

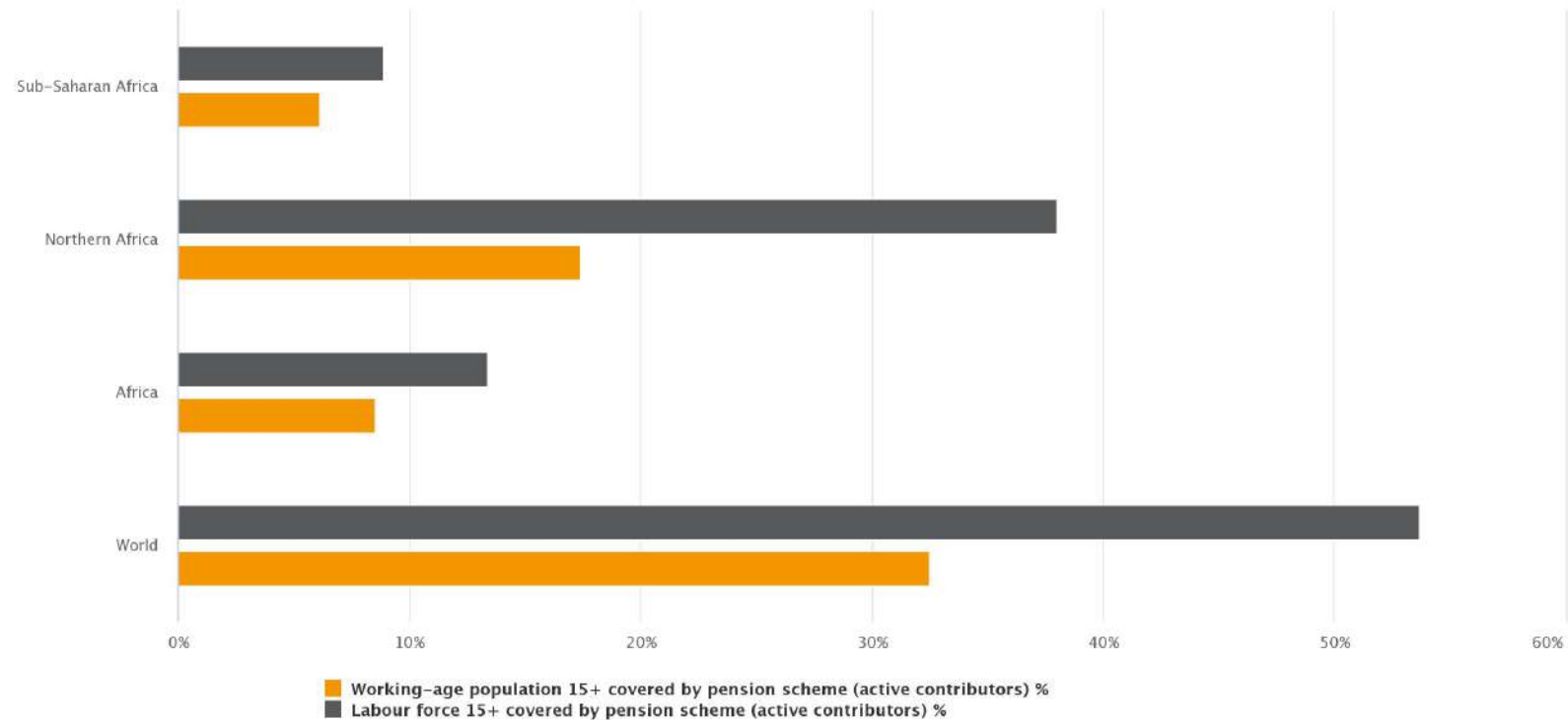
Domenico Fanizza

Executive Director for Italy, the UK, the Netherlands at the African Development Bank Group.

IS AFRICA A FERTILE GROUND FOR PENSION FUNDS?

