



AFRICA PENSION SUPERVISORS' CONFERENCE

Theme: Unlocking Africa's Pensions Potential

Radisson Blu Hotel Nairobi, Kenya

16–17 September, 2019

Rapporteur's Report

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Acronyms

NBR	National Bank of Rwanda
CMA	Capital Markets Authority
ESG	Environmental, Social and Governance
FSD-A	Financial Sector Deepening Africa
GDP	Gross Domestic Product
IOPS	International Organization of Pension Supervisors
KYC	Know Your Customer
NSE	Nairobi Securities Exchange
NSSF	National Social Security Fund
PETAD	Pension Transitional Arrangement Directorate
RBA	Retirement Benefits Authority
REITs	Real Estate Investment Trust
RSSB	Rwanda Social Security Board
SME	Small and Micro Enterprises
URBRA	Uganda Retirement Benefits Regulatory Authority

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I. INTRODUCTION

This conference was the inaugural Africa Pension Supervisors conference to be hosted in the Continent, bringing together pension regulators and supervisors from across Africa. It was held on the 16th and 17th of September 2019 at Radisson Blu Hotel in Nairobi, Kenya and was co-sponsored by Retirement Benefits Authority (RBA) and Financial Sector Deepening Africa (FSD-A). The facilitators for the conference comprised speakers from International Organization for Pension Supervisors (IOPS), Pension Supervisory bodies from the continent, professionals and pension sector practitioners knowledgeable and experienced in the pension subject matter.

This conference was organized as a key step towards the formation of an African Pension Supervisors Forum, which was mooted by African countries who are members of IOPS during their side meetings at the IOPS meetings. IOPS is a global network of pensions supervisors and focuses on setting of standards, better regulation and supervision for the sector. The African Forum would focus more on pension issues and challenges that are pertinent or rather unique for the continent and for which they could learn from one another in terms of finding solutions to enhance better governance and performance of the sector. Their different experiences and perspectives in addressing their respective challenges would be resourceful as they seek solutions for them. Such discourse for the Continent was long overdue as other regions where IOPS draws its membership already enjoy such discourses like is the case with Latin American membership in IOPS.

The ultimate goal of this conference, therefore, was to discuss and come up with a more regular platform for collaboration, co-operation and exchange of information and ideas to better supervise, regulate and grow the pensions sector in Africa. It was the first and hopefully in a series of such conferences to come providing a platform for pension regulators in the continent to engage in policy dialogue on pension regulation and supervision as they share their experiences and ideas.

1.1 Background and Rationale

The goal of the pension industry globally is to mobilize long term savings among citizens during their active working days in order to secure their retirement and guarantee dignified livelihoods in old age. The global pension assets under management (AuM) has been on an upward trend and are expected to move from USD 69.9 trillion in 2012 to more than USD 100 trillion by 2020 at a compound interest of 6 percent¹. Currently, the total global pension assets constitute over 80% of the world's GDP. However, the total pension assets in most African countries remains low, below 20% as a percentage of GDP, except for South Africa, Namibia, Swaziland and Botswana where pension assets as percentage of GDP is about 67%, 68%, 41% and 39%, respectively as at 2017².

Although Africa's share in the global assets is small, the AuM in Africa is also rapidly rising. This rapid growth is attributed to concerted efforts observed over time in most African countries where governments have been pushing for conversion of schemes from defined benefits (DB) to defined contribution (DC). In addition, the growth is equally attributable to extension of pension coverage to more private sector workers and to workers in the informal.

In Kenya specifically, the pension coverage has grown to reach over 20% of the total labor force with the pension assets increasing from a figure of USD 1 billion in 2001 to USD 4.5 billion in 2010 and to the current figure of about USD 12 billion as at December of 2018³. This growth in assets is attributed to a number of key factors including a sound regulatory and supervisory framework that has ensured a stable retirement benefits industry and prudent investment of pension funds.

The general growth in pension assets presents an exciting opportunity for spurring economic growth and development in Africa by increasing the level of investment in the economies of these countries. This is because, pension funds are invested in various investment asset classes as per investment guidelines developed by regulatory bodies of the specific countries. The investment asset classes range from government securities,

¹ PwC (2015) "Asset Management 2020 - A brave new world"

² <https://www.riscura.com/brightafrica2017/africas-institutional-investors/africa-pension-fund-assets/>

³ RBA (2018) "Retirement Benefits Industry Brief for December, 2018"

equities, fixed income assets, immovable property among others. In addition, there has been a growing urge to use pension funds to provide domestic funding for social impact and infrastructure development projects as opposed to commercial and concessionary loans from developed economies that come with stringent conditions and terms of repayment.

The preceding section has highlighted the importance of pension funds in the development of a country, which cannot be overemphasized. However, it is not devoid of challenges. In Africa, for example, pension funds are grappling with numerous challenges even as a number of them register impressive and desired growth. One such challenge is a restrictive regulation in some African countries that do not encourage investment in more lucrative alternative assets classes. In addition, pension funds also struggle to source suitably structured and bankable projects to invest in occasioned by information gaps and inadequate capacities. Equally, there is deficiency in internal asset management in some countries due to low capacity of Boards of Trustees in making investment decisions and limited exposure to offshore investments. Lastly, they have the challenge of increasing pension coverage, which on average is low given their dual labor markets that are skewed in favor of the informal sector where the majority of the labor force work and with nearly all of them not covered in any pension arrangement.

1.2 Conference Objective

The main objective of the conference was to discuss and come up with a more regular platform for collaboration, co-operation and exchange of information and ideas to better supervise, regulate and grow the pensions sector in Africa. Specifically, the conference aimed at:

- 1) Providing a platform for policy dialogue on pension supervision and exchange of information between members.
- 2) Discussing and agreeing on the formation of a forum for African pension supervisors to collaborate and exchange ideas on a regular basis.
- 3) Agreeing on the next steps for the African Pensions Supervisors forum as well as strategy for bringing in more members to the forum.

1.3 Participation

This conference brought together pension regulators and supervisors from across Africa including: South Africa, Nigeria, Namibia, Zambia, Rwanda, Burundi, South Sudan, and Uganda. It was co-sponsored by Retirement Benefits Authority (RBA) and Financial Sector Deepening Africa (FSD-A). The conference facilitators comprised speakers from International Organization of Pension Supervisors (IOPS), Pension Supervisory bodies from the continent, professionals and pension sector practitioners knowledgeable and experienced in the pensions.

II. CONFERENCE PROCEEDINGS

2.1 Inaugural Session

The Inaugural Session set the tone for the Conference by underlining the need for enhancing growth of pension coverage in Africa. Opening remarks were given by **Mr. Nzomo Mutuku, CEO of RBA, Mr. Mark Napier, CEO of FSD Africa, and Mr. Dariusz Stanko, Senior Private Pensions Expert and Head of IOPS Secretariat.**

Mr. Nzomo Mutuku recognized that the Conference was one of its kind to be hosted in the continent that brings together pensions supervisors to discuss policy issues touching on the pensions sector across the African continent. He gave a brief snapshot of Africa's pension sector and the growing opportunities provided by a stable and growing pensions industry. He further highlighted that the total pension assets in most African countries still remains low, below 20 percent of GDP, except for South Africa, Namibia, Swaziland and Botswana where pension assets as percentage of GDP is about 67, 68, 41 and 39 percent respectively as at 2017. In Kenya specifically, the pension coverage has grown to reach over 20% of the total labor force with the pension assets increasing from a figure of USD 1 billion in 2001 to USD 4.5 billion in 2010 and currently about USD 12 billion as at December of 2018.

