



Support to the National Pensions Regulatory Authority Phase II

A well-functioning supervisory authority of Ghana's pension scheme is supporting economic growth

In September 2009, a three-tier pension scheme for all workers was introduced in Ghana. The aim of the NPRA II project is to support the establishment of a well-functioning supervisory authority over this system and thus to enhance NPRA's governance, management and oversight capacity. ECORYS implements the second phase of the project in close collaboration with the Pensions Regulator.

Rationale

Ghana used to operate two major parallel public pension schemes: the Cap 30 and the Social Security and National Insurance Trust (SSNIT) introduced in 1972. In 2004, the Presidential Commission on pensions was set up with the objective to improve benefits and ensure retirement security specific to the socio-cultural context of Ghana. The Commission recommended a three-tier pension structure, modelled on best practice schemes to address the formal and informal sectors' needs. It was established through the National Pensions Act, 2008 (Act 766). The first phase of the NPRA project supported the operationalization of the system. It contributed to NPRA's organizational set up as well as the strengthening of its capacity.

In general, the growth in private pension funds' assets increases capital market liquidity, financial innovation and the deepening of the financial market. Concisely, properly managed pension funds can support capital formation and the demand for competitive financial products and services. The second phase of the NPRA project aims to use this potential and thus to foster economic growth through the establishment of a strong oversight mechanism of the pension system.

Objectives and activities

The second phase of the NPRA project builds on the achievements of the first phase. The program aims to add to the development of NPRA's internal capacity and external oversight as well as compliance enforcement. The design of NPRA II largely addresses pension coverage gaps in the informal sector through the establishment of educational programmes and training of the NPRA staff, the pension industry and the public on Ghana's pension reform.

Country/region

Ghana

Executing agency

ECORYS

Duration

2019 - 2023

Total budget

CHF 1'800'000

SECO contribution

CHF 1'800'000



To achieve the desired objectives, the project comprises of the following three components:

Component 1: *Strengthening NPRA's management and governance:* The objective here is to strengthen NPRA's governance, management and policy-making and to improve its legal and regulatory framework for private pensions.

Component 2: *Strengthening compliance and oversight:* The NPRA within this component is supported to develop a strategic risk based supervision framework consistent with Ghana's pension system needs. Additionally, the development of NPRA's institutional capacity to monitor SSNIT and other pension funds is supported.

Component 3: *Enhance outreach, education and sensitization:* Here the focus is on strengthening staff capacities to sensitize and equip the industry with expertise and knowledge for an efficient implementation of the three-tier pension scheme.

Twice a year, the Project Steering Committee (PSC) meets with all relevant partners including the Embassy of Switzerland in Ghana, the NPRA and NPRA's parent Ministries, the Ministry of Finance and the Ministry of Employment and Labour Relations. The PSC provides strategic guidance to project implementation and fosters dialogue and exchange between partners.

Achievements so far include:

- Completion of the audit and transfer of all the private sector funds from the temporary pension fund account (TPFA) which is being managed now under the auspices of the three new private pension institutions
- A well-established organizational structure was developed, which consequently allowed to fill most key executive positions. In addition, an extensive program of staff exposure to pension policy and other types of training and human capital development was implemented.
- Furthermore, a second round of assessment against the International Organization of Pensions Supervisors (IOPS) principles has been completed and being used to inform development of institutional strategies and planning.

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