

MICRO-PENSION INCLUSION AND PRODUCTIVITY IN NIGERIA'S INFORMAL SECTOR: RETHINKING THE PENSION REFORM ACT

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ABSTRACT: Nigeria's informal sector constitutes a significant portion of the national economy, contributing substantially to employment and Gross National Product (GNP). Despite its vital role, this sector remains largely excluded from formal social security provisions, particularly pension schemes, leading to widespread financial vulnerability among its workforce in old age. This study aims to: (1) analyze the policy gap concerning social security for the informal sector workforce within Nigeria's existing pension legislation; (2) advocate for legislative amendments to the Pension Reform Act (PRA) to mandate the inclusion of the informal sector in the contributory pension scheme via the Micro-Pension Plan; and (3) propose institutional and operational strategies for the effective implementation and regulation of a national micro-pension scheme. This research adopts a qualitative-descriptive approach, primarily relying on secondary data analysis. The methodology involves a systematic review of existing pension legislation (specifically the Pension Reform Act of 2004 as amended), relevant government reports (e.g., National Pension Commission annual reports), academic literature on pension administration and the informal sector, and policy documents from international organizations. The study critically analyzes these documents to identify policy deficiencies and propose actionable recommendations. Analysis reveals that the current PRA inadequately addresses the social security needs of the informal sector, leaving millions without retirement provisions. A functional Micro-Pension Plan, integrated into the existing contributory scheme, is identified as a critical mechanism to extend coverage, enhance financial stability, foster a savings culture, and ultimately boost national productivity. Projections indicate a substantial increase in pension assets and economic activity with widespread informal sector inclusion. The effective functionality of the Micro-Pension Plan is imperative for addressing poverty and ensuring social security for Nigeria's informal sector workforce. Legislative amendments, coupled with strategic implementation measures, are crucial for harnessing the socio-economic potential of this sector and contributing to broader national development goals.

Keywords: Micro Pension Scheme, Reformed Pension Act, Contributory Pension Scheme, National Productivity, Informal Sector, Retirement

INTRODUCTION

Governments globally bear fundamental responsibilities, including the protection of citizens' lives and property and the provision of a "good life" through socioeconomic structures that promote transparency, responsiveness, and inclusive business environments (Nwabueze et al., 2019). Central to these responsibilities is the enactment of reforms and regulations that enhance productivity, eliminate bottlenecks in business conduct, and foster social security for all citizens, particularly the elderly (Imoh, 2022a).

In Nigeria, successive governments have initiated policies aimed at social security investments. A notable reform was the Pension Reform Act (PRA) of 2004, which, as amended, established the Contributory Pension Scheme (CPS). This Act successfully addressed pension issues for the public sector and organised private entities, repealing the previously unmanageable Defined Benefit Scheme (Umeh, 2015). As of June 30, 2024 (projected value), the assets of the contributory pension scheme stood at over NGN 20.484 trillion, representing a significant investment portfolio in Nigeria (The Daily Assess Newspaper, 2024).

However, while the CPS has mitigated pension obligations for a segment of the formal workforce, a substantial portion, particularly the private informal sector, remains largely excluded. The National Pension Commission (PenCom) reported in 2019 that the informal sector workforce is estimated at over 70 million people (PenCom, 2019a). Dr. Eme Echeta (2024) further highlights that the informal sector absorbs a vast workforce due to the limited capacity of government employment. This sector is a crucial hub of socio-economic activities, contributing massively to the Gross National Product (GNP) through organisational formations, employment creation, human capital development, and significant trade volumes that generate revenue for stakeholders and the government through taxes and levies (Onyemachi, 2011).

