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# ASSAnews

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## ASSA Charter Statement

Welcome to the 21st ASSA Board Meeting here in Luanprabang Province, Lao PDR. This meeting is another chance to revisit our commitments as an organization dedicated to the promotion of active social security programs in the Asia-Pacific region.

From the first time I attended the ASSA Board Meeting, I have always marveled at the show of genuine desire to share best practices in social security in the Region. We have learned so much from the experiences shared by the different member-countries and I know that in our own little way, we try to see how these practices can be replicated in our respective countries.

Social security plays a pivotal role in our continued pursuit of economic growth and development in the Region. At this time when the prices of basic commodities continue to rise beyond the purchasing capabilities of our fellowmen, it is incumbent upon us to look for ways to cushion the impact of a global economic downturn. Prices of rice, wheat, fuel and other basic goods have apparently soared across countries in the Region and the prices of basic services are similarly going up but with the resilience that Southeast Asian countries are known for, I am confident that we will be able to overcome these challenges.

Now more than ever, it is imperative that the ASSA strengthen its coordinative efforts to introduce truly responsive programs for the regional populace. As we make our programs accessible to more sectors in our countries, let us also look into the possibility of strengthening our human capital through skills trainings. In consonance with our ASSA objective of developing human resources, I am optimistic that we can build a network of better equipped, better educated professionals that will help propel the Region to better economic heights. After all, social security does not only mean that we help alleviate poverty; rather, it is a constant call for us, ASSA members, to devise ways to help man become even more productive, despite changing economic environments.

Let us look forward to more meaningful, more relevant discussions in this Meeting. We have lined up interesting topics that are of Regional importance. Through another healthy exchange of ideas, we hope to further enhance what we now know, and strengthen our resolve to push social protection and make our programs matter in every stage of our members' lives.

Mabuhay!

  
LORNA O. FAJARDO  
Acting President and CEO



# MESSAGE

**H**alf a score and two months ago, seven magnificent men from five Southeast Asian countries met in Bangkok, Thailand to carve a place in history. On the momentous 13th day of February, the ASEAN Social Security Association or ASSA formally came into being when these heads of their respective social security organizations, signed a memorandum of agreement creating the said association. We are fortunate to be able to hear the messages from some of them as part of commemorating ASSA's 10th Anniversary.

The twice-a-year Board Meetings of the Association have been providing a venue for teaching and learning. We cannot deny the fact that the "Good Practices" presentations have provided a symbiotic relationship among us. We learn from some countries how they are able to effectively and economically implement their respective social security programs. We benefit from the experience of others in how they successfully covered sectors of their societies which others found difficult to do. What appears to one country as a tenebrous undertaking suddenly becomes rosy after appreciation of how things are being done in another.

But it is not only in the field of social security that our ties are being strengthened. We have enriched our knowledge about each other's culture. The customary wearing of our national costumes makes us appreciate each others' distinct identity. Let us add the customary gift-giving that pulls us closer together. And then we have the tours that led some of us to jokingly call our association as the Asian Sight-Seeing Association foster strong camaraderie among us. We enjoyed each and every visit to a country as the host has always provided a yeoman service to the visiting delegates. Truly there is a great deal of diversity among us – in religion, in customs and tradition, and in other respect. But we should be proud that in this diversity we have found unity.

Yes, it is now ten years since the founders created an association aimed at strengthening social security in our region. As we celebrate a decade of ASSA's existence here in Luangprabang, Laos during the 21<sup>st</sup> ASSA Board Meeting, it might be worthwhile to do some ponderings and assess where the Association is now and where it is heading. Has the organization proved to be a pillar of social security in the region as envisioned to be, or is the goal that originally spawned from the minds of a few good men in a meeting in Indonesia proving to be a mere *ignis fatuus*? Can we say that we are now on the way to reap the fruits of their vision? Whatever, we should maintain an insatiable thirst for improvement. Let us not be oblivious to the plight of many of our people in the regions. Globalization has removed economic boundaries. Competition has made it inevitable for countries to look for means of lowering costs of production. A major part of these costs is labor. Rich countries either set up their companies in poor countries or import labor. Oftentimes, the people from the labor providing countries become further marginalized as they are left without social security protection. A strong social security in the region does not mean ample protection only for a country's own people but for other nationalities as well in that country. I believe this is truly the vision of ASSA's founders, an effective social security protection for an individual within and outside his own country.

People ordinarily shirk at some gigantic tasks. But Southeast Asians have proven to possess indomitable spirits. This will carry the Association through any possible hardships. It is no wonder that from the original seven member-organizations from five countries, ASSA membership has grown to 15 member-organizations from eight countries. Hopefully, Cambodia and Myanmar will join us soon.



OCTAVINO Q. ESGUERRA  
Secretary-General

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# The 20th ASSA Board Meeting

October 16-20, 2007 • Manila, Philippines



## Ensuring Social Security: ASSA Holds 20th Board Meeting in RP

THE Philippines recently hosted the 20th Board Meeting of the ASEAN Social Security Association (ASSA) at the Heritage Hotel, in Manila.

**T**he two-day event drew almost 100 local and foreign delegates representing various social security organizations in six member-countries of ASSA. The event, which was aimed at fostering social security relations among members of the ASEAN, also had observers from Mongolia.

In his opening remarks, ASSA Chair Datuk Azlan Zainol said that as the ASSA come together to discuss and deliberate issues pertaining to social security and systems in the different member-countries, "...we need to continually

assess the needs of social security and find its relevance." He added that ASSA member-countries should also be aware that they will "...continually be judged on how we effectively invest for our members, in our IT systems, people, training, products for members, and in all aspects of investments."

