

Pension Funds in Botswana, Kenya, Namibia and Nigeria: New Avenues for Funding Private Equity

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Making Finance Work for Africa

Data on selected African pension funds & private equity

The 4 profiled countries have nearly US\$46.17B in AUM;
 Netting out existing PE commitments, **US\$2.58B is available for PE**

Assets Under Management in Key Markets

Country	Currency	AuM in Billion	Allocation to PE	Available for PE in billion	Invested in PE in million	Increase in investment in PE compared to previous year
Botswana	USD	5.22	5%	0.261	125.6	0.2%
	BWP	59.4				
Kenya	USD	7.7	10%	0.77	44.6	15.48%
	KES	788.15				
Namibia	USD	7.45	1,75 - 3,5%	0.261	121.7	46.15%
	NAD	119.6				
Nigeria	USD	25.8	5%	1.29	87	56%
	NGN	5150				
TOTAL (USD)		46.17		2.58	378.9	

* Data gathered from regulator websites, annual reports and other industry sources.

Pension reforms in Nigeria - Update

AuM & Investment in PE

- USD 25.8 billion of AuM in Oct. 2015: 11.6% increase
- USD 87 million in Oct. 2015.
- 56% increase from December 2014

Current regulation

- 5% limit in PE
- A minimum of 75% of PE fund to be invested locally

Upcoming evolution of the regulation

- Lower the 75% requirement to 60% in 2016
- Plans to have by 2019 40% of PF AuM invested in “alternative assets”

Pension reforms in Kenya - Update

AuM & Investment in PE

- USD 7.7 billion of AuM in Dec. 2014: 15.48% increase
- USD 44.6 million in Dec. 2014
- 15.48% increase from Dec. 2013

Latest regulatory changes

- Specific PE allocation: 10%
- Requirement to seek RBA approval removed

Constraints

- PE fund managers must be approved by CMA...
- ...But there are no guidelines
- Regulatory update is planned for 2016

Pension reforms in Namibia - Update

AuM & Investment in PE

- USD 7.45 billion of AuM in Dec. 2014: 13.6% increase
- USD 121.7 million in Dec. 2014
- 46.16% increase from Dec. 2013
- USD 200 million earmarked by GIPF out of USD 260.75 million available for PE

Latest Regulatory Changes

- Regulation 29 implemented in 2015 requires a minimum of 1.75% and maximum 3.5% to be invested in unlisted assets

Pension reforms in Botswana - Update

AuM & investment in PE

- USD 5.22 billion of AuM in Dec. 2014
- USD 125.6 million invested in PE
- 46.16% increase from Dec. 2013
- USD 200 million earmarked by GIPF out of USD 260.75 million available for PE

Latest Regulatory changes

- NBFIRA revised PFR2 issued in Oct. 2015: 5% in PE

Constraints

- Investment in PE increased only by 0.2%
- Few funds have the capacity to invest in this asset class

Bridging the gap

Why PFs Don't Invest more in PE ?

How do we increase allocation to PE ?

Monetary Policy/ High Bond Yields

PFs small/lack scale to build a credible PE program

Risk aversion/impact of Daily valuation

Few domestic opportunities in some countries

Clarify and progressively liberalize the regulation

Capacity Building

Build local platform for PE managers to collectively address their needs and to better collaborate with the regulators

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Thank you !

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