



*Embassy of the Republic of Azerbaijan*

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**Azerbaijan's State Oil Fund Aid to  
Africa, Latin America and the Caribbean**

The State Oil Fund of the Republic of Azerbaijan (SOFAZ) has made contribution to support the development programs in Africa, Latin America and the Caribbean. The Africa, Latin America and the Caribbean Fund (ALAC) is a co-investment fund that invests alongside International Finance Corporation (IFC) in equity investments in Sub-Saharan Africa, Latin America, and the Caribbean, providing growth capital for private enterprises in these regions. The fund has a total of \$ 1 billion capital of which SOFAZ contributed \$100 million. The new fund which was set up in March 2010 follows World Bank President Robert Zoellick call in 2008 for sovereign wealth funds to invest in equity in sub-Saharan Africa. "Pension and sovereign funds represent a significant savings pool that is seeking commercial returns and portfolio diversification," said Zoellick in a statement. "With this fund, we will demonstrate that developing countries have high-quality investment opportunities to attract commercial investors."

Along with SOFAZ, the UN Pension Fund, the Dutch Pension Fund, the Korea Investment Corporation, the Ministry of Finance of the Saudi Arabia Kingdom, the IFC Asset Management Company and the sovereign fund of Abu Dhabi also invested in the fund.

ALAC fund in which SOFAZ invests is a part of a strategy to foster sustainable economic growth in developing countries by supporting private sector development. For example, the fund's investments in the financial sector help to strengthen the banking sector in the aftermath of the global financial crisis. The strategy includes providing long-term financing to help well-managed, systemic banks improve their reach to smaller businesses and other underserved market segments, helping partner banks improve their corporate governance and risk management, as well as developing robust environmental and social monitoring systems. Moreover, the investments in the construction materials company by supporting the company's expansion plans, will contribute to the development of the local infrastructure and housing sectors, improve the supply and production standards of locally produced cement, and create employment opportunities.

Not only do SOFAZ's investments through ALAC fund provide growth capital to these companies, they also encourage the development of 11 sound corporate governance framework, risk management systems and investment analysis.

In Q2 2010, SOFAZ made its first private equity investment by joining the Africa, Latin America and the Caribbean Fund, established by the World Bank Group's International Finance Corporation. The Oil Fund's total commitment to ALAC stands at USD 100 million. These investments enable the Fund to expect high rates of return in the long term while also benefiting from greater portfolio diversification, Azerbaijan was the first developing country to co-invest with the World Bank in other emerging economies.