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68 6th road Hyde Park.
Johannesburg
South Africa
Tel:+27(0) 11 019 2200
Email: info@pensions-africa.com

EDITORIAL

Editor: Stephen Munyao
stevem@pensions-africa.com

This Edition's Contributors:

Nicole Martens-UNPRI
Martin Nsubuga-URBRA
Tanya Van Lill-SAVCA
Edward Mungai-KCIC
Jean-Phillipe de Schrevel-Bamboo Capital Partners
Nick Ndiritu-Allan Gray
Fred Murimi-Centum Capital Managers
Shaheed Hoolash-Vistra Mauritius
Yudishtir Buldewo-Vistra Mauritius
Adam Bennot-Riscura
Kristen Patten-AXYS Investment Managers
Kugan Parapen-AXYS investment Managers
Christie Peacock-Sidai Africa
Fiona Mungai-Endeavor Kenya
Caroline Tunu-Kenya Ports Authority Pension Scheme
Dean Moore-JUSTSA
Ben Small-HelpAge
BATSETA
Tony Chen- Kinyungu Ventures

Design & Layout

Stephen Munyao

ADVERTISING / MEDIA SALES

Emmanuel Mwaba
mwabae@pensions-africa.com

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Editor's Note

East Africa has attracted a great deal of impact investments from both impact investors and development finance institutions over the last two decades; and Kenya has outshined its East African community member states when it comes to the largest share of investments into the region. In this edition, we continue with our Africa Impact investing series-this time around focusing on the East African region.

The East African region has also witnessed a lot of activity especially on the reforms and regulatory front within the retirement industry. From universal health care and old age pension payouts in Kenya, old age pension schemes in Uganda to Africa's first digital pension scheme in Rwanda.

Uganda has also earlier this month tabled in parliament its National Social Security Fund Bill No. 16 of 2019 for its first reading. The bill is specifically intended to amend the National Social Security Fund Act Cap 222 by making contributions to the National Social Security Fund mandatory for all employees in the formal sector regardless of the size of the firm or the number of employees; thereby allowing workers from both the formal and informal sectors to make voluntary contributions to the Fund.

In this edition, we interview the Chief Executive Officer of the Uganda Retirement Benefits Regulatory Authority (URBRA), Mr. Martin Nsubuga who shares with us key insights on the state of the pensions and retirement industry in Uganda.

As Impact Investing goes mainstream globally and in Africa as well, commentators note that not many pensions funds in Africa have considered impact investing- with most of the pension investments into impact causes coming from pension funds in the developed world- a scenario attributed to lack of expertise in investing in emerging markets. Edward Mungai, CEO of the Kenya Climate change Innovation Centre notes *"Pension funds that are investing in impact investing are mainly from the developed world and very little is happening in terms of investments from African pension funds. In many places pension funds are riding on DFIs and other fund managers to make investments especially in the developing countries including Africa. The reason for this is that many of the pension funds have no expertise to invest in emerging markets"* Other impediments include regulatory restrictions and asset class investment caps imposed on funds by regulators. Despite these challenges, pensions funds are warming up to the idea of impact investing fueled in part by global trends, good governance ideals and member activism.

Although pension funds in Southern Africa have not fully allocated the maximum allocations into private equity, the sector has recorded considerable growth going by the latest investment numbers. According to SAVCA-the private equity and venture capital association of Southern Africa, "South African private equity exhibited a considerable increase in investment activity in 2018, with the value of new investments and follow-on investments reaching a record-high of R35.4 billion, compared to an annual average of R15.2 billion over the preceding 10 years. Of the investments made during 2018, 17.4% were in the services sector, 17,0% in the retail sector and 14.3% were in the energy sector"

The edition also carries articles on blended finance, ESG integration, Social pensions, Micro-pensions, Womens Month specials (SA) and finding value in frontier African markets. Enjoy the read.

Stephen Munyao
Editor/Head of Content

ESG Integration: South African investors are officially out of excuses

Research shows that integrating ESG delivers better returns. In addition, the market is increasingly demanding that these issues be taken into account

Nicole Martens: *Head: Africa & Middle East Principles for Responsible Investment*

Financial materiality, market demand and regulatory imperative are three key drivers of ESG integration and responsible investment for institutional investors in Africa I had outlined in this publication in the December, 2018 edition. I also shared international evidence behind each of these drivers which made it very clear that integrating ESG into investment decisions was something that investors around the world would soon have no choice but to adopt as the new status quo. About six months later, this argument has been proven especially true here in South Africa.

Since the publication of that article, the South African investment space has been subject to some significant developments around the integration of ESG as a mainstream approach.

First, there is the legal opinion delivered by Fasken , which states unequivocally that the failure by a pension fund to consider material ESG risks amounts to a breach of fiduciary duty. Fasken found that this breach would be applicable "under both the common law principles and, for those funds subject to the PFA, in terms of Regulation 28 of the PFA". In simple terms, as an institutional investor, you are legally required to integrate material ESG factors into your investment decisions.

In addition, the recently-published FSCA Guidance Note on the Sustainability of Investments requires that pension funds develop and report on a strategy for the sustainability for their investments – giving particular consideration to the impact of ESG factors.
Finally, in case legal and regulatory imperative were not enough, a recent work by Viviers and Mans-Kemp found that the South African investment environment aligns to international trends around the benefits for investors of active engagement with portfolio companies on ESG-related issues.

Specifically, the research found that engagement by investors is "very effective" both in improving accountability and transparency as well as in delivering improvements in policies and practices related to ESG. If there is an investor who doesn't want more accountable, transparent and efficient companies in their portfolio, I certainly haven't heard of them. A clearer argument for active ownership by investors with respect to ESG will be difficult to find.

Research shows that integrating ESG delivers better returns. In addition, the market is increasingly demanding that these issues be taken into account (for example, it's significant that Standard Bank's 4 recently-tabled climate change resolution was on the AGM agenda, even though it didn't ultimately pass). We also know that regulators and policymakers internationally and here at home are paying much more attention to ESG integration.

In light of this global and highly localised evidence, you may be struggling to pick out any reasons why investors would choose not to integrate ESG into their investment processes. That is exactly the point. There really are no more excuses. The only logical next step now, is to roll up our sleeves and get integrating. ■

Nicole Martens: *In her role of Head of Africa & Middle East of the PRI, Nicole's focus is on identifying and addressing the needs of African investors with respect to integrating ESG into investment processes in an effort to foster the maximisation of long-term sustainable financial returns across the continent.*
Prior to PRI, as a Development Economist, Nicole's career has focused on supporting local and international organisations across the public and private sector in the design and implementation of strategies aimed at achieving large-scale developmental impact in Africa.

Managers wary over Kenyan plan to deploy pension funds in Big Four

The Kenyan government plan to tap into pension funds to finance infrastructure projects appears uncertain, with fund managers saying it is a highly risky investment.

In efforts to reduce dependence on debt, the government has identified the $15.3 billion pension funds as a potential financing alternative for projects under the Big Four Agenda.

The government reckons that pension schemes can pool funds to be directed towards the Big Four projects — manufacturing, food security, universal health coverage and affordable housing — under the public-private partnership (PPP) model.

Amendment of guidelines

"There is a pipeline of opportunities to invest under the PPPs programmes and pension funds can benefit from the stable and attractive long-term returns that can be obtained by investing in infrastructure PPP projects," said Stanley Kamau, National Treasury acting director-general for Public Investments and Portfolio Management.

To actualise the plan, the Retirement Benefits Authority has come up with guidelines for a PPP asset class capped at 15 per cent.

Although the guidelines have not become law yet, it has emerged that enthusiasm by pension fund managers to invest in infrastructure projects has waned over fears that it would expose retirees' money in projects whose returns are largely uncertain. This is informed by the fact that despite being risky, infrastructure projects are complex in structuring and returns are mainly long-term.

The EastAfrican has learnt there has been a standoff over the PPP asset class and that a number of fund managers have developed cold feet in investing in infrastructure projects. This has made it impossible for the National Treasury to push for the amendment of investment guidelines to include the 15 per cent PPP asset class.

It was not lost to observers that while unveiling the 2019/20 budget speech in June, National Treasury Cabinet Secretary Henry Rotich called on pension funds and other institutional investors to consider PPPs as a distinct asset class and to partner with the government in enhancing the country's capacity for developmental investments.

Shem Ouma, RBA chief manager and head of research and strategy, has admitted that lack of success in any PPP project is one of the reasons pension funds investment in infrastructure has been capped at 15 per cent to protect retirees' money.

"Pension funds cannot be invested in social or affordable housing. The new investment class for pension schemes to invest in infrastructure projects under the Big Four Agenda is capped at 15 per cent to protect pension funds and is still under discussion," he said.

Need for consortium

Revelations that pension schemes are no longer interested in infrastructure project puts the government's plans to mobilise funds particularly for affordable housing in jeopardy considering it was banking on the schemes to fund construction of the 500,000 housing units promised under the Big Four Agenda.

"Pension funds cannot be invested in social or affordable housing. The new investment class for pension schemes to invest in infrastructure projects under the Big Four Agenda is capped at 15 per cent to protect pension funds and is still under discussion,"

Despite the standoff over the PPP asset class, Zamara Group chief executive Sundeep Raichura said the 14 large pension fund managers that have formed a consortium designed to pool funds and invest in the capital-intensive projects have not dropped their plans.

However, the funds congregating around the Kenya Pension Fund Investment Consortium have no intension of committing more than five per cent of their assets to the PPP class.

Mr Raichura admitted that majority of pension schemes in Kenya are too small thus making it difficult to invest alone, which informed the decision of the 14 pension managers with an asset base of $2 billion to pool resources.

Sourrce; The East African

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Kenya tops EAC bloc in impact investments

According to a previously released report by UK Department for International Development (DfID), the Global Impact Investing Network (GIIN) and Nairobi-based Open Capital Advisors indicated Kenya had received a total of $4.2 billion in impact investments which accounted for 46 percent of the total amount that was invested in East Africa.

Kenya has become the top regional destination for investors putting money in impact investments that target both social and financial gains, a new study shows.
The report, which looked at regional impact investments made between 1998 and 2004, says Kenya accounted for nearly half of the $9.3 billion (Sh930 billion) invested.

The report, produced by the UK Department for International Development (DfID), the Global Impact Investing Network (GIIN) and Nairobi-based Open Capital Advisors found Kenya had impact investments worth $4.2 billion (Sh420 billion) which is 46 percent of the amount that went to the region.
Data shows Development Finance Institutions (DFIs) such as the World Bank are the biggest investors in power plants, schools, banks, hospitals and other ventures having put $3.6 billion (Sh360 billion) in such ventures through 136 deals. Private equity and venture capital firms invested $650 million (Sh65 billion) in 221 deals over the same period. The study says that more funding would have gone to local ventures were it not for security concerns.

"Kenya is so dominant that some impact investors express concern that the landscape is also saturated. However, ongoing security concerns as well as challenges common to the region that kept impact investing activity in Kenya from reaching its potential", says the report.

Human Capital
Kenya offers the advantage of more readily available human capital compared to other countries in the region", the study says.
"But like other countries in the region, the informal nature of many businesses poses challenges for investors, and there have been few examples of successful exits", adds the study.

Uganda and Tanzania accounted for 13 and 12 percent of the funds invested which translates to $1.2 billion (Sh120 billion) and $1.1 billion (Sh110 billion) respectively. Ethiopia received seven percent or $ 651 million (Sh65 billion) while Rwanda got four percent or $372 million (Sh37 billion) in funds. Most of the reported Kenyan direct foreign investment deals went into energy and financial services.

Uganda and Tanzania accounted for 13 and 12 percent of the funds invested which translates to $1.2 billion (Sh120 billion) and $1.1 billion (Sh110 billion) respectively. Ethiopia received seven percent or $ 651 million (Sh65 billion) while Rwanda got four percent or $372 million (Sh37 billion) in funds. Most of the reported Kenyan direct foreign investment deals went into energy and financial services.

"These two sectors have received more than 70 percent of the capital disbursed directly by DFIs, driven by large energy projects such as dams and wind farms as well as significant investments in local commercial banks", says the report.

> The Sh70 billion Lake Turkana Wind Project and Centum Investment's Sh30 billion Akiira One geothermal plant are some of the mega projects in the energy sector that have attracted foreign funding.

The Sh70 billion Lake Turkana Wind Project and Centum Investment's Sh30 billion Akiira One geothermal plant are some of the mega projects in the energy sector that have attracted foreign funding.

Analysts say energy projects are popular since they usually have government guarantees that assure investors of steady and predictable revenues.

Note: The report looked at regional impact investments made between 1998 and 2004.

Source: National Treasury-Kenya

Alexander Forbes moves to exit Uganda market

Headquartered in Johannesburg, South Africa, Alexander Forbes has offices in other African countries including Namibia, Botswana, Zambia, Nigeria and Zimbabwe. But these countries only contribute a combined seven per cent of the Alexander Forbes' revenues, with 93 per cent of the income coming from its South African operations.

South African financial services group Alexander Forbes has announced plans to exit the Ugandan market as the firm reviews its operations in emerging markets.

The firm, one of the largest administrators of retirement benefit funds in Uganda, is leaving the country after years of operation. It says it is committed to an orderly exit from the East African nation and will maintain levels of service and advice to clients.

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The firm says the operating environment for emerging markets businesses has proved difficult due to vulnerabilities faced by economies in the region. These include rising public debt, low GDP growth, fragilities in the financial sector, and inadequate financial buffers to deal with shocks.

"Countries in which Alexander Forbes is doing business experienced paltry growth, which added to the challenging earnings environment," the firm said in its 2018 annual report.

According to the International Monetary Fund, public debt exceeded 50 per cent of GDP in nearly half of sub-Saharan countries in 2016, with debt servicing costs becoming a constraining burden.

"Areas such as consulting and brokerage that have access to relevant cross-selling opportunities will be pursued. Our approach will be to establish partnerships that enable joint ventures," the company said.

"Areas such as consulting and brokerage that have access to relevant cross-selling opportunities will be pursued. Our approach will be to establish partnerships that enable joint ventures," the company said.

Emerging markets will remain a key long-term growth prospect for the group, with hopes that the growing working-age population and middle-class will positively impact savings rates.

"We see the increasing use of technology as the access point to financial services. This is a long-term, forward-looking view of the growth story in Africa," the firm said.

"We believe it offers opportunities to roll out our financial wellbeing value proposition to sustain and grow our pan-African footprint. Africa is a large continent with different regulations and unique needs per country.