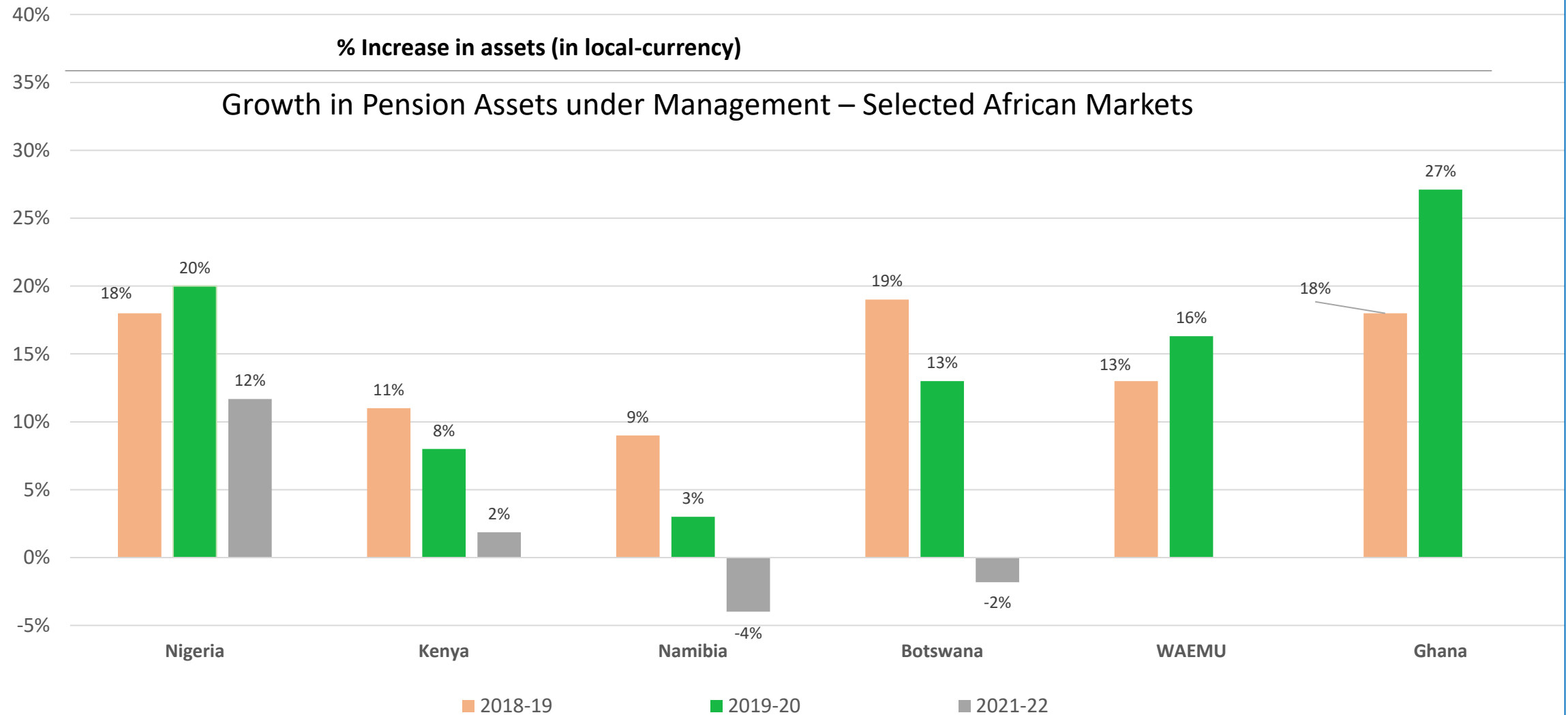
Only 8 percent of Working-age Africans have pension coverage; 32.8 percent globally!

Comparative pension coverage 2020



Source: ILO, RisCura

Managed Assets Have Grown Fast!



Huge Infrastructure Gap:

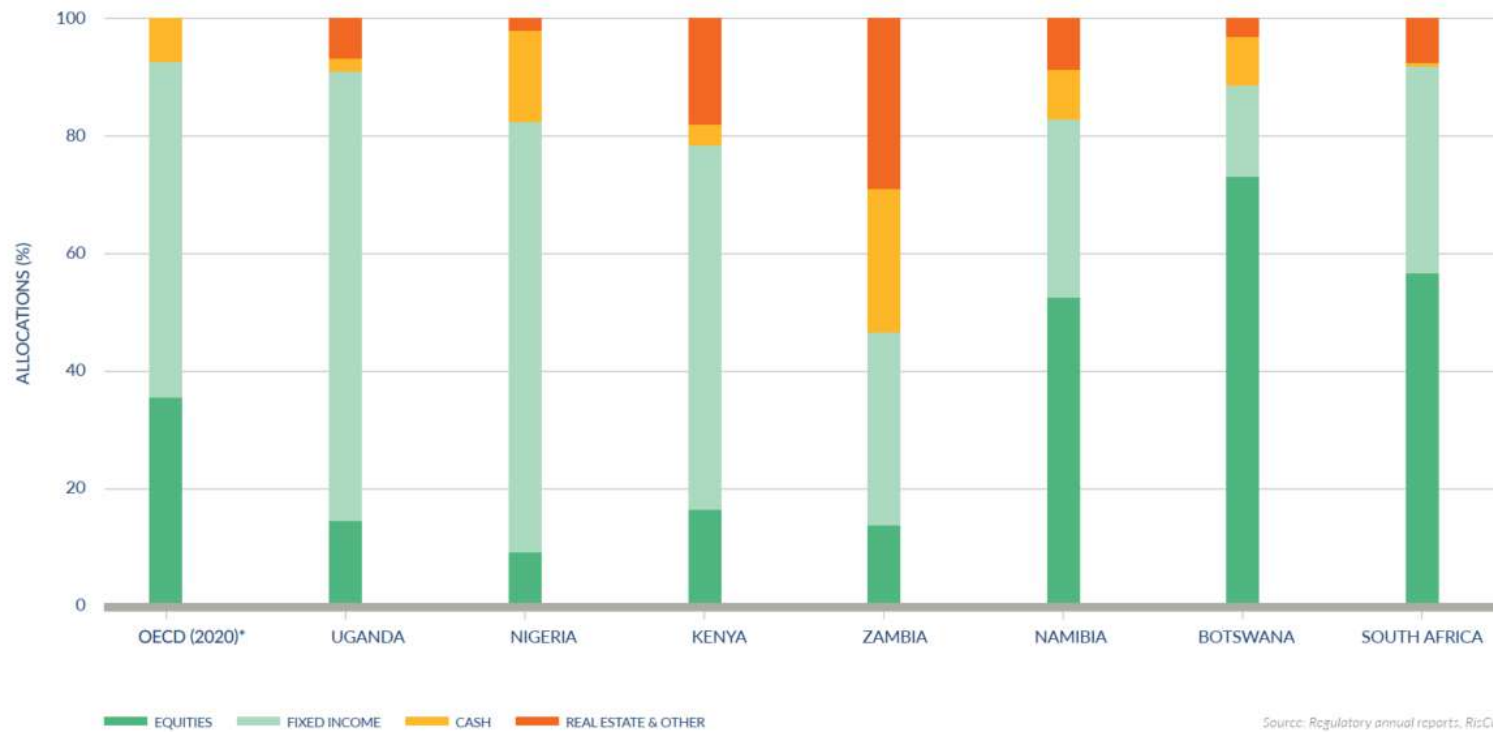
The Bank estimates the annual infrastructure funds at between \$68 and \$108 billion for the next ten years;

Neither public domestic resources of foreign inflows can do the job;

Domestic private savings need to play a major role!

