Financial Intermediation In Housing: Periscoping The Contributory Pension Fund

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ABSTRACT

Nigeria's financial system, often dominated by oligopolistic commercial banks interested in short-term lending, lacks the muscle for financial intermediation in housing. This paper does not only place this inability on endogenous elements and inhibiting policy-driving exogenous factors outside the entire banking system but also, recognises the financial weakness of the Nigerian fiduciaries which hardly lends them to this intermediation. With the use of the Comprehensive Contents Analysis (CCA) materials were sourced from relevant legislations, learned papers, bodies and stakeholder-institutions. This was complemented with reports and write-ups in the print and electronic media. It expresses concern on the volatility and vulnerability of PenCom's favoured investment instruments in the domestic and global economic and financial environments yet to recover from the effects of the 2008 global financial crisis and juxtaposes this precariousness and the investment-friendly characteristics of investment in housing. It therefore posits that unlike other fiduciaries, the Contributory Pension Scheme has the requisite financial wherewithal for housing. It finally concludes that PenCom should not only be disposed to investment in housing but more importantly, channel a reasonably large chunk of the huge and idle funds at its disposal to this important social sector on account of their shared characteristics, long-term gestation period being paramount.

Keywords – *Financial Intermediation, Fiduciaries, Contributory Pension Scheme, Comprehensive Constants Analysis.*

1.0 INTRODUCTION

A nation's financial system plays a very significance role in her development and growth. Its effectiveness, efficiency as well as scope have a profound bearing on the constituent sectors of the national economy. Its economic importance is not limited to the economy alone but individuals, corporate economic enterprises and activities, and infact, the entirety of the citizenry are equally affected. Oloyede (1998) opines that "the financial system is an efficient system made up of institutions, markets and instruments". Revell (1973) sees it as "a superstructure created on the basis of the real wealth of the community".

In virtually all climes and economies the world over, the sphere of the influence of an efficient financial system on the economy is governed by some policy-driven variables often with socio-economic implications. Ndekwe (1998) highlights its components thus:

i. Financial institutions – Central Bank, Commercial and Merchant, Development and other specialised banks
ii. Financial instruments – Treasury bills, treasury certificates, development bonds, equity or shares, currency etc.
iii. Financial markets – Money and capital, stock exchange, foreign exchange etc.

However, the Nigerian financial system as in most developing economies, is preponderantly dominated and characterised by oligopolistic, profit-driven commercial banks and complemented by a very few specialised financial institution. Most of these institutions either demand-following or supply-leading, rely on depositors' savings; their main source of funds. Ndekwe (1998) classifies the savers as households, businesses, financial and non-financial institutions or governments as the deficit spenders. They, the savers, usually demand deposits on short-term or with no notice at all.

Among the specialised financial institutions under the umbrella of the Nigerian financial system are Merchant Banks, Agricultural Development Banks, Banks of Commerce, Industrial Development Banks et cetera. The failure of the general financial system, coupled with the whims of the monetary market forces which disregard the social imperative of the target sectors, puts these specialised institutions in distinct category and substantially accounted for their essence and subsequent establishment. However, their activities, like those of the profit-driven commercial banks are regulated by the Central Bank of Nigeria (CBN) through its Monetary and Credit guidelines periodically since the CBN owes the nation the duty of systemic economic stability and prudential regulation of her financial sector. Prominent among there guidelines are Monetary Policy Rate (MPR), Liquidity Ratio, Cash Reserve Ratio, Credit Ceiling (on aggregate loans and advances) et cetera. But of paramount concern to this paper is the dominant commercial banks' strict adherence to the Bank Loan Theory which places high premium on their preference for short-term loans and imperative of self-liquidation. This adherence encourages the deliberate insulation of the huge funds at their disposal from advances for housing which characteristically has long-term gestation period.

2.0 RELATED THEORETICAL CONCEPTS

2.1 Financial Intermediation

Financial Intermediation is a process which facilitates savings and investment through the mobilisation of savings from surplus spenders to investment by deficit spenders (Moore, 1968). Although the process provides the mechanism for lending and borrowing in the financial market, its amenability to institutional interventions by the CBN often inhibits its essence. With CBN regulations, the process does not readily gravitate to the smooth and unfettered financial intermediation in housing and indeed, the entire real estate sector.

