



UNLOCKING DOMESTIC PENSION CAPITAL IN AFRICA FOR SMES

LESSONS FROM CI-GABA GHANA'S FIRST PENSION BACKED FUND OF FUNDS.

EXECUTIVE SUMMARY

FULL LEARNING REPORT FORTHCOMING



Acknowledgements

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Disclaimer

This learning piece on Unlocking Domestic Pension Capital in Africa for SMEs is intended solely for informational and educational purposes. It draws on the experiences, reflections, and documentation of Impact Investing Ghana, Savannah Impact Advisory, and ecosystem partners involved in the Ci-Gaba Fund of Funds journey. While every effort has been made to ensure accuracy and relevance, the content does not constitute financial, investment, legal, or regulatory advice. Readers should not rely on this document as a substitute for professional guidance and are encouraged to consult qualified advisors before making any investment or policy decisions.

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By engaging with this document, readers acknowledge that it is a learning resource designed to share lessons, stimulate dialogue, and inform future fund design and ecosystem development across Africa and beyond.

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This summary provides an early look into the lessons from the design and set up of the Ci-Gaba fund of funds to catalyze domestic pension fund mobilisation for SMEs and high-impact African enterprises. A comprehensive learning report with detailed case material, design debates and a full stakeholder analysis will accompany this summary. To receive a notification when the full report is published, enquiries about the Ci-Gaba Fund of Funds or to engage further with these insights, please contact Impact Investing Ghana at partnerships@impactinvestinggh.org

Executive Summary

The Challenge

Small and Medium Enterprises (SMEs) are the backbone of Africa's economy — representing **92%** of enterprises, employing **80%** of the workforce, and generating **70%** of GDP. Small and Growing Businesses (SGBs), which have high growth potential can deliver transformative innovative products and services for impact. Yet they face a persistent **US\$331 billion**¹ financing gap across Africa, with limited access to patient, appropriately structured capital.

Pension funds, meanwhile, hold over **US\$600 billion** continent-wide, and **US\$7 billion** in Ghana, but less than 10% of pension assets regionally are allocated to productive sectors like infrastructure, housing or private credit.² Pensions remain cautious, citing fiduciary concerns, lack of capacity, and lack of institutional-grade vehicles.

The gap between these two realities — abundant domestic savings and starved domestic enterprises — is not primarily a capital problem. It is a design, governance, and capacity problem.

The Ci-Gaba Journey

Ci-Gaba was conceived to bridge this disconnect: a US\$75 million blended finance fund of funds designed to mobilize domestic pension capital into impact-driven SMEs. It combines catalytic capital, local currency structuring, technical assistance, and pension trustee capacity building to unlock conservative institutional capital while embedding local leadership.

What distinguishes Ci-Gaba is not only its financial architecture, but the process through which it was

built: iterative co-creation with pension trustees, regulators, fund managers, and development partners over several years, grounded in Ghana's specific institutional and regulatory context. This involved;

- ▶ Local leadership by Impact Investing Ghana, the fund sponsor, to drive collaborative work for design, pension engagement, capacity building, operational setup and other steps.
- ▶ A blended finance design, which included catalytic capital and risk-sharing mechanisms, successfully aligned incentives, and institutional investors.
- ▶ Strategic partnerships with GSG Impact for Impact Investments, RISA Fund of UK International Development, Ford Foundation, FMO Ventures and Argidius Foundation provided catalytic grant funding, and credibility. Our ability to attract capital from partners of this calibre reassured pension trustees and accelerated pension commitments.
- ▶ Pension training and the embedding of local curricula shifted mindsets and built confidence in alternative assets, ensuring that capacity building was not an afterthought but a central pillar of the fund's design.
- ▶ The existence of a clear market need resonated strongly with stakeholders, and Ghanaian pension funds on track to exceed initial commitments of USD 30 million, signaling confidence in a locally structured vehicle.

¹ International Finance Corporation, IFC, SME Finance Forum Target Solutions to Africa's USD 331 Billion SME Finance Gap (Washington, DC: World Bank Group, 2018)

² FSD Africa, Landscape Study Report: A Comprehensive Assessment of Pension Systems and Asset Management Industry in Africa (Nairobi: FSD Africa, January 23, 2026), <https://fsdafrica.org/publication/landscape-study-report-a-comprehensive-assessment-of-pension-systems-and-asset-management-industry-in-africa/>

Key Milestones

Table 1: Chronology of Activities and Events that shaped Ci-Gaba's Emergence

2021–2022	Initial scoping of Ghana's pension ecosystem; early pension trustee dialogues and ecosystem mapping led by Impact Investing Ghana
2022–2023	Fund manager announcement, fund structuring, catalytic capital negotiations for de-risking investments, and regulatory engagement; pension trustee capacity building programmes embedded in national institutions
2024–2025	Legal structuring, compliance, and first close preparation; technical assistance facility operationalised
March 2026	First close reached — Ghanaian pension funds formally invest in private equity and debt vehicles for the first time; capital deployment begins across West Africa

Fund Design Choices

Several key design choices defined Ci-Gaba's success.