"Our approach will be to roll out our offerings in a platform-based, modular approach."

Alexander Forbes, which is listed on the Johannesburg Stock Exchange, provides financial services such as pension funds, accounting, consulting and actuarial services.

Source: East African

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Source: AMC

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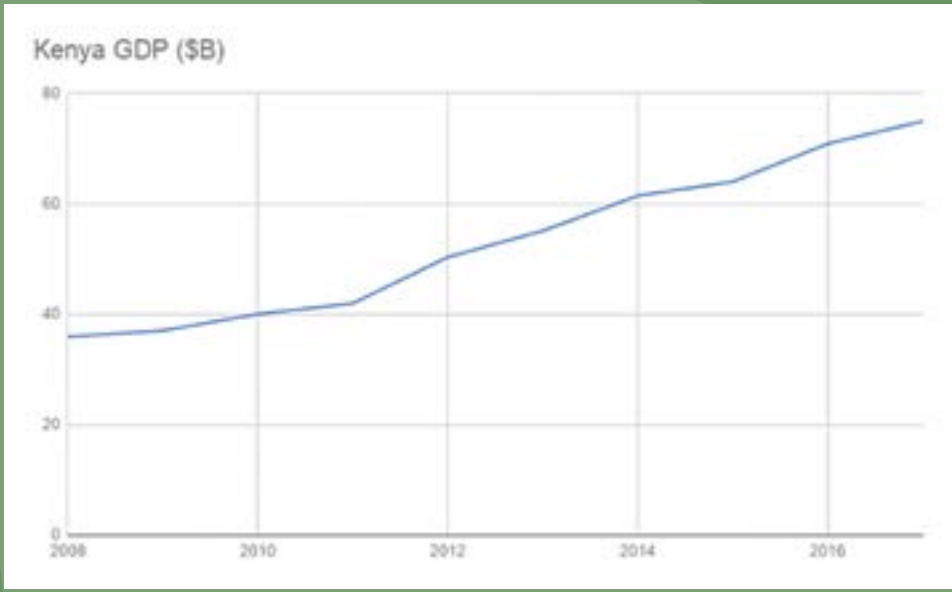
Impact Investing: Why we're starting in Kenya

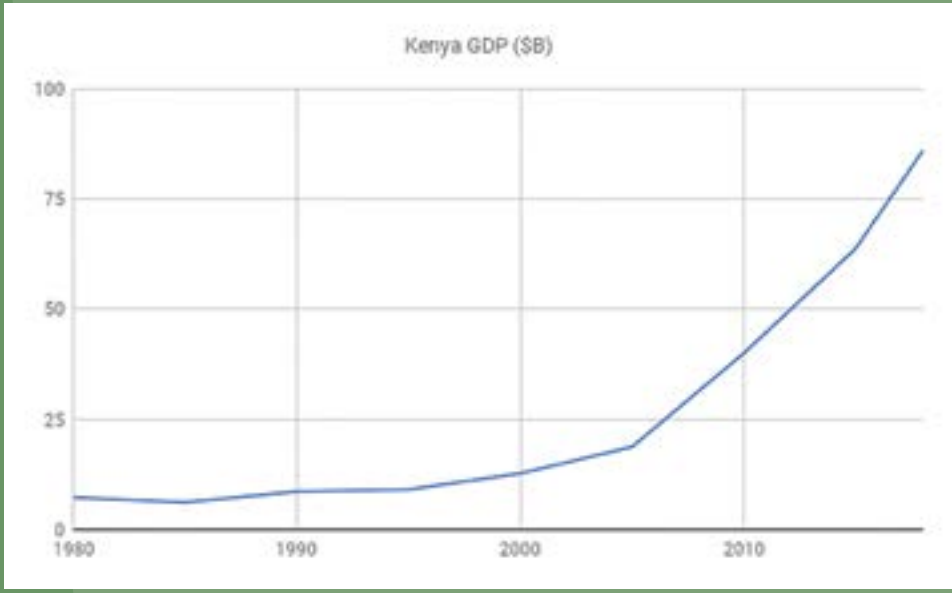
Kenya isn't a one-trick economy, boasting strong agricultural exports (tea, horticulture, coffee), a growing tourism industry (2 million visits/year), strong financial services, and improving infrastructure.

Impact investing has taken off globally, and we've seen major action happening in Kenya for a number of reasons.

1. Kenya continues to be a strong, stable, diversified emerging economy. Kenya's GDP growth is a solid 6% per year.



That's the 10-year view. Now look at the 40-year view:



Tony Chen: *Managing Director, Kinyungu Ventures*

Nairobi in particular is a major hub of the economy, being the home of numerous multinational Africa HQs, such as Google, IBM, Coca-Cola, Toyota, and Intel and the East African HQs for MasterCard, Pfizer, Visa, Qualcomm, Cisco, BIC, and many others.

Kenya isn't a one-trick economy, boasting strong agricultural exports (tea, horticulture, coffee), a growing tourism industry (2 million visits/year), strong financial services, and improving infrastructure. And let's not forget the $2.4B mobile banking powerhouse, M-Pesa — even in it's 12th year, it grew 19% last year.

2. Despite real political and market challenges, Kenya is one of the easiest places in Sub-Saharan Africa to do business.

The World Bank ranked all 190 countries in their annual "Ease of Doing Business" report, and only three countries in Sub-Saharan Africa are in the

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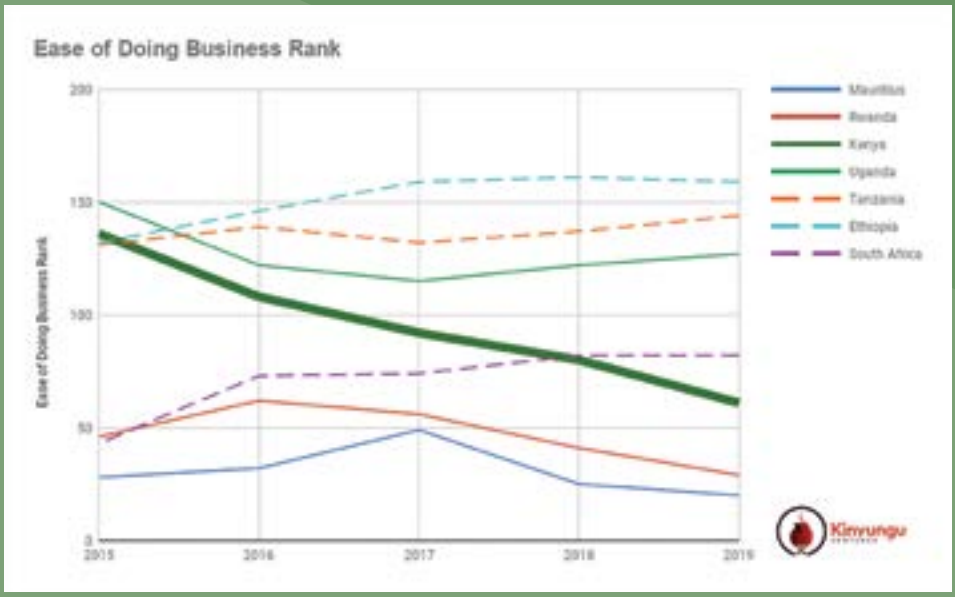
top third: Mauritius (#20), Rwanda (#29), and Kenya (#61). One could argue that Mauritius is more Asian than African, and serves more as a "fly-in-once-a-year-to-sign-documents" regulatory/legal safe zone. How Rwanda has advanced in just 25 years is mind-blowing, but its economy is 8x smaller than Kenya.

Over the past 5 years, Kenya is easily the "Most Improved" for "ease of doing business" in Sub-Saharan Africa, going from 136th in 2015 to 61st in 2019. While there are still plenty of emerging market challenges, going from the bottom 3rd to the top 3rd in the world in 5 years is absolutely astonishing. Why aren't more people talking about this?



Side note: *(These other markets also have plenty of opportunities — I'd consider them less mature, less crowded markets with higher risk/reward profiles Note: I dashed the lines for countries that have gone backward in ranking over 5 years, though I suspect Ethiopia has a chance to rebound sharply.)*

We've recently invested in Kentegra, a company that is producing pyrethrum in Kenya. Pyrethrum is a safe-yet-powerful bio-pesticide extracted from flower pedals picked twice a month for 10 months a year.

Once a top-3 crop in Kenya, pyrethrum fell by the wayside for decades despite Kenya's ideal climate and soil profile. Recently, the government has set up a new, strong regulatory landscape and a friendly foreign investment framework. The ease of doing the pyrethrum business has improved dramatically. And now, pyrethrum has a chance once again to become one of Kenya's largest exports and a massive engine for job growth and economic development.

3. Kenya's start-up scene has pivoted to a maturing ecosystem, with stronger, more frequent later-stage funding.

I've written extensively on the maturing start-up ecosystem. The Bottom line is- Kenya has pivoted past the "over-hype" phase and seasoned ecosystem players are now wiser, stronger, and have achieved real success. Here are the $1M+ deals in 2018.

As clearly indicated, there were also some mega $10M+ deals.

Kinyungu Ventures has invested recently in some angel-round deals with strong interest from later-stage investors at the $10M+ valuation range.

4. Early-stage investment and small businesses continue to be underserved.

The gap in the market we see is two-fold — the missing middle and the missing majority.
The missing middle is early-stage ventures. There are so many accelerators to help entrepreneurs develop early idea and become more investable. And there are so many groups writing $300k+ checks. But very few smaller deals in the middle. While these deals typically happen away from the spotlight, our research has unearthed less than 10 groups who have done more than 5 deals in this middle $50–300k segment.

The missing majority are "silently successful" small businesses. These are longer-term businesses that don't have 20x potential (and hence will never

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Rwanda launches Africa's first universal digital pension scheme for the mass market

In October 2018, the Scheme was pilot-tested in a few districts. Over 30,000 citizens used their mobile phones to open digital Ejo Heza accounts in less than a fortnight and have already contributed over Rwf 20 million in long-term savings using mobile money wallets.

Last year on the 14th December 2018, His Excellency, Paul Kagame, President of the Republic of Rwanda launched the Long Term Savings Scheme named Ejo Heza (Kinyarwanda meaning for "Brighter Future") during the 16th National Umushyikirano Council (the National Dialogue). The launch was attended by over 2,000 participants that included members of the Cabinet and Parliament, representatives of the Rwandan community abroad, local government, Civil Society Organizations, media and the diplomatic community. The Ejo Heza Scheme offers opportunity and incentives for all Rwandan's to save a voluntary share of regular or irregular earnings to mitigate against the risk of old age poverty.

In October 2018, the Scheme was pilot-tested in a few districts. Over 30,000 citizens used their mobile phones to open digital Ejo Heza accounts in less than a fortnight and have already contributed over Rwf 20 million in long-term savings using mobile money wallets.

As is the case across Africa and South Asia, formal pension arrangements in Rwanda are restricted largely to salaried public and private sector employees. The remaining 94% of its citizens, including farmers, workers in small and micro enterprises, daily wage earners, domestic help and other non-salaried individuals are excluded from formal retirement saving programs.

Due to increasing life expectancy and a reduction of fertility rates linked to significant improvements in health systems and reduction in poverty, Rwanda faces the positive prospects of a demographic dividend. On the flip side, the projected growth in the number of older people over the next 30 years will present significant challenges at the individual and economy wide level. Comprehensive coverage and uptake of the Defined Contribution (DC) pension program could radically improve the ability of the next generation of old people to lead a financially secure and dignified retirement.

For instance, in line with the programmes investment strategy and incentives, a 20- year old person who saves US$10 per month in real terms is likely to earns a real return of 4% which translates into an inflation-indexed pension of over US$200 a month for 20 years at 2018 prices. If 2 million citizens joined the universal pension scheme over the next 5 years and saved $10 a month, the government could mobilise retirement savings of over US$ 1 billion by year five and over US$3.6 billion by year 10. By incentivising savings for retirement at scale all Rwandan's will be provided with the

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opportunity to safeguard against the risk of old age poverty. From the macroeconomic perspective, the scheme will help to raise Rwanda's stagnating savings rate by generating a pool of savings that can be channelled via the capital market into long-term, productive investment in support of Rwanda's National Strategy for Transformation with a focus on job creation, private sectorled growth and to help Rwanda transition from aid.

Against this background, Access to Finance Rwanda (AFR), a financial sector deepening programme supported by UK Aid, MasterCard Foundation, USAID and Sweden, engaged pinBox Solutions, a global digital pension expert firm to help the Government of Rwanda and local private sector stakeholders to design and setup "Ejo Heza" Rwanda's novel digital pension scheme for the mass market. The scheme has a strong governance structure, backed by Government and draws on private sector expertise for fund management, custodian services and distribution.

"Ejo Heza" will leverage existing digital financial inclusion infrastructure to provide secure and convenient access to a simple and affordable pension and insurance solution to citizens of all income classes but with incentives for those with modest, irregular incomes and limited financial literacy. It will provide all Rwandan citizens, including the diaspora, an equal right and opportunity to voluntarily accumulate savings for their old age.

Ejo Heza accounts will be mapped to each member's unique National ID and shall be portable across jobs, locations and service providers. Citizens will use their National ID and mobile phones or computers to 'activate' their Ejo Heza accounts. Members will be free to decide how much and when they want to save based on their own cash-flows and make periodic contributions using their mobile wallets, bank accounts, debit or credit cards. Contributions will be indexed to account for inflation and wage increases over time.

Members will enjoy single-window access to services through a nation-wide network of thousands of branches and agents of banks, SACCOs, cooperatives, MFIs, mobile money service providers, etc. A web and telephone based, simple and transparent mechanism has been established in the form of a national tollfree Helpline that will provide information and complaints resolution support to members.

Waringa Kibe, Country Director of AFR, "Over the years, AFR has actively supported the Government of Rwanda through the Ministry of Finance and Economic Planning (MINECOFN) and the National Bank of Rwanda (BNR) in the areas of inclusive financial sector development in support of broad based economic development. Today, millions of Rwandan citizens across the country are already able to easily access savings, credit, insurance and remittance payment services through a range of credible and well-regulated institutions. Rwanda is also among the first few nations in the world to have established a robust, digital national ID infrastructure. Access to Finance Rwanda and our Funders, are very proud to be now contributing to the next phase of Rwanda's financial inclusion efforts. We are very pleased to be supporting the first national-level universal pension program in the world being launched by leveraging existing digital financial inclusion infrastructure in the true spirit of Public-Private-Partnership."

