

**Social security and pensions  
system for government's  
employees**

**Establishment and  
Development**

*the annual report of the year 2001*

## **Social security and pensions system for government's employees**

### **Establishment and Development**

Former Chairmen

Mr. Ahmed Mohamed LOGMAN

Mr. Mohamed Abdullah AL-BITANI

Mr. Mohamed Ali HEHTEM

Dr. Abdullwahab ROUIH

Former board of directors members

Dr. Abdullwahab ROUIH, Minister of Civil Services-the Chairman.

Mr. Alloui Salah AL-SALAMI, Minister of Finance, a member.

Mr. Ahmed Mohamed SOUFAN, Vice Prime Minister, Minister of Planning and International Affairs.- a member.

Mr. Mohamed Ali OTHMAN, Minister of Trade and Industry- a member.

Mr. Ahmed Abdullrahman AL-SAMOUI, Central Bank of Yemen Governor, a member.

Mr. Mohamed Hizam AL-SHOUHADI, the executive Chairman of the GASSP- a member.

Current board of directors.

Mr. Hamoud Kahlid AL-SOUFI, Minister of Civil Service and Insurance-the Chairman.

Mr. Alloui Salah AL-SALAMI, the Minister of Finance- a member.

Mr. Ahmed Mohamed SOUFAN, Vice Prime Minister, Minister of Planning and International Affairs- a member.

Mr. Kahlid Rajih SHAIK, Minister of Trade and Industry, a member.

Mr. Ahmed Abdullrahman AL-SAMOUI, the Governor of the Central Bank of Yemen.

Dr. Abdullmalek HAGAR, the executive Chairman of the GASSP- a member.

Mr. Fadel Ali AL-AKWA, Deputy Chairman, the Secretary General.

#### **Former Chairmen Executives**

Mr. Ahmed Ahmed AL-ATAB.

Mr. Mohamed Hassen BASAED.

Mr. Ahmed Ali ALBISHARI.

Mr. Mohamed Hizam AL-SHOUHADI

#### **Form Vice Executive Chairman**

Dr. Ahmed Abdullah AL-GADI

Dr. Mohamed Aouad YASSLIM

Mr. Ahmed Omar SALLOM

#### **The GASSP current Executive Chairman, Vice Chairman, and senior managers.**

Dr. Abdullmalek HAJAR, the Executive Chairman.

Dr. Abdulhamied Manih AL-SAIH, the Vice Executive Chairman.

Mr. Arif Faisal AL-AOUDI, pensions settlements Deputy Chairman.

Mr. Fadel Ali AL-AKWA, administrative and financial Deputy Chairman.

#### **Initiation**

It is my pleasure and honor to write the initiation of this report with my own handwriting which will be an example for the upcoming reports of the GASSP. It contains valuable information about the foundation of the

social security system in the Ministry of the Civil Service and the development phases over a long period of time extended to three decades.

Therefore, it is no wonder that this report is a quantitative addition to the Yemen administration bookstore and an essential historical document for the employees of the Ministry of Civil Service and for other interested practitioners in this discipline. Moreover, it is a testimony for the efforts exerted by the pioneers leaders of the Ministry of Civil Service and Insurance to acknowledge their dedication of laying the foundation stone of the social security and pensions system to cover all employees of government' apparatus and units.

In this context, I must not miss extending my gratitude and appreciation to H.E. President Ali Abdullah Sallah which his blessing reign is considered the best time for the development of the social security and pensions system. Moreover, his support is still consistent to ensure rights of employees and their families during service time or after retirement to honor their sacrifices and services during their prim age for the sake of prosperity of this nation.

Also, we would like to document my thanks and gratefulness for the efforts made by the employees who prepared and directed the production of this report. I am confident that their efforts will continue in the future to get such informative social security reports that introduce and document the social security system to reach the noble humanitarian goals.

Hamoud Kahlid AL-SOUFI

Minister of Civil Services and Insurance

Fund Chairman of the GASSP

## Introduction

It is my pleasure to introduce the first issued report with respect to the GASSP achieved activities during its past history. Some pages included details during the period 1991-2001 which is a step toward issuing annual reports to document details of GASSP's activities and to make these reports available to all government organizations, the two sectors, the public and the private sectors, practitioners, and all interested pensioners or entitled for pensions.