He acknowledged that the growth in assets is attributed to a number of key factors among them being a sound regulatory and supervisory framework, which has ensured a stable and growing retirement benefits industry that has enabled prudent investment of pension funds. Also, there has been a push by most governments to ensure extension

of coverage to private sector workers especially those in the informal sector. In his concluding remarks, he reiterated the importance of the pension sector in the development of Africa. The sector has the potential to finance major investment projects especially of infrastructural nature. He suggested that this was possible through consolidation of pension funds in the continent and urged African pension supervisors to work together and collaborate to grow the sector in the continent.

Mr. Mark Napier highlighted FSD Africa's work within the region, mentioning that FSD-A, which is funded by the UK government is in business to strengthen financial markets in the continent by building the markets through provision of technical assistance and training. He highlighted that the UK trade policy supports local markets and through their support, FSD-A is working with capital markets authorities to build capacity, technical assistance and finance through their investment arm, and are active in the money markets. He noted that the green funds which are climate related investments are millennial driven, due to their demand for environmental conscious investment products. Demand for sustainable investments is growing annually. He mentioned as he concluded his remarks that the shortage of houses in Africa and in Kenya presents an opportunity to offer affordable housing as an investment avenue for pension funds, which should invest in government projects.

Mr. Dariusz Stanko in his brief remarks stated that IOPS has 98 Members and Observers representing supervisory bodies from 77 jurisdictions and territories worldwide, where 15 are from African countries. IOPS main mandate is to set standards and guidelines, through research and networking, for the industry. He encouraged participants to share different ideas with one another to promote better outcomes for all.

2.2 Official Opening Session

Opening remarks were given by **Mr. Victor Pratt, Chairman RBA Board**, and a speech by **Dr Julius Muia; Principal Secretary in the State Department for Planning** was read by a representative from the Ministry of National Treasury and Planning.

The Chairman RBA Board, Mr. Victor Pratt begun by acknowledging and welcoming delegates to the conference. He acknowledge that the theme captured the aspirations

of many, since an increase in pension savings would increase the GDP, lead to job creation, improved quality of life for many, and infrastructure expansion. He acknowledged that currently, employment is no longer guaranteed, hence the inclusion of the informal sector into the retirements savings is important. He posed the rhetoric, “How can athletes save in their peak years?” He opined that, a continent forum breeds homegrown solutions and that Africa is a good place to negotiate for global practices. He encouraged self-employment and thanked the development partners and delegates for the opportunity to converse. Mr. Pratt then welcomed remarks from the PS, Dr Julius Muia.

Engineer Stanley Kamau, Director General, Public Investments and Portfolio Management, The National Treasury read Dr. Julius Muia’s speech on his behalf. The PS described the conference as important and very timely for all stakeholders involved in social protection and related supervisor activities. He stressed that the conference was more important as the government sought to strengthen pension supervision and expand pension coverage, promote a savings culture and ensure retirees live a dignified and quality life.

He thanked the organizers for adopting a continental perspective as this would tilt the focus more on common challenges facing the sector and allow pension supervisors to share ideas and learn from each other.

“I believe this forum will come up with ideas and proposals on how to organize our pension schemes better, regulate better and protect our pension scheme and help us to afford our senior citizens affordable livelihoods and high quality of life. Consultative forums such as this have greatly helped us in the past to improve regulation supervision and growth of our retirement benefits sector”.

He noted that the ideas generated at the conference would help the respective countries reform their pension systems, adding that continuous improvement of pension regulation systems guarantee the safety of member savings.

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will help the respective countries reform their pension systems, adding that continuous improvement of pension regulation systems guarantee the safety of member savings.

This he said was a major step towards unlocking Africa's pension potential, which once unlocked, would help countries achieve their development goals and in turn guarantee prosperity for member countries. Collaboration among pension supervisors would be a great achievement for Africa's development and growth agenda for instead of looking for funds from developed countries, funds would be sourced domestically.

The Principal Secretary commended the conference organizers for adding information technology as one of the topics for discussion at the forum because of its importance to the financial sector as the move towards integrated financial services, cannot be possible without technology. He indicated that Kenya was keen to learn lessons from investments of pension funds from other jurisdictions, saying the country was counting on the pension sector to support its agenda big 4 agenda on affordable housing, manufacturing, food security and universal healthcare. Kenya is also seeking pension fund investment in infrastructure, a key enabler of the big four agenda.

III. CONFERENCE PRESENTATIONS AND DISCUSSIONS

Session 1: Supporting the Financial Sector

Session 1 examined the implications of climate change and its effects on financial systems. **Nzomo Mutuku, CEO, RBA** moderated the Session. It highlighted the opportunities in green financing. It also included an update of IOPS ongoing work.

Dr. Evans Osano, Director, Financial Markets, FSD Africa began by sharing an inspirational story about an ethnic group in Canada called Mutual Bear, whom he said have been interacting with the environment and nature, for the last 2,000 years. They have a saying in their language which means, *things are out of balance, things are not in harmony*. The ethnic group lives by some principles which calls for harmony with the environment and fellow humans, stating that, when that balance is lost, big challenges like climate change occur. Noting that climate change was a controversial topic, Dr. Osano told participants that the Intergovernmental Panel on Climate Change,

a UN body with 195 members, had collected meta data on climate change and produced a number of reports, analyzing about 6,000 studies across the world on climate change.

Recent reports show a 1 percent change in climate caused by human activity, adding that the impact of climate change has serious implications for the African continent. He then went on to state the impact of climate change:

- Rising sea levels have some impact on coastlines. Some island nations may cease to exist as we know them today.
- Loss of biodiversity. It is estimated that if global temperatures were to rise by 2 degrees, about 18 percent of insect species and about 16 percent of land species will become extinct by 2050.
- Huge risk to health, rising food insecurity and water supply as well as challenges to economic growth arising out of climate change.
- The severity of natural disasters is also increasing. It is estimated that by the year 2050, about 220 million people will be vulnerable to either water stress or droughts and that

The risk posed by climate change is seeping through to the financial sector and as such, there is need for concern among pension supervisors and investors. Climate change has led to an erosion of about USD 2.4 trillion of pension assets, which is about 10 percent of global pension assets. According to ABSA Group Ltd., more than 4 percent of global warming within the century will make the world uninsurable. He cautioned against not paying attention to the problem until it was too late.

Dr. Osano then went on to elaborate in detail the impact of climate change on the financial sector, pointing out the two main risks as transitional risks and physical risks. Climate change also presents some opportunities for the financial sector which include: resource efficiency, i.e., transitioning to efficient technology to cut energy costs; green bonds or sustainable bonds, and climate bonds that adhere to the Environmental, Social and good corporate Governance (ESG) principles. He noted that there is a direct correlation in green bonds and reduction in carbon emissions and thus clear environmental benefits.

Green bonds represent USD 90 trillion or 1 percent of the global bond market. The US and China lead in green bond investment, where China now has a national strategy for green bond investment. France and others follow. Africa is under represented but Nigeria, Morocco, South Africa and Kenya are following suit. The Network for Greening the Financial Sector (NFS) is a network put together by 34 central banks and regulators of insurance and other regulators and represent two-thirds of the systemically important insurance companies as well as banks globally. Members include, Britain, France, China, among others. NFS posits that climate change is a source of structural change in the economy and the financial system and therefore falls within the mandates of the central bank as well as pension supervisors. Initiatives of NFS include integrating climate related risks into financial stability, monitoring and micro supervision, where the central banks are going to do stress tests on banks, looking at the impact of climate change on the financial viability of those banks they supervise.