Sarah Metcalf (Head of UK Aid in Rwanda) adds that "On behalf of AFR funders I congratulate the Government of Rwanda on setting up this important initiative. The Long Term Savings Scheme, Ejo Heza, will help meet the pension and asset protection needs of the next generation of older people while increasing Rwanda's funds for critical investments. We are pleased that our Access to Finance Rwanda programme was able to provide critical technical assistance to support the Government with this initiative."

In a pioneering policy decision, Ejo Heza will provide a special, means-tested fiscal incentives package for the first three years to encourage mass-scale enrolments and sustained savings discipline by non-salaried workers. This includes a matching government co-contribution of up to RWF 18,000 per year along with a free life insurance cover of RWF 1,000,000 and a funeral insurance cover of RWF 250,000. Design and implementation of The Scheme began as a project under MINECOFIN, through a special Project Management Unit that was set up with support from AFR comprising an international team of pension and IT experts from pinBox Solutions and 15 national experts. It is now being rolled out and managed by the Rwanda Social Securty Board (RSSB).

Says Parul Seth Khanna, director and co-founder of pinBox Solutions, "The Government of Rwanda, BNR and AFR have already built the key pieces of an ecosystem needed for a digital universal pension program. It is hugely exciting to use technology to harness this existing financial inclusion infrastructure for pension inclusion and to be assisting in the design and launch of Africa's first, truly inclusive and completely digital micro-pension system".

This is a giant step for the Continent as Ejo Heza seems poised to emerge as a global model for digital pension inclusion across the developing world. This is an equally historic milestone in Rwanda's journey towards an inclusive, secure and dignified retirement in the land of a thousand hills and a million smiles.

Source: Access to FInance Rwanda

Southern African Private Equity investment reaches record highs

Tanya van Lill: *CEO,Southern African Venture Capital and Private Equity Association (SAVCA)*

South African private equity exhibited a considerable increase in investment activity in 2018, with the value of new investments and follow-on investments reaching a record-high of R35.4 billion, compared to an annual average of R15.2 billion over the preceding 10 years. Of the investments made during 2018, 17.4% were in the services sector, 17,0% in the retail sector and 14.3% were in the energy sector.

This was revealed in the SAVCA 2019 Private Equity Industry Survey, the annual survey of private equity activity in Southern Africa which was released to the industry on 17 July 2019. To obtain survey results, SAVCA, along with research partner Deloitte, surveyed 47 managers, representing 82 funds, with a mandate to invest in South Africa and in other African markets.

CEO of the Southern African Venture Capital and Private Equity Association (SAVCA), Tanya van Lill, said that this uptick in investment activity, along with the strong fundraising figures reported for 2018, is indicative of the resilience of the private equity industry. She further notes that amid the numerous investment opportunities available in South Africa, investors are increasingly looking to private equity.

"Total funds raised increased by 71.6% in 2018. Of the R12.8 billion raised, R7.1 billion (56.6%) was raised locally in South Africa. This is an impressive figure, given the relatively downbeat macroeconomic climate in South Africa (real GDP was recorded at a mere 0.8% in 2018). That being said, the industry also benefitted from initiatives such as the government's drive for foreign investment and the increased interest shown by local pension funds to invest in real assets which include private equity."

The research showed that Southern Africa's private equity industry, which is made up of both government and private funds, had R171 billion in funds under management (FUM) as at 31 December 2018. This represents a compound annual growth rate of 9.3% since 1999, when the survey first began.

In addition, South Africa's private equity capital penetration continued its upward trend, having risen to 0.8% of GDP in 2018, which compared sizably with 0.02% for Nigeria, 0.1% for Brazil, 0.01% for Russia, 0.47% for India, and 0.2% for China.

"This means that although the South African private equity industry as a whole is relatively small in comparison to more developed economies, it is still well-established and significant in the regional market," said van Lill.

Funds returned to investors in 2018 totalled R15.6 billion, which represents all cash flows returned to investors including the proceeds from realising investments, dividends, interest and repayment of loans. In terms of realising investments, trade sales were the most popular by value totalling R5.6 billion. The annual average funds returned to investors over the preceding five years was R13 billion.

"This is testament to the fact that emerging markets private equity continues to, not only provide investors with exposure to the private sector via private or unlisted companies and attractive returns, but also the opportunity to truly make a positive impact as investors and investees walk their journey together," says van Lill

Additional highlights from the survey include the significant advances made in terms of transformation, with the percentage of female and black professionals within the industry increasing to 29.6% and 34.9%, respectively, from 21.8% and 29.9% in 2017.

SAVCA, as an industry body, is excited to see the positive trend of female and black professionals within the private equity industry and would like to see this trend extend to fund manager executive and ownership level.

"The exciting new Fund Manager Development Programme – a SAVCA initiative that aims to accelerate the entry of black and women-owned fund managers – is committed to driving a transformative change in the industry over the coming years," van Lill concludes.■

Tanya van Lill *is the CEO of the Southern African Venture Capital and Private Equity Association (SAVCA)*

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Why African pensions funds should actively consider impact investing as an asset class

Pension funds that are investing in impact investing are mainly from the developed world and very little is happening in terms of investments from African pension funds. In many places pension funds are riding on DFIs and other fund managers to make investments especially in the developing countries including Africa. The reason for this is that many of the pension funds have no expertise to invest in emerging markets.

According to the Global Impact Investing Network (GIIN), the fastest growing and largest category of impact investing assets under management by investment source is from pension funds and insurance companies. Of the estimated US$502b in impact investment funds under management in 2018, 32% are investments made by pension funds and insurance companies. Pension funds that are investing in impact investing are mainly from the developed world and very little is happening in terms of investments from African pension funds. In many places pension funds are riding on DFIs and other fund managers to make investments especially in the developing countries including Africa. The reason for this is that many of the pension funds have no expertise to invest in emerging markets.

In 2011 while I was working for the Danish International Investment Funds (IFU), together with IFU project development team we innovated a model that was aimed at attracting Danish pension funds to impact investments. These efforts resulted in the first of such collaboration which was the Danish Microfinance Partners- that was a US$90 million fund that invests in micro financing institutions in Africa, Asia and Latin America. The fund was co-managed by both IFU and Maj invest, a traditional investment management company on behalf of the Danish State and the pensioners. Today, there are more than 10 such collaborations involving Danish pension funds focusing on different impact sectors with funds under management of over US$1 billion.

Pension funds are characterised by the appetite to provide long-term and patient capital. Traditionally, funds have been focusing on investments in real estate,

Edward Mungai: *Chief Executive Officer of the Kenya Climate Innovation Center (KCIC).*

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public equities and government securities. For the progressive funds, there has been a consideration to invest in private equity but at a very limited scope. Due to the nature of the funds and the regulations that governs the funds, there are normally limitations on the asset classes that the funds can invest in. For pension funds in many African jurisdictions, the key asset classes include equities, property, cash and debt. In some markets the regulators go further by defining the percentage of assets under management that can be invested and this (percentages) limits the innovativeness of the funds especially on how they can allocate their resources. The regulator's objective is to safeguard the pensioners and the believe is that funds should be passive, diversified and should take minimal risks.

Despite the above, in the recent past there is an emerging trend where pension funds are looking at impact investing as a new asset class for investment. Impact investments are investments that strive for financial return as well as social or environmental impact. Impact outcomes are considered and the 17 Sustainable Development Goals (SDGs) also known as the "Global Goals" are forming basis for such investments. This trend is expected to be on the rise in the near future across Africa mainly due to pensioners asking for more than just financial returns as well as the fact that more and more investors are moving towards responsible investments.

Due to the recognition that private capital will be of essence to meeting the investment requirements of the SDGs, it is expected that some governments will also actively support the mobilization of pension funds for impact investing by providing an enabling environment from a policy and incentive dimension.

Of the estimated US$502b in impact investment funds under management in 2018, 32% are investments made by pension funds and insurance companies. Pension funds that are investing in impact investing are mainly from the developed world and very little is happening in terms of investments from African pension funds.

African pension funds should also copy their counterparts in the developed markets by investing in the impact investing sector. To head to this direction, a good example is the Investing4Growth Fund (I4G), This is a fund which is a consortium of five UK pension funds that have committed GB£250 million collectively to go towards socially and environmentally impactful investments. This model of working in a collective manner offers more scope in expertise and sharing the risk between funds as well as managing the fears of contributors and regulators over new markets.

Another alternative for African pension funds is to invest in the impact sector through funds of funds. In this case, funds work with fund managers who manage impact funds. This strategy is favourable because most impact investing opportunities in developing countries are smaller in size and require a high level of hand holding, provide a mix of rates of return and sometimes unclear prospects for exit. This nature of impact investing in developing countries will require pooling of resources to manage the above challenges and hence the best model could be that of fund of funds.

Other than the benefit of return and risk opportunities to diversification on impact investing by the pension funds, democratization and member activism of pension funds' investments, which is happening at a very fast pace in the continent is pushing pension funds to consider impact investing as an asset class. Democratization and member activism within pension funds' investments is the situation where members are pushing fund managers to consider responsible investments due to the fact that members are keen to make a difference in the world which is requires funds to provide social and environmental outcomes.

African pension funds should consider SDGs as a way of business as the 17 goals provide a powerful framework for the funds on engaging beyond the traditional ESG (environmental social and governance) model of responsible investments as SDG's provide an opportunity for businesses to make a positive contribution to society and a strong business case for making positive changes. SDGs should be in the fund's board agenda to be able to meet their client's dual interest of enjoying a decent pension while living in a prosperous, just and peaceful society. Funds can meet these objectives of achieving both financial and social returns by participating and integrating ESG factors into their investment decisons through impact investing.■

Edward Mungai: *is an Impact Investing expert and author of the book-"Impact Investing in Africa" and is the Chief Executive Officer of the Kenya Climate Innovation Center (KCIC). He leads the team across focus areas and crafts unconventional strategies to drive innovation and entrepreneurship in climate change.*

Mr. Mungai has a multifaceted background in business advisory, private equity, investment management, transaction services, structured finance and fund management. He has been an investment manager with the Danish International Investment Funds (IFU) in Copenhagen and Nairobi, and a manager at KPMG East Africa. Edward holds an MBA from CBS-SIMI Executive (Copenhagen Business School-Denmark) and a business degree from Moi University, Kenya.

He has huge interest in corporate sustainability and has been involved in high level discussions on the topic across Africa and the USA. Edward is a 2016 Eisenhower Fellow and SDG Evangelist. Edward is the author of Impact Investing in Africa: A Guide to Sustainability for Investors, Institutions, and Entrepreneurs published by Palgrave in 2018

Blended finance: An underused tool in the fight against poverty

To plug the finance gap, impact investors should consider blended finance vehicles. At the moment, blended finance is not being used enough in the Least Developed Countries (LDCs) – the world's 47 poorest countries.

In the last two decades, significant progress has been made to reduce poverty in the developing world, with the total number living in poverty falling by 1.1 billion people since 1990.

Despite this progress, poverty remains a significant problem in certain regions. For example, in Africa, the number of poor in the region increased by 9 million, with 413 million people living on less than US$1.90 a day in 2015. If this trend continues, by 2030, nearly nine out of 10 extreme poor will be in Sub-Saharan Africa.

Furthermore, population growth in the coming years represents a significant hurdle to eradicating poverty. According to the UN's projections, the population of sub-Saharan Africa is expected to double by 2050. To combat poverty across the world, while satisfying the United Nations Sustainable Development Goals (SDGs), trillions of dollars of investment will be required. At the moment, the current spend is insufficient to meet these goals.

The power of blended finance

To plug the finance gap, impact investors should consider blended finance vehicles. At the moment, blended finance is not being used enough in the Least Developed Countries (LDCs) – the world's 47 poorest countries. According to the OECD, of the private finance mobilised by official development finance interventions between 2012 and 2017, approximately USD 9.3 billion, or 6%, went to the LDCs, whereas over 70% went to middle-income countries.

However, blended finance offers an exciting way forward and the idea is pretty simple. When structuring a fund, the fund manager can create several layers of risks and returns, with a 'first loss layer' and then 'senior layers' on top. All layers share the same investment portfolio. But if there is a loss, the first loss takes the hit first, thereby protecting the senior layers of investors.

The first loss appeals to traditional donors. Instead of investing a dollar in a cause they support, they can now invest in a first loss of an impact fund dealing with that very same cause, but they will have a major catalytic effect by attracting other investors. This way they can grow the overall resources for the cause they support. On top of this, if the investment manager has done a proper job, this concessional dollar may not actually be lost and could even generate a return, meaning the donor gets to invest it again. This is truly efficient philanthropy.

Furthermore, investors coming into the senior layers will not expect the same level of financial returns as they would have otherwise, because they are protected by the first loss, and the apparently somewhat lower returns generated by the investment portfolio suddenly meet their risk-return requirements. This can help overcome a major barrier to investment by institutional and other investors with strict fiduciary responsibilities who will generally consider expected financial returns to be too low for the perceived risk.

Delivering on our vision to tackle poverty

In recent years, an increasing number of blended finance funds have been created by private-public partnerships, with organisations ranging from governments to supranational bodies. For example, at Bamboo, we recently launched an investment vehicle with the United Nations Capital Development Fund (UNCDF) to tackle poverty in the LDCs.

Our partnership with the UNCDF will support the SDGs and is designed to attract concessional and commercial growth finance to the UNCDF's pipeline of small and medium-sized enterprises (SMEs), financial services providers and local infrastructure projects. The partnership aims to address the 'missing middle' financing gap – when entrepreneurs in frontier markets find their growth is constrained by a lack of access to follow-on financing.

This is proof of concept. It demonstrates that impact investors are able to fund companies which previously did not have access to funding. This will help these companies scale, transform lives and unlock the economic potential of some of the poorest people in the world, while actively contributing to the SDGs.■

Jean-Philippe de Schrevel: *Is the Founder and Managing Partner at Bamboo Capital Partners*

Finding value in frontier African markets

Across corporate boardrooms in South Africa, a number of management teams and institutional investors are grappling with a vexing question: Is investing in frontier African markets worth the hassle? Nick Ndiritu explains how we have wrestled with the uncertainty of investing in frontier markets.

Established South African industry leaders are struggling with the well-known challenges of doing business in Africa. From Nigeria to Uganda, the regulatory challenges faced by telecommunications company MTN resemble a cruel game of whack-a-mole: As soon as you fix one, another appears. Africa's leading retailer, Shoprite, reported its largest earnings decline in over a decade, citing currency devaluation in Angola as the cause. In the financial services sector, Liberty Holdings is looking to sell down loss-making African operations in asset management and health.

