EVALUATION OF RETIREMENT SYSTEMS OF COUNTRIES WITHIN THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

Country Profile: Zambia

OPM

April 2010

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Abbreviations

CSO	Zambia Central Statistics Office
CWAC	Community Welfare Assistance Committees
DfID	Department for International Development
DHS	Demographic and Health Survey
ILO	International Labour Organisation
IMF	International Monetary Fund
LASF	Local Authority Superannuation Fund
LFS	Labour Force Survey
MCDSS	Ministry of Community Development and Social Services
MoFNP	Ministry of Finance and National Planning
NAPSA	National Pension Scheme Authority
NGO	Non-Governmental Organisation
NPS	National Pension Scheme
ODA	Overseas Development Aid
OPM	Oxford Policy Management
PIA	Pension and Insurance Authority
PSPF	Public Service Pension Fund
PSRA	Pension Scheme Regulation Act
PWAS	Public Welfare Assistance Scheme
SCTS	Social Cash Transfer Scheme
SPER	Social Protection Expenditure and Performance Review
UN	United Nations
WCF	Workers Compensation Fund
WCFCB	Workers Compensation Fund Control Board
WDI	World Development Indicators
WHO	World Health Organisation

WHOSIS	World Health Organisation Statistical Information System
WPP	UN World Population Prospects
ZMK	Zambian Kwacha
ZNPF	Zambia National Provident Fund

1 Country and retirement system overview

Box 1.1 Country overview

Population 2008 (UN WPP 2009):	12.6 million
Proportion of population above 60 – 2008 (UN WPP 2009):	5.09%
Proportion of population above 60 – 2030 (UN WPP 2009):	4.88%
Proportion of population rural (WDI 2009):	64.58%
GDP 2008 (CSO):	Kwacha 55,210.6bn
GDP 2008 (WDI 2009):	US$14.31bn
GNI per capita 2008 (Atlas method)(WDI 2009):	US$ 950
Proportion of population below poverty line ($2/day)(WDI 2009) – 2004:	81.5%
Labour force – 2005 (ILO 2008):	4.95 million
Labour force participation rate – 2005 (WDI 2009):	69.8%
Unemployment % (LFS 2005):	16%
Employment in formal sector (% of working age pop) – 2005 (ILO 2008):	7%
Emp. in agriculture (% of total emp.) – 2005 (ILO 2008; from LFS 2005):	72.3%
HIV/Aids prevalence (% of population 15-49) – 2007 (WDI 2009):	15.2%

Box 1.2 Retirement systems overview

Formal systems

Social assistance

There is no universal social assistance scheme within Zambia. However, there are currently several pilot social cash transfer programmes (under the umbrella of the Public Welfare Assistance Scheme), but largely funded by NGOs and ODA. In one of the pilot locations, the benefit paid takes the form of a universal old age pension for those aged over 60. The overall cash transfer pilot is currently undergoing expansion into a national scheme, as laid out in the Zambia 5th National Development Plan.

The other main, large-scale, non-contributory schemes within Zambia are the Food Security Pack, the School-Feeding Programme and the Project of Urban Self-Help. While these schemes may benefit households including or headed by an elderly person, this is not their main focus.

National social insurance

Established by the National Pension Scheme Act No. 40 (1996), the National Pension Scheme (NPS) administered by the National Pension Scheme Authority is mandatory for all formal sector workers who began work after 1 February 2000. Self-employed or informal sector workers can enrol on a voluntary basis. The NPS is a DB, partially funded scheme with benefits varying from 20% of national average earnings to 40% of career average adjusted earnings. Retirement age is 55 and the NPS covers around 8% of the labour force. Employee and employer contributions are set at 5%.

Civil service occupational schemes

Pension schemes are regulated by the Pension Scheme Regulation Act. For those who commenced work before 1 February 2000, there are occupational pension schemes for civil servants (the Public Service Pensions Fund) and local authority workers (the Local Authorities Superannuation Fund). These schemes act as a replacement for the NPS, and their DBs are higher than those of the NPS since they are based on final salary rather than average earnings. Civil servants contribute 7.25% of their earnings and their employers 7.25%; local authority workers contribute 10% of their earnings and their employers 23%. The retirement age is 55, and benefits are calculated using the final year salary multiplied by total years of service divided by 660.Private occupational schemes and voluntary schemes

As at the end of 2008, there were 239 registered private occupational schemes in Zambia regulated by the Pensions and Insurance Authority. These schemes were intended by the Zambian government to act as a top-up to the statutory schemes; therefore, they have struggled to extend coverage beyond the scope of the mandatory schemes.

Informal retirement systems

Mukuka *et al.* (2002) conducted a study of informal social security schemes in Zambia and found the existence of traditional extended family support and the semi-formal urban reciprocal networks (church, *chilimba* and market associations). Only two of these can focus specifically on provision for the elderly; however, all have the ability to cover funeral expenses.

2 Country background

2.1 Demography

The most recent Zambian census was conducted in 2000, and plans are underway for the 2010 Population and Housing Census. The De jure population of Zambia in the census was found to be 9,885,591, 4,946,298 (50%) males and 4,939,293 (50%) females. The rural population was 65.33%, leaving 34.67% in urban areas.

According to the Census there has been an increase in life expectancy at birth between 1990 and 2000. It rose from 47 in 1990 to 50 in 2000. Despite the increase, the 2000 Figure is still lower than the 1980 estimate of 52. Female life expectancy is 52 compared to 48 for males. However, official estimates of initial life expectancy are much higher than the ones calculated by other sources. For instance, the UN population division calculated a life expectancy at birth of 42.33 years for females and 40.85 years for males for the period 2000-2005. For 2000 the World Health Organisation (WHO) calculated the life expectancy at birth at 44.0 years for females and 41.0 for males (WHOSIS). This discrepancy is largely due to different projections concerning the impact of HIV/AIDS on an individual's life expectancy.

From the Zambia Demographic Health Survey 2007 we find fertility in Zambia has remained at a high level over the last 15 years from 6.5 births per woman in 1992 to 6.2 births in 2007. On average, rural women are having three children more than urban women (7.5 and 4.3 children, respectively)

2.2 Labour market

The most recent Labour Force Survey (and only one since 1986) was conducted in 2005 and the results of this survey show a labour force of 4.9 million.

The LFS gives unemployment as 16%, 17% for females and 14% for males. This figure rises to 25% and 22% for the 15-19 age group and 20-24 age group respectively; although these age groups do represent the highest proportion of total employment. The data also show the striking difference between urban unemployment, 22% and 36% for males and females respectively; and rural unemployment, 9% for males and 10% for females.

