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

Country Profile: Malawi

OPM

April 2010

Table of contents

List of tables and figures

Abbreviations

DHS	Demographic Health Survey
DoPDMA	Department of Poverty and Disaster Management Affairs
DWT	Direct Welfare Transfer
GPPS	Government Public Pension Scheme
IHS	Integrated Household Survey
MDGS	Malawi Growth and Development Strategy
MK	Malawi Kwacha
NAC	National AIDS Commission
NSNP	National Safety Net Programme
OPM	Oxford Policy Management
OVC	Orphan's and Vulnerable Children
PAS	Public Assistance Scheme
SCTS	Social Cash Transfer Scheme
SPSC	Social Protection Sub- committee
UN	United Nations
USD	US Dollar
WDI	World Development Indicator

1 Country and retirement system overview

Box 1.1 Country overview

Population 2008:	13,066,320 (PHC 2008)
Proportion of population above 60 – 2008:	4% (PHC 2008)
Proportion of population above 60 – 2030:	5.7% (UN 2010)
Proportion of population rural:	81% (WDI 2007)
GDP per capita:	$165 (WDI 2008)
Proportion of population below poverty line ($2/day):	90% (WDI, 2005)
Labour force:	5,781,490
Labour force participation rate:	78% (WDI 2007)
Unemployment:	8% (IHS 2004)
Employment in formal sector (% of total employment)	
Employment in subsistence agriculture (% of total employment):	75%
HIV/Aids prevalence (% of population 15-64):	12% (WDI 2007)

Box 1.2 Retirement systems overview

Formal systems

Social assistance

There are currently various governmental and non-governmental social assistance programmes in Malawi. For example, the Public Assistance Scheme provides social and health care services to the elderly, as well as short-term emergency support on a demand basis. Similarly, the elderly are beneficiaries of several activities of the National Safety Net Programme, given their involvement in subsistence agriculture and the social cash transfer pilot programme. In around 60% of beneficiary households in the cash transfer programme the household head is an elderly person. In addition to this, there are several NGOs (such as the President's own personal foundation for the elderly) that offer support to vulnerable elderly people.

National social insurance

There is no national social insurance scheme within Malawi.

Civil service occupational schemes

The Government Public Pension Scheme is a non-contributory, DB, PAYG system paid to employees at the mandatory retirement age of 60 and following 10 years of service, or earlier following 20 years of service. The regulations pertaining to qualification for GPPS are contained in the Malawi Public Service Regulations Act (1944). Reform and regulatory aspects of the fund are handled by the Department of Human Resources Management and Development. The day-to-day management and administration of the fund follows a tripartite structure: the Department of Human Resources Management and Development, the Auditor General (Ministry of Finance) and the Accountant General (Ministry of Finance). Two main contingencies are covered: old age and a death gratuity. Currently, there are approximately, 140,000 people in the Malawian civil service and around 30,000 retirees. The pension accrues at a rate of 1/360th of pensionable salary for each completed month of service. The final salary forms the base for calculating pensions.

Private occupational schemes and voluntary schemes

In the absence of an independent regulator, it is very difficult to estimate coverage; however, there are around 600 private pension funds in Malawi, offering both DB and DC pension schemes. There are three main pension administrators (Mhango, 2008). There is currently no regulation or legislation governing private occupational or voluntary schemes. The sector is governed by the Insurance Act and the Taxation Act.

Informal retirement systems

The study has been unable to find any information on informal retirement mechanisms.

2 Country background

2.1 Demography

The preliminary results from the 2008 population and housing census give the total population in Malawi as 13,066,320. Of this, 6,365,771 (49 percent) are males and 6,700,549 (51 percent) are females. The population grew from 9,933,868 in the previous census in 1998, representing an increase of 32%. The intercensal annual growth rate was 2.8%. Population projections indicate that the total will increase to 17,998,155 by 2015 (+37.7%), to 20,536,970 by 2020 (+14.1), to 23,194,206 by 2025 (+12.9%) and to 25,896,558 by 2030(+11.6) (UN, 2010).

The majority of the population live in rural areas and there is evidence of a rural to urban migration trend. In 2008, 81% of the population lived in rural areas compared to 85% in 2000 (WDI 2008).

