF. Central to Saudi Arabia's Vision 2030 is the ambition to diversify its economic portfolio away from an oil-dependent model.⁴ Launched in 2016, Vision 2030 seeks to bolster private sector growth, expand non-oil exports, and execute landmark infrastructure projects. In this context, the PIF is instrumental in steering the country's post-oil diversification strategy, with targets set to reach USD2 trillion in assets under management by 2030.⁵

The PIF's robust growth—from USD150 billion in 2015 to USD925 billion in 2023—demonstrates its operational success and strategic orientation.⁶ Its domestic initiatives, including flagship projects like the NEOM futuristic city, are complemented by an aggressive international investment agenda. Noteworthy international investments include high-profile stakes in technology, infrastructure, and even sporting assets, as well as a landmark commitment to SoftBank's Vision Fund. This dual focus on domestic transformation and global strategic positioning epitomises the modern role of SWFs as instruments of state-led economic reorientation.⁷

Relevance to the Proposed Strategic Investment Fund in South Africa

The insights from the evolution of SWFs—and the transformative trajectory of the PIF in particular—offer a robust foundation for the proposed establishment of a strategic investment fund in South Africa. Some key points emerge:

- (i) *Structured Investment Approach:* The shift from an ad hoc investment methodology towards a professional, centralised, and independent investment process mirrors the evolution witnessed within the PIF. The proposed fund's en commandite partnership structure, with a NewCo managed by seasoned professionals and overseen by an independent investment committee, is a deliberate move to introduce rigour and strategic alignment into cross-border investments.
- (ii) *Alignment with National Strategic Objectives:* Saudi Arabia's ambition to diversify its economy through strategic international investments is clearly reflected in Vision 2030. The PIF's transformative role, with its expansive global deployments, lends credibility to the notion of deploying a similarly structured fund in South Africa. This fund would not only facilitate investments in key sectors—such as mining, infrastructure, agriculture, renewable energy, and manufacturing—but also

² Trudelle, A. M. (2025). Diversification Meets Personalization: The Strategic Role of the Public Investment Fund in Saudi Arabia. <https://noria-research.com/mena/diversification-meets-personalization-the-strategic-role-of-the-public-investment-fund-in-saudi-arabia/#sdfootnote3anc>.

³ Ibid.

⁴ Vision 2030. (n.d). Public Investment Fund Program. <https://www.vision2030.gov.sa/en/explore/programs/public-investment-fund-program>.

⁵ Trudelle, A. M. (2025). Diversification Meets Personalization: The Strategic Role of the Public Investment Fund in Saudi Arabia.

⁶ Global SWF. (2024). *2024 Annual Report: SOIs Powering Through Crises*. Global SWF. <https://globalswf.com/reports/2024annual#preface-0>

⁷ Trudelle, A. M. (2025). Diversification Meets Personalization: The Strategic Role of the Public Investment Fund in Saudi Arabia.

enhance bilateral economic ties by acting as a bridge between Saudi Arabia's investment goals and South Africa's development needs.

- (iii) *Economic and Strategic Impact:* The expansive and diversified investment strategies demonstrated by the PIF indicate that such approaches can yield significant economic benefits. For South Africa, the proposed fund could mobilise capital towards bankable projects identified in policy plans such as the National Development Plan (NDP) 2030 and Operation Vulindlela that currently lack sufficient equity funding, thus stimulating economic growth, boosting investor sentiment, and contributing to national strategic priorities. For Saudi Arabia, the fund represents a controlled, transparent, and strategically focused channel to deploy capital in a manner that supports both economic diversification and international influence.

The contemporary evolution of SWFs, particularly the expansive and strategic reorientation of the Saudi Public Investment Fund under Vision 2030, provides an exemplary framework for the proposed strategic investment fund in South Africa. The transition from conservative to transformative investment strategies, combined with robust asset growth and international engagement, underscores the potential for a well-structured investment vehicle. By establishing a fund that is professionally managed, strategically directed, and aligned with national objectives, both Saudi Arabia and South Africa stand to benefit from enhanced economic growth, diversified investment portfolios, and strengthened bilateral relations.

Saudi Arabia's Economic Diversification Efforts

Saudi Arabia's Vision 2030 outlines a comprehensive plan to diversify its economy beyond oil dependency. Central to this vision is the PIF, which, as of July 2022, had reached USD 700 billion in assets under management, created 500,000 direct and indirect jobs, and established 79 companies.⁸ The fund has since seen a robust growth, as discussed above. The PIF's strategic objectives include growing its assets, unlocking new sectors, localising technology and knowledge, and building strategic economic partnerships.⁹

Figure 1 below illustrates Saudi Arabia's PIF investments by country, showcasing the proposed USD 10 billion investment in South Africa alongside previous commitments in Russia, Brazil, and France.