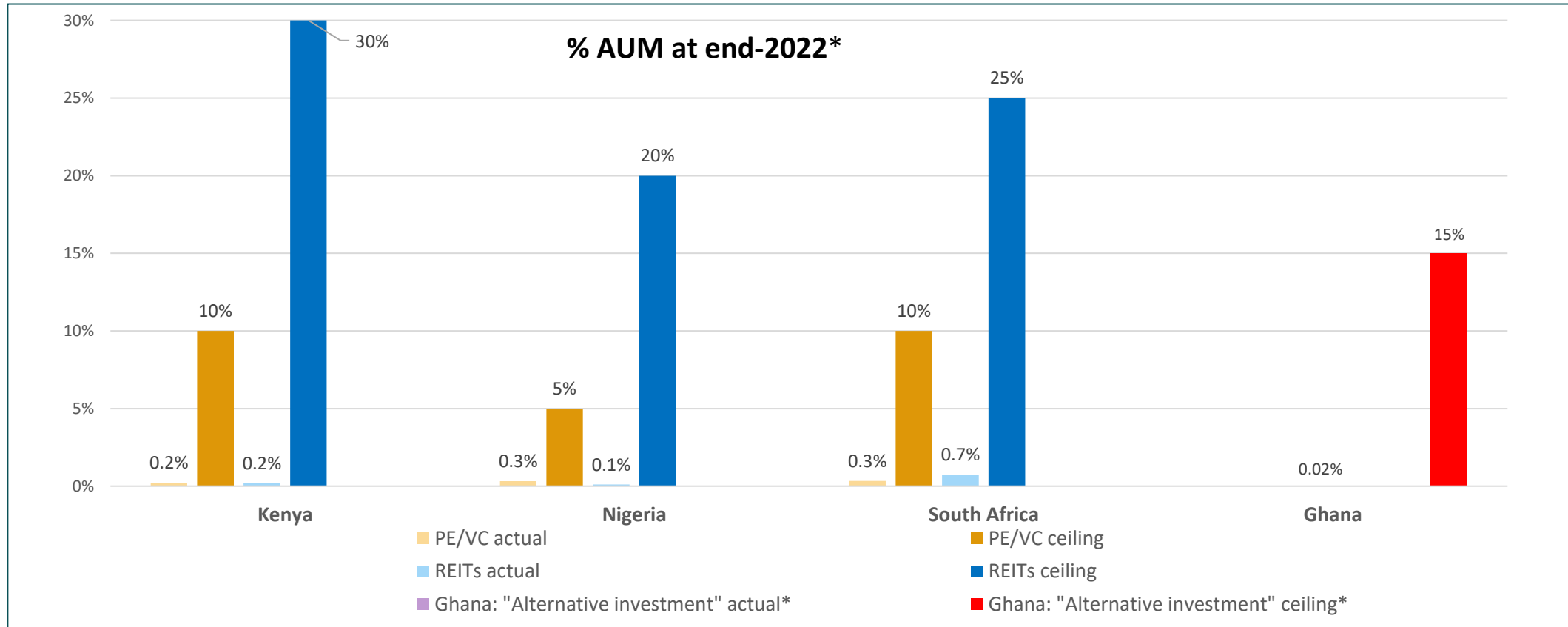
Ample scope for increasing the portion of assets devoted to alternative assets

African Pension Fund Asset Allocation (2019/2020)