Total life expectancy in 2007 was estimated at 48 (WDI), and showed no difference between the sexes. In the last 30 years, life expectancy has remained very low, never exceeding 51 years for either males or females. Total fertility rate was 6 in 2008 (WDI)

2.2 Labour market

No labour force surveys have been done for Malawi to date. The WDI show the total labour force in 2007 as 5,781,490 of which 50% were female.

The Integrated Household Survey (IHS 2004-2005) gives the total labour participation rate at 90%. The gender disparity is minimal- 94% for men and 93% for women.

The IHS also gives the total unemployment rate at 8%, 5% for women and 10% for men. The incidence of unemployment is highest amongst the 15-24 age group at 12.6% .The age group 35-49 has the lowest unemployment rate at 4.2%

Data on the distribution of wage earners across industry reveals that 35 percent of wage earners are employed in social and community services sectors, 22 percent in the agriculture, forestry and fishing industry, 17 percent in manufacturing industry and 12 percent in construction industry (IHS 2004-2005)

Finally, of the total labour force, 79 % is engaged in income generating activities. Of this 75% indicate their main activity as farming, 13% categorise their main activity as employee, 7% give their main activity as self-employed and 5% give their main activity as family business worker. (IHS2004-2005)

2.3 Socio-economic

The Demographic Health Survey (2004) covered 13664 households. It shows that 75% of these households are headed by men. This proportion has not changed much over the past decade the figures for 1992 (75 percent) and 2000 (73 percent) show this. The average household size in Malawi remains at 4.4 persons, the same size recorded in 2000.

Sixty four percent (64 %) of Malawian households have access to clean water according to the DHS. As expected, a far greater proportion of urban households have access to piped water than rural households (74 compared to 9 percent) (DHS, 2004).

Malawi has one of the highest HIV/AIDS national prevalence rates in the world (NAC, 2004) The 2004 The DHS indicates that 12 percent of the population aged 15-49 in Malawi is living with HIV/AIDS .HIV prevalence among women is higher for women (13%) than for men(10%).

Between the years 2000 and 2004, the infant mortality rate was 76 per 1,000 live births, and child mortality was 62 per 1,000, resulting in an overall under-five mortality rate of 133 per 1,000 live births.

According to the IHS (2004-2005), 54.8% and 17.0% have completed primary and secondary education respectively. The net enrolment ratio is 80%. This is higher for girls (81%) compared to boys (79%).

The most recent figure for the GINI index given by the WDI is 39 for 2004 indicating a highly skewed income distribution; for the same year the poverty headcount at $2 a day is 90%.

2.4 Economy and finance[1]

Malawi's economy has shown positive growth performance and moderate inflation in recent years (IMF2010). Real GDP growth was estimated at 9.8% and 7.6 % in 2008 and 2009 respectively owing to an increase in agricultural production and the expansion of the service sector. Inflation has remained moderate. After rising in late 2008, in response to food and fuel price shocks, consumer price inflation decreased steadily to 7.5 percent in the 12 months to October 2009.

Fiscal policy loosened significantly in the run-up to the 2009 presidential and parliamentary elections. Sizeable budget overruns on fertilizer and goods and services spending during fiscal year 2008/09, combined with a modest shortfall in foreign financing, led to a high level of domestic borrowing and meant that the central government deficit was well above the budget.

A weak balance of payments threatens medium-term growth. The combination of rapid growth of domestic incomes in the non-tradable sectors and the exchange rate appreciation have led to an imbalance between the growth of imports and exports and widened the deficits in the external current account and balance of payments.

Growth is expected to remain optimistic, but moderate somewhat relative to the high growth of the recent past. Over the medium term, growth is expected to be supported by the expansion of productive capacity at the Kayelekera uranium mine and the exploitation of niobium (a niche mineral for steelmaking), as well as the development of the sugar sector. Inflation is expected to remain moderate. International reserves should rise as a result of a substantial expected inflow of donor assistance.

Table A1 in Annex shows some selected macro-economic indicators.