Despite its economic significance, there is a concerning absence of a robust government policy framework or legislation to regulate the informal sector towards secured social security investments for its operators and employees. The non-functionality or limited reach of the Micro-Pension Plan (MPP) has adverse effects on millions within this workforce and on the country's overall economic growth. This study argues that for a holistic reform of Nigeria's pension sector, the current Pension Reform Act requires a further legislative amendment to actively integrate the informal sector into a comprehensive social security and financial safety net through a functional Micro-Pension Plan. Such inclusiveness is projected to significantly expand the registered pension population, triple assets, and increase economic activities, thereby impacting national productivity.

This research critically examines the current state of pension administration in Nigeria concerning the informal sector and advocates for the full implementation of the Micro-Pension Plan within the Contributory Pension Scheme framework.

Research Objectives:

1. To analyze the existing legislative framework and policy gaps that exclude the informal sector workforce from social security provisions in Nigeria.
2. To propose specific legislative amendments to the Pension Reform Act (PRA) to mandate the enrollment of informal sector workforce into the Contributory Pension Scheme via the Micro-Pension Plan.
3. To outline operational and institutional strategies for the effective regulation, enforcement, and monitoring of the Micro-Pension Plan for the informal sector.

Problem Statement

The informal sector plays a pivotal role in the socio-economic advancement of nations, both developed and developing. It provides crucial employment opportunities, thereby reducing unemployment, particularly in contracting economies, even though these jobs often lack security and are low-paying (Atah, 2023). It fosters entrepreneurial activities and serves as a safety net for individuals displaced from the formal sector, particularly in times of economic downturns and corporate contractions, as observed in Nigeria (World Bank, 2009). The informal sector contributes approximately 60% to Nigeria's Gross Domestic Product (GDP) (Yusuf, 2014), making it a significant driver of economic growth and national productivity.

Despite its critical contributions, the Nigerian government has historically shown limited interest in the social welfare of this sector's workforce. This policy neglect has perpetuated mass poverty, positioning Nigeria as a global poverty capital, even though effective social security instruments remain underutilized.

Informal sector businesses in Nigeria face immense challenges, including hurdles in capital formation and access to finance. Public financial institutions under the Central Bank of Nigeria often impose high prime lending rates (e.g., 30% per annum) and demand excessive collateral (e.g., 150% of the intended capital), making sustainable financing nearly impossible for many small and medium-sized enterprises. Furthermore, the government's multifaceted tax regime, coupled with severe energy crises (poor electricity supply and high fuel costs), significantly erodes the earning capacities of informal sector operators. These factors limit the ability of employers to offer living wages, further exacerbating the financial insecurity of their workforce. Consequently, without government financial support or a structured social security system, the meager wages often prevent employees from making long-term financial plans for their future or old age.

PriceWaterhouseCoop (2020) estimated that the informal sector employs over 60 million Nigerians, representing about 70% of the working population. This vast demographic remains largely uncaptured by the existing contributory pension plan. This exclusion represents a monumental challenge for PenCom and the Nigerian government, as it leaves millions vulnerable

to abject poverty in their later years. There is a palpable lack of a robust policy framework that mandates and enforces social security investments for this sector. Moreover, a significant knowledge gap exists within the informal sector regarding financial planning and pension administration, hindering voluntary long-term investments.

The Micro-Pension Plan (MPP), as an extension of the Contributory Pension Scheme, offers a vital opportunity for cumulative earnings through regular contributions over extended periods. Implementing the MPP would create a massive financial security net for informal sector operators and generate substantial funds for the government, thereby contributing to public financial stability. The MPP is essential for ensuring financial well-being for future generations of informal sector retirees, reducing dependency on family support, and mitigating pervasive poverty.

Literature Review

This section reviews the conceptual and theoretical foundations of pension systems, the characteristics of the informal sector, and the concept of national productivity, providing context for the functionality of micro-pension plans.