The Issue is the Lack of Bankable Projects...

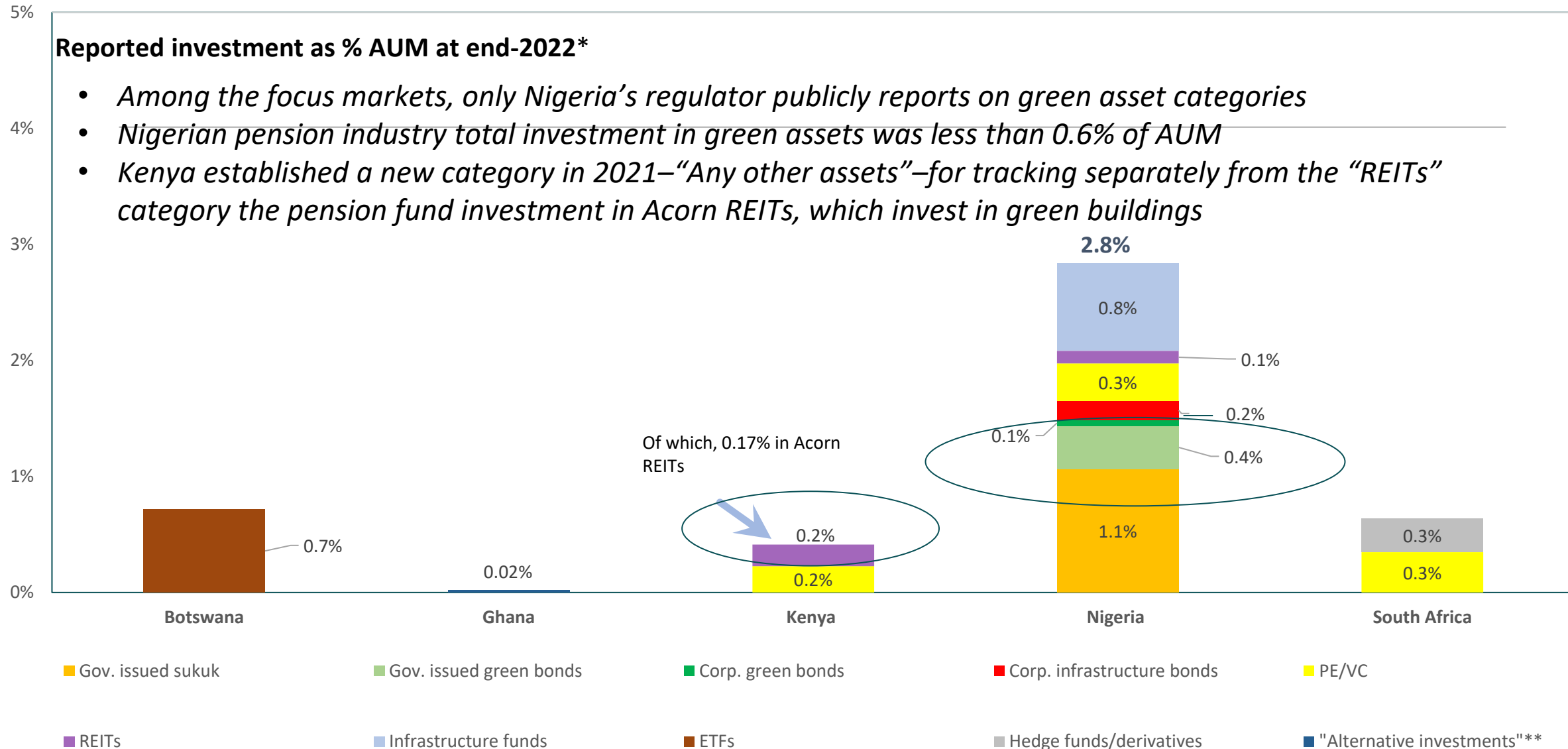
allocation to alternative assets is well below regulatory ceilings...



