



**REMARKS BY THE MINISTER OF FINANCE, ECONOMIC
DEVELOPMENT & INVESTMENT PROMOTION, HON.
PROF. MTHULI NCUBE**

**AT THE OCCASION OF THE OFFICIAL OPENING OF THE
JOINT IOPS-OECD GLOBAL FORUM ON PRIVATE
PENSIONS**

VICTORIA FALLS, ZIMBABWE

18 OCTOBER, 2023

SALUTATIONS

- **The Deputy Minister of Finance, Economic Development and Investment Promotion, Honorable Kudakwashe David Mwangagwa;**
- **Mr Ambrogio Rinaldi, IOPS President, and Central Director, Pensions Fund Supervision Commission, Italy;**
- **Mr. Ali Khawar, IOPS Vice President and Principal Deputy Assistant Secretary, Employee Benefits Security Administration, Department of Labour, the United States of America;**
- **Mrs Júlia Čillíková, Chair of the OECD Working Party on Private Pensions, and Executive Director for Regulation and Consumer Protection, National Bank of Slovakia;**
- **IOPS Executive Committee Members, Secretariat, and Membership here represented;**
- **Senior Government Officials here present;**
- **Mr. Albert Nduna, IPEC Board Chairperson, and other Board Members here present;**
- **Dr Grace Muradzikwa, Commissioner of Insurance, Pension and Provident Funds, CEO of the Host Pension Supervisor of this global event;**
- **Stakeholders of the Joint -OECD-IOPS Global Forum on Private Pensions.**
- **Members of the Forth Estate;**
- **Distinguished Guests, Ladies and gentlemen,**

1. It is my pleasure to officiate at this Joint OECD-IOPS- Global Forum on Private Pensions, which is being held under the theme '*Entrenching Retirement Security in a Changing World*'. I have been informed that this is the first in-person IOPS forum to be held in Africa, Zimbabwe, in this majestic resort town of Victoria Falls, post-Covid 19 environment, and the 2nd post-Covid in-person Forum following the Slovak meeting held in 2022.
2. Interestingly, the theme for this conference augurs well with current developments across the world, which have had a bearing on the pensions industry, and will continue to shape the future of the sector. These developments include:
 - demographic changes and consumer preferences;
 - labour market dynamics, which have a bearing on pensions, since pension contracts are born out of labour;
 - changing macro-economic fundamentals, including global inflation pressures;
 - technological advances, particularly the use of virtual Assets, Blockchain, Artificial Intelligence, Machine Learning, Reg Tech, Sup tech, and Internet of Things, among others;
 - Emerging investment opportunities and alternative assets;
 - Climate Change – which is real as evidenced by the increase and severity of natural hazards the world over, thus calling for consideration of ESG factors as part of pension funds investment; and emerging risks such as cyber risks and geopolitical tensions, among others.

Mr President, Ladies and Gentlemen,

3. It is interesting to note that the United Nations estimates that, by 2050, there will be almost 2 billion people over the age of 60 years worldwide, with close to 80% of these living in developing countries. With such statistics, the need to have focused discussions on retirement income becomes a priority for most Governments, in order to ensure social protection, in line with Sustainable Development Goals (SDGs).

4. I am aware of a study carried out by the UN on *“The domestic savings shortfall in developing countries – what can be done about it”*, which revealed that 91% of Sub-Saharan African workers do not save for old age. This is a cause for concern, as it implies that current workers are not saving for life after retirement, hence may struggle to generate income to meet some of their obligations including basic requirements after retirement.
5. Consequently, pressure will continue to mount on Governments to provide adequate social protection.
6. Whilst pension schemes in sub-Saharan African countries are characterised by low contributions due to relatively low earnings, high informality as well as high financial illiteracy levels, I encourage this forum to contribute towards coming up with solutions, that will ensure attainment of Sustainable Development Goals.

World Pension Statistics

7. Allow me to share a few interesting statistics on world pensions:
8. According to the OECD, world pension assets (OECD & other jurisdictions) increased by almost 50% from about US\$40 trillion in 2016 to US\$61 trillion in 2021. The growth is, however, expected to be weighed down by high inflation and interest rates experienced in 2022.
9. The latest report by the International Pension Fund Association (IPFA), estimates that there are more than 300 million members of Defined Contribution (DC) schemes worldwide, with a total value of over about \$15 trillion.
10. The African Pension and Savings Association (APSA) reports that the number of members in (DC) schemes across the continent has increased by 12% in 2023.
11. Further, it is estimated that in 2021, the assets of DC schemes in Africa accounted for only 0.2% of the global pension assets and 0.8% of the African GDP. Less than 10% of the labour force in Africa is covered by pension schemes, compared to over 88% in Europe and 95% in North America. According to the International Labour

Organisation (ILO), the informal sector is a significant part of the African economy, accounting for over 86% of the employed population.