Defining Pension

Pension is fundamentally a regularly paid stipend provided as a benefit in recognition of past services rendered to an organisation or state. It represents a sum set aside for retirement purposes, serving as a substitute for salaries and wages, thereby preventing financial hardship in old age (Imoh, 2022b). Fapohunda (2013) defines pension as an amount contributed by either an employer, employee, or both, ensuring a financial fallback for employees upon retirement. Adams (2005) similarly describes it as a payment made by a government or company to an employee who has reached statutory retirement age, or is too old or ill to work. Iwu (2007) emphasizes the contractual and legally enforceable nature of pension schemes. Wikipedia (2016) broadly defines pension as a fund into which money is added during employment and from which periodic payments are drawn to support a person's retirement. It differentiates between "defined benefit plans" (fixed sum paid regularly) and "defined contribution plans" (fixed sum invested, with retirement benefits dependent on investment returns). Umeh (2015) views pension as a crucial innovation of capitalist economies designed to motivate labour and cushion workers during their active working lives, acknowledging the universal expectation that no employee works indefinitely. The Nigerian context, for instance, statutorily stipulates retirement at 60 years of age or 35 years of service, whichever comes first (Umeh, cited in Iheanacho, 2015). Dictionary.com (2020) offers a comprehensive definition, highlighting state and employer-provided payments, personal pension schemes, and charitable or recognition-based payments. Ezeali and Esiagu (2009) confirm that pension is a regular monetary benefit paid to retired employees or their survivors by various entities. In essence, pension is an integral component of salary administration, involving the warehousing of funds for an employee's future use upon retirement.

Types of Pension Schemes

Pension schemes are generally categorized based on how benefits are determined and funded. Derek Torrington et al. (2014) and Gibiste Barrow (2009) broadly identify four types: Defined Benefit Scheme, Defined Contribution Scheme, Hybrid Scheme, and Occupational Scheme. For this study, we focus on the two primary schemes relevant to the Nigerian context:

Defined Benefit Scheme (DBS): This scheme promises a specific level of benefit at retirement, typically calculated based on the employee's final salary and years of service. It is often sponsored by the government or an organization that sets aside funds to meet these defined obligations (Imoh, 2022b). Historically, the DBS was prevalent but proved challenging to manage due to its open-ended liabilities.

Defined Contribution Scheme (DCS): As highlighted by Imoh Emmanuel (2022b), the DCS is characterized by being fully funded and portable. It involves joint contributions from both employer and employee at specific rates into individual accounts. Unlike DBS, there is no pre-defined benefit formula; instead, the retirement benefit depends on the accumulated contributions and the investment returns earned on those contributions (Baker, Logue, & Radar, 2006). Contributions are invested (e.g., in the stock market), and the returns (positive or negative) are credited to the individual's account. At retirement, the accumulated sum is used to provide benefits, sometimes through the purchase of an annuity. The Contributory Pension Scheme (CPS) in Nigeria is fundamentally a DCS, offering individualized, participatory, portable, and well-funded benefits with higher coverage potential (Eze & Obiagwu, 2020).

Retirement

Retirement signifies the cessation of active working life, typically due to age, allowing for leisure or freedom (Longman Dictionary of Contemporary English, 6th ed.). Pearson (2015) defines it as a voluntary or forced cessation from an occupation where a worker earned an agreed wage or salary. Abonyi (2003) emphasizes that retirement occurs when an employee has satisfactorily served an organization for a specified period (e.g., 35 years) or attained a particular age (e.g., 60 years in Nigerian public service). Ezeali and Ezeagu (2009) note that a retired employee, having met employment requirements, is entitled to receive a relevant amount of money for sustenance. Imoh Emmanuel (2022b) points out that while individuals may retire at their preferred age, countries often have a "standard" retirement age influenced by tax laws or old-age pension rules, typically between 50 and 70, with variations across genders and countries.

Basically, there are three types of retirement:

Statutory Retirement: In Nigeria, existing laws mandate retirement from service upon attaining 60 years of age or 35 years of service, whichever comes earlier, with specific provisions for judges and academic staff (Esiagu & Ezeali, 2009). This typically involves a terminal leave period during

which workers process their retirement paperwork (Osuagwi, 2011; Barrow, 2008). For those covered by the Pension Reform Act, retirement papers are filed with their Pension Fund Administrator (PFA).