The same is applicable to pension funds. Integrating sustainability factors into fund portfolio management, building awareness, supporting development of a taxonomy in terms of what sectors qualify and contribute positively to the environment. Four areas exist in these principles: around the use of process (if you're issuing a bond, where is the money going?); project selection and evaluation; management of process; and reporting. Building on the green bond principles, the climate bond standards is a much more stringent standard. They have come up with technical specifications to be met in an investment. However, the Climate Bond Initiative integrates the green bond principles. In the green bond principles there's no mandatory requirement for certification. Under the climate bond standard, it's mandatory. Once the 3rd party has certified the bond, they need to present the report to the Climate Bond Standard Certification body which represents a number of investors. If it is good they endorse it as a private bond and they issue a certificate on that basis. Reporting requirements are also mandatory on an annual basis.

The European Union is also in the process of developing the E.U Green Bond Standard, which builds on the private bond standards and they have even gone further to develop their own taxonomy, where they have put onerous responsibilities to investors. Investors are required to prod the companies deeper. They are also required to engage

the companies and work together as investors so they can have a bigger voice in terms of changing the direction. Dr Osano predicted that the EU Green Board Standards might replace the Bond Standard to become a global standard. In his concluding remarks, he informed the conference that some countries have gone a step further to try and domesticate some of the principles into their national agenda to make it much more relevant to their own environments, e.g., through listing requirements and other private initiatives.

Dariusz Stanko, Head, IOPS Secretariat, provided an overview of IOPS work in supporting the pension sector in creating some guidelines and principles on disclosure. He encouraged supervisors to be careful and discourage investments that compromise member interests. He further asked supervisors to be mindful of environmental, social and governance (ESG) factors when investing and asked that members be informed of ESG investment choices to understand the risks involved. This is part of IOPS mandate. Mr. Stanko mentioned that IOPS would consider issuing guidelines on how to integrate ESG in their operations. ESG guidelines and regulatory framework provides guidance to pension fund managers on ethical investments. For instance, investment in Tobacco is unethical and counter ESG guidelines. He indicated that pension supervisors needed to encourage and not be prescriptive since they do not intend to restrict investments, but they may explore tougher measures when need arises. He said IOPS would be releasing a technical report on work related to project projections and another on communicating pensions.

Session 2: Investment of Pension Funds

The Session focused on new investment products, asset allocation, investments and diversification — examining perspectives on the global, regional and country trends.

Global Investment Trends - a supervisor's perspective

Brendan Kennedy, CEO Pension Authorities Ireland and Chair of IOPS Technical Committee in his presentation on global investments trends elaborated on supervisors' concerns, highlighting constraints on decisions and emerging problems and risks. From a list of over 30 challenges faced by supervisors,' he chose six for his presentation:

1. *Low returns* — there is higher demand on investment than there is money to invest. Low investment returns varies from country to country with the consequences of low investment returns being: a) price of guarantees is affected, and at the very least pensioners must be able to get their investment back; b) search for yields — those managing funds have a target return in their minds; C) there is need to be realistic and accept the environment supervisors' find themselves in. Forget the future and deal with the present; d) projections— over generous expectations cause problems and fail the system.
2. *Investments costs* —there can be extraordinarily high levels of charges incurred which are different from the costs. It is difficult to get information on the cost of running pension schemes, although it is important to have such information. Supervisors have a role to play in making this data available, which when availed helps to analyze impacts and performance of the investment.
3. *ESG and Ethical Implications* — there is need for clarity on whether to preclude certain investments on ethical grounds. Pension funds have an obligation of monitoring but which has costs that can be quite high. Monitoring is important to see that investment decisions meet member expectations.
4. *Member understanding* — this is particularly important to defined contribution schemes where members are expected to make decisions and they need to be well-informed to make such decisions. Mr. Kennedy opined that he was not convinced that pension managers understood risk, suggesting that risk is a subject that pension managers need to understand well. Hence, communicating risk to members can be a remarkably difficult task. The reason confusion exists is because managers are not confident to make the decisions themselves, hence they let the members make the decisions. He asked pension managers to think about the decisions they ask members to make and their (members) ability to make those decisions. In his opinion, members should not be offered choices.
5. *Investment governance* — the single most important decision that investment managers should make is on return and risk. Are fund managers making the right decisions? The responsibilities of fund managers cannot be avoided. On monitoring performance, he stated that it is difficult to know how an investment

fund manager did, adding that it could take up to 10 years to find out such information.

6. *Long-term investment* — Pension schemes should be investing long-term as it offers better returns. However, the challenge is that long-term investment may not be compatible with the fund liquidity goals. Pension investment is a difficult job, especially on long-term investments since it involves saving money for over two generations. Preserving value is in itself a big challenge. He stressed on the need for pension managers to understand the stress of their job, emphasizing that decisions should be made and made properly.

Mr. Geoffrey Odundo, CEO, NSE gave a brief overview of the Nairobi Securities Exchange (NSE), the leading securities exchange in the region, which has been operational for 65 years. He reiterated the need to develop a strong domestic market for Africa to match the best in the world. The NSE offers a world class trading facility for local and international investors and issuers looking to gain exposure to Kenya's and Africa's economic growth. While providing the economic overview of Kenya, Mr. Odundo remarked that the Brexit debate is a real issue and affects Africa directly. Large funds come from the financial markets and when there is uncertainty it distorts offshore investments. Kenya's economic growth is poised to grow at an average rate of 6.3 percent higher than Africa's projected average growth of 2.9 percent.

As he called for multigenerational strategies, Mr. Odundo noted that without listings there would be increasing pressure to grow the markets. Assets allocation of markets have been declining thus pensions supervisors' need to rethink on returns and seize opportunities in corporate and green bonds. He further noted that to decrease volatility African markets needed to embrace the derivatives markets. Kenya, for instance has gone through 8 years to get to these markets. Real Estate Investment Trusts (REITs), which is a regulated investment vehicle is also traded on the NSE like any other company share, offering investors a liquid stake in real estate.

Exchange Traded Funds (ETFs) is the fastest growing investment that is attracting pension funds in the world, enabling them to manage risks. The NSE is in the process of looking to structure domestic ETFs. An ETF can track a single commodity such as oil

or a precious metal like gold. ETFs give investors the chance to buy units that track whole indices as easily as buying shares listed on the NSE. He called for investment in data and analytics.

The Green Bond market enables business, government and investors to tap into the opportunities associated with the green economy, and make the urgent and strategic shift to climate adaptation and resilience. There has been limited participation by retirement funds in inclusive green investments to date, even though there are no macro-regulatory barriers hindering their participation. Given Kenya's rapidly growing asset base, the need for increased asset diversification will likely be one of the key drivers for new green and inclusive product development. Kenya has identified some opportunities and has collaborated with organizations such as the International Finance Corporation to increase funding for capacity building. The Government has publicly announced its intention of issuing a Green Bond.

In his final comments, Mr. Odundo gave the way forward stating that greater investor education is needed to improve the savings culture in the country. With the vast and varied opportunities at NSE, pension funds should urgently look into diversification of investments. Players in the industry should introduce pension schemes for informal sector workers in a bid to increase coverage so that Kenyans can enjoy decent livelihoods in retirement. He committed that NSE will continue to diversify its product offering, providing pension funds with the opportunity to diversify their portfolios further and further enhance liquidity.