Among the total number of employed persons in Zambia, 43% were self employed, 17% were paid employees, 38% were unpaid family workers and 1% were employers.

2.3 Socio-economic

The 2007 DHS results show that 76% of Zambian households are male headed, with the remaining 24% headed by a female. The average household size has fallen from 5.2 in the 2001-2002 DHS to 4.9 in the 2007 DHS.

The DHS also shows that 45 percent of males and 47 percent of females have some primary education; while the proportion of men completing Zambia's primary level of education is 13 percent, compared with 12 percent of women; and 6% of men and 3% of women have completed the secondary level of education.

41.0% of households have access to an improved source of drinking water according to the DHS 2007, representing 41.8% of the population. However, this access is marked by a huge disparity between urban and rural areas, where access is available to 82.2% and 19.2% of households respectively. Approximately half of the Zambian population (52.7%) has to travel from their houses but less than 30 minutes to their source of drinking water; while 23.9% have access to drinking water on their premises and 22.6% travel more than 30 minutes. Again there is a discrepancy between the rural and urban situation, where the majority of the urban population (51.9%) don't have to leave their premises but a majority of rural dwellers (60.1%) have a trip of less than 30 minutes.

HIV/AIDS prevalence rates of 15-49 year olds from the DHS are 14.3%; 12.3% for males, 16.1% for females. For 2003-2007 the under-5 mortality rate was 119 deaths per 1,000 births, down from 168 during the period 1997-2001. During the same period infant mortality fell from 95 to 70. The Zambian Ministry of Health estimated the incidence of malaria to be 358 cases per 1,000 in 2007, a decrease of 13.1% from 412 cases per 1,000 in 2006.

The most recent figure for the GINI index given by the WDI is 50.74 for 2004 indicating a highly skewed income distribution; for the same year the poverty headcount at $2 a day is 81.5%.

2.4 Economy and finance

Zambia's economic outlook is closely tied to the price and demand of copper, its largest export and source of government revenue. In recent years the Zambian economy has been highly successful, averaging more than 5% growth in GDP annually since 2000. However, a fall in growth to 2.8% is expected for 2009 due to the global recession. Inflation reached 16.6 percent year-on-year in December 2008 (the annual average for 2008 was 13%) due to an increase in food and oil prices; although average inflation is expected to decrease into single-digits for 2009 and 2010 as commodity prices stabilise at end 2008 levels.

In 2008 the budget deficit was larger than intended at 2.1% instead of the projected 0.9%. Much of this disparity was due to unexpected election expenditure after the death of President Levy Mwanawasa. A budget deficit of around 2.3 per cent of GDP is expected in 2009, to be mainly financed through domestic borrowing. Due to the large informal sector Zambia's tax base is quite small. The African Economic Outlook expects the budget share of social protection to decline substantially in 2009 "from an already low level despite the expected rise in poverty due to the food and financial crises".

2.5 Social protection

In a presentation to the World Bank of a draft Social Protection Strategy of Zambia in 2005 (World Bank 2005), it was asserted that most social protection interventions were facing problems of:

- Spreading resources too thinly on the ground.
- Government leadership not being felt in the sector.
- A limited use of social risk management tools.
- Poor targeting.
- Inadequate information on their target groups and other related information.
- Poor funding

In the same presentation Zambia laid out the following 6 objectives for its Social Protection Strategy:

- To increase the ability of low capacity households to meet basic needs through improving access to livelihood opportunities and employment and to social security.
- To reduce hunger, extreme poverty and destitution of incapacitated households through provision of direct social transfers as a regular supplement to income.
- To reduce the vulnerability and number of street children.
- To improve access to basic social services for people from incapacitated and low capacity households.
- To reduce the vulnerability of target groups, particularly of children and women to violation of legal rights.
- To strengthen the capacity at local and national level to coordinate, target, deliver, monitor and evaluate effective social protection programs.

"In spite of the global financial crisis, the government is still committed to rolling-out of the Social Protection Strategy. However, spending on social protection in the 2009 budget has been reduced. In any case, most of the spending in the budget has been directed to clearing arrears owed by the government to the contributory social protection schemes" (Ndulo et al 2009)

Government expenditure on the Public Service Pension Fund (PSPF) has been consistently more than 70% of total government expenditure to social protection. In 2009 it rose further to 80.8% of total social protection expenditure.

In 2008 overseas development assistance was 15.6% of total government expenditure and donors have not scaled down their funding to the social sector as a result of the financial crisis.

2.6 The elderly

For 2008 the UN World Population Prospects estimate there were 642,530 people aged over 60, 5.09% of the population; of whom 292,715 were males (45.6%) and 349,815 females (54.4%). This is projected to rise to 1,019,443 aged over 60 by 2030, although this is projected to be a relative fall to 4.88% of the population. Of this 451,328 (44.3%) were males and 568,115 (55.7%) were females.

2.7 The banking sector

The banking sector is very open, allowing for foreign ownership of banks. There are 14 commercial banks in the sector. Eight are foreign and four are domestically owned. Two have state participation and are joint ventures between the state and foreign owners. The subsidiaries of foreign banks from the UK and South Africa dominate the market share of the banking sector in terms of assets, loans and deposits. They account for over two-thirds of the sector's total assets, 60% of the loan portfolio and over 60% of deposits.

Just 8% of Zambia's adult population had a bank account in 2005, one of the lowest ratios in Sub-Saharan Africa. The number of rural branches of banks actually declined in the last decade by 15% to 65. The average annual interest rate on loans was 48% in 2005 (inflation was 20%). Large firms and exporters borrow at rates below the average; the few small and medium firms in Zambia that are able to borrow from banks pay the average annual lending rate or higher. The few firms with sources of revenue in foreign currency are able to obtain financing from banks in US dollars at significantly lower interest rates.

3 Formal retirement systems – Social Assistance

Much of the information and insight on formal retirement systems is drawn from the ILO (2008) Social Protection Expenditure and Performance Review and Social Budget, the most complete source for matters of pension provision.

Zambia does not operate a national social assistance scheme for the elderly. However, there are a few small pilot schemes operating with a view to expansion as well as the Workers Compensation Fund. It is also worth noting that this section is not exhaustive, for example the larger social assistance schemes not discussed within this section are the Food Security Pack, the School-Feeding Programme in Zambia and the Project of Urban Self-Help; while these are significant social assistance schemes for Zambia none of them contain provision for old-age.

3.1 Workers Compensation Fund

The Workers Compensation Fund (WCF) is a statutory non-contributory scheme for the provision of compensation to formal sector workers who have been disabled or killed during an accident at work. It was established by the Workers' Compensation Act No. 10 of 1999; while at the same time the Workmen's Compensation Act Cap 271 and the Pneumoconiosis Compensation Act Cap 217 were repealed in order to merge the two schemes. While this Fund is not specifically aimed at assisting people in old-age it can be useful to them in providing income to those who have a disability or those who have lost a breadwinner.

