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Six African initiatives tackling the risk of old age poverty.

Last week we conducted a webinar on **Financial inclusion: the Next Step: Micro pensions**. We had a great discussion. Important issues came to the table like the importance of trust, the costs of the mobile providers and the role of technology.

Thanks for this input! We were inspired to share more of our insights. One of the participants asked if we could provide examples of micro pension project currently developed in Africa.

Herewith, we mention six serious African initiatives. We can categorize them in 3 Micro Pension Design types:

1. Private initiatives, funded by private investors

Ghana - The People's Pension Trust (<http://www.peoplespensiontrust.com/>) in Ghana is a good example of a private initiative. This pension fund started in 2016 and aims to make pension saving products available and affordable to informal workers and farmers. The fund is cooperating with mobile providers such as Vodafone for reasons of efficiency and transparency. It is a Dutch-Ghanaian initiative funded by European and international investors.

Uganda - The Mazima Retirement Plan (<http://www.mrp.co.ug/>) in Uganda is a more local example. This fund provides Individual Retirement Accounts. The Mazima Voluntary Individual Retirement Benefits Scheme is Uganda's largest savings platform working in partnership with Housing Finance Bank as the scheme's custodian and African Alliance Limited as Fund Managers. Participants can use Airtel and MTN Mobile Money platforms to easily deposit their savings.



2. Government led initiatives, publicly funded

Kenya - Mbao Pension Scheme (<http://www.rba.go.ke/index.php/en/mbao-pension-scheme>) started in 2009 as an Individual Pension Plan (IPP) geared to the informal sector. But due to public demand it is now opened to all Kenyans above 18 years who have ID or passport. The scheme is registered by Retirement Benefit Authority as the regulator and by Kenya Revenue Authority (KRA) in case of taxation. The Scheme enjoys tax exemption status by KRA and is not taxable at the point of exit unless it exceeds the maximum exception taxable limit of Kshs 240,000 per year (2,374 USD).

Nigeria – The Micro (<https://www.pencom.gov.ng/micro-pension/>) Pension Plan (<https://www.pencom.gov.ng/micro-pension/>) enabled by the 2014 Pension Reform Act, caters for the informal sector. The plan recognizes three broad categories; the low income earners, the high income earners (professionals – Accountants, Architects Engineers, Medical Doctors, Pilots and Consultants etc) and the Small and Medium Enterprises. The goal is to mobilize 12 million contributors within five years and the scheme is expected to generate about 3 trillion Nigerian Naira (8,310,249.246 USD) to the pension assets. A department has been established in the Commission (PENCOM) to drive the implementation of the Micro Pension Plan.

Rwanda - Between 2016 and 2019, the Government of Rwanda with support from Access to Finance Rwanda has decided to launch a fully funded Informal Sector Pension Scheme or Long-Term Saving Scheme (<http://www.afr.rw/focus-areas/informal-sector-pension-scheme/article/establishment-of-the-rwanda-long-term-saving-scheme-ltss>) (LTSS). This scheme will provide every Rwandan citizen (including self-employed non-salaried workers, as well as public and private sector salaried employees) an equal right and opportunity to achieve a financially secure and dignified retirement. The aim is to register 375,000 pension accounts.

3. Community led models, based on saving groups principles.

South Africa - In 2017 a South African company by the name of NOBUNTU (<http://www.nobuntu.co.za/>) —loosely translated from Zulu into female spirit of the community —launched a savings scheme for low income South Africans. Every month individuals or employers – for instance of domestic workers - will contribute their ZARs (South African Rand) to a savings fund, using a text message or WhatsApp. Half the invested or contributed funds are allocated for paying out funeral costs. And the other half is allocated to what we would call a long-term pension plan.

As you have seen these initiatives have very different designs and are being developed from different viewpoints. What can we learn from these micro pension design choices?

What would be a good design choice for a possible micro pensions schemes in your country?.

Share your ideas with us. We look forward to sharing more of our micro pension research and experience with you!

Warm regards,

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