

SSHFC



2018

Activity Report

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Corporate Vision and Mission Statements

Vision Statement

To provide a comprehensive social security system that addresses social security needs of every member.

Mission Statement

To provide high quality social protection: collection of contributions and timely processing of claims and payments of benefits, facilitate social shelter delivery on a sustainable basis and prudent investment of members' funds.

1. BACKGROUND

The Social Security and Housing Finance Corporation (SSHFC) was established in 1981 by the Social Security and Housing Finance Act and is responsible for managing the Federated Pension Scheme for Public Enterprise Employees and the National Provident Fund for employees of private companies, both of which are capitalized pension schemes. Besides, the Corporation manages the Housing Finance Fund.

Since its inception, the responsibilities of SSHFC have scaled up to include the management of Industrial Injuries Compensation Fund (IIFC) covering the Public and Private Sector Employees workplace injuries and the provision of affordable housing for the Gambia.

As the mandate of SSHFC widens, so do the challenges that restrain the progress towards achievement of the demanding goals. Some of the key challenges include; employers' non-compliance, highly restricted investment opportunities, high level of manual processes, low social security coverage, and lack of administrative autonomy to enable the institution take situational decisions.

In responding to these challenges, innovative ways have been laid out to meet the expectations of beneficiaries and stakeholders. We remain hopeful that these will further impact performance positively and offer better services for stakeholders.

2. The Drive for Value Creation and Operational Efficiency

2.1 Prudent Investment of Members' Funds

We are very pleased with the improved operational performance in 2018, with consolidated net new money available for investments increasing by 501% and Members' Funds increasing by 11%. Strong investment volume growth and disciplined cost management contributed to this performance.

Performance would have been even stronger if not for the adverse impact of Executive Directives on Members' Funds.

We would like to draw attention to the GMD1.8 Billion Non-Performing State Own Enterprises (SOEs) and Gambia Government Loan Portfolio. Between 2006 and 2013, the previous Government issued several executive directives which instructed SSHFC to issue over twenty-five loans to several SOEs and the Government totaling D1.8 Billion.

Unfortunately, these loans remain outstanding and continue to be a significant drag on performance – it translates to approximately GMD162 million of net losses per annum and remains the reason for our inability to pay interest on the National Provident Fund Members' account.

Management continues to engage the Government for the repayments of these loans.

2.2 New Member Registrations

We grew our membership of employers by 6.6% and employees' base membership by 20.3% for the year under review thus positively impacting the contribution received in 2018 by 3.0%.

2.2.1 New Registrations by Fund:

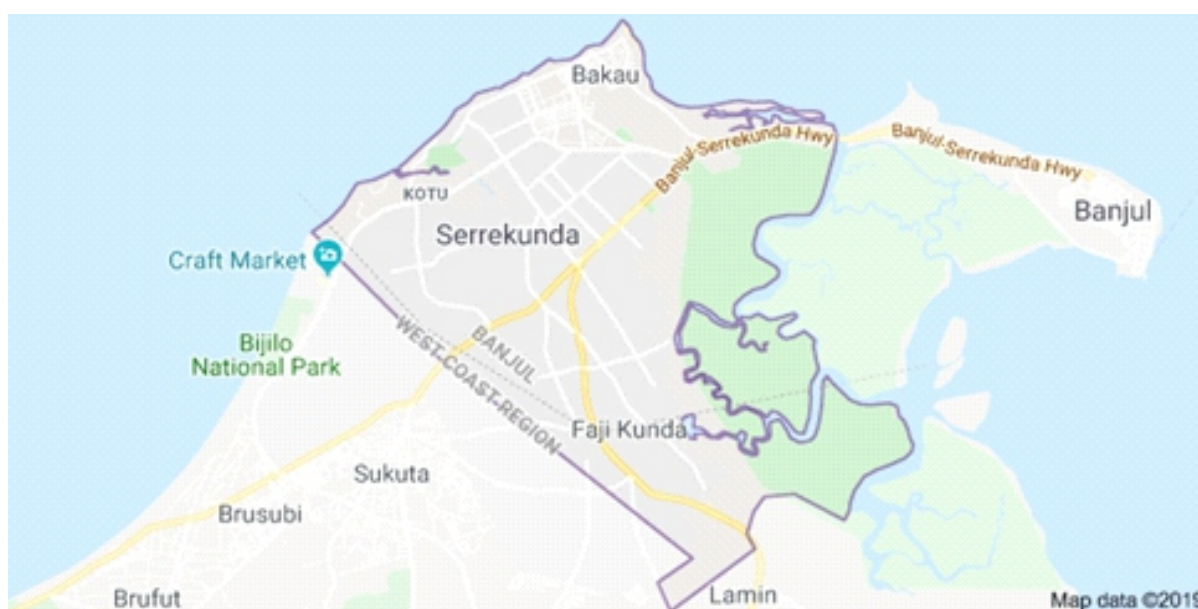
In the year under review, a total number of 256 (3.5%) new employers were registered under the National Provident Fund (NPF); 227 (3.1%) new employers were covered under the Industrial Injuries Compensation Fund (IICF) and the number of employers under the Federated Pension Scheme (NPS) remained unchanged from the preceding year.

