

**ASIAN DEVELOPMENT BANK**

**TAR: VIE 34357**

**TECHNICAL ASSISTANCE**

(Financed by the Poverty Reduction Cooperation Fund)

**TO THE**

**SOCIALIST REPUBLIC OF VIET NAM**

**FOR**

**DEVELOPING THE SOCIAL SECURITY SYSTEM**

**December 2003**

## CURRENCY EQUIVALENTS

(as of 21 November 2003)

Currency Unit	–	dong (D)
D1.00	=	\$0.000064
\$1.00	=	D15,653

## ABBREVIATIONS

ADB	–	Asian Development Bank
EA	–	executing agency
MKGF	–	Governance, Finance, and Trade Division
MOLISA	–	Ministry of Labor, Invalids, and Social Affairs
SSF	–	Social Security Fund
TA	–	technical assistance
VSS	–	Viet Nam Social Security

## NOTE

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

This report was prepared by a team consisting of X. Zhang (team Leader), S. Hattori, and B. T. Nghia.

## I. INTRODUCTION

1. Viet Nam has experienced strong economic growth in recent years and seeks to enhance social safety nets by strengthening the social security system. It provides various benefits in case of old age, maternity, and some unfortunate events. These benefits are critical to prevent and reduce the poverty of low-income households and those vulnerable to sudden shocks such as sickness, work injury, and death of an income-earning relative. These benefits also mobilize a large amount of long-term financial resources, which have an impact on financial market development.

2. To strengthen the social security system, the Government requested the Asian Development Bank (ADB) to provide technical assistance (TA) in 2002. In response, the Fact-Finding Mission<sup>1</sup> visited Hanoi from 16 to 20 June 2003 to reach an understanding with the Government on the TA objective, scope, cost, and implementation arrangements.<sup>2</sup> The TA framework is in Appendix 1.

## II. ISSUES

3. The social security system was established in 1947. As of 1962 it covered less than 4% of the population, all in the public sector. Before 1995 the Ministry of Labor, Invalids, and Social Affairs (MOLISA) and the trade unions jointly administered social security. In 1995 the Viet Nam Social Security (VSS) was established to collect social security contributions, administer the Social Insurance Fund, and ensure timely payments of social security.<sup>3</sup> In early 2003 VSS was merged with health insurance. The social security system is developing quickly. The total number of contributors increased from 2.9 million in 1995 to 4.5 million in 2002. Despite fast-growing coverage, the social security system only covers 11 % of the 40-million workforce, and no informal sector workers.

4. VSS offers long-term benefits (pensions and survivor's pensions) and short-term benefits (maternity, sickness, and work injury). Pension schemes include those for old age, and reduced, privileged, and early pensions. The pension amount is based on the number of years contributions were paid and average salary for the last 5 years. If a pensioner dies, up to four family members receive a long-term death benefit. A regularly employed woman who has given birth normally is entitled to maternity benefit of 100% of salary 4 months before and after birth. Sickness benefit provides for payment of 75% of salary. While an employee with longer service may claim more sick days (30–50) per year, those who require long-term treatment receive unlimited sickness benefits. In case of accidents on the job and occupational diseases, the employer pays for medical treatment, salary, and other related costs during treatment.

5. The system is in surplus, but as the population ages, the social security system's financial sustainability is in question. The Government has committed to expanding the coverage of social security while maintaining the system's financial sustainability. A strong legal framework should be established, VSS modernized through good governance and upgraded business process, and an independent financial investment policy adopted.

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<sup>1</sup> The Mission comprised X. Zhang (financial economist, Governance, Finance and Trade Division [MKGF] ); S. Hattori (senior financial sector specialist, MKGF); and B.T. Nghia (financial sector specialist, Viet Nam Resident Mission).

<sup>2</sup> The TA was first listed in *ADB Business Opportunities* (Internet version) on 1 August 2003.

<sup>3</sup> Decree 12-CP Issuing the Regulation of Social Security (26 January 1995) and Decree 19-CP Founding of Viet Nam Social Security (16 February 1995).

## **A. Legal Framework**

6. The social security system is organized pursuant to the Labor Code of 2002 and several decrees. The Labor Code defines labor contracts, which are the prerequisite for social security coverage; the decrees define the structure and functions of VSS and relevant regulations. To expand social security coverage, labor contracts should be signed, even for the mobile workforce of private enterprises. Reliance on decrees instead of legislation weakens enforcement as they do not contain any enforcement measures. A social security law is required to provide VSS with enforcement powers and to specify the rights and duties with respect to VSS contributions and benefits.

