



# Insurance and Pensions Symposium

## Aligning Insurance and Pension Reform with the SDGs: Governance, Inclusion and Institutional Innovation

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# Introduction



- Insurance and pension funds are among the most important sources of long-term domestic capital.
- In Zimbabwe, this role is especially critical because: access to external financing is constrained (due to arrears), ODA is dwindling, FDI is relatively low, and domestic capital markets are shallow.
- A significant financing gap—estimated at USD 3.7 billion per year for SDG attainment.
- Pension and insurance funds can:
  1. Finance infrastructure (energy, roads, housing);
  2. Support industrialization and MSMEs; and
  3. Provide patient capital for long-term investments/



# Introduction



- In Africa, the economic development potential of insurance and pensions remains largely unrealized.
- Insurance markets are small, as insurance penetration is only half of the global average, 3.5% of GDP as opposed to 7% globally.
- The value of assets managed by pension funds is also small relative to other parts of the world, equivalent to 22.6% of GDP compared to 33.9% on average globally.
- Pension and insurance systems are facing major changes and risks, including demographic shifts, climate risks, cybersecurity threats, pandemics, technological advancements including AI, and changing consumer expectations and lifestyles.
- Pensions and insurance systems need to adapt to these trends.



# Overview of Zimbabwe's Insurance and Pension Sector



- The pensions sector continue to face structural challenges related to governance, low coverage, and institutional capacity.
- Coverage remains limited, with less than 40% of the labour force covered by pensions as of 2025.
- This reflects the structural dominance of the informal economy, where most workers lack access to contributory pension schemes.
- The proportion of beneficiaries receiving an old-age pension as percentage of persons above statutory retirement age is 19.6%.
- Macroeconomic challenges in the past have weakened public confidence and trust in the sector.



# Overview of Zimbabwe's Insurance and Pension Sector



- Pension benefit and contribution arrears remain a significant structural challenge in Zimbabwe's pension system.
- The two are closely linked as persistent contribution arrears directly undermine the ability of pension funds to meet their benefit obligations.
- These arrears undermine pension adequacy, erode confidence in the system, and increase vulnerability among retirees..
- The insurance sector on the other hand, has shown signs of growth, reflecting increasing demand for risk protection products.
- However, insurance penetration remains relatively low in key sectors such as agriculture (below 2%), indicating significant gaps in coverage, particularly among vulnerable populations.
- A large proportion of the population—especially in the informal economy—is uninsured. Products are often not tailored to low-income households.



# Overview of Zimbabwe's Insurance and Pension Sector



- The 2023 Zimbabwe Demographic and Health Survey indicates that only 8.3% of women and 6.6% of men have any form of health insurance, while 92% of women and 94% of men remain uninsured, underscoring the depth of exclusion from formal social insurance systems.
- With informality estimated at 76% of the total business establishments (ZIMSTAT Economic Census) and 85.5% of the total employment, expanding social protection coverage to informal workers is imperative.
- Low coverage levels underscore the urgent need for innovative, inclusive, and scalable solutions, including micropensions, microinsurance products, flexible contribution mechanisms, and tailored financial products targeting young entrepreneurs, informal sector workers, and rural populations.



# Overview of Zimbabwe's Insurance and Pension Sector



## Social Protection Indicators

	South Africa	Zambia	Zimbabwe
<b>SDG 1.3.1 – Population covered by at least one social protection benefit (excluding health)</b>	63.4	30.3	16.4
<b>Workers protected by social protection in case of work injury</b>	38.8	6.7	26.3
<b>Vulnerable persons receiving social assistance benefits</b>	54.6	26.9	2.2
<b>SDG 3.8.1 – Universal health coverage (WHO)</b>	71	55.8	55
<b>Beneficiaries receiving an old-age pension as percentage of persons above statutory retirement age</b>	79.9	25.8	19.6
<b>Active contributors to a pension scheme as percentage of the labour force 15+</b>	5	15.2	26.3
<b>Active contributors to a pension scheme as percentage of the working age population 15+</b>	2.9	9.2	17.4