Table1 below shows that employers within the Kanifing Municipal Council (KMC) accounted for 86.4% of the total number of new members' institution registered followed by West Coast Region and Banjul with 7.0% and 3.3% respectively. The remaining four regions had a combined total of 3.3% accordingly.

Table 1: New Registrations by Region

Region:	Number of New Employers	Total
Kanifing Municipal Council	208	86.4
West Coast Region	17	7.0
Banjul	8	3.3
Others Regions	8	3.3
Total	241	100.0

The map given below highlights the settlements with the bulk of our members:



2.2.2 New Registrations: Target Vs Actual

Table 2: National Provident Fund

Year	New Employers			New Employees		
	Target	Actual	Variance %	Target	Actual	Variance %
2018	250	256	2.4	5,000	9,337	86.7

During the year under review, 256 new employers and 9,337 new employees were registered into the Scheme.

Table 3: Federated Pension Scheme

Year	New Employers			New Employees		
	Target	Actual	Variance %	Target	Actual	Variance %
2018	1	NIL	0	400	1,331	232.0

During the year under review, no new employer was registered into the scheme; however, the existing employer membership registered additional 1,331 new employees into the scheme.

Table 4: Industrial Injuries Compensation Scheme

Year	New Employers			New Employees		
	Target	Actual	Variance %	Target	Actual	Variance %
2018	200	227	13.0	500	652	30.4

During the year under review, 227 new employers and 652 new employees were registered into the Scheme.

2.2.3 Sectorial Activities of New Employers of NPF, FPS and IICF.

NPF Registered New Members

Commerce stood out as the economic activity with the highest number of employers. The sector accounted for 37.9 % and 26.1% of the total number of employers and employees of the NPF respectively in 2018.

Table 5: NPF Number of Employers and Employees by sector 2018

Economic Activity	No of Employers	No of Employees	% of Total
Commerce	97	2,440	26.1
Other Services	58	2,130	22.8
Construction	27	1,970	21.1
Tourism	36	1,320	14.1
Agriculture	3	800	8.6
Education	29	460	4.7
Transport	5	205	2.5
Mining	1	12	0.1
Total	256	9,337	100.0

FPS sectorial Analysis

There were no new FPS employer registrations in 2018, however new employee registrations increased as a result of recruitments by existing employers.

Table 6: FPS Number of Employers and Employees by sector

Economic Activity	Number of New Employers	Existing No. of Employees
Mainly SOEs	0	1,331

IICF Sectorial Analysis

Commerce stood out as the economic activity with the highest number of employers. The sector accounted for 37.9 % and 26.1% of the total number of employers and employees of the IICF respectively in 2018.

