

Dr. Odundo's Closing remarks – RBA/IOPS/WF4A/, Nairobi 5 September 2013

Dear IOPS Members, Ladies and Gentlemen,

We now have come to the end of our Workshop on pension supervision. It has been a great pleasure hosting this meeting in Nairobi and I want to acknowledge and reiterate our sincere appreciation to the Making Finance Work for Africa and IOPS who made it possible. I also warmly thank my team from the RBA who put so much work and effort in organizing this meeting.

I believe that I can say on the behalf of the participants that it has been a very informative and productive meeting. We have had lively discussions on a number of policy issues covering the advancement of pension reform in the region and efforts taken to improve the regulatory framework and achieve greater efficiency of supervisory control. The main objective of these policies is to improve trust and confidence in the system.

A lot has been achieved in this area – but also much remains to be done. Considerable efforts have been made to reform existing pension arrangements – social security schemes, schemes for civil servants, – and to develop occupational and individual pension schemes. However, the coverage remains limited – very often at 10 percent of the active population. More work needs to be done to include the extensive informal sector workers and the self-employed. Expanding and improving the governance and risk management of existing private pension schemes also needs to be enhanced. We have also agreed that to achieve such goals, strong government will and political support is essential.

It was highlighted numerously during this Seminar that the development of pension systems should go in line with the expansion of domestic financial systems and capital markets. Domestic pension savings can provide an important source for financing economic growth in the continent. However, our capital markets also need to grow so that they can accommodate these savings. They should offer a wider range of instruments that future retirees can save with. The OECD high level principles of long-term investment offer important guidance for governments and regulators on how to develop long-term saving instruments and how to facilitate the flow of savings into such important assets as infrastructure. Long-term investment of pension funds not only contributes to achieve higher pensions. This investment, if properly managed, can have potentially positive impact on growth, competitiveness and employment, as well as the development of small and medium companies.

We had an instructive section on the supervisory approaches to overseeing the pension sector.

A number of authorities have started to operationalize, while the others are considering implementation of the risk-based supervision. As Ross Jones highlighted, the risk-based supervision is seen as the most efficient regime to monitor the pension schemes. It also enables the cost-effective allocation of scarce supervisory resources.

Governance is another topic which we addressed during the Workshop. A number of speakers emphasized that they have taken efforts to enhance and to strengthen their governance practices. IOPS is in the process of finalising its Good Practices for Pension Supervisory Authorities which can be used as a benchmark for supervisors to compare and to evaluate their governance arrangements and to improve, if necessary.

Modern pension systems require from their stakeholders higher levels of knowledge and understanding of pension issues. Individuals are confronted with difficult decisions in relation to retirement savings. The communication and awareness campaigns can help them to address these complex tasks. Important initiatives have already been taken in various countries of the continent to reach the informal sector and the most vulnerable categories of society. Some innovative approaches are being developed to access a large part of the uncovered population with mobile phones in Kenya and in other African countries.

We have, indeed, had a very productive workshop. Now it is time for me to close our one-and-a-half day work. I would like to take this opportunity to thank all speakers for their enlightening presentations and the delegates for their active participation. I understand that our event will now be followed by a meeting of East-African regulators. We wish them the greatest success in their deliberations.

As for IOPS members, I hope to welcome you all to our upcoming Committee meetings and the Annual General Meeting in Seoul, Korea, followed by the OECD/IOPS Global Forum on Private Pensions at the same venue. I am also delighted to announce that the next year's meetings will be held again on the African continent – hosted by the Namibian Financial Institutions Supervisory Authority.

Thank you and God bless you.