

RECOMMENDATION 15 OF 20

CONTINENTAL

Act within 2 years · by September 2028

# Build an African guarantee fund so pension savings can be invested at home

Related briefings: [Philanthropy](#), [Development cooperation](#)

## IN BRIEF

- African pension and insurance funds hold about \$775 billion, and much of it is lent to governments through bills and bonds.
- A continental fund led by the African Development Bank should take the first losses on local investments and back national guarantee companies, while each country keeps its own pension rules.
- Nigeria and Kenya should go first, because both already have a working guarantee company and rules that allow the investment.

## Why this matters

At the end of 2023, African pension funds put 44.4% of their investments in government bills and bonds on average. Government securities made up 81% of private pension investments in Ghana and 64.9% in Nigeria. In Kenya, 52% of Kshs. 2.81 trillion in pension savings sat in government securities in December 2025. That money pays for government budgets, and little of it builds roads, power or housing.

The rules are not what holds this money back. The Organisation for Economic Co-operation and Development (OECD) finds that limits on property, private funds and loans go unused in most African countries. What trustees lack is protection from losses. A guarantee that absorbs the first losses gives them that protection.

The pieces are already moving. Nigeria's National Pension Commission (PenCom) is designing a shared infrastructure fund for ₦31.32 trillion of pension savings. In May 2025 the African Development Bank (AfDB) agreed with the Private Infrastructure Development Group (PIDG), which finances infrastructure with money from donor governments, to build guarantees for local money.

A continental back-up guarantee would let each small national guarantee company take on more deals. The 19 regulators in the Africa Pension Supervisors Association (APSA) could then compare results across countries.

Sources for this section (5)

- [OECD: Africa Capital Markets Report 2025, on pension allocations and unused limits](#)
- [Retirement Benefits Authority: Kenya's pension assets in 2025](#)
- [Nairametrics: PenCom plans an infrastructure fund](#)
- [OECD: InfraCredit case study, including the AfDB and PIDG agreement](#)
- [Africa Pension Supervisors Association: its members](#)

# Four levels of action

## 1 What Africa asks of the world

The World Bank Group should offer back-up guarantees in local currencies for bonds that African borrowers sell at home. Its new guarantee platform aims to issue \$20 billion of guarantees a year by 2030. PIDG and the governments that fund it should do the same.

|      |                                                                    |
|------|--------------------------------------------------------------------|
| WHO  | The World Bank Group, PIDG and the governments that fund it        |
| WHEN | IMF and World Bank annual meetings, Bangkok, 12 to 18 October 2026 |

## 2 What the African Union does

The AfDB leads, with the African Trade and Investment Development Insurance agency (ATIDI) and Africa50, an infrastructure investor owned by 33 African countries, the AfDB and others. Together they set up a fund that takes first losses and backs national guarantee companies. Each year, APSA publishes each country's pension investment limits beside what funds actually invest. The African Guarantee Fund covers loans to small businesses only, so it joins for funds that lend to them.

|      |                                                                    |
|------|--------------------------------------------------------------------|
| WHO  | The AfDB with ATIDI and Africa50; APSA for the yearly comparison   |
| WHEN | Design study by June 2027; first money committed by September 2028 |

### 3 What regional groups do

In East Africa, the pension regulators of the East African Community agree common treatment of guaranteed bonds, which Kenya's guarantee company, Dhamana, already backs. In southern Africa, the Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA) does the same and reports to finance ministers of the Southern African Development Community (SADC). In West Africa, guaranteed bonds can be listed on the regional market of the West African Economic and Monetary Union (WAEMU). Mali, Burkina Faso and Niger remain in WAEMU, so their funds can buy these bonds under their own rules.

**WHO** East African Community regulators, CISNA and the WAEMU regional market

**WHEN** By June 2027

### 4 Which country goes first, and why

Nigeria and Kenya go first. Nigeria has had InfraCredit since 2017 and lets pension funds put up to 15% into private equity. Kenya has Dhamana, in which the AfDB bought \$10 million of shares in September 2024. Kenyan pension funds may put 10% into debt for infrastructure and affordable housing, and Kenya hosts APSA's office.