The WCF is overseen by the Workers Compensation Fund Control Board (WCFCB), which is a tripartite board including representatives of Government, Employees and Employers and reports to the Minister of Labour and Social Security. The WCF collects an annual, risk-related premium, termed assessments, which range from 1.88 to 3.75 percent of insurable earnings; and all employers are required to insure their workers with the WCF, except the State and any employers exempted by the Minister of Labour. In 2005 the WCF had 17,721 recipients.

The scheme seems to be highly inefficient. Between 2000 and 2006 the administration costs of the WCF averaged 82.16 per cent of contribution income. The ILO also report that "no detailed data were received on the structure of WCFCB investments and returns on each of the categories of investments."

3.2 Public Welfare Assistance Scheme

The Public Welfare Assistance Scheme (PWAS) was established in the 1950s, thus predating independence, but was redesigned in 2000 with a reduction in centralisation. PWAS is coordinated by the Department of Social Welfare within the Ministry of Community Development and Social Services but the responsibility for identifying beneficiaries and administering benefits lies with Community Welfare Assistance Committees (CWACs) which are staffed by volunteers. PWAS is a national scheme primarily funded by the government, although other donors do contribute, and while not specifically aimed at the elderly they are among the beneficiaries. However, despite criticism for an insufficient funding base PWAS had its budget cut significantly in 2008, to K4.3 billion (down from K10.2 billion in 2006).

The scheme targets around 2% of the population; while it is estimated that around 10% of the population are in dire need of social assistance. In 2006 the PWAS covered 166,559 people. Beneficiaries typically receive assistance in the form of food, shelter, education, health, warm clothing and travel allowances to the value of US$2-20 annually. Those groups specifically targeted include: households where the head is elderly, chronically ill, a disabled women or child; households with no productive assets, relatives to provide assistance or adults capable of working; victims of natural disasters, people with unsatisfactory housing, orphans and children not at school, including street children.

3.3 Social Cash Transfer Schemes

A number of Social Cash Transfer pilot schemes have been introduced in Zambia in the last 7 years targeting the most vulnerable members of society. These pilots are financed by international donors and are estimated to have reached 64,700 people in 2006. Included in the Zambian Fifth National Development Plan is a joint donor-Government strategy for scaling up cash transfer schemes across Zambia.

There have been 6 pilot Social Cash Transfer Schemes (SCTS) that have taken or are currently taking place within Zambia, they are named after the districts in which they operate: Kalomo, Kazungula, Mongu and Kaoma, Chipata, Monze and Katete.

Kalomo was the first SCTS set-up in Zambia; launched in 2003 it was aimed at ten percent of the most destitute households with a preference for elderly headed households, those including orphans in extreme poverty or single-parent households. This scheme was operated through the pre-existing PWAS mechanisms and administered by the CWACS; since 2007 the recipient households collect $10 per month as a basic grant, plus $2.50 for each child in the household. Since its inception the scheme has been steadily expanded from an initial 1,000 households to full coverage of all 3,500 qualifying households within the district.

Kazungula district has had a DfID funded pilot SCTS since January 2005; designed to evaluate the feasibility of different methods for administering cash transfers in a low-density district with a small population, and the impact of increased transfer levels on livelihood outcomes. Coverage of this scheme has reached upwards of 600 households.

Mongu and Kaoma districts held a DfID funded, Oxfam operated emergency response SCTS from November 2005 to March 2006 following a seasonal drought in the area. The project reached up to 13,500 households.

Chipata district operates a SCTS targeted at urban dwellers with a focus on child education. Begun in February 2006 it has so far reached 1200 of the total targeted 1400.

The pilot in Monze district launched in January 2007 is a copy of the original Kalomo pilot intended to give the Ministry of Community Development and Social Services practical experience of administering a SCTS in a new district without direct technical assistance.

The final pilot, which is most relevant to us, taking place in Katete district is for a universal pension targeting 1,000 households. It is this pilot we look into in more detail.

3.3.1 Legal and institutional

The pilot took place initially in the Chavuka ward of Katete District in Zambia's Eastern Province from July 2007 to December 2008. It was administered by the Ministry of Community Development and Social Services (MCDSS) with technical support provided by CARE International.

In the near future or currently in process is a push (as part of the Zambian 5th National Development Plan) to include the social cash transfer programmes in PWAS and so they would be regulated as such.

3.3.2 Eligibility, access and coverage

In January 2008 the scheme was extended to cover a total of 10 wards with 4,700 beneficiaries. Categorical targeting was used to identify citizens 60 years old and over who had lived in their ward for at least one year.

3.3.3 Financing

The scheme is currently financed from a basket of donors, with DfID the primary donor. Although according to ILO (2008;105) the government allocated K1.5 billion to social cash transfer programmes for 2007, which represents roughly one quarter of the total programme budget. Additionally the government is set to take on full funding of all SCTS by 2012.

3.3.4 Contingencies covered

The scheme is a universal non-contributory pension for over 60s.

3.3.5 Benefit type and levels

The monthly pension of ZMK60,000 (approx. USD$12) was paid bi-monthly, with the pensioners personally collecting ZMK 120,000 from pay points in the local community.

3.3.6 Administrative cost

MCDSS staff involved in the implementation of other pilots highlighted that the age-based targeting in Katete was far simpler than other targeting models. A recent RuralNet report (Chiwele, 2010) concluded, “The Katete model poses fewer difficulties to administer given the capacity available in the District Social Welfare Office and the PWAS partners.”

The administrative cost of the Katete scheme is around 6 per cent of the total transfers, this is significantly lower than the cost of the other SCT schemes. The pilot in Kalomo had administrative costs of 15-17 per cent.

3.3.7 Financial and social sustainability

Since the pilot is currently donor funded it is difficult to talk about financial sustainability, however, with the government hoping to take over all funding responsibilities by 2012 while increasing their scope there is “justifiable concern whether the government can sustain this without donor support”

3.3.8 Reform initiatives

CARE International considers the lessons learned from the pilot to be:

- The pension is used both for the pensioner and for the household.
- The spending pattern is discussed and agreed by the pensioner with other household members, with the pensioner seen as having the final right to decide what happens to their money.

- Predictability of pension payment ensures pensioners credit worthiness as well as providing an opportunity to plan monthly household expenditures.

- More research is needed on why pensioners appear to be saving and investing more than recipients where the Social Cash Transfer is not age-related.