7. The Government has assembled a social security law committee and a working group consisting of 10 ministries and unions to draft a social security law for adoption by 2005, and identify ways to resolve various policy issues. These include sustainability of the social security system, how social security can be expanded legally, collection system for social security, and design of various pension schemes. Although the Government has agreed that financial sustainability is key to pension-related policies, fleshing them out requires solid actuarial analysis. This will pose a challenge to the committee and its working group as they have limited experience and technical capacity.

## **B. Institutional Setup**

8. VSS has approximately 9,000 staff working in the national office in Hanoi, 64 provincial or city offices, and 598 district offices. Besides lack of legal authority, VSS suffers from a number of weaknesses, including inadequate governance, inadequate business procedures, and lack of automation.

9. VSS is governed by a management board composed of representatives of MOLISA, Ministry of Health, the trade union, and a director general. The director general is responsible for daily management. VSS corporate governance raises several difficult concerns. First, VSS is explicitly subordinate to the Prime Minister, who determines its investment strategy, subjecting VSS investment and future sustainability of VSS to political considerations. Another governance issue is that VSS does not represent employers.

10. VSS business procedures need to be reviewed to ensure administrative improvement, including reorganization, to enhance the efficiency of staff. VSS still functions with 100% cash payments of benefits and without any network connection between the national office and provincial and district offices. VSS needs to upgrade its national and local administrative structure, payment agent system, accounting and auditing system, and office automation.

## **C. Financial Sustainability**

11. The Social Security Fund (SSF), covering all five types of social security, has total assets of D20 trillion (\$1.33 billion); 56 % of the fund is invested in bank deposits, 40 % allocated to the government budget, and the remainder invested in government bonds and Treasury bills. These investments' annual return is around 4 %, and the profit goes back to the fund. Contributors 20 to 39 years old account for nearly 70 % of the total, and the system is profitable largely because the participants are young. As the population ages, the number of beneficiaries will increase, but the number of contributors is unlikely to increase as quickly. The fund's income is estimated to fall short of the payout by 2020.

12. Other factors concerning financial sustainability of SSF include low retirement age (60 for men and 55 for women), front-loaded benefit formula (participants accrue 60 % of pension in the first half of their career), low employer's contribution, and close linkage between pension and wage growth. This concern becomes more serious as budget support of the social security system decreases.<sup>4</sup>

13. The investment policy may also adversely affect SSF returns. Fund management is decided at an annual meeting of VSS's management board. The director general, as directed by the Prime Minister, makes investment decisions. Investment decisions are, therefore, subject to political considerations. This is contrary to international best practice, which requires that pension institutions be insulated to the extent possible from political decisions so as to provide objective information and investment in the participants' interests. To ensure financial sustainability, VSS needs to develop an independent investment policy to preserve assets, enhance liquidity, and increase income for the sole and exclusive benefit of participants. The investment policy should consider the feasibility of financial sector investments.

### III. THE TECHNICAL ASSISTANCE

#### A. Purpose and Output

14. The TA aims to develop a sustainable social security system with expanded coverage. The purpose is to reduce vulnerability of the social security system, especially for poor and low-income households. The TA has two components:

1. Component A, to be implemented by MOLISA, will have three major outputs:
  - a. a study on the informal sector's involvement in the social security system, with focus on policy options, to be the base for a draft social security strategy for the poor and informal sector;
  - b. a draft social security law, and related implementing policies as well as amendments to the Labor Code and Income Tax Law; and
  - c. a proposal for social security system design to improve financial sustainability and coverage, which should be backed by statistical models and actuarial analysis.
2. Component B, to be implemented by VSS, will accomplish the following:
  - a. Formulate a plan for administrative redesign of VSS, with descriptions of functions and tasks. The plan should be time-bound with clear benchmarks, potential issues and problems, and detailed cost estimates.

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<sup>4</sup> When VSS was created, the Government paid the pensions of those who retired before 1995. As a result, a large portion of VSS benefits is funded by the state budget. This amount is expected to decrease as those who were retired in 1995 cease receiving pensions.