Newer entrants with less established African footprints, initially drawn to the continent's alluring growth prospects, are scaling back their ambitions. South African property companies Attacq and Hyprop recently impaired the value of their Rest of Africa assets and are looking to exit or pare down a joint venture that owns shopping malls in Ghana, Zambia and Nigeria. Most of their tenants are South African retailers who have scaled back their Africa expansion plans and are unlikely to renew their leases. Their concerns are valid. In 2013, retailer Woolworths exited Nigeria, citing high rental costs and supply chain challenges as reasons. In 2016, fashion chain Truworths also exited Nigeria due to high rentals and import restrictions.

Nick Ndiritu: *Portfolio Manager, Allan Gray*

There are success stories

On the other hand, there are compelling examples of South African corporates who have thrived on the continent. Standard Bank's footprint in 20 African markets is unrivaled. Their Rest of Africa business is lucrative, earning a 24% return on equity (ROE) compared to the Group's 18% ROE, and is now contributing a meaningful 29% to Group earnings. MTN's operations in Nigeria are thriving despite all the regulatory hullabaloo.

At the end of 2018, revenues grew by 17%, with an 11% increase in their subscriber base to 58 million, and their EBITDA (earnings before interest, taxes, depreciations and amortisation) margin expanded by 4.5 percentage points (pp) to 43.5%, excluding once-off regulatory payments. Shoprite remains a formidable competitor in Africa's retail landscape despite short-term macroeconomic challenges in Angola and Nigeria. Battlefield scars are inevitable as these companies diligently build their competitive positioning through the ups and downs.

South African corporates have also dispelled any doubts that new market entrants can crack the challenging business environment in Nigeria. Brewer SABMiller (prior to its merger with Anheuser-Busch InBev) entered Nigeria's beer market in 2009 and later invested US$100m to build a brewery in the city of Onitsha. They pursued a differentiated regional marketing strategy, championing regional brands which resonated with the traditions and culture of the local communities. This strategy also avoided fierce nationwide competition with dominant Heineken and Diageo.

SABMiller also specifically addressed affordability, focusing on the number of minutes worked to earn a core beer. The company considers a beer to be affordable at 30 minutes, but the majority of the population in Nigeria is in the low to mid-income range, where an individual needs to work for 72 to 140 minutes to earn a beer. Cheaper pricing expanded their reach into the value-conscious segment, at the expense of peers like Diageo, who have stumbled during Nigeria's recent economic slump.

The results have been impressive, with SABMiller garnering a 22% market share of Nigeria's beer market. AB InBev is building on SABMiller's groundwork, recently commissioning a US$250m brewery to meet growing demand and now expanding from a regional to a nationwide distribution footprint. At a time when others may

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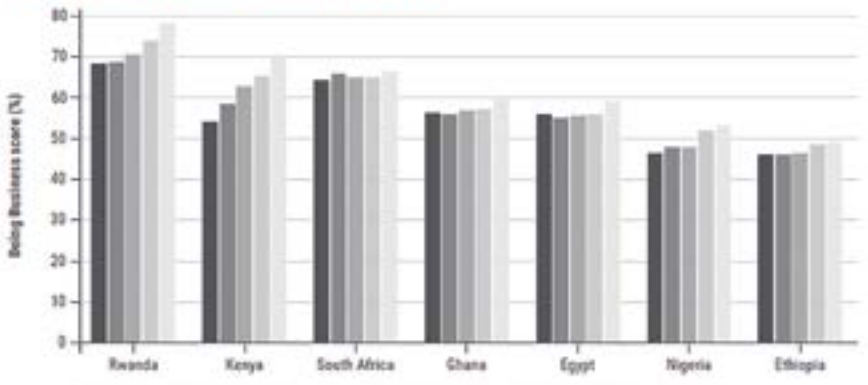
be considering exit options, AB InBev is unabashedly betting on Nigeria's beer market.

It is not easy doing business in Africa

These examples of success and failure highlight the fallacy of sweeping narratives. The insistent story of a rising Africa underplays the challenges of doing business on the continent. Progress in changing the business environment has been uneven. One objective measure to track this progress is the World Bank's Doing Business rankings, which indicate the ease of doing business in 190 countries. They score each country based on various indicators that help determine the efficacy of the business environment: How easy is it to start a business, deal with construction permits, get electricity, register property, get credit, pay taxes, trade across borders, enforce contracts and resolve insolvency. Using the same standard everywhere enables comparability across economies.

Graph 1 shows the ease of doing business scores for select African countries over the last five years. In 2015, South Africa was ranked 43rd out of 189 economies, and was on a par with Rwanda as one of Africa's top-ranked economies. By 2019, South Africa has fallen behind, with the Doing Business score having increased by only 2 pp compared to Rwanda's 10 pp improvement. Over this period, Kenya has made the most progress, with a 16 pp gain and jumping from a rank of 136 to 61. Nigeria has also made progress, but from a low base of being ranked 170th to 146th.

Graph 1: Ease of doing business in Africa



Country ranking

	Rwanda	Kenya	South Africa	Ghana	Egypt	Nigeria	Ethiopia
2019 rank	29	61	82	114	120	146	159
2015 rank	46	136	43	70	112	170	132
Change in ranking 2015 – 2019	17	75	(39)	(44)	(8)	24	(27)

Source: World Bank, Allan Gray research

In aggregate, these scores highlight that in most frontier markets, companies seeking opportunities there are barely welcomed by smooth and efficient functioning of regulators, tax authorities and judiciaries, among others. These challenges aren't new or unique to Africa, but according to the Doing Business 2019 report, sub-Saharan Africa has been the region with the highest number of reforms each year since 2012. This past year, they captured a record 107 reforms across 40 economies in sub-Saharan Africa. Countries eager to lure investment are undertaking measurable pro-business reforms.

Establishing a competitive edge remains important

Painting the Africa narrative with broad brushes also obscures the role of competition. There will always be winners and losers. Successful market leaders are honing their strategies and ability to compete effectively despite the well-known challenges.

Take the case of Nestlé in Nigeria. To critics, Nigeria's emerging consumer class is elusive, premised on an oil-dependent economy: Any downswings in oil markets trickle down to constrain household consumption patterns. Undeterred, Nestlé has operated in Nigeria for close to 60 years, selling an ever-growing basket of consumer goods. The competitive environment has intensified in practically all their product categories and brands – sometimes new entrants, and in other cases, existing companies expanding into other categories. Their competitive edge has come from building a distribution chain that delivers their products to over 300 000 points of sale across a country renowned for poor infrastructure. Modern retailing formats (e.g. supermarkets) account for less than 2% of Nestlé's sales. Nearly 80% of their raw materials are sourced locally, providing some relief from import restrictions and currency fluctuations. In addition, through the ups and downs, they have invested in building local products like Maggi Seasoning cubes, which has limited import substitution based on the purchasing preferences of generations of discerning Nigerian taste buds.

In 2018, which was a difficult year for many consumer goods companies in Nigeria, Nestlé grew earnings by 28% and expanded EBITDA margins by 150 basis points to 27%, the highest on record over the last two decades. Nestlé's five-year average ROE is an astounding 65%, and this during a period of significant macroeconomic challenges in Nigeria.

Our investment approach

As institutional investors in Africa's frontier capital markets over the past decade, we have wrestled with uncer-

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Impact investing: How Centum Capital has used responsible investing to generate sustainable business models

Interview with Fred Murimi, Managing Partner- Centum Capital Partners Ltd

1. Please provide a brief overview of Centum Capital Partners and how you could partner with pension funds

Centum Capital Partners, a private equity fund manager, has been operating as a division Centum group, the largest investment firm in East Africa-cross listed on Kenya and Uganda stock exchanges.

Centum Capital Partners has since been spun out of Centum Group and given the mandate to continue to manage Centum group's private equity assets that now sit under its Fund I. The investment team is made up of 15 talented individuals who have made and managed investments in over 16 companies achieving 7 exits and a portfolio gross dollar IRR of 26% as at 2018 for a period of 10 years.

I see great opportunity for African pension funds to participate in private equity as a way to diversify their returns. As CCAP raises its Fund II, we anticipate pension funds are to be among investors in the Fund. This is in line with increased interest by African pension funds to participate in private equity.

Fred Murimi, *Managing Partner- Centum Capital Partners.*

2. What has been your experience with SDGs as Centum Capital?

We have made investments that have direct impact on SDGs over the years. For instance, our investment in geothermal energy addresses the need to progressively adopt clean energy as part of climate action. We have also made investments in the education sector with the aim of availing quality education to the society. Furthermore, our investments in agriculture and financial services have focused on poverty reduction through our out-grower schemes and financing programs respectively.

We have made investments that have direct impact on SDGs over the years. For instance, our investment in geothermal energy addresses the need to progressively adopt clean energy as part of climate action. We have also made investments in the education sector with the aim of availing quality education to the society.

Indirectly, we ensure our investee companies offer decent working conditions for their employees and encourage them to give 0.5% of their profits after tax towards CSR activities.
Our team recently participated in an SDG competition-organized by Beyond Profit- emerging second best in terms of our awareness and adoption of Environmental Social and governance pillars.

3. In your experience, is responsible investing a lag on company profitability?

Our view has been that responsible investing boosts profitability of our portfolio companies, reduces the cost of capital and helps in conservation of value by limiting exposure to litigation and negative publicity.

Take an example of Sidian bank, one of our portfolio assets, where we managed to provide financing solutions to drivers through partnership with Uber. The result was boosted job creation on

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one end, favorable lending conditions on another and bank profitability.

Another good example would be our Almasi Bottlers' which runs a women empowerment campaign that helps women set up distributorships by educating women, providing access to finance and helping set up a business. The impact has been significant to creating jobs while growing revenue for the bottler and women involved.

Our bottling subsidiaries have also been on the fore-front of recycling PET bottles leading in setting up a PET recycling association that will eventually see all PET bottles released to the market recycled.

These are but a few examples and I must say it has been inspiring to see how impact investing touches so many lives in Kenya, from that of a kiosk owner to that of the investor.

4. In your Fund II, how will you integrate responsible investing in your investment processes?

Just as we continue to grow our investment acumen as a team, we plan to grow impact investing even further within our Fund II using the same 3 ESG pillars we have perfected over the years.

In Fund II our approach towards ESG is holistic. We conduct an ESG screen at the deal screening stage to identify ESG opportunities and risks. We then factor in the opportunities into our value creation program and actively monitor the risks throughout the investment cycle so as to conserve value for our investors.

In Fund II our approach towards ESG is holistic. We conduct an ESG screen at the deal screening stage to identify ESG opportunities and risks. We then factor in the opportunities into our value creation program and actively monitor the risks throughout the investment cycle so as to conserve value for our investors. We have implemented a toolkit that measures and tracks several ESG principles within each asset in our portfolio.

It may be worth noting that one of our core criteria in making an investment in a company is the demonstration of stable management with strong governance structures. In the past we have reaped great dividends from such companies.

Our focus for Fund II with regards to impact investing will continue on a trajectory of marrying social and environmental welfare programs towards increasing overall profitability for both the society and our investee companies.■

Fred Murimi: *Has served as Corporate affairs Director and Centum's company secretary from 2013 and has been the Managing Director, Centum Capital since August 2015*
He is a board director of Nairobi Bottlers, Isuzu East Africa, Nas Servair and Longhorn Publishers
Fred has 14 years of experience in investment management, corporate finance and transaction advisory: he was the Senior Compliance Officer at the Capital Market Authority, Corporate Financial Analyst at Dyer and Blair and Vice President, Head of Legal and Compliance at Renaissance Capital
He is a Tutu African Leadership Fellow, a Certified Public Accountant, a Certified Public Secretary and an Advocate of the High Court in Kenya.

Exclusive Interview with URBRA CEO- Martin Nsubuga

The Uganda Retirement Benefits Regulatory Authority (URBRA), is a statutory body established in 2011 under the URBRA Act 2011. The objective for which the Authority was established is to supervise and regulate the establishment, management and operation of retirement benefits schemes, and to protect the interests of members and beneficiaries of Retirement Benefits Schemes in Uganda.

Martin A. Nsubuga: *Chief Executive Officer, Uganda Retirement Benefits Regulatory Authority.* Photo: Supplied

1.Kindly provide a brief background about yourself and the URBRA

I am a Chartered Accountant with over 15 years' experience in the Financial Sector Space. Prior to joining URBRA in 2017 as the Director Supervision and Compliance, and ultimately CEO, I spent close to 15 years at the Ministry of Finance, Planning & Economic Development (MoFPED), working in different capacities where I initiated policy and regulatory reforms in insurance, pension and capital markets.
As for Uganda Retirement Benefits Regulatory Authority (URBRA), it is a statutory body established in 2011 under the URBRA Act 2011. The objective for which the Authority was established is to supervise and regulate the establishment, management and operation of retirement benefits schemes, and to protect the interests of members and beneficiaries of Retirement Benefits Schemes in Uganda.

2.Outline the current state of the pensions and retirement industry in UGANDA in terms of coverage, new developments and assets under management.

Currently, only about 2.4 million (14%) of Uganda's workforce is covered by National Social Security Fund, Public Service Pension Scheme, Parliamentary Pension Scheme, Supplementary Voluntary Occupational Schemes and Supplementary Voluntary Individual Schemes. Currently, Sector Assets

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amount to UGX 12.4 Trillion, accounting for 11.5% of GDP.
On developments, significant progress has also been made to improve service delivery. The Authority has leveraged on innovative solutions by bringing changes through the introduction of the Online Licensing and Reporting Platform. We have also embarked on a digitalisation journey to improve operational effectiveness.

3.What are the key factors to consider for the growth of the pensions industry in UGANDA

We need incentives aimed at encouraging Ugandans to save for retirement, promote financial education at early age, enhance public trust and confidence in the system, and preservation of pre and post retirement income.

4.A few countries in Africa have rolled out technology backed universal pensions schemes. Has UGANDA rolled out any similar technology backed pension system?

No, however we believe that technology will be critical to rolling out pension arrangements to all Ugandans.

5. What role do you think technology will play in the pensions industry in UGANDA

From the Authority's perspective, it will strengthen our ability to proactively identify, assess and respond to a broad range of risks in a coordinated way. This implies acquisition of a risk-based supervision system, build capacity for strong analytical capabilities, using available data within structured frameworks, to support well-founded, risk based decisions. At scheme level, technology is expected to facilitate robust operations and compliance with the URBRA Act and established Regulations.