Although, housing provision requires huge capital outlay especially on long-term basis, the augmentation of sponsor's equity capital with external loans is the common practice in real estate construction. The Nigerian financial system, by character, regulation and operation, lacks the requisite financial muscle and impetus for the peculiarities of housing finance. This is so because the short-term nature of the loan advances of the dominant commercial banks hardly lends the system to an efficient financial intermediation model in the task of resource mobilisation and allocation in the housing sector of a capitalist or mixed economy as Nigeria's.

Commercial banks are Deposit Money Banks (DMBs) which statutorily accept deposits of all manner of terms (short, medium and long) from individuals, the private sector and government, and subsequently grant mainly short-term loans and advances. The quantum of the funds at their disposal is a function of many variables such as the general state of the national economy, per capita income, disposable income including its proportion for saving, poverty level, among many others. Whatever the quantum, the funds are not only insulated from end-users with long-term redemption period but also the illiquidity of housing funds (Soyibo, 1996). Of equal importance and consideration too are the structural regulations which limit the degree of risk an institution can take in order for government to protect investors' funds (Pilbeam, 2005).

2.2 Housing Finance System

The Housing Finance System is the totality of laws, institutions and structures in the housing subsector, including the relationship involved in the provision or facilitation of provision of finance for housing (Agbola, 2005).

Today, Nigeria's housing finance system is constituted on the one hand by public institutions often with overlapping and interwoven functions and on the other, privately established bodies or organisations. The system is primarily made up of the following

i. Federal Mortgage Bank of Nigeria (FMBN)
ii. National Housing Finance (NHF)
iii. National Housing Policy (NHP)
iv. Primary Mortgage Institutions (PMIs)
v. Federal/State Housing Authorities/Corporations
vi. Federal/State Ministries of Lands, Housing & Urban Development
vii. State Building/Property Investment Companies
viii. Privately-owned Housing Co-operative Societies
ix. Staff Housing Schemes (public & private)
x. Estate Units of Local Government Councils
xi. Corporate/Private Real Estate Developers etc

The several failures of these bodies in relation to financial intermediation in providing housing to majority of Nigerians particularly the low-income group, provides the platform for the search for some more effective and efficient resource bases for national housing. This informed the intervention by capable fiduciaries, particularly, the Contributory Pension Scheme (CPS).

2.3 Fiduciaries

The Chamber 21st Century Dictionary defines Fiduciary as “any person, body or organisation that holds anything in trust”. However, the scope of this paper only covers financial trusteeship of fiduciaries, with focus on the Contributory Pension Fund (CPF) established vide the enactment of the Pension Reforms Act No. 2004.

Fiduciaries, like banks and similar institutions, hold money in trust for the people (usually subscribers and customers). They include Insurance Companies, Pension Fund Schemes, Staff Housing Schemes, Co-operative Societies et cetera. However, the restriction often placed on a paper of this nature informed the limitation of this study to the Contributory Pension Fund as a veritable source of funds for home-ownership for the teeming homeless masses in Nigeria.

3.0 RESEARCH METHODOLOGY

The Comprehensive Contents Analysis (CCA) was the main methodology engaged in this paper. Its peculiar characteristics such as accuracy, appropriateness and relevance of materials for the review of literature, policies and programmes of government and its relevant agencies influenced its adoption.

These sources were complemented with collated analyses by the print and sometimes electronic media which deal extensively on issues relating to the topic from the perception of history, legislations and performance. For instance, the history of Pension Fund administration, past schemes and causes of their failures etc. were sourced from the media. The current trends in the Pension Industry reported in Nigerian dailies provided useful materials in some key areas of the paper.

4.0 PENSION FUND INDUSTRY – HISTORICAL PERSPECTIVE

The Pension Reforms Act of 2004 gave enablement and fillip to the extant Pension Fund Scheme managed by the National Pension Commission (PenCom). Its enactment was a fall-out from the monumental failures of past Pension Schemes which were unsustainable on account of corruption and inefficient administration. All these culminated in and influenced their serial abrogations.