The interested practitioner of the social security system and its activities may acknowledge the supreme political leaders heedfulness represented by H.E. President Ali Abdullah Salah for retirees whom spent their lives serving the country. This led to the issuance of the social security Act No (25) 1991 that covered old age, invalidity, death, and work injuries as applicable in other countries. For the purpose of improving pensioners' life standards and families members entitled for pensions, the following were accomplished during the past period:

- Pensioners have been given four pension bonuses during 1997-2001 in order for them to have decent live amid price-hikes.
- partial amendments of the social security Act no (25) 1991 regarding the addition of all allowances to the received salary, which contribution deduction rate is based on, have been approved. Also, the minimum pension amount to be received must no be less that YR7000.
- The state has incurred many due contributions for the employees working in political or public organizations and the like to insure their right of getting pensions that guarantee minimum life standard level.

Although several achievements are realities now, as set forth in this report, challenges encountered still tremendous that necessitate cooperation amongst all concerned bodies. Most of important of which (challenges) are:

- Difficulty of getting the due contributions efficiently to assure the remittance of employees' social security contributions.
- The automatic system necessary for the effectiveness of the GASSP is not used.
- The inexistence of comprehensive pensioners and secured employees information that be entered into computers as data base.
- the revenues and proceeds of the GASSP are not activated and varied.
- urgent adjustment for the applicable social security Act required to maintain fund continuity for a longer possible period in order to reduce State liabilities.
- A number of government apparatuses issued laws that are contrary to the social security Act which always gets the GASSP into arguments and contradictions with such government bodies. So, we hope the GASSP will be notified and requested for advice when drafting laws concerning employees or pensioners so as contradictory laws approved directly affect the GASSP.
- Administrative, financial, and technical supervision needs activation to reduce operation costs.

However, I express my confidence in all of the GASSP's staff to ease out challenges faced and to consider such as a working agenda for the shortly coming times.

It is worth mentioning that the report has briefly presented the social security development in Yemen and the relevant bodies supervised the system in addition to the GASSP's expenditures. It concluded with most essential aspects needed by the secured employees or pensioners.

All in all, I am gratitude and grateful to all staff of the GASSP in all different administrative levels and in the branches for the efforts exerted for a better performance of such organization which is in the ownership

of large class of society. Also, I forward my sincere thanks and appreciation for the effective support and cooperation of Mr. Abdulwahab ROUIH, The former Chairman, and to the current Chairman Mr. Kahlid Ahmed AL-SOUFEE.

**Ismail Hajar**

**The Chairman**

### **Forewords**

For decades, the social security system was not known; it was just to give financial aids out of humanitarian and religious values. The social security system existed, in its current lawful structures, just recently.

Social security systems become, in the existing time, an important system in terms of securing employees or workers in case of being harmed to the extent that may lead to death or make them disable to earn his livings.

On this basis, most countries worldwide, including Yemen, set up organizations of social security aimed at creating feeling of comfort and settlement among society.

The GASSP was founded to be an executive organization assigned to the implementation of the social security Act no(25) 1991, which was a milestone toward the establishment of a new sophisticated social security system that adapts to the ongoing changes and to meet the needs of Yemen society.

The executive system undertakes two important functions:

**Social function:** the social function is mainly to guarantee a decent live for the secured employees with respect to certain conditions set by the social security and pensions Act that the GASSP must adhere to regarding pensions and compensations. Also, provides service to the employees serving their country during the occupation of a public job.

**Economic function:** the GASSP has an economic function in form of investing its revenues in businesses that develop the nation economy growth and indirectly stabilize economy.

It is worth noting that the social security and its investments activities are for all government employees and for their interests. Therefore, this book shall illustrate the social security and pensions system in Yemen to make a clear image of social security activities which gives the minimum awareness about social security importance. It, the book, will answers many secured employees enquiries.