Table 7: IICF Number of Employers and Employees by sector

Economic Activity	No of Employers	No of Employees	% of Total
Commerce	97	2,440	26.1
Other Services	58	2,130	22.8
Construction	27	1,970	21.1
Tourism	36	1,320	14.1
Agriculture	3	800	8.6
Education	29	460	4.7
Transport	5	205	2.5
Mining	1	12	0.1
Total	256	9,337	100.0

2.3 NPF Statement Production

Table 8: Number of statements printed and delivered in 2018

Statements	Quantity
Total profiles verified	16, 534
Total statements printed	16, 534
Total statements delivered	16, 534

2.4 Membership cards

Table 9: Membership cards printed and delivered

Membership cards	Quantity
Cards printed	2,348
Cards delivered	2,348

2.5 Compliance Inspections

We continue to support employers to ensure that their records are up to date and in line with the SSHC Act 2015.

The daily conducted visits to various institutions continue to ensure that non-compliance rate is reduced and that matters are resolved early to limit the potential of channeling cases through the tribunal for enforcement and settlement.

As a result of the support given by the compliance team, 747 employers settled their contributions arrears reasonably without the need for escalation to the courts in the year under review.

2.6 SSHFC Tribunal

We continue to see the benefit of the tribunal in facilitating claims settlement. This has served as a deterrent against non-payment of contributions and also ensures that cases relating to non-compliance are expedited as compared to the regular court. Accordingly, the tribunal has contributed towards increased revenue collection for 2018. A total of twenty-six (26) cases were brought before the tribunal in 2018 and of these, 23 resulted in either immediate settlements or setting up payment plans for clients to settle their debt flexibly.

2.7 Project 59

Project 59 is a proactive customer service approach launched by Management in the year under review to ensure that members' benefits are processed when they reach the age of 59 years for collection when they turn 60. This has improved service delivery by reducing the waiting time for benefit processing.

When fully implemented in 2021, it will ensure that customers are contacted upon their retirement for collection of their claims. In this way, customers obtain their benefits without retiree triggering the process directly.

2.8 Data Cleaning

In the year under review, SSHFC continued the extensive data cleaning exercise which comprised of removing or modifying data that were incorrect, incomplete, irrelevant, duplicated, or improperly formatted within our database. This process will continue into 2019 and beyond until we move from our current information technology (IT) platform to a new one.

Customers continue to benefit from this initiative by improved claim processing which has been shortened from 3 months to 9 days. Running system analytics is also improved by a reduction in system errors resulting from erroneous entries.

2.9 Members Education Program

The member education program is open to all SSHFC members' institutions across the country. Our staffs hold workshops, conferences and other educational events as an important mechanism to enhance customers' knowledge by empowering them with relevant information relating to their contributions and benefits.

Members are at the heart of our service and our service expansion and delivery are based on member awareness and participation. That is why we support our members by providing sessions that is practical, relevant and accessible. Our workshops and conferences are interactive and engaging, enhancing members' confidence and competence. We received written compliments from a number of institutions following these sessions.

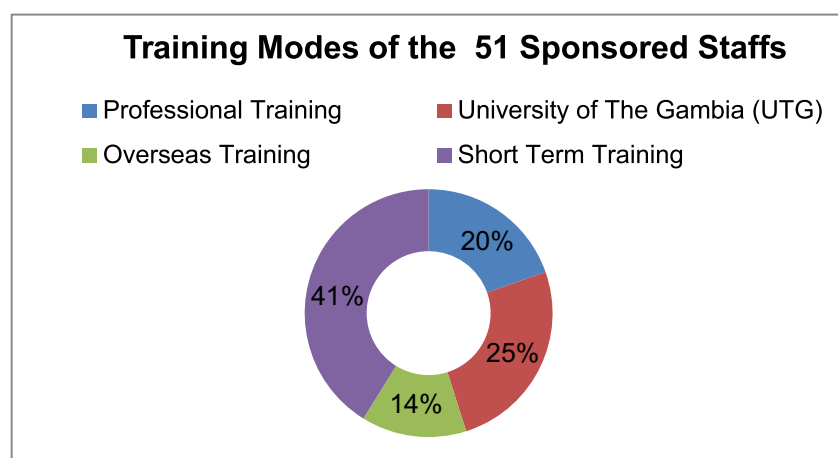
These workshops are offered free of charge and are open to all institutions upon request. We regularly contact institutions to grant us access to organize a workshop with their staffs. This service complements other advertisement and brand communication initiatives that seek dissemination of vital information to our broader member base.