The erstwhile schemes included the following

i. Pension Ordinance of 1951
ii. National Pension Fund (NPF) of 1961
iii. Pension Act No. 2 of 1971
iv. Armed Forces Pension Act No. 103 of 1979
v. Police and other Agencies Pension Scheme of 1987
vi. Local Government Staff Pension Board of 1987
vii. National Social Insurance Trust Fund (NSITF) of 1993

All these schemes, except the 1951 Pension Ordinance enacted and administered by the Colonial government, were products of indigenous conceptualisations, hence, their enactment enjoyed applause. However, the mass corruption associated with their individual regimes resulting in their non-sustainability eventually informed the serial abrogation. Ojo and Omotosho (2007) summarise the situation in the industry thus: “The 2004 Pension Reform therefore is a process of reviewing the erstwhile lacklustre systems that left more wrinkles in the minds of pensioners than the wrinkles on their faces as a result of old age”.

5.0 THE CONTRIBUTORY PENSION SCHEME (CPS)

The Pension Reforms Act including its product, the Contributory Pension Scheme (CPS) came into existence in 2004. The new Scheme identified stakeholders and saddled them with responsibilities, entrenched strategies and regulations towards the realisation of its objectives and goals. The major stakeholder institutions include the National Pension Commission (PenCom), Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs).

The primary objectives of the new scheme towards the amelioration of the problem encountered by retirees in both the public and private sectors of the economy include

i. Ensuring that every person who has worked in either sector receives his retirement benefits as and when due;
ii. Assisting prudent individuals by ensuring that they save to cater for their livelihood at old age;
iii. Enabling a uniform set of rules and regulations for the administration and payment of retirement benefits in both the public and private sectors; and
iv. Stemming the growth of outstanding pension liabilities.

The achievement of these lofty objectives is dependent on many indices factored into the enabling legislation. However, key issues germane to this paper are funding, management and asset investment of the huge pension funds and how the success in all these elements will reasonably encourage the financing of housing in the nation.

5.1 Funding

Each employee contributes a minimum of 15% of the total of his basic salary, housing and transport allowances. The components of this contribution are two equal amounts; $7^1/_2$% deducted from source and the counterpart $7^1/_2$% contributed by his employer. The 15% total payment (contribution) is remitted in the employee's Retirement Savings Account (RSA) in the custody of his freely appointed Pension Fund Administrator (PFA). The only exception in this structure is that Military personnel enjoy some concession. With them $2^1/_2$% is deducted from their pay while government, the employer, contributes the $12^1/_2$% balance to amount to 15%.

Private sector participant may key in into the scheme. They could however enjoy concession. The notable one is that an Employer could elect to pay any proportion of his employee's contribution so long as the arrangement is acceptable to the latter and the mandatory 15% total contribution is maintained. Also, private sector employers with less than five (5) employees enjoy exemption from the scheme.

5.2 Management

Pursuant to the attainment of the objectives of the Pension Scheme, the Pension Reforms Act of 2004 recognises three (3) principal stakeholders in the effective and efficient management of the Contributory Pension Funds and assets. They are the PenCom, PFAs and PFCs.

i. Pension Commission (PenCom):- The Commission which commenced operation in December 2004, regulates and supervises all activities in the Pension industry. It therefore ensures the effective administration of Pension matters in Nigeria. Statutorily, it performs oversight functions/responsibilities in the Pension industry to ensure the following:

- Prompt payment of Pension funds to beneficiaries in prescribed manner and proportion;
- Remittance of all pension contributions within the statutory time limit, to PFCs and immediate notification of collection by them (PFCs) made to the PFAs. The PFAs must with dispatch, credit the RSAs of the contributors all as statutorily prescribed;
- Effective administration of all pension matters in Nigeria;
- Issuance of licenses to deserving PFAs;
- Safeguarding pension funds with effective regulations and guidelines to all stakeholders in the Pension Industry;
- Ensuring the quality or worthwhileness of investible instruments for the purpose of investing pension assets. To this end, PenCom appoints and approves Risk Rating institutions for this role.