6.Institutional investors world over and specifically pension funds are now keenly embracing impact investing and seeking both financial and social returns from their investments. Has this relatively new phenomenon gained traction in Uganda. Kindly provide details or examples.

No, at the moment focus is on getting the best possible return to members. As the Sector grows, we expect consideration of social purpose objectives.

7.Alternative investments are known to offer better risk adjusted and diversification as compared to traditional asset classes. Are UGANDAN pension funds investing in alternatives and in which asset classes.

Currently, only about 9% of sector assets are held in alternative investments with investment property and private equity accounting for about 6% and 3%, respectively.

8. Across the continent, governance has been highlighted as a key concern in the management of pension funds. As a regulator- have you encountered governance related issues in the industry.

Governance is a key driver of sector performance. High cost of operation (investment and administration) is one of the issues that the Authority is committed to address. We have put emphasis on proactive supervision focusing on fund governance, internal controls and risk management considering that many schemes are still in their infancy.

9. Kindly outline the current investment breakdown by asset class within the UGANDA pensions industry.
Government Securities account for 75%, Quoted Equities account 14%, Real estate 6%, unquoted equity 3%, while fixed deposits, corporate bonds, guaranteed funds and all other permissible investments account for 2%.

10. In most of Sub Saharan Africa, the informal sector mostly comprising self-employed workers are not covered by mainstream pension schemes giving rise to the micro pension type of schemes. In UGANDA context, what are some of the efforts and strategies employed to cover the informal sector.

In 2015, the Authority licensed Mazima Voluntary Individual Retirement Benefits Scheme (MVIRBS) and Kampala City Traders Association (KACITA) Provident Fund to pilot extend coverage to informal sector workers.
Lessons learnt from these pilot schemes, and undertaken studies, have culminated into proposals for a scalable and sustainable strategy for extending coverage to the self-employed and informal sector workers.

11. Lastly, in your own opinion, are the UGANDANS saving enough for retirement? If NOT-What can be done to ensure better saving for retirement.

Ugandans are not saving enough for their retirement and many are not saving at all. We need a comprehensive package of reforms to increase coverage, and to facilitate preservation of pre and post- retirement benefits.■

Martin A. Nsubuga: *Chief Executive Officer, Uganda Retirement Benefits Regulatory Authority.*

Interview by: Stephen Munyao
Editor /GM/Head of Content
PensionsAfrica©

Outsourcing – the key to effective and efficient administration for fund managers

The primary reason why fund managers choose to outsource their fund administration is to allow them to focus on what they do best – managing their funds and create value for their investors.

Fund managers work with fund administrators to meet higher investor demands amid increased regulatory requirements, compliance support and risk management needs, due to cost effectiveness or a lack of in-house expertise.

Shahed Hoolash: *Managing Director- Vistra Mauritius*

Yudishtir Buldewo *Senior Manager- Business Development, Vistra Mauritius*

Property management, net asset value (NAV) calculation and custodianship, for example, are not tasks which managers typically in-source. They therefore consider full outsourcing to service providers which use trustworthy technology platforms, taking advantage of economies of scale as administrators service multiple clients and fund structures.

What to look for when outsourcing fund administration?
Fund managers want to have confidence that their service providers share the same values when it comes to servicing their investors and expect the fund administrator to be an extension of their service offering.

Fund managers therefore require the following from fund administrators:

1. Robust technology platforms which are regularly enhanced
2. Technical knowledge and team depth
3. Service capabilities in multiple jurisdictions
4. Relevant independent certifications e.g. SoC2 and ISAE 3402
5. Strong client base
6. Service offering that evolves together with regulatory changes (e.g. FATCA, CRS, GDPR)

Technology
Nowadays, superior information delivery systems and the ability to make data useful are a necessity. Having best-in-class systems in place, helping fund managers and investors unlock the value of their portfolio data while securely delivering all the information they require is paramount.

These platforms help reduce operational risk, automate processes and simplify work-flows for complex fund structures in a number of ways:

1. Private equity fund administration systems should perform key functions such as managing complex fund structures and supporting multiple sets of books while automating calculations and complex functions.

2. Hedge fund systems should be flexible enough to support the processes and cycles that underpin hedge fund administration and portfolio accounting. Bespoke systems that are designed specifically for the work-flow needs of clients' operational teams, providing them with data integrity, a complete audit trail, full position reconstruction, and the additional benefit of a true general ledger to ensure NAV accuracy is also required.

3.Secure Web portals allow fund managers to access all documents including monthly NAV packages and investor files while investors can access all their monthly statements as well as investor correspondence that the manager wishes to distribute via the web.

What makes VISTRA a strategic choice?
As a leading independent fund administration service provider, we have the expertise and experience to ensure the smooth set-up and operation of

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funds anywhere in the world.

Vistra's key facts and figures:

- Global presence in 46 jurisdictions including Mauritius
- Serves over 100 Fortune 500 companies
- Strong technology platforms with FIS Investran, VPM and EZE
- Over US$292 billion of alternative investment fund assets under administration
- Its depositary services under the AIFMD have been included in ISAE 3402 since 2014
- Service Organisation Control 2 (SOC2) compliant in the US and ISAE 3402 compliant in several jurisdictions including Mauritius

With decades of experience, highly qualified experts, a global presence and industry-leading technology, Vistra provides comprehensive end-to-end support, which ranges from investor communications to managing cash flow or compliance with regulations.

Vistra provides the following as part of the Fund Administration outsourcing services

- Fund formation and fund raising
- Bookkeeping and reporting
- Call and distribution notices
- Waterfalls and carried interest
- Investor services
- Year-end services
- Treasury services

Global reach – Mauritius and Africa

With a presence across 46 jurisdictions, Vistra provides a global reach for fund managers to outsource their corporate and fund administration functions. The team of more than 175 accountants and administrators in Vistra Mauritius can support regional fund managers' growing ambitions.■

Shahed Hoolash: *is the Managing Director-Vistra Mauritius while* **Yudishtir Buldewo:** is a *Senior Manager, Business Development, Vistra Mauritius.*
Tel: +230 260 7165
Mobile: +230 52591941
Email: Yudishtir.Buldewo@vistra.com

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attract VC attention), but could still 5–8x in 10 years.
Often times, these small businesses are already profitable, hiring more workers, and yet lack growth or working capital.
These make up the engine of the Kenyan economy, and yet they are massively under-served by banks.
By investing in the missing middle and the missing majority, opportunities abound to catalyze follow-on investing, build a more inclusive, vibrant economy, contribute to growth for decades to come, and create sustainable jobs.

Company	Latest Round	Date	Series	Sector
Twiga Foods	$10M	11/2018	Series B	AgTech
BitPesa	$5M	11/2018	Series B	FinTech
PayGo Energy	$3.5M	8/2018	Unknown	Energy
Sokowatch	$2M	7/2018	Seed	Retail
Cytonn Investments	$21M	6/2018	Unknown	Real Estate
Little Ltd	$10M	6/2018	Unknown	Transportation, App
Cellulant	$47.5M	5/2018	Series C	CommTech
Mobius Motors	$6M	4/2018	Unknown	Transportation
mSurvey	$3.5M	4/2018	Series A	Martech
Africa's Talking	$8.6M	4/2018	Series A	Telecomm
Big Square	$4M	3/2018	Unknown	Retail/Hospitality
M-KOPA	$10M	3/2018	Unknown	Energy
Sendy	$2M	2/2018	Series A	Logistics Tech, app
Mondo Ride	$5M	1/2018	Unknown	Transportation

One company in our portfolio is a top-three supplier of hermetic bags in Kenya, Elite Innovations. This plastic bag technology allows grains, cereals, and other dried agriculture products to be stored for extended periods of time, while keeping mold and pests away. This enables farmers to reduce food spoilage, increase food security, reduce pesticide costs, store excess capacity to sell in the off-season at higher prices, and to smooth out their typically "lumpy" revenues streams over the year.

For schools and institutions, the bags enable them to buy food at lower prices and store it as an asset. With a solid management team, solid growth rates, and long-term profitability, this company recently needed growth capital to continue expansion and acquire industrial equipment for further product differentiation. The company was able to secure debt from existing equity investors. This business is a great example of many "silently successful" small businesses that – without strong investor networks – could struggle to find growth capital.

5. Relationships, relationships, relationships

Business runs at the speed of trust. Our trusted network runs the deepest in Kenya. There's nothing like having one on one coffee meetings, sharing stories, finding alignment, and slowly building trust.■

Tony Chen: *is the Founder and Managing Director of Kinyungu Ventures, an impact investing holding company focused on early-stage ventures and small businesses in East Africa.*

This post was originally published on Kinyungu.com
Further Reading: World Bank Analysis on Kenya as a Private Equity Market — "When private equity interest migrated from South Africa into the rest of the continent, Kenya captured a disproportionate share of the activity, both in terms of deal flow and funds."
VC4A Country Profile: Kenya — "Kenya has arguably one of the most mature startup ecosystem on the African continent, with an emerging local venture capital industry."

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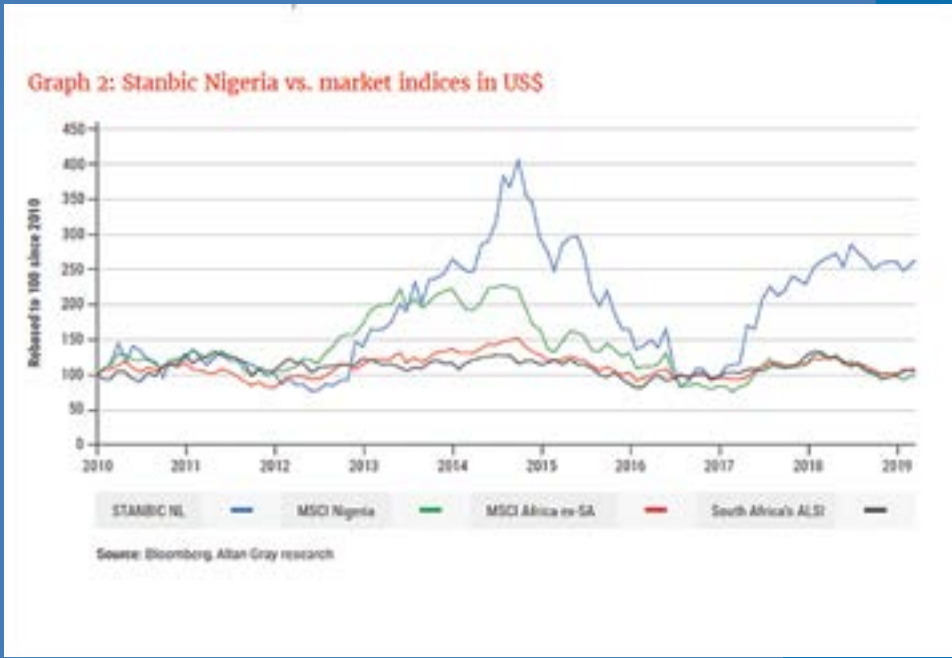
tainty driven by macroeconomic factors, and we have had to contend with periods of illiquidity in currency markets. From our experience, the most critical driver of long-term investment returns is finding great businesses with a competitive edge and trading at a discount to our estimate of intrinsic value. Asset prices tend to be heavily discounted when sentiment is negative during periods of uncertainty, presenting an attractive buying opportunity for long-term investors. Having the patience and courage to follow this contrarian approach often yields attractive long-term returns.

As an illustration, Graph 2 shows the US dollar returns for various market indices relative to Standard Bank's listed subsidiary in Nigeria, Stanbic IBTC. From 2010 to March 2019, South Africa's FTSE/JSE All Share Index (ALSI) has been flat in US dollars, barely outperforming MSCI Nigeria and slightly behind MSCI Africa ex-SA. Over this period, Stanbic IBTC has outperformed, but with noticeably higher volatility.



At the peak in 2014, Stanbic IBTC was trading at a 15.2x price-to-earnings (PE) ratio and a 3.3x price-to-book (PB) ratio, which was above our estimate of fair value. Subsequently, oil prices collapsed, and the macro outlook was bleak. Stanbic IBTC also faced heightened regulatory risks. In October 2015, Nigeria's Financial Reporting Council suspended its chairman, CEO and two directors over allegations that the company had misstated financial statements related mainly to the accrual of franchise fees. The dispute was finally resolved in December 2016, but the lengthy delay prevented the company from releasing financial statements for the 2015 financial year to September 2016.

Despite the distraction from external risk factors, Stanbic IBTC's management continued to enhance their strong competitive positioning in Nigeria's pension fund industry. The company's market share of Nigeria's pension fund assets has risen to 31% by the end of 2018, up from 24% in 2010. Stanbic IBTC has grown its market share of retirement savings accounts to 21% from 18% in 2010. The company has a top-rated corporate and investment banking franchise and has steadily built a competitive retail banking franchise. It generated a 34% ROE in 2018, bouncing back strongly from Nigeria's economic slump in 2015, when it generated 13% ROE.

Stanbic IBTC's share price also bounced back strongly in 2017 as the macro outlook improved after the introduction of a new foreign exchange regime and a steady recovery in oil production and prices. More recently, investors' concerns about Nigeria's outlook have resurfaced, but Stanbic IBTC's long-term prospects are still very attractive. At the end of 2018, Nigeria had 8.4 million retirement savings accounts relative to the estimated 70 million working-age adults. Pension fund assets have risen to US$24bn, which is a paltry 6% of GDP compared to 57% in South Africa and 135% in the US. The company is attractively priced at 6.5x PE, 2.0x PB and 5.8% dividend yield for a market leader with a trusted brand in a promising industry. As long-term investors, Stanbic IBTC is one of our top holdings in Africa and we are prepared to wait through the inevitable periods of economic and political uncertainty.

Conclusion

The challenges of operating in Africa aren't new or exceptional. Multiple global companies have steadily built thriving businesses in countries across the continent: Unilever, Nestlé, MTN, Shoprite and Standard Bank. Undoubtedly, there are countless others that didn't survive. What differentiates the winners in frontier markets? From Lagos to Hanoi, success often owes much to the openness and willingness to adapt business models and products to fit constrained household budgets and appeal to the familiar yet aspirational ways of life.

We continue to find attractively valued opportunities and believe frontier African markets are well-suited to a patient, contrarian investment approach.

Ndiritu spoke on how to find value in frontier African markets at the Allan Gray Investment Summit in Johannesburg and Cape Town in July 2019.

