



## **Africa Pension Supervisors hold annual Forum and sign agreement with FSD Africa**

*Partnership to lead to strengthening of continent's pension sector, benefiting retirees and long-term savers*

**Kigali, July 14<sup>th</sup>, 2022** – The Africa Pensions Supervisors Forum (APSF) held its third annual forum in Kigali from July 14-15, 2022. The forum brought together pension supervisors from different African countries to deliver a harmonized approach for interventions and reforms in the pensions sector across the continent. The theme of the conference was “Resilience and sustainability of the pension sector amid the crisis- The case of covid 19 pandemic”. Pension supervisors in Africa, relevant stakeholders, experts and partners in the pension industry shared experiences, discussed opportunities, challenges faced by the pension industry and new developments in the industry.

During the meeting, APSF represented by its vice chair, *Dr. Umar Farouk Aminu* – Commissioner Administration, National Pension Commission (PenCom) & Vice Chair- APSF, Nigeria signed an MOU with FSD Africa forging a new partnership to enhance the continent's pensions sector.

The APSF network which was initially made of five countries is expanding and currently sees Botswana, Egypt, Mauritius, Ghana, Kenya, Nigeria, Rwanda, South Africa, Uganda, and Zambia collaborating to deliver on their commitment to a healthy financial future for their citizens. This collaboration provides the impetus needed to unlock the potential of the pension sector in the continent.

Through the network, countries will be better placed to tackle common problems and find solutions to challenges unique to Africa. The challenges include lower investment returns and Africa's labour structure that comprises approximately 86% of labourers being in the informal sector and with limited access to the pension services

The network will accelerate the pace of reforms in the pension space for greater economic impact in Africa. This will include harnessing the opportunities available through fintech. The network will play a key role in safeguarding offshore pensions investments against risks related to cross-border transactions.



### **Harmonised policies will drive an increase in pension investments**

The signed MOU with APSF is keen to work with market stakeholders to ground ESG principles and climate-related financial disclosures framework in the investments of pensions funds. A better-regulated sector with strong policy guidelines will attract more investments from pension funds, ultimately contributing to the economic growth of the continent. Proper Harmonized policy guidelines for the pension sector will support various governments' efforts to safeguard the wellbeing of Africa's retired generation.

### **Together, we can harness the opportunities presented by the pension sector**

Africa's pension sector holds assets estimated at US\$420 billion. The network is devising ways of Harmonized risks related to pensions investments to ensure that money is available to pensioners when they need it. Through this collaboration members will be able to learn from peers, emulate global best practices and hold each other accountable in safeguarding the interests of pension investors.

Commenting on the MOU, FSD Africa Capital Markets Director, Evans Osano, said: "With the right support and regulations, Africa's pension sector can deliver returns for retirees while funding nation-building initiatives. "By partnering with APSF we are jointly paving the way for a Harmonized approach towards interventions and reforms in the pensions sector. Our collaboration will forge solutions that speak to Africa's unique pensions landscape."

On his part, Chief Manager, Research and Strategy at the Retirements Benefits Authority (RBA) Dr. Shem Ouma, representing the CEO of RBA expressed optimism for the pension industry in Africa at large. Commenting on the partnership, he said: "We are excited about the prospects that this partnership presents. By coming together, the continent will benefit from better-utilised pension fund resources which will be directed to the private sector and public sector, as well as climate-friendly investments, boosting growth and supporting sustainable development."

Globally, the coverage of pension systems continues to be limited to the small segment of the population in the formal sector. Despite the low coverage, African countries allocate significant resources to pensions.

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### **About FSD Africa**

FSD Africa is a specialist development agency helping to make finance work for Africa's future. Based in Nairobi, FSD Africa's team of financial sector experts work alongside governments, business leaders, regulators, and policymakers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

### **About MOU signing between APSF and FSD Africa**

Areas of support under the MOU include:

- Supporting holistic interventions that will ultimately encourage long-term (retirement) savings as well as create a facilitative policy, regulatory and industry environment to support appropriate deployment and investment of the pension assets into the real sector.
- Undertake Research, Knowledge Management and Capacity building initiatives, such as:
  - facilitating targeted capacity-building forums for the relevant pension industry stakeholders that provide practical learning opportunities
  - commissioning research on topical areas that are relevant to the pension industry
  - steering initiatives targeted at increasing literacy on retirement products and investments to increase the pension coverage
  - conducting peer to peer learning opportunities for pension supervisors who are members of the Africa Pension Supervisors Forum including but not limited to bilateral knowledge exchange programs amongst the different regulators to support learning from one another
  - supporting auxiliary initiatives around development of centralized data repositories to address data challenges which has been a key challenge for the pension industry in Africa.
- Work with market stakeholders to support sustainable finance initiatives. This includes working with regulators and other market stakeholders to develop guidelines on ESG/climate-related disclosures in reporting by pension fund managers which is expected to enable higher transparency and governance standards, as well as to further build the profiles of those making sustainable investments to building capacity of industry players on sustainable investments and adherence to ESG principles.
- Support institutional capacity strengthening and sustainability building of the APSF through various initiatives. For example, by supporting the establishment of the Secretariat.