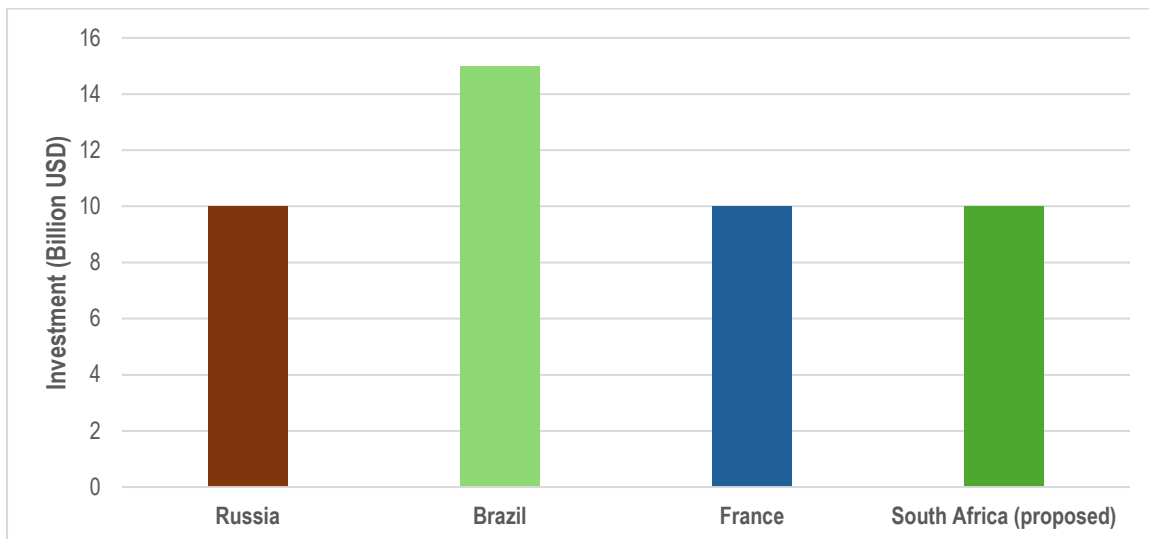


Figure 1. Saudi Arabia's PIF Strategic Investment Programs by Country

⁸ Vision 2030. (n.d). Public Investment Fund Program. <https://www.vision2030.gov.sa/en/explore/programs/public-investment-fund-program>.

⁹ Vision 2030. (n.d). Public Investment Fund Program. <https://www.vision2030.gov.sa/en/programs/pifp/>

Saudi Arabia's PIF, with assets exceeding USD 925 billion, serves as a critical instrument for achieving Vision 2030's goal of diversifying the economy beyond oil dependence. The PIF actively invests across multiple sectors and regions to stimulate long-term growth, unlock new industries, and build strategic partnerships. Its international investment pool has successfully leveraged partnerships with global corporations such as SoftBank, Uber, and Blackstone, demonstrating a commitment to high-growth industries.

Strategic Investment Programs in France, Russia and Brazil

The PIF has formed bilateral investment programmes with key economies (Figure 1), including Russia, Brazil, and France, injecting billions into infrastructure, energy, and logistics projects.¹⁰ This track record underscores the fund's role as a dynamic driver of economic transformation and a global investment powerhouse.

In June 2015 the PIF signed an MOU with Russia Direct Investment Fund (RDIF), wherein the PIF would jointly invest up to USD10 billion into Russia, with co-investment from the RDIF¹¹. Some of the sectors that will be explored include retail, real estate, renewable energy and logistics. The focus is in infrastructure investments to unlock the long term potential of the Russian economy. The PIF has invested USD2 billion so far, up until the Ukraine conflict commenced.

In June 2024 the PIF, alongside some Brazilian government ministers, announced that the PIF would be investing USD15 billion into Brazil¹². The targeted industries include green hydrogen, infrastructure and renewable energy. So far, a joint-venture between PIF and a Saudi mining company has acquired 10% of Vale's base metals division. Vale is Brazil's largest mining company. Another 10% stake was previously purchased in a Brazilian poultry and pork producer.