In the year under review, a total of 60 workshops/sessions were organized in members' institutions premises across various regions.

2.10 Capacity Building

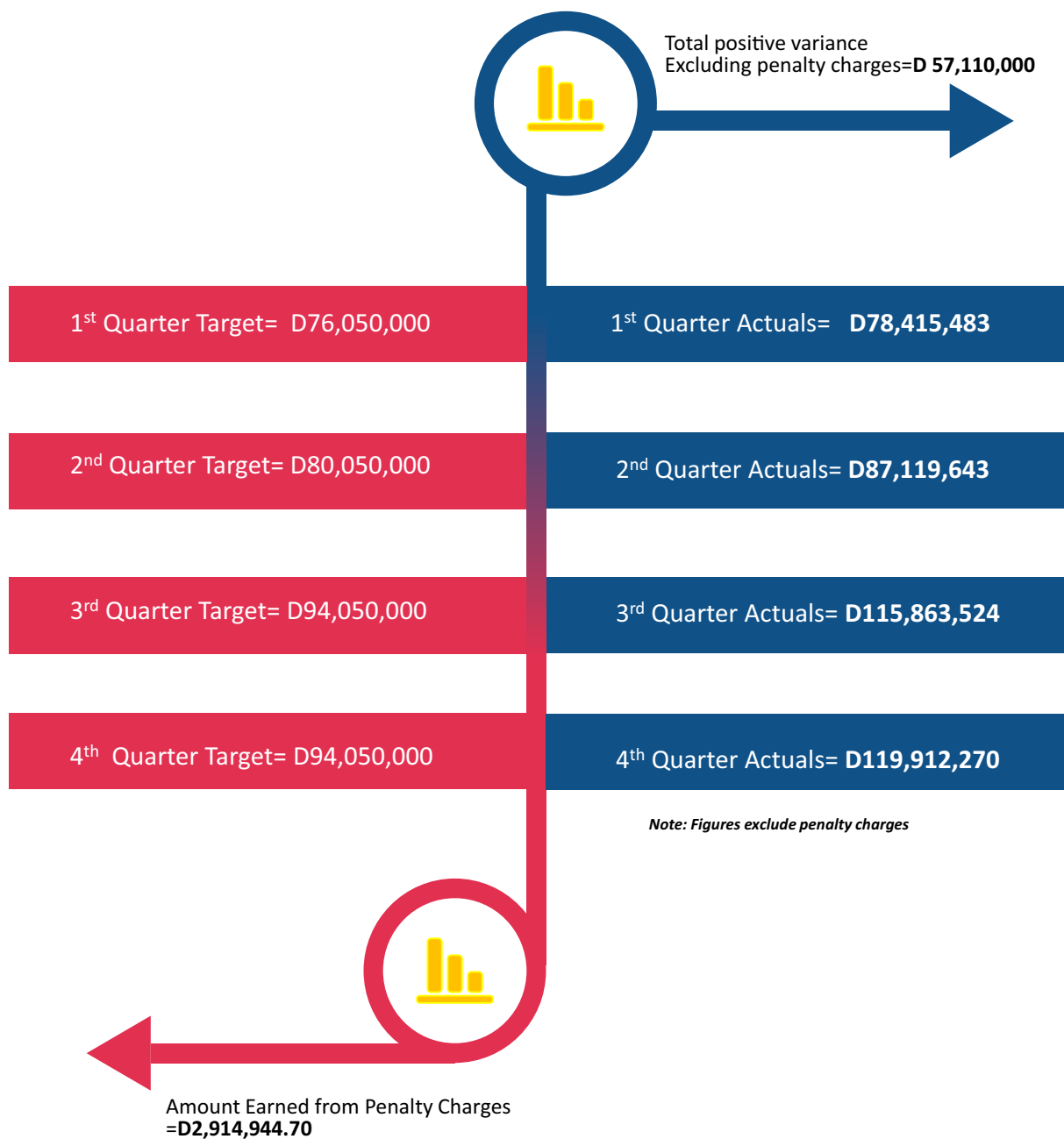
In pursuit of increase operational efficiency, SSHFC continues to ensure that skills are attracted, improved and retained within the Corporation in order to empower staff to execute their roles competently. In the year under review, 51 staffs were accorded sponsorship by the Corporation to further their education. 21 studied short- term certificate programs, 10 staffs pursued professional diplomas at various tertiary institutions, 13 matriculated into the University of The Gambia (UTG), and 7 travelled overseas in pursuit of study advancement. Figure 1 below illustrates the percentage breakdown of these categories;