## **Chapter one**

### **Social security system**

Definition- aims- finance.

Social security system has been given special attention in all countries and become an important factor for the economic and social evolution in modern communities. It is also considered, by laborers, as an essential system to secure decent livelihood for them and their families when referred to retirement.

This chapter will briefly give presentation about social security system, evolution stages, and the concerned government apparatuses in Yemen.

#### **- Social security and pension's definition:**

Security means safety, comfort, and not being worried. A verse in Quran have mentioned such term.

Security metaphorically is the system that is based on revenues collected as monthly contributions discounted and deducted from government's insured employees paid in advance which guarantee compensations for secured employees if harmed to the extent of being not able to work in addition to medical services , if applying the health security system.

In other words, social security is financially dependant on contributions that give the rights and privileges for secured individuals when exposed



to dangers such as invalidity, death, career-related diseases, injury- during work or being an old age.

### **Social security aims:**

There are direct and indirect aims and ambitions that the General Authority for S.S. and Pension hoping to achieve. Most important of which are the following:

- 1- To provide a reasonable life standards for pensioners and their families, if died.
- 2- Attempt to reduce poverty and eliminating class difference by pensions disbursed to pensioners who are the majority in any society.
- 3- Organize and stabilize relations between secured employees and their hiring parties.
- 4- To maintain employees, workers' rights in the society and breaking frights boundaries.
- 5- To take part in reserving society form corruption.
- 6- To improve public individuals health.
- 7- Creating employments opportunities either by referring employees who have gained one of the two pension eligibilities limits to retirement or by the investments being established by the social security concerned bodies, therefore, giving chance to new universities graduates to be hired.
- 8- Increasing productivity by making various productive investments projects.
- 9- Actively contributing to developing national economy.

### **Social Security Finance**

The above means the availability of financial resources necessary to the application of social security system in relation to accredited privileges and other expenditures.

Social security system is mainly financed by contributions of secured employees. In return, there are commitments toward employees and their

families (pensions+ compensations), and these contributions are invested which is another, not less important, finance resource. The completions of these investments depend on the Fund's financial status in the long term.

On a side note, social security contributions, which are benefits guaranteed for the secured employees, are initially low and increase over time according the number of secured employees to a point when the social security contributions and social security expenditures (pensions) leveled.

Therefore, social security revenues increase during the primary years to a certain point when revenues equalize with the monthly paid salary (pension) which make investments precedes an important finance resources during the primary years of secured employees if these proceeds were managed and invested in lucrative projects.

There might be many possible ways of financing followed in the world. Most important of which:

### **1- full- finance by contributions**

In such system, it means a balance between contributions and investments and the commitments of future payments.

In other words, social security fund is financed by the contributions paid by the secured employees and their hiring parties. This system is applied in Yemen where employees are to pay a proportion and other proportion by the hiring associations.

### **2- Contributions partial finance**

Contributions are estimated to make a reserve sufficient to pensions in the long run and to increase contributions whenever commitments rise in form of installments exceeding from generation to another till equalization.

### **3-Direct and indirect tax finance**

These taxes are imposed to make enough revenues against commitments in each year with making suitable emergency reserves in case of any sudden increase of commitments.

#### **4- State partial finance**

According to such, the public treasury shall incur social security expenditures, hence, this system don't make reserves. Most countries have abandoned such system especially in light of free market system that reduces state intervention in economy.

### **Chapter two**

#### **Social Security**

##### **The social security system foundation and the development phases:**

When exploring Yemen history, there was not social security law stating pensions or social security payments for State's employees who their services came to an end and/or die back then especially those who died, but rather it was to give financial aids out of humanitarian and religious values. It continued, in similar manner, up to early seventies.

Therefore, the social security discipline can be divided into phases according to its development:

- First phase ( 1962- 1979)
- Second phase ( 1980- 1989)
- Third phase ( 1990- 2001)

##### **The first phase (1926- 1979)**

During the eight years that followed the revolution in Sana'a in 1962, the social security system had not been clearly established due to the occupation of consecutive governments with stabilizing the pubic regime. So social security payments were disbursed to decayed employees with families to earn living to with not less than one third of their salaries at the end of sixties.

