

Report on the workshop for the dissemination of the actuarial valuation reports of the Public Servants' Social Security Agency (PSSSA) and the Private Organizations' Employees Social Security Agency (POESSA) of Ethiopia



1. Background

The Ministry of Finance, with technical support from the International Labour Organization (ILO) undertook an Actuarial valuation of the Public Servants' Social Security and the Private Organization Employees' Social Security schemes on 31 December 2019. The ILO, Actuarial Services Unit (SOC/ASU) of the Social Protection Department (SOCPRO) has since completed the work of the actuarial valuation of the two social security schemes and officially submitted the reports to the Ministry of Finance in November 2021.

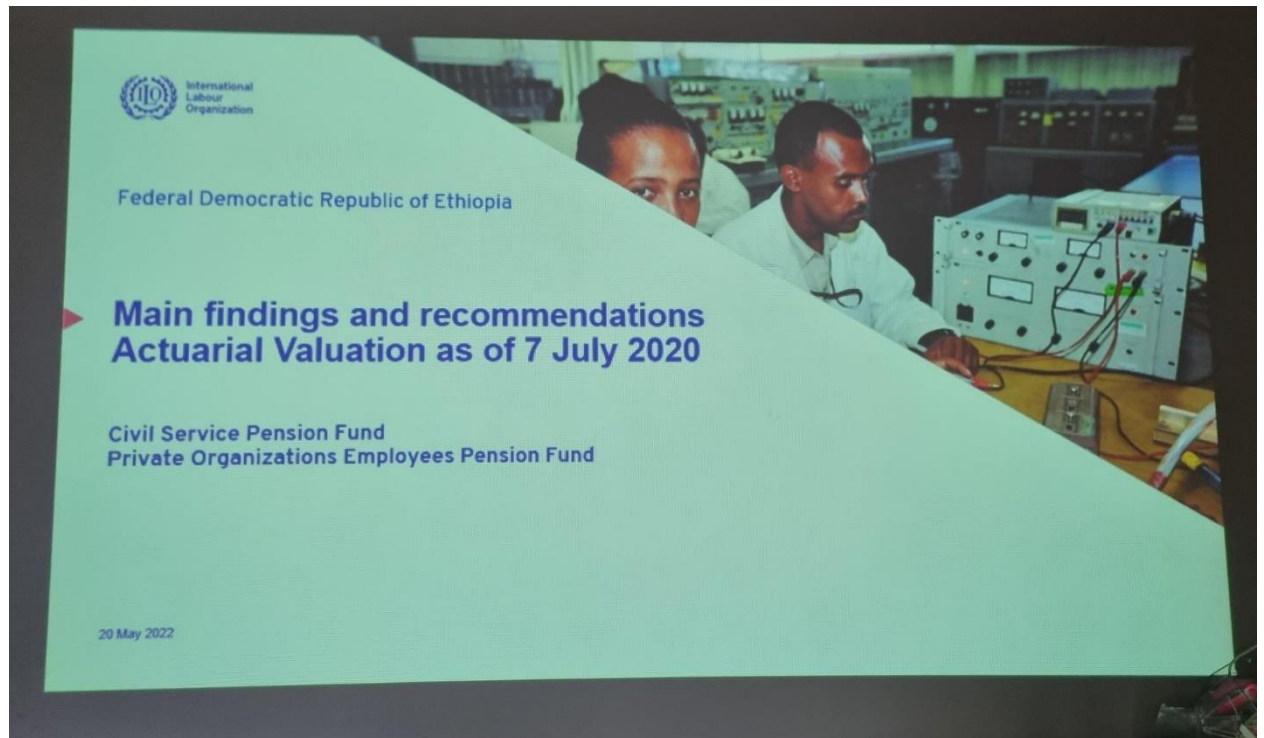
The actuarial reports reflect analysis of the two social security schemes and contain some recommendations that will contribute to improved governance and financial sustainability of the schemes. Employers and workers organizations have a key stake and an avid interest in the operations and thus financial sustainability of the schemes. Consequently, it is important that results and associated recommendations of the actuarial valuation of the two schemes are shared with the social partners and other key government ministries outside Ministry of Finance. Against this backdrop, a half-day workshop was held on May 20, 2022, at the Radisson BLU Hotel in Addis Ababa. to disseminate key findings and recommendations of the two studies.