Figure 1



3.0 PERFORMANCE HIGHLIGHT OF THE FUNDS

Combined Contributions From the NPF, FPS & IICF



3.1.0 Federated Pension Scheme

The FPS being a defined benefit pension scheme provides benefits for employees of mainly Public Enterprise Institutions and is optional for other private establishments. The Fund is managed by the Directors on behalf of the Members in accordance with the SSHFC Act 2015.

In 2018, the total FPS contribution received was D154, 500,346 exceeding a targeted amount of D126, 000,000.

Table 10: Federated Pension Fund for the year ended 31 December:

	2018 D'000	2017 D'000	2016 D'000	2015 D'000	2014 D'000
Total Income	93,130	78,308	66,118	78,861	81,347
General & Administrative cost	(51,425)	(49,351)	(64,963)	(56,579)	(51,968)
Project Cost	-	-	-	-	-
Operating Income before charges	41,705	28,957	1,155	22,282	29,379
Royalties	-	-	(992)	(1,182)	(1,535)
Equity impairment	-	(16,253)	(52,928)	-	-
Surplus for the year	41,705	12,704	(52,765)	21,100	27,844
Total Assets	1,706,797	1,566,823	1,490,935	1,457,535	1,381,974
Members' Fund	1,654,950	1,530,935	1,451,027	1,418,223	1,342,054

3.1.1 Benefits and Claims

In 2018, the total FPS claims received was 298 as compared to 275 in 2017. The total FPS claims paid in 2018 was GMD29, 740, 318 as compared to GMD 31, 023,797 in 2017.

3.1.2 The National Provident Fund

The National Provident Fund is a defined contribution fund that provides funding of savings scheme to its members. The operation of the Fund is guided by the SSHFC Act 2015.

The National Provident Fund is mandated by law to collect compulsory contributions from the private sector employees and employers towards the retirement savings of all workers registered with the Fund.

In 2018, the total NPF contribution received was D248, 216,873 against a budgeted/targeted amount of D237, 000,000.

Table 11 Performance highlight of the National Provident Fund

National Provident Fund for the year ended 31 December:

	2018 D'000	2017 D'000	2016 D'000	2015 D'000	2014 D'000
Total Income	96,631	81,750	74,503	64,036	44,420
General & Administrative cost	(56,983)	(61,928)	(86,313)	(78,138)	(69,201)
Operating Income before charges	39,648	19,822	(11,810)	(14102)	(24,781)
Royalties	-	-	(1,118)	(961)	(753)
Equity impairment	(56,137)	(42,670)	(1,603,167)	-	-
Deficit for the year	(16,489)	(22,848)	(1,616,095)	(15,063)	(25,534)
Total Assets	2,191,953	1,947,118	1,801,414	3,316,128	3,224,822
Members' Fund	3,814,860	3,556,030	3,349,157	3,221,918	3,086,625

In 2018, the total NPF claims received and processed was 700 as compared to 876 claims received in 2017. The total NPF benefits paid out in 2018 was GMD125, 285,750.00 as compared to GMD86, 259,686.00 in 2017. A total of GMD 246,216,873.69 was received for the NPF contributions for the year under review.

3.1.3 Industrial Injuries Compensation Fund (IICF)

The Industrial Injuries Compensation Fund is a social insurance scheme against employment injuries which replaces the Workmen's Compensation Act of 1949.