Mr. Olano Makibela, Pension Supervisor, South Africa began by apologizing for the recent attacks on African foreign nationals, stressing that South Africans are ashamed of the xenophobic attacks. He stated that South Africa was fortunate to have a fairly deep financial market. However, he highlighted that the issue around sustainable investing was not going away, hence it is advisable to take ESG seriously. He noted that pension fund managers had become accustomed to chasing after alpha/dominance, and were willing to pay anything in its pursuit. He urged that trustees should focus more on getting good returns.

On the issue of listings, Mr Makibela remarked that South Africa had a very deep listed capital market. However, he pointed out that it is not in all instances that an investment gets on the market for listed assets. Unlisted spaces have adverse risk since there is no transparency. He concluded his remarks by stating that private equity has in the recent past beaten listed markets, hence is a good area to explore as part of diversifying the portfolio.

The session concluded with a brief plenary discussion moderated by **Mr Martin A. Nsubuga, CEO URBRA, Uganda**, in the course of which a number of other important points were raised. Mr Kennedy argued for properly structured pension funds, elaborating that there was no single technique to grow the sector. He advised regulators to ask questions other than making the decisions. Regulators have a great deal of soft power which should be used to achieve their ends, not abuse it. When asked about the life cycle default launched in India and how it fits in to the global trends, he said that the experience was not enough to judge it. He warned against making investment decisions on behalf of members as pension fund managers may not consider members' aversion to risks. On the same issue, Mr Stanko reminded delegates of the debt crisis in Latin America where their foreign debt exceeded their earning power, which lasted almost 15 years.

Mr. Odundo noted that RBA has supported investments on the issued products by expanding their investment guidelines. The importance of innovation at every level and strengthening surveillance on the markets was emphasized. On green bonds, he mentioned that NSE has worked with regulators to provide for regulations enabling the approvals of green bonds. He noted that Pension funds were the largest investors at the NSE. In addition, he observed that political stability was crucial for investments noting that the handshake was very important for the success of NSE as it cooled down political temperatures in the country.

Mr Olano opined that for Africa to move to the emerging green space, they need awareness especially on how bonds are issued. He called for women's representation on boards and added that there was need for a bottom-up approach where members remind trustees on where they want to invest their money. He noted that human beings have evolved over time and do not like to be told what to do, hence the need to

approach issues a bit differently. He informed that in South Africa, the government was thinking of issuing prescriptive assets. Finally, he advised delegates to keep drilling the right messages to the millennials to enable them to lead to the right decisions.

Session 3: Pension Coverage

The presentations for the Session also examined global trends, regional focus on Africa and country trends, drawing lessons from Rwanda and was later followed by a plenary discussion moderated by **Simon Nyakundi, Chairman of the Association of Retirement Benefits Schemes (ARBS) of Kenya.**

Uwase, M. Peace, Executive Director, Financial Stability Directorate, National Bank of Rwanda started her presentation by setting the stage on what pension looks like in Rwanda. She explained that registered businesses have increased from 119,000 to 183,000 implying formal employment has risen. The mandatory pension scheme in Rwanda was established in 1974 and was referred to as Caisse Sociale du Rwanda (CSR). Because of the 1994 genocide, the pension sector suffered heavy losses, including massive death of the contributors, destruction of the contributing employers/ companies, loss of pension funds, loss of pension data, and loss of staff. In 2007, CSR was renamed as Rwanda Social Security Board (RSSB) and continues to be the most significant player in the pension sector today.

Post 1994 there has been significant work in rebuilding and from 2015 Rwanda revised its pension laws setting the stage for the establishment of voluntary pension schemes and most recently establishing the long-term savings scheme (LTSS Ejo heza) to solve the pension coverage gap. There have also been significant reforms in the sector since 2010. RSSB always has a business arm that deals with health insurance. Ms. Uwase informed that RSSB recently introduced the maternity benefit that the population contributes to. RSSB has assets of over 1 trillion Rwandan francs. The National Bank of Rwanda (NBR) is a consolidated supervisor of the financial sector with the exception of the capital markets, and this provides a good overview of the entire financial sector.

The voluntary pension schemes increased from 8 in 2018 to 12 in June 2019. She mentioned that the sector assets have continued to grow significantly over the last 10

years. Pension coverage stands at 9 percent having increased from 5.6 percent in 2009. The pension sector is highly interconnected with the rest of the financial sector. The Ejo Heza scheme also covers the informal sector, where government matches member contribution up to 100 percent and provides 1 million Rwandan francs insurance coverage and 250,000 death benefit. The scheme now has 100,000 contributors.

The challenges the pension sector in Rwanda faces include: low pension coverage compared; limited number of professionals to facilitate pension sector growth; low levels of financial literacy and public awareness; low levels of understanding on the need to save for retirement in population. Instead of saving for their retirement, they prefer to invest in plots, properties, livestock and farming. Other challenges include, portability of retirement benefits across the region and no active secondary market for trading bonds, which limits investment opportunities.

On the opportunities to leverage on, Ms. Uwase listed the following: partner support in deepening the sector; increase of financial awareness amongst the population; favorable macroeconomic conditions of the country; growing use of ICT in the financial sector to deepen inclusion; capital market that is growing and providing the opportunities for long-term debt and equities; untapped market in the informal sector; and an enabling Pension Law.

Gautam Bhardwaj, Co-Founder and Director, PinBox Solutions, Singapore provided some insights on what needs to be done to expand pension coverage to non-salaried workers in Africa. He pointed out that smaller employers tend to slip under the radar, giving an example of India where it is mandatory by regulation for an employer with more than 20 or more employees to contribute to employees' pension benefits. Among the challenges to pension coverage in Africa and Asia was migration of people, especially movement from one job to another, making it difficult to keep track of them, since pension accounts were linked to employers.'

If 10 percent of young people in Africa started saving 1 USD a day, then in the next few years there will be USD 500 million return on investments. He approximated the cost of inaction at about USD 1.7 trillion. Unlike insurance and credit, pensions cannot be

fixed by providing the instruments instantly. There needs to be regular, persistent savings. He elaborated on the inhibitors of pension coverage, which are:

1. *Fragmented Ecosystems* — the ecosystem is not integrated. Technology should can and should be used to bring the ecosystem together as a simple, affordable, single window solution. He said, for example, that Rwanda has relied on technology to launch the Ejo Heza pension scheme earlier in 2019 and have already collected savings worth 250 million Rwandese Francs.
2. *Disaggregated Demand* — technology can also be used to aggregate demand from Sacco's, Microfinance Institutions (MFIs), and Banks. Digital pension programs would be delivered to low income populations at a negligible cost. In turn, this would enhance their core value proposition, foster long-term savings and deliver good returns.
3. *Experience and Technology Capacity* — the cost of building technology needed to collect micro contributions from unemployed persons spread all over the country can be extremely high and unviable. Stakeholders need to collaborate and share infrastructure to bring the costs down.
4. *Myopia & low financial literacy* — myopia and financial illiteracy is more acute in Africa. Africa's young population see retirement savings as a mirage and not meant for them. Thus, retirement is not on their radar and this combined with low financial literacy leads to low uptake of pensions and consequently increased old age poverty.

In his concluding remarks he suggested some learnings: tax incentives can play a role to motivate quality contributions; intermediaries must be enrolled as clients before they start selling pension programmes; think of simple, flexible products for the informal sector; use technology in complaints management to enable for automatic escalation of problems; national ID integration creates a really good advantage.

A Plenary Session moderated by the MC Ms. Terryanne Chebet, Managing Director, Metropol TV, followed this Session. Below are key issues raised from the discussion:

- *Sustainability of Contributions*: suggestion made by Mr. Mutuku to have auto-contributions for sustainability. Mr. Bhardwaj opined that flexibility is very

important especially for the informal sector. For Rwanda sustainability issues arise with government matching contributions, which it is doing for the next three years for the innovative Ejo Heza Scheme.