As part of the Fifth National Development Plan (MoFNP 2006) the government announced that these SCTS pilots would be scaled-up into national schemes by 2012 and incorporated into the PWAS; they also announced scaling back on these schemes reliance on donor-aid, making SCTS a “government-resourced and government delivered national safety net.” Thus these SCTS are expected to be the primary method of social assistance under PWAS targeting extremely poor and incapacitated households; the estimated (ILO 2008;106) budget for cash-transfers in 2012 is K165.6 billion (US$41.4 million) almost a 4000% increase on 2007 levels. It remains to be seen whether this transpires after the PWAS saw its budget significantly reduced in 2008.

4 Formal retirement systems – National Social Insurance

Established to replace the Zambia National Provident Fund (ZNPF), which had existed since 1966, the National Pension Scheme (NPS) is Zambia's statutory contributory pension scheme which covers "regularly employed persons in the private, parastatal sectors and all employees who joined the Public Service and Local Authorities on or after February 1, 2000" (Cheta 2005)

4.1 Legal and institutional

The NPS is administered by the National Pension Scheme Authority (NAPSA). NAPSA was established by the National Pension Scheme Act No. 40 of 1996 as the administrator of the National Pension Scheme (NPS) and became operational on 1 February 2000 and is administered by an independent tripartite Board appointed by the Minister of Labour and Social Security.

NAPSA is still responsible for the administration of the ZNPF pensions and investment of their funds. Although no new members join the ZNPF, those who were members of ZNPF as of February 1st 2000 were given the option of transferring their balance to NPS or starting as completely new contributors in NPS and collecting their current ZNPF balance as a lump-sum on retirement.

While the Pension Scheme Regulation Act expressly states that it does not apply to NAPSA, the National Pension Scheme Act states in section 32 that NAPSA shall ensure that the NPS is managed in accordance with the prudential management principles specified in the PSRA.

The NPS is a partially funded, defined benefit scheme which bases its benefits on career average adjusted earnings. In an effort to streamline statutory pension schemes, public-service and local authority employees who began work after 1st February 2000 have been integrated into NAPSA and make their contributions to it; rather than the two statutory occupational schemes for these workers, which still exist for those who began contributing before the establishment of NAPSA.

4.2 Eligibility, access and coverage

The NPS is a compulsory scheme for all those in formal employment except for the self-employed (in which case they have the option of contributing), those exempted by the Minister of Finance (which includes the companies who bought the Zambia Consolidated Copper Mines) and members of the armed forces.

At the end of 2005, NAPSA was the largest pension scheme in Zambia. The ILO (2008) estimate it had about 355,200 members drawn from about 15,000 registered employers; this represents roughly 8% of the labour force, 16.1% of paid workers and 81.5% of formal sector paid workers.

4.3 Financing

The contribution rates for employees and employers are both 5% of total gross annual earnings up to a limit of four times the national average earnings. Those earning less than K15,000 per month are exempt from contributions.

In much of the literature there are comparisons between NAPSA, PSPF and LASF or there is data for the government's expenditure on them all collectively. Thus making it difficult, if not impossible, to tease out the financing for each individually.

The Income Tax Act, Cap 323 of the Laws of Zambia details the tax treatment of all pension contributions and benefits. The Zambia Revenue Authority's "PAYE Brief Guide for Employees" state that contributions to an allowable Pension Scheme, e.g. NAPSA can be deducted up to K155, 000 or the actual 15% of the gross salary, whichever is lower.

4.4 Contingencies covered

The contingencies covered by NAPSA are: retirement, disability and death (survivors).

The permanent disability benefits are payable to an individual who is permanently incapacitated for any work owing to a physical or mental disability. This pension is adjusted to incorporate compensation for lost work-years. To qualify for the disability pension a member must have made at least 60 months of contributions and have been in employment for at least 12 months during the 36 months immediately preceding the occurrence of disability, if they do not meet this then they will be paid a disability settlement. This takes the form of a lump-sum benefit totalling the adjusted contributions of employee and employer, plus accrued interest.

Survivors' pension benefits are payable to the surviving spouse and child/children following the death of a member who was still in employment and had made at least 60 contributions or was receiving the retirement pension or the invalidity pension. To be eligible any child/children must be under 18 years of age, or up to 25 years if in full-time education (No age restriction if the child has a disability). When the survivors do not qualify for the pension a lump-sum is paid. Surviving spouse caring for one or more of the deceased's children is eligible for a pension until death or remarriage. If the surviving spouse is younger than 45 years old and without children by the deceased, a limited pension is payable for two years.

Funeral grants are paid to the next of kin on the death of an insured individual providing the member made at least 12 months of contributions in the 36 months immediately preceding their death. The funeral grant is equal to 10 times the minimum pension.

4.5 Benefit type and levels

To be eligible for the retirement benefits the individual must have reached the pensionable age (55) or 5 years prior to the pensionable age but must have contributed to the scheme for the minimum period specified (currently 180 months). However the requirements for older members are reduced because of the change from ZNPF to NPS in 2000.

- Members aged 48 and over on 1 February 2000 are required only to have made 60 monthly contributions

- Members aged over 39 but below 48 on 1 February 2000 qualify according to a sliding scale of between 60 and 180 monthly contributions

The minimum pension level is set as 20 percent of national average earnings, determined using data from the Central Statistical Office and indexed annually. The maximum pension is 40 percent of career average of monthly earnings. In contrast the public sector occupational schemes do not have a maximum replacement rate and the benefits depend on final salary rather than average salary.

Those who don't qualify for the retirement pension, i.e., members who have made between 12 and 60 monthly contributions, will receive a lump-sum payment upon attainment of retirement age. This lump-sum is an indexed refund of all the contributions made with interest.

4.6 Preservation, withdrawal and protection of rights

There is no provision for transfer of pension rights between countries for expatriate staff. However, Zambians living abroad can contribute to NAPSA on a voluntary basis, for which they are required to contribute the total of 10 percent.

While the PSRA grants the individuals the right to transfer their benefits between pension schemes, none of the individual schemes (NAPSA, LASF and PSPF) allows for the portability of benefits within the Acts establishing them. The NAPSA Act also fails to offer a provision for those who transfer from an eligible contributing employer to an exempted one.

The fourth schedule of the Income Tax Act, Cap 323 of the Laws of Zambia allows for the refund of all employee and employer contributions to the employee upon their withdrawal from employment.

4.7 Administrative cost

The NPS has defined a cap on administrative costs at 10% of contribution income; however, the actual cost was higher: 19% for 2005, 16% for 2006. This decrease is a continuation of the decreases seen in every year of NAPSAs existence, although this decrease has largely been driven by increases in contribution income which was 6 times larger in 2006 than 2000.