An actual amount of GMD3, 508,647 was received for the NPF contributions for the year under review against a budgeted amount of D13, 200, 000. The shortfall is due to challenges faced in obtaining contributions from some employers for this fund.

Table 12: Performance Highlight for the Industrial Injuries Compensation Fund (IICF)

Industrial Injuries Compensation Fund for the year ended 31 December:

	2018 D.000	2017 D.000	2016 D.000	2015 D.000	2014 D.000
Total Income	24,126	26,629	26,352	23,926	20,004
General & Administrative cost	(18,994)	(19,419)	(22,051)	(19769)	(18247)
Project cost	-	-	-	-	-
Operating Income before charges	5,132	7,210	4,301	4,157	1,757
Royalties	-	-	(395)	(357)	(329)
Equity Impairment	-	-	(119,250)	-	-
Surplus for the Year	5,132	7,210	(115,344)	3,800	1,428
Total ASSETS	280,493	271,657	251,534	366,602	322,367
MEMBERS' FUND	279,760	271,051	250,905	365,993	320,747

3.1.4 Benefits and Claims

Under the period under review, 31 IICF claims were received and a total of GMD 792,000 was paid out in 2018 as compared to GMD 978,911 paid in 2017.

3.1.5 Housing Finance Fund

The Housing Finance Fund (HFF) is mandated to facilitate Shelter delivery on a sustainable basis; i.e. to promote housing production, manage construction and finance housing schemes.

Table 13: Performance Highlight for HFF

Table 13 Housing Finance Fund for the year ended 31 December:

	2018 D'000	2017 D'000	2016 D'000	2015 D'000	2014 D'000
Total Income	96,381	68,115	98,595	73,169	69,681
General & Administrative cost	(34,046)	(38,954)	(52,689)	(42,957)	(43,224)
Project cost	(7,017)	(9,139)	(41,093)	(33,482)	(28,672)
Operating Income before charges	55,318	20,022	4,813	(3,270)	(2,215)
Royalties	-	-	(1,479)	(1,097)	(1,096)
Equity impairment	-	-	-	-	-
Surplus for the Year	55,318	20,022	3,334	(4,367)	(3,311)
Total Assets	593,871	593,066	539,580	535,531	565,374
MEMBERS' FUND	-	-	-	-	-

In 2018, we started work towards our first rural estate development in Basse, Upper River Region to expand our shelter delivery services and brand to the rural Gambia by 2020.

The perimeter survey of the site and the estate layout plan (the draft is being reviewed) are completed, and the master lease preparation is in progress.

Furthermore, our urban expansion witnessed the creation of two mini layouts within Brusubi Phase II to meet the growing demand for public shelter.

3.2 Investments Performance

When investing, we remain cognizant that contributing members of the schemes expect to receive promised benefits once they retire or become disabled. Contributing members are therefore most interested in the security of the promised pension and benefits. Consequently, it is critical to preserve capital while maintaining a strong funding ratio. Long-term growth is a fundamental investment objective for SSHFC.

Taking the above into consideration, Management would continue to ensure that investments attain the following key objectives:

- To achieve both short and long-term return on the funds' investment portfolio sufficient to meet the funding objectives;
- To optimize return within the defined risk parameters in a prudent and cost-efficient manner while ensuring compliance with the SSHFC Act and all other applicable laws.

Table 14: 2018 INVESTMENT PROFILE

ASSET CLASS	Federated Pension Fund	National Provident Fund	Housing Finance Fund	Industrial Injuries Compensation Fund	SSHFC
	D'000	D'000	D'000	D'000	D'000
Government Securities	197,305	357,842	68,484	102,235	725,866
Bank Term Deposits	245,876	449,036	18,124	117,379	830,415
Equity Investments	456,650	416,769	30,726	44,346	948,491
Corporate Loans	22,411	167,412	-	-	189,823
Mortgages	-	-	219,669	-	219,669
Investment Properties	231,935	618,926	96,055	3,539	950,455
Total	1,154,177	2,009,985	433,058	267,499	3,864,719