- b. Explore VSS investment strategies by developing an independent investment policy to preserve assets and enhance liquidity and increase income for the beneficiaries, and by assessing the feasibility of financial sector investment.
- c. Conduct financial analysis and projections for SSF.
- d. Upgrade the accounting system based on the newly adopted accounting standards.
- e. Propose an information technology system design for VSS based on the new pension system and business process.
- f. Conduct a survey on the informal sector's involvement in the social security system, with focus on cost implications.

## **B. Methodology and Key Activities**

15. TA implementation will integrate consultants' inputs into the daily work of the counterpart. To support drafting of a social security law and provide advice on policy issues, MOLISA legal staff will be assigned to work with an international legal expert to assure mutual understanding of different legal points and to explore solutions.

16. To help VSS upgrade its business process, a social security administration expert will be recruited to work closely with VSS staff in Hanoi as well as in provincial and district offices. Besides officers at the national office, a director-level official from a VSS provincial office will be appointed as counterpart staff. To ensure knowledge transfer, regular on-the-job training and roundtable discussions will be conducted.

17. To explore opportunities for the informal sector's involvement in the social security system, VSS will conduct a survey targeting the informal workforce. VSS will consult MOLISA on the survey design and target group, and MOLISA will ensure that the survey outputs will be incorporated into the draft social security strategy for the poor and informal sector. To ensure that the interests of the poor (mostly in the private or informal sector) are thoroughly considered and incorporated, a public information campaign and public consultation will be conducted during the drafting of the social security law.

## **C. Cost and Financing**

18. The TA, estimated to cost \$940,000 equivalent, includes foreign exchange cost of \$468,000 and local currency cost of \$472,000 equivalent. A total of \$750,000 equivalent—the total foreign exchange cost and \$282,000 equivalent of local currency cost—will be financed on a grant basis by the Poverty Reduction Cooperation Fund. The TA will be administered by ADB. Component A will have a total cost of \$250,000, of which \$174,000 will be in foreign currency, and \$76,000 equivalent in local currency. Component B is estimated at \$500,000 in total, of which \$294,000 will be in foreign exchange, and \$206,000 equivalent in local currency. The Government will contribute \$190,000 equivalent in kind for office space, counterpart staff, and miscellaneous services. Details of the cost estimates and proposed financing plan are in Appendix 3.

#### **D. Implementation Arrangements**

19. MOLISA and VSS will be the executing agencies (EAs) for the TA. They are expected to provide office space, counterpart staff, and other support services to the consultants. To facilitate effective implementation of component A, an interministerial working group to draft the social security law was established in July 2003. The working group, consisting of representatives from the ministries of finance, justice, interior, public security, defense, and health; MOLISA; VSS; Farmer's Association; and Union of Cooperatives, will play a coordination role.

20. ADB will engage a team of international and domestic consultants to provide consulting services for 43.5 person-months. Component A involves 17.5 person-months of consultant input, and all consultants will be selected on an individual basis. A consulting firm will be selected for component B, which involves 26 person-months of consultant input. Consultants will be selected and engaged according to ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants. Consultants' terms of reference are in Appendix 4. The simplified technical proposal will be used to select the consultant firm for component B.

21. The consultants will prepare a detailed work plan before their services start, including a timetable for deliverables defined under each TA component. (Consultants are required to deliver outputs according to schedule and in a format agreed upon with ADB and the EAs at the time of contract negotiation.) Each output will be reviewed by the EAs and ADB. Draft final report will be prepared, and a tripartite meeting will be held to discuss it. The final report, incorporating comments of the EAs and ADB, will be submitted upon completion of service. The TA is scheduled to commence in January 2004 and be completed by December 2005.

#### **IV. THE PRESIDENT'S DECISION**

22. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$750,000 to the Government of Viet Nam to be financed on a grant basis by the Poverty Reduction Cooperation Fund for Developing the Social Security System, and hereby reports this action to the Board.

### TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Goal</b></p> <p>Establish a strong social safety net to reduce vulnerability, especially among poor and low-income households</p>	<ul style="list-style-type: none"> <li>• Increased number of participants in the social security system</li> <li>• Financial sustainability of the Social Security Fund (SSF)</li> </ul>	<ul style="list-style-type: none"> <li>• Government reports and statistics</li> <li>• Asian Development Bank (ADB) review missions</li> </ul>	<ul style="list-style-type: none"> <li>• Stable political and macroeconomic environment</li> <li>• Government support for social security system reform</li> </ul>
<p><b>Purpose</b></p> <p>Develop a financially sustainable social security system with expanded coverage</p>	<ul style="list-style-type: none"> <li>• Study of the informal sector's involvement in the social security system</li> <li>• Adoption of a social security law and related policies for implementing it</li> <li>• Strengthened Viet Nam Social Security (VSS), with legal authority and enforcement power</li> <li>• Establishment of a modern social security system with upgraded business process and technology</li> <li>• Adoption of asset management policy by VSS</li> <li>• Better investment performance of SSF</li> </ul>	<ul style="list-style-type: none"> <li>• Government reports and statistics</li> <li>• ADB review missions</li> </ul>	<ul style="list-style-type: none"> <li>• Government support for social security system reform</li> <li>• Coordination among related ministries and institutions</li> <li>• Capacity of VSS and Ministry of Labor, Invalids, and Social Affairs (MOLISA), the executing agencies (EAs)</li> </ul>
<p><b>Outputs</b></p> <p>Component A</p> <p>Component B</p>	<ul style="list-style-type: none"> <li>• A paper on the informal sector's involvement in the social security system</li> <li>• A draft social security law, and explanatory notes</li> <li>• Proposed amendments to the Labor Code and Income Tax Law, and explanatory notes</li> <li>• Draft implementing policies and regulations</li> <li>• Proposals on voluntary pension, and unemployment insurance</li> <li>• A plan for administrative redesign of VSS, with descriptions of functions and tasks</li> <li>• Draft descriptions of provincial offices and district offices, and critical job description</li> <li>• Draft plan to address the payment agent system</li> <li>• A training plan, and provision of training to VSS officials and staff</li> <li>• Assessment of VSS investments, draft investment policy, and feasibility of financial sector investment</li> <li>• Financial analyses and actuarial projection for the SSF</li> <li>• Upgraded accounting system based on the newly adopted accounting standards</li> <li>• Proposed design of information</li> </ul>	<ul style="list-style-type: none"> <li>• Government reports and statistics</li> <li>• ADB review missions</li> <li>• Consultants' reports</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination among related ministries and institutions</li> <li>• Capacity of the EAs</li> </ul>



## **STUDY AND SURVEY ON THE INFORMAL SECTOR'S INVOLVEMENT IN THE SOCIAL SECURITY SYSTEM**

### **A. Structure of the Study**

1. The study on the informal sector's involvement in the social security system will have three major sections: (i) an examination of the structure and income of the informal sectors, and a medium- and long-term forecast, which will provide a basis to analyze the feasibility of the informal sector's involvement in the social security system; (ii) a list social security benefit options indicating the estimated number of participants in the proposed schemes, finance, and other implications for participants, the Government, and other parties, and an exploration of the feasibility and implications of voluntary pension scheme and unemployment insurance; and (iii) international, especially regional, experience of the informal sector's social security scheme designs and practices, and the possibility of adopting these designs and practices in Viet Nam.

### **B. Structure of the Survey**

2. The survey on the informal sector's involvement in the social security system intends to gather data in three areas: (i) demographic information, including age, gender, number of family members, years of employment, type of employer, and the like; (ii) income data such as salary in the contract, other income from employment, and income from other family members; and (iii) data related to social security benefits, indicating current benefit schemes, willingness to participate in social security benefits, etc.