In Aden, which was under the British occupation during that period, British authorities issued the Act No. (15) 1936 in relation to award the resigners of serving workers. After the announcement of independency, the Act No. (23) 1968 was issued to award service end.

During seventies, several legal legislations were issued in each of Sana'a and Aden to meet social security requirements and secure workers and employees in both public and private sector.

- In 1972 in Sana'a, the Act No. (13) 1972 was issued related to social security pensions and awards for civilian employees of state.
- In 1975, the Act No.( 4) 1975 was issued in Aden in relation to service – end award for state's employees that granted the employee who completed 25 service years or more, or in case the employee did not complete the required period , a compensation ( service- end award).
- In 1978, the Act No. (19) 1978 was issued in Sana'a concerning pensions and awards for state's employees. The Act was not placed into effect due to financing obstacles during that time.

### The Second Phase 1980-1989

During this phase, several legal legislations that boosted and thrived the social security system were issued. Most important of which:

- In 1980, the Act No. (1) 1980 was issued in Sana'a in relation to social security system and awards for both sectors' employees. Also, the Act No. (1) 1980 was issued in Aden that was known as the Social Security Act. It was applicable to all administrative state's employees and to the workers of the private sector as well.
- In the same year, the Act No. (19)1980 was issued in Sana'a regarding military retirement.
- In 1982, a republican decree No. (26) 1982 was issued in relation to establishing the Civilian Pensions Fund to be responsible for the application of Act No(1) 1980 instead of Pensions Administration.

- In 1987, the Social Security Organization was founded in Aden assigned to apply Social Security Act No (1) 1980.

-In 1987, the Act No (16) 1987 was issued in Sana'a related to social security system (pensions) for employees of state and the workers of the private sector. Also , in the same year, the Act No( 17) 1987 was issued concerning the foundation of the General Authority for Social Security and Pensions assigned to apply the Act No.( 16)1987.

### The third phase1990-2001

The third phase is the phase following the two country parts unity in 1990. Most essential evolutions during this phase were the following:

- The merger of the Social Security Association ( in Aden) with Pensions Fund ( in Sana'a) in one organizational structure that is the General Authority for Social Security and Pensions presided over by the Minister of Insurance and Social Security Affairs.

- The issuance of Social Security and Pensions Act by the republican decree No.( 25) 1991 and its executive bye-laws which is still in effect up to now and all prior Acts applicable in Sana'a and Aden were revoked according to this Act.

- In 1991, the Act No.( 26) 1991 was issued regarding the social security system which , in accordance to this, revoked the Act No.( 16) 1987 applicable to employees of the private sector .

-In December 1996, the republican decree No. ( 249) for the year 1996 was issued regarding the consolidation of the General Corporation for Social security ( a corporation responsible for the private sector employees) existing under the Act No.( 26) for the year 1991 and the General Authority for Social Security and Pensions( an authority in charge of the social security and pensions for the administrative employees of State , and the two sectors : the public sector, and the private sector) existing under the Act No.( 25) for the year 1991 , to be one Authority named the General Authority For and Social Security and Pensions assigned to apply the Act No.(25) for the year 1991. And the

Act No.( 26) for the year 1996 regarding the separation of the two authorities to be as they were two separated identities.

- Early 2000, the republican decree No.( 1) for the year 2000 was issued to amend certain clauses in the Act of Social Security No. (25) for the year 1991 which stipulates that all allowances to be added to pensions and defines the minimum pensions limit for retirees to be not less than YR7000.

- In 2001, a new Cabinet was formed with a new organizational structure that made the Gen. Auth. for Social security and Pensions to be supervised by the Ministry of Civil Service where the minister was to be the chairman of the Board of Directors.

### **Chapter three**

#### **The Gen. Auth. for S.S. and Pensions**

Since social security system needs an executive administration undertakes social security responsibilities for secured employees in addition to nation economic goals, Yemen like most countries in the world, was keen to the establishment of an executive administration assigned to social security responsibilities for employees in both sectors. This executive administration is known as the Gen. Auth. for S.S. and Pensions. This chapter will elaborate on:

-the Gene. Auth. for S.S. and Pension's goals, responsibilities, and organizational structure.