5.3 Assets Investment

The allowable instruments or windows of investment of PenCom have been broadened over the past years. This was occasioned by economic expediences. However, the 2nd Quarterly Review (2010) of the Commission highlighted the following:

a. Bonds, treasury bills and other securities issued by the Federal Government and Central Bank of Nigeria (CBN) or agencies and companies owned by the Federal Government (FG) provided the securities are fully guaranteed by the CBN and FG;
b. Bonds issued by eligible state and local governments or state government agencies or wholly-owned companies provided that such securities are fully guaranteed by Irrevocable Standing Payment Orders (ISPOs) or external guarantees of eligible banks or development finance institutions;
c. Bonds, debentures, redeemable/convertible preference shares and other debt instruments issued by corporate entities, including assets backed securities and infrastructure bonds;
d. Ordinary shares of public limited liability companies listed in a Security Exchange Commission (SEC);
e. Money market instruments of banks and discount houses as well as commercial papers issued by corporate entities;
f. Open/close-ended/hybrid investment funds registered with SEC;
g. Real estate investments through Mortgage-Backed Securities (MBS) and Real Estate Investment Trusts (REITs) registered by SEC;
h. Supra-national bonds owned by eligible MDFOs;
i. Private equity funds registered with SEC.

These investment windows are within the gamut of the Global Investment Portfolio guidelines adopted by PenCom in its investment consideration. The Portfolio is illustrated in Table 1.

Table 1: Global Portfolio Limit for Pension Fund Assets

S/N	Asset Classes	Previous Guidelines	Revised Guidelines
1.	Government Securities	FG Securities: 100% State Securities: 30%	FG & CBN Securities: 80% State & LG Securities – 20% if backed

			by ISPO and 3% if otherwise
2.	Supra-national Bonds	n/a	20%
3.	Money Market Instrument	35%	35%
4.	Ordinary Shares	25%	25%
5.	Infrastructure Funds	n/a	5%
6.	Private Equity Funds	n/a	5%
7.	Open, Close-ended & Hybrid Funds	5%	20%

Source: PenCom, 2nd Quarterly Review (2010)

6.0 PENCOM'S CURRENT INVESTMENT INSTRUMENTS

PenCom's general investment structure is captured in Table 2. Ignoring the peculiarities of real estate finance, the suitability of Contributory Pension Fund for real estate investment including the security associated with it, the commission's investment consideration, like with shrewed investors, corporate or individual, often favours high-yield, short-term instruments with little or no regard to the incidental risk.

PenCom's three (3) leading investment instruments, in order of preference, are Government Securities, Money Market Securities and Ordinary Shares. Ordinarily, the commission could place its consideration on the guidelines of the Global Portfolio limit. However, the investment structure is captured in Table 2.

Table 2: Pension Industry Portfolio

Asset Class	2006		2007		2008		2009		2010	
	₦ (Billions)	%	₦ (Billions)	%	₦ (Billions)	%	₦ (Billions)	%	₦ (Billions)	%
Ordinary Shares	94.26	26.09	243.44	29.86	220.54	20.07	220.71	14.44	372.1	18.89

Government Securities	84.45	23.37	279.74	34.32	350.83	31.92	531.95	34.79	829.2	41.36
Money Market Securities	106.22	29.39	186.01	22.82	332.44	30.25	542.22	35.46	489.3	24.10
Corporate Debt Securities	0.72	0.20	0.24	0.03	15.12	1.38	31.18	2.04	50.7	2.50
Real Estate	59.98	16.60	79.08	9.70	125.50	11.42	142.96	9.35	170.5	8.4
Other Assets	15.72	4.35	26.68	3.27	54.56	4.96	59.97	3.92	116.2	5.73
TOTAL ASSETS	361.35	100.00	815.19	100.00	1098.99	100.00	1528.99	100.00	2028.0	100.00

Source: 1. PenCom's Quarterly Reviews (2010 – 2012)
2. The Nations Newspaper Feb. 4, 2011 (pp. 26 by Akinola Ajibade (2011)
3. Extraction from Afrinvest West Africa, 2011

