

Speech by the Hon. Soomilduth Bholah, Minister of Financial Services and Good Governance at the Pension Funds and Alternative Investments Africa Conference 2024 (Closing remarks) organised by AME Trade Ltd

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Mr Mahad Ahmed, Managing Director, AME Trade;

Mr Nicholas Sherry, Chair, Independent Director, TWU-SUPER Australia;

H.E. Dr. Sidi Ould TAH, President, Arab Bank for Economic Development in Africa (BADEA), represented today by Mr Moncef Klouche;

Mrs Rekha Mhango, Deputy Governor – Administration, Bank of Zambia;

Members of the diplomatic corps;

Delegates;

Distinguished guests;

Ladies and gentlemen;

Good afternoon!

The 7th edition of the **Pension Funds and Alternative Investments Africa Conference (PIAFRICA) 2024** draws to an end.

And it gives me great pleasure to be here with you to share my reflections.

First and foremost, I would like to express my appreciation to the speakers and panellists for their valuable contribution over the last two days.

I understand that you have provided insights on crucial topics such as pension funds, diversification, regulatory compliance, impact investing, and governance framework, amongst others.

Your presence and participation show your strong commitment to pave the way for a resilient and prosperous future in pension fund management and alternative investments.

The alternative fund industry has experienced global turmoil. And this includes ongoing repercussions of the COVID-19 pandemic; instability caused by Ukraine-Russia war; market volatility; and central banks' actions to avoid the threat of recession.

Fund managers have altered their portfolio. How?

By upscaling the product weights in areas such as illiquid credit, real estate, private equity, pension funds, venture capital, and opportunistic or special situations.

Many of the largest investors are public pensions, endowments and foundations.

They have their own environmental and socially responsible commitment to fulfil.

There is also an overall consensus that more emphasis needs to be laid on sustainable and impact investment product.

There are, however, various viewpoints as to what would be the best pathway to adopt such practices. This is because there are growing external risks, such as climate change and food insecurity.

Many countries of the world are faced with an ageing population and fewer working population to support addition of more retirees.

Mauritius, with regard to its retirement system faces the same challenges. Pension funds are suffering from widening deficits. This is a result of increased longevity risk as well as lower returns from the volatile performance of traditional asset classes such as equity, fixed-income, real- estate and cash equivalents.

The low interest rate environment that has been prevailing over the years since 2009, has severely impacted the performances of investment funds, insurance funds and pension funds, amongst others.

As we move forward, it has to be ensured that these segments are ready to weather the storms... and equally capable to partner in Africa's growth and prosperity.

A robust and well-designed financial sector becomes paramount as Africa gears up to harness international resources and foreign

investments. And this will not be possible if sustainability is not embedded in this journey.

As per the Capital Economics study which was conducted in 2021, the African continent needs around USD 350 Billion to unlock sustainable projects on the continent.

This is the reason for which Mauritius is in process of creating a dedicated Environmental Social and Governance Framework for Africa.

The framework is designed to be a document for Africa by Africa. In line with African countries' realities, it will also provide the comfort to the investors or Development Finance Institutions (DFIs) that the project is being properly monitored.

Mauritius as an IFC firmly believes that it can help to drive impactful investment into mainland Africa. And therefore require the incorporation of ESG principles in projects.

I am hereby referring to projects which can unlock important green funding sources, whilst also contributing to countries' sustainable development.

Many markets around the world are now aligning their business models to the UN Sustainable Development Goals.

Investments are increasingly adopting disclosure guidelines related to ESG issues.

To allow the financial services sector to realise its full potential as the engine of inclusive and sustainable economic growth, we should leverage on technology.

Over the years, the Mauritius IFC has diversified its core offerings. Our legislative framework has been reviewed.

Innovative financial products have been introduced. These new products include the Variable Capital Company (VCC) license, the Virtual Asset and Initial Tokens Offerings (VAITOS) license, amongst others.

Mauritius IFC has been empowered to emerge as a driving force in the FinTech arena and fund management.

Other initiatives implemented by Government include the revamping of regulatory sandbox regime; the setting up of a Fintech Innovation Hub and Digital Lab whose primary objective is to foster growth of start-ups/entrepreneurs through enhanced connectivity; testing; and value-propositions of Fintech service providers in cost-effective and scalable ways.

Furthermore, Mauritius has been the first country in the world to introduce the digital custodian license which led to the Security Token Offering.

Ladies and gentlemen,

Africa's population is set to rise to over 2 billion people by 2050. Consumer spending will reach USD 2.5 trillion by 2030, while

business-to-business investments will reach over USD 3.5 trillion in the same period.

Naturally, the world is shifting investment focus to Africa to tap into a booming consumer market where investments can find long-term value.

With more than 30 years of experience in the financial services sector, Mauritius is a jurisdiction which offers certainty, predictability, stability and sustainability.

Mauritius will certainly continue to play a decisive and impactful role to unlock Africa's multi-billion-dollar investment opportunities.

Africa is actually the second largest destination for investment from Mauritius. The investment from Mauritius into Africa, which stands at USD 82 Billion, represents 9% of overall foreign investment into the continent.

Africa and Mauritius have traditionally enjoyed close cultural, business and bilateral ties.

With its extensive network of Double Taxation Avoidance Agreements and Investment Promotion and Protection Agreements as well as with its membership with regional trading blocs like SADC and COMESA and IOR-ARC, Mauritius is very much present on the continent.

Mauritius has worked relentlessly towards implementing the recommendations of the Financial Action Taskforce in a record time.

It is now seen as a robust jurisdiction with a modern AML/CFT framework which adheres to the highest standards when compared to other highly developed IFCs.

Mauritius has now geared its effort towards sustaining these reforms and ensuring the effectiveness of the measures undertaken with a view to promoting our jurisdiction as a destination of high repute.

We are keen on sharing our experience with other African countries to help them in their journey to implement the FATF recommendations.

Conquering risks and seizing opportunities call for collective actions and partnerships.

So I really appreciate that PIAFRICA 2024 has been a pivotal event to foster collaboration and innovation within the pension funds industry.

As we draw the curtains on this year's edition, I hope the networking and meaningful discussions you have had pave the way for elaborated strategies to consolidate the sector.

Thank you for your attention!