

A light gray world map is centered in the background of the slide. The map shows the outlines of continents and countries. The text is overlaid on the map, with the title and subtitle in the upper left, the main topic in the center, and the conference details in the lower left.

D3P Global

Diagnosis, design and delivery

Exploring emerging risks and opportunities affecting long-term sustainability of pensions in Africa

APSA 2025 Conference
Marrakech, 10 July 2025

William Price
CEO D3P Global

The key risks to address are those that prevent pension systems delivering good long-run outcomes that are fair and inclusive

- Broad **coverage** for men and women, formal and informal, as contributors as well as recipients in old age
- Decent **adequacy** in old age protected against inflation and longevity
- An **efficient** pension system that maximises the value of each contribution, the use of (tax) incentives and improves the capital and labour market
- A **sustainable** pension system – financially, politically and environmentally – issues relevant to Defined Contribution as well as Defined Benefit pensions
- A **secure** pension system – with income protected against shocks where needed and underpinned by proactive risk-based supervision

Asset building often undermined by excessive easy debt

Some risks are new and growing in severity

Google Cloud accidentally deletes \$125 billion Australian pension fund

The 'unique misconfiguration' affected over half a million members who were unable to access their pension accounts for a week

Advertisement



Cyber risk affecting all continents and sectors - risks and opportunities only increasing with AI where the three leading founders profoundly differ on risks

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South Africa. Government pension fund systems offline for months after ransomware attack

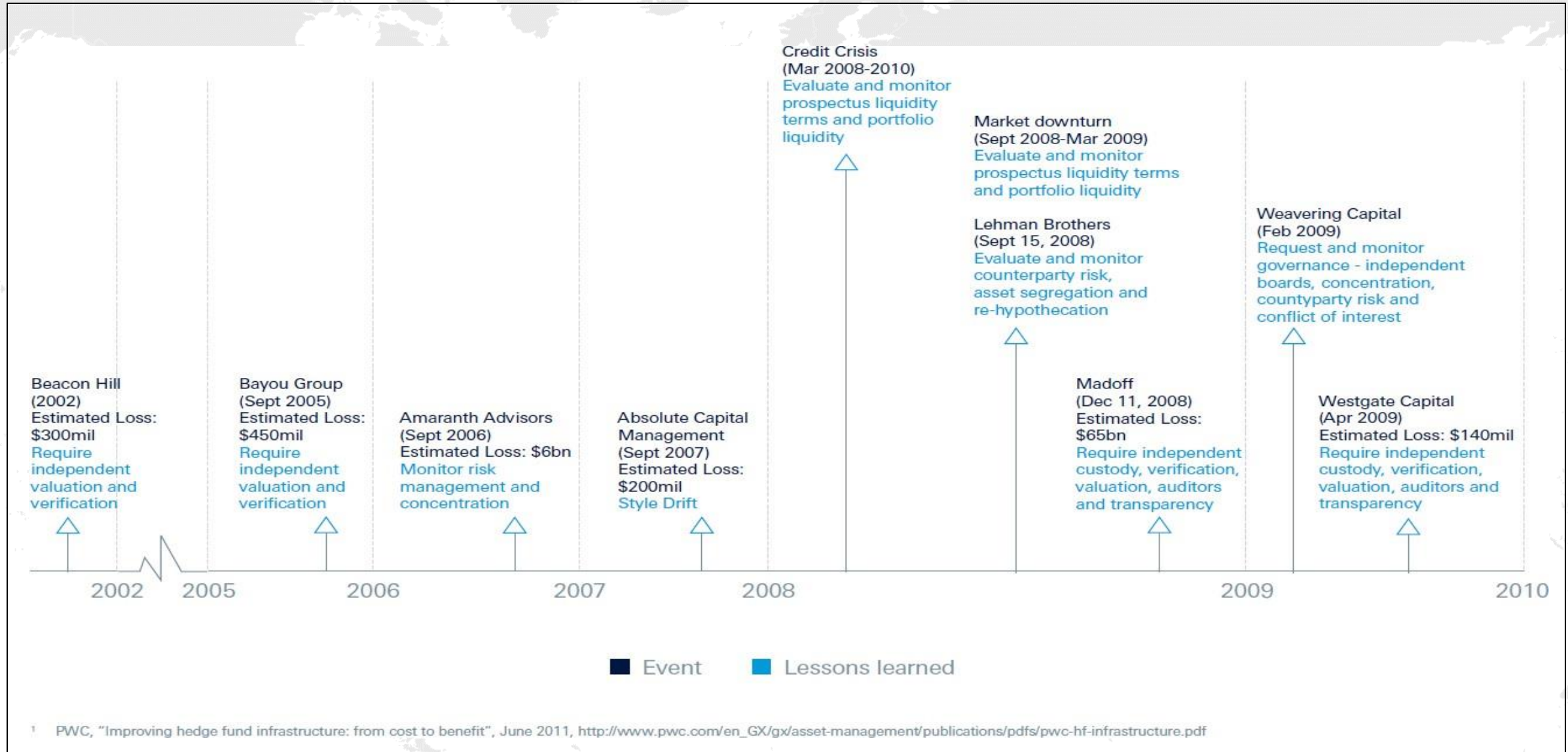
News

South Africa, supervision, Technology

The Government Employees Pension Fund (GEPF) suffered a cyberattack in February 2024, and it only expects to restore its self-service functionality by 21 June 2024.

A notice published on the GEPF's social media pages says the self-service functionality on its web platform and app was still offline due to the data breach at the Government Pensions Administration Agency (GPAA).

Governance risks and 'technical' risks like valuation / accounting issues are very longstanding and need constant vigilance



The biggest risks are often foreseen – but in response there is often the greater risk of inaction

