

MARKET CREATION CASE STUDY:

How pension funds are being mobilised in Ghana to direct domestic capital into Growth Firms

*The development of domestic capital financing infrastructure
2002 to present*

October 2026



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Overview

In just over twenty years, Ghana built the critical financial infrastructure to channel pension funds into Growth Firms and became the first African market to demonstrate a working capital model.

In 2025, the Government introduced a mandated pension allocation to domestic private equity and venture capital, a previously largely unused asset class by pensions. Now in 2026, this change has supported the launch of Ci-Gaba, the first African pension-backed Fund of Funds (FoF).

The allocation of pension assets to alternative vehicles is one of the clearest ongoing examples of Market Creation, as Ghana continues to scale the flow of commercial capital. With similar efforts underway in multiple African countries, this model may offer other regions a replicable approach for unlocking domestic capital and addressing the systemic challenges that currently block it.

IN SUMMARY

- **Ghana was first country in Africa to mandate pension allocation** to domestic PE/VC. ($\geq 5\%$ by 2026), turning a 25% permission stuck at $\sim 0.58\%$ into a binding floor.^{1,2}
- **A ~US\$35m first close.** Ci-Gaba, Ghana's first pension-backed FoF, reached first close in March 2026, of which more than two-thirds is local pension capital.^{3,4}
- **There is over US\$600bn in African pension funds** yet less than 10% of that currently reaches productive sectors.^{4,5}

How the market developed

1. Breaking ground: early government action and initial market building (2002–06)

In the early 2000s, growth-stage firms in Ghana were widely considered to be too small and too risky for intermediated finance. The government sought to address this challenge and unlock public funding channels, setting out an agenda in 2003 to build a domestic private equity and venture capital industry. It passed the *Venture Capital Trust Fund Act* (Act 680) in 2004, carrying this agenda forward and establishing the **Venture**

Capital Trust Fund (VCTF), Ghana's first public risk-capital vehicle. Funded through a dedicated public revenue stream derived from taking 25% of the *National Reconstruction Levy* on company profits, VCTF was designed to operate as an FoF rather than financing Growth Firms directly. They seeded and co-invested in a first cohort of Venture Capital Finance Companies, the investment vehicles that would channel capital into these Growth Firms.⁶ VCTF also worked to address the wider systemic barriers in the country, including capacity building and reforms to pension allocation with industry.⁷ This early groundwork enabled the VCTF to support the establishment of institutions such as the **Ghana Alternative Exchange** and the **Ghana Angel Investor Network**.⁷

By the end of the phase there was early proof that financial intermediaries could successfully channel funding to Ghanaian Growth Firms.

2. Setting the conditions: pension policy reform to unlock domestic supply (2010–21)

Ghana now had the initial pipes for public capital to flow into Growth Firms financing, but larger domestic capital pools still needed to be unlocked. At the time pension assets were growing fast, but remained legally and practically unavailable to these firms. In 2008, the *National Pensions Act* (Act 766), was introduced as a response to growing public pressure for reforms, rebuilding the system into a contributory three-tier scheme with its own regulator, the **National Pensions Regulatory Authority** (NPRA).¹ In 2021, NPRA's investment guidelines raised the alternatives ceiling for Tier 2 and Tier 3 funds from 10% to 25%.¹ For the first time, domestic pension capital could finally reach Growth Firms through the private equity and venture capital asset classes. Reforms and initiatives like these helped begin setting the conditions for change, strengthening the initial pipes and giving way for the pumps to start moving capital.

Next, international development finance began to support these efforts, acting as an enabler for domestic capital. In 2019, the **World Bank** recapitalised the VCTF through its Ghana Economic Transformation Project, adding roughly US\$40m and a US\$5m technical-assistance facility to scale its investments into a cohort of local funds.⁸

GIRSAL, a non-banking financial institution, was incorporated in 2018 to de-risk agricultural financing and stimulate increased lending by financial institutions in Ghana. This was capitalised by the Bank of Ghana and the African Development Bank, working in parallel to NPRA's initiatives. By creating a government-owned facility that would offer up to a 70% credit-risk guarantee, it proved a public balance sheet could absorb first losses and crowd private capital in.⁹

Yet although new pipes and enabling conditions had been established, domestic capital was yet to be mobilised at any meaningful scale. Even with 25% of headroom available, actual pension allocation to alternatives sat near 0.58% as trustees remained skeptical and faced more practical issues of needing a feasible vehicle.¹ While the government had strengthened the pipes, actually directing this available capital to Growth Firms remained difficult.