He also emphasized that it will be useful for ASSA "...to facilitate the compilation of statistics in social security in the ASEAN to be used as basis for comparison with various countries. In coming up with the right solutions, we can learn from experiences and avoid

the mistakes of the past," he said.

On the other hand, Lorna O. Fajardo, Acting President and CEO of the Philippine Health Insurance Corporation (PhilHealth) welcomed the delegates and briefly talked about the ASSA's legacy to its members. "Ensuring social security is our heritage to our people. It will be our heritage to succeeding generations," she said, adding that "...every time we talk of the sustainability of our programs, we are in fact, talking about our legacy to our members in our home countries and to all our countrymen and women in the Asian diaspora all over the world.

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The generation after us, and the many generations to follow will look back at the gains, when their leaders before, sat down and talked about the ways and means to preserve and promote their social security programs. This will be our heritage."

Among the noted personalities who graced the Pre-Board Meeting were Philippine Health Secretary Francisco T. Duque III who called on the delegates to tap the potentials of the youth in advocating the importance of social protection. He said he had long been pushing for the inclusion of social security protection subjects in the college curriculum to help instill awareness among the youth sector.

Antonio Meloto, founder of the Gawad Kalinga program also shared his insights on his community-building initiatives, citing that the State, business and civil society are the three forces for development. "Development is about people. It requires presence, it requires engagement," he said. What they have done through Gawad Kalinga, "...is to see the good in people, to inspire greatness." He advised the delegates to "...first demand greatness from ourselves, to really work for the good of others and

inspire greatness from others." The GK Program is engaging government and business to undertake development that is visible, quantifiable, sustainable and replicable.

Elisea Gozun, former Philippine Environment Secretary stressed that environmental protection is the key to achieving social security. She said that "...environmental protection is essential to sustaining life itself" and that there is a need to protect the environment to ensure blue skies, clean water, clean air, and for lands and seas to remain productive. As a champion for

environment causes, Gozun added that to ensure a good future for children, it is imperative that "...we strive to provide them with a best investment and that is to protect the environment."

Highlighting the 20th ASSA Board Meeting was the turnover of the ASSA Chairmanship from Zainol to Fajardo which took place during the Board Meeting proper. A series of presentations on the best social security practices in ASSA member-countries such as Singapore, Thailand, Vietnam, Indonesia and the Philippines capped the Board Meeting this year.





# Vietnam Introduces Voluntary Social Insurance Scheme

Social insurance policies have been introduced in Vietnam since 1945 after the establishment of the Democratic Republic of Vietnam. However, by the end of 2006 only the compulsory social insurance scheme was implemented to cover government officials and civil servants, armed forces employees and salaried workers in the private sector (these categories of employees account for 30 percent of the total population in the working age of the country). The rest of the labour force are mainly farmers and self-employed and are still excluded from social insurance coverage.

In 2006 the first Law on Social Insurance of Vietnam was promulgated and as stipulated in the law the provisions of voluntary social insurance scheme became effective on January 01, 2008. The provisions of voluntary scheme are as follows:

**The coverage:** Vietnamese citizens of working age and excluded from compulsory social insurance scheme are entitled to voluntary scheme.

#### The basic principles:

- The insurees have the right to join the scheme voluntarily and they are allowed to select the favourable premium and mode of paying social insurance premiums themselves to the social insurance fund based on their income.
- The premiums are computed based on the monthly income selected by the insuree but in any case the registered income must be not lower than the common minimum wage or not exceeding 20 times the common minimum wage.
- The level of social insurance benefits is computed based on the premiums and period of paying social insurance premiums and sharing among the insured covered by the scheme.
- The insuree who has a period covered by compulsory scheme and another period covered by voluntary scheme is entitled to social insurance benefits based on the total periods of paying social insurance premiums.
- The voluntary social insurance fund is managed in a united way and entered independently in the fund. The Government has issued enabling priority policies on the fund's investment to preserve and increase the fund's value. The voluntary

social insurance fund is under the protection of the Government and shall not be bankrupted.

- Old age pension and social insurance benefits as well as fund's investment interest are tax exempted.

**Rates of contribution:** Contribution rates are stipulated as for compulsory scheme.

- From January 2008 to December 2009: 16 percent of the monthly income
- From 2010 the contribution rate will be increased by two (2) per cent every two (2) years until it reaches 22 percent.

**Mode of payment:** The insuree can select one of the following modes of paying premiums: on a monthly basis, on a quarterly basis or every six months. The insuree also can re-register his monthly income based on how the premium is computed and modes of paying contribution.

**Benefits entitlement:** The insuree covered by the voluntary scheme shall be entitled to retirement and survivors' benefits provided that he meets the qualifying conditions. The levels of benefits and qualifying conditions are similar to the ones provided under the compulsory scheme (For instance: Retirement age: 60 years for male, 55 years for female and having paid contributions for at least 20 years, the maximum pension shall be equivalent to 75 percent of the average wage on which the contributions are computed).

Stipulating the provisions on voluntary social insurance scheme is one of the great efforts of the Government of Vietnam to step-by-step ensure the rights to access to social insurance coverage for all employees, and at the same time to strengthen the social safety net to contribute to the social development of the country. However, it is a new scheme so we have to face the challenges in implementing it. It is projected that in the year 2008 around one (1) million will be registered under the scheme; three (3) million in 2009 and by the end of 2010 the number of insurees covered by the voluntary scheme is expected to reach seven (7) million, which is equivalent to 25 percent of the targeted population and 40 percent of the labour force under 40 years of age.