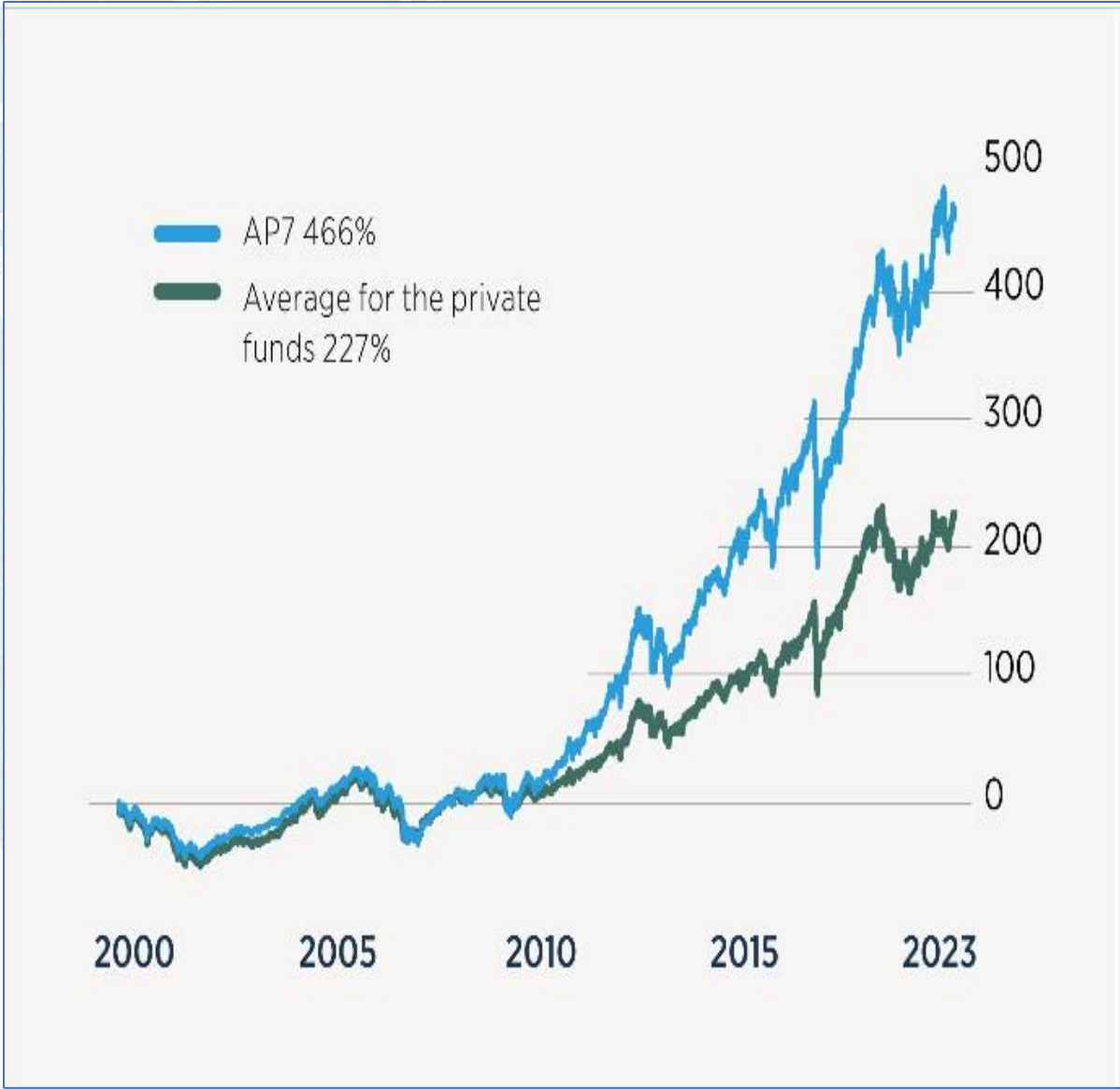
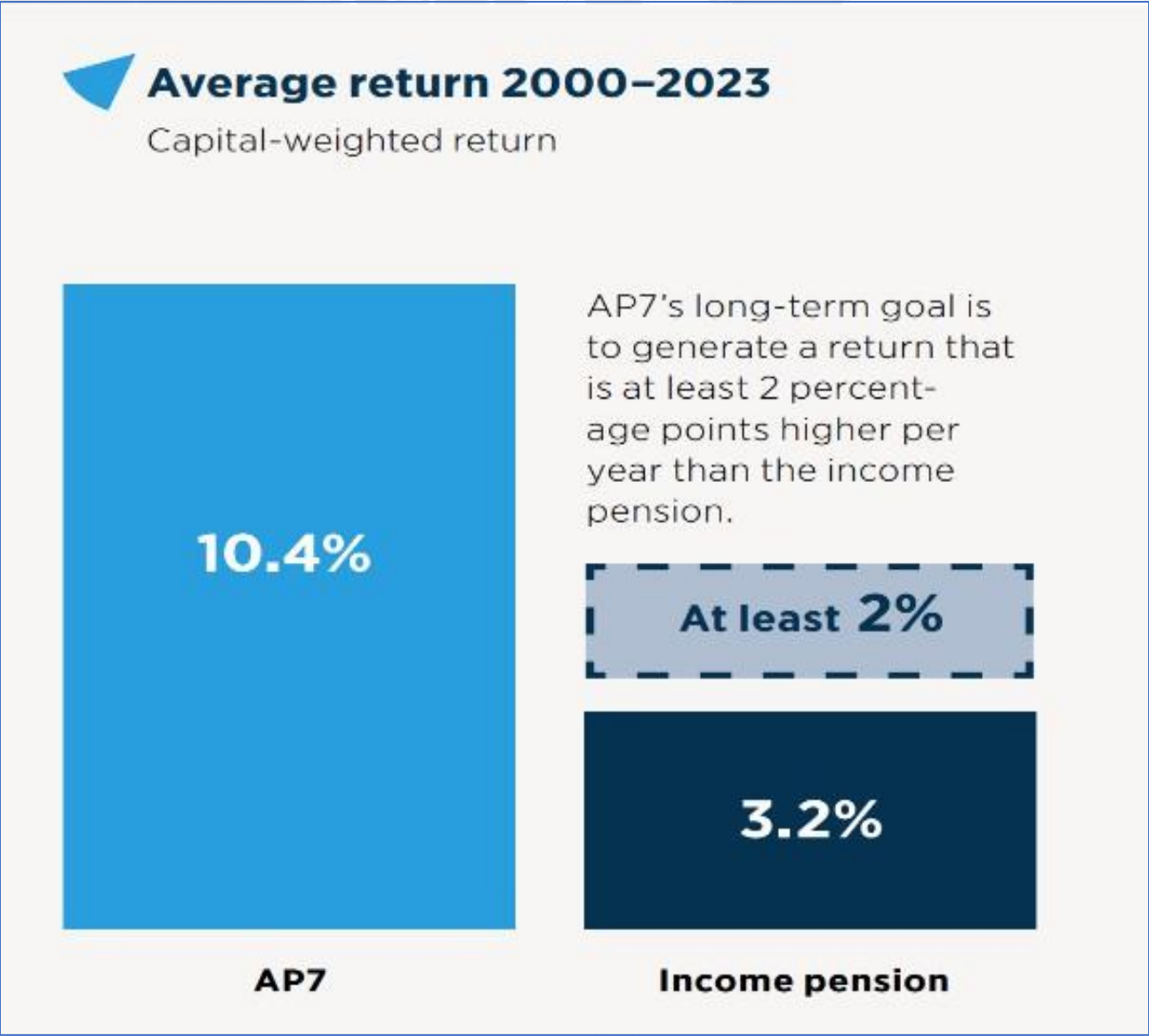
2017	2018	2019
0-3 years		
Return of inflation	Emerging geopolitical risk	Digital tech meets legacy hardware
Reduced market access	Erosion of risk diversification	Genetic testing and adverse selection
Cloud risk accumulation		
Regulatory fragmentation		
>3 years		
Underestimated infectious diseases	Asbestos losses	5G mobile networks
Growing water stress	Cyber risks	Fiscal and monetary policy balance at risk
	Algorithms – opaque, biased, misled	Climate change and life & health

Sri Lanka's experience shows the urgency to reform during periods of relative stability to reduce risk in the short and long-term