Pension industry investment in alternative assets is still very small share

Reported investment as % AUM at end-2022*

- Among the focus markets, only Nigeria's regulator publicly reports on green asset categories
- Nigerian pension industry total investment in green assets was less than 0.6% of AUM
- Kenya established a new category in 2021—"Any other assets"—for tracking separately from the "REITs" category the pension fund investment in Acorn REITs, which invest in green buildings

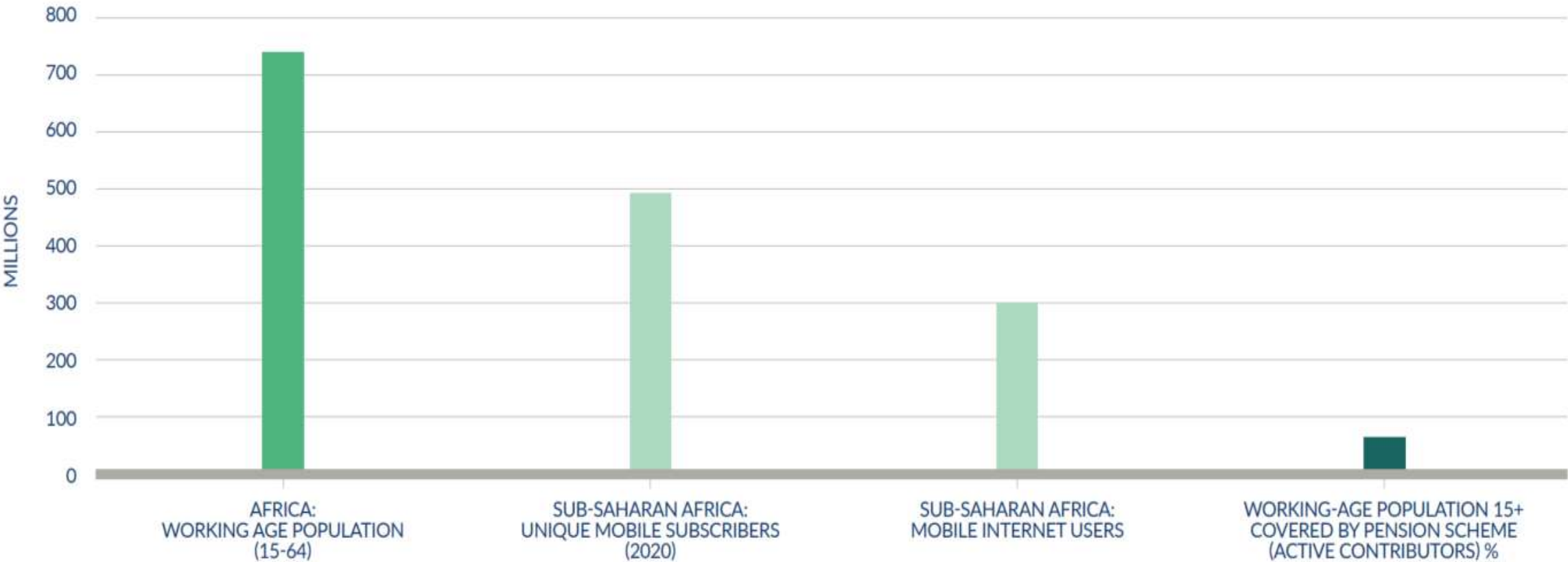




Two Major Opportunities

- Mobile-telephone Revolution
- Favorable Demographics

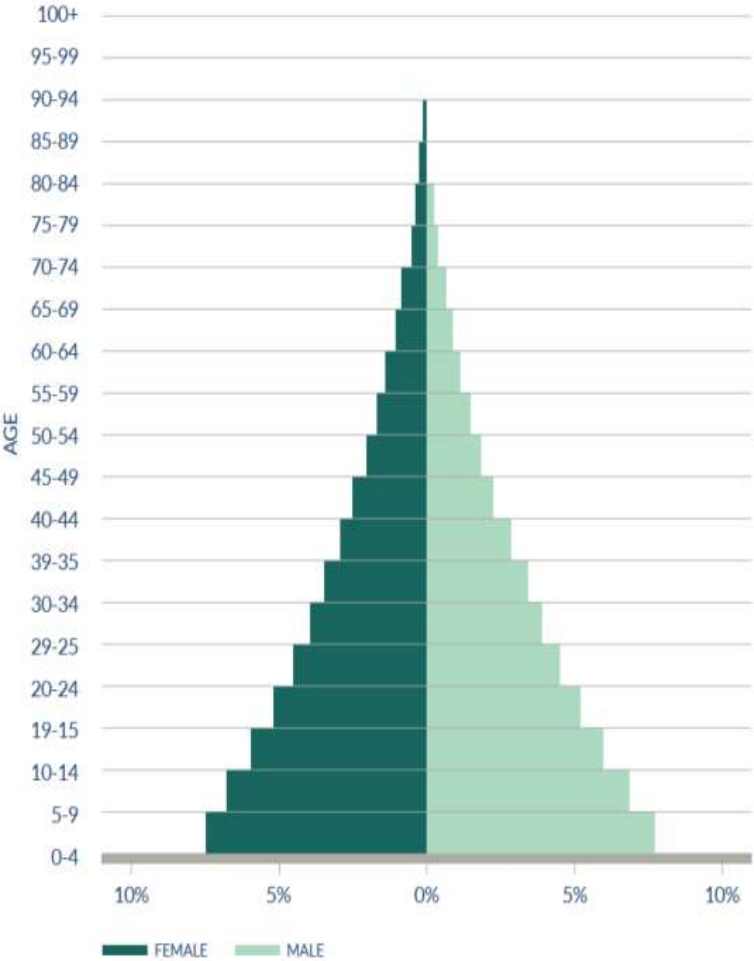
Africa: Pension Contributors vs. Mobile Economy