MALAYSIA



# Beyond Savings: Promoting Flexibility, Enhancing Benefits

The Employees Provident Fund recently unveiled its 'Beyond Savings' initiative which aims to enhance financial security in retirement amid inflation, longer life expectancy, escalating healthcare costs and a weakening extended family system.

Essentially a new benefit structure provided by the EPF Act 1991 (Amendment 2007), the 'Beyond Savings' initiative includes improvements to the current scheme such as flexible withdrawal options for members after age 55, the extension of liability to contribute to the EPF beyond age 55 up to age 75 and the introduction of the housing loan monthly installment withdrawal scheme.

A study commissioned by the EPF has shown that an alarming 70 per cent of members who withdrew all their money at age 55 exhaust their funds within one to ten years.

Addressing this concern, the EPF has taken steps to introduce more flexible modes of payment for its members who are making withdrawals at this age to discourage them from making lump sum withdrawals.

In addition to the existing lump sum and monthly payment withdrawals, members above 55 can now opt to withdraw part of their savings at any time or simultaneously choose to exercise the option of withdrawing the balance from their accounts on a monthly basis.

Regardless of age, members whose savings in the EPF exceed RM1 million can now start withdrawing their savings. However, withdrawals can only be made once every three months and the

minimum amount that can be withdrawn at any one time is RM100,000. The move is to give members with excess savings the opportunity to manage and invest part of their own savings.

The housing loan monthly installment withdrawal scheme is one of the key proposals introduced under the amendments to the EPF Act. This move serves to assist members in reducing their burden of home ownership, one of life's necessities.

Under the monthly withdrawal plan, members can apply to make monthly housing withdrawals from their savings in Account 2 to ease the load of their monthly payments. The money will be credited directly into the members' personal bank accounts every month to offset against their loan installments.

For employees in the age group of 55 and above, contributions will now be mandatory if they are working but the statutory contribution rates have been halved to promote employability for this group. There is still the option, however, for this group of members and their employers to contribute more than the statutory rate if they so wish.

Another key change under the "Beyond Savings" initiative is the implementation of Basic Savings which is an amount of savings to be put aside in Account 1 progressively at various pre-determined age levels so as to enable

members to accumulate a minimum savings of RM120,000 upon reaching age 55.

Members are allowed to invest not more than 20 per cent of savings in excess of the Basic Savings amount in Account 1 in products through approved investment institutions once every three months at a minimum sum of RM1,000. This change will offer members the advantage of investing at an earlier age such as reduced risk of capital loss from a longer investment time frame.

"The EPF's main concern is the adequacy of savings for members during their retirement years as the average retirement savings for EPF members currently is inadequate. With Malaysians facing changes in their socio-economic environment such as a longer life span as well as inflation and escalating medical costs, many members may find themselves with insufficient funds if the issue of adequacy of savings is not addressed now," said Datuk Azlan Zainol, CEO of the EPF.

He added that the first step in the revamp of the EPF's benefit scheme was taken in January 2007 with the change in the account structure of members from three to two accounts. With the new account structure, 70 per cent of a member's contributions are kept in Account 1 while 30 per cent is in Account 2.

This compares with the previous structure of Account 1 (60 per cent), Account 2 (30 per cent) and Account 3 (10 per cent). While savings in Account 1 can only be taken out upon retirement, the funds in Account 2 can be used for certain pre-retirement needs, namely housing, education, medical purposes and at age 50.

Underpinning all these changes is EPF's commitment to a faster and more efficient service delivery. The changes will also help realign the EPF with its objective of being a national social security organisation and enable the EPF to be more relevant to the changing needs of its members.



# Innovations For Government Workers in RP

**F**INALLY, government workers in the Philippines are in step with developments in technology with the introduction of at least three innovations in how their social security protection is being managed.

In his presentation before delegates to the 20<sup>th</sup> Board Meeting of the ASEAN Social Security Association (ASSA) held in Manila last October, Ed Ocampo, Senior Vice President for Information Technology Services Group of the Government Service Insurance System (GSIS) said that these developments are designed, not only for the added convenience of GSIS members but also to significantly reduce operational costs of the GSIS itself.

With the advent of automated teller machines (ATMs) about ten years ago, government agencies started to do away with outright cash payments of salaries of their employees. Initially, the phasing-in of ATM services for payroll purposes was met with a certain degree of pessimism, especially from those who feared anything and everything electronic. Eventually, however, RP's government employees, most of whom were used to receiving their weekly pay in cash, warmed up to the added convenience that this new service was all about.

## The GSIS e-card

In 2005, the GSIS encouraged its over 1.3 million active members in the country to get their respective GSIS

electronic cards, known as GSIS e-cards. This card would become a member's personal record of membership with the GSIS. It was the perfect time to update members' records with the System, including corrections in how their names were spelled, their list of beneficiaries, even their service records. What's more, a member with an e-card gains an account with the Union Bank of the Philippines (UBP), the GSIS depository bank for this project, where all his loan proceeds from the GSIS were credited. The e-card was also recognized as a valid identification card for a member's transactions with other business establishments.

"The GSIS moved to the e-card where members can withdraw their benefits from. It includes enrolment, card issuance and activation, crediting of benefits and loans and immediate access to funds," Ocampo stressed. "With the e-card, members gain access to the Visa network. They can check their personal records with the System, apply for loans online, and withdraw cash or proceeds in any Visa-accredited ATM in the country."