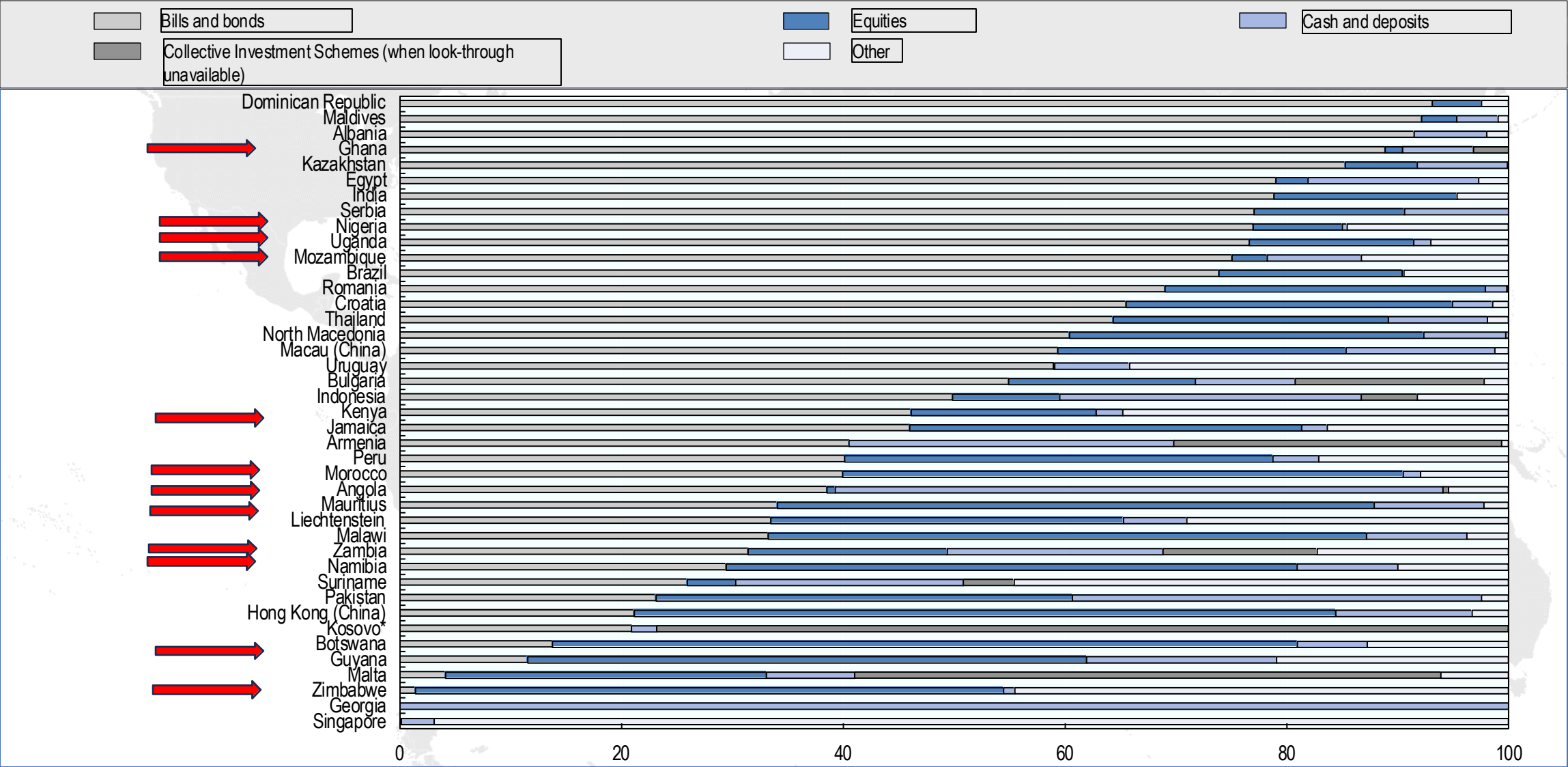
- Exchange rate only gradual depreciation in mid 2010s then steep depreciation during economic crisis
- A USD \$10 million purchase in 2016 would be 250% original investment in local currency terms in 2022
- Its first Sovereign debt default subsequently imposed a hair cut on holders of government bonds



There is hope – since a well-designed and executed funded pension pillar can significantly strengthen outcomes on top of necessary public provision

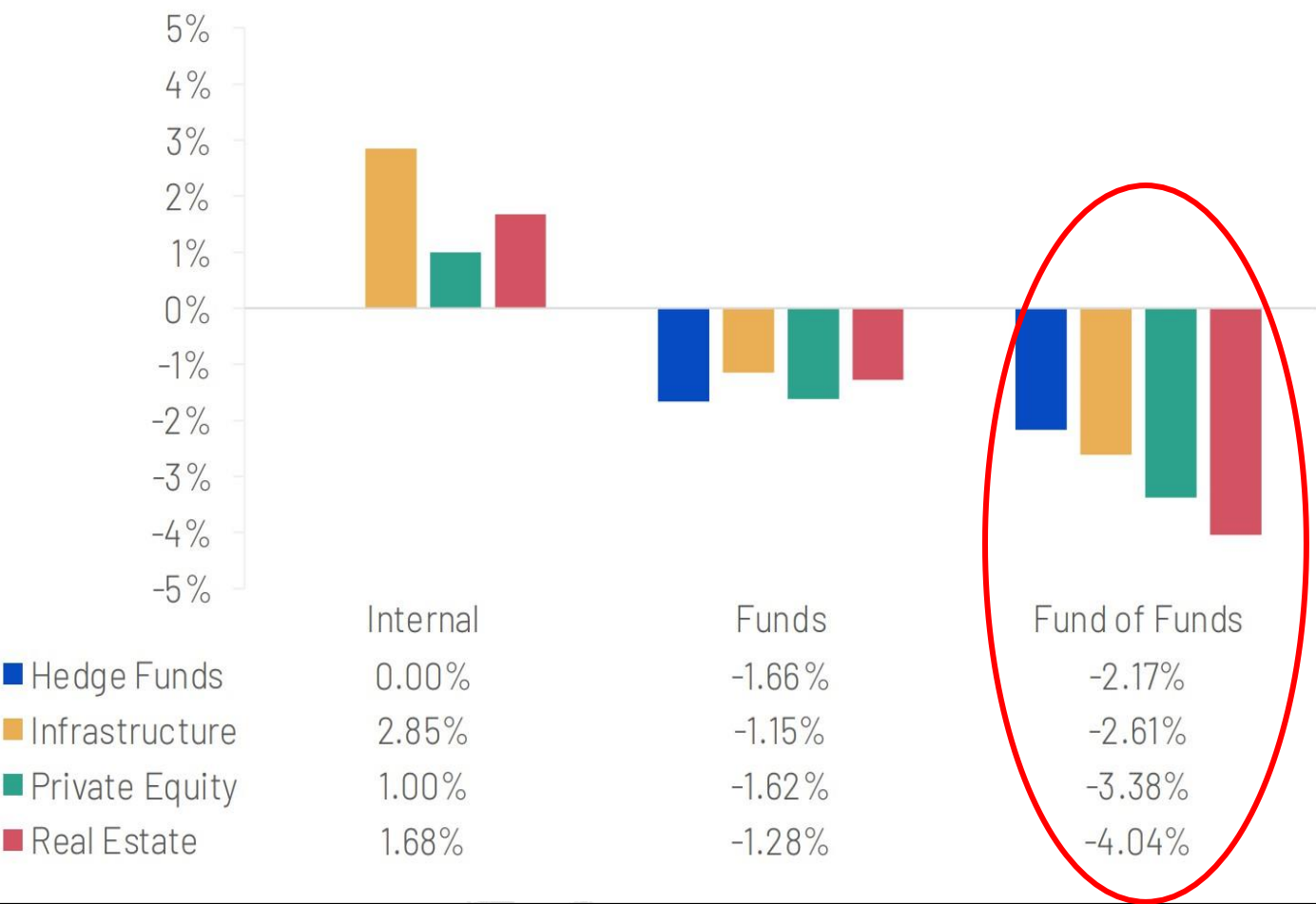


Asset allocation is diverse across Africa – mirroring the picture in other continents – and also sharing the struggle to deliver long-run net of returns that are positive in real terms



Whilst economies of scale in theory deliver lower costs and fees – the ‘how’ of pension investment is an under-estimated risk

Net Value Add by Implementation Style - Private Assets



* Long term NVA in the CEM database. Standardized CEM public-market-based benchmarks are used.

Source: CEM Benchmarking

The performance of index funds across the continent show that a simple index investing strategy may be more challenging than in other regions

The MSCI Emerging Frontier Markets Africa ex South Africa Index captures large and mid cap representation across 1 Emerging Market (EM) country and 12 Frontier Markets (FM) countries*. With 42 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

For a complete description of the index methodology, please see [Index methodology - MSCI](#).

CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (MAY 2009 – MAY 2024)



ANNUAL PERFORMANCE (%)

Year	MSCI EFM Africa ex ZA	MSCI EFM	MSCI Frontier Markets
2023	7.53	10.27	12.17
2022	-21.71	-19.81	-26.05
2021	11.30	-2.01	20.09
2020	-4.30	18.39	1.65
2019	17.25	18.91	18.34
2018	-12.58	-14.28	-16.20
2017	22.81	37.62	32.32
2016	-7.43	11.40	3.16
2015	-19.20	-14.58	-14.07
2014	-5.43	-1.41	7.21
2013	18.67	-1.50	26.32
2012	41.49	18.35	9.25
2011	-30.36	-18.19	-18.38
2010	17.92	19.38	24.24





With many countries facing the same challenges there is scope for collaboration intra-regionally and with funds and institutions externally – learning from some Public Development Banks and the ‘FICS’ network

Figure 2: Pension Assets Under Management Available to Private Equity in African Markets⁸

	Country	Regulatory Authority	Total Pension Assets Under Management (Local Currency, bn)	Total Pension Assets Under Management (US\$, bn)	Year	Maximum Allocation to PE	Available for PE (US\$, bn)
East Africa	Kenya	Retirement Benefits Authority	KES 1, 300	12.9	2019	10%	1.29
	Uganda	Uganda Retirement Benefits Regulatory Authority	UGX 16, 900	4.6	2021	15%	0.692
Southern Africa	Botswana	Non-Bank Financial Institutions Regulatory Authority	BWP 93.1	8.6	2019	5%	0.429
	South Africa	Financial Sector Conduct Authority	ZAR 4, 262	346	2017	10%	34.6
West Africa	Ghana	National Pensions Regulatory Authority	GHS 33.4	5.8	2020	10%	0.58
	Nigeria	National Pension Commission	NGN 12, 310	29.9	2021	5%	1.49
North Africa ⁹	Egypt	Egyptian Financial Supervisory Authority	EGP 44.3	6.8	2014	Unclear	Unclear
	Morocco	The Supervisory Authority For Insurance & Social Welfare	MAD 269.3	30.0	2014	Unclear	Unclear

Initiatives like the Pan-African Fund Managers Association and APSA are vital ways to build and share knowledge and increase investible universe

LEVEL OF INVESTMENT: HIGH TO LOW →

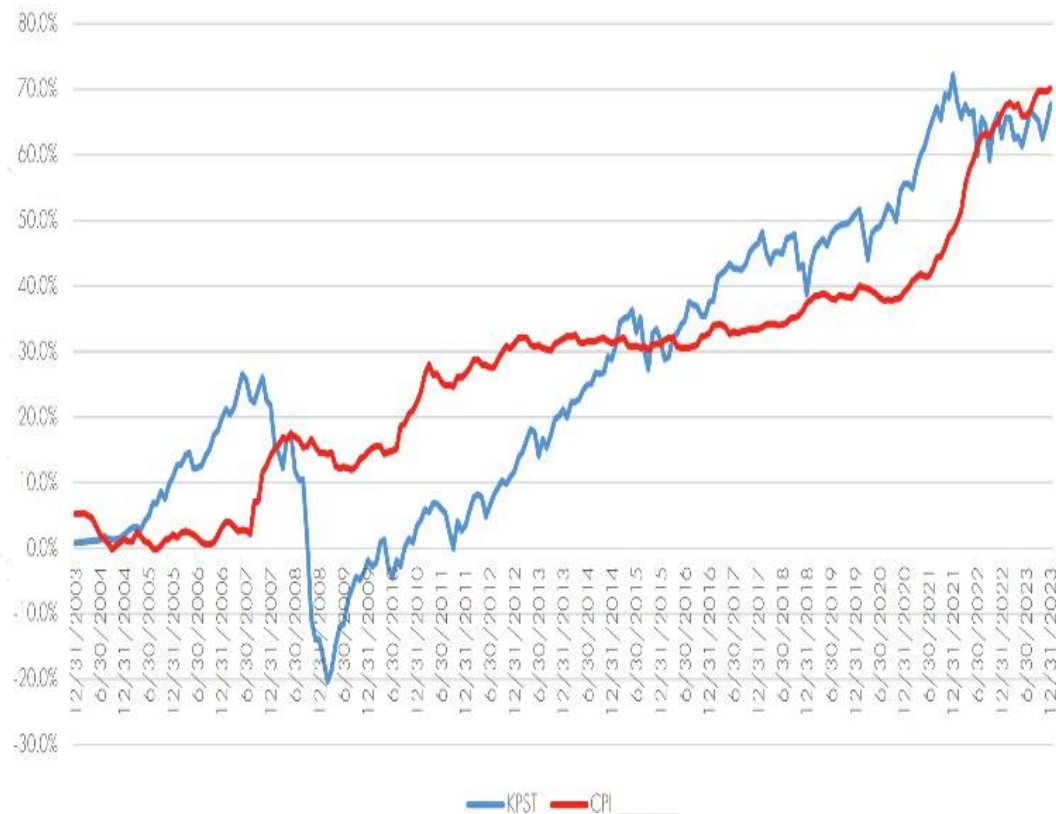
Build	Buy	Partner	Outsource
<p>Establishing proprietary data and systems as a competitive advantage</p> <p>Difficulties in partnering with start ups, due to lack of maturity and conflicting cultures</p> <p>Real/perceived higher degree of complexity and longer lead times of adapting external solutions versus developing solutions in house</p>	<p>Allows corporates to maintain focus on core business without need to develop new development and management capabilities</p> <p>Opens door to acquisition based on experience using the solution first</p> <p>Builds on relatively higher degree of innovation and existing market share of start ups</p>	<p>Can capitalize on the advanced technological capabilities of larger technology firms</p> <p>Can seek existing and proven solutions</p>	<p>Reduces the need for large up-front capital expenditure (and risk) to develop solutions in house</p> <p>Allows business to focus on core functions</p>
 <p>Olam</p> <p>In house platforms, Olam AtSource & Olam Farmer Information System (OFIS) provide smallholder tools and traceability services</p>	 <p>John Deere's recent investment in Hello Tractor indicates interest in potential acquisition, which would increase SSA presence</p>	 <p>Bayer and Microsoft partnered to build a cloud-based set of digital tools for use in agriculture and adjacent industries, e.g., Bayer Climate Fieldview</p>	 <p>Flour Mills of Nigeria outsources technology development to 10+ vendors, including Microsoft</p>



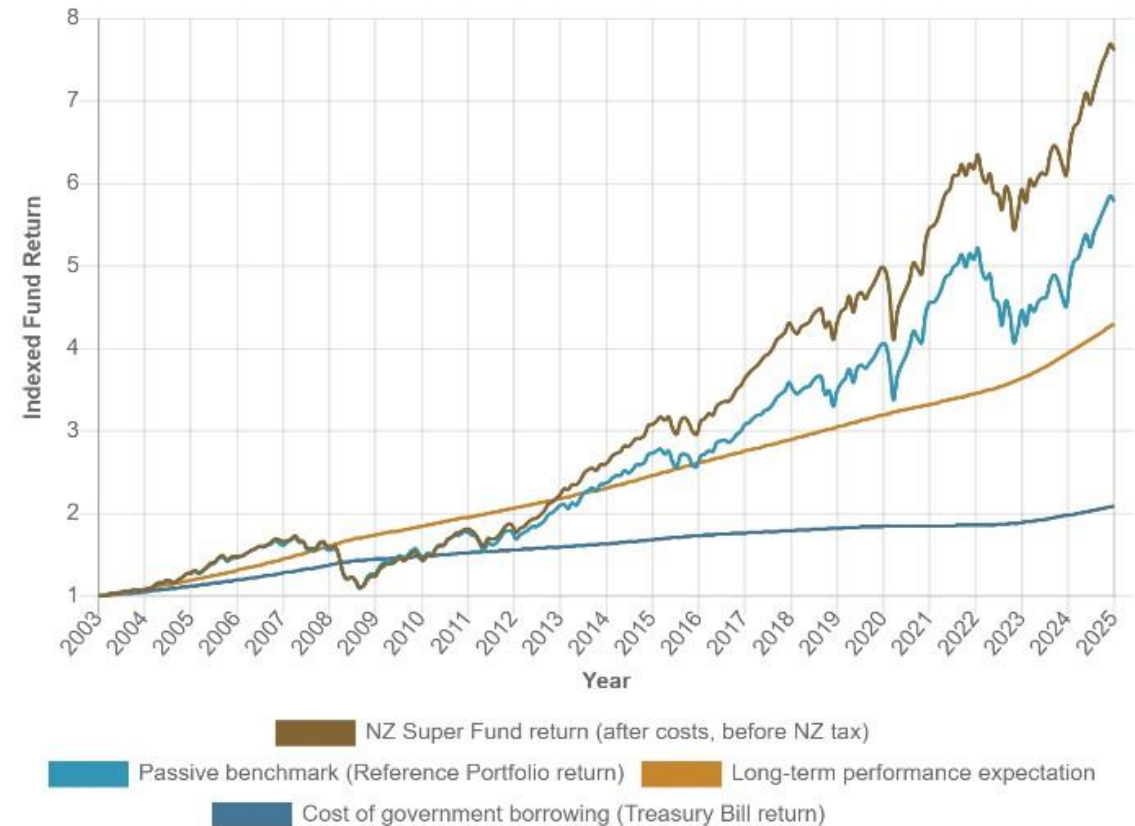
Interesting to consider how political feasibility can make executing the right long-term strategy challenging – increasing the need for scenario testing

Kosovo KPST and New Zealand Superannuation Funds before and after the 2008 crisis

COMPARISON OF KPST SHARE PRICE OF STANDARD PORTFOLIO AND CONSUMER PRICE INDEX IN KOSOVO (FROM 31.12.2003 UNTIL 31.12.2023)



NZ Super Fund Performance Since Inception



Source: KPST Annual Report 2023 and New Zealand Superannuation Fund Performance Report

A light gray world map with white country borders serves as the background for the slide.