- *Performance of Mbao Pension:* the Mbao Pension scheme in Kenya was said not to be performing well, and a delegate wanted to draw lessons from Rwanda's EjoHeza Pension scheme. Mr. Rodgers from NBR enlightened that the incentive for Rwanda is the government's matching of member contributions, using a mix media approach for sensitization, and leveraging on community networks.
- *Determination of the very poor* in Rwanda is done through a census system. The local government works with the Ministry of Statistics to determine the middle class and the poor. While the Ministry of Finance is in charge of matching the contribution and selection is done through the database on an annual basis.
- *Issues of Arbitrage:* In Rwanda accountants use the national ID to curb arbitrage and an individual can only use one account.
- *Remitting short-term obligation:* Rwanda has some flexibility, where one can access up to 40 percent of their savings before retirement and also use it as security to access loans from the bank. In Nigeria, some percentage goes to retirement savings while some to short-term needs.

Session 4: Pension Supervisors' CEOs Forum

CEO's representing 15 pension funds from across Africa met on the sideline of the larger conference to discuss the formation of an Africa Pension Supervisors Forum, similar to the one formed by the International Association of Insurers, necessitated by the realization that Africa faced unique challenges. The theme of the Session was, **Formation of Africa Pension Supervisors Forum**. The forum was moderated by **Martin Libinga, former CEO Pension Insurance Authority (PIA), Zambia** and attended by pension supervisors from across the region.

They included, Tresford Chiyavula, Deputy Registrar of Pensions, Zambia; Nzomo Mutuku CEO, RBA, Kenya; Innocent Ndikurinyo, Legal, National Bank of Rwanda; Martin Nsubuga, CEO, URBRA, Uganda; Kenneth Wilson, Manager, Pension Operations, South Sudan; Moses Olulana Loyinmi, Research and Strategy Management,

South Sudan; Dr Umaru Farouk Aminu, Head Investment Supervision Department, Nigeria; Lovisa Indogo Namndje, General Manager, Pension Funds, Namibia; Uwase M. Peace, Executive Director, Financial Stability Directorate, National Bank of Rwanda; Olano Makhubela, Divisional Executive, Financial Sector Conduct Authority, South Africa; Arcade Nimabona, National Commission of Social Protection, Burundi; Evelyne Kanyanumeza, Legal Advisor, National Bank of Burundi; Dariusz Stanko, Senior Private Pensions Expert & Head of IOPS Secretariat, France; and Einstein Kihanda, Chairman, Fund Managers Association in Kenya.

Mr Lubinga told participants that the idea to create a special forum for Africa Pension Supervisors was mooted at a previous meeting of the International Organization of Pension Supervisors (IOPS) in Mauritius, where, the need for African Pension supervisors to discuss issues uniquely affecting them and relate them to global trends emerged. He noted that discussions were on going at a continental level but there was no umbrella body for Africa pension supervisors. While not all Pension Supervisors were present at the current Nairobi forum, others would join later. The proceedings and deliberations from the CEO's meeting are captured as the way forward for the conference.

Session 5: Technology in Pensions

The key discussion themes from this Session were: emerging Global trends i.e. FinTech, RegTech, RegTech tools and SupTech; emerging trends in Africa; and looking at the country focus while drawing lessons from Kenya. Mr. Dariusz Stanko, Senior Private Pensions Expert and Head of IOPS Secretariat and Mr. Nzomo Mutuku, CEO of RBA gave presentations.

Digitalisation in private pension sector

Mr. Dariusz Stanko delivered a presentation that outlined the main drivers for digitalization. He highlighted the major innovations as: internet of things, blockchain, artificial intelligence, big data and cloud technologies. Technology innovation is a major development that transforms the entire financial sector. Technology is more extensively used in banking, insurance and securities sectors in comparison to pensions. In the pensions topography technology adoption will be a more gradual process as opposed

to it causing a disruption unlike in the other sectors. Pensions are quite conservative and heavily regulated. It then doesn't give space to new comers to provide some business incentives.

Standard setting boards are however, developing strategies on how to relate to the changes in the market. Digitalization is important at the company level to increase operational efficiencies and/or respond to customer requirements in an effective and efficient manner. In a number of jurisdictions, pension supervisors are at the forefront of driving innovation through, creation of pension schemes, leveraging on technology, developing digital ecosystems and e-pension infrastructure, using biometric identification systems and such like developments. He admitted that there was still some work however, to be done in the cyber security area because of digitalization. In elaborating further on technological innovation, Mr. Stanko gave an example of Mexico, which has a pretty developed system where one can enroll to the voluntary system through the mobile handset.

The myriad opportunities for innovation include: a) in industry, are growth and efficiency where digital platforms can be used as new channels to reach a wider pool of people, and huge potential for cost efficiency and optimization of operational processes; b) increased trust and more personalized services for customers who will then have easier access to information, facilitating decision making, and better services at a lower price; c) more efficient and transparent public service as a result of automated reporting and compliance, data collection, registration and analysis.

Threats posed by innovation include: outsourcing of many processes, which can lead to dependency; issues with data protection and security; lack of digital competencies, which poses a huge demand for specialists training; challenge to understand and adequately react on the changes.

Application of digital tech in private sector pensions

A lot of African countries are leaders in using mobile technology, while Europe is now getting in to the space. Hongkong and Netherlands have created digital spaces, and in Belgium their system is automated where if someone dies all the institutions know about

it. Biometric identification and cloud computing are highly used in the pension scale. Iceland has a lot of free energy, and that's why they use more cloud services.

Digital tech can be used in: expansion of coverage, as in the case of Mbao pension plan in Kenya which uses money transfer platforms; engaging individuals and encouraging retirement savings; improving administration and operational efficiency of pension systems; the investment process, especially in the emergence of crypto-currencies and robo-advisers software which provides financial advice and investment portfolio management. Mr. Stanko offered some supervisory approaches to FinTech stating that supervisors need to ensure that they still maintain control while outsourcing and that supervisor's technology is used mainly in data collection and analytics. Some supervisors have their services online. Mexico, Mauritius and HongKong are using technology to make the pension ecosystem more effective.

There are a number of challenges encountered by supervisors when developing and using SupTech solutions, which include cost of developing and implementation of RegTech and SupTech solutions, technical, legal, operational and reputational challenges, as well as issues with data quality.

In his concluding remarks, Mr. Stanko noted that retirement savings can substantially benefit from innovative technology. Digitalization in the private pensions is currently mainly used to increase coverage, members' engagement and communication and improve operational efficiency. FinTech is quickly becoming a focus for supervisors who have adopted a dual approach to support and closely monitor where innovative technologies create a scope for strengthening supervision.

Mr. Nzomo Mutuku, CEO RBA stated that Kenya is leading in financial and digital inclusion, followed by Brazil, South Africa, Mexico and Columbia, according to the 2017 Brookings Financial and Digital Inclusion Project. The indicators reveal that Kenya has high adoption, mobile capacity, country commitment and a financial inclusive regulatory environment. This high ranking stems from the various innovative use cases that Kenya's financial industry has adopted to apply digital technology to a variety of services. The digitized financial services in Kenya include: a) money transfer — Mpesa, airtel money, PesaLink; b) retail payments like Lipa na Mpesa. C) Mobile credit — M-

shwari, KCB_Mpesa; d) mobile services like Mkopa, Mtiba for health and DigiFarm for agriculture; e) government services such as e-citizen and M-Akiba where government sells its securities through the phone; f) pension services like Mobikeza and Mbao.

