

IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT OF THE
FOURTH REPUBLIC OF THE GHANA



REPORT

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of the

COMMITTEE ON EMPLOYMENT, SOCIAL WELFARE AND STATE ENTERPRISE

on the

2024 ANNUAL BUDGET ESTIMATES

of the

NATIONAL PENSIONS REGULATORY AUTHORITY

for the

2024 FINANCIAL YEAR

DECEMBER, 2023

REPORT OF THE COMMITTEE ON EMPLOYMENT, SOCIAL WELFARE AND STATE ENTERPRISES ON THE 2024 ANNUAL BUDGET ESTIMATES OF THE NATIONAL PENSIONS REGULATORY AUTHORITY

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2024 financial year was presented to Parliament on Wednesday, 15th November, 2023, by the Hon. Minister for Finance, Mr Ken Ofori Atta, pursuant to Article 179 of the 1992 Constitution.

In accordance with Standing Orders 140(4) and 184 of the House, the Rt. Hon. Speaker referred the Annual Budget Estimates of the National Pensions Regulatory Authority to the Committee on Employment, Social Welfare and State Enterprises for consideration and report.

2.0 DELIBERATIONS

The Committee met on Wednesday, 13th December 2023 and considered the Annual Estimates of the Ministry. Present at the meeting were the Hon. Minister for Employment and Labour Relations, Mr Ignatius Baffour Awuah and his Deputy, Mr Bright Wireko-Brobbe, the Chief Director, Heads of Agencies and Officials from the Ministry of Finance.

The Committee is grateful to the Hon Minister and his team for their co-operation and support. The Committee also expresses appreciation to the scheduled officers from the Ministry of Finance for being in attendance to assist the Committee to consider the Estimates.

2.0 REFERENCE DOCUMENTS

The Committee, in considering the Estimates, referred to the following documents:

- i. The 1992 Constitution of Ghana
- ii. The Public Financial Management Act, 2016 (Act 921)
- iii. The National Pensions Act 2008 (Act 766)
- iv. The Standing Orders of Parliament of Ghana (2000)
- v. The 2024 Budget Statement and Economic Policy of the Government of Ghana
- vi. The 2024 Programme Based Budget (PBB) Estimates of the National Pensions Regulatory Authority
- vii. The 2024 Annual Budget Estimate of the National Pensions Regulatory Authority
- viii. The 2023 Budget Statement and Economic Policy of the Government of Ghana
- ix. The 2023 Programme Based Budget (PBB) Estimates of the National Pensions Regulatory Authority
- x. The 2023 Annual Budget Estimate of the National Pensions Regulatory Authority

3.0 CORE FUNCTIONS OF THE AUTHORITY

The National Pensions Regulatory Authority (NPRA) is a Government of Ghana statutory agency responsible for the regulation and policy development of pensions administration in Ghana. The objective of the Authority is to regulate and monitor the operations of Pensions Scheme and ensure an effective administration of pensions in the country. It is established under the National Pensions Act 2008 (Act 766) which provides its functions as follow:

- Be responsible for ensuring compliance with this Act (Act 766);
- Register occupational pension schemes, provident funds and personal pension schemes;
- Issue guidelines for the investment of pension funds
- Approve, regulate and monitor trustees, pension fund managers, custodians and other institutions that deal with pensions as the Authority may determine
- Establish standards, rules and guidelines for the management of pension funds under this Act
- Regulate the affairs and activities of approved trustees and ensure that the trustees administer the registered schemes
- Regulate and monitor the implementation of the Basic National Social Security Scheme
- Carry-out research and ensure the maintenance of a national data bank on pension matters
- Sensitize the public on matters related to the various pension schemes
- Receive and investigate complaints of impropriety in respect of the management of pension schemes
- Promote and encourage the development of the pension scheme industry in the country;
- Receive, and investigate grievances from pensioners and provide for redress
- Advise Government on the general welfare of pensioners
- Advise Government on the overall policy on pensions in the country
- Request information from any employer, trustee, pension fund manager or custodian, any other person or institution on matters related to retirement benefits
- Charge and collect fees as the Authority may determine
- Impose administrative sanctions or fines and
- Perform any other functions that are ancillary to the object of the Authority.

4.0 REVIEW OF 2023 FINANCIAL PERFORMANCE

4.1 Total Approved Budget for 2023

In the year under review, a total amount of **Ninety-Eight Million, Four Hundred and Sixty-One Thousand, Two Hundred and Ten Ghana Cedis (GH¢98,461,210.00)** was approved for the operations of the National Pensions Regulatory Authority. The breakdown of the allocation of the Authority for the year 2023 in terms of cost centres, programmes and sources of funding is provided in Table 1.

Table 1: 2022 Budgetary Allocations by Cost Centres and Sources of Funding

COST CENTER	2023 Approved Budget (IGF) (GHC)
Compensation	40,139,152.00
Goods and Services	48,321,039.00
Capex	10,001,019.00
Total	98,461,210.00

Source: National Pensions Regulatory Authority 2023 Presentation

4.2 Expenditure for 2023

The expenditure returns of the Authority for the year 2023 are provided in Table 2.