Two years later, the GSIS upgraded the service with the launch of the e-card Plus which now contains the members' biometrics. It was a strategic move towards a paperless business environment and cost the GSIS only about 25 percent of savings or about

P40M. "The second e-card did not cost as much because we only added the biometrics," Ocampo disclosed, adding that the System "...plans to use the e-card plus for the long haul because it's the only way to ensure the identity of the member through the biometrics."

More than providing additional features for members, however, the e-card was pursued to significantly bring down the cost of printing and mailing of GSIS checks representing loans, pensions, and dividends of its members. Ocampo explained that each cheque costs the System P50.00 to issue. With an annual average of six million cheques to print and send out, the GSIS easily spends about P300 million or US\$6 million for this service alone. "Payment of member benefits through cheque issuance was very cumbersome and expensive," Ocampo said, that is why they moved to electronic payments.

When asked what the administrative burden of the GSIS was, given that it offered various loan and benefit packages to its members, Ocampo said that the GSIS patterned the systems from the way banks extended loans to clients. "The burden lies where some members do not remit their loan repayments so there is a need to monitor properly the loan repayments including those from individual members," he

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# Agus Haryanto, TASPEN New President Director

Jakarta – After officially announced by the Indonesia State Minister of State Owned Enterprise (SOE) on 15 January 2008 regarding the Changing of State Owned Enterprise (SOE) Board of Directors, the inauguration of PT TASPEN New Board of Directors was officially held. The ceremonial event was held in TASPEN Auditorium Jakarta, Friday (18 January 2008).

The new TASPEN Board of Directors is led by Agus Haryanto as President Director replacing Achmad Subianto after his seven years of successful and fruitful term of office. The next position is that of Riskintono as Director of Operation replacing Mohammad Bar'i, Benedicta Maria Tri Lestari as Director of Finance replacing Heru Maliksjah, Karsidi replacing Djoko Daljono as Director of Human Resource, and Taufik Hidayat is entrusted as Director of Investment.



A ceremonial turnover of General Chairwoman of PERIPTAS (Committee of TASPEN's Wife Organization) was also held. Here, Muryani turned over the chairmanship to Wiwi Anggreeningsih.

In his speech, Achmad Subianto said that he felt relieved as he believed that TASPEN will be in good hands with Agus Haryanto as President Director. "There is a start and there is an end, I have been in TASPEN for seven years and it is time to be replaced," said Achmad in modesty. Achmad also bared some of the issued faced by TASPEN recently, such as the social security program managed by TASPEN right now, which is only derived from the government employees' contribution. The government itself has not given their contribution yet. Other issues faced by TASPEN are the small benefits for government employees and TASPEN's participant wishes on the

benefit raising of the Old Age Saving. "Honestly, I feel thankful because during my journey in TASPEN, I had an incredible team. TASPEN team is very helpful, supporting us to fulfill our stakeholder's wishes," he said. Achmad also reminded the new directors to keep paying attention to pensioners and their families.

Meanwhile TASPEN's new President Director Agus Haryanto firmly said that the new board will work harder to create better performance. "I feel like in a relay race, receiving a distributed pin from the old director to the new one, which means that the company should always be maintained," he said enthusiastically. "Therefore I really hope for support from the whole TASPEN work units to make TASPEN operationally running smoothly," he added. Agus also hoped for support from all TASPEN employees to make TASPEN perform better.

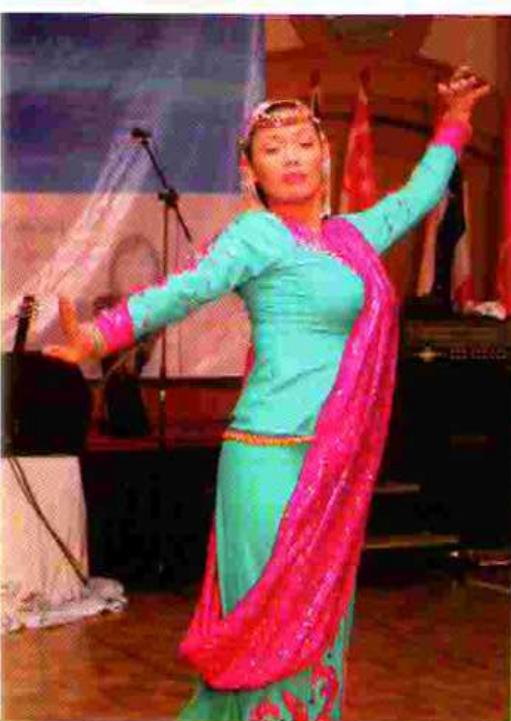
## New PT TASPEN Board of Directors

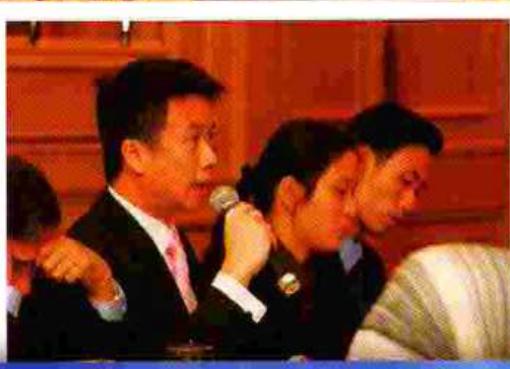
PT TASPEN recently announced the names of the new members of its Board of Directors, namely:

1. **Mr. Agus Haryanto**  
President Director
2. **Mr. Karsidi**  
Director of Human Resource
3. **Ms. Benedicta Maria Tri Lestari**  
Director of Finance
4. **Mr. Riskintono**  
Director of Operation
5. **Mr. Taufik Hidayat**  
Director of Investment