Compulsory Retirement: Imoh Emmanuel (2022b) explains that employees may be compulsorily retired in the public interest, often due to rationalization or organizational restructuring (right-sizing/downsizing). This is common in security services, where senior staff may be forced to retire if a junior officer is appointed to a higher position. Such retirees are generally entitled to retirement benefits under pensionable circumstances.

Early or Voluntary Retirement: This occurs when an employee chooses to retire before reaching the statutory retirement age, often to pursue personal vocations, health reasons, or educational goals (Imoh Emmanuel, 2022b). It is typically undertaken by individuals who have made sufficient financial investments to support themselves outside active employment.

The Pension Reform Act (PRA) 2004 (as amended)

The Pension Reform Act of 2004, subsequently amended in 2014, established a mandatory contributory pension scheme for workers in both public and private sectors in Nigeria (Takor, 2020). The Act stipulates mandatory minimum contributions (10% by employer and 8% by employee) based on monthly emoluments. Each employee is required to open a Retirement Savings Account (RSA) with a Pension Fund Administrator (PFA) licensed by the National Pension Commission (PenCom), which is responsible for regulating and supervising pension business. PFAs manage and invest the funds in RSAs, from which contributors draw benefits upon retirement (Bisola Oguejiofor & Elegushi, 2018).

Crucially, while the PRA (2014) mandates the scheme for public sector employees and private organizations with 15 or more employees, Section 2(3) allows self-employed persons and employees in organizations with less than 3 employees to participate. Their participation, however, is subject to guidelines issued by PenCom, which essentially defines the Micro-Pension Plan (MPP) or scheme.

The Informal Private Sector

The "informal sector" denotes economic activities that are unofficial, unregulated, or casual (Imoh, 2022a). The International Labour Organization (ILO) defines it as covering unorganized economic activities in commerce, agriculture, construction, manufacturing, transportation, and other services, absorbing up to 60% of the urban labour force in developing countries (GDCR, n.d.). Onyemachi (2011) observed its continuous expansion in developing nations, serving as a safety net for employment and income generation. Ojo (1997) identifies various informal sector workers, including carpenters, mechanics, blacksmiths, and masons. The informal sector's profound role in employment creation in Nigeria, despite its typically low wages and poor service conditions,

provides sustenance for many households. Given its strategic importance to productivity and the national economy, regulating this sector for pension matters is imperative, ensuring all adult Nigerian workers have pension accounts and secure financial safety nets in their old age, regardless of their employment in the formal or informal sector.

National Productivity

Productivity is commonly defined as the ratio between the volume of output and the volume of inputs, measuring the efficiency with which production inputs (e.g., labour, capital) are utilised to produce a given output (Krugman, 1994). BusinessDictionary.com defines it as a measure of efficiency in converting inputs into useful outputs, calculated by dividing average output per period by total resource costs. Productivity is a critical determinant of cost efficiency, business continuity, revenue, and human capital motivation (BusinessDictionary.com, n.d.). Imoh (2022a) considers productivity a key source of economic growth and competitiveness. Cambridge Advanced Learner's Dictionary (3rd ed.) defines national productivity as the rate at which a country produces goods, typically assessed relative to the human and material resources expended. A conducive working environment generally enhances national productivity.

Micro-Pension Scheme or Plan (MPP)

The Micro-Pension Plan refers to an arrangement under the Contributory Pension Scheme (CPS) designed to allow self-employed individuals and those working in organisations with fewer than three employees to make financial contributions for pension provision upon retirement or incapacitation (PenCom, n.d.). <https://www.google.com/search?q=Armpension.com> (2024) elaborates that the MPP is specifically tailored for traders and other self-employed individuals who do not qualify for the mainstream CPS, enabling them to save conveniently for retirement. The introduction of MPP in Nigeria is long overdue, given its success in countries like Kenya, India, and Bangladesh (Elegushi, 2018). The PRA 2014's amendment to expand CPS coverage to self-employed individuals and small enterprises reflects the recognition of this large working population. Given the dispersed nature and often irregular income of informal sector operators, a flexible pension plan adapted to their unique characteristics is essential (Elegushi, 2018).