In December 2024 the PIF signed an MOU with BPI France, which is the French sovereign wealth fund, export credit insurer and development bank. BPI France will provide USD10 billion in finance and support to PIF-backed companies that are pursuing projects aligned with Vision 2030¹³. This funding will be disbursed over five years. The agreement will unlock opportunities for French and Saudi companies operating in both countries. One example includes the joint acquisition by PIF and French private equity firm Ardian of a 37% in London's Heathrow airport.

Saudi-South Africa Strategic Investment Program

Given its investment strategy, Saudi Arabia's expansion into South Africa through a dedicated investment fund aligns seamlessly with its diversification agenda. South Africa, as the most industrialised economy in Africa, presents a strategic opportunity for the PIF to broaden its international portfolio while gaining access to high-growth sectors such as mining, renewable energy, and infrastructure.

A USD 10 billion investment fund would not only provide Saudi Arabia with a foothold in Africa's gateway economy but also establish a structured mechanism for scaling investments, optimising returns, and fostering economic cooperation. Furthermore, South Africa's robust financial institutions and regulatory framework make it an attractive destination for structured, long-term investments, ensuring the PIF's strategic objectives are met while advancing bilateral economic ties.

¹⁰ Kumar, P. (2024). Saudi Arabia's PIF to invest \$15bn to drive Brazil's growth.

<https://www.agbi.com/finance/2024/06/saudi-pif-to-invest-15bn-to-drive-brazils-growth/>.

¹¹ PIF Press Release (2017). 27 September 2017 Strategic Investment Partnership. <https://www.pif.gov.sa/en/news-and-insights/press-releases/2017/rdif-strengthens-cooperation/>

¹² Reuters (2024) 12 June 2024. Saudi Arabia's PIF plans to invest \$15 billion in Brazil

<https://www.reuters.com/business/energy/saudi-arabias-pif-plans-invest-15-billion-brazil-says-brazilian-minister-2024-06-12/>

¹³ PIF Press Release (2024). 05 December 2024. Strategic Investment Partnership. <https://www.pif.gov.sa/en/news-and-insights/press-releases/2024/pif-and-bpifrance-assurance-export-sign-10-billion-memorandum-of-understanding/>

Rationale for a South Africa-Saudi Arabia Investment Fund

South Africa's Economic Landscape

South Africa, as the largest and most developed economy in Africa, presents significant investment opportunities across various sectors. However, challenges such as unstructured investment approaches and funding gaps in bankable projects hinder optimal foreign direct investment (FDI) inflows.¹⁴

According to the Department of Trade, Industry and Competition (DTIC), South Africa's economy presents significant growth and investment opportunities across diverse sectors. In agro-processing, potential lies in fisheries, food processing, organic products, biofuels, and biomass beneficiation. The business process outsourcing sector includes call centres, legal outsourcing, and enterprise solutions. Manufacturing spans capital equipment, metals, electro-technical, textiles, consumer goods, boatbuilding, pulp and paper, and automotive components, including robotics. The green economy offers renewable energy and waste management.

Advanced manufacturing focuses on nanomaterials, composites, robotics, bio-manufacturing. Tourism encompasses accommodation, eco-tourism, infrastructure, and cultural attractions. Chemicals, plastics, and pharmaceuticals provide opportunities in water treatment, ARVs, and vaccine production. The creative industry includes film production, design, and jewellery manufacturing. Infrastructure development is prioritised through strategic projects in transportation and energy, while oil and gas investments include marine repair, and logistics.¹⁵

Figure 2 below illustrates South Africa's key economic sectors by their estimated GDP contribution. This highlights the primary areas where Saudi investments could make a significant impact. The United States' foreign policy actions against South Africa also present further opportunities for investment in areas such as renewable energy programmes. Most recently, the US withdrew from the Just Energy Transition partnership with SA, also withdrawing the associated financial pledges.¹⁶ By withdrawing from the JET partnership, the US government under President Donald Trump's administration took with it USD 56 million in grant funds and USD 1 billion in potential commercial investments by the US International Development Finance Corporation.¹⁷