[1] Based on IMF Article IV Consultation report (February, 2010)

2.5 Social protection

Although only just gaining momentum, social support is a priority for the Government of Malawi and appears as the second theme in the Malawi Growth and Development Strategy (MGDS). In this light, the Government of Malawi, led by the Ministry of Development Planning and Cooperation, has designed a Social Support Policy and calls for programs and policies that confront poverty and vulnerability, directly provide transfers to the destitute, and strengthen human capital in order to break the poverty cycle. Drafters of the policy envisioned “a comprehensive social support policy, integrated with other pro-poor development policies… [that]… contributes significantly to Malawi’s economic growth.” Tools within the Social Support Policy include public works programs, agricultural input subsidies, market interventions, supplementary and school feeding programs, and the Malawi Social Cash Transfer Scheme (SCT)[2].

The Policy explicitly connects social protection with economic growth by stating that: “The implementation of a comprehensive social protection policy, integrated with other pro-poor development policies, would also contribute significantly to Malawi’s economic growth.

The Social Support Policy is in its final draft, and was approved by the Social Protection Steering Committee in March 2009. The Policy is expected to go to the Cabinet for approval in early 2010.

2.6 The elderly

The Malawi Population and Housing Census (1998) showed that out of the 9.9 million people counted, 547,542 were elderly with 53 percent of them being female. The 2008 Malawi Population and Housing Census showed that out of a total population of 13.1 million, 530,996 were elderly (representing 4 percent) with 276,608 of them being female and 254,388 male. This inter-censual period witnessed a decline in the elderly as a proportion of the total population. However the UN World Population Prospects estimate that 5.7% of the population will be aged over 60 by 2030.

[2] National Social Protection Technical Committee. (2007). “*Social Protection: A right for all*.” Third Draft. Lilongwe, Malawi. 31 October 2007.

3 Formal retirement systems – Social Assistance

In the absence of a national policy, formal pension coverage is currently very low. Malawi has no social security schemes. As such, social assistance interventions[3] are currently deemed the most important strategy for making provisions for old age.

Various social assistance strategies are being used by the government[4] to address most social and economic issues affecting older persons. In addition, a large number of NGOs (including the presidents own personal foundation for the elderly- Bingu Silvergrey) activities deal with issues with respect to old age income security.

3.1 Government programmes

The Public Assistance Scheme (PAS): This is the most used strategy to provide social assistance to the elderly (Regional workshop on ageing and poverty, 2003). The scheme promotes and supports the rights of the elderly by providing them with social and health care services within the community set up. Apart from this blanket support, the Public Assistance Scheme also provides short term emergency support to elderly people comprising occasional supplies of food stuffs, soap, clothing and shelter. Such transfers are made on a demand- driven basis.

National Safety Net Programme: This is an encompassing government strategy to improve the livelihoods of the most vulnerable and marginalized groups including the elderly. The program's objective is to enhance the productivity of this category of people through empowerment for self reliance to enable them generate wealth. There are two main types of interventions that fall under the NSNP of which the elderly are beneficiaries of their various activities- Productivity Enhancing Safety Net Interventions and the Direct Welfare Transfer interventions.

Activities under Productivity Enhancing Safety Net target economically active individuals who are constrained in terms of access to inputs, however, its components such as inputs transfer (mainly seeds and fertilizer) benefits the elderly in terms of enhancing food security given their engagement in subsistence agriculture. The elderly are also beneficiaries of the food for work programme which also falls under the Productivity Enhancing Safety Net interventions.

The Direct Welfare Transfer (DWT) interventions of the NSNP aim to directly improve the livelihoods of "vulnerable" groups including the elderly by firstly meeting their short term consumption needs and thereafter by protecting them from falling back into destitution and lastly by building the capacities to generate their own savings through wealth creation.

[3] There is currently a lot of advocacy work both at grass root and ministerial level to put in place a universal non- contributory social pension. A study conducted by Help Age International (2008) recommended the following cost option for the social pension: 45% transfer of GDP per capita (MK 1531 or $ 10.86 – per month) to every one over 65. This will cost 1.78% of GDP or 69.8 million in 2008 prices (Help Age International 2008).

[4] Political will towards dealing with the elderly is strong in Malawi evidenced by a recently (2006) created in Ministry of the Elderly and the creation of the presidents personal foundation for the elderly – Bingu silvergery.

