

African Pension and Asset Management Industry Study: Building a Comprehensive Database for Continental Transformation

6th Annual Africa Pension Supervisors Association Conference

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AFRICA
PENSION
SUPERVISORS
ASSOCIATION



Project Overview



This is a joint engagement with FSDA and APSA, seeking to address:

- **Fragmented Data:** Aim to produce a comprehensive source for pension and asset management data across all 54 African countries.
- **Low Coverage & Participation:** Less than 10% of Africa's working-age population is covered by formal pension systems, with women and informal sector workers especially underserved.
- **Investment Imbalance:** Pension funds are heavily concentrated in government bonds for stability, with limited investment in equities, infrastructure, and real estate—unlike more diversified portfolios in established markets such as Canada, the US, and Singapore.
- **Reform Momentum:** Many countries are shifting from Defined Benefit (DB) to Defined Contribution (DC) or creating supplementary DC plans, opening opportunities for collective investment and improved governance.
- **Africa's Growth Potential:** With a young, rapidly growing and urbanising population, Africa's long-term investment horizon aligns perfectly with pension provision, offering a unique opportunity to drive sustainable, inclusive economic growth.

Today's Presentation

Who we are

Why we are here (Project Objectives)

Methodology and Approach

Regional Performance Analysis

Key Themes/Framework

Success Stories

Key findings

Database Solution: An Overview

Dashboard Demonstration

Continental Transformation Roadmap



Who we are

Callund Consulting

- **Founded in 1975 (UK):** Global leaders in pension and social security reform, actuarial modeling, and financial sector innovation.
- **Track record:** 50+ countries, 300+ assignments, including actuarial valuations, regulatory reform, and capacity-building for governments, regulators, and industry.
- **Core strengths:** Deep technical expertise, stakeholder engagement, and a history of delivering robust, user-friendly databases and guidebooks.

FINACTU Group

- **Founded in 1999 (Casablanca, Dubai, Abidjan Geneva):** Africa-focused, specializing in social protection, public and financial sector transformation, and corporate finance.
- **Impact:** 300+ assignments in 40 emerging countries, trusted by governments, World Bank, and major donors for long-term reform and innovation.
- **Unique value:** Combining local presence with global best practice, FINACTU has shaped pension, insurance, and social security systems across Francophone Africa.

RCL

- Established in 2014 and headquartered in Kenya, RCL is a recognized expert in actuarial services, financial modelling, and risk advisory across both public and private sectors.
- With successful engagements in 15+ countries, it supports pension reform, innovation, and investment decision-making through tailored solutions and forward-thinking tools.
- Known for: deep regional insight and strong regulatory recognition—complemented by advanced data analytics.

Why we are here - Project Objectives

- **Comprehensive Assessment:** Evaluate the current state of pension and asset management sectors in all African countries, including regulatory frameworks, coverage, adequacy, sustainability, and gender equity.
- **Benchmarking & Best Practice:** Compare African systems with international leaders to identify opportunities for improvement and innovation.
- **Guidebook & Database:** Develop a practical guidebook and a dynamic, interactive database to support ongoing monitoring, and decision-taking by policymakers supported by pension regulators across Africa.
- **Gender & Inclusion Focus:** Ensure that gender equity and the needs of underserved groups are integrated throughout the analysis and recommendations.



Note: While the project focuses on both pension systems and asset management, this presentation will largely be pension related. The final report will include separate sections.

Methodology for building the database

- **Continental coverage:** All 54 African Union countries, with 10-year historical data and projections to 2030.
- **Multi-dimensional analysis:** Regulatory frameworks, market structure, asset allocation, gender equity, ESG, technology, and innovation. Separately reviewing pensions and asset management in Africa.
- **Data-driven:** Had 150+ data points, primary and secondary data, extensive literature review and supplemental follow-up surveys and questionnaires. The support of many pensions authorities and regulators has been important to collect information.
- **Benchmarking:** Custom frameworks compare African systems to global leaders, surfacing actionable opportunities for improvement

***Project Achievement:* 300+ stakeholder questionnaires and consultations, 1,200+ policy documents, and integration of both qualitative and quantitative insights. 30+ countries with comprehensive data analysis.**

Regional Performance Analysis



- **Southern Africa** – highest assets-to-GDP (> 60% SA, 48% Namibia) and deepest ESG adoption.



- **East Africa** – digital inclusion leader, fastest shift to DC schemes (Kenya, Uganda, Rwanda).



- **Anglophone West Africa** – most rapid AUM growth (Nigeria ₦22.5 tn ≈ US \$14.5 bn; CAGR 18%).