Table 2 presents PenCom's investment instruments, including their individual values and corresponding percentages, between 2006 and 2010, the period for which records were available. The average percentages for PenCom's three leading investment instruments within the captured time range were 33.15% (Government Securities), 28.40% (Money Market Securities) and 21.87% (Ordinary Shares). Therefore, in the 5-year period (2006 – 2010) when PenCom's total investment assets were cumulatively ₦5.83trillion, the three leading instruments attracted ₦4.88trillion constituting 83.82% of the Commission's investment assets. Real estate which ostensibly subsumes housing, the kernel of this paper, had a comparatively paltry amount of ₦578.0billion (9.92% of PenCom's investment assets).

7.0 PROPOSITION

This paper appreciates the inabilities of the Nigerian financial system and indeed the domineering commercial banks, in providing adequate funds for housing to eventual beneficiaries, under favourable terms and conditions. The reasons adduced for this inability include

- Low capital base of financial institutions;
- Short/Medium terms of their funds;
- Adherence to Commercial Bank Loan Theory and Real Bill Doctrine;
- Long gestation period of housing/mortgage products;
- Illiquidity of loans for housing/mortgage

It is therefore in the context of the juxtaposition of these inabilities and the social imperative of housing with the widening chasm between Nigeria's current Housing Stock and Housing Need that this paper canvasses argument in favour of investing a gargantuan chunk of PenCom's huge assets in housing. It is a position informed by the following factors

a. Increasing numerical strength of participants
b. Precariousness of Nigeria's domestic economy
c. Uncertainties in global investment environment
d. Peculiar challenges of Nigeria's Pension industry
e. Suitability of Pension Fund for housing
f. Idleness of the huge funds at PenCom's disposal

7.1 Increasing Numerical Strength of Participants

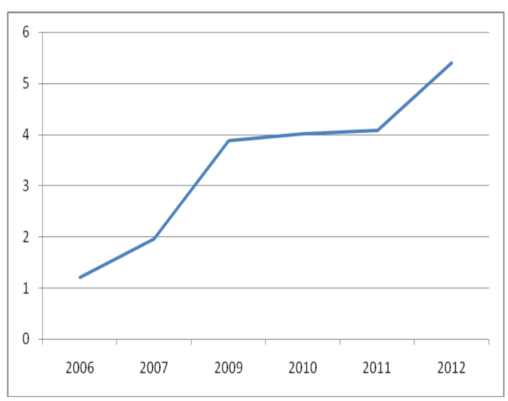
The ceaseless growth of the Contributory Pension funds is a function of two variables, namely growing number of participants; and their equally increasing contributions, severally and collectively. These two variables move sympathetically with each other, in the same direction of steady growth. The yearly population figures of participants in both the public and private sectors of the national economy in various PenCom's Quarterly Reviews were captured in Table 3 with graphical illustration in Fig. 1

Table 3: Participants' Numerical Growth

Year	Reg. No. of Participants (Millions)
2006	1.20
2007	1.96
2008	$^{n}/_{a}$
2009	3.88
2010	4.01
2011	4.07
2012	5.40

Source: PenCom

Fig. 1: Graph of No. of Participants



Both Table 3 and Fig. 1 show PenCom's participants' numerical growth between 2006 and 2012. The assets of the commission, rationally, will move in same direction of growth. The recent mechanisms put in place by PenCom were suggestive of imminent and continuous growth of its funds. Kolawole (2011) posits that "Nigeria's Pension Fund was estimated to currently have assets in excess of #2trillion while the potential market of the Pension Fund industry would be as much as ₦18trillion.

Towards the realisation of this huge potential, PenCom was employing the following methods to encourage greater employer-employee participation:

i. Initiation of moves at forcing errant employers into compliance with the provisions of the Pension Reforms Act of 2004 by seeking the approval of the Attorney-General of the Federation to enable it (PenCom) institute criminal proceedings against employers that refuse to deduct and/or remit pension contributions within stipulated time (Eshiet, 2012).
ii. Adopting negotiation persuasion and moral suasion (Popoola, 2011).
iii. Invoking the provisions under Section 85 of the Pension Reforms Act (PRA) of 2004 by engaging the services of 172 Debt Recovery agents to collect unpaid contributions from employers with interest penalty slammed on such forced remittance (Eshiet, 2012).