2. Objective:

The main objective of the workshop was to enable understanding of the actuarial valuation reports among key stakeholders and prepare for the implementation of the set of recommendations captured in the reports.

The main agenda items for discussion were:

- Brief presentations on Ethiopia's Public Servants Pension Fund and private organizations employees' pension fund.
- Presentation on the findings and recommendations of the actuarial valuation reports of the Public Servants' Social Security and the Private Organization Employees' Social Security schemes.
- Discussions on the report findings including the way forward



3. Expected Outcomes

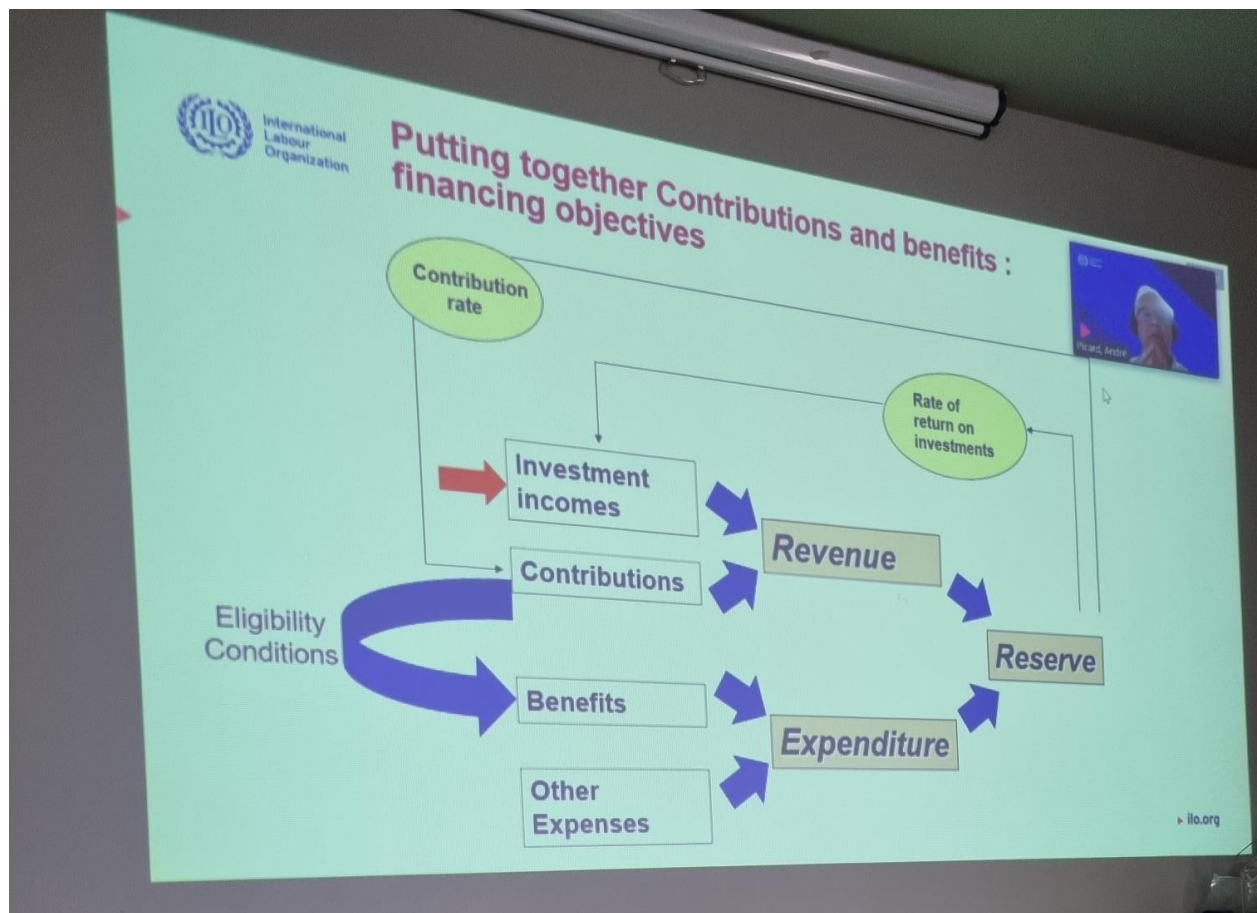
- Participants informed on the work of the public and private social security agencies of Ethiopia.
- Participants informed on the actuarial valuation reports with particular focus on the set of recommendations for POESSA and PSSSA.
- Inputs and ideas secured for better implementation of the actuarial study recommendations.