# Welcome Dinner





Board Meeting Proper

## Tour of GSIS for GWAPs

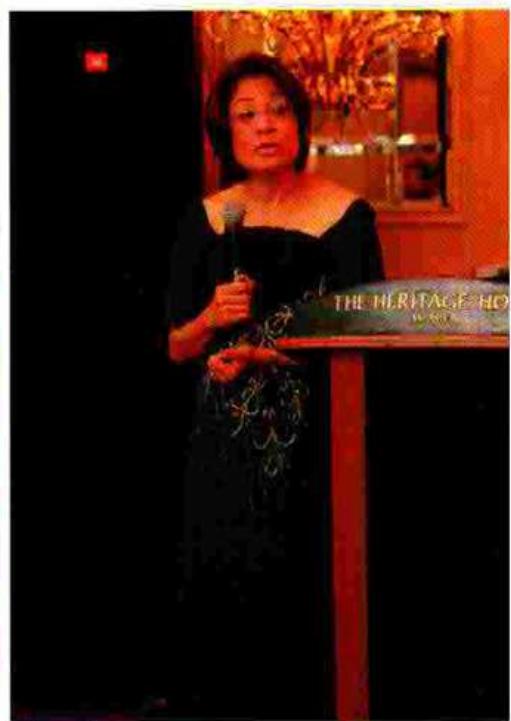




## Tour of **Intramuros**

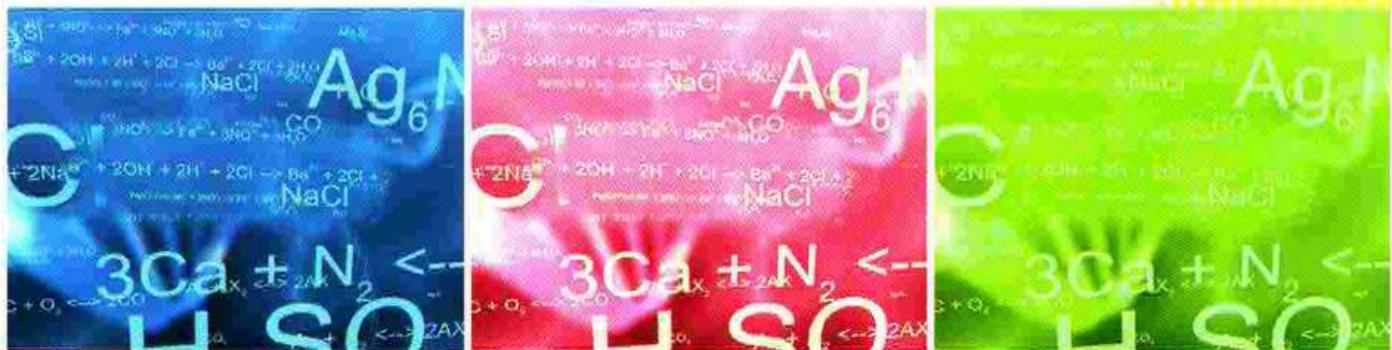
# Turnover of ASSA Chairmanship to Ms. Lorna O. Fajardo





## Farewell Dinner

# SSO Provides Protection to Insured Persons with HIV/AIDS



Mr. Surin Chiravishit, Secretary-General, revealed that the SSO realized the importance of providing Antiretroviral treatment for insured persons who suffered from HIV/AIDS to keep them alive longer and to assist them to work as normal people.

The SSO has just improved benefits for insured patients with HIV/AIDS, according to the Medical Committee on the criteria and rate of benefit for insured persons who suffered from HIV/AIDS, dated December 8, 2007. Since January 1, 2007, the HIV/AIDS patients receive antiretroviral in three formulas, namely, basic, alternative, and drug-resistant formula, including CD4, viral load and drug resistance testing free-of-charge. The SSO paid directly to the hospital through capitation payment method. In cases where the insured persons needed to receive other laboratory tests, the hospital in the scheme will be responsible for all expenses.

Mr. Surin mentioned that there were 38,980 insured persons who suffered from HIV/AIDS as of September 2007 and the amount of 300 million baht has been paid for antiretroviral.



In addition, the SSO closely monitors the process to ensure that all of them will receive antiretroviral treatment.

Finally, Mr. Surin warned the insured persons who are not suffering from HIV/AIDS, as well as teenagers that they should protect themselves by using condom before having sex.

The SSO also tried to prevent HIV/AIDS among insured persons through its health promotion and prevention activities.



## SSO Pays 4 Million Baht to Victims of Plane Crash

One – Two – Go Airlines Flight 269, an MD-82 flying from Bangkok with passengers and seven crew members, crashed amid strong winds and heavy rain after attempting to land at Phuket International Airport on 16 September 2007. The aircraft was destroyed in the blazing inferno as the fuselage tore in two. Around 89 people were killed. Most of the passengers were foreigners. Officials stated that bad weather was a probable factor.

Mr. Apai Chandanachulaka, Minister of Labour, expressed his sympathy to those injured and relatives of the dead. He then requested the SSO to help the insured persons access their right to benefits. On 19 September 2007, Mr. Surin Chiravist, SSO Secretary – General and other SSO executives visited the injured insured persons and provided information on their benefits. Meanwhile, Phuket Provincial Social Security Office and the SSO Area 8 from Bangkok investigated the incident and found that 25 insured persons suffered from the plane crash. Of these, 18 died and seven (7) others were injured. Among the seven (7) injured insured

persons, five (5) were in the category of non-work related causes, therefore, they received benefits from the Social Security Fund. The other two (2) persons who were captains of the airline were in the category of work-related injury, and they received benefits from the Workmen's Compensation Fund.