Within the Direct Welfare Interventions the elderly are prime beneficiaries of the cash transfer programme category which is reviewed below.

Malawi Social Cash Transfer Pilot Scheme: The pilot Social Cash Transfer Scheme (SCTS) began in Mchinji District in 2006. Following the endorsement by cabinet, the pilot scheme was instructed to be extended to 6 more districts by the end of 2008.

3.1.1 Legal and institutional

There are various committees at national and district levels, which are involved in the management of the programme.

At the national level, the Department of Poverty and Disaster Management Affairs (DoPDMA) has established Social Protection Steering Committee, and a Social Protection Technical Committee. Together these two committees have the responsibility of the leadership,coordination, technical assistance and oversight of the design and implementation of the cash transfer pilot scheme (Schubert, 2008).

At the district level, the District Assembly, under the leadership of the District Commissioner, is responsible for the implementation of the cash transfer pilot scheme. Under the District Executive Committee, the district has established a multi-sectoral Social Protection Sub-Committee (SPSC) that consists of representatives from the line Ministry Departments as well as from NGOs. The SPCS validates the information received from the Community Social Protection Committee (responsible for targeting and follow up of beneficiaries) and approves the eligible beneficiaries per Village Group. The Assembly disburses the monthly cash transfers to the beneficiaries in the villages (Schubert, 2008).

3.1.2 Eligibility, access and coverage

Eligible households must meet two criteria in order to qualify for the scheme; they must be firstly ultra poor[5] and secondly labour constrained[6]. This represents 10% of the poorest households in Malawi.

Table 3.1 shows coverage data of the pilot programme. As of March 2009, the scheme covered 7 districts and reached 24,051 beneficiary households of which 60% were headed by the elderly and 94,386 individual beneficiaries of which 18% were aged 65 and over,

[5] i.e in the lowest expenditure quintile and live below the national ultra poverty line (receive only one meal per day, are unable to purchase essential non-food items like soap, clothing, school utensils, must resort to begging, have no valuable assets)

[6] household is labour constrained when it has no able bodied household member in the age group19 to 64, who is fit for work (because they are chronically sick, or disabled), or when one household member in the age group 19 to 64 years, who is fit for work, has to care for more than 3dependents

Table 3.1 Coverage statistics of Malawi Social Cash Transfer programme in 2009

District	Mchinji	Likoma	Machinga	Salima	Mangochi	Chitipa	Phalombe	Totals
Beneficiary Households	8980	192	4229	2686	4859	1628	1477	24,051
Elderly headed households (male and female)	5543	132	2427	1035	3153	1204	841	14,335
Female headed households (elderly females included)	5911	142	3110	1487	3670	935	1020	17,175
Child-headed households	109	1	64	20	61	8	45	308
Individual Beneficiaries	35182	773	18579	7792	20260	5753	6047	94,386
Children (orphans included)	21861	391	13026	4614	14494	3609	3789	61,784
Orphans	20049	369	9043	3896	10263	2165	2850	48,635
Elderly (>65yrs)	6934	162	2945	1513	3435	1160	1014	17,163
Disabled	929	52	268	133	336	126	107	1,951

Source: Draft concept note for proposal to support the consolidation and scale up of Malawi Social Cash Transfer 2010

3.1.3 Financing

The scheme is mainly funded by the Global Fund and UNICEF through AUSAID. Funding for the seven pilot districts until June 2009 was secured from the Global Fund OVC Round 5 Grant. The government has intensified it's commitment to the scheme by lobbying the 2009/10 budget for a percentage in support of the programme. This would be helpful to meet the funding gap of the scheme from September 2009 till June 2010. In addition to the government's commitment and request to the EU, there are additional partners interested to join the support for the scheme through the concept of a Social Support Basket Fund.

3.1.4 Benefit type and levels

The monthly cash transfers vary according to household size and take into account if the household has children enrolled in primary and/or in secondary school:

- 1 person household MK 600 (approx. USD 4)
- 2 person household MK 1,000 (approx. USD 7)
- 3 person household MK 1,400 (approx. USD 10)
- 4 and more persons MK 1,800 (approx. USD 13)

For children enrolled in primary school, a bonus of MK 200 is added, and a bonus of MK 400 for children in secondary school. On average, the transfers amount to MK1, 700 per household per month. This amount is sufficient to fill the gap of MK 1,343 between the ultra poverty line of MK 6,447 per month for a 5.8 person household and the average monthly expenditure of MK 5,103 for households in the lowest income quintile.