- **Francophone West and Central Africa:** unified CIPRES rules; slower move to DC and limited private fund management; emergence of supplementary funded DC schemes.



- **North Africa:** mainly DB schemes; recent reforms to expand coverage (Morocco); growing investment in equities.

Key Themes of our work/Framework

1. Pension System and Regulation

2. Pension Coverage & Participation

3. ESG and Investments

4. Gender Inclusivity in Pensions

5. Technology and Innovation

1. Pension System and Regulation



- Most African countries now operate at least a 2-pillar structure (public mandatory + complementary/occupational); Rwanda and Ghana already run full 3-tier models, as well as adding informal-sector micro-pensions.



- Shift from DB to DC:
 - 18 Anglophone countries have largely closed private DB plans; South Africa's new "two-pot" reform (Sept 2024) converts future accruals to DC-style accounts.
 - Francophone markets in Western and Central Africa as well as North Africa still rely on PAYG DB run by social-security institutions without pre-funding.



- Regulators: 34 Anglophone jurisdictions have stand-alone pension authorities (e.g., Nigeria PenCom, Kenya RBA). 18 Francophone states are supervised jointly by CIPRES, which issues common guidelines (governance, asset allocation limits...)



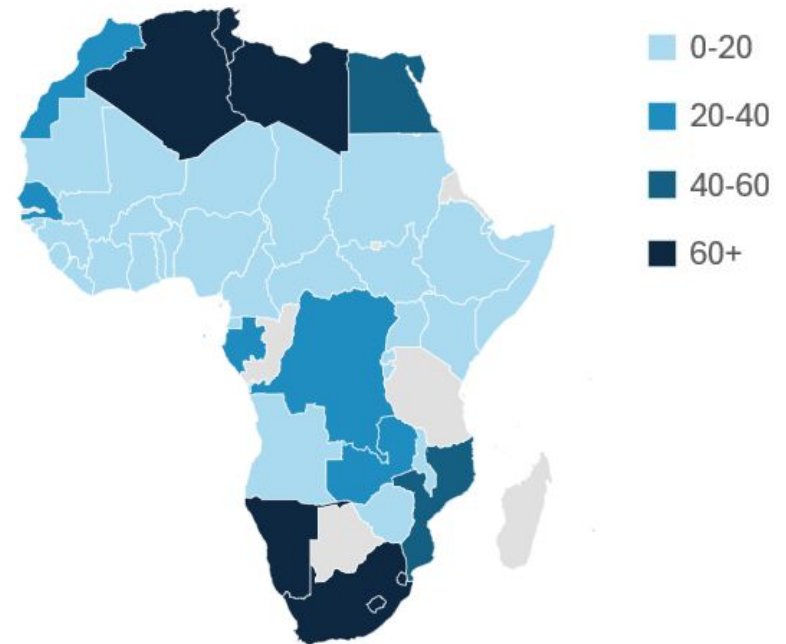
- Regional harmonisation: APSA now brings together regulators overseeing a large portion of African pension assets, promoting peer reviews and data standards.

2. Pension Coverage and Participation





- Formal pension coverage averages **just 9 – 10%** of Africa's working-age population - mostly from the **formal sector**.
- Informal-sector innovations:** Rwanda's EjoHeza micro-pension enrolled > 300 000 savers in five years; Nigeria's Micro-Pension Plan has 173 k contributors but assets remain < ₦1.1 bn (≈ US \$0.9 m).
- Multi-pillar reforms** are widening basic protection – non-contributory grants now **exist in 14 countries** (e.g., South Africa, Kenya Inua Jamii).

PENSION COVERAGE REMAINS VERY LOW

Persons above retirement age receiving a pension
(%, latest available data)



Adequacy remains low

-  Nigeria: 16%
-  Egypt: 16%
-  South Africa: 22%
-  Cameroon: 30%



vs. 40-60%
OECD norm

3. ESG & Investment Patterns

Current Allocation Challenges:

- Government Securities: **75% Africa vs 35% OECD average**
- Infrastructure Investment: **<3% despite \$170B annual financing gap**
- Equity Exposure: **15% Africa vs 45% OECD average**