Table 15: 2018 INVESTMENT PORTFOLIO WEIGHT AND RETURNS

ASSET CLASS	2018		2017	
	PORTFOLIO %	Return %	PORTFOLIO %	Return %
Government Securities	18.5	8.7	9.0	10.5
Bank Term Deposits	21.2	18.7	22.0	19.5
Equity Investments	24.2	7.8	28.2	3.8
Corporate Loans	6.2	5.4	7.4	6.6
Mortgages	5.6	13.5	6.3	14.6
Investment Properties	24.3	2.7	27.1	1.8
	100		100	

4.0 Actuarial Valuation for 2017

In accordance with Section 30 (1) and (3), of the Social Security and Housing Finance Act 2015, the directors are required to carry out an actuarial valuation of the social security schemes at least once every three years. This valuation is based on matching asset against future liabilities, using investment, economic and demographic assumptions to determine the funded status of the IICF and FPS schemes. The previous actuarial valuation was in respect of the triennial ending 31 December 2017 on the Federated Pension Scheme and for the Industrial Injuries Compensation Fund. The primary objective of the fund which states that the existing assets should be enough to cover fully the value of the benefits in respect of services already completed has been achieved.

The total value of the assets for the Federated Pension Fund (FPS) represents 98.5% of the total actuarial liabilities of the fund i.e. the funding level is 98.5% which mean a deficit of GMD 29.8 Million. This means that the current value of the assets of the FPS is not enough to fully cover the actual liabilities arising from the active and pensioners membership of the fund, it is also noted the funding level has increased since the last formal actuarial valuation as at 31 December 2014.

As a defined Pensions scheme it is the responsibility of the employers to cover any funding gaps of the scheme. A plan is in place to communicate this information to all employers of the FPS.

Existing contribution rates for Industrial Injuries Compensation fund was not adequate to fund the expected benefits over the long term.

5.0 CORPORATE SOCIAL RESPONSIBILITY

During the year under review, the Corporation granted donations to the health and education sectors as part of its Corporate Social Responsibility (CSR) initiative.

5.1 HEALTH

During the year under review, the Corporation donated towards supporting the health of individuals and associations promoting preventative advice to communities on major health issues like HIV by the disbursement of the sum of D82, 205.

5.2 EDUCATION

Thorough scrutiny was done on all sponsorship proposal received to identify only those students in dire need for assistance. The sum of D84, 750.00 was paid to The University of The Gambia (UTG) and other tertiary institutions as donations towards the tuition fees of deserving students.

Federated Pension Scheme (FPS)

Our Federated Pension Scheme guarantees our members regular monthly income on retirement up to the time of death, based on their final salary at the time of retirement.

It is a final pay or defined benefit scheme in view of the fact that benefit payments are based on a defined formula which take into account factors such as age, salary at the point of termination and length of service.

Who is eligible to be covered?

Full time employees of a registerable organization recognized as a member institution who are aged between 18 to 60 years.

Who are registerable organizations for the FPS?

Registerable organisations under the FPS are public or quasi government institutions also known as parastatals. Additionally, the law also permits employers of private institutions who are prepared to take up the sole responsibility of paying full member contributions in order to register their full-time employees under this scheme.

Who pays the contribution and how much?

Under the FPS, employers are required to pay the entire contribution each month on behalf of their employees. At present the set contribution rate is 15% of Gross Salary (i.e. basic salary plus all other fixed allowances).

What benefits are paid out and how?

For most members their concern is when and how to access their contributions. It is important to note that the contributions in the Federated Pension Scheme are for retirement purposes above other considerations. However, apart from the normal retirement, there are contingencies that allow members to get paid a part of their pension in the event of a premature termination of service due to ill health, redundancy or on the grounds of marriage for female members of the scheme or a member who chooses early retirement.

Regulatory Framework:

Earlier Acts of Parliament - The SSHFC Act 1981 and The SSHFC Act 2010.
Current Act of Parliament - The SSHFC Act 2015.

For Further Enquiries Please Contact

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