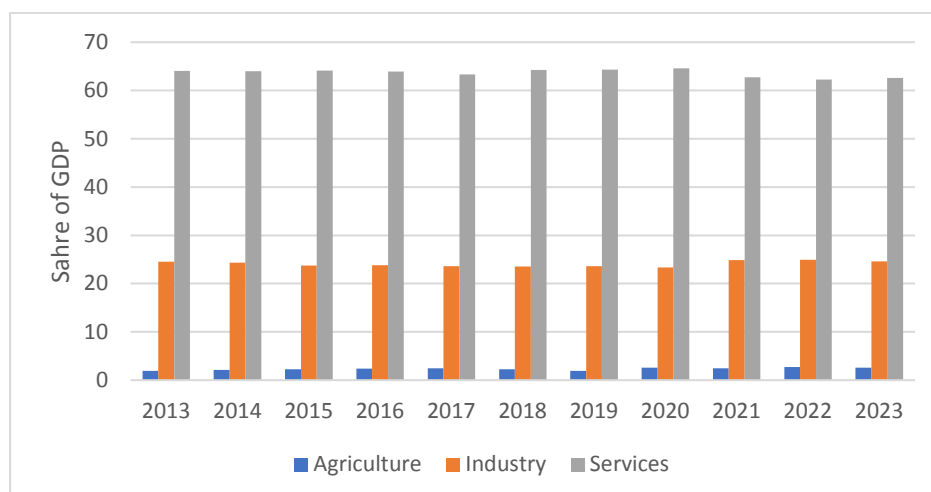


Figure 2. South Africa's Key Economic Sectors and GDP Contribution. Source: Statista

¹⁴ South African Reserve Bank, FDI Reports. Retrieved from: <https://www.resbank.co.za>

¹⁵ DTIC. (n.d). Sector Opportunities. <https://www.thedtic.gov.za/sectors-and-services-2/1-4-2-trade-and-export/investment-promotion/sector-opportunities/>.

¹⁶ SA News. (2025). Friday, March 7, 2025. US withdraws from Just Energy Transition partnership with SA. <https://www.sanews.gov.za/south-africa/us-withdraws-just-energy-transition-partnership-sa>.

¹⁷ van Diemen, E. (2025). 06 March 2025. Trump administration pulls more than \$1bn of pledged funding for SA's energy transition. <https://www.dailymaverick.co.za/article/2025-03-06-trump-administration-pulls-more-than-1bn-of-pledged-funding-for-sas-energy-transition/>.

The establishment of a Saudi Arabian strategic investment fund in South Africa presents a transformative opportunity for both nations, offering a structured and professional approach to investment. By centralising investment decisions, this fund would ensure a systematic evaluation of potential projects, aligning them with the strategic priorities of both Saudi Arabia and South Africa.

A dedicated investment vehicle would mitigate the inefficiencies associated with fragmented, ad hoc investments, allowing for rigorous due diligence, risk assessment, and the selection of projects with the highest return potential. This structured framework would also enhance investor confidence, ensuring transparency and accountability in decision-making while fostering long-term economic partnerships between the two nations.

For Saudi Arabia, this fund aligns seamlessly with Vision 2030's objective of economic diversification by providing access to high-growth sectors outside the traditional energy industry. South Africa, as the most industrialised economy in Africa, offers strategic investment opportunities in mining, infrastructure, agriculture, manufacturing, and renewable energy—industries that complement Saudi Arabia's diversification ambitions.

Expanding investments into South Africa allows the Kingdom to hedge against the volatility of oil markets while securing a foothold in one of Africa's largest economies. At the same time, this initiative would drive substantial economic growth and job creation in South Africa by injecting much-needed capital into critical industries. By funding large-scale infrastructure and industrial projects, the investment fund would enhance economic productivity, create employment opportunities, and strengthen key sectors that serve as catalysts for long-term growth. Ultimately, the establishment of this fund would serve as a landmark FDI initiative, reinforcing South Africa's position as a preferred investment destination while advancing Saudi Arabia's strategic economic interests on the global stage.

Benefits of the Proposed Investment Fund

The proposed investment fund offers a structured and strategic approach to investment, ensuring that decisions are professionally evaluated and aligned with the economic priorities of both Saudi Arabia and South Africa. By centralising investment choices, the fund can effectively allocate resources to high-potential projects, maximising returns while mitigating risks. For Saudi Arabia, this initiative supports its Vision 2030 goal of economic diversification by providing access to South Africa's dynamic markets and industries, reducing dependence on traditional revenue sources.

Simultaneously, South Africa stands to benefit from capital inflows that stimulate economic growth, strengthen key industries, and create much-needed employment opportunities. Investments in infrastructure, manufacturing, technology, and renewable energy can enhance the country's long-term economic resilience, fostering sustainable development and industrial modernisation. This fund not only promotes bilateral economic cooperation but also lays the foundation for a mutually beneficial partnership that drives innovation and regional economic integration.