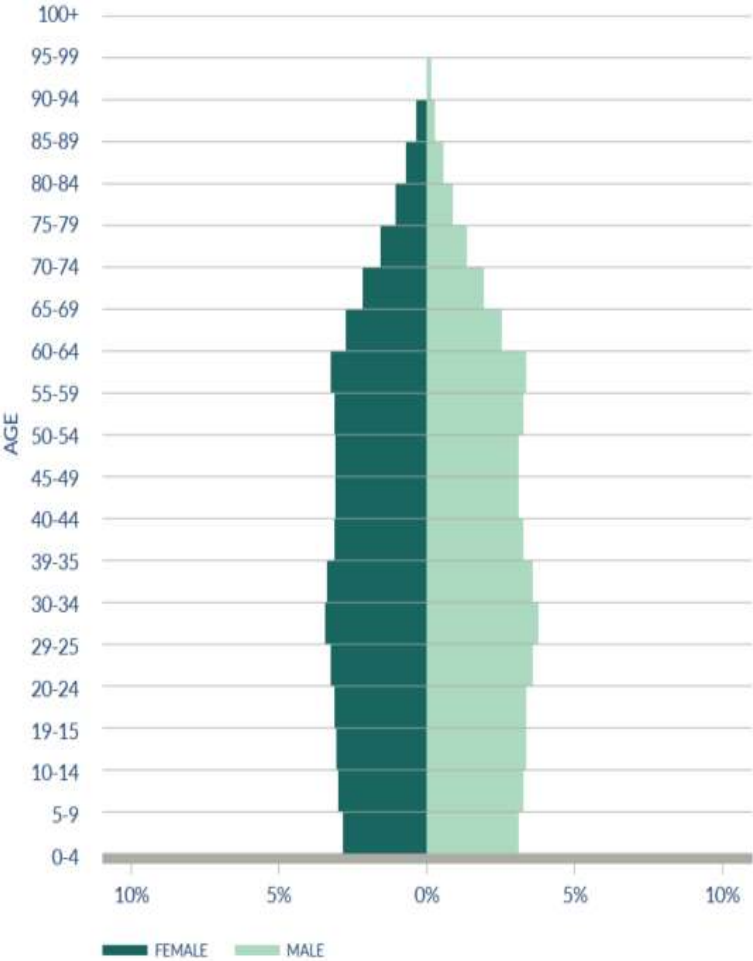
Source: GSMA, UN

A Very Young Continent

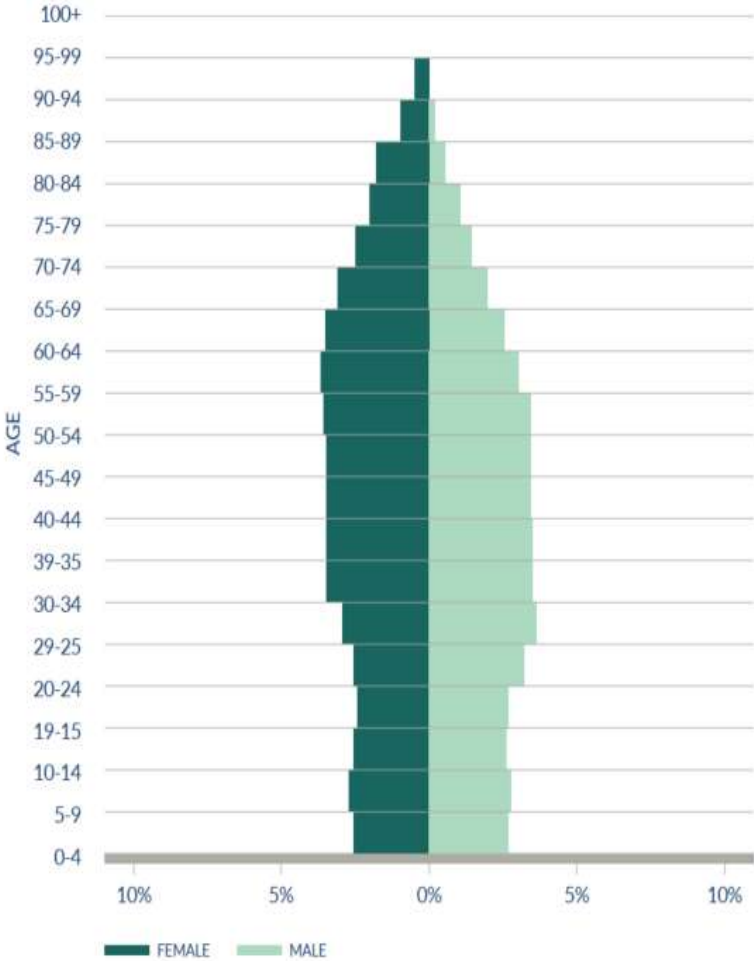
Africa



United States



Europe



The AfDB Helps Countries to tap Pensions Funds to fill the Infrastructure funding gap by:

Expertise

Developing Institutional expertise to make sure that opening up investment to new/unfamiliar asset classes does not compromise stability (e.g. Ethiopia)

