

Consultations on sustainability and investments of pension funds: SOCIEUX+ 2018-28 CAMBODIA

IDENTIFICATION	
Name of the project or initiative	Consultations on sustainability and investments of pension funds
Area or theme	Activity 1 – Sharing knowledge and practices on sustainability of pension schemes
Correspondence with Programs, Strategies or National Plans	SOCIEUX+ 2018-28 CAMBODIA
Financing	EU
Starting date	25 March 2019 (field work)
Duration	2 weeks (field work)

CARÁCTERIZACIÓN	
FOR WHAT? What challenge or challenges does this initiative respond to?	Sustainability of pension system in Cambodia and creation of investment policies in the state social insurance schemes including soon to be implemented pension scheme
FOR WHOM? Who benefits from its implementation?	Ministry of Economy and Finance (MEF) / National Social Protection Council (NSPC) of Cambodia / NSPC secretariat staff
WHY? What are the results obtained?	SOCIEUX+ supported the capacity building on the investment policy and on the sustainability of pension system in the social security institutions. During mission, SOCIEUX+ experts performed trainings on these sustainability and investment. Experts recommended set-up of a reserve in state social security schemes and adoption of investment guidelines in the relevant legislation. In addition, they provided assistance in establishing investment guidelines for the future operation both in 1 st and in 3 rd pillar schemes. And they prepared a policy paper on the setting-up investment strategy and guidelines for social security funds (SOCIEUX + experts recommendations).
SPECIFIC KNOWLEDGE Specific knowledge contained in the initiative that contributes to	Knowledge in the social protection law, management and economy, (especially in the investment policy), finance and investments.

SOCIEUX+ is implemented by

Leader:

Co-financed by the European Union:

obtaining the results.	
RECOGNITION There is consensus among the actors and experts about the relevance and potential of impact.	One can note the strong political will of the Government of Cambodia to prioritize social protection (especially, in the creation of the mandatory pensions scheme for the private sector; put in place one social security operator etc.). Relevant Law on the social security is under drafting stage (it is planned to present for the NSPC Council in June 2019). However, a gap between the ambition of extending social protection and budgetary and fiscal sustainability remains. In addition, merging civil servants' scheme with the future pensions scheme of private sector employees is still under discussion.
RESULTS VERIFIABLE There is support documentation to verify the results obtained.	During the mission, following outcomes prepared: <ul style="list-style-type: none"> ✓ <i>compendium based on the presentations</i>: the modelling of the construction of pension systems; recent EU recommendations and international practice on the pensions sustainability; the construction of the pension system in EU and non-EU countries; the international comparative analysis of funded pension systems in selected countries; annexes, tables etc. ✓ <i>introductory session material</i> ✓ <i>presentations material</i>: (1) Basic principles and concepts; (2) Principles of the construction of the 3 pillars pension system; (3) Poverty and pension systems; (4) Recent EU and international recommendations in the sustainability of pension systems; (5) Presentation: construction and general features of the pension system in Finland; (6) Presentation: construction and general features of the pension system in Lithuania; (7) Models of contributions collection and control in EU; (8) informal economy; (9) contributions collection and control in Finland and Lithuania; (10) Management of pension systems: Finland, Sweden, Denmark, Norway; (11) Management of pension systems: Lithuania and France; (12) Presentations of the existing social insurance and pension system and problems in Cambodia (NSPC); (13) The organisation of the voluntary pension insurance: financing types, methods, models, administration problems; (14) Basics of the pension investment (15) General investment strategies of ILO and recommendations for Cambodia (16) Investment policy of the pension funds in Lithuania (and 1 pillar reserve fund) and practical example of pension funds investments (legislation) (17) Pension funds investments and reserve fund in Finland ✓ <i>experts' mission reports</i> ✓ <i>policy paper</i>: setting-up investment strategy and guidelines: SOCIEX+ recommendations
OBSTACLES What are the obstacles encountered during the implementation of the initiative?	<ol style="list-style-type: none"> 1. The latest statistical data on relevant social protection schemes were limited. 2. The social protection budget figures were very fragmented and not immediately accessible. 3. No clear responsibilities and functions of NSPC, set in the laws (only decrees level). 4. No clear decisions of the development of the complimentary pension insurance and merging of the civil servants scheme with newly private pension insurance scheme. 5. No clear strategies on the investments. 6. The draft Social security law and draft Social protection law not provided for the analysis

HOW?

What have been the main phases or steps of the implementation of the initiative?

- ✓ Prepare investment guidelines.
- ✓ Prepare possible guidelines of the three pillars pension system in Cambodia;
- ✓ Provide comments to the draft law of the social security and/or law of social protection.
- ✓ Organise trainings for the social security actors.
- ✓ Organise the conference (together with SOCIEX+ and international organisations) on the latest developments of Cambodian social policy and best international practise.
- ✓ Develop legislation and regulation in the basic pension field (gaps/taxation).
- ✓ Set-up performance of the actuarial calculations inside NSPC and NSSF.
- ✓ Set-up clear functional responsibilities of the NSPC in legislation.

INNOVATION

The initiative has implemented in an innovative way some or all of the aspects that compose it.

Initiative has implemented in an innovative way. The methodology was based on 4 steps activities: (1) Establishing a process for benchmarking and conduct a benchmarking exercise for a suitable pension system in Cambodia, in relation to EU and other relevant international standards; (2) A situational analysis of the present position, regarding the system of financial sustainability and investments in the field of pensions in Cambodia and in the EU (in order to formulate recommendations); (3) Once the existing situation in pension field has been analysed, and the needs was defined, this activity supported formulating consistent and receivable options for Cambodia; (4) Presentation of recommendations and policy papers to Cambodian counterparts (on the investment policies) and discussions on the implementation and the continuation of SOCIEX+ activities.