# Aligning Insurance and Pension Reform with the SDGs



- Aligning insurance and pension reform with the SDGs in Zimbabwe requires building well-governed, inclusive, and innovative systems that protect people from shocks, provide income security, and mobilize long-term investment for sustainable development.
- At its core, alignment requires ensuring that insurance and pension systems reduce vulnerability (SDG 1), strengthen resilience (SDG 13), support health and livelihoods (SDGs 3 and 8), and reduce inequality (SDG 10), while remaining financially sound and sustainable.
- Alignment requires that we treat the sector as both a social protection system and a long-term development-finance system.
- This implies focusing on three pillars: governance, inclusion, and institutional innovation.



# Aligning Insurance and Pension Reform with the SDGs - Governance and Policy Reform



- The first priority is to restore confidence in long-term savings.
- In Zimbabwe, pension coverage is still below 40% of the labour force, and arrears remain a major problem; IPEC reported arrear pension benefits of ZW\$88.61 trillion (US\$14.52 million) as at 31 December 2023, with 90% attributable to self-administered funds.
- Reforms should focus on strengthening prudential supervision, enhancing market conduct regulation, accelerating claims and benefit payments, improving governance of self-administered funds, and enforcing compliance with contribution obligations.
- That directly advances SDG 16 on effective and accountable institutions and SDG 10.4 on social protection and equality.



# Aligning Insurance and Pension Reform with the SDGs - Governance and Policy Reform



- **Strengthen oversight by IPEC** – this is not necessarily about adding more rules—it’s about making supervision smarter, faster, and enforceable.
- Effective reform combines risk-based supervision, better data systems, stronger enforcement, and enhanced institutional capacity.
- In practice, this entails:
  1. Prioritize high-risk funds and insurers; conduct stress testing; shift to risk-based inspections;
  2. Introduce standardized digital reporting; real-time dashboards; early warning systems;
  3. Strengthen trustee accountability; enforce fit-and-proper requirements; improve audits and disclosures;
  4. Invest in training, actuarial capacity, and IT systems;
  5. Set service standards for claims/payouts; strengthen complaints systems; improve public communication.



# Aligning Insurance and Pension Reform with the SDGs - Governance and Policy Reform



- **ESG Integration** – Embedding ESG in regulatory and investment frameworks can be achieved through:
  1. Adopt an ESG/sustainability disclosure baseline aligned, as far as feasible, to IFRS S1/S2.
  2. Require pension funds and insurers to publish ESG, climate-risk, and stewardship policies.
  3. Require firms to integrate ESG in solvency, asset-liability management, scenario analysis, and stress testing.
  4. Integrate climate and broader sustainability risks into supervisory reviews, stress testing, and prudent-person guidance.



# Aligning Insurance and Pension Reform with the SDGs - Governance and Policy Reform



- Define a Zimbabwe priority-investment list for SDG-linked sectors such as solar, irrigation, climate-smart agriculture, low-cost housing, and water systems
- Require boards and trustees to show how ESG is reflected in investment policy statements, risk registers, and actuarial assumptions.
- Good practice internationally shows that ESG works best when it is treated as part of financial risk management and fiduciary duty, not as a separate add-on.
- ESG should also be embedded in how products are designed, marketed, and sold.
- Create investable pipelines so pension capital can move into well-structured sustainable infrastructure.



# Aligning Insurance and Pension Reform with the SDGs - Make inclusion the core design principle, not an add-on.



- Zimbabwe's structure of employment means traditional formal-sector insurance and pension models cannot deliver universal impact.
- Pension coverage is below 40% and NDS2 aims to raise it to at least 45% by 2030.
- IPEC's microinsurance framework recognizes low-income and informal-sector populations as a distinct target market.
- Alignment with the SDGs therefore requires products built for irregular incomes: micropensions, microinsurance, mobile-premium collection, flexible contribution schedules, and simplified KYC and onboarding.
- This would support SDG 1 (poverty), SDG 8 (decent work), and SDG 10 (reduced inequality), especially for women, youth, informal workers, and rural households.