3.1.5 Operational cost and scale up

The cost per household is USD 14 per month amounting to USD 168 per year. The average administrative cost per household per year is USD 32. In the event that the programme is scaled up to 300,000 households (10% of all households who are ultra poor and labour constrained) the total annual costs would be USD 60 million: 300,000 x USD 200 per household (Ministry of Economic Planning and Development 2010).

3.2 Non- Government programmes

The activities of NGOs are an important form of social assistance to the elderly in Malawi. Most NGOs provide short term supplies in a fairly non-systematic fashion. For example the presidents personal foundation on the elderly – Bingu Silvergrey which has a mandate to safe guarded the interest of the elderly, frequently distributes food items, clothing and other basic necessities to the elderly throughout the country. The foundation currently has plans to setting up centres for the elderly.

4 Formal retirement systems – Government Public Pensions Scheme (GPPS)

Every long-serving employee of the Government of Malawi is entitled to a retirement benefit in the form of either a pension or gratuity. The Government Public Pension Scheme is a non contributory, pay-as-you-go system paid to employee at the mandatory retirement age of 60 and following 10 years of service or at earlier following 20 years of service.

4.1 Legal and institutional

The regulations pertaining to qualification for GPPS are contained in chapter one and eight of the Malawi Public Service Regulations Act of 1944 (last Amended 1991). Reform and regulatory aspects of the fund are handled by the Department of Human Resources Management and Development, however the day to day management and administration of the fund follows a tripartite structure. The Department of Human Resources Management and Development is responsible for making pension calculations against the set eligibility criteria. The Auditor General (Ministry of Finance) has the mandate to assess the correctness of pension figures and ensuring that no over payments or under payments are made. The Accountant General (Ministry of Finance) issues the payment - payments are made on the 14^{th} of every month. This fragmented management and administrative structure makes it difficult to access information relating to the fund.

4.2 Eligibility, access and coverage

The GPPS covers only civil servants. Entitlement to the fund is based on attaining the mandatory retirement age of 60 years (changed from 55 in 2006) with a minimum service of 10 years, or by voluntary retirement after 20 years of pensionable service, or with the consent of the Minister of the Public Service with a minimum of 10 years service and having attained 45 years of age. Early retirement is also granted on special terms for those who retire early on grounds of redundancy or ill health. Currently, there are approximately, 140,000 in the Malawian civil service and around 30,000 retirees.

4.3 Financing

The Government Pension Scheme is non-contributory and unfunded. Pensions are paid out of a consolidated fund, from recurrent expenditure. The study team was unable to attain information on the proportion of recurrent expenditure that goes to the GPPS.

The pension accrues at a rate of 1/360 of pensionable salary for each completed month of service. The final salary forms the base for calculating pensions. Tax deduction of 2% of total entitlements is levied on early retirees.

4.4 Contingencies covered

Two main contingencies are covered: old age and death gratuity

4.5 Benefit type and levels

Retirement benefit comprise of lifetime pension and lump sum gratuity. Qualification for pension is 10 years of service or 20 years of service in respect to early retirement. For periods of less than 5 years, an ex-gratia payment is effected. The gratuity is paid at a minimum of 5 years in service. The retirement benefit comprises of 75% of total terminal (accrued) benefits, whereas gratuity consists of the remaining 25%.

A civil servant, who dies in the service after a minimum of two years, is entitled to death gratuity of three times their annual salary paid to dependents. Upon death of a pensioner, pension is transferred to the pensioners' dependents and paid as 60 months (5 years) lump-sum.

Other benefits on retirement include severance package, redundancy benefits where applicable, and transportation for re-allocation.

Retirement benefits are calculated as follows:

For Officers grade H and above

- Full pension= Salary per Annum years × years of service×0.022
- Gratuity = full pension × 0.25 (opted %) ×16.351
- Reduced pension per annum=0.75× full pension
- Pension per month = Reduced pension per annum ÷ 12

For Officers Grade 1 to R

- The pension formula is the same except that instead of 0.022 on full pension, 0.025 is used.