The NAPSA Investment Committee of the Board, who are responsible for managing NAPSA investments, are required to manage their investments in accordance with the prudential management principles specified in the Pension Scheme Regulation Act No. 28 of 1996. "The investment portfolios of the NPS and the ZNPF both have a huge proportion invested in Government instruments, which reached 82 per cent in 2006 for the combined funds. Hence, the rate of return of both funds was 12.5 per cent in 2005 and 11.2 per cent in 2006. The latter is similar to the average interest rate of the Central Bank of Zambia: 11.5 per cent. Though Government securities are stable, this is not a very prudent way of investing." (ILO 2008;73)

4.8 Financial and social sustainability

The ILO (2008:91) reports that a recent actuarial report of NAPSA found the scheme "in a healthy position for the medium term, but has funding problems for the longer term" and that "it is actively considering the way forward".

5 Formal retirement systems – Civil Service Occupational Schemes

5.1 Public Service Pension Fund

The Public Service Pension Fund (PSPF) was established by an Act of Parliament in 1997 to manage the pensions of all civil servants in Zambia. Prior to the establishment of the PSPF the pensions of public sector workers were managed by the Civil Service (Local Conditions) Pensions Board that was created in 1961 by the Civil Service (Local Conditions) Pensions Ordinance Cap 48.

5.1.1 Legal and institutional

The PSPF is regulated by the Pension Scheme Regulation Act no. 28 of 1996 (PSRA) and the Insurance Act No. 27 of 1997. These Acts created the Pensions and Insurance Authority in order to regulate and supervise the pension and insurance industry in Zambia. As PIA themselves put it "The Pension Scheme Regulation Act No. 28 of 1996 (PSRA) serves to provide for prudential regulation and supervision of all pension schemes except for the National Pension Scheme mostly referred to as NAPSA. This law therefore, has a bearing on both the public and private pension scheme it ensures that they operate in the most prudent manner so as to protect the pension scheme members' accrued rights or benefits at all times." (PIA)

"The Public Service Pension Fund Act No 35 of 1996 provides for the establishment of the PSPF and defines the way the PSPF will be managed and all aspects dealing with finance, membership and benefits. The membership of the PSPF comprises employees of the Public Service Commission, Defence Forces, Teaching Service Commission, Judiciary Service Commission, Police and Prisons Service, Zambia Security and Intelligence Service." (PIA)

The PSPF Act establishes a Board of Directors, with administrating responsibility over the PSPF in the best interests of its members. The Board is established as effectively a guarantor to both the employer and employee. While the PSRA mandates that the board of any pension scheme (except NAPSA) must have equal representation of employers and employees the PSPF board is dominated by employers, with only one seat for an employee representative.

The PSRA empowers the Registrar of Pensions and Insurance, equivalently the PIA, to ensure that the actuarial recommendations are implemented by the Trustees of a scheme, yet the PSPF Act requires the intervention of the President if the directors fail to implement any of the recommendations from the actuary. Additionally, the board of the PSPF reports directly to the President of Zambia and the Cabinet Office, strangely the Minister of Labour and Social Security is absent from the LASF and PSPF Acts despite being the primary custodian and driver of social security policy.

5.1.2 Eligibility, access and coverage

The PSPF draws its membership from its forerunner, the Civil Servants Pension Fund and any other employees of the public service as the Board may prescribe. Despite NAPSA being established and the plan of new civil servants joining NAPSA instead of PSPF individuals still join the PSPF from Zambian Army, Zambian Air Force, Zambian National

Security and the Teaching Service. Those who join the civil service after the age of 45 cannot join the scheme but get paid a gratuity at the completion of their employment.

For 2006 the average pension was K97,000 per member per month for the 58,233 pensioners. Active membership stood at 112,479, with an average age of 36.

5.1.3 Financing

The PSPF is a mandatory pay-as-you-go unfunded contributory scheme. It is a defined-benefit scheme in which benefits are adjusted by the President and Cabinet Office following advice from the trust's management.

Contributions from the employee and employer are both set at 7.25% of insurable income. However, the Government is failing to keep up with its contributions as an employer, as at the end of 2005 46% of PSPF net assets were contributions in arrears.

The tax treatment of PSPF pensions is, like all Zambian pension schemes, contained in the Income Tax Act, Cap 323 of the Laws of Zambia; however, we have not managed to obtain a copy of this to enumerate that treatment here.

5.1.4 Contingencies covered

The PSPF provides benefits on survivorship, invalidity and retirement.

Members who have to leave the scheme on medical grounds are eligible for the Invalidity benefit; although to qualify members must have 10 years worth of contributions.

The Survivorship benefit is paid to a member's next of kin upon their death, this also includes a death gratuity which is a lump-sum equal to a member's annual pensionable income; a member has to have contributions for at least 10 years for their spouse to be eligible for a pension. If the member has fewer than 20 years of contributions the benefit is paid as if at resignation. If the deceased leaves children as well as a spouse and the deceased served for more than ten years, the children are paid a proportion of the spouse's pension as follows: for one child 20 per cent; for two children 40 per cent; for three children 50 per cent; for four children 60 per cent; for five children and more 66.67 per cent.

5.1.5 Benefit type and levels

To qualify for the retirement pension members must have contributed for not less than 10 years and attain retirement age of 55; for military personnel this retirement age is 45 and the minimum years of contribution is 20.

The benefits are calculated using final year salary multiplied by total years of service divided by 660. Two-thirds of the pensions are commuted into a lump sum on the date of retirement and the remainder is paid as a pension for life on a monthly basis. The pension ceases at death. No service beyond retirement age is considered when calculating benefit payments and any contributions made beyond this age are repaid with interest.

5.1.6 Preservation, withdrawal and protection of rights

Retirement benefits for public officers or civil servants are protected in Article 124 of Zambia's Constitution. This constitutional provision preserves the accrued rights by ensuring that members are not made worse off by any amendment to the Act.

5.1.7 Administrative cost

The administration costs of the PSPF have averaged 17.46 percent of contribution income between 2000 and 2006 and while there is no legislatively mandated cap on administrative expenditure the management have set their own limit at 17 percent of contribution income. One of the reasons for this relatively high cost is the decreasing level of contributions due to a drop in new members.

There is no detailed data on the structure of PSPF investments and returns on each of the categories of investments; even the ILO SPER 2008 was unable to find any. However, we can see that investment income has accounted for 3.34% of total income for 2000 to 2005 while total contributions were 63% over the same period.

5.1.8 Financial and social sustainability

Actuarial evaluations for the PSPF could not be found. The ILO (2008:91) indicates that the "Government pension schemes have liquidity problems due to non-payment by the Government of monies due.