Among the 18 dead persons, five (5) were captains and crew members who could receive benefits from the Workmen's Compensation Fund. They would receive funeral benefits worth ten (10) times or the highest rate of the minimum daily wages (19,100 baht cash). The eligible person or survivor of captain and assistant pilots would

receive monthly compensation at the rate of 60 percent of the monthly wages (12,000 baht cash) but not exceeding eight (8) years. In addition, the eligible person/survivor of the crews would receive monthly compensations worth 5,400 baht cash and old age lump sum benefit. The total benefits they received from the SSO were 4,034,156.16 baht.

It can be said that only four days after the accident, the SSO has already paid more than four (4) million baht for five (5) insured persons and will pay more for the rest. The SSO exerted all efforts to take care of their insured persons.



# GSIS Appoints Foreign Fund Managers

The GSIS recently awarded ING Investment Management and Credit Agricole Asset Management (Singapore) Ltd. the mandate to manage its US\$1-billion Global Investment Program (GIP). Citibank N.A. was also named as the global fund's custodian.

The GSIS signed the Investment Management Agreement (IMA) with its global fund managers on February 25, 2008. Initially, ING and Credit Agricole were given US\$300 million each to manage.

GSIS President and General Manager Winston F. Garcia said that the pension fund decided to tap the services of foreign fund managers for the GIP because it is still considered a novice in this kind of venture.

"This will be the first time for the GSIS to invest abroad at this magnitude. We still do not have the necessary technical expertise to provide a good asset allocation consisting of global instruments", Garcia said. "Foreign fund managers, on the other hand, have their

'ears on the ground' consistently, and would be in a better position to propose an asset allocation", he added.

The GSIS chief also stressed that the decision to invest abroad was brought about by the fund's need for diversification, which the domestic market cannot provide.

Garcia noted that investment opportunities in the Philippines are limited. Currently, other than loans to members, the only investment options available to the pension fund are the equities market, government bonds and a few corporate bonds.

"Investments in global instruments will improve the overall risk profile of the GSIS portfolio because the returns from these investments are generally

not correlated with domestic assets", Garcia said.

The fund managers are given the flexibility to determine their investment strategy, both in the asset allocation and in investment instrument selection. They are, however, required to comply with the absolute return requirement of eight percent floor limit in annual return on investments (net of fees) and a ceiling of seven percent on the portfolio volatility.

According to GSIS, transparency in the selection process was followed and a level-playing field for all foreign asset managers that participated in it was observed. A total of 36 fund managers and four global custodians submitted their proposals.

## INVESTORS EARN FROM GSIS MUTUAL FUND

GSIS members and pensioners who have invested in the GSIS Kinabukan Fund continue to reap the fruits of the country's booming economy. This after the fund, riding on the wave of profitable investment climate, posted at least 24% return on investment which is considerably higher than the interests earned from bank deposits.

The Kinabukan Mutual Fund actually emerged as the top mutual fund in the country when it registered a return on investment at 24.83%, the highest return among all mutual funds registered with the Securities and Exchange Commission (SEC).

The GSIS mutual fund is a balanced fund that has a stock component, a bond component, and sometimes a money market component in a single portfolio. It is best geared toward investors who are looking for a mixture of safety, income and modest capital appreciation. GSIS members and pensioners can invest for as low as P1,000 in the fund.

In 2006, the Kinabukan Mutual Fund posted a staggering 43% annual return on investments.

Philam Asset Management, Inc., a member of the Philam Group of Companies, is the fund manager of the Kinabukan Mutual Fund.



## SSS President and CEO re-elected to ISSA



SSS President and CEO Corazon S. de la Paz-Bernardo was re-elected to a second term as President of the International Social Security Association (ISSA).

An official press release by ISSA reported that she was elected by acclamation at the close of the first World Social Security Forum held recently in Moscow.

According to Hans Horst Konkolewsky, ISSA Secretary General, the World Social Security Forum gathered a total of 1,169 participants from 126 countries. Part of the Forum's proceedings was the ISSA General Assembly, wherein voting members

representing 370 member-organizations elected the officials to serve in the triennium 2007 to 2010. De la Paz-Bernardo was unopposed.

First elected in 2004 during the ISSA General Assembly in Beijing, de la Paz-Bernardo is the first woman, first non-European, and first Filipino President of ISSA. Throughout her term, she has led an international advocacy on the need for sustainable and viable social security systems in all countries, particularly those in the Third World. She has likewise emphasized the importance of social security as a potent instrument in fighting poverty, and taken the cause of workplace safety and occupational health on the global stage.

## “Golden 1-3-10” loan program open to entrepreneurs

The Social Security System (SSS) opened a PhP1 billion credit facility, called “Golden 1-3-10”, for micro, small and medium entrepreneurs (MSMEs), as its Golden Anniversary program in support of government efforts to spur economic activities.

SSS President Corazon de la Paz-Bernardo said that the loan is part of SSS efforts to provide affordable credit to MSMEs, and thus, create more business opportunities as well as generate more employment.

The “Golden 1-3-10” loan program will provide a maximum loan of PhP10 million to eligible borrowers, payable in three years at a fixed interest rate of 10 percent per annum.

It is available for start-up and existing businesses in all types of industries, including schools and hospitals. However, companies engaged in trading of imported goods, liquor and cigarettes are excluded from the program.

