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# SOCIAL SECURITY & HOUSING FINANCE CORPORATION

## 2017 ACTIVITY REPORT

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## 1.0 BACKGROUND

The Social Security and Housing Finance Corporation (SSHFC) 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 shares in Trust Bank Limited Gambia, Standard Chartered Bank Gambia Limited and Gampetroleum.

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

### 1.1 MISSION STATEMENT

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 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 FINANCIAL PERFORMANCE REVIEW

During the year under review, the consolidated performance of the Corporation is as follows:

	2017	2016	%
	D'000	D'000	
<b>Total Revenue/Income</b>	254,802	265,568	-4.33
<b>Total General &amp; Admin. Expenses</b>	(178,791)	(267,110)	-33.06
<b>Operating Income before Charges</b>	76,011	(1,542)	5029.38
<b>Royalties</b>	-	(3,984)	-100
<b>Provisions and Impairment</b>	(58,923)	(1,775,347)	
<b>Surplus/(Deficit)</b>	17,088	(1,780,870)	-100.99
<b>Members' Fund</b>	5,358,016	5,051,089	+6.07
<b>Total Assets</b>	4,378,664	4,083,463	+7.23

## 2.1 INVESTMENTS

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, Gambia Government Bonds and Bank Term Deposits), equity investment in various institutions, properties and real estate developments and.

Over the past five years the trends of the above investments are as below:

ASSET CLASS	2017	2016	2015	2014	2013
	D'000	D'000	D'000	D'000	D'000
<b>GG Treasury Bills</b>	317,087	26,592	32,307	0	0
<b>Bank Term Deposits</b>	769,068	689,977	419,767	348,227	379,596
<b>Equity Properties</b>	989,035	1,029,580	1,919,486	1,937,128	1,813,953
<b>Corporate Loans</b>	950,431	941,075	155,403	146,137	142,255
<b>Total</b>	261,261	349,035	1,903,636	1,903,674	1,834,814
	<b>3,286,882</b>	<b>3,036,259</b>	<b>4,430,599</b>	<b>4,335,166</b>	<b>4,170,618</b>

The total assets investments in the above table rose to its peak in 2015 and slumped in 2016 and hence started to rise again in the year. The reasons for the fall in the total assets in 2016 was due to provisions and impairments on corporate loans and equity investments.



### 3.0 FEDERATED PENSION SCHEME (FPS)

#### 3.1 INTRODUCTION

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

#### 3.2 PERFORMANCE HIGHLIGHTS

	2017	2016	2015	2014	2013
	D'000	D'000	D'000	D'000	D'000
<b>Income</b>	78,308	66,118	78,861	81,347	57,446
<b>Recurrent Exp.</b>	(65,604)	(64,963)	(56,579)	(51,968)	(52,618)
<b>Royalties</b>	0	(992)	(1,182)	(1,535)	(862)
<b>Provision(impairment charges)</b>	(16,253)	(52,928)	-	-	-
<b>Surplus/(Deficit)</b>	12,704	(52,765)	21,100	27,844	3,966
<b>Total Assets</b>	1,566,823	1,490,935	1,457,535	1,381,974	1,275,683
<b>Members Fund</b>	1,530,935	1,451,027	1,418,223	1,342,054	1,239,548

#### 3.3 MEMBERSHIP AND REGISTRATIONS

The total employer membership count for the year ending 31<sup>st</sup> December 2017 remained at 86 out of which 60 were active. In 2017, 488 new members were registered, bringing the membership tally to 14,748. This is an increase of 3.4% over 2016.

#### 3.4 BENEFITS AND CLAIMS

In 2017, the total FPS claims received was 275 as compared to 515 claims received in 2016. The total FPS claims paid in 2017 was GMD31, 023,797.00 as compared to GMD 16,880,451.00 in 2016. Benefits, refunds and periodic pension payments in 2017 amounted to GMD 88,250,000 as compared to GMD 97,066,000 in 2016 and GMD 74,158,000 in 2015.



## 4.0 THE NATIONAL PROVIDENT FUND

### 4.1 INTRODUCTION

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.

### 4.2 PERFORMANCE HIGHLIGHTS

	2017	2016	2015	2014	2013
	D'000	D'000	D'000	D'000	D'000
<b>Income</b>	81,750	74,503	64,036	44,420	62,227
<b>Recurrent Exp.</b>	(61,928)	(86,313)	(78,138)	(69,201)	(75,291)
<b>Royalties</b>	0	(1,118)	(961)	(753)	(933)
<b>Provision(impairment charges)</b>	(42,670)	(1,603,167)	-	-	-
<b>Surplus/Deficits</b>	(22,848)	(1,616,095)	(15,063)	(25,534)	(13,997)
<b>Total Assets</b>	1,947,118	1,801,414	3,316,128	3,224,822	3,076,443
<b>Members Fund</b>	3,556,030	3,349,157	3,221,918	3,086,625	2,886,458
<b>Interest on Members Fund</b>	-	-	5,698	8,752	13,580

### 4.3 MEMBERSHIP AND REGISTRATIONS

The total employer membership count for the year ending 31<sup>st</sup> December 2017 was 5,645 increasing by 251 during the year. In 2017, 6250 new members were registered bringing the membership tally to 136,079. This is an increase of 4.8% over 2016.