Coverage

It is important to be forensic in exploiting all possible segments and channels to deliver for formal and informal workers

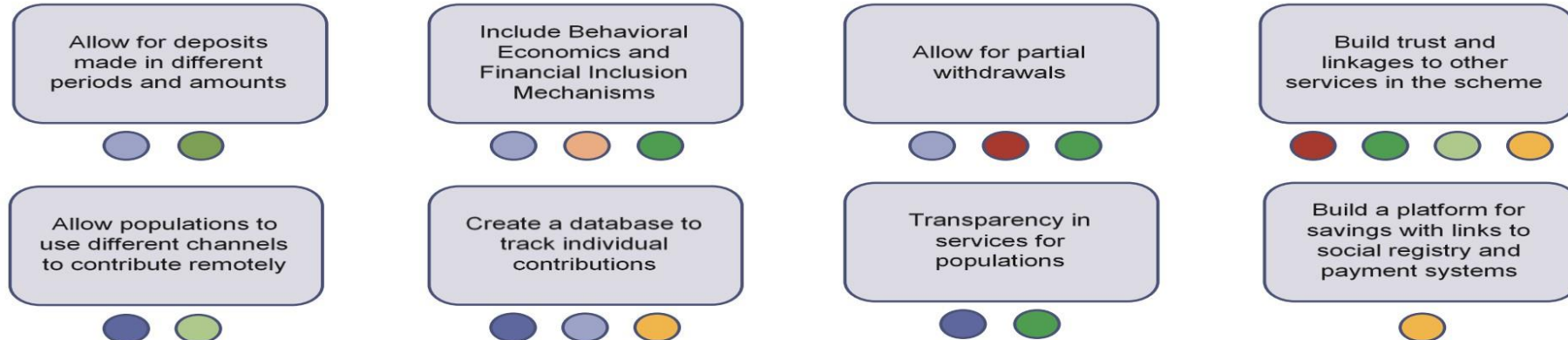
Design of informal economy social insurance scheme should reflect the characteristics of the informal economy

Addressing the constraints in the informal economy

Challenges in the Informal Economy



How these challenges are addressed



Making sure gender is fully integrated reduces a huge risk to good pension outcomes - fortunately many tools now exist

UNDERSTAND

the needs and financial behavior of women customers.

Include women as a target segment in strategy plans mapped with measurable goals.

Understand the women's market through standalone research and analysis of information available in the public domain.

ESTIMATE

the market size of active and potential women customers.

Develop a business case to cater to women and track costs after product launch to understand product break even.

Segment the women's market into addressable sub-segments based on occupation, age group, income, lifecycle stages, and geographies to identify the right fit.

COLLECT

SDD on product(s) access and usage.

Users' demographic data from application forms, KYC documents etc. subject to data privacy laws.

Data from MIS reports tagged to each customer (dormant v. active accounts, transaction frequency, etc.).

Insights from various quantitative and qualitative research periodically conducted.

ANALYSE

data to understand and consequently predict data patterns.

GATHER INSIGHTS ON ACCESS

Which are the most preferred channels to access financial services?

What is the most accessed product for women customers in your user base?

GATHER INSIGHTS ON USAGE

Which products are used more by women customers?

Which services are used more by women entrepreneurs?

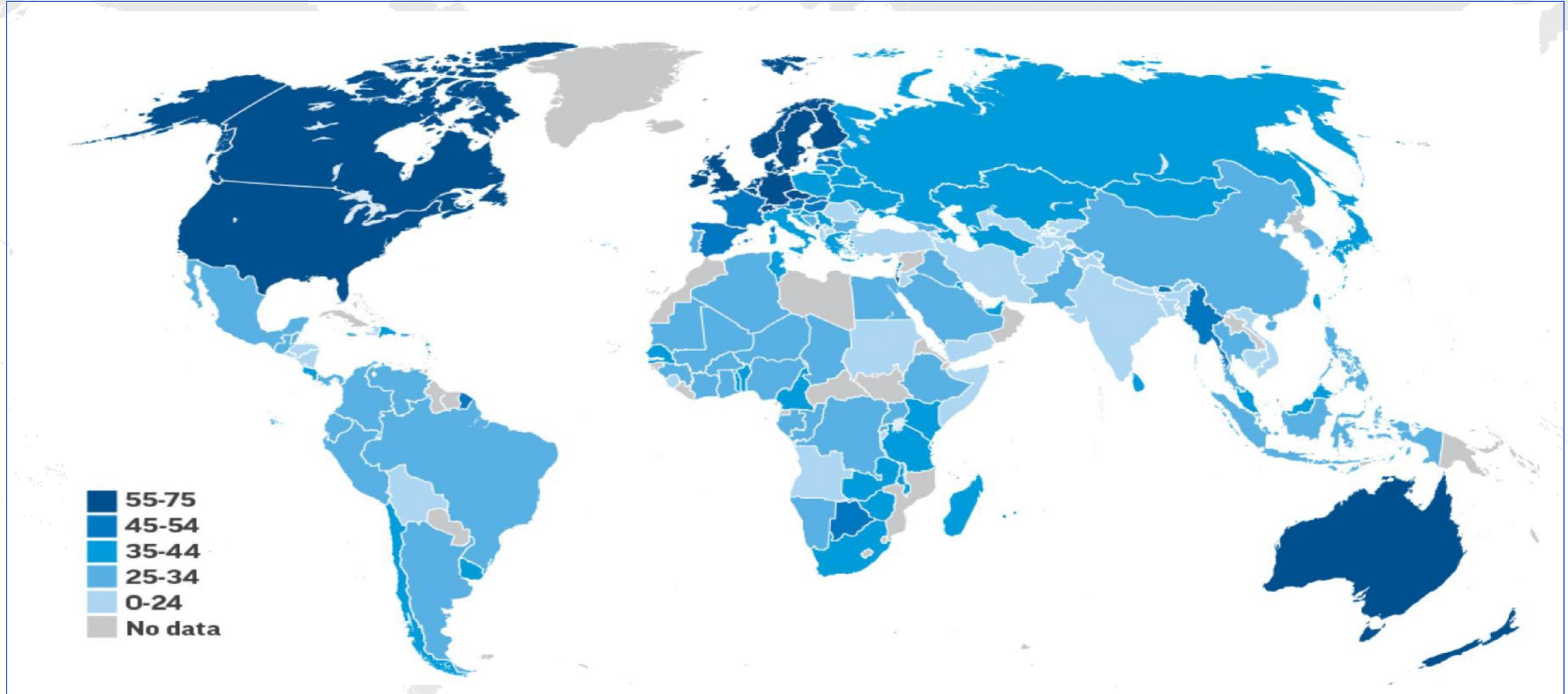
GATHER INSIGHTS ON QUALITY

What does a customer journey look like for your women clients?