12. Distinguished Guests, Ladies and Gentlemen, with the afore-shared statistics, it is evident that more needs to be done from a policy and supervisory perspective to unleash the full potential of the pensions industry to achieve better outcomes for pension scheme members.
13. I wish to commend OECD and IOPS for mooted and implementing the idea of the Global Forum on Private Occupational Pension Funds, whose deliberations have certainly gone a long way in informing supervisory and policy reforms relating to the Pensions Industry.
14. However, I would want to urge you Mr. President, to actively call for the active participation of policymakers in Governments, regional and international economic blocs, capacity-building institutions, and cooperating partners in these fora to facilitate public and private sector dialogue on pensions. Such an inclusive approach to international dialogue on pensions will undoubtedly inform holistic global pension reforms of both the public and private pensions. Such an approach would also help to leapfrog the pension industry in driving global socio-economic development.

Moving on to Performance of the Global Pension Industry,

15. Distinguished guests ladies and gentlemen, the Covid-19 pandemic was indeed a real stress-test, marking a departure from the crisis simulations that supervisors used to do as part of crisis preparedness. I would want to believe you have been exchanging notes over the last three years on learnings from such real-life shocks on the pensions industry and the need to sharpen supervisory responses to future shocks.
16. I am, however, pleased to note that the global pensions penetration as informed by global pensions assets to global GDP, has been increasing over the years from around 33% in 2014 to 63% in 2021. Notwithstanding the fall in world output from 2019 to 2020, the pensions industry assets continued to increase, indicating the

industry's resilience to shocks and stresses such as Covid-19 and inflation. The post-Covid 19 recovery of the pensions industry has thus been encouraging.

17. For us policymakers in Governments, we also drew our own lessons, which should inform future policy interventions.

Regional Collaborations

18. Ladies and Gentlemen, the Government of Zimbabwe is also committed to the regional financial integration agenda under the auspices of the Southern African Development Community (SADC) including ongoing efforts under the SADC Committee of Insurance, Securities, and Non-Bank Financial Authorities (CISNA). The pension supervisors under SADC CISNA are seized with the following strategic focus areas for the period 2022 to 2026: -
19. The development of model laws for the private occupational pensions industry, whose principles have already been enshrined in Zimbabwe's recently enacted Pensions and Provident Funds Act [Chapter 24:32].
20. Development of a Micropensions Framework to assist regional Member States to advance the financial inclusion agenda through micro pensions as part of SADC's Financial Inclusion Strategy.
21. Facilitating the portability of pensions within the region in line with the commitment relating to trade in services. Mr. President, this becomes critical given the agility of the labour force across the region.
22. Ladies and gentlemen, my key message is that the Government of Zimbabwe is part of regional efforts through the SADC structures to develop, not just the pensions industry, but the entire financial services sector, in line with the SADC Finance and Investment Protocol and SADC Vision of "a peaceful, inclusive, competitive, middle-to high-income industrialised region, where all citizens enjoy sustainable economic well-being, justice and freedom by 2050".

Lined Up Topics for Discussion

23. Ladies and Gentlemen, allow me to commend the Global Forum and the host Supervisor for coming up with a very rich agenda of topical issues affecting the private pension schemes, some of which are specific to issues bedeviling African Regulators. I am particularly interested in the outcomes of your deliberations on; -

- Design and delivery of adequate DC pensions given that the majority of pension schemes across the world are moving towards DC. For example, in Zimbabwe, 96% of private occupational funds are now DC;
- Performance of African pension funds investment strategies, given the Pan-African thrust by African Governments to retain investments on the continent to finance national development;
- Providing pensions for informal employment in developing markets in view of the significance of the informal or underground economies of most African countries; and
- Strengthening Trustees' skills and capacities as part of the enhancing Governance of pension funds.

It goes without saying that these are relevant topics, which should occupy any discussions about retirement planning.

In Concluding, Distinguished Delegates, Ladies and gentlemen

24. I would like to emphasize that the Global Forum is indeed a golden global platform where real issues are discussed. I have noted that this room is full of brilliant minds from various geographic regions who identify and proffer solutions to the challenges facing the pensions industry in Africa, and across the globe.

25. With these few remarks, it is now my singular honour and privilege to declare this Global Forum officially opened.

26. I am reliably informed that Friday the 20th of October has been set aside for excursions, hence I call upon all participants to take this opportunity to explore the beauty of our country's tourism hospitality.
27. Please do not forget to take a view of the Mighty Victoria Falls, the smoke that thunders, one of the seven wonders of the world, so that you become part of the witnesses that it is indeed one of the World's natural wonders.
28. I wish you all a very successful and productive stay in Victoria Falls.

I THANK YOU FOR LISTENING