

4TH ANNUAL AFRICA PENSION SUPERVISORS'
CONFERENCE, 27-28 NOVEMBER 2023, KAMPALA, UGANDA
"Sustainable Pension Inclusion in Africa"

Conference Communique

We, distinguished delegates from Africa and around the world, attending the 4th Annual APSA Conference, resolved as follows:

We are alive to the fact that **600 million** of the **778 million** working age population in Africa are excluded from formal pension and social protection arrangements and face the grim prospect of living in extreme poverty for over 20 years after they are too old to work.

We recognize that over 85 percent of Africa's huge and young workforce is employed in the informal sector, works without a contract, and is excluded from social security, health insurance and retirement benefits.

We appreciate the work already done in some African countries that have pioneered in micro-pensions including Rwanda, Kenya, Nigeria, Ghana, Uganda, and Benin

We are equally cognizant of the need to align pension funds investment strategies with climate-conscious principles and other Environment, Social and Governance (ESG) considerations.

We take note of the huge accrual rate for public sector pension schemes in Africa of 2.2 percent that is almost double the global average of 1.2 percent, which compounds the fiscal burden as a percentage of Gross Domestic Product (GDP).

Consequently, arising from the insightful presentations, discussions and thought-provoking contributions and questions throughout the conference, the following key recommendations are put forward for consideration by pension policy makers, regulators, and industry players:

- 1) Consider the following imperatives for Africa's pension inclusion including:
 - a) Review existing legal frameworks to make them inclusive of the informal sector workers.
 - b) Adopt a digital identification system to allow for KYC
 - c) Encourage bundling of financial products that incorporate both short term and long terms needs for citizens.
 - d) Leverage the increasing financial inclusion occasioned by the expansive mobile telephony penetration in Africa to bolster pension coverage in the informal labour market.
 - e) Enhance financial literacy through targeted awareness programs to ensure increased enrolment into pension saving.
 - f) Champion governments to address foundational issues, such as, affordable housing, healthcare, and education, that erode disposable income and hamper pension savings.
 - g) Put in place measures to collect real time data to enable behavioural analytics and build trust among those participating in savings for retirement.
 - h) Establish a coordination office to assist with pushing through the agenda for micro pensions.

- i) Advocate government support through fiscal initiatives like tax exemptions and matching contributions to mobilize savings for retirement.
 - j) Encourage simple, easy, and flexible products that allow easy entry into and exit from saving for retirement arrangement by leveraging on Technology.
- 2) Adopt an innovative model that encourages working together with communities to create value into their livelihoods by identifying and addressing their challenges, earning their trust and uplifting them out of poverty.
 - 3) Consider policy reforms on the pay-as-you-go defined benefits public sector schemes to address fiscal sustainability, affordability, adequacy of benefits, prudent management and investment, and good governance. This will ease the fiscal burden on government caused by burgeoning pension liability.
 - 4) There is urgent need to incorporate Environmental, Social and Governance (ESG) considerations into pensions investments.
 - 5) Establish independent verification modalities for ESG reporting to ensure benchmarkable standards applicable across various jurisdictions.
 - 6) Put in place appropriate measures for ESG risk reporting and development of appropriate guidelines.



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