### **C. Expected Outcome of the Study and Survey**

3. The study and survey on the informal sector's involvement in the social security system will provide background information and reference material for the Government's strategy for the informal sector's involvement in the social security system. First, decision-making authorities will be able to identify options for the informal sector's involvement in the social security system. Second, the authorities and other stakeholders will be clear about the financial, institutional, and human resources needed to implement the proposed schemes. Referring to international experience, the authorities will be able to make policy and other decisions with full understanding of their implications, ensuring implementation of the social security scheme for informal sector participants, and helping reduce the vulnerability and poverty of the poor and low-income population.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing<sup>a</sup></b>			
Component A (MOLISA)			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	138	0	138
ii. Domestic Consultants	0	30	30
b. International and Local Travel	15	2	17
c. Reports and Communications	3	5	8
2. Equipment	0	5	5
3. Training, Seminars, and Workshops	0	22	22
4. Miscellaneous Administration and Support Costs	0	5	5
5. Contingencies	18	7	25
<b>Subtotal (A)</b>	<b>174</b>	<b>76</b>	<b>250</b>
Component B (VSS)			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	230	0	230
ii. Domestic Consultants	0	50	50
b. International and Local Travel	20	10	30
c. Reports and Communications	4	6	10
2. Equipment	0	15	15
3. Training, Seminars, and Workshops	0	20	20
4. Survey	0	50	50
5. Miscellaneous Administration and Support Costs <sup>b</sup>	0	20	20
6. Contingencies	40	35	75
<b>Subtotal (B)</b>	<b>294</b>	<b>206</b>	<b>500</b>
<b>Subtotal (A+B)</b>	<b>468</b>	<b>282</b>	<b>750</b>
<b>B. Government Financing</b>			
Component A (MOLISA)			
1. Office Accommodation and Transport			
2. Remuneration and Per Diem of Counterpart Staff	0	20	20
3. Others	0	35	35
Component B (VSS)	0	10	10
1. Office Accommodation and Transport			
2. Remuneration and Per Diem of Counterpart Staff	0	40	40
3. Others	0	70	70
<b>Subtotal (B)</b>	<b>0</b>	<b>15</b>	<b>15</b>
<b>Total</b>	<b>0</b>	<b>190</b>	<b>190</b>
	<b>468</b>	<b>472</b>	<b>940</b>

MOLISA = Ministry of Labor, Invalids, and Social Affairs; VSS = Viet Nam Social Security.

<sup>a</sup> Financed by the Poverty Reduction Cooperation Fund.

<sup>b</sup> Of which translation and interpretation equal \$10,000.

Source: Asian Development Bank estimates.

## **OUTLINE TERMS OF REFERENCE FOR CONSULTANTS**

### **A. Component A: Ministry of Labor, Invalids, and Social Affairs**

#### **1. International Social Security System Expert (2.5 person-months)**

1. The expert should have experience in modeling pension systems in transitional economies and be familiar with international social security design practices. The expert will work closely with Ministry of Labor, Invalids, and Social Affairs (MOLISA) and Viet Nam Social Security (VSS) staff to model different policy options, and explore these options with policymakers throughout the reform process. The expert's deliverable outputs will include the following:

- (i) a thorough study on the informal sector's involvement in the social security system, including the situation of the informal sector, feasibility and policy options for the informal sector's participation in the social security system, and international best practices;
- (ii) a design for a reformed and sustainable VSS, covering increase in the retirement age, gender equity, pension benefit formula, indexation formula, and other related matters, with detailed cost-and-benefit estimates based on statistical models and actuarial analysis;
- (iii) suggestions for the design of a survey on the informal sector's involvement in the social security system; and
- (iv) seminars and workshops on social security system reforms in other countries, especially transitional economies.

#### **2. International Social Security Legal Expert (3 person-months)**

2. The expert should have experience in social security-related legislation, and a strong background in labor and tax law. Preferably, the expert should have legislative experience in developing social security systems in transitional economies. The expert will work with the members of the social security law committee and its working group in drafting the social security law, and provide advice on related policy issues. The expert's outputs will include the following:

- (i) a draft social security law, and explanatory notes, in the form of reference material for the committee;
- (ii) draft amendments to the Labor Code and Income Tax Law, and explanatory notes, to be drafted in close consultation with the Ministry of Finance and MOLISA, and in the form of comments or reference material for government consideration;
- (iii) draft implementing decrees and regulations; and
- (iv) seminars and workshops to disseminate information.

### **3. Domestic Social Security and Informal Sector Expert (6 person-months)**

3. The expert should have English proficiency and a strong background in Viet Nam's social security system and informal sector. The expert will work with the international social security system expert in all related duties. The major tasks of the domestic expert will include, but not be limited to, the following:

- (i) Help the international consultants understand and analyze the social security system and informal sectors in Viet Nam.
- (ii) Provide input and comment on the international consultants' output.
- (iii) Provide all required support, including interpretation, translation, data and information collection, and meeting arrangements.