Figure 3. Benefits of the Proposed Investment Fund

Proposed Structure of the Investment Fund

Fund Management and Governance

The fund would be structured as a private equity fund using an *en commandite* partnership model, with the PIF as the limited partner and a South African-based entity as the general partner. Key governance features of the fund are outlined below:



Figure 4. Overall Governance Structure of the Fund

Target Sectors for Investment

The proposed investment fund will strategically target high-growth sectors that align with both economic priorities and long-term sustainability.

Mining presents a key opportunity, as South Africa's vast mineral wealth can be leveraged through investments in sustainable extraction methods, advanced processing technologies, and value-added beneficiation, ensuring long-term resource security and increased global competitiveness.¹⁸

Infrastructure investment is critical to unlocking economic potential, enhancing trade efficiency, and fostering industrialization by improving transport networks, logistics, and energy distribution.¹⁹

Agriculture remains a pillar of economic stability, with opportunities in modernized farming techniques, agro-processing, and supply chain enhancements that strengthen food security while opening new export markets.²⁰

Manufacturing investments will drive industrial expansion, boosting local production capabilities, supporting small and medium enterprises, and increasing South Africa's integration into global value chains.²¹

Renewable energy is essential for a sustainable future, and targeted investments in solar, wind, and biomass projects will accelerate South Africa's transition to a low-carbon economy while reducing energy costs and enhancing grid stability.²²

¹⁸ Mining Indaba Report. (2023). <https://www.miningindaba.com>

¹⁹ South Africa Infrastructure Fund Report. (n.d). <https://www.idc.co.za>

²⁰ Agricultural Development Council Report. (n.d). <https://www.agriworldsa.com>

²¹ South African Manufacturing Review. (n.d). <https://www.southafricanmanufacturing.co.za>

²² Renewable Energy Council of South Africa. (n.d). <https://www.sarec.org.za>

Property development offers high returns by addressing urbanisation demands, creating modern economic hubs, and fostering commercial and residential growth.²³ By focusing on these strategic sectors, the investment fund will not only generate strong financial returns but also drive economic transformation, job creation, and long-term resilience for both South Africa and Saudi Arabia.

Small, Medium, and Micro Enterprises (SMMEs) and the rural and township economies. A dedicated portion of the fund will be allocated to supporting the growth of these SMMEs, ensuring inclusive economic development. These companies have unique funding requirements to match their growth and life cycle²⁴.

Youth unemployment and entrepreneurship will be key investment priorities. The fund will focus on labour-absorptive industries that can employ a large quantum of the South African youth. Furthermore, it will serve as a source of risk capital for entrepreneurs, providing essential funding to drive business growth and innovation.

Infrastructure Enablement

Infrastructure investment is critical to unlocking economic potential, enhancing trade efficiency, and fostering industrialisation by improving transport networks, logistics, and energy distribution.

South Africa's infrastructure faces significant funding challenges. According to the G20 Global Infrastructure Hub, the country is underfunded by approximately USD 464 billion in its water and electricity sectors²⁵. In response to these challenges, in his February 2025 State of the Nation Address, President Ramaphosa announced a USD 50 billion investment in infrastructure over three years to bolster the economy.

Despite these efforts, the substantial funding gap underscores the need for increased investment in South Africa's infrastructure. The 2050 Infrastructure Plan, launched to support the National Development Plan goals, focuses on critical network infrastructure in the energy, freight transport, water, and digital communications sectors. Major financing of this plan is done through PPP models and the infrastructure fund. The proposed fund will therefore act as an equity partner in key infrastructure projects.

Below is a visualisation of foreign direct investment (FDI) flows into South Africa over the past 15 years.