4. Workshop Deliberations:

- The workshop started with introduction of participants followed by an opening remark of Ms. Hinjat Shamil from the Ministry of Finance.
- Mr. Assefa Manaye from PSSSA did a brief presentation that provided an overview of the public servants' social security scheme (presentation annexed)

- Mr. Girma Sisay from POESSA did a brief presentation that provided an overview of the private organizations' employees' social security scheme (presentation annexed)
- Mr. Andre Picard, Head of the Actuarial Service UNIT of ILO HQ presented the findings and recommendations of the actuarial valuation reports of PSSSA and POESSA.
- During the Q & A session, participants raised questions related to improving data quality, coverage extension, strategy for improving return on investment, funding policy, minimum wage setting, definition of maximum pension.
- Following the Q & A session participants discussed the following two questions in two groups.
 - i. Suggest strategy for implementation of the actuarial valuation recommendations.
 - ii. Suggest action points as a 'Way Forward' for the implementation of the recommendations.
- The group presentations on the strategy of implementing the actuarial valuation recommendations and the action point as a way forward are summarized as follows:
- **Implementation Strategy:** It is suggested to develop with focus to the following areas. comprehensive strategy.
 - i. **Investment:** seek for zero risk investment opportunities and conduct periodic evaluation with respect to returns on invested funds. The real estate and office building construction projects are mentioned as examples of high yield and less risk investment opportunities.
 - ii. **Data Quality/Governance:** complete the digitalization work (data collection, soft ware development, etc.) and closely work with Revenue and Customs Authority.
 - iii. **Extension of coverage:** identify unprotected formal sector organizations' employees and register them under POESSA's social security scheme. Also survey potential informal economy workers for social security coverage.

- **Way Forward (Action points):** Participants of the workshop suggested the following action points as a way forward:
 - i. Pursue capacity building on data governance
 - ii. Seek technical and financial support from ILO on investment strategy, data management and coverage extension.
 - iii. Connect with financial with financial institutions and others to expedite the digitalization system
 - iv. Design an improved organizational structure with an incentive package to employees and develop a strategy for human capacity development.
 - v. Complete the study on Occupational Safety and Health (OSH) and employment injury.
 - vi. Conduct evidence-based research
 - vii. Conduct awareness creation and advocacy on social security.



5. Participating organizations

- Participants from the following institutions attended the actuarial valuation reports' dissemination workshop.
 - i. Ministry of Finance (MoF)
 - ii. Ministry of Women and Social Affairs (MoWSA)
 - iii. Private Organizations' Social Security Agency (POESSA)
 - iv. Public Servants' Social Security Agency (PSSSA)
 - v. Confederation of Ethiopian Trade Unions (CETU)
 - vi. International Labour Organization
 - vii. United Nations International Children's Emergency Fund (UNICEF : Social Protection and Public Finance Management: SP&PFM) Project team
 - viii. Pensioners association

6. List of Participants:

List of participants of the actuarial valuation reports dissemination workshop

No	Name of Organization	Participant name	Remarks
1.	Ministry of Finance (MoF)	Ms. Hinjat Shamil	
2.	Ministry of Women and Social Affairs (MoWSA)	Ato Abebe G/Medhin	
3.	Private Organizations' Social Security Agency (POESSA)	Mr. Dereje Wube Mr. Girma Sisay Mr. Kidus Hagos	
4.	Public Servants' Social Security Agency (PSSSA)	Ato Tilahun Bekele Ato Assefa Manye Ato Fte Benti	
5.	Confederation of Ethiopian Trade Unions (CETU)	Ato Demis Wondaferew	
6.	United Nations International Children's Emergency Fund (UNICEF: SP & PFM)	Ms. Fanaye Tadesse	
7.	Pensioners association	Mr. Taye Senbeta	
8.	ILO	Mr. Andre Picard Mr. Fantahun Melles	Online