What is the nature of queries made by women customers?

What is the nature of complaints raised by women customers?

It is tempting to think that Africa as a 'young' continent will be able to catch up on financial literacy as a solution – but financial literacy globally is not encouraging even after many decades – making system design most critical



Source: S&P Global FinLit Survey

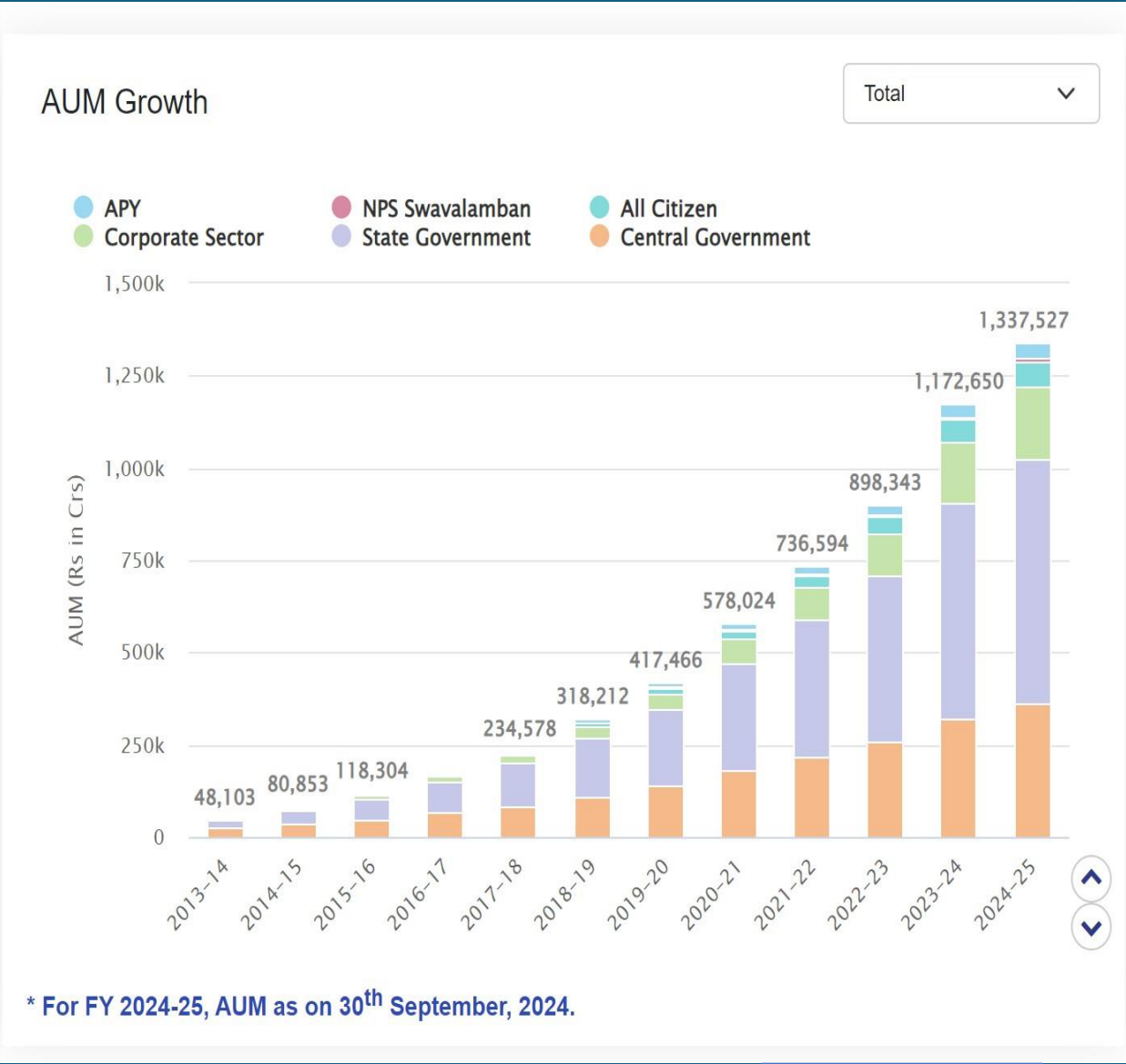
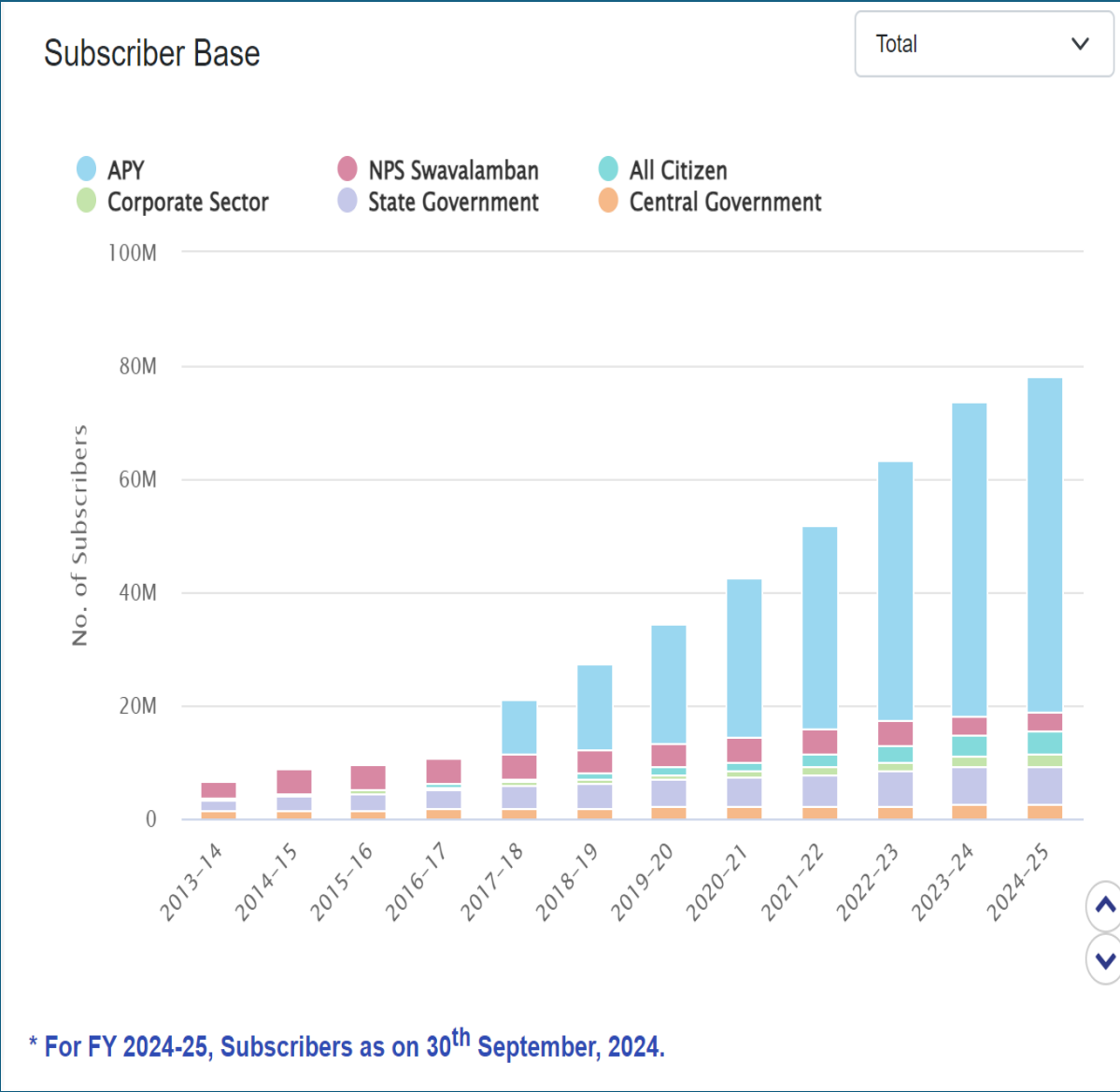