5.1.9 Reform initiatives

"The PSPF Act and LASF Act do not contain explicit provisions regarding regulation and the PSRA focuses only on the regulation of private occupational schemes. For the Pensions and Insurance Authority to regulate public schemes, specific regulations will be required as the operational risks are so different to those managed privately." (Gondo 2009;19; See also ILO, 2008:86)

5.2 Local Authority Superannuation Fund

5.2.1 Legal and institutional

The Local Authorities Superannuation Fund (LASF) was created under Government Notice No. 314 of 1954. However it was redesigned in the Local Authorities Superannuation Fund Act CAP 286 of 1996 which defined its management structure and all aspects dealing with finance, membership and benefits." LASF is administered by a tripartite Board of Directors who are appointed by the Minister of Local Government and Housing. Like the PSPF, the LASF is also governed by the PRSA which "ensures that they operate in the most prudent manner as to protect the pension scheme members' accrued rights or benefits at all times." (PIA) The LASF also doesn't report to the Minister of Labour and Social Security despite their responsibility for social security policy.

5.2.2 Eligibility, access and coverage

The members of this scheme are those from the Local Authorities, ZESCO (Zambia Electricity Supply Commission), water utilities and National Housing Authority. "Statutory provision exists for other members to be admitted on application and subject to a favourable actuarial recommendation." (LASF website)

As at December 31st 2006 total membership of the LASF was 21,642, with 14,966 active members and 6,676 pensioners. (LASF website)

5.2.3 Financing

Like the PSPF, the LASF is an unfunded defined-benefit scheme, based on a definite formula prescribed by the LASF Act.

The LASF contribution rate is 10 percent for members and 23 percent for the employers. These rates are laid down in the LASF Act; this means that even after an actuarial recommendation any change in contribution has to await a change in the law, which can be a lengthy process.

During 2004, because of concerns about the living standards of pensioners, the scheme was redesigned so that the minimum pension is now K100,000; if a member was receiving more than K50,000 then the increase was K100,000. The redesign also contained a pledge to increase pensions every three years, depending on the financial situation of the scheme.

The tax treatment of LASF is the same as for any other pension scheme and is detailed in the Income Tax Act, Cap 323.

5.2.4 Contingencies covered

The following five contingences are covered by the LASF, as detailed in ILO (2008):

- Retirement due to age.
    - Paid to a member upon termination of employment at attainment of retirement age (55).
    - Qualifying conditions: Attainment of retirement age (55 years) and minimum contribution period of 10 years.

- Retirement due to retrenchment
    - Granted if a member’s employment terminates as a result of staff reductions by his/her employer or of reorganization or abolition of the member’s job in order to improve efficiency or for organization.
    - Qualifying conditions: Should not be as a result of the member’s fault. If such a member has less than seven years’ continuous service, a payment equal to the amount of the contributions paid by him/her together with 2 per cent of such amount in respect of each completed year by which his/ her continuous service exceeds three years. If such a member has seven years or more continuous service, a payment is made equal to twice the amount of the contributions paid by him/her plus interest at the rate of 4 per cent per annum, compounded annually.

- Dismissal, discharge or resignation
    - If the member is dismissed from the service of an employer as a result of grave misconduct, dishonesty or fraud, that member is paid a lump sum of the contributions the member had paid into the Fund up to the point of employment termination.
    - Qualifying conditions: Leaving employment with member’s own accord or member’s own actions.

- Retirement due to ill health
    - A member who has been proved permanently incapable of efficiently discharging duties by reason of illness of mind or body is retired on health grounds under section 27 of the LASF Act and qualifies for retirement benefits.

  - Qualifying conditions: Recommendation by qualified people (after assessment) that member should be retired on health grounds.

- Death benefits
  - Survivors of a member who dies whilst in employment are entitled to benefits under Section 35 of the LASF Act.
  - Qualifying conditions: If a male or female member in receipt of an annuity dies within six years of the date of his/her retirement, the dependants of the deceased are granted a lump sum equal to the sum of the annuity payable in respect of the unexpired portion of the said period of six years.

5.2.5 Benefit type and levels

The retirement age is 55 or with 22 years' service. Benefit levels are adjusted by the Minister of Local Government on the advice of LASF management. The benefit levels are equivalent to those paid out by the PSPF and are based on the same calculation; where gross annuity is equal to final salary multiplied by years of service divided by 660.

Two-thirds of benefits are paid as a lump-sum on retirement, while the remaining one-third is paid as a perpetual annuity.

5.2.6 Preservation, withdrawal and protection of rights

The rights and protections afforded to pensioners are the same under LASF as they are under PSPF and are governed by the PRSA.

5.2.7 Administrative cost

The administrative costs of the LASF are supposedly capped at 14 percent of contribution income, however in reality they are consistently higher than this (in 2004 and 2005 they were 21.7% and 19.9% respectively). The reason for this is non-remittance of increased contributions by employers. Contribution income has accounted for an average of 83 percent of total receipts over the period 1997 to 2003.

LASF's investment income has grown from an average of 4 percent of total receipts before 2000 to approximately 28 percent for 2002 and 2003.

5.2.8 Financial and social sustainability

In September 2006, K21.8 billion of the K22.5 billion in contributions collected concerned money for previous years and in June 2006 the backlog of unpaid benefits was two years and the contribution arrears were K88 billion. This raises concerns about the financial sustainability of the scheme and the living conditions of the pensioners.

5.2.9 Reform initiatives

Since the PSPF Act and LASF Act do not contain explicit provisions regarding regulation and the PSRA focuses only on the regulation of private occupational schemes. In order for the PIA to regulate public schemes, specific regulations will be required as the operational risks are so different to those managed privately.

5.3 Comparative Analysis of Pension Schemes

The following tables are from ILO (2008) and offer a comparison of the statutory pension schemes.

Table 5.1 Comparative Analysis of Statutory Pension Schemes

	PSPF	LASF	NAPSA
Replacement rate[1]	36.36	36.36	26.66
Monthly pension	201432[2]	217659[3]	406528[4]
Lowest pension	50000	41667	304896
Highest pension	1300000	1166667	1472191
Lump sum	62460305	60413568	36587760

[1]After 20 years of contribution.
[2]Calculation based on an average salary of ZMK 923,234 as stated in the 2006 Formal Sector Employment and Earning Inquiry Report by the Central Statistical Office.
[3]Calculation based on an average salary of ZMK 997,606 as stated in the 2006 Formal Sector Employment and Earning Inquiry Report by the Central Statistical Office.

[4]Calculation based on the National Average Monthly Earning of ZMK 1,524,480.