Annexes:**Presentations:**

1. PSSSA
2. POESSA
3. Main Findings and Recommendations
4. Discussion Questions

A Brief Over view of Public servants' social security Fund Administration

May 20/2022
Addis Ababa



An over view of PSSSFA

1. Introduction

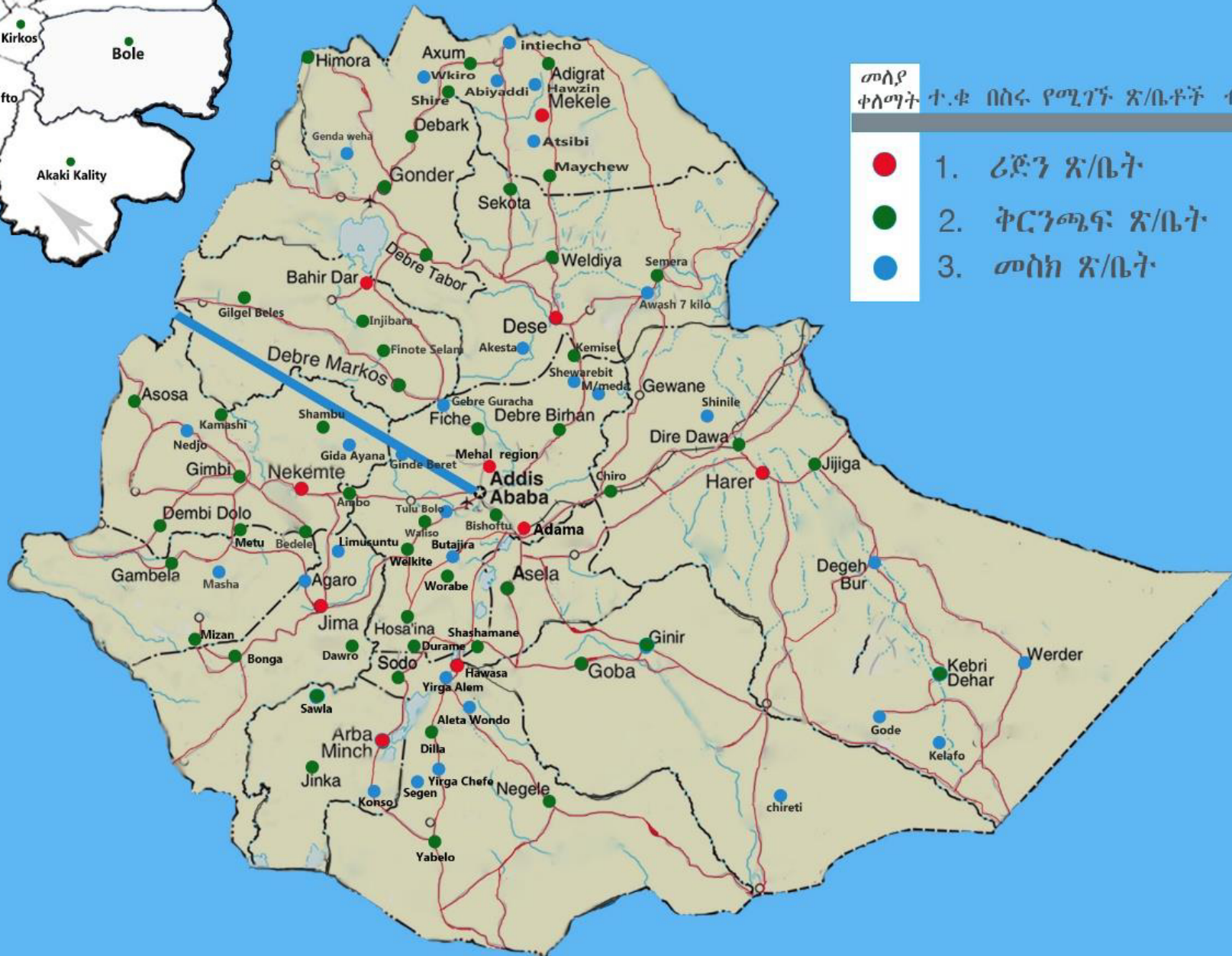
- It was established by regulation number 203/2011 with the objective of strengthening and expanding public servants social security programs
- The name of the scheme has been recently changed to Public Servants Social Security Fund Administration(PSSSFA)
- The administration is also accountable to national bank as of September 2021

Introduction(contd)

- From the nine minimum standards stated in the ILO convention 102/1952, old age, survivors (due to the death of bread winner), sickness and invalidity benefits will be provided to the regular beneficiaries and their survivors.