**Incentives should be
efficiently designed to
maximise impact and
minimise cost**

Enhancing Accessibility and Participation

- India
 - Mexico
 - Rwanda
 - United Arab Emirates / Dubai
-
- A new vision for gig platforms and pensions
 - Financial literacy only a limited tool

India has a world-leading value chain to help expand coverage but introducing a DB element for low-income workers had a powerful impact but not on AUM



Mexico provides a good example of how proactive work by the regulator and industry helped create an innovative and multi-channel network (but wider reforms to public and private pensions were still needed)

<https://ulinkremit.com/consar/>

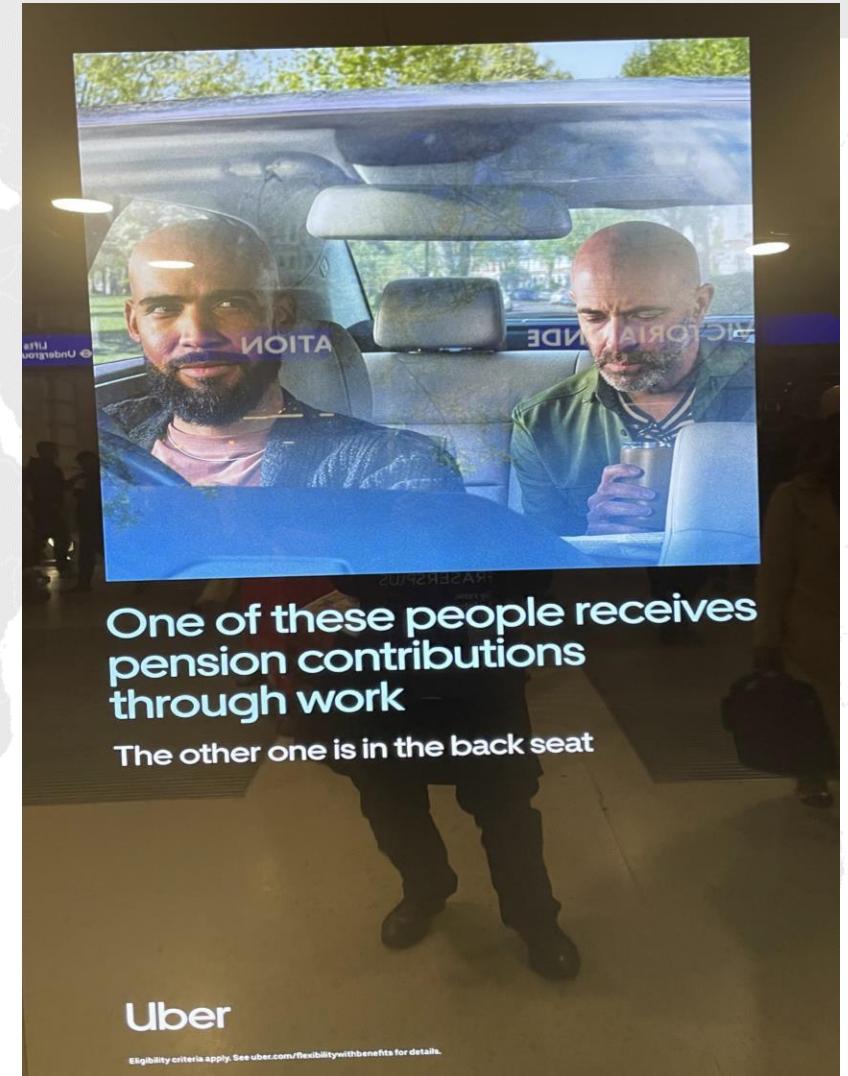


<https://www.e-sar.com.mx/PortalEsar/public/index.do>



Rwanda: Long-Term Saving Scheme EJOHEZA

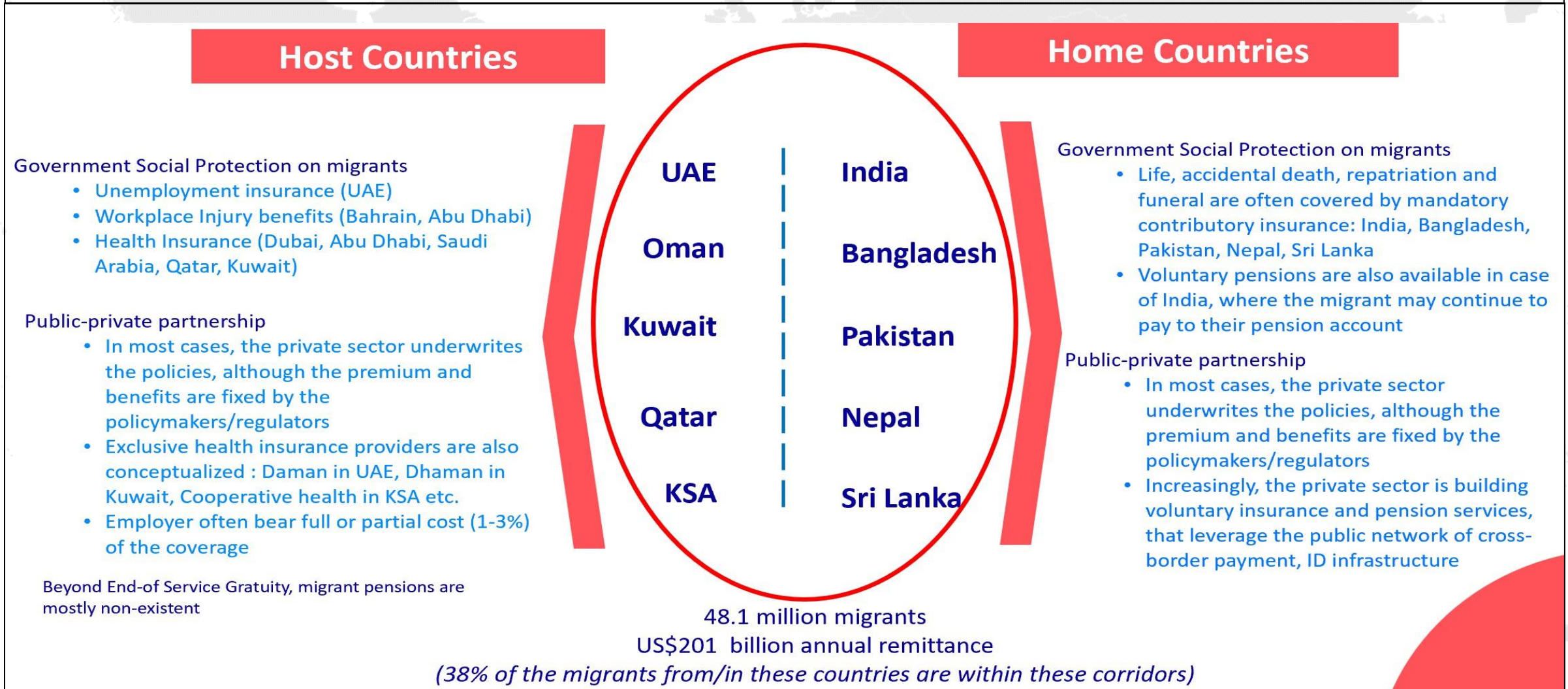
Gig economy platforms can and should be integrated into pensions