# Aligning Insurance and Pension Reform with the SDGs - Institutional Innovation.



- Zimbabwe should migrate from paper-based, employer-centric models to digitally enabled, portable systems.
- IPEC's 2025 regulatory agenda already includes a digital transformation assessment and a market-conduct framework, which is a good foundation.
- The next step is an interoperable architecture linking insurers, pension funds, mobile money, agent networks, and identity systems so people can enroll, contribute, and claim easily.
- Agent-banking or mobile collection models for informal pensions, bundled microinsurance with agricultural or SME finance, and digital grievance-handling platforms would reduce transaction costs and expand reach.
- This supports SDG 9 on innovation and infrastructure and SDG 17 on implementation partnerships.



# Aligning Insurance and Pension Reform with the SDGs - Institutional Innovation.



- Expanding inclusion is particularly important given that a large proportion of Zimbabwe's workforce is employed in the informal economy and remains largely excluded from formal pension and insurance systems.
- Promoting inclusive financial solutions, including microinsurance and flexible pension schemes tailored to informal workers, as well as leveraging the country's strong mobile money ecosystem, could significantly broaden coverage and enhance financial protection for vulnerable populations.
- Zimbabwe faces significant climate-related risks, including recurrent droughts and extreme weather events, which affect agriculture, livelihoods, and food security.
- Expanding agricultural and disaster-risk insurance would help households and firms recover faster from shocks, protect incomes, and reduce fiscal pressure on government after disasters.



# Mapping sector reform to specific SDGs and NDS2 targets



A sustainable reform framework would align pension and insurance policy to:

- SDG 1 by expanding social risk protection and income security in old age;
- SDG 3 by widening health-related insurance protection and reducing vulnerability to shocks;
- SDG 5 by designing products for women workers and women-led enterprises;
- SDG 8 by supporting decent work, savings, and enterprise resilience;
- SDG 10 by extending coverage to excluded groups;
- SDG 13 by using insurance for climate resilience, especially in agriculture;
- SDG 16 by strengthening governance and accountability.

This is consistent with the broader SDG framework and with NDS2's stated focus on inclusive, sustainable and resilient transformation.



# Reform pensions as part of social protection, not only finance



- Pension reform in Zimbabwe should extend beyond asset accumulation to prioritize benefit adequacy, timely payments, portability of benefits, and equity across different categories of contributors.
- This requires addressing contribution arrears, preserving the real value of benefits across currency transitions, improving benefit indexation where feasible, implementing compensation measures for loss of value in line with the recommendations of the Justice Smith Commission, and ensuring the inclusion of small contributors and informal sector workers.
- If pensions remain formal-sector products with weak benefit protection, they will not meaningfully support the SDGs.
- NDS2's emphasis on expanding coverage and restoring confidence provides a clear policy anchor for this approach.



# UN Support to Insurance, Pension Reform and Social Protection Expansion



- Several UN agencies in Zimbabwe, including the ILO, UNICEF, and UNFPA, are actively supporting reforms in the insurance and pensions sector, alongside initiatives to expand inclusive social protection coverage.
- The ILO is strengthening national capacity to deploy the ILO Pension Model (ILO-PENS) for actuarial analysis and long-term sustainability assessments of pension schemes.
- The ILO, under its Decent Work programme in the construction sector, in collaboration with NSSA, is piloting a social security scheme aimed at extending coverage to workers in the construction sector, many of whom operate in informal or precarious employment.



# UNICEF: Advancing Inclusive, Climate-Responsive and Gender-Sensitive Social Protection



- UNICEF’s programming on adolescent skills development, youth employment pathways, and women’s economic empowerment has direct implications for inclusive and gender-responsive insurance and pension systems. These interventions support:
  1. The design of insurance products tailored to young entrepreneurs and informal workers.
  2. The development of gender-responsive pension systems that reflect women’s labour market realities.
  3. Strengthening financial literacy among young people, promoting early participation in long-term savings and pension schemes.
- These efforts contribute to long-term financial resilience and improved intergenerational well-being, particularly in contexts characterized by high informality and youth unemployment.