Nick Ndiritu: *is a Portfolio Manager at Allan Gray.*

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ILPA Principles 3.0: Embracing the emerging trends of ESG and impact investing

The new principles take a much-needed step forward both in advancing environmental, social and governance policies (ESG) practices in the private equity industry and providing strong ESG governance and transparency.

In June this year the Institutional Limited Partners Association (ILPA) published the latest edition of its principles under the title "ILPA Principles 3.0: Fostering Transparency, Governance and Alignment of Interests for General and Limited Partners."

The new principles take a much-needed step forward both in advancing environmental, social and governance policies (ESG) practices in the private equity industry and providing strong ESG governance and transparency.

The principles were first published in September 2009 to encourage dialogue between Limited Partners (LPs) and General Partners (GPs) of private equity funds. Following feedback from industry practitioners, ILPA released an updated version in January 2011, outlining best practices for private equity funds, clarifying and expanding on certain concepts from the previous version.

The third edition of the principles builds on ILPA's previous version and refines guidance on a broad set of issues, particularly alignment of interest, governance and transparency, taking into consideration emerging industry trends. One of the private equity industry's emerging trends includes ESG and reporting. This edition of the principles represents a fresh mindsight into ESG practices not previously covered by the 2011 version.

The inclusion of ESG in the latest principles signals that ESG has officially moved from the fringes of the investing world to a critical priority for both GPs and LPs. GPs are increasingly considering the ESG impact of their investments and the idea

Adam Bennot: *Associate, Alternative Investment Services, RisCura*

that investors can improve society while achieving market-related returns is rapidly becoming more mainstream. In 2019, there were over 2 500 signatories of the United Nations' Principles for Responsible Investment (UN-PRI), up from 1 200 signatories in 2013.

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A 2019 PwC survey found that almost 91% of GPs surveyed have an ESG policy in place or development, while 81% report on ESG matters to their boards at least once a year. Some 35% of GPs polled have a team dedicated to responsible investment activity. Of those without a specific ESG team, 66% rely on their investment/deal teams to manage ESG issues.

LPs have strongly driven the trend to integrate ESG factors into the investment process and are insisting that GPs consider ESG factors in the investment decision. According to Bain's 2019 Asia-Pacific private equity survey, 60% of Asia-Pacific focused GPs feel increased pressure from LPs to focus more on ESG. The world's largest pension fund, Japan's Government Pension Investment Fund, with $1.5 trillion in assets under management, requires its fund managers to incorporate ESG factors and become signatories of the Principles for Responsible Investment (PRI).

A recent PEI study found that while 85% of LPs said that ESG is a consideration during the due diligence of GPs, only 19% of LPs agreed that GPs investments strongly reflected their ESG policies.

Although GPs are increasingly monitoring and reporting on ESG metrics, LP expectations are not fully being met. A recent PEI study found that while 85% of LPs said that ESG is a consideration during the due diligence of GPs, only 19% of LPs agreed that GPs investments strongly reflected their ESG policies.

A 2019 PwC survey found that almost 91% of GPs surveyed have an ESG policy in place or development, while 81% report on ESG matters to their boards at least once a year. Some 35% of GPs polled have a team dedicated to responsible investment activity. Of those without a specific ESG team, 66% rely on their investment/deal teams to manage ESG issues.

In formulating the updated principles, ILPA has recognised the need for setting forth recommendations for ESG best practice. The new principles provide a good starting point to close the gap between LPs' ESG expectations and GPs' current ESG investment practices and strategies.

For example, the updated principles recommend that "GPs should consider maintaining and periodically updating an ESG policy. The policy should identify procedures and protocols that can be verified and documented, rather than just a vague commitment to behaviour".

The principles recommend how GPs can demonstrate their commitment to ESG and identify reporting frameworks to help LPs assess and verify a GP's ESG integration, such as the IFC Toolkit for Disclosure and Transparency and PRI ESG Reporting Framework.

The updated principles even go as far as addressing the nascent, but emerging practice of impact investing, which the IFC defines as "investments made into companies, organisations, vehicles and funds with the intent to contribute to measurable positive social, economic and environmental impact alongside financial returns." The principles state that "to the extent that a GP claims to pursue an impact investing strategy specifically, a framework to measure, audit and report on the impacts achieved by the fund should be adopted".

The inclusion of ESG in the latest principles signals that ESG has officially moved from the fringes of the investing world to a critical priority for both GPs and LPs. GPs are increasingly considering the ESG impact of their investments and the idea that investors can improve society while achieving market-related returns is rapidly becoming more mainstream.

As with earlier iterations of the principles, ILPA has based version 3.0 on its three guiding principles of an effective private equity partnership, namely: alignment of interests, governance and transparency. Unlike previous versions, ILPA isn't seeking official endorsements for the document. Rather, it will be "encouraging industry-wide adoption of its tenets through supporting guidelines, templates and model documents with the understanding that sound practices and their impact on the health and reputation of the private equity industry are the shared responsibility of both limited and general partners".■

Adam Bennot: *Is an Associate, Alternative Investment Services, RisCura*

The challenge faced by the Pension fund industry

AXYS Investment Partners, an asset management firm with its head office in Mauritius, believes Africa can offer solutions to the conundrum faced by the pension fund industry.

The increasing challenge facing the pension fund industry is the hunt for yield for its pensioners amid an environment of low interest rates. This is interestingly a similar challenge faced by asset managers who are continuously asked to deliver higher than expected returns while limiting the downside risk of the portfolios they manage.

At AXYS Investment Partners, we encourage having portfolios which contain alternative products as an asset class. We believe pension funds facing these challenges may not achieve their required return targets by keeping a traditional mix of Fixed Income and Equities.

Given the long-term horizon generally available to pension funds, they should seek to enhance returns by adding illiquid and private investments to their portfolios while obviously maintaining an adequate level of diversification.

Krishen Patten, *CFA, FRM - Chief Risk Officer – AXYS Investment Partners*

Kugan Parapen: *Chief Economist – AXYS Investment Partners*

Additionally, African pension funds should tap into their own markets within Africa. African markets are becoming more sophisticated but international asset managers are taking time to look at the available opportunities. We believe that with proper due diligence there are excellent opportunities available to pension funds to achieve the required risk-adjusted returns.

Corporate issuances in Africa also offer good investment opportunities. Although a corporate issue cannot have a higher rating than its own country of domicile, it is sometimes the case that these companies have a pan-African or even global presence, making them diversified and less risky than may be portrayed by their investment rating. These are investment opportunities that should not be ignored in the hunt for yield.

AXYS Investment Partners provides such advice to our institutional clients. We offer portfolio management services and have a team of professionals with a diversified and international experience in these fields. We collaborate with top-tier international global financial institutions and we have built a close relationship with markets leaders in their respective fields.

This blend of expertise enables us to provide our client base with innovative products in an open architectural structure. We have developed significant savoir-faire in alternative investments, targeting unsophisticated markets.
Through a methodical and focused approach, we deliver independent, tailor-made and innovative financial solutions that make a difference in shaping our clients' portfolios and achieving their long-term investment goals.

There are a number of challenges facing the pension fund industry. AXYS Investment Partners strongly believes that investment opportunities in Africa could hold the key to enhancing the risk-adjusted returns required by the industry. ■

Kugan Parapen: *Chief Economist – AXYS Investment Partners.Kugan holds a BSc (Hons.) in Economics from the University of Warwick in the UK and has completed his CFA Level III examinations. Kugan started his career in 2008 as a European interest rate derivatives trader at GHF Futures Ltd, an international proprietary trading company. He moved to MCB Capital Markets in 2011 and managed the CIS Bond and Currency Fund. He joined AXYS Investment Partners in 2014 as a Fund Manager focused on Fixed Income. Kugan is a member of the Investment Committee and Risk Management Committee.*

Krishen Patten: *CFA, FRM, Chief Risk Officer – AXYS Investment Partners.Krishen holds a First Class Honours degree in Actuarial Science from the London School of Economics & Political Science (LSE). He started his career in the Market Risk Management & Analysis division at Goldman Sachs in London in 2006 where he risk managed multiple asset classes for trading desks before being promoted to Executive Director/VP. He then joined LCH.Clearnet, a leading European clearing house, as a Fixed Income Risk Manager in London in 2012. He subsequently relocated to Abu Dhabi (UAE) in 2013 to work as a Senior Risk Specialist for the Abu Dhabi Investment Council, a multi-billion dollar sovereign wealth fund of the Government of Abu Dhabi. He joined AXYS Investment Partners in 2016. He is a member of both the Investment Committee and Risk Management Committee.*

The most influential actors in Nairobi's entrepreneurial ecosystem are incubators, accelerators and impact funds. Image: REUTERS/Thomas Mukoya

Impact investment favours expats over African entrepreneurs. Here's how to fix that

There is a growing backlash against impact investors among local entrepreneurs in Africa, who are becoming increasingly frustrated at the bias investors have shown in favour of expatriate-founded business.

Rows of white faces stare out from the social media meme showing tech start-up executives circulating among young Kenyans, who are angry that foreign entrepreneurs attract more capital than they do.

A young Kenyan entrepreneur, almost in tears, told us she needs a white face to front her start-up if she is going to raise capital. Village Capital found that 90% of the capital invested in East Africa in 2015-2016 went to a very small group of expatriate-founded businesses.

This is Africa in 2019. What is going on?

The impact investment field is now valued at $502 billion per year, according to the Global Impact Investing Network, and is a growing source of finance for businesses of all kinds in Africa.

However, there are many issues on the ground that means that capital is not necessarily reaching the most impactful business models and that the promised returns may not be realised. There appears to be a gap in understanding between foreign impact investors and local entrepreneurs that needs to be bridged if capital is to be allocated to locally-founded businesses with long-term growth potential.

So what is going on? The vast majority of impact investment firms operating in Africa source funds from outside Africa

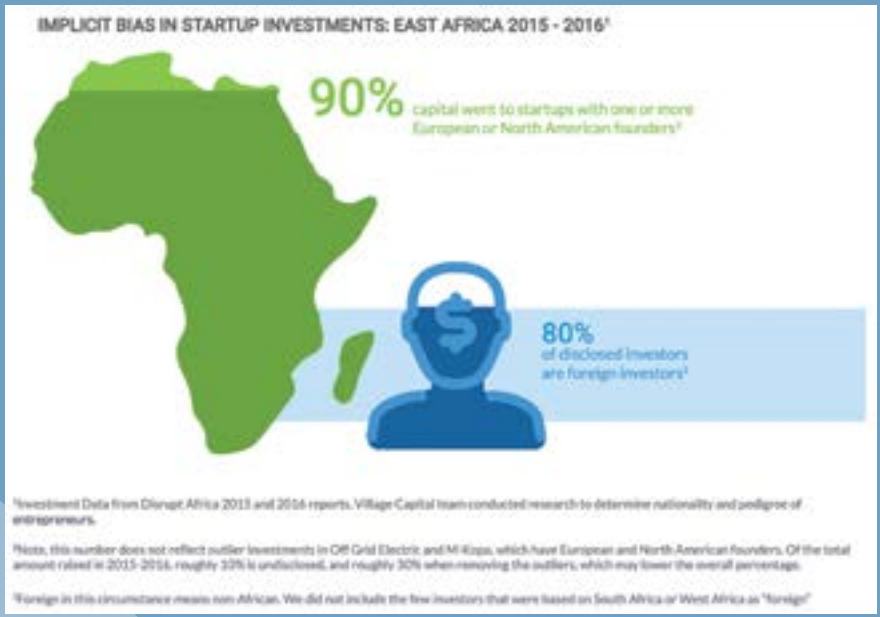

Image: Village Capital

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Christie Peacock: *Founder and Executive Chairman, Sidai Africa Ltd*

Fiona Mungai: *Managing Director, Endeavor, Kenya*

and most make investment decisions outside Africa too. Recent evidence suggests that the biases and behaviour of foreign impact investors may not lead them to investing in the local entrepreneurs with the best chance of long-term financial success and social impact.

A growing backlash

There is a growing backlash against impact investors among local entrepreneurs in Africa, who are becoming increasingly frustrated at the bias investors have shown in favour of expatriate-founded business.

Often expatriates bring northern business models to the south, but may fail because the founders lack understanding of the practical and political realities on the ground.

Furthermore, the vast majority of these foreign start-ups are focused on a narrow sub-sector of industries, with ICT as the main feature of what are perceived by investors to be exciting and innovative business models.

While the application of ICT across a wide range of sectors in Africa, particularly financial services, can have a big social impact, this investor bias excludes other, more conventional sectors of the economy, viewed by local entrepreneurs as having more relevance and significant long-term growth potential and social impact.

The impact of these biases is that expatriate-founded businesses attract most of the capital and, as a result, grow faster than businesses started by local entrepreneurs who lack capital. This self-fulfilling cycle gets accentuated by new entrant investors following the crowd and adding capital to a handful of "successful" businesses.

Why investor behaviour matters

Discussions with entrepreneurs in the Ashoka network in East Africa, and a survey of members of the Schwab Foundation for Social Entrepreneurship, have highlighted several areas of concern in the way that impact investors behave towards entrepreneurs and the terms they offer.

Experience suggests there is a need for much greater knowledge of local markets and a need for greater transparency in their interactions with entrepreneurs, if capital is to be allocated efficiently and effectively. Some areas of concern are highlighted below.

Impact investors often do not have any funds to invest but do not tell entrepreneurs they don't have any money

Investors are frequently fundraising, but most do not tell the entrepreneur that they do not have funds available and will have to raise capital before they can actually invest. Many of these investors are seeking a pipeline of projects to aide their fundraising and use business ideas from contacts with entrepreneurs, often without their permission.

Entrepreneurs can waste a lot of time engaging with investors, believing that they are able to invest, when they do not have any funds. The time entrepreneurs waste on what may turn out to be a wild goose chase, can damage the business itself and leave entrepreneurs exhausted and frustrated.

Most impact investors seek commercial returns and few, if any, make an explicit trade-off between commercial and social returns

Impact investors offer entrepreneurs access to capital they would otherwise not be able to source locally. Impact investors may accept greater risk than more conventional investors by offering unsecured loans and early stage equity investments, often without a clear exit. However, most still seek commercial returns on the capital they invest. This is often not clear to local entrepreneurs, who understand the daily trade-offs they make in building a business addressing market failures that delivers measurable social impact.

