

WELCOME ADDRESS BY CHINELO ANOHU-AMAZU, ACTING DIRECTOR GENERAL OF THE NATIONAL PENSION COMMISSION, AT THE WORLD PENSION SUMMIT 'AFRICA SPECIAL' ON MONDAY 7TH JULY 2014, AT THE CONGRESS HALL, TRANSCORP HILTON, ABUJA, NIGERIA

Protocols.

It gives me great pleasure to welcome you to this inaugural World Pension Summit 'Africa Special' being hosted here in Abuja. In recognition of the increasing significance of Pension Funds in shaping Africa's future, this Summit – the first in its series – is designed to evoke pragmatic, sustainable and most effective initiatives for pension fund governance and regulation in the Continent.

Distinguished Guests, please join me in appreciating the efforts of various stakeholders who have, in spite of their very busy schedules, joined us in Abuja to share experiences and chart the future of Africa's pension industries. We are particularly delighted by the esteemed presence of the President of the Federal Republic of Nigeria, Dr. Goodluck Ebele Jonathan, GCFR, who not only graciously accepted to host this Summit, but has personally come to declare it open. Given the background and diversity of the Speakers, Panelists and other discussants, we shall, no doubt, dissect many of the issues and ultimately proffer solutions that would ensure that Africa remains at the cutting-edge in conceiving and implementing sustainable pension policies.

In the course of our deliberations, we must be mindful of the fact that our hopes and aspirations as a Continent are primarily hinged on the evolution and

development of retirement benefits into a veritable instrument of social change. Not in a theoretical or abstract sense, but in terms of an intrinsic transformation of our institutions, and our operators.

During this Summit, we shall attempt to set out what could be considered a set of challenges that pension professionals and regulators around Africa must surmount, in order to engender the evolution of a retirement pension system that will be rooted in our collective social consciousness. We need systems that are relevant to the fundamental needs of our Continent, and which are dynamic enough to initiate and also respond to developmental challenges facing the Continent in an increasingly interdependent global economy.

Without a doubt, the existence of pensions as an instrument of social redistribution is at the core of contemporary national economies. Indeed, the shift towards contributory pensions is undeniably the greatest evidence of our collective resolve to invest a portion of current earnings, in order to have a more predictable and prosperous retirement in the long term. Not surprisingly, the success of the contributory pension scheme has triggered an exponential growth in pension funds and size of assets under management across the globe. We are very pleased to state that in Nigeria, the value of pension assets has grown from 1.47% in 2006, to 9.57% in 2013 of our national GDP.

As the proportion of retirement income provided by private pensions becomes continues to grow, the regulatory framework designed to protect those funds becomes ever more crucial. The theme of this Summit – 'Shaping the Future' –

thus underscores the imperative of institutionalizing a risk-based approach to the supervision and control of pension markets across the Continent. This risk-based approach focuses on the identification of potential risks faced by pension funds and strengthens mechanisms that are in place to attenuate those risks. This ultimately allows the regulatory agencies to channel their resources towards issues that pose the greatest threat to the stability of the industry.

In the course of the Summit delegates will also deliberate on strategies for developing an appropriate framework for leveraging pension funds across the Continent to accelerate the implementation of critical high-impact infrastructure projects. Infrastructure development remains a key driver and a critical enabler of sustainable growth in Africa and the current favorable economic landscape on the Continent provides a unique opportunity for the public and private sectors to collectively address the infrastructure gaps. Focusing on Africa's infrastructure challenges will indeed help in creating the economic pre-conditions needed for longer-term growth as well as to foster poverty alleviation.

However, disruptive market, demographic, fiscal, and environmental dynamics are fundamentally reshaping Africa's economic landscape. In this new reality, National Governments must think of infrastructure, not in the general but in the specific, understanding the ways in which different infrastructure sectors—such as transportation, energy, and water—are governed, financed, and sustainably delivered. Governments need to outline their priorities given their peculiar economies, competitive advantages, and infrastructure needs. As public finance become more finite, it is expected that the next generation of African

infrastructure will require the public and private sectors to engage and partner in innovative ways.

Beyond Africa's infrastructure needs, a critical challenge facing the Continent is managing the radical change in how projects are funded and financed. Despite infrastructure's fundamental role in promoting national growth and competitiveness, most African Governments have been unable to adequately invest in infrastructure given the decline in traditional sources of government funding and the paucity of funds. Unfortunately, many public finance initiatives remain hamstrung due to the lingering effects of the 2008 global financial crisis. Given the size of Pension fund assets across Africa there is a real opportunity for policymakers to collaborate with pension professionals so as to effectively leverage these assets for sustainable progress. Reaching a consensus on how best to harness the Continent's pension fund assets as catalysts for economic development and prosperity of its economies would thus be a desired outcome of this Summit.

Before concluding, may I use this forum to specially thank His Excellency, President Goodluck Ebele Jonathan *GCFR* for his unwavering commitment to Pension Reform in Africa's largest economy, Nigeria. Mr. President has consistently demonstrated immense conviction and faith in the sanctity and stability of the Nigerian pension industry. Only a week ago, Mr. President signed into law the Pension Reform Bill, 2014 which amended the Pension Reform Act of 2004 and laid the foundations for the next decade in our pension regulation. The new legislation *inter alia* seeks to strengthen the National Pension Commission's

prudential regulatory powers, increase the threshold of pension contributions and most importantly facilitate the creation of additional permissible investment instruments that would drive pro-development initiatives such as investment in critical infrastructure. This is a truly remarkable and enduring legacy to bequeath to Africa's most populous Nation.

I am convinced that we have enough intellectual and professional expertise at this Summit to proffer feasible solutions to the challenges in regulating Africa's pension markets, so as to launch our great Continent unto the path of longer term socio-political and economic stability.

Once again, I thank you all for finding time to attend this very auspicious Summit. I must emphasize that we all have something in common - our interminable faith in the strategic role of Africa in global affairs.

Thank you for your kind attention.