



Figure 1: Proportion of informal employment in total employment. Source: International Labour Organization (2024), ILOSTAT database.

Figure 1 shows how widespread informal work is in Africa's biggest economies, especially compared to advanced markets in Europe and the Nordic region. In countries like Nigeria and Kenya, more than 70% of all jobs are informal.

Retirement security in Africa will depend on more than just new legislation. It will be shaped by how well regulators, insurers, pension administrators, and policymakers work together to bridge the gap between system design and real-life needs. Many markets already have the basic foundations in place. Now, the focus needs to be on improving these systems.

Regulators are key to making retirement systems more inclusive. Current rules, tax breaks, and compliance systems are often designed for traditional employer-employee relationships. In labour markets where jobs and incomes are less predictable, regulations need to evolve. Making enrolment easier, allowing flexible contributions, and using digital reporting can reduce barriers to entry.

Insurers and pension administrators can turn policy into practical solutions. Their financial strength, actuarial expertise, and distribution networks position them to design retirement

product solutions that meet the needs of underserved and informal markets. To deliver sustainable solutions to these segments will require more technological and digital innovation to keep costs low, improve accessibility and flexibility, and make products easy to understand and use. Together, these capabilities will allow providers to support long term financial security for most of the market.

Strengthening governance and transparency in retirement savings products is also important. Fees should be clear and easy to understand so that clients can see how administration and investment charges affect their savings. Equally important is clear communication to clients in simple language and the use of tools to illustrate different outcomes for different savings choices. When people can easily understand what their savings could look like in the future, trust increases, and it encourages better behaviour such as, encouraging people to save more and begin saving earlier for retirement.

Africa's next phase of retirement reform will not come from expanding existing systems, but from rethinking how they are designed. Models built around stable, payroll-based employment are no longer sustainable. Savings solutions must reflect the realities of informal work, irregular incomes, and how people manage money. Those who act early, designing systems that are flexible, accessible and trusted, will do more than improve retirement outcomes; they will help build stronger, more inclusive financial systems. Africa still has time, but not indefinitely. What is done now will shape whether future generations retire with security or uncertainty.

References

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