Innovation attracts funds regardless of local relevance

To attract early stage investment, the local entrepreneur's business must now be perceived to be highly innovative, typically involving the use of ICT, often combined with a northern business model. Conventional 'bricks and mortar' businesses are looked down on and

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Micro Pensions; Gearing towards financial inclusion in the African pension industry

Caroline Tunu: *Senior manager, Kenya Ports Authority Pension Scheme*

Pension reforms around the world have historically focused mainly on the formal sector. Consequently, many of those working in the informal sector have been left out of structured pension arrangements, particularly in developing countries where informal sector pension coverage is considered a serious problem.
The informal sector often relates to low income earners, self employed person and those with irregular flows of income and are vulnerable to economic volatility and change. However, since the turn of the millennium, efforts in a range of countries have increasingly highlighted improving pension coverage for the informal sector. Financial inclusion addresses solutions to the constraints that exclude people in accessing financial services such as retirement or long term savings, short term savings, insurance and loans.

In 2016, the World Bank stated that around 2 billion people worldwide didn't use formal financial services and more than 50% of adults in the poorest households were un-banked. Fintech, which is the use of technology to access and distribute financial products and services is becoming more attainable than ever, especially for consumers that live in rural locations or regions without the structures of a modern economy. Fintech makes these products and services more accessible, lowers cost of doing business for financial institutions and a savings to the consumer. With affordability and increased use of mobile phones and cellular networks, financial inclusion can thus thrive.

This article seeks to provide an overview of financial inclusion with regards to micro pensions, some of the implemented models for the micro pension, the experience in Kenya and also provides some suggestions for governments , regulators , policy makers,Trustees and other industry stakeholders in developing countries considering implementing their own pension reforms to ensure that informal sector workers or low income earners receive the retirement income they need.

Two main goals of a pension scheme

1. Provision of Income in Retirement – The alleviation of poverty more so in retirement. (SDG Goal 1)
2. Smooth transition between working years and retirement (ILO Convention) while ensuring an adequate Net Replacement Ratio.

The Concept of Micro Pension

Micro pension is one of the financial inclusion enablers. A form of long term savings, specifically ties to retirement purposes. It combines both the elements of a usual pension scheme and specific features of microfinance. A micro pension savings are small amounts of money individually saved during active working life and invested collectively to yield returns. On the agreed withdrawal date the accumulated capital can be paid out in lump sum or periodically via an annuity/ monthly payments.
Micro pensions are aimed at low-income individual, workers in the Informal sector or self-employed individuals who may be financially illiterate or have limited access to financial services. The micro pensions solution requires specific characteristics in design and distribution to make it accessible in the informal economy. It can be classified as a second or third pillar pension scheme.

Characteristics of an Ideal Micro Pension System

1.Flexible terms of contributing to the fund in terms of amount, accessibility, convenience and frequency.
2.Well developed financial services systems with Internet and high mobile phone penetration rate. Infrastructure supporting mass registration, contribution collection and database management.
3.Government, Regulator and Policy Makers intervention in establishing robust institutional framework e.g. policies allowing for preservation of benefits, Monetary incentives (tax, insurance linked, mortgage backed, education plan linked).
4.Education and individual engagement (continuous , timely).
5.Key players: Custodian, Regulator, Fund Administrator, Investment Manager.
6.Large and fluid informal sector.

Some of the Micro Pension Researched Models:

The Partnership Model

A model that considers partnerships en-

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abled through non-governmental organisations such as bank, cooperative societies , micro finance institutions , post offices.
The model relates to utilisation of existing micro finance frameworks. Uthira & Manohar (2009), Hu and Stewart (2009)

The Agency Model
The fund is built on a structured pension plan e.g. Defined Contribution or Provident Fund. Agents are contracted in selling micro pensions or multi-level marketing for penetration of the solution.
The Grameen Model
Built on Grameen bank model that allowed for financial inclusion in Nepal , South East Asia (Targeting low income, women e.t.c). A model built on compulsory savings. The compulsory savings are done by all group members and savings placed in a group account.
Funds not accessible but could access loans from the group collective account.

The Kenya Experience
- 85% of Kenya's working population forms the informal economy which contributes 18% of the country's GDP.
- Kenya's population - Approximately 49 Million
- Mbao Pension Plan-Micro pension launched in 2011
- Kenya has a micro pension system specifically for the informal sector 'Mbao Pension Plan' launched June 2011.
- Its contributory, voluntary and a private scheme. The founder was from the informal sector.
- Accessibility of the micro pension platform is mainly through mobile phones.
- The registration process is quite flexible. The individuals' mobile money data is linked to the plan. No need for fresh KYC's.
    - 76,000 active members recorded as at year 2017.
    - Costly product marketing costs. Not sustainable.
    - The Mbao Pension Plan system has no real time member statements.
    - The plan faces various institutional challenges such as irregular voluntary contributions that are inadequate to manage a regular structured pension plan and eventually high cost of fund administration.

Older Persons Cash Transfer (OPCT)
Kenya also has an Older Persons Cash Transfer (OPCT) programme funded by the government for persons over 65 years in identified deserving households. The OPCT was first piloted in 2007 and currently under implementation. The amount is approximately USD 20 per month and delivered every 2 months.
How do we create value in micro pension for the informal economy, low income individuals, self – employed individuals?
There is critical need to create value in micro pension for the informal economy, low income individuals and self – employed individuals. The micro pension coverage parameters, key players and with specific roles also need to be defined.

1.Financial literacy in the African continent need to be inculcated in the society and embedded in the education system. Governments, Public Private Partnerships (PPP's), Credit Unions, Labour Unions and regional policy makers need to formulate policies that allow for sustainable and continuous civic engagement.

2.The need to define micro pension coverage parameters, key players and specific roles. i.e. who it should cover , amounts , accessibility , segregation of informal groups or self-employed or contract employees .

3.Financial Literacy; Formulate policies that allow for sustainable and continuous member engagement and education.

4.Governments, policy makers and regulators support and initiative of the frameworks through tax incentives, micro pensions specific regulatory framework, financial support or social assistance programmes on a means tested approach.

5.Research on micro pension solutions that allow for holistic social security financial inclusion while making use of Fintech and evolving digitized infrastructure to respond to market needs. Well tied to market needs and already established financial inclusion frameworks allows for: wide coverage, portability, accessibly.

Micro pension solutions could be linked to the provision of low cost housing, education or micro insured education plans, micro health insurance, partnerships with higher education loaning institutions, discounts in selected shopping outlets, and discounts in Medicare.

Conclusion
''A lack of graduate employment opportunities across the continent has contributed towards high levels of informal employment, underemployment and unemployment across university graduates" and '' ….60% of Africa's populations is below age 25" according to Wikipedia.

The above statistics are indicators of the high risk exposure for the present youth in their old age if reforms in the social security landscape are not adopted.
In order to achieve a sustainable micro pension system, a robust framework with proper governance, design and administrative structures should be put in place. Considerations for partnerships with already existing micro finance solutions that have been successful in areas of financial inclusion should be made as well since there is no need to reinvent the will. A well-structured micro pension system can secure the lives of many in their old age.

Caroline Tunu *is a senior manager of the Kenya Ports Authority Pension Scheme, one of Kenya's largest occupational pension funds.*

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are hard to sell.

Most investors do not have a clear investment process

The process of moving from first engagement to disbursement of funds can be lengthy and time-consuming for busy entrepreneurs struggling to manage a young, growing, business. Entrepreneurs have to spend time informing the foreign investor about the market and their business which can significantly distract from running the business itself. This can be very damaging to the business during the process of fundraising and can even reduce the value of business itself.

An example of excellent behaviour was an investor who reviewed a business plan, together with detailed financial projections, took it to their investment committee who decided not to invest, all within 6 weeks. The key here was that the locally-based investment professional had worked for years in that sector and understood the value of the business and was keen to invest; but his colleagues outside Africa did not.

Investors lack staff who have hands-on business experience

Entrepreneurs often receive advice about how to run their business from staff of impact investors who have never run a business themselves and who may have little knowledge of the local market. Entrepreneurs frequently complain that they have been asked to change their business model (route to market, product range etc) against their own business judgement, or invest in new staff as a condition of investment, but with no guarantee of securing the investment. Many have made these changes only to be let down at the point of investment when the investor pulls out.

Most influential actors tend to be expatriates who have no prior experience in entrepreneurship leading to market distortion and poor decision-making

The most influential actors in the Nairobi entrepreneurial ecosystem are incubators, accelerators and impact funds. According to research conducted by Endeavor and the Bill & Melinda Gates Foundation, these organizations are mainly led by individuals who have no prior entrepreneurial leadership experience and often tend to be expatriates who have very limited understanding of the local market context.

Additionally, these organizations are funded primarily by grants from donors, governments and corporations. This has been cited as a major influencing factor as to why businesses struggle to scale, as these groups are sending the wrong signals to the entrepreneurs they support and can create grant dependency.

Local entrepreneurs are often poorly-equipped to engage with foreign investors on their terms. The majority are raising investment for the first time and are inexperienced, naïve and unprepared, resulting in a mismatch between northern impact investor expectations and the local entrepreneur's hopes and capabilities.

Foreign investors typically expect sophisticated financial models and detailed business plans which, in their eyes, reflect the calibre of the entrepreneur and by proxy the business itself.

Local entrepreneurs will have different, frequently qualitative, skills, market insights and valuable social capital and political networks, crucial to business growth and long-term sustainability. However, this unique local knowledge and social capital are valued less highly than quantitative skills in the due diligence process. There are examples of expatriate-owned businesses running into serious political difficulties because of a lack of political awareness, insights and networks.

How to improve investor decision-making

It is clear to the authors that there is a large gap between foreign investors and local entrepreneurs and that capital is not invested in an efficient manner that supports the growth of early stage African businesses. There is a critical need to involve experienced local business people in the investment decision-making process. While local business people may not want to work for investment funds they could join in-country advisory or, ideally, investment committees that make decisions.

There is a small but growing pool of local angel investors whose insights and capital could be leveraged by foreign investors to find and support local entrepreneurs.

Donors/investor consortia need to invest in locally-managed entrepreneur support networks to help find and support new businesses.

There is a need for more effective linking of local business people with young entrepreneurs supporting them by becoming mentors, or non-executive directors.

There is a need to promote standards of good practice for engagement of impact investors with entrepreneurs and vice versa. Good practice would include honesty in communication, setting out a clear investment process and decision-making points. This could be a written voluntary code of good practice developed by key networks.■

Christie Peacock: *is the Founder and Executive Chairman, Sidai Africa Ltd*

Fiona Mungai: *Is the Managing Director, Endeavor, Kenya*

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The views expressed in this article are those of the authors alone and not the World Economic Forum or PensionsAfrica

Longevity protection in a default living annuity?

The Financial Services Conduct Authority (FSCA) recently confirmed that retirement fund members will now be able to secure longevity protection within a living annuity. The exemption expands customer choice and will help improve the financial outcomes of people in retirement. This is a step forward in addressing concerns about the sustainability of income in a living annuity for retirees.

Retirement fund members will now be able to secure longevity protection within a living annuity. This comes after the Financial Services Conduct Authority (FSCA) announced an exemption from its criteria for living annuities in a default annuity strategy.

In announcing this development, the FSCA said in its August 1st circular that qualifying hybrid annuities should deepen the annuities markets, enhance customer choice, provide value to customers and thereby encourage retirees to annuitise and be protected from old age poverty.

Retirement income specialist *Just*, which has been a strong advocate for incorporating a level of lifetime income protection within a living annuity to meet essential expenses, has welcomed the announcement.

CEO Deane Moore said: "We are delighted that the FSCA has introduced this exemption which expands customer choice and will help improve the financial outcomes of people in retirement."

Just's Lifetime Income portfolio provides members with an option to secure a level of income that will never decrease, regardless of how long they live or what happens to investment markets, while retaining the flexibility offered by a living annuity.

Just currently provides the Lifetime Income portfolio in three living annuities and is included in the annuity strategy of over 100 retirement funds.

Moore says that over a 30-year retirement planning horizon, Just Lifetime Income provides a return of 2,5% p.a. above the investment performance of the underlying balanced fund to which it is linked. This allows pensioners to draw a higher income in retirement with greater confidence that the income level will be sustainable for life.

"Just Lifetime Income within a living annuity is a practical solution to the important gaps left by traditional providers of life and living annuities in South Africa," says Moore. "Whilst the FSCA considers industry comment on its proposed drawdown limits on default living annuities, Just Lifetime Income allows trustees to offer members the option of securing a guaranteed income for life in a living annuity that is higher than these limits."

Deane Moore: CEO, Just Retirement Life (South Africa)

In conclusion Moore said that Just is proud to have introduced this innovation to South Africa, which draws on its global expertise as an international retirement decumulation specialist.■

Deane Moore:is the CEO of Just Retirement Life (South Africa)

Social pensions and accountability in Uganda

Across Africa, millions of older people live in poverty. Without access to pensions and eroding traditions of family support, many have no choice but to continue working into older age doing small-scale, low-paid farming or petty trade. For those who have disabilities or are in ill health, they may have no option to work. Without reliable incomes, older people lead precarious lives on the brink of poverty. Social pensions are key to addressing this. They have great potential to reduce poverty, improve older people's access to healthcare and restore dignity through financial independence.

Social protection in Uganda

In 2011, the Uganda Government, in partnership with the UK Department for International Development, Irish Aid and the United Nations Children's Fund, launched the Senior Citizens Grant as part of the wider Social Assistance Grants for Empowerment (SAGE). It is a non-contributory social pension of 25,000 Ugandan shillings (US$7) a month.

In the first districts it was introduced, all older people above the age of 65 were eligible for the scheme, except in Karamoja where the age of eligibility was lowered to 60 years to reflect the lower life expectancy. After reaching more than 100,000 older people, the Government rolled it out to an additional 40 districts, although in these areas only the 100 oldest people in each sub-county are eligible. As of June 2019, more than 160,000 older people had been enrolled onto the scheme.

We have continued to advocate for the pension to be universal across Uganda, and in July 2019 this became a reality. Everyone 80 and over in Uganda is now eligible. Although the age is too high to effectively reach all older people in need, it does mean 365,000 Ugandans will now have a regular, reliable income, and it provides a foundation on which to campaign for a lower eligibility age. All existing recipients of the pension under 80 will continue to receive it.

How do social pensions help older Ugandans?

While the amount of money is modest, it has made a big difference to those it reaches.

"[The pension] has been instrumental in my life. When I get the money, I become happy. I have used it to buy a goat for my family to rear. I use it to pay school fees and buy books for my children," said Longora, an older man in Napak, Uganda.

Loucho Alice, an older woman also from Napak who cannot see well and previously relied on handouts from people in her community to get by, told us: "It has helped me in many ways - to buy a mattress, to buy clothes to wear, to buy food to eat when I am hungry,

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to pay school fees, to buy plates and saucepans. It has helped me to buy chickens to rear, and when I am hungry I can sell them."