# UNICEF: Advancing Inclusive, Climate-Responsive and Gender-Sensitive Social Protection



- UNICEF also supports risk-informed programming and community resilience initiatives, including:
  1. Climate risk analytics.
  2. Early warning systems.
  3. Disaster risk financing.
- These interventions align closely with the development of climate-risk insurance and shock-responsive social protection systems, enabling households to better withstand climate and economic shocks.
- UNICEF's work on youth empowerment, gender equality, and climate resilience provides a strong foundation for designing inclusive, gender-responsive, and shock-responsive insurance and pension systems that enhance long-term financial resilience and support SDG-aligned development in Zimbabwe.



# UNFPA: Community-Based Innovation for Inclusive Insurance and Social Protection



- UNFPA has supported the establishment of a Community Health Equity Fund (CHEF) in Mbare and Hopley, providing a practical and innovative model for extending insurance coverage to underserved populations.
- The initiative aligns closely with the themes of restoring confidence in insurance and pension systems and advancing SDG-aligned reforms through governance, inclusion, and institutional innovation.
- Launched in November 2026, CHEF is a public-private-community partnership between UNFPA, the City of Harare, and ZB Financial Holdings.
- UNFPA provided US\$709,000 through its Strategic Investment Facility to seed the initiative.



# UNFPA: Community-Based Innovation for Inclusive Insurance and Social Protection



- The City of Harare delivers primary healthcare services through selected council clinics in southern districts, while ZB Financial Holdings provides affordable microfinance and insurance-linked services.
- Despite being in its early stages, the scheme has already enrolled over 4,000 members, demonstrating strong demand for inclusive financial protection mechanisms.
- CHEF contributes directly to: SDG 3 (Good Health and Well-being)SDG 5 (Gender Equality); SDG 8 (Decent Work and Economic Growth); SDG 10 (Reduced Inequality).
- It operationalizes the “Leave No One Behind” principle by targeting marginalized urban populations in informal settlements.



# UNFPA: Community-Based Innovation for Inclusive Insurance and Social Protection



- CHEF funds are co-managed by community members, addressing long-standing trust deficits in insurance and pension systems.
- CHEF promotes transparency, accountability, and local ownership. This is critical for restoring confidence in financial protection systems.
- CHEF has adopted an Integrated Financial Protection Model that combines health access, microinsurance, and subsidized funeral assurance and is linked to digital and microfinance services through ZB Financial Holdings.
- CHEF demonstrates strong collaboration between: Local Government (City of Harare), Development partner (UNFPA), Private sector (ZB Financial Holdings) and provides a scalable and replicable model for national rollout.



# UNFPA: Community-Based Innovation for Inclusive Insurance and Social Protection



- If successfully scaled, CHEF provides a practical blueprint for reform, demonstrating how:
  1. Formal financial services can effectively reach informal and vulnerable populations.
  2. Community-based models can restore trust and participation in insurance systems.
  3. Prepayment and risk-sharing mechanisms can be rebuilt at the grassroots level.
- CHEF demonstrates how community-based, digitally enabled, and partnership-driven models can extend insurance coverage to informal and vulnerable populations, rebuild trust in financial protection systems, and support the transition toward inclusive, SDG-aligned insurance and pension reforms.



# UNFPA: Community-Based Innovation for Inclusive Insurance and Social Protection



- The insurance and pensions sector in Zimbabwe has the potential to serve as a critical driver of economic growth, social protection, and poverty reduction by mobilizing long-term savings, providing risk protection, and enhancing household resilience.
- However, its current impact remains constrained by low coverage, limited trust, and structural weaknesses.
- Realizing this potential requires comprehensive reforms focused on governance, inclusion, innovation, and macroeconomic stability.
- Extending insurance and pension coverage in Zimbabwe's predominantly informal economy requires innovative, flexible, bundled products, and inclusive models that combine digital delivery, micro-contribution schemes, group-based approaches, and public–private partnerships.

*Thank You*



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