The loan may be used to finance working capital, construction of buildings and purchase of new equipment and facilities. The loan window is open until 31 August 2008.





# ASSA Helps TAP Improve on Work Processes

THE TAP was officially admitted as a member institution of ASSA on April 20, 2001 during the 7<sup>th</sup> ASSA Meeting in Kuala Lumpur, Malaysia. The Meeting was attended by the Honorable Pehin Orang Kaya Digadong Seri Lela Dato Seri Paduka Haji Awang Hussain bin Pehin Orang Kaya Digadong Seri DiRaja Dato Laila Utama Haji Awang Mohd Yusof, Chairman of TAP; Awang Hj Khalid bin Haji Ghazali, Managing Director of TAP; and Dayang Norliah Hj Kula, Senior Manager.

From the time it started as an observer until its admission as an Institutional Member, the TAP has obtained a wide range of benefits from being a member of the ASSA. This includes the development of social security activities that are in common with the aspirations, laws and regulations of the member-countries. Subsequently, the membership fostered better understanding as well as greater regional co-operation among ASSA member organizations.

The ASSA also provides an avenue for members to exchange ideas,

knowledge and expertise despite the diversity of their respective social security schemes and the different systems, ways and means that these are administered. Examples of these are the enhancement of Management and Administration capabilities as well as improvements in services offered to members of the provident fund.

Another aspect in which the TAP has benefited from its ASSA membership is in the area of 'Training and Human Resource Development' particularly in administration and compliance efficiency in managing provident

funds. The importance of Corporate Governance Practices through which the organization is directed and managed is also shared among members to ensure integrity, optimal performance and to strengthen confidence of stakeholders.

In a nutshell, the ASSA membership has helped TAP to significantly improve on its work processes and procedures, devise ways to upgrade current schemes, learn more ways of managing funds and strengthen information technology system capabilities.



# ASSA Gives Broader Perspective for TASPEN

Social security reform has been an important topic of discussion in almost all countries in the world lately, including Indonesia. More people are aware of the need to prepare their old age security as part of their future planning program.

PT TASPEN (PERSERO) is one of the institutions in Indonesia which has been mandated by the Indonesian government to manage the social security scheme particularly for government employees.

Generally, joining ASSA gives a broader perspective on social security issues for TASPEN. With ASSA, TASPEN feels having a community on the same business in the regional level for communication and sharing information, particularly in exchanging views and experiences on social security issues among members. Moreover, ASSA was established as a non-government organization which is aimed at

promoting the development of social security in the region in consonance with the aspirations, laws and regulations of the member-countries.

The world is now aging, and this trend will proceed more rapidly in the future. This will put a challenging task on the pension system, causing severe financial strain. In this situation, it is crucial for the pension organizations throughout the world to exchange information and to cooperate with one another. In particular, TASPEN believes that communication network with other institutions in the ASEAN is highly meaningful, where members

can share similar cultural and regional background.

Nevertheless, the benefit of joining ASSA has not been directly felt. It might be directly felt if there is mutual cooperation among members on certain fields such as education and training. In the future, we hope ASSA members will engage in such beneficial mutual cooperation.

As for the regular meeting held by ASSA twice a year, we believe it will be more effective and efficient if it is held annually, instead.



# SSO Gains 100 Billion Baht in Investment Returns

The Social Security Office (SSO) Thailand was established on 3 September 1990. Up until now, the SSO has been working hard to manage the Social Security Fund. It can be said that the SSO made much progress from the investment capital of only 2,785 million baht at the end of 1991 to 456,052 million baht at present. Of these, 363,667 million baht is child allowance and old-age pension fund. This money belongs to more than nine (9) million insured persons throughout the country for which the SSO prepared to pay the old-age pension benefit in 2014. The amount of 67,619 million baht represents the fund for sickness, maternity, invalidity and death benefits. The rest of the fund amounting to 24,766 million baht is the fund for unemployment benefit.

The cumulative fund of as much as 456,052 million baht came from cumulative contributions (after deduction for 7 types of benefit payment). The other 103,188 million baht came from cumulative investment return. The SSO realizes the importance of the investment return. Better investment return means affordability of the fund to ensure that it will have enough money to provide benefits to the insured persons in the long run.

For the investment amount of 456,052 million baht, 374,475 million baht or 82% was invested in the highly

secure assets such as government bonds, state enterprise bond guaranteed by Ministry of Finance, fixed deposit and private debentures and 81,577 million baht or 18% was invested in other debt instruments, investment unit and common stocks.

At the beginning, the investment policy allowed investment only in treasury bill, government bond and bank deposit in the State Enterprises Bank which was the most secure. This assisted SSO to survive the economic crisis in 1997 without any damage. However, when the fund grew, the SSO had

constraints due to lack of investment supply in the market, including the need for risk diversification and higher investment return. Therefore, the SSO extended the investment framework so that it can invest in state enterprise bonds, private debentures, common stocks and other type of assets.

For the year 2007, the fund has generated investment returns of 21,109 million baht. It has achieved an annual return of 6.93%.





# RP-Israel hold bilateral talks on social security

The second round of negotiation on the proposed RP-Israel Social Security Agreement was recently held in Tel Aviv, Jerusalem. It was the continuation of discussions that commenced in Manila, Philippines in April 2007, and was hosted by the SSS.

The two-day meeting resulted in the completion and finalization of the Agreement, which was initiated by the respective heads of delegation, Charge d'affaires and Minister and Consul General Gilberto Asuque of the RP Embassy in Israel and Director Jacob Sasporte of the Division of International Conventions, National Insurance Institute of Israel (NII).