7.2 Precariousness of Nigeria's Domestic Economy

Nigeria's economy is precarious with its economic indices hardly friendly to investments. Therefore, the unhealthy economic indices, coupled with the current security challenges do not easily lend the economy to vulnerable investment instruments particularly the capital/money market. It is an economy that lacks the financial muscle and perhaps enabling political environment to withstand the effects of crisis in any segment of its market. The International Monetary Fund (IMF) quoted by Ogundele (2012) describes the Nigerian financial market as one which does not only lack the depth but that her domestic money and capital market, like most sub-Saharan countries, remains under-developed and shallow, offering mostly short-term instruments".

7.3 Uncertainties in Global Investment Environment

In 2008, the world experienced a monumental financial crisis which negatively impacted on the economies of all nations, developed and developing. Most affected nations are till date yet to recover from the crisis. Nigeria is an example. Adigun (2009) summarises the crisis claiming that "in 2008, global pension assets fell by $5trillion due to the crisis" and further captures the fall in the indices of some advanced countries thus:

i. USA – Retirement Savings Accounts (RSA) lost $2trillion
ii. UK – 89% of private pension scheme became unhealthy due to stock market crisis
iii. Chile – Pension fund which was $94.3billion in October, 2007 had dropped abysmally to $69.1billion in October, 2008.

The Nigerian Pension industry was not totally insulated from the crisis inspite of the vaunted Safety Net adopted by PenCom. Adigun (2009) posits that "Nigeria's RSA which was ₦47.77billion lost about 7% due to the crash in equities". However, of greater contribution to the partial insulation was that approval for PenCom to invest in foreign currency was granted only in 2010, hence the Commission's domiciliation of assets in foreign banks commenced about two years after the global financial crisis. The national economy and indeed the Pension Industry could possibly have been worse-off if the approval predated the 2008 crisis.

7.4 Peculiar Challenges of Nigeria's Pension Industry

The current untowards development in the local Pension Industry is worrisome. The industry is corruption-infested. The huge and continuously accumulating funds in PenCom's vaults have become too tempting for officials of the various institutions, bodies and organs saddled with the management of the funds.

The vulnerability of the funds is underlined by numerous pension fund fraud-related cases reported by the media. A very few of such cases were captured thus:

i. We looted ₦14.3billion Pension cash, suspect confessed (Alli et al, 2012)
ii. Pension Fund Scandal: Task Force recovers ₦151.6billion, 47 fraudulent Accounts also discovered (Alli, 2012)

iii. Senator uncovered ₦3billion Fake Pension Accounts (Ogundolire, 2010)
iv. ₦32.8billion Pension Fraud: KPMG for rescue job (Alli, 2012)
v. Pension Probe: ₦8billion traced to Task Team's brother's accounts (Onyedi, 2012)
vi. The Pension Fund Cesspool: Panel battles to unravel who stole billions (Ajiebor and Anofi, 2012)
vii. ₦32.8billion Pension Cash Trial: Court remands Permanent Secretary, Directors, four others (Ogundele, 2012)

No doubt, all these cases and the huge amounts involved in each case underline the fact that the size of funds at PenCom's disposal is large enough to accommodate investments in the nature of housing which require huge capital outlay although with low-yield and long-term gestation period.

7.5 Suitability of Pension Fund for Housing

The peculiar characteristics of the accumulating Pension funds are in tandem with the nature of ideal source of finance for housing. These include stability, regularity, continuity, sustainability, staggered contribution reflecting the structure of entry and exit in the scheme by participants, long-term gestation period et cetera.

Many scholars, professionals of repute and even resource managers have at different fora, canvassed argument in favour of the suitability of PenCom's funds for housing. Kolawole (2010) quoted Bode Adediji, the immediate Past President of the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and Stephen Jagun, a former National Secretary of the same institution. The former was quoted to have contended that "…… Housing is the best place to invest such fund (Pensionfund) because of the low-risk associated with housing scheme". The latter, aligning with him, articulated that "the only plausible thing to do is to channel the long-term funds from Pension contributions into housing development".