- ▶ The catalytic capital layer was set at 30 percent, striking a balance between risk mitigation and market discipline.
- ▶ Denominating the fund in Ghanaian cedis aligned with pension liability profiles and reduced foreign exchange risk, directly addressing pension trustee concerns.
- ▶ The creation of an open-ended capital vehicle provided patient, long-term capital tailored to SME growth needs.
- ▶ The fund is proactively managing foreign exchange and macroeconomic risks through its regional spread, ensuring diversification and stability across West Africa.
- ▶ A technical assistance facility was embedded to strengthen fund managers, SMEs, and pension trustees through training, governance support, and case-based learning.
- ▶ Finally, early and consistent engagement with pension trustees proved decisive in unlocking participation.

Lessons Learned

From this journey, several lessons emerge.

1. Local leadership was the decisive factor

Impact Investing Ghana's deep embeddedness in the Ghanaian pension and investment ecosystem enabled the trust, regulatory navigation, and stakeholder alignment that no external actor could have achieved. Replication in other markets must be locally led. Fund design must meet the needs of pensions as this cannot be designed from outside.

2. Fund design must meet the needs of pensions

Ci-Gaba's design balanced risk and ownership by calibrating a 30% catalytic first-loss layer to unlock conservative pension capital without distorting incentives, while structuring the fund in Ghanaian cedis to align with pension liabilities and eliminate foreign exchange risk — a necessary trade-off that secured pension trustee confidence and genuine local ownership.

3. Pension Trustee engagement must start before the fund exists

Ci-Gaba engaged pension trustees from the earliest design stage, embedding their concerns into the fund's structure. Experiential training grounded in Ghanaian case studies — not generic curricula — shifted mindsets from resistance to active participation. In this context, stakeholder engagement is non-negotiable, as transparent dialogue builds trust and reduces resistance.

4. Technical assistance is infrastructure, not an add-on

The Technical Assistance connected fragmented actors — pension trustees, fund managers, regulators, development partners — into a coherent ecosystem. Without it, there was no mechanism to build institutional capacity, coordinate governance standards, or sustain the collaborative design process.

5. Philanthropic partners and development finance institutions

Philanthropic partners and development finance institutions are most effective when they act as risk absorbers rather than market dominators, crowding in domestic anchors without distorting incentives. In this particular case, the catalytic investors showed flexibility by first deploying grants for design, structuring, and pension trustee training, and later providing risk-absorbing capital and anchor investments that reassured pensions and aligned incentives, while coordinating closely with fund sponsors and managers to streamline due diligence and regulatory engagement—which proved decisive in achieving Ci-Gaba's first close.

Early Results

- **Ci-Gaba achieved significant milestones:** It created a replicable model framework for blended finance vehicles in Africa, demonstrating how domestic pension capital can be unlocked for productive investment while preserving economic sovereignty.
- **Early indicators also demonstrate progress across key dimensions:** SME growth, job creation, and sectoral diversification as demonstrated in table 2 below.

Table 2: Progress of Ci-Gaba across key Dimensions

Indicator	Result
Pension commitments mobilised	> USD 30 million
Jobs to be supported through Ci-Gaba-backed SMEs	1,200+
Women's share of employment	48%
Youth share of employment (under 35)	35%
Countries with active fund allocations	Ghana, Nigeria, Côte d'Ivoire
Sectors covered	Agribusiness, fintech, healthcare, clean energy, education, manufacturing

