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SOCIAL SECURITY & HOUSING FINANCE CORPORATION

2015 ACTIVITY REPORT

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1.0 BACKGROUND

The Social Security and Housing Finance Corporation (Corporation) was established in 1981 through enactment of the Social Security and Housing Finance Corporation Act to administer and manage the Federated Pension Scheme (FPS), National Provident Fund (NPF) and Housing finance Fund (HFF). The FPS and NPF which constitute the Social Security Fund (SSF) were introduced by the government to provide retirement benefits to employees to the public and private sector establishments. Participation in the NPF is mandatory for all employers registrable under the Business Act of 1973. The HFF is mandated to promoted housing production; manage construction and Finance Housing Scheme.

In June 1990, the Government of The Gambia passed into law the Injuries Compensation Act. This effectively replaces the Worker's compensation Act of 1949. However, it was not until July 1996 that the new scheme was formally launched introducing a Social Insurance Scheme against employment Injury.

The Social Security and Housing Finance Corporation is a major investor in The Gambia and among the country's largest property developers. The Corporation also owns significant shareholdings in Trust Bank Limited Gambia (36.98%), Standard Chartered Bank Gambia Limited (16.35%) and Gam petroleum (31%).

The Corporation is a key player in the transport and tourism sectors as a result of its ownership of Gambia Transport Service Company (GTSC) and Ocean Bay Hotel and Resort and Sun Beach Hotel.

1.1 MISSION SATATMENT

The Corporate mission of Social Security and Housing Finance Corporation is to provide adequate social protection for the workers, facilitate shelter delivery on a sustainable basis and invest the funds of the Corporation to achieve optimum, returns and contribute meaningfully to the socio-economic development of the Gambia.



1.2 VISION STATEMENT

The Corporate vision at the Social Security and Housing Finance Corporation (SSHFC) is to become the leading institution in terms of financial Management, organizational efficiency, operational effectiveness and customer service delivery. Besides, it is SSHFC's vision to be the best in comparison to similar sub-regional, regional and worldwide institutions.

1.3 PRINCIPAL ACTIVITIES

The principal activity of the Corporation is the administration of the Social Security Funds and provision of affordable housing.

1.6 PAYMENT OF BENEFITS

Social Security and Housing Finance Corporation administers and pays five (5) types of benefits to contributing members in accordance with the provision of SSHFC Act 2015 as follows:-

1.6.1 NORMAL RETIREMENT BENEFIT

Payment to a member who has reached the retirement age of 60 years

1.6.2 WITHDRAWAL BENEFIT

Payment to a member who has attained the age of 45 years to 59 years and is out of regular employment for a period of 3-6 months.

1.6.3 INVALIDITY BENEFIT

It is payable to a member who is permanently retired on the ground of ill health or disability. In this case a medical practitioners' report is required to ascertain the condition.

1.6.4 SURVIVORS BENEFIT

It is payable to the dependant (s) of deceased member.



1.6.5 INDUSTRIAL INJURIES COMPENSATION

This is payable to work related injuries as follows:

- Death or fatal accident
- Permanent total incapacity
- Constant attendance allowance
- Permanent partial incapacity &

Temporary incapacity (Total or partial)

2.0 INVESTMENTS.

The investments of the Corporation entails a diversified investments of the Scheme resources into different areas of the Gambian Economy, in particular, the Financial Sector, Tourism Sector, Service Sector and Residential and Commercial properties.

Investment portfolio of the Corporation at present is locally invested and structured into short, medium and long term investments. The main categories of the investments are the money market instruments (such as The Gambia Government Treasury Bills, Fixed Bank Term Deposits), equity investment in various institutions, properties and real estates.

The Corporation's investment portfolio experienced a 5% growth, increasing from GMD2.528 billion in 2014 to GMD2.649 billion in 2015.



3.0 FEDERATED PENSION SCHEME (FPS)

3.1 INTRODUCTION

The FPS is a defined benefit pension scheme which provides benefits for employees of mainly Public Institutions. The Fund is managed by the Directors on behalf of the Members in accordance with the SSHFC Act 2015.

3.2 INVESTMENTS

The distribution of investments at the start and end of the year is shown below.

Asset class	31 December 2015		31 December 2014	
	GMD000	%of total investment s	GMD000	%of total investments
Gambia Government- Treasury Bills	-	-	-	-
Term Deposits	150,050	16.87	193,342	20.29
Equity Holdings	678,607	76.33	694,207	72.85
Investment Properties	10,374	1.17	10,374	1.09
Loans to Member institutions	50,017	5.63	54,973	5.77
Cash and other investment- balances	-	-	-	-
Total	889,048	100.00	952,896	100.00



The FPS investment portfolio decreased by 7% from GMD952.896million in 2014 to GMD889.048 in 2015 due to inter-fund loans between the funds and the 100% impairment against the Gamco equity holdings of GMD15.6 million in 2015.

3.3 ACTUARIAL VALUATION

In accordance with section 30(3) of the social security and housing finance corporation Act 2015, the corporation is required to conduct an actuarial valuation at least after every three years. The most recent actuarial valuation of the Scheme was in respect of the triennial year ended 31st December 2014 and completed in 31st December 2015.