### 4.4 BENEFITS AND CLAIMS

In 2017, the total NPF claims received was 876 as compared to 1,174 claims received in 2016. The total NPF benefits paid out in 2017 was GMD86, 259,686.00 as compared to GMD100, 153,000 in 2016. A total of GMD 293,138,000 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, manage construction and financing housing schemes.



## 5.2 PERFORMANCE HIGHLIGHTS

	2017	2016	2015	2014	2013
	D'000	D'000	D'000	D'000	D'000
<b>Income</b>	68,115	98,595	73,169	69,681	73,562
<b>Recurrent Exp.</b>	(38,954)	(52,689)	(41,911)	(39,661)	(38,104)
<b>Project Cost</b>	(9,139)	(41,093)	(33,482)	(28,672)	(9,214)
<b>Finance Cost</b>	-	-	(1,046)	(3,563)	(5,645)
<b>Royalties</b>	0	(1,479)	(1,097)	(1,096)	(1,103)
<b>Provision(impairment charges)</b>	-	-	-	-	-
<b>Surplus/(Deficit)</b>	20,022	3,334	(4,367)	(3,311)	19,496
<b>Total Assets</b>	593,066	539,580	535,531	565,374	612,439

## 5.3 CONSTRUCTION OF SAMPLE HOUSES

### Construction of sample houses at Brusubi Phase 2

As part our Research and Development (R&D), and in a bid to use alternative materials that are environmentally friendly and cheaper than the conventional construction. Light Steel Homes, a registered company in the Gambia, partnered with the Corporation to construct one (three bedroom) bungalow and two (three bedroom) semi detached storey buildings, which started in 2016 and completed in 2017. These houses are now on display at the Brusubi Phase 2 for public viewing and marketing.

## 6.0 INDUSTRIAL INJURIES COMPENSATION FUND

### 6.1 INTRODUCTION

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

### 6.2 PERFORMANCE HIGHLIGHTS

	2017	2016	2015	2014	2013
	D'000	D'000	D'000	D'000	D'000
<b>Income</b>	26,629	26,352	23,926	20,004	21,327
<b>Recurrent Exp.</b>	(19,419)	(22,051)	(19,769)	(18,247)	(20,860)
<b>Royalties</b>	0	(395)	(357)	(329)	(320)
<b>Provision(impairment charges)</b>	-	(119,250)	-	-	-
<b>Surplus/Deficits</b>	7,210	(115,344)	3,800	1,428	147
<b>Total Assets</b>	271,657	251,534	366,602	322,367	307,788
<b>Members Fund</b>	271,051	250,905	365,893	320,746	306,376





### **6.3 MEMBERSHIP AND REGISTRATIONS**

The fund registered a total of 15,152 civil servants, and 1,560 members of local authority employees comprising 623 workmen above the age of 60, who are still on active service.

Consequently, the total membership of the IICF, FPS and NPF stood at 168,162 as at 31<sup>st</sup> December 2017, including those who are above 60 years and below 18 years of age which totaled 623.

### **6.4 BENEFITS AND CLAIMS**

The total IICF claims received in 2017 was 34. IICF claims paid amounted to GMD 978,911.00 in 2017 as compared to GMD676, 000 2016. Benefits and refunds and periodic payments in 2017 amounted to GMD 1,368,000 as compared to GMD 1,055,000 in 2016 and GMD 1,309,000 in 2015.

## **7.0 CORPORATE SOCIAL RESPONSIBILITIES**

During the year, the Corporation continues to extend donations to the health and education sectors as part of its Corporate Social Responsibility (CSR).

### **7.1 HEALTH**

Management maintained the annual support given to our adopted wards in all major hospitals (EFSTH, Serrekunda, Bansang, Bwiam and Farafenni) through the disbursement of the sum of D93, 200.00 in 2017.

### **7.2 EDUCATION**

In this sector, a thorough scrutiny was done this year to identify only those in dire need for assistance. The sum of D72, 425.00 was disbursed to the lower basic school, a senior secondary school, a college and the university, for sponsorship on scholarships.

### **7.3 DONATION - PUBLIC**

In line with our relationship with general public, the sum of D171, 972.00 was distributed to various individuals, Associations and NGOs as donations.

## 8.0 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 in 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.



## 9.0 CONCLUSION

The 2017 results is clear indication of Management's focus on cost control measures as well as increasing the net interest income to improve the Corporation's financial performance and vigorously pursuing the recoveries of debts, etc.