With the advent of Mpesa services in Kenya in 2007, the population with access to formal financial services has increased from 26 percent in 2006 to 82.3 percent in 2019 according to a FinAccess Survey of 2019. However, the pension sector is lagging behind at 12.5 percent in terms of financial inclusion, hence the need to rethink how to leverage on technology to bring more people on board. Sustainability of contributions and retention has been a major challenge. The growth of Mobile money has facilitated the development of innovative mobile products due to the ease of depositing and withdrawing and integrating products with the mobile money ecosystem. The new trend of transacting on mobile App and linking it to mobile money is secure from cyber security risks; it allows for real-time processing, deposits, and withdrawals locked in member's mobile number.

In elaborating on the emerging uses of digitization in pension service, Mr. Mutuku noted that:

1. *Blockchain technology* can be a great tool for the pension industry as it also locks out most of the intermediaries by connecting pension parties to each other with digital records and contracts.
2. *Cloud computing* on the other hand will offer a good option to keep data in a cost effective, secure manner and further facilitate access to enhanced capabilities such as analysis of massive amounts of data.
3. *Platforms and dashboards* will give members and beneficiaries an easy to use overview of all of their pension savings including state pensions, in one place.
4. *Digital auto-enrollment* has been adopted in the United Kingdom as a way of increasing coverage particularly in the SME sector. In Kenya it can be based out of phone lines, as Kenya does not have sufficient aggregate data on its citizens.
5. *Internet of Things (IoT)* has resulted in information about consumer products/services being made available through internet-enabled devices. This

can, provide pension providers with critical information to enable them tailor their products to the exact needs of consumers.

6. *Investment via robo-adviser using Artificial Intelligence* — this is a low cost and widely accessible investment tool that uses software programs and algorithms to provide financial advice and management of customer's investment portfolios.
7. *Provision of technological shared services* – can be achieved where regulators provide shared platform services to regulated entities where small pension schemes can be used to store their databases.

Mr. Mutuku also noted that digitalization of financial services comes with consequences; there are emerging risks. Some of the risks he mentioned were: cybercrime; data privacy security; use of agents especially with lack of effective training; oversight and recourse mechanisms; technology risk posed by technology failure that leads to the inability to transact; and supervisory and regulatory frameworks redundancy.

In his closing remarks, Mr. Mutuku said that together other regulators, they had agreed to have a sandbox approach. Capital Markets Authority have already placed two FinTechs in a sandbox. RBA, on the other hand, is also finalizing on a new system that would enable them to do onsite inspection in real time and ensure a secure whistle blowing portal is set up. He said in the recent FinTech Festival held in July 2019 organized by the Central Bank of Kenya and the Monetary Authority of Singapore brought together many emerging Fintech innovators. However, there were only two submissions relevant for the pension category and which RBA would work closely with.

Key Points and Themes from the Floor Discussion

The presentations were followed by a discussion with the audience, who raised some questions and suggestions. Below are the most salient issues raised:

- *Collaboration by African regulators:* If there were collaboration, then this would be a good suggestion because all collaborating institutions benefit. However, Mr. Stanko warned that getting all supervisors to cooperate would be a tall order, especially given their different legal frameworks. Disputes may arise as to who owns the data/platform.

- *Voluntary Vs Compulsory system:* Mr. Stanko advised that it would be better to utilize the voluntary system and sort of nudge people with incentives as opposed to making pensions compulsory and risk reputational costs. In Poland, social trust is very low due to the government's oversight. While in Kenya, Mr. Mutuku added that people already had mistrust/suspicion for government projects.
- *Unique Identifier:* The moderator highlighted the issue of the unique identifier, asking whether it will be expensive to tie it to the pension scheme in Africa. Mr. Stanko cautioned that it should be done within a single database and duplication of data services should be avoided. Mr. Mutuku remarked that the Huduma number is a stronger KYC than the Kenyan ID, noting that it is a game changer in Kenya.
- *Data Sovereignty:* Participants wanted to know whether issues of data storage in cloud computing will compromise the data's integrity. Mr. Mutuku responded that if data is secure it does not matter where it is stored.
- *Government commitment in Kenya:* A participant asked of the commitment the government of Kenya had towards the pension coverage, to which Mr. Mutuku answered that pension coverage was largely driven by mobile money. He mentioned that the challenge regulators have is balancing between protection of consumers and development.

Session 6: Round Table discussion on Emerging Issues in the Pension Industry

The Session addressed three key areas: emerging issue in pension coverage, focusing on crosscutting issues across Africa in the pension industry; provided an overview of the pension coverage in South Africa, Nigeria, Uganda, South Sudan and Burundi; and tackled the challenge of covering the informal sector. The panel included Olano Makhubela, Divisional Executive, Financial Sector Conduct Authority, South Africa;

Umaru Farouk Aminu Head, Investment Supervision Dept., National Pension Commission, Nigeria; Martin Nsubuga, Chief Executive Officer, URBRA; Kenneth Wilson, Manager for Pension Operations, South Sudan Pension Fund; and Arcade Nimabona, Executive Permanent Secretary, National Commission of Social Protection, Burundi. Sundeep Raichura, Chairman, The Actuarial Society of Kenya (TASK) moderated the session.

Uganda

The Uganda regulator was established six years ago and have since licensed around 65 schemes which include NSSF — the mandatory scheme. They are piloting two informal schemes, which are under study. Occupational schemes are still quite young. The size of pension assets is at USD 3 billion and growing. Pension coverage is at 13 percent and adding 1 percentile every year. The sector is contributing around 11 percent of GDP. Mr. Nsubuga noted that the pension coverage is still not strong enough and they were gearing to do much more. Supervisory wise, they started the compliance approach so that everyone was brought on board and to ensure unlicensed schemes are registered with URBRA. For the last two years, the country has focused on risk supervisory framework. He noted that the future was looking bright for the sector which was attracting quite some attention. Their move to open the sector and avoid NSSF dominance has not yet yielded fruit. URBRA is working to ensure that the sector is well regulated and is empowering the pension schemes through educational programs.

South Sudan

Pensions in South Sudan is at the establishment and implementation stage owing to a myriad of unrest in the country. Mr. Wilson informed that up to 2011 when South Sudan broke away from Sudan, there was completely no pension. In 2013, South Sudan started the pension system by ensuring that laws were put in place. Currently, they have two pension fund Acts — the South Sudan Fund Act of 2012 and the Civil Servants Pension Scheme Act of 2013. Implementation of the Civil Servants Pension Scheme Act was supposed to commence in 2014, but could not because of the war. However, it is now functional after much work. Emerging schemes include the military pension scheme, the organized pension scheme and the private sector pension scheme, also

including the Ministry of Justice and the Bank of South Sudan who have come up with their separate pension schemes but yet to be operationalized.

Mr. Wilson said that the Board of Trustees (BoT) had friction with the management and that currently the BoT had a new General Manager. The schemes are now in the process of data collection since most of the data is in Khartoum. Some progress has been made where some pensioners are already receiving pension. Other activities being carried out include assessment of the pensioners and assessment of pension contribution from 2006 to date. Monies have not been remitted by the Ministry of Finance, however, they have since started monthly payments for the National government from 2017. In the State governments, few are remitting monthly contributions. South Sudan pension fund have since launched a program to assess State contribution. They have also begun conducting registration of employees in the ministries and commissions. He mentioned a few challenges to the sector reforms including poor infrastructure in terms of communication systems and road networks.