The main conclusions from this actuarial valuation are:

The primary funding objective of the Fund which states that the existing assets should be sufficient to cover fully the value of the benefits in respect of service already completed has been achieved. The total value of the assets of the Fund represents the 72.7% of the total actuarial liabilities of the Fund i.e. the funding level is 72.7%. This means that the current value of the assets of the Fund is not enough to fully cover the actuarial liabilities arising from the current active and pensioner membership. As a result the Fund has an actuarial deficit.

3.4 MEMBERSHIP AND REGISTRATIONS

The total employer membership count for the year ending 31st December 2015 remained at 84 out of which 58 were active. The employee membership increased by 519 from 13,019 in 2014 to 13,616 by the end of 2015.

3.5 BENEFITS AND CLAIMS

The total FPS claims received in 2015 284 . FPS claims paid amounted to GMD 19,201,455 in 2015 as compared to GMD 27,084,238 in 2014. Benefits, refunds and periodic pension payments in 2015 amounted to GMD 74,158,000 as compared to GMD 73,572,000 IN 2014 and GMD 70,276,000.



4.0 THE NATIONAL PROVIDENT FUND

4.1 INTRODUCTION

The National Provident Fund is a defined contribution fund that provides payment of retirement benefits services 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 registered employees.

4.2 INVESTMENTS

The distribution of investments at the start and end of the year is shown below.

Asset class	31 December 2015		31 December 2014	
	GMD000	%of total investments	GMD000	%of total investments
Gambia Government Treasury Bills	20,239	0.65	-	-
Term Deposits	120,574	3.84	36,250	1.20
Equity Holdings	1,152,080	36.71	1,145,829	37.80
Investment Properties	111,453	3.55	111,453	3.68
Loans to Member institutions	1,734,369	55.25	1,737,451	57.32
Total	3,138,715	100.00	3,030,983	100.00



4.3 MEMBERSHIP AND REGISTRATIONS

The total employer membership count for the year ending 31st December 2015 was 5,189 increasing by 177 new employers from 5,012 in December 2014. The employee membership increased by 3,572 from 119,836 in 2014 to 123,408 by the end of 2015.

4.4 BENEFITS AND CLAIMS

The total NPF benefits paid out in 2015 was GMD 107,278,000 as compared to GMD 86,966,000 in 2014. A total of GMD 236,873,000 was received for contributions in the year under review.

5.0 HOUSING FINANCE FUND

5.1 INTRODUCTION

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

5.2 INVESTMENTS

The distribution of investments at the start and end of the year is shown below.

Asset class	31 December 2015		31 December 2014	
	GMD000	%of total investment	GMD000	%of total investments
Gambia Government-Treasury Bills	-	-	-	-
Term Deposits	25,000	25.13	5,000	6.37
Equity Holdings	40,914	41.12	49,207	62.67
Investment Properties	33,576	33.75	24,310	30.96
Loans to Member-institutions	-	-	-	-
Total	99,490	100.00	78,517	100.00

5.3 CONSTRUCTION OF SAMPLE HOUSES

In a bid to further drive down the cost of housing, SSHFC in partnership with Mam Jarra Bouso Construction Enterprise, Earthworks Construction and JMV have constructed four sample houses under its R & D initiative using alternative building technology. The houses are currently being displayed for public reaction.



5.4 REHABILITATION OF KESS SOCIAL MARKET

The rehabilitation of the KESS market was completed by Metalex Construction. The rehabilitation work included the creation of additional shops and construction of modern toilet facilities. Similarly, both the value and the returns on the investment have been enhanced.

6.0 INDUSTRIAL INJURIES COMPENSATION FUND

6.1 INTRODUCTION

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

6.2 INVESTMENTS

The distribution of investments at the start and end of the year is shown below.

Asset class	31 December 2015		31 December 2014	
	GMD000	%of total investment	GMD000	%of total investments
Gambia Government Treasury Bills	12,068	3.98	-	-
Term Deposits	124,143	40.92	113,635	41.66
Equity Holdings	47,885	15.79	47,885	17.55
Investment Properties	-	-	-	-
Loans to Member institutions	119,250	39.31	111,250	40.79
Total	303,346	100.00	272,770	100.00



6.3 ACTUARIAL VALUATION

In accordance with section 30(3) of the social security and housing finance corporation Act 2015, the corporation is required to conduct an actuarial valuation at least after every three years. The most recent actuarial valuation of the Scheme was in respect of the triennial year ended 31st December 2014 and completed in 31st December 2015.

The main conclusion from this actuarial valuation is:

The fund has been assessed as positive in terms of its Financial Position and adequacy of the employer's contribution of 1% on gross salary, for the next 50 years in terms of the payment of benefits to members.

6.4 MEMBERSHIP AND REGISTRATIONS

The fund registered a total of 13,998 civil servants and 1,560 local authority employees and 604 workmen above the age of 60, who are still on active service. As at 31st December 2015, total membership of IICF stood at 153,186 (inclusive FPS and NPF).