A Framework for Domestic Capital Mobilisation

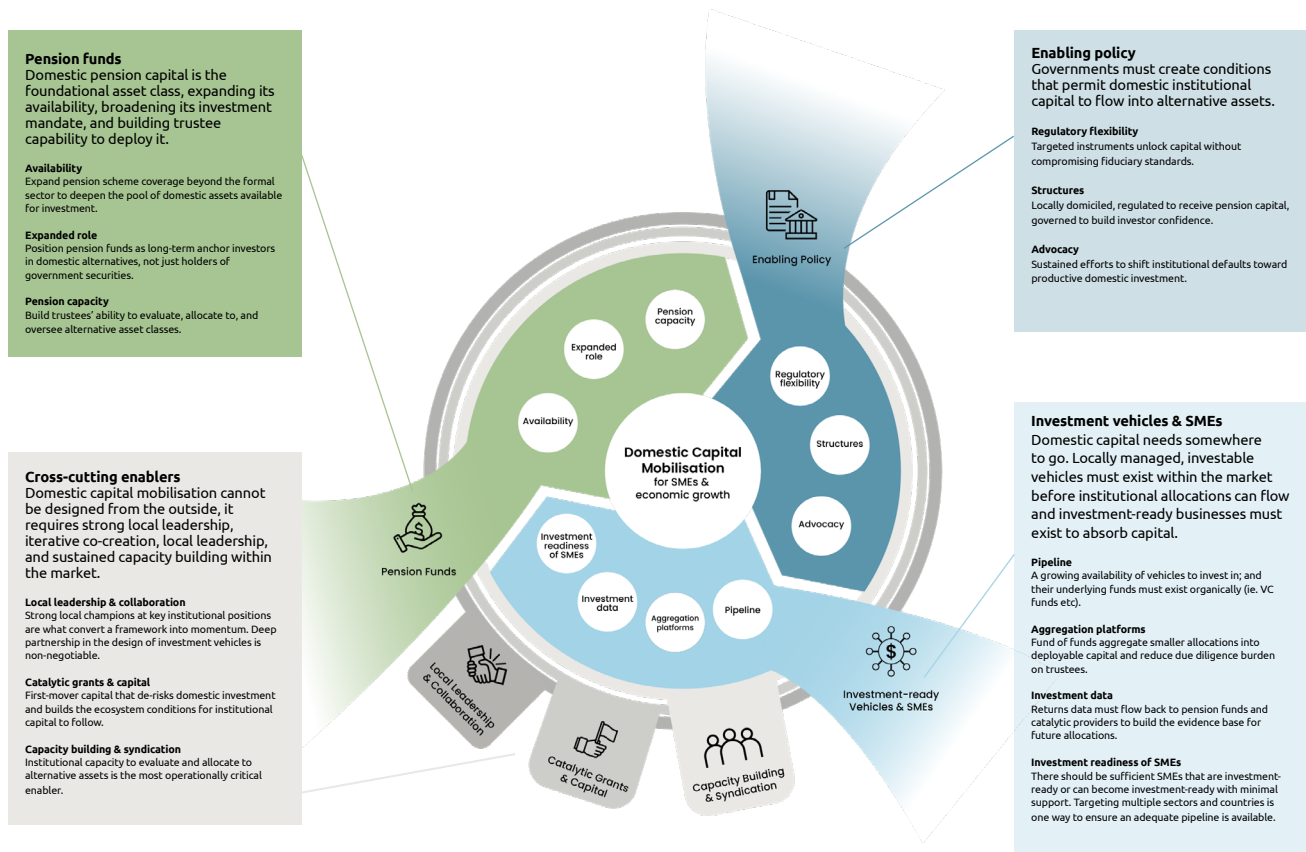
Drawing on the Ci-Gaba experience, the following framework identifies the conditions that must be in place for domestic pension capital to flow into productive investment. It is organised around three primary pillars and three enabling dimensions.

As demonstrated in table 3 below, the framework highlights that unlocking pension capital is not a single intervention but a system of interdependent enablers that comprise the operational logic of three primary pillars involving how pension funds availability, an enabling policy, and investment and SME-ready vehicles interact with three enabling dimensions: involving local leadership and collaboration, catalytic grants and capital to support design and derisking, and capacity building and syndication to build internal teams and draw in pensions.

The framework provides entry points for various actors and suggestions on which dimensions a country or region can focus on to unlock domestic resources for SMEs and economic growth.

Table 3: A Framework for Domestic Capital Mobilisation

Dimension	What must be true
Pension Funds	Schemes are available and growing; pension funds are positioned as long-term anchor investors; pensions have the capacity to evaluate alternative assets
Enabling Policy	Regulatory frameworks permit allocation to alternatives; locally domiciled structures exist; advocacy sustains institutional momentum
Investment-ready Vehicles & SMEs	A pipeline of investable, locally managed vehicles exists; aggregation platforms reduce due diligence burden; returns data flows back to build confidence and SME-ready businesses to absorb the finance vehicles
Local Leadership & Collaboration	Local leadership with the right skill and relationships to drive deep partnerships, iterative co-creation and sustained capacity building is available and embedded throughout
Catalytic Grants & Capital	First-loss capital de-risks participation, technical assistance builds the ecosystem, and concessional finance is calibrated to crowd in — not crowd out — domestic actors
Capacity Building & Syndication	This enables pensions to build the capacity to invest in alternative assets and build internal teams. Leading pensions can take the lead in syndication and draw in others. Investment vehicles could also be supported to close.



Recommendations

Ci-Gaba is a proof of concept, not an endpoint. Unlocking domestic pension capital at scale across Africa requires coordinated action from multiple stakeholders:

- **Local leaders committed to unlocking domestic capital:** Need to emerge across Africa with the partnerships, skills and long term commitment to unlock domestic capital profitably and at scale.
- **Pension trustees and fund managers:** Deepen capacity, adopt blended structures, and engage early in vehicle design.
- **Policymakers and regulators:** Enable regulatory flexibility for alternative asset allocation while maintaining fiduciary safeguards.
- **Development partners and philanthropic actors:** Catalytic funding is a requirement to unlock domestic capital. Provision of catalytic grants - often from development partners or philanthropies - is required for design, set up and ecosystem building and to invest catalytic capital strategically to unlock domestic funding. Strong coordination between catalytic investors, including shared due diligence, aligned processes and streamlined joint reporting can reduce the burden on the fund manager.
- **Fund managers of innovative vehicles:** Develop bankable vehicles structured to meet the needs of domestic capital with viable pipelines of underlying investments.

Ci-Gaba continues to raise funding for its technical assistance facility, which will support emerging fund managers and portfolio companies and enable the team to continue capturing learning from this historic fund of funds for the benefit of the wider ecosystem.

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