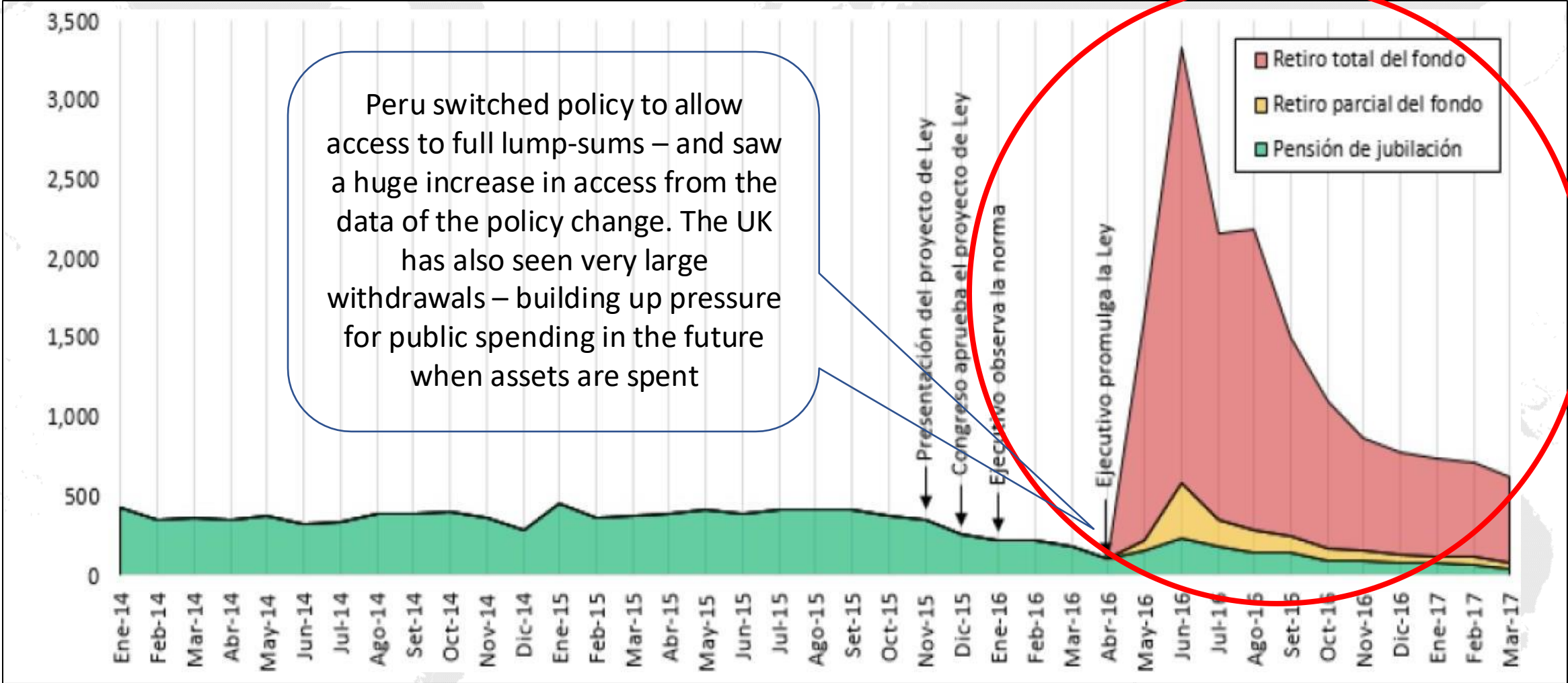
See also Singapore, Malaysia, EU

A range of innovations have emerged recently to provide pensions to migrants in the home and host country

Innovations in migrant pensions and insurance in SAR: GCC corridors

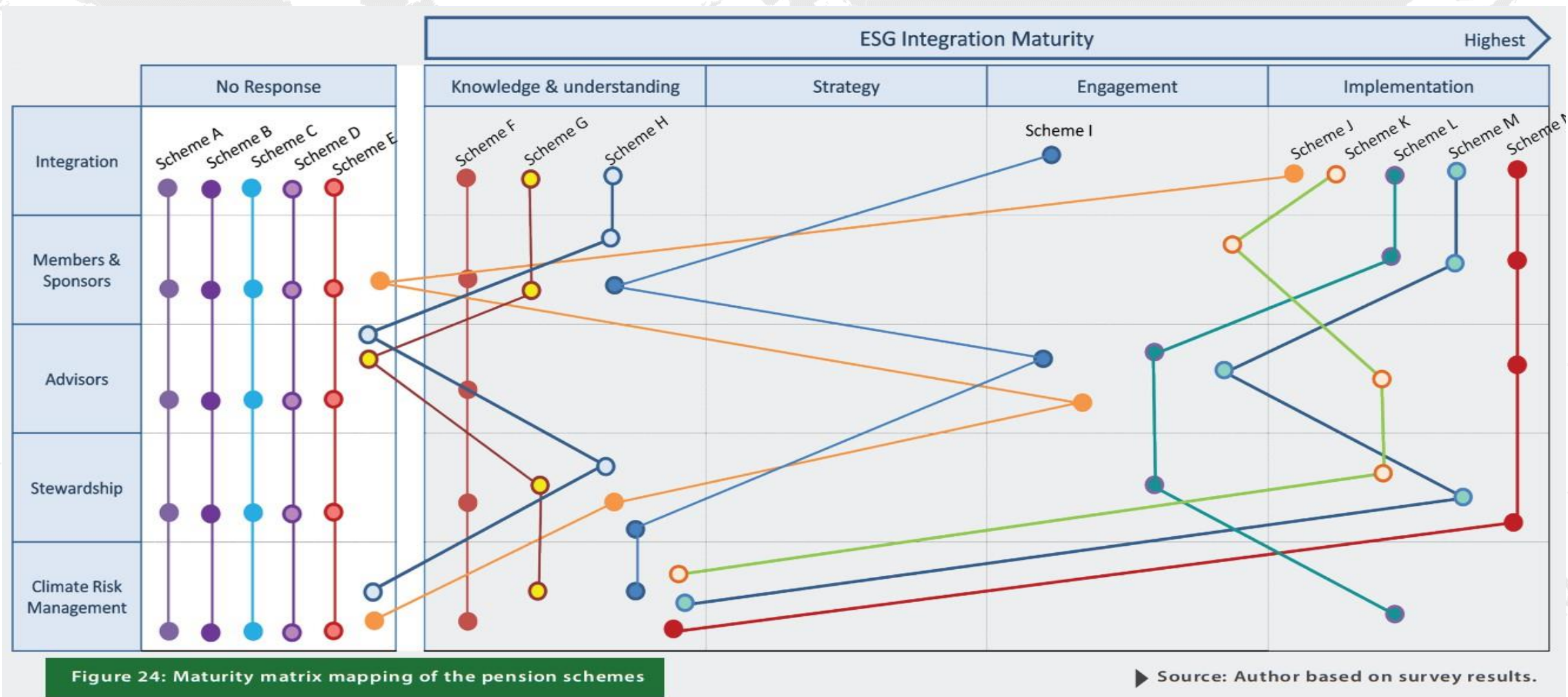


However good the accumulation phase in pensions – if you offer people lump sum pay outs they are likely to take them as in this example from Peru and as seen in the UK since 2015



Source: SBS - number of people Pension Products Chosen by AFP members 2014-2017

External benchmarking useful to understand investments or administration performance and for specific areas such as alignment with ESG and SDGs



Conclusions on key risks and solutions

- Huge range of risks – some very longstanding, some very new
- Critical to focus on coverage and stitching together every possible segment of the market
- Equally critical to ensure contributions lead to old age income
- Road map exists for improving investment returns net of fees and inflation but requires action on multiple dimensions
- Political and environmental sustainability as well as financial
- Forward looking and proactive risk-based supervision a key enabler

D3P Global Pension Consulting

WHAT WE DO

D3P have a global team with unrivaled breadth and depth of expertise. Passionate about building better pension systems, we bring world-class insights to our partners that radically boost pension outcomes.

Diagnosis – investigating all drivers of pension outcomes, from macroeconomic and poverty impacts through to strategy, legislation, regulation, supervision and operations.

Design – creating pension value-chains, policies and regulations that drive greater coverage and bring world-class efficiency, governance, member-focus and security

Delivery – D3P collaborate to design implementation and procurement strategies - and can support countries all the way through to delivery of live operations.

+ We strongly believe that +
when experts in **diagnosis**,
design and **delivery** come
together they create **designs**
~~that work~~ and **delivery that**
+ **is truly transformational** +