6.5 BENEFITS AND CLAIMS

The total IICF claims received in 2015 was 21. IICF claims paid amounted to GMD 371,700 in 2015 as compared to GMD 347,000 in 2014. Benefits and refunds in 2015 amounted to GMD 1,309,000 as compared to GMD 1,076,000 in 2014 and GMD 1,400,000 in 2013.

7.0 CORPORATE SOCIAL RESPONSIBILITIES

For the year 2015, as part of our Corporation Social Responsibility, the Corporation invested on Health, education and Sports. These efforts are geared towards our contribution in national development. As we are cognizant of the fact that our Institution has a major stake in national development.

7.1 HEALTH

The Corporation has adopted wards in all the major referral hospitals across the country assisting them with their priority needs every year. Edward Francis Small Teaching Hospital (EFSTH), Bansang, Farafenni and Bwiam Hospitals respectively. These include the procurement of a Laundry machine, medical equipment and furniture. The medical students association of the University of the Gambia (UTG) was also provided with sets of uniform (white coats). Individuals were also donated funds to go for medical treatments either locally or internationally.

A total amount of D1, 926, 400.00 was spent on the above as below:-

DONATION MEDICAL		
INSTITUTION/INDIVIDUAL	DONATED ITEM/NUMBER	AMOUNT
Financial assistance to individuals	5	D73,400.00
Donation Gam Blood	1	D10,000.00
Bansang Hospital	1	D122,500.00
Serekunda Hospital	1	D80,000.00
Bwiam Hospital	Blankets	D108,000.00
EFSTH	Bronchoscope machine General	D 1,266,000.00 D200,000.00
Farafenni Hospital	General	D 66,500.00
TOTAL		<u>D1,926,400.00</u>



7.2 EDUCATION

There is a sponsorship package for a number of students in middle, high schools, tertiary Institutes and the University of the Gambia (UTG).

The sponsorship has made it possible for a number of students to pursue higher education thus significantly impacting lives of many.

A total amount of D1, 048,295.00 was spent on education in 2015 as below:-.

DONATION ON EDUCATION

NAME - INSTITUTE	NO. OF STUDENTS	AMOUNT
Lower/Middle school	1	D10,000.00
High school	10	D140,370.00
UTG	11	D302,925.00
Tertiary Institutes	6	D60,000.00
Authors	3	D24,000.00
Students C/O Social Welfare	100	D511,000.00
TOTAL		D1,048,295.00



8.0 CHALLENGES

During this period, Management was faced with challenges of employers' non-compliances on registrations, recoveries of Public Enterprises guaranteed loans directed by the Government, the loans to The Gambia Government and loans to member institutions.

9.0 STRATEGIES

The mission statement of SSHFC is a clear commitment to meet the expectations of our members through improved services, expanded coverage and the efficient management of the Corporation's Funds in order to provide adequate social protection for workers, facilitate shelter delivery on a sustainable basis and invest the funds of the Corporation to achieve optimum returns and contribute meaningfully towards the socio-economic development of The Gambia.

In order to achieve these strategies, the Corporation will pursue the following:

Efficient collection of contributions and accurate accounting for contributions and for benefits which must be promptly paid;

A minimal cost of administration within the desired level of service;

Contributors and Beneficiaries are aware of their rights and obligations.

To continue project and or estate developments in order to address or alleviate the housing and shelter-related problems of the Gambian people;

Monitoring and reviewing administrative performances.

To invest the funds of the Corporation into viable institutions and lucrative portfolio outlets; and

To yearn for customer confidence and established positive image of the Corporation and its processes.



10.0 RISK MANAGEMENT

The Board of Directors has responsibility for Internal Controls and Risk Management. The Board is committed to identifying, evaluating and managing risks of the Funds and to implementing and to maintaining control procedures to reduce significant risks to an acceptable level.

The main risks to which the funds are exposed are:

Mortality Risk – The assumptions adopted by the Board of Directors make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the Funds (notably the Pension and Industrial Injuries Compensation funds) and consequently increases in their liabilities. In liaison with the Actuaries, the Board reviews the fund's mortality experience and assumptions about future mortality and updated at each formal triennial valuation to minimize the risk of underestimating the Fund's obligations.

Operational Risks – These are risks relating to computer failure and poor compliance with contribution obligations, mistakes in record keeping and inadequate staffing, fraudulent transactions etc. Directors continually review the Management of the administration of the Funds in order to mitigate exposures to these risks.

Investment Risk – All investments carry some degree of risk. The Gambia Government Treasury Bills and bonds and Commercial Bank Term Deposits can even lose all their values if the market conditions sour. The vast majority of Corporation's investments are in the Gambia Government Treasury Bills and bonds and Commercial Bank Term Deposits which are considered as low risk investments.



Credit Risk – This is the potential risk of loss arising from failure of a debtor counter party to meet their contractual obligations. The Corporation subject to credit risk through its lending and investing and provision of goods and services (the mortgage facilities for the Housing Scheme) on credit terms. SSHFC's primary exposure to credit risk arises the provision of lending facilities. The amount credit exposure in this regard is represented by carrying amounts of the loans and mortgages on the Statement of Financial Position of the Corporation

