**PRESS RELEASE ON THE LAUNCH OF THE PE INVESTING GUIDE**

*The PE investing guide is a tool to enable pension funds across East Africa assess and invest in private equity assets.*

**[Nairobi, 15th October 2019] …**

The East African Venture Capital Association (EAVCA) in partnership with Financial Sector Deepening Africa (FSD Africa) and International Finance Corporation (IFC) have launched an investment guide to enable regional pension schemes to invest in Private Equity (PE) Funds.

Named ***Private Equity Investment Guide***, the objective of the tool is to deepen the understanding of private equity structures among pension fund managers and their trustees to unlock more investment into the asset class. The guide mainly covers three key areas – understanding the asset class and where it sits alongside other asset classes, why and how to invest in PE’s and an overview of the benefits and risks of investing in private equity.

The development of the guide was informed by a market study report that sought to investigate the low uptake of investment by pension schemes. In Kenya for instance PE allocations by pension schemes total only 0.08% of total industry assets under management. From a regulatory perspective there are provisions allowing Pensions to invest in PE funds in East Africa (Kenya, Uganda Rwanda, Tanzania and Ethiopia).

Across developed markets the pension industry is the backbone of investments, supporting asset classes such as private equity with the patient capital to deploy in growing businesses. Speaking at the launch event, EAVCA’s Executive Director, Eva Warigia noted “We are excited to be part of the evolution in Africa’s private equity industry. EAVCA has decided to be proactive in supporting our local capital markets with the capacity building and investor education that empowers our local institutional investors.”

“Private equity is a catalyst that enables pension funds to access growth opportunities in the unlisted African companies” Added Ms. Warigia.

FSD-Africa’s Director Financial Markets, Dr. Evans Osano noted that private equity investments facilitate active participation in the growth sectors of the real economy by pension funds, generating returns to investors while contributing to the creation of jobs and improving access to basic services.

“However, there is need to up skill regulators, fund managers and pension trustees to foster a greater understanding of the benefits, risks and process of investing in PE funds.” Dr. Osano added.

 “Pension Schemes are guided by their Investment Policy Statements (IPS), which provides guidance for Strategic Asset Allocation for Pension Schemes. To boost Trustees, ability to make informed decisions about investing in Private Equity, the investing guide provides more information on policies and procedures to assist with risk management of the asset class,” said IFC SME Ventures Senior Operations Officer, Samuel Akyianu added.

Alongside the PE Investment Guide, EAVCA also released a market report title ‘*Private Equity Investing for Pension Funds in East Africa*’ which notes some of the macro trends that have influenced uptake of PE assets in the region. The report cited the knowledge gap on both pension fund and regulatory side and the absence of regulatory oversight of the PE Fund Managers by local regulators as some of the key impediments for Pensions seeking to invest in PE Funds. The study surveyed 18 Pension Schemes from Kenya, Rwanda, Tanzania and Uganda alongside 15 PE General Partners from Ethiopia, Kenya and the United Kingdom as well as 3 Pension regulators in Kenya, Uganda and Tanzania.

Of the five Eastern African countries Rwanda has the highest provision for Pension Fund investment in PE funds at 20% followed by Uganda at 15% and Kenya at 10% while Tanzania and Ethiopia have no defined limits. Uganda has the highest rate of Pension Fund investment in PE funds at 2.2% followed by Kenya at 0.07% while no data is available for the other countries.

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**ABOUT EAVCA:**

EAVCA is a member organisation that represents private equity and venture capital fund managers deploying private capital in East Africa. Established in 2013, the Association serves as the intermediary between the private capital industry and the external environment and aims to ultimately play a greater role in mobilising investment flows in the region.

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**ABOUT FSD:**

FSD Africa is a specialist development agency working to build and strengthen financial markets across sub-Saharan Africa. FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government. FSD Africa works to reduce poverty through a ‘market systems development’ approach, which means addressing the structural, underlying causes of poverty by improving how financial market systems function. At FSD Africa, programming is designed to address systemic challenges within Africa’s financial markets, with the aim of sparking large-scale and long-term change. FSD Africa’s interventions are designed from the ground up, to ensure that Africa’s financial markets better serve those most in need.

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**ABOUT IFC:**

IFC —a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities where they are needed most. In fiscal year 2019, we delivered more than $19 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org

IFC’s collaborative approach emphasises the power of sustained partnerships, focuses on results measurement and efficiency, and leverages the contributions of our development partners to maximise impact on the lives of the poor.

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