



## **RESERVE BANK OF MALAWI**

### **PRESS RELEASE**

#### **SYMPOSIUM ON PENSION FUNDS' INVESTMENTS IN INFRASTRUCTURE**

##### ***THEME: "INVESTING OUR FUTURE IN INFRASTRUCTURE"***

The Pension Act 2011 was enacted with the primary objective of promoting financial security in retirement by mandating all employers to put their employees on a pension scheme and remit the requisite pension contributions to a pension fund. A secondary objective was to promote accumulation of national savings that would support national development through various investments.

Significant strides have been made towards ensuring that all employees are on pension and accumulating retirement savings. As of March 2019, a total of 422,993 employees were on pension from 102,505 in 2011. During the same period, accumulated pension savings reached K757.4 billion from K74.8 billion in 2011, reflecting an average annual growth of around 33 percent. As of March 2019, pension funds were equivalent to 14.4 percent of the Gross Domestic Product, doubling from a paltry 6.4 percent in 2011.

While significant progress has been made in accumulating pension funds, there has been little progress in directing some of these funds towards infrastructure development. A significant proportion of the investments are in short term investments. Investments in infrastructure provide duration hedging hence, attractive to institutional investors like pension funds. Such long term

investments provide a match to the liabilities of pension funds. At the same time, investments in infrastructure have a catalytic role in the economy as they increase socio-economic activities associated with them. The world all over, pension funds have played a critical role in developing infrastructure in energy, water, agriculture, roads, commercial, residential properties and many other sectors.

Noting the slow progress, the Registrar of Financial Institutions has organised a half-day symposium to discuss the opportunities and challenges in Malawi to redirecting pension funds towards infrastructure investments to support national development. The symposium will provide a platform to deliberate the role pension funds can play in financing infrastructure development while at the same time attain the much needed diversification and growth of retirement savings, as well as protection of pension members' interest. Participants to the symposium will include pension fund trustees, investment managers, representatives of selected parastatals, Government Ministries, the Public Private Partnership Commission, and other stakeholders. The symposium will take place on Tuesday, 30<sup>th</sup> April 2019 from 8:00 am to 1:30 pm at Sunbird Mount Soche Hotel, in Blantyre under the theme *“Investing Our Future in Infrastructure”*. Participation is by invitation.

For more information, please contact the Director, Pension and Insurance Supervision, P.O Box 565, Blantyre. Contacts details are as follows:

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**REGISTRAR OF FINANCIAL INSTITUTIONS**