-Its revenues and expenditures.

-Its accomplishments during the period 1991-2001.

#### **The Gene. Auth. for S.S. and Pensions' goals, responsibilities, and organizational structure.**

-Goals and responsibilities:

The Gen. Auth. for S.S. and Pension aims at providing social security services and assuring decent life for secured retirees and their families by collecting social security contributions and the contributions of the public and private sectors. These contributions are invested in profitable business. Also, the GASSP expends pensions and service-end awards and any other dues amounts for secured employees and the eligible family members when pensioner dies in light of the effective social security and pensions laws and executive bye-laws. In order to achieve such goals, the GASSP undertakes the following:

- 1- Maintaining secured employees' rights in accordance with the effective laws during and after service time and issuing laws that organize pensions expenses and supervising implementation.
- 2- Obtaining documents in relation to secured employees' job and social status subject to the law and registering changes instantly, if happened, with coordination with the Ministry of Civil Services and Insurance.
- 3- Completing pension settlements and measures in respect to pension reference for eligible employees.
- 4- Taking all measures needed to create fund balance in the long run by conducting necessary social security studies.
- 5- Following up fund's revenues and expenditures and preparing all accounts according to accountancy regulations.
- 6- Carrying out investments policies for revenues proceeds in accordance with a plan previously set out.
- 7- Suggesting desirable amendments to laws , as needed, and suggesting rules and regulations related to social security discipline.
- 8- Looking for mixed government organizations or general authorities that are subject to the law of social security and assuring commitment in terms of transferring and remitting contributions to the GASSP' fund.
- 9- Exploring all registration documents necessary for the implementation of the law and its executive bye-laws as well as the implementation of GASSP's instructions in this regard.

**The structure of the Authority:**

The GASSP seeks to improve its employees' skills by continuous training in different domains so as to keep up with latest development in technology. Also, it explores other countries' experiences in relation to social security. The organizational structure for the GASSP is:

The Chairman, vice chairman, two deputy chairmen (deputy chairman for the financial and administration affairs, and deputy chairman for pensions settlements) in addition to number of general departments undertake the application of social security law.

The staff of GASSP are distributed in governorates' branches set forth hereunder in schedule No. (1). the total number of staff up to the year 2001 was 879 distributed in different administration levels (the head center and branches across the country).

Schedule number (1), the distribution of GASSP's employees according to type and degree of qualification.

Description	Male	Female	Total	Rate
Master degree	1	0	1	0,11%
High diploma	7	0	7	80,0%
Bachelor degree	188	32	220	20,25%
High school	252	66	318	18,36%
Preparatory school	76	27	103	27,11%
Primary school	59	13	72	19,8%
Illiterate +literate +others	71	22	93	58,10%
Total	703	176	879	
Rate	80%	20%	100%	

source: the Computers general department.

Revenues and expenditures of the GASSP during 1991-2001.



It is worth noting that social security fund is conducted by a board of directors constituted as the following:

- Minister of Civil Services and Insurance, the Chairman.
- Minister of Finance, a member.
- Minister of Trade and Industry, a member.
- Minister of planning and International Cooperation, a member.
- Central Bank of Yemen governor, a member.
- The GASSP executive chairman.

**Duties of the Board of Directors are:**

- Planning general policies for the GASSP.
- Approving the financial, political, and consultation plans forwarded by the Executive Chairman.
- contemplating and approving budget assumption drafts for the GASSP, approving budgets and its final account statements. Also, approving financial status of fund at the end of every year.

This part will represent aspects in relation to contributions paid by secured employees and the hiring party which is the essential revenues used to finance the social security services provided by the GASSP for both sectors, the public sector and the private sector.

Revenues during the period 1991-2001

Revenues are of two sorts:

- social security contributions.
- Investments proceeds.