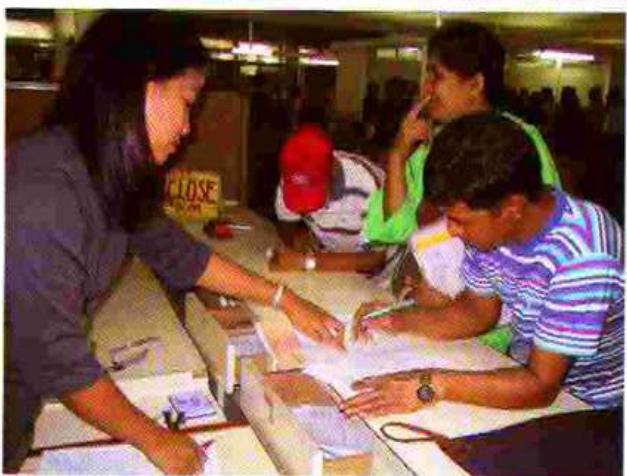
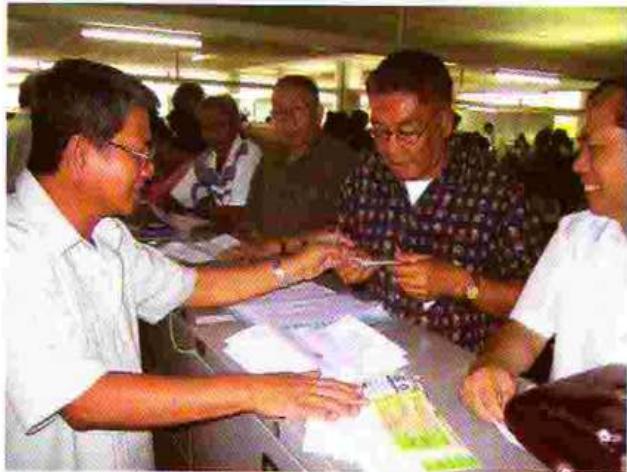
The Agreement will apply to benefits for maternity, hospitalization

and work-related contingencies for both Filipino and Israeli nationals. Its salient features include equality of treatment and the promotion of mutual cooperation and assistance between social security institutions of the parties.

The RP negotiating panel was composed of officials from government agencies from the RP Embassy in Israel, Philippine Health Insurance Corporation (PhilHealth), and the SSS. The Israeli

delegation was represented by social security experts from the National Insurance Institute of Israel (NII), the Ministry of Foreign Affairs and the Ministry of Justice.

Both sides agreed to immediately undertake the process of signing the Agreement at the earliest possible time, and subsequently endorse to their respective government authorities for ratification.



said, emphasizing that "...providing the benefit is simple but ensuring repayment is the challenge to ensure solvency of the fund."

It took the GSIS a lot of political will to implement the e-card system. "It was met with a lot of complaints, both from members and (Philippine) legislators as well," Ocampo said, especially when they chose the UBP over Land Bank of the Philippines, one of the country's four government depository banks. "With the transfer to UBP, GSIS had to pull out of LBP, as well," he said.

## Introducing G-W@PS

Earlier, the GSIS required its old-age pensioners to annually visit their offices during their birth month in a bid to address the problem of fraudulent encashment of checks through misrepresentation and overpayment to deceased pensioners. To ensure the continuation of members' pensions and to facilitate the annual reporting requirement for pensioners, the GSIS introduced the Wireless Automated

Processing System (G-W@PS). The G-W@PS is primarily designed to aid pensioners in complying with the GSIS annual reporting requirement to ensure the continuation of their pensions. The pensioners will need the eCard Plus to access the G-W@PS.

So how can a government employee verify if the system has approved his loan application? "The system provides a sample computation and waits for the confirmation of the authorized officer of the employee's government agency, where the deductible amount and member eligibility are concerned," Ocampo enthused.

Asked how the GSIS will integrate the bank system in the process of approving loan applications, Ocampo explained that they have a depository bank "...through which loan proceeds are deposited. There was a bidding done to provide this service to us, to deliver the services to the members immediately. We have been able to significantly cut down on processing time with the use of the new system."

## Moving forward with G-V@PS

Today, the GSIS is fine-tuning efforts to launch the Voice Automated

Processing System (G-V@PS), a mechanism that invokes speaker recognition based on the unique shape of the vocal tract of each person. Ocampo explains that the voice-activated system of member recognition is in its infancy stage. He added that the system is being used in multiple banks in Europe and the United States such as ABN-AMRO, as well as in military installations such as the Homeland Security of the US, and the Israeli military. "We reviewed about five suppliers' capabilities and we chose the product from Israel instead of the one from the United Kingdom," he said, adding that with voice matching, GSIS members need not re-enrol with the System annually.

The main feature of the G-V@PS involves a vocal password which can be gained through authentication using a pre-trained pass phrase. The enrolment takes a single session with three repetitions and the authentication requires a single repetition. The system also has enhanced security features against playback attacks, with the coupling of text-dependent vocal password with text-prompted verification, thereby foiling attempts of unauthorized access to members' records.

Asked whether or not vocal impersonators can help in the GSIS' efforts against fraud, Ocampo was quick to emphasize that "...each person has a unique voice tract and only about 80 percent threshold is feasible to accurately identify a person." Therefore, the risk for unauthorized use of vocal passwords is almost nil, as the GSIS puts in place a veritable system that taps into the members' individuality to secure their membership records with the System.

With all these innovations in the pipeline, the future in government employees' transactions with the GSIS is certainly here.

# G-W@PS

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