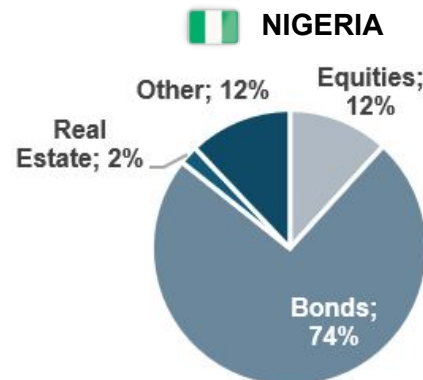
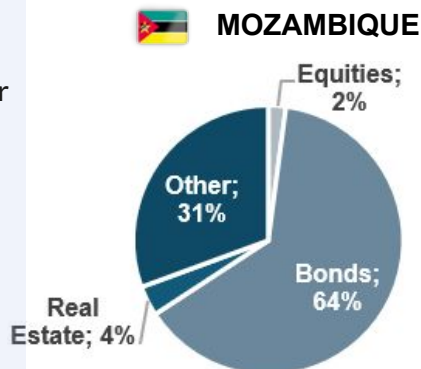
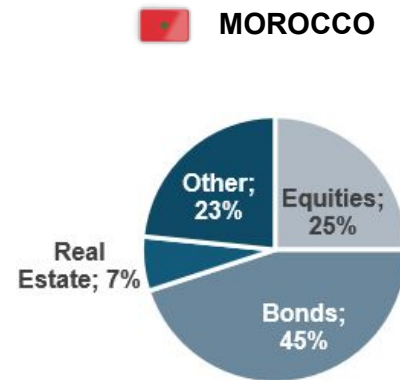
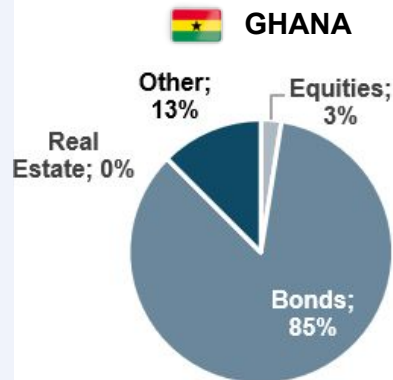
Transformation Opportunity:

- Infrastructure Reallocation: **A 10% target could unlock \$50B+ for development.**
- ESG Integration: **Some East and Southern African countries** implementing sustainability mandates.
- Green Bonds: Tanzania's water bond **103% oversubscribed** – strong investor appetite.

Global Benchmarks:

- Canadian: **20%+ in infrastructure** and real estate delivering superior long-term returns
- OECD Infrastructure: Average **10% allocation vs Africa's 3%**
- Focus on risk and reward - long-term investing should see risk rewarded through higher returns

PENSION FUNDS HAVE A LIMITED FOCUS ON REAL ASSETS, IN FAVOUR OF BONDS *(latest available data)*



4. Gender Inclusivity in Pensions



- **Women control < 6% of assets under management** across the continent and hold only **12% of senior GP** roles in PE/VC firms (address gender vulnerabilities such as shorter careers and financial dependency).



- **Coverage gap:** LSMS-Plus surveys show female labour-force participants are **30% less likely than males to contribute to a pension**, even after income is controlled; Anglophone West Africa leads: 60% of countries with gender-specific pension goals.



- **Gender Inclusivity:** the Moroccan civil service pension scheme provides early retirement for female civil servants after 18 years of service (compared to 21 years for men) and the immediate payment of pensions to widows, unlike widowers who must wait until the legal retirement age; Only **33% of countries** have gender-specific goals in pension strategies



- **Reforms:** Nigeria's PRA 2014 mandates unisex annuity pricing.



- **Flagship programmes:** **1.5% of startup** funding goes to women-led businesses (2019-2023); African Women Impact Fund (AWIF) achieved first close of US \$50 m toward US \$1 bn goal; AfDB's AFAWA channeling US \$424 m to narrow US \$42 bn finance gap; Regional Programs: CEMAC panel developing 23 proposals for women's financial inclusion



- **Data gap:** Only a handful of countries report pensions data in a sex-disaggregated format

5. Technology and Innovation

Mobile Money Dominance:

- Majority of analyzed countries utilize mobile money platforms for pension contributions and payouts
- 296 million mobile money accounts in East Africa driving financial inclusion
- \$190 billion contribution to Sub-Saharan Africa's GDP in 2024

Mobile-money pensions now operate in at least 17 countries. Africa's mobile money adoption exceeds developed markets in pension applications:

- Kenya's Mbao Pension accepts KSh 20 (\approx US $\text{\$}$ 15) via M-Pesa daily.
- Uganda's SAGE/UGX mobile pay-outs reach 95 000 households.
- Rwanda's EjoHeza uses USSD for informal savers.
- Ghana's Digital Integration: SSNIT mobile platforms enabling direct pension payments

Integration rate:

- GSMA 2024 shows 81% of African regulators permit mobile wallets for contributions, though only a few have end-to-end digital benefit pay-outs.