Description	Social security contributions	Increase rate against last year	Increase rate
<b>1991</b>	<b>2.048.903.000</b>		
<b>1992</b>	<b>2.736.681.000</b>	<b>687.778.000</b>	<b>%33.60</b>
<b>1993</b>	<b>2.820.674.000</b>	<b>83.993.000</b>	<b>%3</b>
<b>1994</b>	<b>2.904.007.000</b>	<b>83.333.000</b>	<b>%2.90</b>
<b>1995</b>	<b>3.776.347.000</b>	<b>872.340.000</b>	<b>%30</b>
<b>1996</b>	<b>4.993.518.000</b>	<b>1.217.171.000</b>	<b>%32</b>
<b>1997</b>	<b>5.673.370.000</b>	<b>679.852.000</b>	<b>%13.60</b>
<b>1998</b>	<b>6.103.284.9000</b>	<b>429.914.900</b>	<b>%7.60</b>
<b>1999</b>	<b>6.342.649.000</b>	<b>239.364.100</b>	<b>%3.90</b>
<b>2000</b>	<b>12.248.808.289</b>	<b>5.906.159.289</b>	<b>%93</b>
<b>2001</b>	<b>12.698.504.503</b>	<b>449.696.214</b>	<b>%3.68</b>

source: Revenues General Department.

### **Social security contributions**

#### **Social Security contributions**

Social security contributions are the main vital resource that makes the revenues of the Gen. Auth. For S.S and Pensions as the Act of Social Security and Pensions No.( 25 ) has defined that the social security contributions are the most essential resource for the Social Security Fund where the clause No. (12) reads as the social security for old age , invalidity and death be funded by the following resources:

-6% out of the salary is the proportion committed by the hired party to be, on monthly basis, remitted to the Social Security Fund.

- 6% out of the salary is the proportion committed by the secured employee to be monthly remitted to the Social Security Fund.

In addition to 1% injury- during –work security contributions guaranteed by the hiring party where the contributions are to be transferred to the Gen. Auth. for S.S. and Pensions' account in the Central Bank of Yemen.

The following schedule set forth hereunder illustrates the social security contributions during 1991- 2001.

Description	T-bills balance & deposits at year-end	Total annual revenues(deposits-T-bills)
<b>1991</b>	<b>1.347.997.178</b>	<b>95.847.972</b>
<b>1992</b>	<b>4.130.770.956</b>	<b>170.391.442</b>
<b>1993</b>	<b>5.710.760.458</b>	<b>453.376.303</b>
<b>1994</b>	<b>7.298.424.875</b>	<b>590.709.562</b>
<b>1995</b>	<b>9.080.500.988</b>	<b>801.056.482</b>
<b>1996</b>	<b>13.416.245.573</b>	<b>2.277.261.534</b>
<b>1997</b>	<b>22.278.622.168</b>	<b>3.721.196.550</b>
<b>1998</b>	<b>28.844.041.545</b>	<b>3.182.382.856</b>
<b>1999</b>	<b>31.888.824.833</b>	<b>4.196.681.021</b>
<b>2000</b>	<b>45.834.458.594</b>	<b>6.214.351.204</b>

source: the General Department of Revenues.

( 1) The Social security Act No.( 25) for the year 1991 , article No.(12)

source: the Gen. Auth. for S.S. and Pension's final financial statements (1991- 2001).

It is noticed that the social security contributions were increasing over the years 1991,1992 that reached YR687,778,000 ,with an increase rat of 33,56%, which were basically the previous years' social security due contributions of several organizations' employees subject to the Social Security Act No.( 25) for the year 1996.

Whereas the average increase regulated during the year 1993,1994 by approximately 3% due to the normal annual bonuses .

The contributions rate increased in 1995 as a result of direct social security contributions exclusions ,made by the Ministry of Finance ,of many governmental apparatuses subject to the Social Security Act No.( 25) 1996.

Also, the social security contributions increased during the year 1996 by 32% comparing with the previous year 1995 . this is attributed to the Cabinet resolution that states price-hikes allowance to be granted to all administrative employees of the State ,and to the private sector as well, during the period 1992- 1995 in addition to their salaries which was back then the basis for defining the social security contributions.