Table 2: Expenditure and Releases

Item	2023 Approved Budget	Amt. Released/ Generated	Expenditure	Actual Payment
Compensation	40,139,159.00	32,606,237.00	32,606,237.00	32,606,237.00
Goods and Services	48,321,034.00	42,120,148.00	42,120,148.00	42,120,148.00
Capex	10,001,017.00	10,001,017.00	10,001,017.00	10,001,017.00
Total	98,461,210.00	84,727,402.00	84,727,402.00	84,727,402.00

Source: 2023 Budget Performance of the National Pensions Regulatory Authority

5.0 PERFORMANCE AND OUTLOOK FOR 2023

The National Pensions Regulatory Authority in its bid to create awareness on the importance of Pensions embarked on an education and sensitization exercise in 107 districts in the country.

During the year under review, 29 employers were prosecuted for renegeing their obligation to pay mandatory pensions for their employees. The exercise has enabled the Authority to record an amount of GH¢2,700,00.00 in their books as recoveries.

In 2023, the Authority updated its Business Continuity Plan and adopted an Enterprise Risk Management in its efforts to withstand unforeseen eventualities and build a robust risk framework for an early detection and mitigation of risk in the entire industry.

The Authority however noted that a major challenge confronting the sector is the delay in payment of mandatory pensions contribution from the Government.

The Authority observed and put in measures to address related third-party issues during the year by instituting appropriate corporate governance directives.

6.0 ALLOCATION FOR THE YEAR 2024

For the 2024 financial year, an amount of One Hundred and Thirty-Five Million, Two Hundred and Four Thousand, Four Hundred and Ninety Ghana Cedis (**GHC135,204,490.00**) has been allocated to the Authority for the implementation of its programmes and activities,

The breakdown of the allocation in terms of cost centers, programs, and funding sources is provided in Table 3 as follows:

Table 3: 2024 Budgetary Allocations

Item	IGF (GHC)
Compensation	49,443,071.00
Goods and Services	46,240,169.00
Capex	39,521,250.00
Total	135,204,490.00

Source: 2024 Budget and Economic Policy of the Government of Ghana

7.0 OBSERVATIONS AND RECOMMENDATION

7.1 Growth in Pensions Asset Under Management

The Committee observed a stellar growth in total Pensions Asset Under Management (AUM) increasing from GHC45 billion in 2022 to GHC62.3 billion in 2023. The Committee noted that nominal figures/amounts were used in computing for the growth rate and entreated the Authority to use real figures/amounts instead as the former does not give the true picture of the actual growth which has the tendency of misleading the public.

The Authority stated that the growth in AUM can be attributed to several key factors including an increase in the number of contributors, improved pension literacy, and successful enforcement of the mandatory Tier 2 scheme.

7.2 Return on Investment and Pension Security

To ensure return on investment and security of pension funds, the Authority diversified the investment portfolio by instituting guidelines to achieve positive returns by exploring alternative investment opportunities for a sustainable return on investment especially in the event of hyper-inflation. The Committee reiterated the mandate of the Authority and emphasized the duty imposed on them to guarantee pensions security in the country.

On the impact of the Domestic Debt Exchange Programme (DDEP) on pensions generally, the Ministry indicated that, Pensions Funds were not affected by the DDEP both in value and in yield. The Authority assured the Committee that bond investments restructured as a result of DDEP earn higher yields and value as compared to the previous bonds.

7.3 Adoption of Enterprise Risk Management Programme

The Committee was informed that the Authority is implementing Risk-Based Supervision (RBS) model as part of the SECO phase II project to ensure the security of pensions and effective regulation. The RBS is aimed at automating the NPRA's monitoring and regulatory functions. This automation is to improve the efficiency of obtaining data from regulated entities. As part of the transitional RBS model, new reporting templates were developed and issued to the industry which the industry has been reporting on since May 2023.

According to the Authority the system has led to the development and automation of a Risk Register for the pensions industry to aid in identifying and mitigating potential risk events before their occurrence.

The Committee commended the Authority for being proactive and putting measures in place to ensure the security and sustainability of pensions.



9.0 CONCLUSION AND RECOMMENDATION

The National Pensions Regulatory Authority (NPRA) was established by the National Pensions Act 2008 (Act 766) to regulate and monitor the operations of the three-tier pension scheme and ensure the effective administration of all pensions in the country.

The Authority regulates all the pension schemes and works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them.

In furtherance to the above, the Committee recommends that the House adopt its report and approve the sum of One Hundred and Thirty-Five Million, Two Hundred and Four Thousand, Four Hundred and Ninety Ghana Cedis (**GHC135,204,490.00**) to enable the Authority to implement its programmes and activities for the 2024 financial year.

Respectfully submitted



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HON EUGENE BOAKYE ANTWI
CHAIRMAN, COMMITTEE ON EMPLOYMENT,
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.....
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