**WHO** PenCom in Nigeria and Kenya's Retirement Benefits Authority, with InfraCredit and Dhamana

**WHEN** Rules confirmed by June 2027; back-up guarantee terms agreed by December 2027

## Before another country can do this

- ☒ Published pension investment limits that already allow infrastructure or private debt.
- ☒ A law that stops pension holdings being forced into a government debt restructuring.
- ☒ A market for bonds in local currency, with working trustees and credit grades.
- ☒ A national or regional guarantee company able to take the back-up guarantee.

## What does not carry over from the first country

- Nigeria's pension savings of more than ₦31 trillion give InfraCredit a base of local buyers that few countries can match.

- Dhamana was built with anchor money from PIDG, backed by the United Kingdom, and support from FSD Africa, which few countries can expect.

# Who else is ready

| COUNTRY      | WHY                                                                                                                   | SOURCE                 |
|--------------|-----------------------------------------------------------------------------------------------------------------------|------------------------|
| South Africa | Its pension rules have allowed up to 45% in infrastructure since January 2023.                                        | <a href="#">Source</a> |
| Namibia      | It requires 35% of pension assets to stay at home, and 1.75% to 3.5% in unlisted investments through regulated funds. | <a href="#">Source</a> |
| Ghana        | It allows 25% in private funds, but funds hold 0.58%, and its debt restructuring shows why trustees need protection.  | <a href="#">Source</a> |

# Has this worked before?

InfraCredit was set up in Nigeria in 2017 with \$25 million of standby capital from GuarantCo, a guarantee company within PIDG. By the end of 2024 it had guaranteed 24 deals and drawn more than ₦200 billion from over 21 local investors. It stretched the average length of bonds from 3.2 years to 11. Pension funds supplied 56% of the money. [Source](#)

OECD: InfraCredit case study

# First steps

- 1

AFRICAN UNION LEVEL

the AfDB, with ATIDI and Africa50, orders a design study by June 2027. African foundations form a group to provide first-loss money at the African Venture Philanthropy Alliance conference in Cape Town, 9 to 11 November 2026.
- 2

REGIONAL GROUPS

CISNA and East African pension regulators agree by June 2027 how guaranteed bonds count within existing limits, and APSA publishes its first comparison.

## Who acts, and with what

|                         |                                                                                                                                                                                                                                                                       |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WHO LEADS               | The AfDB with ATIDI and Africa50, with foundations providing first-loss money; national regulators keep the power to approve, with Nigeria and Kenya first                                                                                                            |
| INSTRUMENT              | A continental fund that takes first losses and backs national guarantors, with protections for trustees and a legal bar on forcing pension holdings into debt restructurings                                                                                          |
| HOW PROGRESS IS CHECKED | The fund raises its first money, and APSA figures show pension investment rising towards existing limits                                                                                                                                                              |
| SIGNAL TO CHANGE COURSE | Trustees still refuse to invest because they lack protection                                                                                                                                                                                                          |
| WHAT STANDS IN THE WAY  | Ghana's debt restructuring taught trustees to be careful. High returns on government bonds make other investments less attractive. The OECD also finds too few companies able to issue bonds.                                                                         |
| COST AND MONEY          | Not yet known. InfraCredit started with \$25 million of standby capital and added \$27 million of shares in 2020, a guide to what one national guarantee company needs. Foundations would provide the first-loss money, and development banks the back-up guarantees. |

## Who else contributes

| WHO                                                                     | CONTRIBUTION                                         |
|-------------------------------------------------------------------------|------------------------------------------------------|
| <b>PenCom, the Retirement Benefits Authority and other APSA members</b> | Approve the bonds under national rules               |
| <b>InfraCredit and Dhamana</b>                                          | Share their methods and guarantee alongside the fund |
| <b>African foundations and family offices</b>                           | Provide first-loss money                             |
| <b>Fund managers</b>                                                    | Find and prepare projects                            |