South Africa

Mr. Makhubela begun by stating that South Africa's population is at 55 million and that the country has the highest unemployment rates at 27 percent, while 9 million people are in informal employment. Pension coverage is at around 66 percent in the formal employment sector. The size of pension assets in the private sector is at 2.4 trillion Rand which translates to USD 170 billion. The government employees' pension fund whose assets is at 1.8 trillion rand is not a national fund and only admits pension for government. Thus bringing the total asset base to 4.2 trillion Rand. Out of the 5000 retirement fund, only 1500 are active funds, hence the inactive 3500 are to be deregistered.

The country does not have a national security fund. They have been relying heavily on the formal private sector to provide retirement savings. They have what they call a *Kwazi* mandatory system. Of the 1500 active funds most are defined contributions, the largest fund being the government employee pension fund, which is also not supervised by the regulator.

The pension industry in the country was not without its challenges, and he gave an overview of a few. One, SA does not have mandatory/ compulsory preservation. Hence nothing compels people to keep their retirement benefits for until they retire. Only 6 percent of people in formal employment will be able to retire comfortably and get a good income replacement ratio of 75 percent. He noted that trustees needed to up their skills since they were the ones who run and managed funds. There are also issues with trustees' governance. Due to the migrant system in South Africa and poor record keeping, it was difficult to trace and pay migrants savings, hence the issue of unclaimed benefits.

Nigeria

Nigeria had a defined pension system up until 2004 when the government decided to have a complete paradigm shift from defined benefits scheme to defined contribution scheme. The country has a single law that sets the same standards for both public and private pensions in the country. So far three schemes are being managed which are:

- I. *Old Defined Benefits* — which is still running for those exempted from the contributory pension scheme. Largely, those who are earning pension under the old scheme. This is under the Ministry of Finance, but the National pension fund regulates the scheme.
- II. *Defined Contribution Scheme* — where employees used to contribute 7.5 percent while the employer matched the contribution. However, since the Pension Reform Act of 2014, the contribution rates have been raised to 10 percent by employer and 8 percent by employee.
- III. *Schemes in existence prior to the 2004 reforms* funded by institutions were allowed to continue by law. They were also allowed to register subsidiaries and move the pension assets to subsidiaries, apply for license to continue to manage those schemes, and seek for approval to continue. The National Pension Commission regulates these schemes, while the old defined benefits are under the Pension Transitional Arrangement Directorate (PETAD), which is also regulated by the National Pension Commission. In the peer contribution schemes

for both public and private, they have licensed 28 pension fund administrators who are also investment managers. Of the 28, only 22 are currently in existence. The other 6 were mostly taken over through mergers and acquisitions.

Nigeria

In Nigeria, the pension fund assets are separated from the custodians/administrators who have no access. The National Pension Commission reports directly to the President of the Federal Republic. Mr. Farouk Aminu said that membership is at 8.7 million out of a population of 100 million. However, formal sector pension coverage is at 89 percent. Majority of the task force, up to 70 percent of the work in the informal sector. By end of July 2019, pension assets were about 9.37 trillion Naira, which is approximately USD 30 billion.

Burundi

The National Social Security Institute (INSS) administers a pension system and an occupational risk coverage system for private-sector wage earners, contractual employees of the government and of public institutions, and military and police personnel. The Civil Service Mutual Association (MFP) provides health coverage for civil servants. The pensions of civil servants are paid directly from the government budget. The pension system has been managed since Burundi's independence in 1952. In 2010, they created another institution for civil servants. The coverage which is obligatory is currently at 10 percent. They are yet to sign a treaty with the Democratic Republic of Congo (DRC) to allow for portability of funds. Mr. Nimabona mentioned that the informal sector represented the largest proportion of the workforce. Burundi have a need for actuarial studies in the University of Burundi to build local expertise. This would however be quite an expensive affair and he invited investors to partner.

Key Points and Themes from the Floor Discussion

The presentations were followed by a plenary discussion, which raise a number of questions and suggestions including;

- *Mandatory Vs Voluntary Scheme:* a participant from Zambia wanted to know if Uganda was using the same approach to regulate the two schemes, to which Mr.

Nsubuga responded, saying that the mandatory scheme was established before the regulator but is regulated.

- *Informal Sector:* Uganda, which is looking forward to expanding the informal sector, noted that they would need to come up with a unique package for the sector, and then build trust to manage the regulatory framework.
- *Politics in Pensions:* Mr. Makhubela observed that political aspects of pensions cannot be ignored. People see retirement benefits as their money. He mentioned that in South Africa they introduced default preservation in 2019.
- *Qualification of Trustees:* In Nigeria, PEFA allows trustees to get professional advice on investments. Mr. Makhubela implored that after elections, trustees should undergo a training. One person also called for trustees to undergo a continuous development program. In the EAC region, a community education curriculum has been launched. Mr. Kennedy advised countries to consider using available expertise.
- *Financial Education:* Uganda is already creating awareness around the pensions. For the last six years CMA Uganda have held debate programs in schools, while URBRA have conducted awareness programs at Secondary and University level for the last two years.

The moderator Mr. Raichura then asked the panelist to divulge what keeps them awake at night as regulators. Mr. Makhubela from SA said fraud due to its undetectable nature, Mr. Nsubuga of Uganda revealed that protection of member funds keeps him awake at night, from Nigeria, Mr. Farouk Aminu said it was the inability of government to pay transfer values in good time, while Mr. Nimabona from Burundi stated that good management and sustainability of pension funds plus the issue of adequacy keeps him awake at night.

After the Session, Mr. Bhardwaj mentioned that PinBox Solutions was starting work on a new book and he indicated that he would be seeking input from individual countries.

IV. WAY FORWARD

The Way Forward for the conference is based on the resolutions arising from the deliberations during the CEOs meeting on the sidelines of the conference. It was read by **Mr. Martin Libinga** who chaired the Pension Supervisors' CEOs Forum. Those present during the CEO's forum unanimously agreed to support the formation of the continental body of Pension Supervisors and to do the following:

- Come up with an interim committee which will look at how the association can be managed and funded. The umbrella body of Africa Pension Supervisors to be formalized in one or two years once matters begin to move.
- The newly formed African Pension Supervisors' Forum would work closely with IOPS. OPS would also very instrumental on giving views on the functioning of the body.
- The interim office of the newly created Forum comprising of Pensions Regulators from Kenya (Chair), Nigeria (Vice-Chair) and executive committee members from South Africa, Zambia and Rwanda would work on operationalizing the Forum for the next two years and encourage the pension regulators who did not attend the conference from the rest of the continent to join.
- The interim office is also required to work on the organization of the next Conference to be held in Kigali Rwanda, collaboratively with the Regulator.
- The interim office was also mandated to network with other organisations and seek support for the Forum.
- The Forum was also requested to urge their membership to join IOPS and contribute and benefits from IOPS activities.

However, given the different levels of development of the pension sector across the content it was agreed that the Africa Pension Supervisors Forum would benefit others who may not be able to join IOPS. Addressing the forum, Mr Stanko supported the creation of the Forum and pledged to engage IOPS on the same and report to the committee in due course. He committed that IOPS was open and eager to support them. Congratulating the CEOs forum for the initiative, he informed that Latin America has an organization along similar lines called IOS and which is an associate member of IOPS. The IOS has organised itself in such a way that whenever there is a change of

leadership at IOPS, their leadership changes. He said a similar model might work for the African Forum and supported the idea that Mauritius host the secretariat because they already have the infrastructure to do so.

The Structure

It was proposed and seconded that the body adopts a known governance structure of a Chair and Vice Chair and have an executive committee and secretariat as well. The positions would be filled on a voluntary basis and held by countries and not individuals.