2. Organizational Structure

- It has 11 regional, 59 branches and 40 field offices all over the country
- More than 620,000 pensioners are getting their pension benefit through eight public and private banks
- More than 2.36 million employees are covered by the pension scheme



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●	2. ቅርንጫፍ ጽ/ቤት	59
●	3. መስክ ጽ/ቤት	40

3. Mandates of the administration

Some of the mandates of the administration includes:-

- Establish efficient and effective system to implement the public servants pension scheme
- Administer public servants pension funds and assets
- Decide on claims related to pension rights and benefits of public servants

Mandate(contd)

- Invest public servants pension funds in treasury bond and other secured investments
- Collect in advance and maintain records of evidentiary data that entitle public servants to pension benefits
- Cause periodic actuarial study and review of public servants pension funds

4. Pension Fund

- There are two types of pension fund(civil and military)
- The contribution rate for civil fund is 18%(7% for employee and 11% for employer)
- The contribution rate for the military fund is 40%(7% for the employee and 33% for the employer) amended based on actuarial valuation)

5. Pension Reforms

- The administration has been undertaking a pension reform study for the last three years that focused on four major pillars:-
- Governance
- Sustainability of the fund
- Adequacy and
- Automation

Some of the reform issues have started to be addressed by the new proclamation(1267/2022)

Thank you!

Extension Of Pension Scheme Coverage To The Private Organization Employees



Objective

To give a highlight on the background of extension of Pension scheme coverage to the private organization employees.

Social security is a human right issue

- Everyone has---the right to security in the event of unemployment, sickness, disability, widow hood, old age or other lack of livelihood in circumstances beyond his control.

----(Articles 22 and 25 of U.D.H.R,(1948)

--- Article 9 Economic, Social and Cultural Rights

Private Organization Employees Social Security Administration

Continued -----

It is a constitutional right

- Article 90(1) of FDRE Constitution is stated that(“to the extent the country’s resources permit, policies shall aim to provide all Ethiopians access to social security.”)

It was a policy issue

- It is one focus area In the National (social development Policy) Social protection Policy.

The role of private sector

- National Economic policy.
- Industrial Leading Economic Policy,
- Growth and transformation Plane

Coverage Extension

- Pension and Social Security Authority(currently PSSSA) initiated the pension scheme coverage to extend for private organizations employees.
- In 1995 PSSSA hired a consultant with the co-operation of ILO.
- In 1996 the consultant came up with a concept note and final draft proclamation. However, it was not approved due to some political reasons.

Private Organization Employees Social Security Administration

Continued -----

- **Before July 2011**, there was no pension Scheme coverage for private organizations' employees
- In 2011 the **Ministry of Finance and Economic Development, National Bank of Ethiopia and PSSSA** together developed and provided policy concept to extend pension scheme coverage to private organizations' employees. It was accepted by the Federal Govt.
- **Based on this policy concept**, private organizations employees' pension Proclamation was drafted and approved by the parliament.
- It became effective as of June 24 2011

Private Organization Employees Social Security Administration

Continued -----

- Except the scope of application, all provisions were similar with public servants' pension proclamation.
- However, by the very nature of the private sector, it demanded a legal amendment and was amended by proclamation No 908/2015

Reform

- In 2021 again private organization employees and public servants pension scheme was part of the government reform agenda.

Private Organization Employees Social Security Administration

Continued -----

- This reform was led by the macro economic team.
- The reform was studied by international consultant called Makenzie
- The consultant provided a lot of recommendations
- POESSA, by taking the recommendations into consideration drafted a new pension proclamation.
- This proclamation(proclamation No 1268/2022) is approved and entered into force starting 18 March 2022.

Our Broader Vision

- To extend all social security contingencies for all Ethiopians citizens with adequate benefit.

Challenge

- There is limited capacity to achieve our broader vision.

Private Organization Employees Social Security Administration

Continued -----

Employees coverage

- Salaried person employed in a private organization for not less than forty five days for definite or indefinite period of time or piece of work including managerial employees;

Achievement(from 2011-2022)

- Covered Employees men 1,149,646,women,736,601 total 1,856,959
- Number of Beneficiary men 30,658,women 11,288,total 41,946
- Pension Contribution collected 67,296,460,448

**social security is a fundamental societal right to
which every human being is entitled.**

Social Security For All





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