South Africa

SA’s sovereign wealth fund off the table

It’s best timed with stable or rising commodity prices – Patel.

Moneyweb | 20 May 2013 13:53

Economic Development Minister Ebrahim Patel has indefinitely postponed the proposed sovereign wealth fund.

“The creation of a sovereign wealth fund is best timed with stable or rising commodity prices. In light of current market conditions, no immediate steps are contemplated,” he stated on Monday, in answer to a parliamentary question.

“South African development finance institutions are however continuing to invest elsewhere on the African continent on projects that would have been suitable for a sovereign wealth fund to consider,” he added.

The fund was first referred to in the **New Growth Path framework**.

The document proposed that government launch an African Development Fund to assist in financing infrastructure, “and at the same time play the role of a sovereign wealth fund in helping to achieve a more competitive rand.” It states that the African development fund would promote investment in the region and in its function as a sovereign wealth fund, and that it would invest “accumulated foreign reserves in productive projects with a higher yield than investment in developed-country bonds.”