4.6 Preservation, withdrawal and protection of rights

Preservation is not possible. Employees forfeit retirement benefits once they seek employment outside the civil service.

4.7 Administrative cost

Administrative costs are minimal. Given that the scheme is internally managed, administrative costs (salaries and the like) cannot be easily delinked. However, costs are born by individual pensioners in terms of travel to and from treasury cashiers and bank charges.

4.8 Financial and social sustainability

The sustainability of the fund is being threatened by a growing number of beneficiaries and the effects of salary revisions. However, the fund has also exhibited several challenges. For example, benefits levels are considered meagre because of the low indexation levels. Similarly, provisions on death gratuities are deemed inequitable as the same amount is paid to beneficiaries regardless of the length of service.

4.9 Reform initiatives

Significant reforms of the pension scheme have occurred since 2005. Several factors influence reform process in the sector. In particular, the introduction of a new housing policy which resulted in a shift from provision of housing accommodation to allowances. Housing allowances were consolidated as part of remunerative allowance. Consequently the base salary for calculating pensions increased significantly and the pension bill increased illustrated in below.

Table 4.1 Trend in benefit payout since introduction of housing policy

Item	2003/2004	2004/2005	2005/2006	2006/2007
Pension	505,174,254	717,386,092	1,011,758,834	455,809,221
Gratuity	1,090,812,280	1,360,267,286	2,108,535,583	797,938,740
Other	17,042,175	28,566,622	87,705	33,501,312
Total	1,613,028,709	2,106,220,000	3,208,000,000	1,287,249,273

Source: Department for Human Resources- 2006

The following reforms have been initiated in relation to the GPPS since 2005:

Revision in base salary (2004, 2006, and 2009): Prior to 2004, the pension formula was based on last final salary. Following the consolidation of remunerative allowances into basic pay in 2004, the basic wage rose by as much as 100%, which were unsustainable levels on the part of the government. Therefore the government introduced a 5 year salary averaging method to ease pressure on the pension budget. In 2006, the base for calculating pension was again revised from a 5 year to a 3 year averaging method and in 2009; this three year averaging method was abolished.

Revision of pension accrual rate: the accrual rate was adjusted from 1/360 (3.3%) to two differing rates of 2.2% for senior staff and 2.5 % for junior staff.

Optional Lump: Prior to 2004, every employee was paid a lump sum gratuity and a reduced pension. The new system allows employees to opt to get a full pension without gratuity or get a gratuity of up to 25% plus a reduced pension, but with gratuity will attract an interest of 4%. In 2009, this 4% discount rate was reduced to 2%.

Indexation of pension: pension benefits will be adjusted to a maximum of 10% taking into account inflation.

Revision of mandatory retiring age: The government revised the mandatory retiring age for civil servants from 55 years to 60 years in 2006. Employees whose retirement was after this day were allowed to opt to continue working until they reached the new mandatory retirement age.

5 Formal retirement systems –Private Occupational and Voluntary

There are currently around 600 private pension funds in Malawi offering both defined benefit and defined contribution pension schemes. However, there is no active supervision or regulation of the market (Mhango, 2008).

During the field visit, the study team was able to meet with one pension administrator- Old Mutual. A review of the type of provisions and services they offer is provided below. The services they offer are similar to that of the other administrators.

Old Mutual provides two main types of retirement products personal retirement scheme (private voluntary scheme) and group scheme (usually occupation based). The biggest companies whose funds are being managed by Old Mutual include Electricity Supply Commission of Malawi and Malawi Telecom.

There is currently no regulation or legislation governing private occupational or voluntary schemes. The sector is governed by the Insurance Act and the Taxation Act.7 .

The personal retirement schemes are governed by contract between the insurer (Old Mutual) and the client. There are no set contribution rates as these are based on personal negotiations. Individuals may choose a single premium retirement benefits which allows a one off payment contribution or a regular premium retirement benefit which is based on a disciplined and regular contractual savings. An eligible Individual must be at least 55 years or younger, and a minimum premium of 5,000 MK a month is required. Group schemes are set up by employers on behalf of employees. This is aimed at a growing fund to be used to purchase an annuity on retirement. Benefits are not accessible until retirement (55 years).