### **4. Domestic Social Security Legal Expert (6 person-months)**

The expert should be an attorney practicing in Viet Nam, with background in commercial law and solid understanding of labor and income tax law. The expert should have English proficiency, and will help the international social security legal expert do the following:

- (i) Understand Viet Nam's legal system as well as relevant laws, decrees, regulations, and policies.
- (ii) Collect information; translate documents; coordinate with MOLISA, VSS, and other government agencies and stakeholders; and provide all necessary logistic support.
- (iii) Provide comments on draft laws, decrees, amendments to laws, and other recommendations.
- (iv) Help MOLISA draft the social security law and formulating relevant policies.
- (v) Provide logistical support for meetings, seminars, and workshops.

## **B. Component B: Viet Nam Social Security**

### **1. International Social Security Administration Expert and Team Leader (3.5 person-months)**

4. The expert should have worked with other social security systems engaged in streamlining and introduction of automation. Preferably, the expert will have some experience in disability awards and in developing disability standards. The expert will do the following:

- (i) Draft a plan for administrative redesign of VSS, with descriptions of functions and tasks of national, provincial, and district offices, and critical job descriptions.
- (ii) Draft a plan to address the payment agent system.
- (iii) Conduct roundtable discussion and training sessions for VSS.

5. Both plans should be time-bound, with a description of the design phase, benchmarks to be met, potential issues and problems to be resolved, and corresponding costs.

**2. International Social Security System Expert and Actuary (4.5 person-months)**

6. The expert should be a qualified actuarial with experience in modeling pension systems in transitional economies and familiar with international social security design practices. The expert will work closely with VSS staff and domestic consultants, and coordinate with the international social security system expert under component A to do the following:

- (i) Model different policy options, and explore these options with policymakers in Viet Nam throughout the reform process.
- (ii) Conduct financial analysis of the Social Security Fund (SSF), and make actuarial projections for the fund for 2020 and 2030.
- (iii) Review the investment policy; explore VSS investment strategies; assess the feasibility of financial sector investment; and develop an independent investment policy to preserve assets, enhance liquidity, and increase income for the beneficiaries.
- (iv) Suggest ways to improve the VSS accounting system.
- (v) Conduct a thorough study on the informal sector's involvement in the social security system.
- (vi) Design the survey on the informal sector's involvement in the social security system.
- (vii) Conduct training and workshops for VSS officials and staff on actuarial analysis and other relevant issues.

**3. Domestic Social Security and Poverty Reduction Specialist (6 person-months)**

7. The specialist should have background in the social security system and, preferably, experience in a public institution. The specialist will support the international consultant in doing the following:

- (i) Understand Viet Nam's public administration system.
- (ii) Collect information; translate documents; coordinate with MOLISA, VSS, and other government agencies and stakeholders; and provide all necessary logistical support.
- (iii) Design and conduct a survey on the informal sector's participation in the social security system.
- (iv) Comment on the international consultants' outputs.

#### **4. Domestic Accounting and Auditing Expert (4 person-months)**

8. The expert should be a qualified/chartered accountant practicing in Viet Nam and, preferably, have experience in, and solid understanding of, the social security system. Once the new pension design is chosen and a new administrative structure of VSS is adopted, the expert will (i) assess the current accounting procedures and (ii) design an accounting procedure to maintain financial records.

#### **5. Domestic Financial Expert (4 person-months)**

9. The expert should have working experience in, and solid understanding of, the financial sector, and be familiar with all financial sector policies and development trends. The expert will work with the international social security system expert and actuary to do the following:

- (i) Conduct a financial analysis of SSF, and actuarial projections of the fund for 2020 and 2030.
- (ii) Review investment policy, explore VSS investment strategies, and assess the feasibility of financial sector investment.
- (iii) Develop an independent investment policy to preserve assets and enhance liquidity and increase income for the beneficiaries.
- (iv) Design and conduct a survey on the informal sector's involvement in the social security system.
- (v) Comment on the international consultants' outputs.
- (vi) Provide logistical support, including data collection, translation, and interpretation.

#### **6. Domestic Information Technology Expert (4 person-months)**

10. The expert should have solid understanding of the VSS business process, and experience in information technology design and implementation. Once the pension system design is drafted, the expert will produce a description of a nationwide information technology system required for VSS, in light of joint health insurance and social security administration, and the collection mechanism. The description should include the cost estimates and be detailed enough to serve as a proposal for purchase of an automation system.