Njoku (2011) borrowed experience from the international community with his affirmation that "some of the projects abroad are funded with money from the Pension funds because the man that is still 25 or 30years today will still be in gainful employment for the next 30years". Fasola, the Lagos State Governor quoted by Okenwa (2011) says "considering the astronomical rise in the voluntary contributions and the Pension Funds currently put at ₦2.5trillion, investing the accruing huge facility in the custody of PFAs in housing development is appropriate rather than continued exposure to the highly volatile capital market".

7.6 Idleness of Pension Funds

PenCom's admittance of its search for viable investment outlets to engage the idle funds at its disposal was economically unsound, hence untenable. Ajibade (2011) summarises the disturbing admittance. "…… the Commission (PenCom) appreciated the huge accumulations and the corollary dearth of investible outlets for the ever-growing assets". This was an unwarranted search which lacks justification moreso when a large pool of investible funds in the magnitude of the PenCom's can be channeled to housing in a nation with very large Housing Need.

8.0 CONCLUSION

This paper appreciates the existence of attractive investible outlets of interest to PenCom with trillions of Naira in its kitty begging for use and engagement. It also recognises the imperative of housing and particularly the need for its government-propelled provision, as a social responsibility to the citizenry. Yet, Nigeria paints the picture of a clime characterised by incapabilities of its financial system, citizens and government itself to ensure adequate and affordable housing for the people. It further relays the history of a system failure of the Nigerian Pension Industry but sees the prospects of the extant Pension Fund Scheme particularly in the realm of sustainability.

It is therefore in the perspective of all these indices that it finally concludes that the funds with PenCom are characteristically huge and good enough to meet the quantum required for housing finance. With this, the teeming masses of homeless Nigerians could be assisted to own houses of their own with the Pension Funds.

9.0 RECOMMENDATIONS

Governments generally owe the citizenry the duty of guaranteeing decent and affordable housing. Under a democratic dispensation like Nigeria's, housing is a right; an important one among the dividends of democracy (Onakoya, 2003). Local legislations and some global organisations to which Nigeria is a signatory have variously expressed concern for housing the citizenry regardless of social or economic status. Among such concerns were expressed thus:

i. "Suitable and adequate shelter…… are provided for all citizens" (Section 16(2)(d) of the 1999 Constitution of The Federal Republic of Nigeria
ii. "The Right to property shall be guaranteed" (Article 14 of African Charter on Human and People's Right (Ratification & Enforcement) Act)
iii. "Everyone has the right to a standard of adequate living for the health and well-being of himself" (Article 25 of the Universal Declaration of Human Rights).

However, the satisfactory provision of housing for the citizenry depends on fund and most importantly, its adequacy. But the Nigerian financial system and virtually all structures operating within the system are incapable of providing finance for housing. The recourse to periscoping the huge funds in the vaults of PenCom and the PFAs for succour was informed by many reasons explained in Section 7 of this paper.

It is therefore in the context of this fact that the following recommendations are suggested.

1. PenCom is a legislative creation. Therefore, government should compel it to improve substantially on its structure of assets investment in favour of real estate generally and housing in particular
2. Government should encourage the formation of Housing Co-operative Societies of participants in the Pension Fund Scheme. Such societies could then access the PenCom's fund for housing on behalf of members whose RSAs in the PFAs' custody should stand as collateral in loan arrangement. Maximum loan for each member should be relative to his RSA credit balance and re-payable before the exit of the member-beneficiary from the scheme

3. The generalisation of Real Estate in the Pension Industry Portfolio is a tacit relegation of Housing to obscurity inspite of its social importance. It is therefore recommended that Housing should necessarily attract conspicuous recognition and given deserved financial allocation among the many investment instruments of PenCom
4. According to Njoku (2011), the Director-General of PenCom, Ahmed Muhammad was quoted to have said that "government should amend Land-Use Act in order to encourage the commission to put its fund into housing". Addressing this contention should involve both the government and PenCom in removing inhibiting provisions of the Land-Use Act to accessing the huge funds with PenCom, for housing development.

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