And contributions increased in the year 1997 by 13,6% due to the aggregation of postponed due social security contributions.

In 1998, the price-hikes allowance was added to salaries, consequently, rising up the amount of contributions made to the Gene. Auth. for S.S. and Pensions.

As a result of amending the Act No. (25) 1991 by the republican decree No.(1) for the year 2000 ,that was issued in January, social

security contributions increased in 2000 , and a number of clauses were amended to make the total wage paid the basis of social security contributions . The total wage , as defined by the decree , is the salary in addition to allowances of the secured employee except awards and additional wages , therefore , the social security contributions rate was 93% which is high when compared with the rate of the last year.

### **Social Security contributions discount(deduction) and collection from source suggestion:**

The problem of getting the due social security contributions and efforts needed to be exerted to follow up all State's apparatuses especially after the implementation of local council governing is a major challenge encountered by the GASSP . Exclusion of contributions of social security form sources i.e. Ministry of Finance to the bank account of GASSP is the most appropriate measure to terminally end such consistent problem . This is the aim that the GASSP is longing to achieve.

### **Investment revenues:**

Investments revenues are fundamental and key revenues for the social security and pension's fund. The investments of GASSP are the following:

#### **Cash investments:**

1- Investments with the Central Bank of Yemen:

Most revenues proceeds are invested either as cash deposits or treasury bonds as the current economic policy of the Central Bank of Yemen is to withdraw monetary cash flow available in society. These investments represent the highest portion of investments of the social security fund during the period 1991-2001. The schedule no (3) set out hereto clarifies that.

T-bills and its revenues during the period 1991-2001( amounts YR)

Description	Year-end treasury bills and deposits balance	Total annual revenues (deposits-bills)
<b>1991</b>	<b>1.347.997.178</b>	<b>95.847.972</b>
<b>1992</b>	<b>4.130.770.956</b>	<b>170.391.442</b>
<b>1993</b>	<b>5.710.760.458</b>	<b>453.376.303</b>
<b>1994</b>	<b>7.298.424.875</b>	<b>590.709.562</b>
<b>1995</b>	<b>9.080.500.988</b>	<b>801.056.482</b>
<b>1996</b>	<b>13.416.245.573</b>	<b>2.277.261.534</b>
<b>1997</b>	<b>22.278.622.168</b>	<b>3.721.196.550</b>
<b>1998</b>	<b>28.844.041.545</b>	<b>3.182.382.856</b>
<b>1999</b>	<b>31.888.824.833</b>	<b>4.196.681.021</b>
<b>2000</b>	<b>45.834.458.594</b>	<b>6.214.351.204</b>
<b>2001</b>	<b>63.177.204.301</b>	<b>7.272.977.634</b>

source: final financial statements of the GASSP.

- Central Bank of Yemen's annual Report.

Note: data for the years 1997, 1998 are the data of the GASSP and the General Corporation for social security.

2- Investments of debts granted to pensioners.

The GASSP makes investments by giving debts to pensioners which is considered as a service to pensioners as the interest rate is so low.

Schedule No (4) indicates the increase rate of granted debts amounts during 1991-2001.

Description	Year-end debts	Annual investments
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	balance	revenues
<b>1991</b>	<b>11.225.147</b>	<b>801.856</b>
<b>1992</b>	<b>17.243.725</b>	<b>529.856</b>
<b>1993</b>	<b>24.312.342</b>	<b>1.400.213</b>
<b>1994</b>	<b>49.457.462</b>	<b>3.641.243</b>
<b>1995</b>	<b>73.106.798</b>	<b>2.401.821</b>
<b>1996</b>	<b>130.405.564</b>	<b>5.886.633</b>
<b>1997</b>	<b>188.302.186</b>	<b>4.487.154</b>
<b>1998</b>	<b>262.053.136</b>	<b>8.886.017</b>
<b>1999</b>	<b>318.214.982</b>	<b>12.355.382</b>
<b>2000</b>	<b>358.088.000</b>	<b>16.435.204</b>
<b>2001</b>	<b>420.139.610</b>	<b>19.583.950</b>

Sources: the GASSP's final account statements for 1991-2001

It is worth mentioning that the increase amounts of debts is attributed to :

-The increase number of retirees.