Pipeline

Building a pipeline of investment assets

Bank's products for risk mitigation

- Partial Risk Guarantees (PRG) -- e.g. Lake Turkana Wind Power Project
- Partial Credit Guarantees (PCG) -- e.g. Cote d'Ivoire Bond Issue
- Direct Guarantees – e.g. Nigeria Energy Sector Privatization Program
- Risk Participation Agreements --
- Private Sector Enhancement Facility





AfDB priorities (high fives) and approvals in 2022

The AfDB Priorities (The High fives)

- ✓ Light up and power Africa:

Promote energy for all, through a green power revolution

- ✓ Feed Africa:

Achieve food security, through the transformation of African agriculture

- ✓ Industrialise Africa:

Establish African manufacturing as an engine of job creation

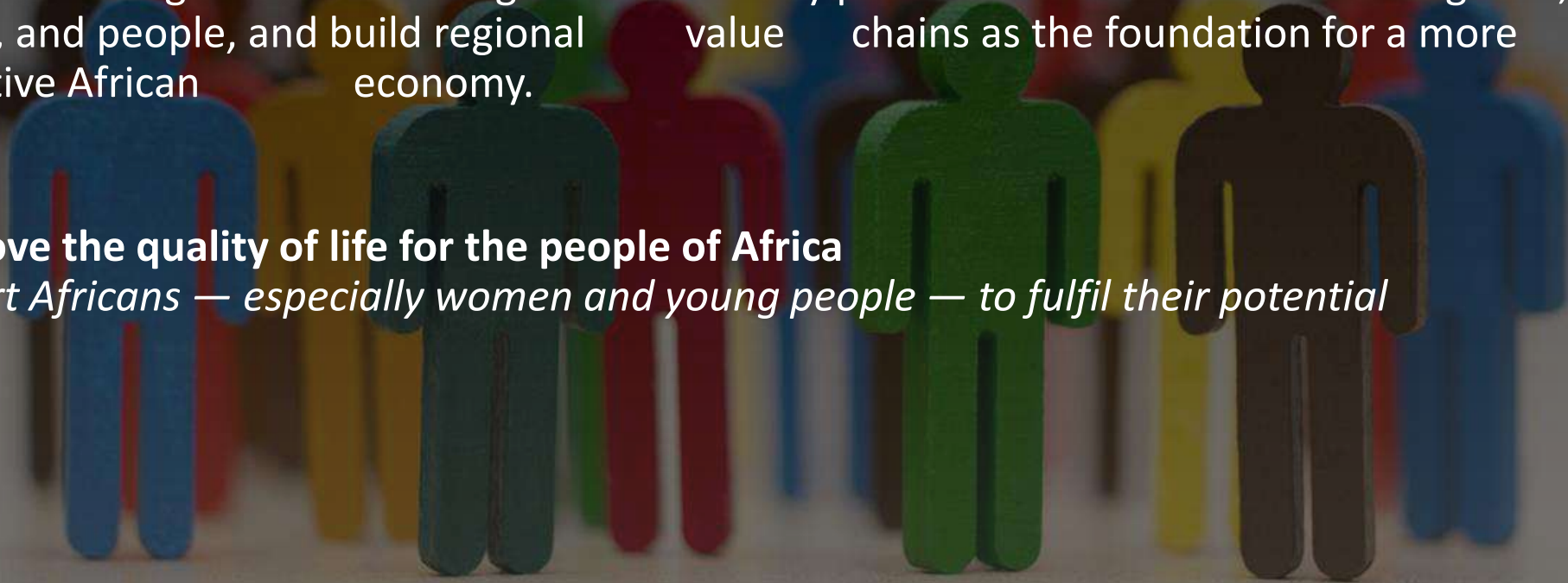
Continued , The AfDB Priorities (The High fives)

- ✓ Integrate Africa:

Build regional and intraregional markets by promote the free movement of goods, finance, and people, and build regional value chains as the foundation for a more productive African economy.

- ✓ **Improve the quality of life for the people of Africa**

Support Africans — especially women and young people — to fulfil their potential





ILX Management BV

- Founded with support from German, UK, Netherlands governments.
- Have mobilized EUR 1 billion from Dutch pension funds.
- Invest in B-loans with multilateral development banks (incl World Bank); thereby freeing up risk capital on bank's balance sheet.
- Signed MoU with AfDB.