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**Associations of trustees**Set standards for protecting savers

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## What each audience can do

### Philanthropy

#### WHAT YOU CAN DO

Commit first-loss money

#### WHAT YOU GAIN

Many dollars of investment for each one given

### Business and investors

#### WHAT YOU CAN DO

Prepare infrastructure and housing projects that pension funds can invest in

#### WHAT YOU GAIN

Long-term money raised at home

### Governments

#### WHAT YOU CAN DO

Pass protections for trustees into law

#### WHAT YOU GAIN

Money from home for national priorities

### AU and regional bodies

#### WHAT YOU CAN DO

Publish limits and actual investments each year

#### WHAT YOU GAIN

Evidence of whether the fund works

### Young people and citizens

#### WHAT YOU CAN DO

Ask how your pension savings are invested

#### WHAT YOU GAIN

Savings that build the economy

## The briefings behind this

Sector · Strong inference

### Philanthropy

Philanthropy cannot replace lost aid, and its best use is to take the first risk so that Africa's own savings can be invested at home.

[Open the briefing](#)

Sector · Observed

### Development cooperation

Grants for Africa are shrinking fast, and the money that replaces them asks for data, a share of the budget or market interest.

[Open the briefing](#)

## Words used on this page

### **Pension and insurance funds**

Funds that hold workers' retirement savings and insurance premiums. In most African countries they put most of their money into government bonds. [Philanthropy briefing](#) · [Glossary](#)

### **Government bills and bonds**

Loans to a government that investors can buy and sell. Bills are repaid within a year and bonds over longer periods. African pension funds put much of their money into them. [Philanthropy briefing](#) · [Glossary](#) · [Source: oecd.org](#)

### **OECD**

The Organisation for Economic Co-operation and Development, a Paris-based club of 38 mostly rich countries. It keeps the official figures on aid. [Development cooperation briefing](#) · [Glossary](#)

### **PIDG**

The Private Infrastructure Development Group, funded mainly by European governments. It invests in and guarantees infrastructure projects in poorer countries so that private investors will join. [Philanthropy briefing](#) · [Glossary](#) · [Source: pidg.org](#)

### **Back-up guarantee (counter-guarantee)**

A guarantee given to a guarantor. If a national guarantee company has to pay out, a larger body such as a development bank covers part of its loss, so the smaller company can guarantee more deals. [Philanthropy briefing](#) · [Glossary](#) · [Source: miga.org](#)

### **African Peace and Security Architecture (APSA)**

The African Union's set of bodies for preventing and managing conflict. It includes the Peace and Security Council, an early warning system, a panel of senior mediators, a standby force and the Peace Fund. [Security and conflict briefing](#) · [Glossary](#)

### **ATIDI**

African Trade and Investment Development Insurance, an insurer owned by 24 African states and other investors. It insures trade and investment in Africa against risks such as war and unpaid debts. The African Development Bank became its largest shareholder in 2026. [Our recommendation on this](#) · [Glossary](#) · [Source: cnbcafrica.com](#)

### **East African Community**

A bloc of eastern and central African states, including Kenya, Uganda, Tanzania, Rwanda, Burundi and the Democratic Republic of the Congo. [Glossary](#)

### **SADC**

The Southern African Development Community, 16 states from the Democratic Republic of the Congo to South Africa. [Glossary](#) · [Source: sadc.int](#)

### **WAEMU**

The West African Economic and Monetary Union: eight West African states that share one currency, the CFA franc, and one central bank. [Politics and governance briefing](#) · [Glossary](#)

### **Private equity**

Shares in companies that are not listed on a stock exchange, usually bought through a fund that holds them for several years. [Philanthropy briefing](#) · [Glossary](#) · [Source: oecd.org](#)

### **First-loss guarantee**

A promise by one investor, often a foundation or development bank, to absorb the first losses on an investment. It makes the investment safe enough for cautious investors such as pension funds. [Philanthropy briefing](#) · [Glossary](#)