



AFRICA BEFORE IT AGES: SUSTAINABLE RETIREMENT SAVINGS SOLUTIONS

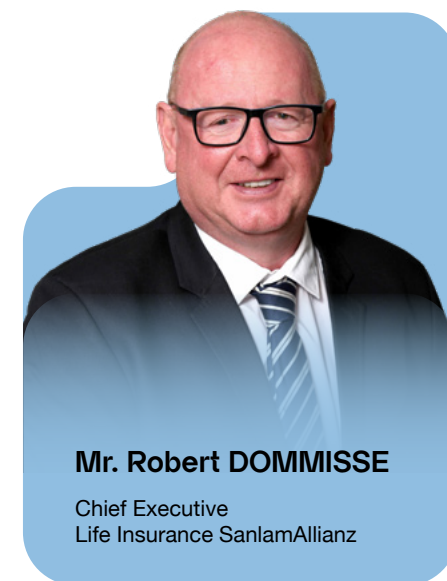
Population ageing is no longer a distant prediction. It is now a major force changing economies around the world. The number of people aged 65 and older is expected to more than double between 2021 and 2050, from 761 million to 1.6 billion (United Nations Department of Economic and Social Affairs (DESA), 2022). Africa remains the youngest region globally. In 2022, the continent's old-age dependency ratio (OADR) was about 6%, while countries like Germany and Japan had rates over 30% (United Nations DESA, 2022). In practical terms, for every 100 working-age people in Africa, there are about six people aged 65 or older.

This demographic setup is important. A low OADR means there are more workers than retirees, giving Africa a chance to build pension systems, grow long-term assets, and strengthen institutions before the population ages further. Africa does not yet face the same demographic pressures as advanced economies, but this window of opportunity is slowly running out.

The key point is not that there is an immediate crisis, but that preparation is needed. Africa's young population gives it time to develop retirement systems, but this time should be used wisely.

Africa's retirement systems have made real progress in the last twenty years. Many countries now have modern pension laws, better regulations, and growing asset pools. However, these improvements have not always led to better retirement security. The main challenge is not whether systems exist, but whether they reach enough people and provide steady, adequate retirement income.

Even with regulatory progress, coverage is still limited. Most pension systems are built around payroll contributions tied to formal employment, but in many African countries, more than 70% of people work in the informal sector (International Labour Organization (ILO), 2023).



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