METHODOLOGY

This study employs a qualitative-descriptive research design, primarily focused on secondary data analysis. This approach was chosen to systematically review existing policy documents, legislative frameworks, and scholarly literature concerning pension administration and the informal sector in Nigeria. The qualitative nature allows for an in-depth understanding of the policy environment, the identified gaps, and the potential implications of the Micro-Pension Plan.

Data Sources

The research draws data from the following key secondary sources:

Government Reports: Annual reports and publications from the National Pension Commission (PenCom) were crucial for understanding current pension coverage, asset accumulation, and policy directions.

Legislative Documents: The Pension Reform Act of 2004 (as amended in 2014) formed the core legislative framework analysed to identify provisions and omissions related to the informal sector.

Academic literature, including peer-reviewed journal articles, dissertations, and books, on pension systems, social security, the informal economy, and national productivity in Nigeria and other developing countries, provided a theoretical context and empirical insights.

Policy Documents: Reports and policy briefs from international organisations (e.g., World Bank, International Labour Organization) contributed to understanding global best practices and the significance of the informal sector.

News Media and Public Statements: Selected articles from reputable national newspapers and public statements from key officials provided recent data, policy discussions, and current events relevant to the pension sector.

Analytical Approach

The study adopted a content analysis approach to critically examine the collected secondary data. This involved:

Policy Gap Analysis: Identifying specific areas within the PRA and related policies that either explicitly exclude or inadequately address the social security needs of the informal sector.

Problem Identification: Systematically outlining the socio-economic challenges faced by the informal sector workforce due to the absence of pension coverage.

Solution Elaboration: Detailing how the Micro-Pension Plan, if effectively implemented, can address these identified problems and contribute to broader national development goals.

Strategic Formulation: Developing actionable recommendations for legislative amendments and operational strategies based on the identified gaps and proposed solutions.

Period of Review

The review primarily focused on documents and data from 2004 (the inception of the PRA) to the present, with particular emphasis on more recent data and policy discussions up to 2024.

Limitations

As a desk study, this research relies entirely on existing secondary data. While efforts were made to use credible and authoritative sources, the study is limited by the availability and scope of published information. It does not involve primary data collection (e.g., surveys or interviews with informal sector workers), which could provide deeper insights into their perspectives and willingness to participate in pension schemes. The projections presented are based on available statistics and logical inferences, and their actual realization would depend on various implementation factors and economic conditions.

RESULTS AND DISCUSSION

This section presents the findings from the analysis of secondary data, highlighting the policy deficiencies and the potential functionality of the Micro-Pension Plan in addressing the social security needs of Nigeria's informal sector. The discussion interprets these findings within the broader context of pension reform and national productivity.

The Uncaptured Informal Sector and Economic Implications

Analysis of PenCom (2019a) reports indicates that approximately 69 million Nigerians, representing 70% of the working population, are engaged in the informal sector and are not currently covered by the National Pension Commission platform. This significant demographic constitutes 87.93% of uncaptured Nigerians in the Contributory Pension Scheme (CPS) basket. Given Nigeria's estimated population of over 200 million and a working population of approximately 100 million, the less than 10% coverage (around 9 million people) reveals a substantial gap. This exclusion implies a technical deprivation of fundamental economic human rights for millions, preventing them from achieving financial prosperity in their old age (New Telegraph Newspaper, 2019).