Findings have shown that the social pension has had deep impact. Among households receiving the grants, poverty reduced by 19 percentage points and household expenditure increased by 33%. Development Pathways found that many older people and their families use the income to further boost their income, such as investing in livestock. Children who live with older people receiving the grant were found to have better educational attainment and less likely to be involved in child labour.

The challenges implementing social pensions

Uganda is not the only country in the process of expanding social pensions in sub-Saharan Africa. South Africa, Botswana, Lesotho, Namibia, Mauritius, Kenya and Zanzibar have all introduced similar universal social pensions, while Mozambique is planning to introduce social protection system across the whole life-cycle, which includes a social pension.

But these programmes are not without challenges:

- Older people can be excluded due to errors made determining eligibility or because they do not have access to the necessary documents.
- Mobility challenges or a long, expensive journey may prevent them reaching the pay point.
- A lack of information on the scheme may mean older people are unaware and never enrol.
- Late payments often mean older people wait months for their money.
- Financial abuse, such as pay agents asking for a portion of their money or family members stealing it, prevents older people getting their entitlement.
- Local businesses, such as motorcycle taxis or market vendors, may inflate prices on payment days.

Oto Augustino *dismounts his bicycle as he arrives to deliver information to a community in his local village.Pic / (c) Ben Small /HelpAge International*

How voice and accountability can put pressure on governments to take responsibility

Addressing these challenges is key to the success of social pensions, and older people have a key role to play. By empowering them to speak out, to debate with others and have their opinions heard, they can better influence the decisions that impact their lives and hold their governments to account on how the services are delivered. This helps to ensure social pensions meet necessary standards. It can reduce errors, fraud and corruption, and ensures those eligible receive the right amount of money regularly, reliably and accessibly. And it means older people can demand changes to pension programmes that specifically benefit them.

Voice and accountability improves relationships between citizens and the state because it encourages older people to get actively involved and to see policies and services as an entitlement that must meet a decent standard. It builds confidence and helps older people to identify problems and act to address them.

From 2015-2018, HelpAge International, with financial support from the German Federal Ministry for Economic Cooperation and Development, set out to strengthen voice and accountability across four countries. We did this through older citizen monitoring, an approach rooted in older people's community groups that harnessed the enthusiasm and altruism of older people leaders to:

- inform older women and men about social pension schemes
- mobilise people to register
- help recipients lodge complaints
- collect evidence about issues with the schemes
- advocate with government officials for policy change and improvements in service delivery.

Voice and accountability through older citizen monitoring in Uganda

Our voice and accountability programme in Uganda supported 23 older people's associations (OPAs) in 13 sub-counties in northern Uganda. We work together with our partners Caritas Gulu and the Karamoja Agro-Pastoral Development Programme, who are

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key to the success of the programme thanks to their good relations with the communities.

We collaborate to train OPA members in how to effectively teach older people about their rights and entitlements, and to carry out older citizen monitoring. The older leaders are familiarised with social protection policies, taught how to collect data, how to advocate with government, and even how best to communicate and interact with those they visit.

The enthusiasm of the leaders is key. Not only does Aber Helen Uma, an older citizen monitor in Gulu's Unyama sub-county, she ensures the payday is announced on the radio, after the information is out she goes around her community to ensure everyone knows. "The moment I hear, I go straight to mobilise them so that when the SAGE staff come, the older people are first at the pay point," she said.

Aber Helen Uma, *an older citizen monitor uses her bike to travel around her community to deliver information. Pic / (c) Ben Small/ HelpAge International*

The radio is not just used for announcements either, older people's associations host chat shows during which they invite questions or concerns about the social pensions from listeners. This provides another accessible way for recipients to give feedback.

One of the key problems they found was the distance recipients had to travel to pay points, with one-in-four people travelling four to six kilometres and one-in-10 travelling seven to 10 kilometres. This means older people typically need to pay for transport, which can eat into their pension.

"When we first received the payments, it was only at the sub-county centre, which is very far away. So, we went back and reported that and so, more pay points have been created. Now in Unyama sub-county, we have three pay points," Aber said.

Indeed, their advocacy led to the maximum distance between an older person's house and the pay point being reduced from 18 kilometres to seven kilometres. And after raising complaints, the pay points have become better organised and older people are provided with drinking water and somewhere to rest in the shade while they wait.

For some older people with mobility issues, even getting to a nearby pay point can be difficult or even impossible. While there is a proxy system in place for alternative recipients to collect the money, very few older people or government officials knew about it. Older citizen monitors sought to raise awareness about this provision and encouraged people to use it.

"There was one disabled person who could not reach the pay point," Loru Max, an older citizen monitor in Napak told us. "She had to be pushed there in a wheelbarrow. When the staff saw the situation, I was able to convince them to allow her daughter to collect the money."

In these scenarios, older leaders are key mediators with government officials. Typically, older people are reluctant to speak up for themselves, and literacy and mobility challenges only compound this. By having a confident and skilled communicator to stand up for them, their complaints can be heard.

There are limits to what local voices can achieve when decision-making on social protection policies and operations is centralised. This means local officials do not have the power to implement changes themselves and the community leaders must rely on those they raise their complaints with taking it to their superiors. Yet, there has been work to link local older people's associations with Uganda's National Council of Older Persons, which can ensure their voices are heard at the sub-national and national levels. But for older people who live in areas where no one is available to help make these connections with local government, their complaints are likely to be left unheard.

Where do we go from here?

Older citizen monitoring has been instrumental in increasing older people's access to social pensions not only in Uganda, but in Kenya, Mozambique and Zanzibar too. Although this is important, it should be stressed it is each government's responsibility to ensure their citizens are informed about social protection schemes and that there are inclusive, accessible and effective complaint mechanisms available. Older citizen monitoring should not be a long-term solution to fill the gap left in the existing weak systems.

Older people's associations and the work of older citizen monitors should remain independent and focus on advocacy, working in partnership with the government to ensure social protection programmes reach their targets as effectively as possible.

Ben Small: Communications Coordinator, HelpAge
@HelpAge
Images credit: (c) Ben Small/HelpAge International

Appointment of Ms Linda Mateza as EPPF Chief Executive and Principal Officer

The Eskom Pension and Provident Fund (EPPF) Board is pleased to announce the appointment of Ms Linda Mateza as the new EPPF Chief Executive and Principal Officer. She will take up her position on 1 September 2019.

Mateza, who has worked as the Head of Investments and Actuarial Services at the Government Employee Pension Fund, among others, is highly experienced in the areas of actuarial processes, strategy development and implementation, governance, risk management and leadership.

Mateza was previously employed by the EPPF as Chief Investment Officer (from 2010 to 2013) and during her tenure proved to be a valuable asset within the investment management unit.

She holds several qualifications, including a Bachelor of Commerce in Finance and Economics, a Bachelor of Commerce Honours and a Master of Management (Finance and Management) through the University of the Witwatersrand.

"The board of trustees has great faith and confidence in Mateza's capability to lead the Fund into the next era and on its journey to becoming the country's most admired pension fund," says EPPF Board Chair Ms Mantuka Maisela.

The Board wishes Mateza all the best in her new role.

Ms Linda Mateza: *Chief Executive and Principal Officer, EPPF. (New)*

Women excel in the retirement industry

The Pensions Industry has historically been predominantly a male dominated sector in South Africa, but a few women have taken up the challenge and excelled. This Women's month, we profile a few of them to highlight the fact that, despite the challenges-women can excel and rise up to leadership positions in any industry of their choice.

Dr. Renosi Mokate- GEPF / *Executive Chairman at Concentric Alliance (Pty) Ltd*

Dr. Renosi Mokate is a highly experienced economist and policy analyst of international repute, specialising in development economics and finance. Renosi gained her academic qualifications in the United States of America, where she was based during her early academic career. She returned to South Africa in the early 1990s, serving in the multi-party negotiations process and as Chief Executive of the Independent Electoral Commission in the run-up to South Africa's first democratic election in 1994.

She became a key adviser on macro-economic and fiscal policy to the Government, and later Chief Executive of the Central Energy Fund (the South African Government's State-owned energy exploration, production, refining, and investment group). She was Deputy Governor of the South African Reserve Bank between 2005 and 2010, and a key member of the Monetary Policy Committee and the G20 Group of Nations Central Bank Forum.

Renosi left the Reserve Bank to become an Executive Director of the World Bank Group, based in New York, where she represented the interests of Angola, Nigeria, and South Africa at Board level. Since joining Concentric Alliance, Renosi has primarily been involved in strategy planning on behalf of clients, where her twenty years of experience at the highest levels of policy formulation in South Africa, and internationally, come into full play.

Q: Do you think there has been sufficient transformation in terms of gender within the retirement industry in South Africa?

A: "Progress has (been) made with respect to gender transformation, driven primarily by the country's legal and policy frameworks on employment equity and Broad-Based Black Economic Empowerment, which require companies to take into account gender equity when employing staff and appointing executive and non-executive directors on their Boards. In addition, the Independent Institute of Directors and other similar bodies have reinforced the message the companies that are gender diverse perform better than those that are not.

However, more needs to be done throughout all the facets of the industry, namely asset owners, institutional investors and the pension service industry. The extent of gender representation within the pension industry is impacted by the generally low representation of women in the financial sector, particularly at the decision-making level. This is also the case in the areas that are peculiar to the industry, such as investment analysis and actuarial sciences.

It is important that the pension industry develop focused strategies for building a pool of skilled professionals and non-executive directors, if progress is to be made. In doing so we must also keep in mind that transformation is not just about numbers; it is also about changing the culture of the organisations in the industry and ensuring that the services that we offer support gender transformation throughout our society".

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Mabatho Seeiso- *Independent Professional Trustee*

Mabatho joined the Financial Services Industry at the beginning of 2001 in private equity as an Assistant Portfolio Manager for Infrastructure Investments at Old Mutual Asset Management. In 2003 she joined Cadiz Asset Management and subsequently became a Director and Head of Institutional Business Development until March 2007.
Mabatho now serves as a professional and independent trustee on several Boards of Management of Pension Funds. She also serves as Chairperson in some of the Funds or their Investment Committees. During her 11 years as a trustee she has had an opportunity to serve on a variety of funds including umbrella funds, parastatal funds, union funds, an unclaimed benefits fund, a beneficiary Fund and a Government Fund. She is also an independent investment committee member of the Jobs Fund. She has a passion for ensuring that we do our best for members of funds. She is also passionate about advocating for impact investing as it benefits both members and the economy. She was recently appointed as the Chair of the Investment Committee of the Truck Stops Private Equity Fund.

Mabatho's past work experience includes working in sales, industrial development and international trade. She has also worked as a New Business Development Manager for Total SA and in management consulting for five years. She also has experience serving as a Non Executive Director on Company Boards and is a member of the Advisory Committee of the Southern African Pension Fund Investment Forum.
For 10 years, Mabatho engaged in her passion which was to facilitate the true empowerment of individuals with specific focus on women. She has been involved in teaching and facilitating personal development and the acquisition of self-leadership skills for women since 2008. She began women in financial services dialogue sessions in 2008 that ran for two years. She has worked as a professional mentor and public speaker who was facilitating leadership circles for 10 years. Her qualifications include; Honours (Economics and Marketing) University of Wales, Aberystwyth College, Honours (Financial Analysis and Portfolio Management) University of Cape Town and an MBA from Hull University.

Q: Do you think there has been sufficient transformation in terms of gender within the retirement industry in South Africa?

A: *"There is still significant work that still needs to be done in developing gender diversity in the retirement fund industry. We need more women decision makers".*

Q: What would you highlight as your greatest contribution to the retirement industry in South Africa?

"I honestly believe that my biggest contribution has been getting my boards to appreciate the impact of our decisions on our members. The ability to stand in someone else' shoes and to have empathy has been important to staying focused on what is in the best interest of members. It does not mean we always get it right but I think that is an important basis from which to make decisions. It also means you have to show courage sometimes to say things that are unpopular. The fact that I have been serving on a variety of pension boards since 2008 means I bring a depth of knowledge and industry insight to decision making.

I have also now become an advocate of impact investing on boards as a result of listening to what many members are saying is important to them. They want to retire in an environment with good infrastructure which includes good health care and education facilities; in an economy that is robust and that will provide jobs for their children. This is part of their definition of having a meaningful retirement".

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Mantuka Maisela- *Chairman of the Fund, Eskom Pension and Provident Fund ((Eppf)*

Since 2017 Mantuka has been the Chairman of the Fund at Eskom Pension and Provident Fund where she is also a member of the Human Resources and Remuneration Committee as well as the Strategic Investment Committee.

Mantuka has also been a trustee and has sat in various committees and boards of the following organisations- PetroSA, South African National Parks, Air Traffic and Navigation Services, National Consumer Council, MERSETA, Motor industry bargaining council, GEPF, Motor industry fund, Medshield medical scheme, Deloitte Best Company to work for Committee, PetroSA Egypt,World Petroleum council, Murray & Roberts among others.

She has served as an Executive for various organizations, amongst them, Vice President at PetroSA Group Human Resources at Murray and Roberts Holding as well as RUC Holdings.

Maisela is also the CEO of Khomolema Consulting and her qualifications include a Masters degree in Management from Wits University, Post Graduate Diploma in Management from Wits, Production Management Diploma (Kyushu, Japan), Masters in Management (Wits) and has also attended a Leadership development programme from Wharton business school, University of Pennsylvania.

Professionally she holds membership to the following bodies-Member of the Society of Human Resources Management (SHRM,USA), Member of The Association of Training and Development (ATD, USA)and Fellow of The Institute of Directors of South Africa.

Mantuka has extensive experience and commands a lot of respect in both business and the pension fund industry.

Q: Do you think there has been sufficient transformation in terms of gender within the retirement industry in South Africa?

A: "The industry has attempted to provide opportunities to previously disadvantaged Asset Managers some of whom are women. However, there is still a lot of work to be done to ensure that gender representation is given special attention. The EPPF (has) established a Manager Development program to empower young Black Asset Manager(s) , some of which (were) women by allocating Assets to them and to grow their Businesses.

They (Asset managers) were provided the necessary assistance and (were) paid fees (to) enable them to buy the necessary equipment to operate their business as well as employ highly qualified Asset Managers that will grow the Businesses. We are continuously (..trying to) empower more women in the industry. The industry need(s) to consider imposing targets specifically for women empowerment in the industry".