

RESPONSIBLE INVESTMENT IN THE PENSIONS SECTOR AFRICA

PROGRESS TOWARDS AN
ENVIRONMENTAL,
SOCIAL, AND
GOVERNANCE (ESG)
TAXONOMY AND AN ESG
INFORMATION
HUB FOR THE FINANCIAL
SECTOR IN AFRICA: THE
OBLIGATIONS OF
PENSION FUNDS

ROYAUME DU MAROC



acaps

هيئة مراقبة التأمينات والاجتياحات الاجتماعية
Aḥdīṭ al-Ṣayḥān wa al-Ḥimāyāt al-Ṣaḥīḥ
Autorité de Contrôle des Assurances et de la Prévoyance Sociale



Financial
Services
Authority
Seychelles



AFRICA
PENSION
SUPERVISORS
ASSOCIATION

IS ESG INVESTING BY PENSION FUNDS IN AFRICA A DEMAND PROBLEM OR A SUPPLY PROBLEM?

Demand-side perspective

It's a demand problem if:

- Beneficiaries don't value or request ESG investing.
- Pension fund trustees are hesitant to prioritize ESG due to concerns over fiduciary duty or returns.
- There's low willingness from pension fund managers to allocate capital toward ESG due to perceived performance risks.
- Regulatory clarity is lacking, making pension funds reluctant to demand ESG products.

In this case, investors (pension funds) are not pulling enough capital toward ESG strategies — there's insufficient demand to drive more ESG products or performance innovation.

IS ESG INVESTING BY PENSION FUNDS IN AFRICA A DEMAND PROBLEM OR A SUPPLY PROBLEM?

Supply-side perspective

It's a supply problem if:

- There's a shortage of scalable, credible ESG investment products.
- Available ESG funds are greenwashed, lacking transparency or integrity, reducing confidence among pension fund investors.
- Data gaps and inconsistent ESG ratings make it hard for pension funds to assess and compare ESG opportunities.
- Not enough companies are truly aligned with ESG goals, especially in private markets or emerging economies.

In this case, investors (pension funds) are not pulling enough capital toward ESG strategies — there's insufficient demand to drive more ESG products or performance innovation.

IS ESG INVESTING BY PENSION FUNDS IN AFRICA A DEMAND PROBLEM OR A SUPPLY PROBLEM?

In Africa, ESG investing by pension funds is primarily a **supply-side problem**.

Challenge area	Status in Africa
Demand	Growing but uneven
Supply	Major constraints
Capacity	low
Data	Weak ESG data

Action area	What pensions funds can do
Capacity building	Train trustees and asset managers on ESG risks/returns
Product innovation	Collaborate on local ESG-aligned vehicles
De-risking	Partner with DFIs and use blended finance
Data and metrics	Push for better ESG disclosures and use ESG rating tools
Real Investments	Engage with mutual funds, in green bonds, climate change reliance infrastructures