From an investment economics perspective, this exclusion represents a significant economic loss for Nigeria. If the current NGN 20.484 trillion in pension assets (as of June 30, 2024, projected) for approximately 9 million registered formal sector workers is considered, the figure could be quadrupled with the inclusion of a significant portion of the informal sector. This potential for massive asset creation underscores the economic underperformance occasioned by the non-inclusion of this demographic.

Functional Benefits of a Fully Legislated Micro-Pension Plan

A fully legislated and operational Micro-Pension Plan (MPP) within the framework of the PRA is projected to serve several critical socio-economic purposes:

Socio-economic Security for Informal Sector Operators and Employees: The primary objective of the MPP is to provide a structured financial safety net for the informal sector workforce, similar

to the provisions for the public and organized private sectors. This ensures a financial buffer for retirement.

Fostering Savings and Investment Consciousness: The MPP, backed by legislative mandate, would instill a culture of mandatory savings and investment among informal sector workers. Through a Retirement Savings Account (RSA), regular contributions could be channeled from existing bank accounts to PFAs. Unlike conventional savings accounts, the RSA offers long-term investment benefits with limited access until maturity, though provisions for partial access (e.g., 25% for working capital) could exist, mirroring the existing CPS. This scheme has the potential to significantly reduce poverty by building substantial financial reserves for the masses.

Enhancing Financial Stability and Economic Growth: The success of the CPS, with its current assets of over NGN 20 trillion, demonstrates the potential for capital formation. If the MPP were fully functional, tripling or quadrupling the contributing population, the sheer volume of assets generated would significantly enhance national financial stability. These funds would stimulate financial and economic activities, creating a virtuous cycle of growth that benefits the entire population. The accumulated funds would serve as substantial capital for the economy, yielding regular returns for contributors (Imoh, 2024).

Ensuring a Dignified Retirement: The MPP offers hope and financial assurance for informal sector workers as they approach old age. By investing a percentage of their earnings throughout their active working lives, individuals can secure financial independence in retirement, reducing reliance on children or family members and mitigating the pervasive poverty observed among the elderly.

Government Support through Cheap Credit: The substantial pool of funds accumulated from informal sector contributions could be recycled by the government into credit support systems, offering low-interest loans to informal sector businesses. This financial stimulus would address critical funding gaps, fostering business growth and strengthening the financial system through increased liquidity. Such a large revenue supply source could potentially lower the cost of purchased funds, making credit more accessible and affordable.

Capital Formation for Extensive Economic Development: If the current NGN 20 trillion in pension assets (as of June 30, 2024, projected) from roughly 9 million contributors could swell to over NGN 100 trillion with the inclusion of 50 million contributors from both formal and informal sectors, this capital would become a monumental driver for economic development. Such funds could lubricate financial and economic networks, supporting investments across capital markets, bond markets, and real estate development, generating significant multiplier effects throughout the economy (Imoh, 2022b).

Employment and Wealth Creation: The establishment of PenCom and other entities following the 2004 PRA led to significant job creation within the pension sector and wealth creation for contributors. Extending the scheme to the informal sector through the MPP would further expand employment opportunities in pension administration, financial services, and related industries, simultaneously creating wealth for a broader base of contributors.

Strategies for Mass Implementation of the Micro-Pension Scheme

To ensure the effective and widespread implementation of the Micro-Pension Scheme in Nigeria's informal sector, the following strategic steps are recommended:

Legislative Amendment of the Pension Reform Act (2014): A critical initial step is to amend the PRA 2014 to make the Micro-Pension Scheme mandatory for all eligible businesses and individuals within the informal sector. Once enacted by the National Assembly and assented to by the President, this law should empower regulatory bodies like the Central Bank of Nigeria (CBN) to enforce its provisions through financial institutions.

Integration with Commercial Bank Accounts: All commercial bank accounts should be structured to include a Retirement Savings Account (RSA) option as part of their standard opening package. For existing accounts, amendments should facilitate the seamless integration of an RSA. This streamlines the enrollment process for informal sector workers, making it accessible through their routine banking activities.