Table 5.2 Composition of Statutory Pension Schemes

Pension scheme	Financing system	Retirement age	Early retirement	Contribution rate (per cent)		
				Self-employed	Employee	Employer
NAPSA	Partially funded, scaled premium	At age 55 and with 15 years of service[1]	– At age 50[2]	10	5	5
PSPF	Pay-as-you-go, unfunded	At age 55 and with 10 years of service	– Illness – From age 50 – At any age with 20 years of service	N/A	7.25	7.25
LASF	Pay-as-you-go, unfunded	At age 55 or with 22 years of service	– At age 50 with 10 years of service – At any age with 22 years of service[3]	N/A	10	23

Note: N/A = not applicable.
[1] Those who aged 40 or over on 01/02/2000 require a minimum of 5 years.
[2] If the person has at least 180 months of contributions and the resulting reduced pension is at least equal to the minimum pension.
[3] Mandatory

6 Formal retirement systems – Private Occupational Schemes and Voluntary Schemes

The trend in Zambia is for all voluntary and private schemes to be occupation-based. Additionally any non-occupational voluntary or private schemes that exist will be governed and administered by the PIA under the same laws and rules as occupational schemes. While, due to the way the pensions system within Zambia is structured, it would also be impossible to obtain figures for non-occupational schemes exclusively. Therefore, it seems redundant to discuss these as a separate entity to occupational schemes. Thus the following concerns private occupational schemes.

As at December 31st 2008 there were 239 occupational pension schemes registered with the Pensions and Insurance Authority.

6.1 Legal and institutional

Under Section 8 of the Pensions Scheme Regulation Act No. 28 of 1996, all pension schemes are obliged to register with the Registrar of Pensions and Insurance (PIA) for them to operate. As a result of this the PIA is the administrator and supervisor of all non-governmental occupational schemes within Zambia. The PIA has a dual reporting role to both the Minister of Labour and Social Security and also the Minister of Finance and National Planning.

The PSRA also requires that audited financial statements are released not more than 3 months after the end of the financial year, this only applies to private schemes since NAPSA has a limit of 6 months and the PSPF and LASF have no mandated deadline for production of their accounts. Private occupational schemes must also submit quarterly reports no more than 14 days after the end of the quarter.

The Land (Perpetual) Succession Act cap 186 establishes a Trust through incorporation of a pension scheme into a legally established institution through trust deed executed by the Trustees of the scheme. This only applies to private occupational pension schemes. It neither applies to NAPSA nor the two public statutory schemes (i.e.) LASF and PSPF). The PSRA mandates that the Board of Trustees of a pension scheme must have equal representation from employers and employees.

Additionally the PSRA requires that a benefit statement is given to each member at the end of the year detailing accrued benefits and also guarantees the portability of member benefits between schemes; in order for members to be able to transfer their accruals when they change employment. Yet none of the other three Acts (NAPSA, PSPF and LASF) allows members to transfer accrued benefits. Therefore, benefits can only be transferred from one private occupational scheme to another.

6.2 Eligibility, access and coverage

There are no formal eligibility requirements for members in general, thus eligibility varies between schemes but tends to be based on a members company of employment. Therefore the coverage of these schemes does not tend to extend much beyond the formally employed sector; as such these schemes are designed more as complementary to members' mandatory NAPSA pension.

Cheta (2005) found that there are both defined benefit and defined contribution schemes; and that around 2005 there were 188 registered schemes in the country covering well over 30 per cent of the formal sector workforce.

According to the PIA statistics available on their website, as at December 31st 2008 there were 239 registered occupational pension schemes and there were only 5 registered private pension fund managers in Zambia. They found the total membership of pension schemes (including PSPF and LASF) in 2005 reduced to 223,813 from 261,615 in 2004; representing a percentage decrease of 14.45%. The PIA estimates that this is because of an ever shrinking formal employment sector as well as individuals leaving schemes feeling overburdened by contributions to a voluntary scheme on top of NAPSA.

Since 73.3% of the membership in 2005 was of the PSPF and LASF this gives 59,742 members of private schemes, although some of these may also be member of the public schemes.

6.3 Financing

As a rule all occupational and private pension schemes must be fully funded and the most common age of retirement in the schemes is 55 years. (Cheta 2005)

The PIA Report on the Pensions Industry 2005[1] contains the following table. These figures include both the public and private schemes except NAPSA. Total income for the industry for 2004 and 2005 was K431,520 million and K485,363 million respectively. Therefore in 2005 contributions were equal to 63.38% of income.

Table 6.1 Income and Expenditure of the Pensions Industry

ITEMS	2004 (Kmillion)	2005 (Kmillion)	Percentage Increase/ (Decrease)
Contributions received	282,469	307,626	8.9%
Investment Income	149,051	101,206	-(32.1%)
Benefits paid	191,720	223,595	16.6%
Administration and Investment costs	48,196	55,643	15.5%

Out of the total net assets of K1.172 trillion, the public sector pension schemes had K200.3 billion while the remaining K971.7 billion was for the private sector schemes.

“The Income Tax Act Cap 323 affects the entire pension arrangements enacted by Acts of Parliament or supervised by the various pieces of legislation... It deals with taxation issues

[1] The most recent complete report available from the PIA website.

beginning with treatment of the contributions made into the pension scheme by any party concerned, the investment income and the pay outs (i.e. withdrawals, pensions etc). It is noteworthy that it has prescribed rules in its fourth schedule, of how a pension scheme should operate in order to benefit from the tax exemptions it provides in its section 37." (PIA and the Pension Industry)

6.4 Contingencies covered

Schemes do differ but a review of selected schemes by the ILO (2008:95-96) indicates that most schemes in terms of collective agreements provide for retirement benefits, a disability or invalidity pension, survivor's or death benefits and funeral expenses. Defined contribution funds seem to refer to the Workers Compensation Fund for disability benefits. Many of the schemes provide funeral benefits despite these being included in NAPSA; however it appears that individuals would rather claim these benefits from their employer first then claim from NAPSA in due course. It has been suggested that this is because of a lack of knowledge but also the time it takes to receive the funds from NAPSA.

6.5 Benefit type and levels

Occupational schemes are of the defined benefit or defined contribution type. Benefit types and levels vary by scheme. The ILO (2008:94-98) provides a summary of benefit determination and levels for a number occupational schemes (collective bargaining agreements. For a summary of the benefit types and levels offered, as well as examples of representative collective bargaining agreements see A.1.

6.6 Preservation, withdrawal and protection of rights

The PSRA requires the preservation of pension rights. Therefore, once attained, rights cannot be changed, meaning that amendments can only affect future rights and benefits.

6.7 Administrative cost

The rules and regulations on asset management for the schemes are laid down by the PSRA and implemented by the PIA.

