



ACTUARIAL SOCIETY
OF SOUTH AFRICA

Advancing Actuarial Excellence

Update on Pension Developments Across Africa

27 July 2026



Types of Pensions

ILO	World Bank	Description
Tier 1	Pillar 0	Non-contributory social protection / poverty alleviation, provides minimum level of benefit.
Tier 2	Pillar 1	Contributory national social security retirement fund, seeks to replace a portion of income. Usually state run.
Tier 3	Pillar 2	Mandatory retirement provision, usually through employer-sponsored scheme/fund. Usually private sector.
Tier 4	Pillar 3	Voluntary additional retirement savings, usually flexible and discretionary in nature.
	Pillar 4	Informal intra-family or inter-generational of both financial and non-financial support to the elderly.

Theme 1: National Pension Schemes

- Most countries in Africa have partially funded DB national pension funds, as favoured by the International Labour Organisation (ILO).
- In Eswatini reforms are focused on converting the DC national provident fund into a DB national pension fund (similar to Tanzania in 1998 and Zambia in 2000).
- This would include removing the national fund's exemption for public sector employees and introducing a means test for the old age grant.
- Salary cap for contributions relatively low (E4,300 per month).
- In Namibia the debate is about introducing a DB national pension fund, new president wanted this done 1 April 2026.
- Plan is for all formal sector employees to contribute, required total contribution rate determined by ILO actuaries to be 15.9%.
- Salary cap for current social security contributions is N\$11,000 per month, no salary cap for planned national fund has been decided but talk is that this could be set at N\$15,000 per month.
- What would the implications be for South Africa if such reforms happened in neighbouring countries?



Theme 2: Formal Sector Contributory Models

- South Africa has neither a national scheme nor compulsory contributions.
- Nigeria closed national scheme in 2004 & introduced compulsory minimum contributions (employee 7.5%/employer 7.5%). Increased this to 8%/10% in 2014.
- Ghana loosened national scheme monopoly & introduced compulsory occupational contributions in 2008 to 2010 (national fund 11%, occupational 5%, NHI 2.5%).
- Malawi introduced compulsory contributions in 2011 – employee 5%/employer 10%.
- Zambian government considering compulsory contributions (over & above national fund) for years. Announced in late 2025 that requirements for public sector employees will be increased.
- Since 2023 Kenya is now enforcing its compulsory contributions – employee 6%/employer 6%. Contributory salary caps are increased annually to phase this in.
- Why does South Africa feel delayed in introducing similar requirements?



Theme 3: Access vs Preservation (Two Pots Can Travel)

- Two pots concept already existed in micro-pension design in other African countries prior to COVID. SA introduced the concept to all retirement fund types.
- In its 2014 retirement reforms Nigeria allowed access to 25% of compulsory retirement savings after 4 months of unemployment.
- In 2023 new Zambian government kept their election promise, allowed early cash withdrawal of 20% of national pension fund benefits for those over 45. Government is at an advanced stage in allowing further 10% cash withdrawal.
- Two pots type model is being considered for occupational retirement funds.
- In Kenya retirement reforms were finally rolled out in 2023 after a court ruling, this included converting their DC national provident fund into a DC national pension fund.
- Kenya previously introduced a requirement to preserve 50% of employer contributions on withdrawal, to be more similar to a country like Malawi that requires 100% preservation of employer contributions. Also now considering a two pots type model for occupational retirement funds.



Theme 3: Access vs Preservation (continued)

- Namibia tried introducing 75% compulsory pension preservation retrospectively, massive protests erupted in late 2021/early 2022 which led to their new Financial Institutions & Markets Act (FIM Act) being postponed until 2026 and the preservation requirement being dropped.
- Ongoing debate about whether FIM Act will eventually lead to provident funds being phased out.
- Idea in Namibia seemed to be to copy the 75% rule in Nigeria and Botswana (67% on retrenchment)? Meanwhile Botswana moved in the opposite direction with its 2022 reforms:
 - Increased exempted total savings benefit that can be taken as fully in cash from P5 000 to P25 000.
 - Increased commutable amount from 33.3% to 50% on retirement.
 - Increased minimum pension threshold allowing full commutation from P5 000 p.a. to P20 000 p.a.
- There is still room for improvement in SA's two pots system, as ASSA we are suggesting further discussions with National Treasury.



Theme 4: Informal Sector Solutions

- Other African countries with their large informal sectors have been considering solutions for years. Notable examples are Nigeria, Ghana, Kenya and Rwanda.
- Non-contributory pensions are more limited in other African countries relative to SA, Mauritius and Seychelles being notable exceptions.
- Mix of approaches across the continent, state versus private sector driven solutions. Generally coverage stays low despite best efforts, difficult to attract informal sector workers to contribute to formal sector type schemes/products.
- Rwanda is best example of success story. Ejo Heza scheme operated since 2019, run by social security board. Usual features:
 - Voluntary
 - Works via mobile money, very user friendly
 - Flexible contributions allowed
 - Flexible withdrawals allow
- Then why does Ejo Heza cover 75% of the labour force compared to <10% rates elsewhere? Government matches contributions up to a limit. Kenya is now introducing this feature to its national scheme for informal sector workers. Ghana also used this co-contribution approach with national fund for cocoa workers.
- Are we doing enough to provide suitable savings mechanisms for the informal sector in SA? Should our government be considering incentivizing people to save by limited matching of contributions? What role should the private sector play versus government?