Dedicated Enrollment Portal at Commercial Banks: PenCom, through Pension Fund Administrators (PFAs), should establish readily accessible enrollment portals at customer service points within commercial banks. These portals would facilitate the generation of a unique Retirement Savings Account-Micro Pension Scheme Personal Identification Number (RSA-MPS-PIN) for informal sector participants, ensuring proper identification and tracking of contributions.

Tiered Contribution Bands: The Micro-Pension Plan law should clearly define categories of saving bands to accommodate the diverse income levels within the informal sector. For example:

Band A: NGN 1,000 monthly (NGN 12,000 annually)

Band B: NGN 2,500 monthly (NGN 30,000 annually)

Band C: NGN 5,000 monthly (NGN 60,000 annually)

Band D: NGN 7,500 monthly (NGN 90,000 annually)

Band E: NGN 10,000 monthly (NGN 120,000 annually)

These projections (e.g., NGN 420,000 for Band A over 35 years) illustrate the potential for substantial accumulation, which compound earnings from investments would further enhance. The specific bands should be informed by affordability studies within the informal sector.

Voluntary Inclusion for Uncaptured Public Servants: Public servants currently under the Defined Benefit Scheme (DBS) who are not yet captured by the Contributory Pension Scheme (CPS) should be permitted to voluntarily join the Micro-Pension Plan without requiring employer consent. This measure could further expand pension coverage.

Key Features of the Micro-Pension Plan

The Micro-Pension Plan is envisioned to share fundamental characteristics with the existing Contributory Pension Scheme, ensuring consistency and leveraging established infrastructure:

Private Contributory Nature: Contributions in the MPP would primarily come from the informal sector operators and their employees. This would involve automated electronic transfers from their active operational bank accounts to their chosen PFA accounts on a regular, e.g., monthly, basis, mirroring the paid employment administrative system. Operators would select their desired contribution amount within the prescribed bands.

Individualized Savings Accounts: Each contributor under the MPP would be required to open a Retirement Savings Account (RSA) with a PFA of their choice. A unique Personal Identification Number (PIN) issued by PenCom would identify the RSA holder. This RSA would be portable, reflecting all contributions and investment returns, ensuring transparency and individual ownership of funds.

Fully Funded Scheme: Similar to the Contributory Pension Scheme, the MPP would operate on a fully funded basis. Monthly contributions would be automatically debited from the operator's/contributor's bank account and credited to the PFA's asset account, ensuring that funds are consistently accumulated and invested.

Conclusion

The functionality of the Micro-Pension Scheme is a crucial pathway for aggressive poverty alleviation and social security expansion in Nigeria. The informal sector, encompassing a vast and diverse workforce from school leavers to graduates, has become a primary absorber of labour, especially in the face of economic contractions and formal sector job losses. This significant segment of the Nigerian population, often comprising small and medium-scale enterprises (registered and unregistered), vastly outnumbers the formal public sector workforce. Yet, this "army of Nigerians" is largely left without a social security policy buffer, leading to persistent financial vulnerability in old age. The absence of economic security often contributes to truncated lifespans and a pervasive dependency among the elderly, who often lack personal funds for

essential needs like medication or food, relying solely on their financially strained children. This scenario contributes to a cycle of intergenerational poverty and may indirectly fuel socio-economic crimes.

To ameliorate this deplorable social system, the proactive introduction and robust implementation of an aggressive mass social security investment for the informal sector, in the form of a functional Micro-Pension Plan, is imperative. This plan, specifically designed by the National Pension Commission to meet the unique needs of the informal sector, must be swiftly rolled out. Any further delay in its activation represents a significant missed opportunity for widespread economic inclusion, aggressive enrollment, and the substantial harvest of funds that would undoubtedly be created, driving national productivity and ensuring a more dignified future for millions of Nigerians.

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