Interim office holders

- Chair- Kenya
- Vice Chair- Nigeria

Executive members

- South Africa
- Nigeria
- Rwanda
- Zambia

Terms of reference

Time limit: It was proposed the interim team runs for two years from January 2020 to December 2021 and then hands over to a new committee. They were tasked to:

1. Engage IOPS on the formation, operations and funding of the Africa forum.
2. Appoint a secretariat
3. Define an organizational and legal structure
4. Draft the constitution for the African pension supervisors' forum

It was proposed that secretariat be housed in a member country and managed by a regulator. Members are expected to volunteer to run the secretariat and the chairmanship be rotational. Members agreed that there was need to talk to other African countries to have them buy in and subscribe to the body and mandated the secretariat to do this. The secretariat was also required to inform those that had been appointed. Since the secretariat requires an established body being mindful of the IOPS

office in Mauritius, it was proposed that Mauritius run the secretariat for one or two years until the organization is fully formed. Activities of the interim office bearers include: organizing a session such as the Africa Pension Supervisors' Conference; preparing a report of happenings; and organizing side meetings alongside the upcoming IOPS Annual General Meeting (AGM).

The interim committee was asked to move with speed to provide preliminary costs of organizing the conference to be factored in the budget. The way forward from the Session:

- Rwanda volunteered to host the next meeting.
- The interim committee will discuss issues affecting the secretariat.
- The chair to write to the various countries to inform them of their appointment.
- Issues of funding to be discussed as well.

The interim chair, Mr Mutuku in his closing remarks and in his capacity as the host, thanked the CEOs forum for appointing Kenya to chair the interim committee. He said Kenya was looking forward to deliver something the country can be proud of in the next two years. He thanked other interim committee members, Nigeria, Zambia, Rwanda and South Africa for coming on board and challenged them to work together to deliver on their mandate. He noted the challenge of resource and personnel, but also acknowledged ongoing sponsorship from IOPS and FSD-A, who he said were eager to work with African Forum. He indicated that the new body will open doors, bring collaboration and support African markets.

Before the official closing of the conference, there was a Cake Cutting Ceremony to mark the formation of the African pension supervisor' forum.

V. CLOSING REMARKS

In his closing remarks, Mr. Nzomo Mutuku, CEO, RBA reported that the two-day Inaugural African Pension Supervisors Conference had been very insightful and useful. The need for an African pensions supervisors' forum cannot be downplayed. A Forum bringing together pension supervisors across Africa is necessary to allow for a regular platform for collaboration, co-operation and exchange of information and ideas to better supervise, regulate and grow the pension sector in the continent. Through such a forum, supervisors' will be able to share experiences that have worked in other jurisdictions hence go a long way in unlocking the potential that exist in the African continent. He then concluded his remarks by thanking participants and partners for their support and added that he was looking forward to further collaboration.

Ms Uwase then officially invited the delegates to Rwanda for the 2020 Africa Pension Supervisors Conference. Dr. Margaret Makumi, a member of the RBA Board, gave the vote of thanks.

VI. ANNEXES

Annex 1: Africa Pension Supervisors Conference Program



THEME:

UNLOCKING AFRICA'S PENSIONS POTENTIAL

SEPTEMBER 16-17, 2019

PROGRAMME

DAY 1		
TIME	SUBJECT	PRESENTER
08.00-08.30	Arrival & Registration of Guests Early Morning Tea/Coffee	RBA
08.30 -09.00	Climate Setting/Introductions	Nzomo Mutuku, CEO, RBA. Mark Napier, CEO FSD (Africa). Dariusz Stanko, IOPS Secretariat.
09.00 – 09.30	Official Opening of the Conference	Victor Pratt, Chairman RBA Board The National Treasury & Planning, Kenya
09.30 – 10.30	SESSION 1: SUPPORTING THE FINANCIAL SECTOR The session focal point: <ul style="list-style-type: none"> ▪ Brief on Financial Sector Work ▪ Climate Finance – Green Bonds ▪ IOPS Ongoing Work Plenary Discussion	Evans Osano; FSD (Africa) Dariusz Stanko, Senior Private Pensions Expert and Head, IOPS Secretariat <i>Session Moderator</i> <i>Nzomo Mutuku; CEO RBA</i>
10.30-11.00	HEALTH BREAK	
11.00-12.30	SESSION 2: INVESTMENT OF PENSION FUNDS The session will focus on New Investment Products, Asset Allocation, Investments, Diversification, etc. <ul style="list-style-type: none"> ▪ Global Trends ▪ Regional Focus: Africa ▪ Country Focus: Lessons from South Africa. Plenary Discussion	Brendan Kennedy CEO, Pensions Authority, Ireland and Chair of IOPS Technical Committee. Geoffrey Odundo; CEO, NSE South Africa Pension Supervisor <i>Session Moderator</i> <i>Martin A. Nsubuga, CEO URBRA, Uganda</i>
12.30-14.00	LUNCH BREAK	
14.00 -16.00	SESSION 3: PENSION COVERAGE The session will focus on <ul style="list-style-type: none"> ▪ Global Trends ▪ Regional Focus: Africa ▪ Country Focus: Lessons from Rwanda Plenary Discussion	Gautam Bhardwaj - PinBox Singapore Uwase, M. Peace, Executive Director, Financial Stability Directorate, <i>National Bank of Rwanda</i> <i>Session Moderator – Simon Nyakundi, Kenya</i>

16.00 -16.30	HEALTH BREAK	
16.30-17.30	SESSION 4: Pension Supervisors' CEOs FORMATION OF AFRICA PENSION SUPERVISORS FORUM The session will focus on: <i>Which way Africa Pension Forum?</i>	<i>Session Moderator - Martin Libinga</i> Former CEO Pensions Insurance Authority (PIA), Zambia
17.30 -	COCKTAIL	ALL ARE WELCOME

DAY 2		
TIME	SUBJECT	PRESENTER
08.00-09.00	Arrival & Registration of Guests/Early Morning Tea/Coffee	RBA
09.00-10.30	SESSION 5: TECHNOLOGY IN PENSIONS The session will focus on <ul style="list-style-type: none"> ▪ Emerging Global Trends (FinTech, RegTech, RegTech Tools, SupTech, etc.) ▪ Emerging Regional Trends: Africa ▪ Country Focus: Lessons from Kenya. Plenary Discussion	Dariusz STANKO Senior Private Pensions Expert and Head, IOPS Secretariat. Nzomo Mutuku, CEO RBA, Kenya <i>Session Moderator, Pension Commission, Nigeria</i>
10.30-11.00	HEALTH BREAK	
11:30 - 13:00	SESSION 6: ROUND TABLE DISCUSSION ON EMERGING ISSUES IN THE PENSION INDUSTRY – PANEL SESSION	Panelists: Pension Supervisors of: – <i>South Africa</i> <i>Nigeria</i> <i>Uganda</i> <i>Namibia</i> <i>Burundi</i> <i>Session Moderator - Sundeep Raichura, Kenya</i>
13:00 – 13:30	SESSION 7: Official Closure WAY FORWARD FOR THE FORUM CAKE CUTTING CEREMONY CLOSING REMARKS VOTE OF THANKS – RBA	MC <i>Martin Libinga,</i> Chair – Session on formation of Africa Pension Supervisors Forum Nzomo Mutuku, CEO RBA Director, RBA Board
13:30	LUNCH BREAK/END OF DAY 2 & CONFERENCE	

Annex 2: Africa Pension Supervisors Conference Attendance List

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