The conditions were now set. Pension funds could finally invest in the asset class, but Ghana still needed to turn that permission into real flow of domestic capital.

3. Forging the channels: convening and intermediary creation (2021–26)

An intermediary was now needed to build pipes through which this pool of funding could pump into Growth Firm funds. **Impact Investing Ghana (IIGh)** took charge of this, convening the **Pensions Industry Collaborative (PIC)**, a group of the country's larger pension trustees and asset managers, to develop an action plan to unlock domestic capital and lead the design of the missing vehicle.³ This action plan also identified a critical need for trustees and managers to receive training to understand how to actually assess and manage the asset class. As a result, IIGh ran sustained trustee capacity building, building the confidence and experience of trustees to invest in Growth Firms. Following an intensive co-design process, IIGh launched **Ci-Gaba**, a neutral wholesale FoF built to be cedi-denominated to remove currency risk, and cushioned by a 30% first-loss layer that absorbs early losses before they reach pension capital. With an initial target equivalent to ~US\$75m, Ci-Gaba reached first close in March 2026 with more than two-thirds of the capital coming from local pension funds.^{3,4}

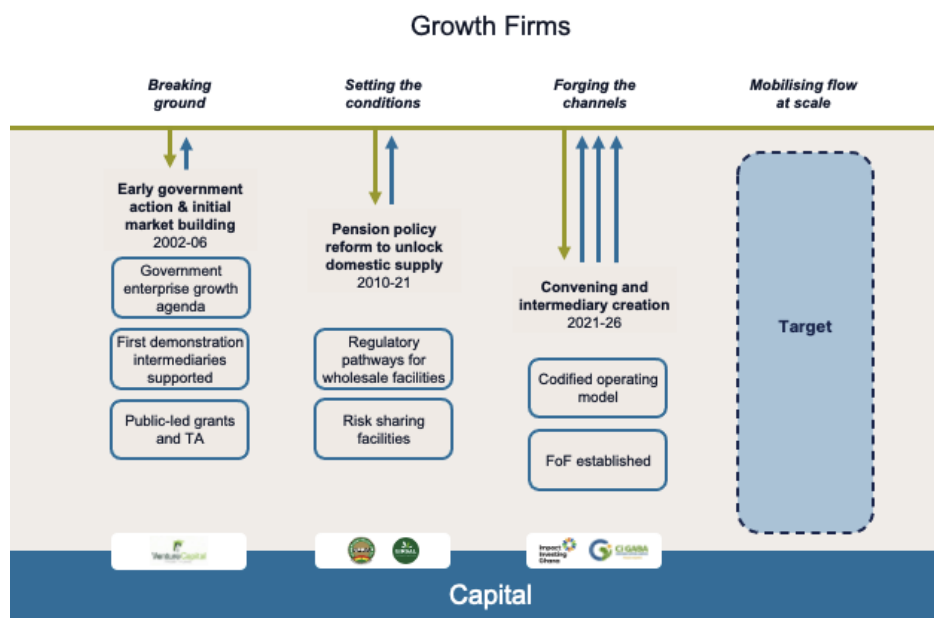
Ci-Gaba keeps local actors at the centre of the fund's management. **Savannah Impact Advisory**, a Ghana based investment advisory firm, was appointed fund manager, and the PIC co-designed the action plan and brought the first pension commitments.³ Development finance institutions and philanthropies then deployed catalytic capital to de-risk the model. They also brought their experience and global track record with them, something local pension funds knew would give additional credibility and reassurance to trustees and accelerate their commitments.³ **Small Foundation** supported the design of the fund, before co-funding with **FSD Africa Investments (FSDAi)** to take on the investment risk, committing a US\$10m first-loss tranche, to absorb early losses and crowd in local pension money. **FMO** backed the operations, committing roughly US\$1.25m to the fund manager's set-up, team, and bridge costs and to technical assistance for emerging fund managers.^{3,4,10}

When Ci-Gaba achieved its first close there was now a working wholesale layer, the first pension commitments, and a replicable model.