Emerging platforms:

- pinBox & URBRA pilot WhatsApp micro-pensions; Digital-first approach addresses infrastructure challenges while extending inclusion and Technology enables micro pensions for informal sector workers previously excluded

Impact:

- Bright Africa Pensions study finds digital enrolment could lift coverage by 10% in under five years if coupled with tax nudges

Success Stories - Momentum Building Across Africa

Digital Innovation and Expansion in Coverage

- Kenya's Jua Kali Pension: M-PESA integration enabling KES 20 minimum contributions
- Ghana's SSNIT Digital: Mobile platforms enabling universal pension access
- Morocco's digital registration of non-salaried workers and use of a unified social registry to identify potential beneficiaries and monitor their coverage

ESG Investment Leadership:

- Tanzania's Green Success: Water infrastructure bonds 103% oversubscribed
- Rwanda's Climate Bonds: Prime Energy Plc pioneering sustainable finance
- CRDB Bank's Kijani Bond: 429% oversubscription demonstrating market appetite

Regional Collaboration Achievements:

- APSA Expansion: 15 countries managing \$350B+ assets collectively
- PAFMA Launch: \$70B+ assets under management across founding members
- CIPRES' harmonization efforts: legal framework applicable to pension funds of member states (2019), investment allocation guidelines (2024)
- Cross-Border Innovation: Bilateral agreements enabling pension portability

Market Development:

- South Africa's Two-Pot System: Revolutionary flexibility implemented September 2024
- Infrastructure Breakthrough: Nigeria's PIC and Africa50 channeling pension funds
- Acquisition of BICICI, (subsidiary of BNP Paribas) in 2022 by Côte d'Ivoire's main pension funds (CNPS and CGRAE)
- Gender Progress: African Women Impact Fund achieving \$50 million first close

Global Recognition:

- Africa's mobile money adoption leading global pension innovation
- \$190 billion GDP contribution from mobile financial services
- International development partners investing in African pension digitalization

Key findings - Market Structure & Investment

Indicator	Africa	OECD/Global Leaders
Pension assets (share of global)	<1%	-
Pension coverage	9.6%	40-60%
Allocation to government bonds	75-90%	35% (OECD avg)
Equity allocation	<15%	45% (OECD avg)
Infrastructure/real estate	<3%	20%+ (Canada)

Database Solution: An Overview

Architecture

Comprehensive Coverage: All 54 countries with standardized metrics

Dynamic Benchmarking: cross-country comparison capabilities

Bi-Annual Updates: Continuous monitoring and trend analysis

User-Friendly Interface: Accessible to regulators, policymakers, investors

Development Finance Catalyst

- Evidence-based policy making using real continental data
- Supporting mobilization of domestic African resources
- Identification of investment gaps and opportunities

Regional Integration Engine

- Cross-border pension portability framework development
- Best practice replication across similar contexts
- Harmonized regulatory standards

Investment Intelligence Hub

- Mapping infrastructure financing gap opportunities
- Strategic asset allocation guidance based on peer performance
- Risk assessment tools for cross-border investments

Policy Impact Measurement

- Tracking effectiveness of pension reforms since 2010
- Gender inclusion progress monitoring across regions
- ESG integration measurement and reporting

Dashboard - Visualising Data Intelligence

Comprehensive Analytics for Strategic Decision Making

- **Regional Performance Dashboard** - comparison of mobile money adoption, ESG integration, and gender inclusion across five African regions
- **Asset Allocation Analyzer** - Dynamic tracking of investment patterns across countries.
- **Coverage Gap Mapper** - Interactive Geographic visualization of the pension coverage challenge with targeted intervention opportunities
- **Gender Inclusion Tracker** - Monitoring progress toward women representation in pension governance and asset management

Database Capabilities:

- **Interactive Benchmarking:** Compare any country against regional and continental averages
- **Trend Analysis:** 10-year historical data with projections to 2030
- **Policy Impact Assessment:** Track correlation between reforms and coverage/performance improvements
- **Investment Opportunity Mapping:** Identify infrastructure and development finance gaps

User Applications:

- **Regulators:** Benchmark performance and identify policy gaps
- **Fund Managers:** Strategic asset allocation and risk assessment
- **Development Partners:** Target interventions and measure impact
- **Researchers:** Academic analysis and policy development

Database Maintenance

Database to be maintained regularly- updates on an annual or more frequent basis

Continued support from pensions and asset management regulators - collecting and updating information on market or regional developments. Opportunity for APSA members to provide regular data updates as part of their membership reporting requirements.

Dashboard outputs to be usable - promoting understanding and policy developments within countries and across the continent.

Encouragement of more participation from other countries - to make the database more exhaustive

THANK YOU

Q & A



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