There is currently no preservation of benefits and withdrawal of benefits (which is taxed as income) is permissible with notice. Portability of funds is allowed between fund managers tax free. The first 10,000 of interest income is tax free according the Malawi Tax Act.

With respect to asset management, Old Mutual invest in the equity market, treasury bills and property. Old Mutual has an internal strategy revolving around principles of growth and security. Funds must be invested in Malawi as per government policy. Total net assets were approximately MK 38 billion in 2009. Total net assets have shown positive performance reflecting the trends in the equity market.

[7] The Ministry of Finance is the regulator of financial services and delegates the Reserve Bank of Malawi to be the registrar of insurance of insurance. In the absence of legislation for pensions, the sector is being regulated by the taxation act.

Bibliography

FAO and Bingu Silvergrey Foundation (2008), "Population ageing in Malawi: understanding challenges, responding to opportunities" Proceedings of the meeting held in Lilongwe, Malawi on 28-29 November 2007 (FAO-Rome, 2008).

Global health and Development-University of Boston (2009)" Economic Impact Report of the Mchinji social cash transfer pilot"

Mhango P (2008) "Design Issues for pension legislation in Malawi"- Presentation to the IOPS Workshop. Reserve Bank of Malawi-

Ministry of Economic Planning and Development (2010)"Proposal to support the consolidation and scale up of Malawi Social cash Transfer Scheme. Draft Concept Note

Ministry of Economic Planning and Development, Department of Population Studies, Age Support Society of Malawi (2005)" Report of the research study on the aged person in Malawi: Understanding their situation and challenges"

Ministry of Disability and the elderly (2009) "National Policy for older persons in Malawi"- Fifth draft- April

Ministry of Economic Planning and development and Ministry of Gender, Community Services and Social welfare (2003) " Country position paper"- Regional workshop on aging and poverty" 29th to 31st October

National Statistics Office (2008) "Population and housing census- preliminary report"

Republic of Malawi (2009) "Draft National Social Support Policy"

Schubert B. (2008), "Manual of operations for the Malawi Social Cash Transfer Scheme"

United Nations Department of Social and Economic Affairs (2004) "Malawi Public Administration Country profile" July

World Bank (1994) "Malawi Civil Service and Employment Study" Southern Africa Department

World Bank (2007) "Malawi Social Protection Status report"- October

Annex A

A.1 Selected Macroeconomic Indicators

	2007	2008	2009	2010	2011
	Act.	Act.	Prel.	Proj.	Proj.
National accounts and prices (percent change, unless otherwise indicated)					
GDP at constant market prices	8.6	9.8	7.6	6.0	6.3
Consumer prices (annual average)	7.9	8.7	8.5	10.1	8.3
Central government (percent of GDP)					
• Revenue and grants	31.6	31.2	30.1	35.2	32.2
• Tax and non tax revenue	18.7	19.9	21.4	22.6	22.8
• Expenditure and net lending	36.0	36.2	36.1	36.0	33.9
• Overall balance	-4.3	-5.0	-5.8	-0.8	-1.8
External sector (US$ millions, unless otherwise indicated)					
Exports, f.o.b.	731.7	969.2	1,004.8	1,119.9	1,229.7
Imports, c.i.f.	-1,182.3	-1,722.8	-1,809.6	-1,739.8	-1,843.0
Current account (percent of GDP)	-1.5	-6.4	-8.6	-1.8	-2.2
Overall balance (percent of GDP)	0.5	-1.0	-1.8	4.4	3.6
Terms of trade (percent change)	-1.7	5.9	13.7	-3.1	-2.9
Debt stock and service (percent of GDP, unless otherwise indicated)					
External debt (public sector)	14.4	16.0	19.1	21.8	23.3
External debt service (percent of exports)	3.2	6.7	1.3	1.8	2.2
Net domestic debt (central government)	11.8	19.0	20.3	14.0	11.0

Sources: Reserve Bank of Malawi, Malawi Ministry of Finance, and IMF staff estimates and projections.