4. Mobilising flow at scale: the target (2026+)

With initial plumbing infrastructure in place, questions about how to multiply sources and scale funds continue to be explored. The team is focusing on evidence needed to commercialise the model, by deploying pension money into Growth Firm funds and generating real returns. From an equivalent ~US\$35m first close toward **Ci-Gaba's** targeted ~US\$75m, the fund will eventually look towards the Ghanaian pension pool of US\$6–7bn and Africa's continental US\$600bn.⁴ If Ci-Gaba can prove the model works in Africa, mandated allocation can become willing allocation, and the flow gains the commercial scale to sustain itself without perpetual subsidising. Two decades of carefully sequenced groundwork, from demonstration through regulation to a working vehicle, make this a feasible next step in Ghana's journey, rather than an aspiration.

This Market Creation story is still unfolding. This phase has been left deliberately open as the work continues with the goal of turning a binding mandate and a proven vehicle into domestic pension capital flowing into Growth Firms at scale.



Key decisions

Local leadership and capacity as infrastructure

Leadership from the government in owning and building the early groundwork in Ghana was critical to moving key stakeholders and the market. Their establishment of VCTF and vision to create new financing pathways, meant that funders, businesses, policymakers, and regulators could move behind a government backed agenda. The result was a locally led and domiciled, cedi-denominated vehicle, built *with* the pension funds through case-based capacity building rather than *for* them.

Increasing the reach of the market

Intentionally building vehicles like the VCTF and Ci-Gaba to better aggregate funding and reach a broader set of Growth Firms, as opposed to a limited set of public funds directed to select individual organisations.

Catalytic capital to enable domestic capital

International development finance enabled Ghana, blended finance mechanisms ensuring international capital supported rather than substituted, for domestic capital.

Government mandates to move pension capital

Having permission to fund certain asset classes doesn't always guarantee actual investments

from stakeholders. By introducing new mandates that required pension funds to actively invest a portion of their capital into Growth Firms, the government created actual capital flow into those firms and the system.

Lessons for Market Creation

Governments must change the operating environment

Government and local actors recognised the challenge and took the first steps to build regulatory pathways for domestic supply, a vehicle and trustee capacity to use it. Subsidies funded the demonstration that justified the regulation, the regulation enabled the wholesale facility, and the facility is now absorbing pension allocations. For domestic capital to flow, reform must precede the wholesale facility rather than follow it.

Documenting the lessons learnt

As part of their work, IIGh has looked at how other African regions can learn from their journey and unlock domestic capital in their own markets by creating frameworks and reports to document progress and the lessons learnt so far. These lessons include the critical design choices that are replicable for other markets, such as 30% first-loss structure and the local-currency principles.³

Proving the model in an African context

Ghana has shown that the global patterns and lessons of Market Creation can be applied locally. The sequence to mobilise pension capital in Africa has been shown, so now other regions are working in confidence to follow Ghana's example and framework. Uganda's NSSF is already building its own pension-backed FoF, with early movement also beginning in Kenya, Nigeria, Zambia and Tanzania.

Local leadership

No other African market has yet mandated a domestic PE/VC allocation, and the NPRA reform was the result of sustained effort.¹ The combined efforts of the state and local leaders working together in partnership to navigate trust and regulatory issues that other actors may struggle to address. As well as leading the capacity building and training initiatives for local trustees to actually change investment practices.

References

This case draws on the published record listed below. It was also informed by conversations with **Amma Lartey** (Impact Investing Ghana) and **Hamdiya Ismaila** (Savannah Impact Advisory), who generously shared their time and expertise.

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