Within the PSRA it is also mandated that Pension fund managers, administrators and custodians need to ensure that at least 51 percent of their scheme's share capital is owned by Zambians (effective May 2008), while a maximum of 30 per cent of the net assets of the pension scheme can be invested abroad and the investment policy of each private scheme must be approved by the PIA.

6.8 Financial and social sustainability

Defined-benefit schemes are required by the PSRA to have an actuarial valuation every two years in the first four years of registration, thereafter every three years, so as to review the sound funding of the scheme.

6.9 Reform initiatives

In their own literature the PIA articulate their own long-term vision for the development of the Zambian social security system in which their ultimate vision is to ensure increased coverage for citizens irrespective of their circumstances. Under this umbrella they mean increasing the coverage to income earners within both the formal and informal sector as well as those who do not have means of earning income. Their ideas for making this vision into reality are: development of strong three tier pension system, introduction of mandatory health insurance, harmonisation of legislation and strengthening the regulatory capacity of the Pensions and Insurance Authority.

7 Informal retirement systems

Mukuka, Kalikiti and Musenge (2002) conducted a study of informal social security schemes in Zambia. They found the following schemes were present, and they estimate that these schemes cover up to 95% of the total Zambian population:

Table 7.1 Informal Retirement Systems Found by Mukuka et al.

Schemes	Contingencies Covered
Traditional schemes	
Extended family	Births, initiation, marriage, famine, sickness, old age, death
Semi-formal schemes	
Urban reciprocal networks	Accommodation, sickness, lack of money, foodstuffs, death
Church	Famine, sickness, old age, death
Chilimba	Sickness, education, accommodation, death
Market associations	Sickness, education, accommodation, business, death

While only 2 of these schemes can provide security for old-age; all can cover funeral expenses, without which families could find it necessary to sell assets. Additionally, a benefit of informal social security mechanisms is that they can provide for an unlimited number of contingencies covered.

Around 60% of the Zambian population live in rural areas where there is an increased incidence of poverty and lower levels of formal employment; meaning a scarcity of formal social security provision. Mukuka et al. (2002) suggest that many people rely on their extended family as their only form of social security.

7.1 Long-term savings vehicles

FinScope Zambia 2005 found that only 15% of the Zambian population had a bank account, while 66.3% of the population were excluded from all financial services. They also discovered that 5.7% of the population had some form of long-term insurance (e.g. life, funeral, personal accident, medical, health cover, pensions). Although both of these are mechanisms which can act as old-age provision it is unlikely that either will extend social security coverage much beyond those who have access to other formal systems of old-age provision.

According to a World Bank working paper (Martínez 2006) on access to financial services within Zambia, no interest at all is paid on small savings accounts denominated in Kwacha and only large firms receive positive interest rates on their deposits. Additionally, monthly charges are also deducted by all banks. Five of the thirteen banks require customers to have a minimum balance at least US$156 to open a savings account. Five others have a minimum in the range of US$16 to US$78. However, in the context of Zambia, where 81.5% of the population lives on less than US$2 a day, these minimum balances prevent most people from having access to basic banking services.

7.2 Other informal support mechanisms

7.2.1 Chilimba and Market Associations

Both Chilimbas and Market Associations are forms of rotating credit and savings schemes. Chilimbas tend to operate without formally written rules and leaders; although Mukuka et al (2002) found there were some who were formalising their operations. As in many countries it was found that the majority of Chilimba members are women. Market associations tend to be more formal entities than Chilimbas and are more prevalent in urban areas.

7.2.2 The Church and Urban Reciprocal Networks

The Church and Urban Reciprocal Networks are both mechanisms designed to foster the replacement of the extended family system where it has been weakened, either in urban areas or in the case of loss of family members. Although both the church and urban reciprocal networks are only as strong as the sum of their parts; i.e. the more disposable income that members have, the more capacity the group as a whole has to absorb shocks.

7.2.3 Extended Family

The support within the extended family is based on mutual assistance, where each member of a family can expect support from other members but is obliged to reciprocate this help to all others. Members will be sanctioned if they fail to meet their obligations to others.

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Annex A Social Protection Provisions in Selected Collective Bargaining Agreements

A.1 A Summary of Collective Bargaining Agreements and Details of Representative Schemes

Institution/ Company Name	Summary of Schemes	PSPF – Staff Scheme	MOPANI PLC.	Barclays Bank Zambia	Continental Investment Ltd.
Health	Undefined medical schemes or Medical insurance.	Contributory Medical Scheme	Company has its own hospitals	Medical Insurance, non-contributory by staff	Medical Scheme
Sick Pay	90 days at full pay and next 90 days at half pay. Although some are 6 months at full pay. Legal minimum is 3 months.	90 calendar days at full pay and next 90 days at half pay.	90 calendar days at full pay and next 90 days at half pay.	Paid till medically discharged	As per Employment Act. Currently 3 months at full pay.
Paid Maternity	Predominantly provision for 90 days maternity leave. Some allow 120 days.	90 calendar days	90 calendar days	4 months at full pay	90 days
Redundancy	Most are as per the Employment Act (2 months pay per year served). Others provide 3 months salary for every year served	As per the Employment Act (2 months pay per year served)	3 months salary per year served	As agreed by the union subject to the law.	Contract Staff
Employment Injury	Chiefly as per the WCF (50% of assessed earnings)	Not Stated (Thus likely to be WCF which pays 50% of assessed earnings)	As per the WCF (50% of assessed earnings)	Workers Compensation Fund Control Board (50% of assessed earnings)	Workers Compensation Fund Control Board (50% of assessed earnings)

Pensions Retirement	Primarily undefined staff schemes plus NAPSA. Some only provide NAPSA.	15 months basic salary plus 3 months salary per year served	Defined contribution staff scheme. Exempted from NAPSA.	Defined contribution scheme plus NAPSA	NAPSA, gratuity may be provided at management discretion at 10% of accumulated basic salary.
Disability pensions/ Invalidity	Mostly as per the WCF.	Not Stated	As per the WCF	As per the WCF	As per the WCF
Survival Pensions/ Death Benefits	Principally NAPSA, accompanied by a staff scheme roughly half the time.	Accrued Benefits.	Refund of employers and employees contributions only.	Group Life plus refund of contributions and interest, in addition to NAPSA	NAPSA
Funeral	Range of grants from K200,000 to K4 million. Average around K600,000. Plus funeral expenses.	4-6 percent of annual salary	Grant of K750,000	Funeral expenses plus grant (max K4 million)	Funeral expenses plus grant of K400,000
Employer Sector	Varied - Pensions, Insurance, Mining, Public Sector, Manufacturing, Security, IT, Hospitality, Banking	Pension Scheme	Mining	Banking	Information Technology
Size of Employer	Predominantly Large.	Medium	Large	Large	Small