

Financing the future: Balancing Ghana's Pension Portfolios for Real Economy Growth and Jobs

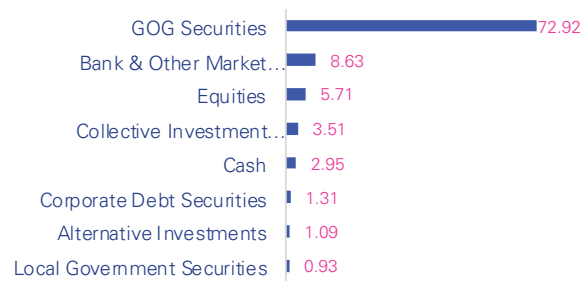


Ghana's Private Pension Portfolios-The state of play

Ghana's private pension assets under management are growing and in 2024 reached about GHS 63.88 billion which was a 37% increase from 2023. However, the asset allocation remains greatly concentrated in Government of Ghana securities at about 73% of private pension portfolios with only about 1% in alternative investments. Cash, corporate debt, equities and collective investment schemes made up the rest in single digit shares each (NPRA Annual Report, 2024).

In global comparison, Australia, United States,

Asset Allocation of Private Pension Funds for 2024



Netherlands, United Kingdom and Japan, as at 2024 pensions, hold much larger strategic allocations to alternatives with a mix of 45% in equities, 33% in bonds, 20% in other assets (real estate and other alternatives) and 2% in cash instruments (Thinking Ahead Institute, 2025).

Though Ghana's private pension assets under management are growing, the concentration in Government of Ghana securities exposes contributors to concentration and policy risk and limits new opportunities for outsized returns from the growth of robust domestic companies. This risk is further highlighted by the recent Domestic Debt Exchange Programme (DDEP) and its aftermath including the honouring of DDEP bond coupons through a mix of cash and payment-in-kind in 2024, which underlines sensitivity to a single issuer.

Beyond the lessons of the recent Securities and Exchange Commission (SEC) cleanup of Collective Investment Schemes and the DDEP, the steep decline in Treasury bill yields further supports the case for diversification. Between February and August 2025, the 91-day bill yield fell from around 26%-27% to nearly 10.2%, with similar compression across longer tenors. Although this easing reflects short-term macro stability gains, it also signals a shrinking return premium on 'safe' assets.

These recent events have reinforced a simple lesson for long term savers; diversification is essential. Private pension portfolios need to adopt strategic asset allocations with a measured blend of assets within the context of the NPRA guidelines such as Real Estate Investment Trusts, Private Equity Funds, Private Debt Funds, External Investments, Project Finance, Direct Property Investments and Infrastructure Bonds or Funds, to withstand shocks while preserving liquidity for benefits. Well governed private equity and venture capital funds offer a route to diversify return sources, channel capital to the real economy and still respect pension fiduciary obligations when implemented through a disciplined program approach supported by clear guidance from NPRA, SEC and accommodating incentives from government.

Why now ?

Risk management

Concentration in a single issuer and a single market

leaves portfolios exposed to correlated risks. The DDEP experience underscored this point. A measured allocation to private markets can add exposures that are driven by company cash flows in real sectors rather than by the path of sovereign yields and currency moves.

Policy room has widened

Ghana's pensions framework already permits allocations to alternatives and sets a ceiling of up to 25% with venture capital and private equity falling within this overall rule set. Actual allocations (2024) remain well below 1% of assets. This indicates capacity and pipeline issues rather than a binding regulatory cap.

Return and resilience

Private equity and venture capital returns are driven by company value creation more than by movements in sovereign yields. This offers lower correlation with Government of Ghana paper and a different set of risk drivers anchored in operational improvement, technical Private Equity management skills and earnings growth. Returns are idiosyncratic to enterprise growth and can offer a different inflation hedge than nominal bonds.

Leveraging private equity and venture capital for portfolio diversification and real economy impact

Why these assets fit pension diversification?

Private equity and venture capital match the patient horizon of pensions. Commitments are called gradually and distributions arrive as companies mature. With a pacing plan and a liquidity waterfall, pensions can meet near term benefits from liquid assets and innovative revenue-based structuring while private equity funds compound in the background. This can smooth total fund returns over time.

Private Equity firms also bring control rights through board representation, information rights and covenants. These technical tools allow early interventions on strategy governance and capital allocation which can protect value and improve recovery when shocks occur. There are many specialist ways to align private structures with the fiduciary duty of trustees.

System level impact for the real economy

Private Equity firms channel patient capital into Ghanaian businesses that make and deliver real goods and services. In Ghana portfolio companies backed by private equity and venture capital supported 44,046 full time equivalent jobs in 2023, with the largest shares in manufacturing at 39%, financial services at 21% and information and communications technologies at 18%. (GVCA and Impact Investing Ghana, 2024)

These sectors drive output tax receipts and productivity gains. As companies grow, profits, dividends, and exit proceeds flow back to the pension funds as distributions and higher valuations. Fund assets rise, which strengthens member benefits over time, while the wider economy gains from jobs, skills, and domestic value addition that does not depend on government demand alone.

Enablers for success

To drive the success of this approach to private sector development finance, a collaborative effort is needed from regulators, trustees, government and all key stakeholders:

- 1. Government and tax incentives;** Targeted incentives

can crowd in long-term domestic capital. South Africa's former section 12J shows that time bound reliefs work. Temporary, well designed tax breaks for licensed local private equity firms can mobilise pension money, create jobs, spur innovation, widen the tax base, and strengthen the pension system as more salaried workers save.

- 2. Regulatory clarity and speed;** NPRA and SEC have made real progress on licensing and guidance, but Ghana should go further to clarify and streamline regulations in line with mature markets, recognising the technical features and skillset of private equity as a distinct asset class. Two gaps still slow momentum: lengthy approvals and the absence of a modern limited partnership framework. Clear time bound review processes and a framework based on modern limited partnerships are needed so PE firms can domicile locally with investor protection and clear governance.
- 3. Market building with investment community;** Trustees need to build capability in private equity and venture capital staying current on innovative approaches. The greater risk now is inaction. GVCA and collaborators already run initiatives that speak to this need and can be a natural hub for practical training, shared data, and standard tools to support investment decisions. PE/VC firms must continue to match this with strong governance, radical transparency and competitive performance.

It is important to acknowledge that PE/VC investments come with risks: illiquidity, long lock-up periods and private valuations. However, these can be partially mitigated through:

- Phased allocation strategies (e.g., 3–5% of AUM over 5 years)
- Robust Private Equity firm selection and governance standards.
- Pacing plans, blended finance and innovative investment solution designs to balance commitments with liquidity needs.
- Regulatory oversight and reporting to ensure transparency, fiduciary compliance and allocation.

The goal is not to swing from one concentration to another, but to build resilient pension portfolios that earn returns from Ghanaian enterprise growth while lowering sensitivity to sovereign risk.

Contact us:



Joyceline Coleman
Partner, Accounting
Advisory Services

T. +233 50 132 4311
E. joycelinecoleman@kpmg.com
www.kpmg.com



Evans Asare
Partner, Deal
Advisory

T. +233 50 132 4313
E. EAsare@kpmg.com
www.kpmg.com



Amma Gyampo
CEO, Ghana Venture
Capital and Private
Equity Association

T. +233 50 845 4763
E. Admin@gvca-ghana.org
www.gvca-ghana.org



Reindolf Annor
Partner, Accounting
Advisory Services

T. +233 50 132 4312
E. rannor@kpmg.com
www.kpmg.com