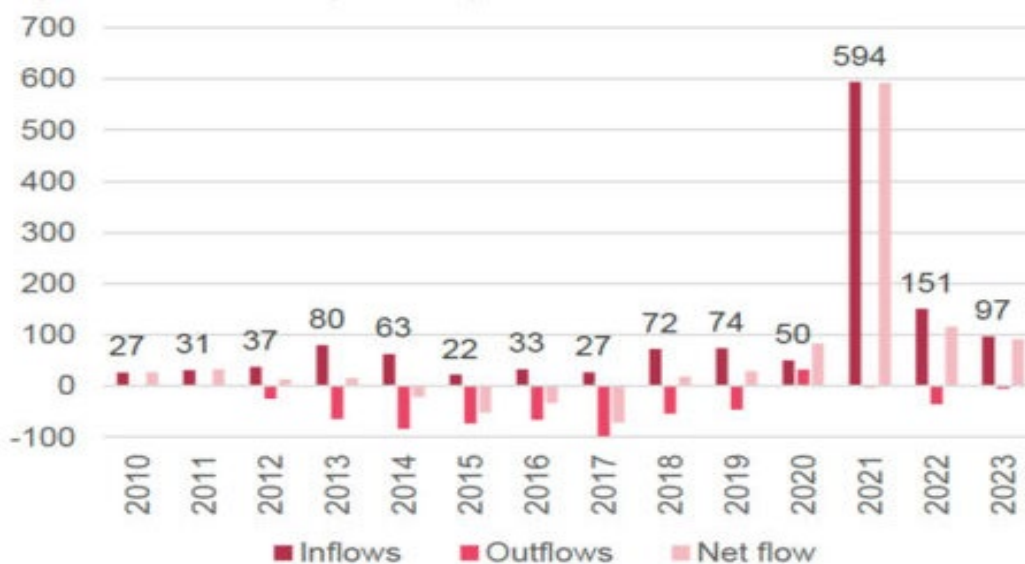


Figure 5. FDI Inflows to South Africa (Billion Rands)

²³ Property Development Forum Report. (n.d). <https://www.sapropertyforum.com>

²⁴ SMME and Co-Operative Funding Policy (2023). 23 April 2023 <http://www.dsb.gov.za/index.php/>

²⁵ South Africa Infrastructure Investment (n.d) <https://www.gihub.org/countries/south-africa/>

Figure 5, shown above, highlights fluctuations in investment levels and the potential for growth with the proposed Saudi investment fund. The trends show that South Africa has been experiencing a positive net inflow of FDI every year since 2018.²⁶ Despite its challenges, the country is still receiving a steady stream of foreign direct investment inflows.²⁷ Data from the South African Reserve Bank (SARB) also shows that the country's net FDI flows averaged R58 billion a year after the global financial crisis excluding 2021.²⁸

The proposed investment fund offers significant benefits for both Saudi Arabia and South Africa, fostering economic growth, diversification, and strategic collaboration. For Saudi Arabia, this initiative provides access to high-potential investments in South Africa, reducing reliance on oil revenues and aligning with its Vision 2030 economic diversification strategy. By establishing a strong presence in the African market, Saudi Arabia can enhance bilateral relations, secure long-term economic partnerships, and gain a foothold in emerging industries.

Meanwhile, South Africa stands to benefit from increased FDI, which will boost economic confidence, stimulate growth, and create employment opportunities. The fund will also provide much-needed equity financing for bankable projects that currently face funding constraints, ensuring that critical infrastructure and industrialisation initiatives move forward. By supporting South Africa's national strategic priorities, particularly in infrastructure, energy, and manufacturing, the fund will play a crucial role in driving sustainable economic development and strengthening the country's global competitiveness. This collaboration represents a mutually beneficial partnership that not only enhances economic resilience but also fosters long-term prosperity for both nations.

Conclusion

The establishment of a Saudi Arabian investment fund in South Africa presents a unique opportunity to unlock economic growth, enhance bilateral relations, and drive strategic investment in high-impact sectors. By adopting a structured and professional investment framework, this initiative will ensure that resources are efficiently allocated to projects that support economic development, industrial expansion, and job creation.

For Saudi Arabia, this investment fund serves as a vehicle to achieve Vision 2030's diversification objectives, offering access to new markets while strengthening its position as a global investment powerhouse. For South Africa, the fund will inject much-needed capital into key industries, support national development priorities, and stimulate investor confidence. Additionally, the partnership between the two nations underscores a commitment to sustainable economic collaboration, fostering long-term prosperity and resilience.

In a rapidly evolving global economy, strategic investment partnerships such as this can serve as a catalyst for growth, innovation, and economic transformation. By aligning the investment fund with the economic aspirations of both Saudi Arabia and South Africa, this initiative is poised to create lasting value, strengthen economic ties, and pave the way for a dynamic and mutually beneficial partnership.

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Bohlale Institute is a not-for-profit organisation that seeks to advance socio-economic growth and development in the Republic of South Africa through research and stakeholder engagement. Bohlale works with stakeholders in government, business and academia to reach consensus on various strategic opportunities.

<https://bohlale.org/>

²⁶ PwC. (2024). South Africa Economic Outlook - April 2024, <https://www.strategyand.pwc.com/a1/en/press-release/south-africa-economic-outlook-april-2024.html>.

²⁷ Ibid.

²⁸ Ibid.