-low interest rate for these debts which legally defined by 9% out of the total debt amount repaid in five years. This means that the average annual revenues is 1, 8% only.

3-Other investments that are:

- buildings and lands investments.

- direct investments( corporation share).

1- buildings and lands investments:

GASSP's fund has bought lands and buildings to be rented as commercial offices or to be rented residential houses. The intendancy was to make

- The highest possible rate of proceeds in such investments.
- To vary investments, consequently, reducing possible risks on the capital of the GASSP' fund.

The following schedule indicates the rate of such investments for the period 1991-2001

Description/ the year	Buildings and lands investments balance
<b>1991</b>	<b>146.649.323</b>
<b>2001</b>	<b>151.691.349</b>
Increase rate	<b>%3</b>

source: the GASSP's final account statements

Through the above schedule, we conclude that investment, in such domain, is limited during 1991-2001 where its growth rate was approximately 3%.

Concerning proceeds(rent), it is noticed that , through the schedule hereunder no(6), proceeds rate was low during 1991-2001 as it was YR149,099,994 .Therefore, the proceeds during the same period were YR13,554,545.

Description	Buildings and land investment account	Annual investment returns /proceeds
<b>1991</b>	<b>146.649.323</b>	-



<b>1992</b>	<b>146.896.421</b>	<b>-</b>
<b>1993</b>	<b>148.936.961</b>	<b>4.493.200</b>
<b>1994</b>	<b>171.769.111</b>	<b>2.996.977</b>
<b>1995</b>	<b>171.769.111</b>	<b>2.079.100</b>
<b>1996</b>	<b>171.769.111</b>	<b>3.649.300</b>
<b>1997</b>	<b>152.017.157</b>	<b>2.036.500</b>
<b>1998</b>	<b>152.217.157</b>	<b>45.478.145</b>
<b>1999</b>	<b>152.217.157</b>	<b>17.950.948</b>
<b>2000</b>	<b>151.957.157</b>	<b>32.327.390</b>
<b>2001</b>	<b>151.691.349</b>	<b>38.088.434</b>
<b>Total</b>	<b>149.099.994</b>	

Source: the final account statements for the GASSP during 1991-2001.

## **2- Direct investment (corporation share)**

The GASSP has some diversified investments with aim of yielding high returns. These investments are:

- the Hotels Company of Yemen (Marib)
- Yemen company for purifying and packaging salt(Hudaidah)
- Yemen , Libya Corporation \_\_\_\_\_

The schedule hereunder reveals the direct investments during 1991-2001

Description	Direct investment account (corporation share)	Annual investments proceeds
<b>1991</b>	<b>25.655.385</b>	<b>-</b>

<b>1992</b>	<b>25.455.384</b>	<b>-</b>
<b>1993</b>	<b>25.455.384</b>	<b>-</b>
<b>1994</b>	<b>21.885.384</b>	<b>2.248.525</b>
<b>1995</b>	<b>196.885.384</b>	<b>-</b>
<b>1996</b>	<b>196.885.384</b>	<b>-</b>
<b>1997</b>	<b>413.410.384</b>	<b>-</b>
<b>1998</b>	<b>413.410.384</b>	<b>3.281.250</b>
<b>1999</b>	<b>196.885.384</b>	<b>4.375.000</b>
<b>2000</b>	<b>196.885.384</b>	<b>5.250.000</b>
<b>2001</b>	<b>196.030.384</b>	<b>-</b>

Source: the final financial statements.

The direct investments proceeds total (corporation share or equity share) during 1991-2001 were YR15,154,775 , hence, the annual average proceeds of such investments was YR 1,377,707 which is low when compared with treasury bonds proceeds.

### **Expenditures during 1991-2001**

Expenditures are:

1- social security expenditures which are paid to pensioners and to their families

Translated previously

### **Achievements of GASSP during 1991-2001**

During the above mentioned period, significant aims were accomplished. Most important of which can be previewed in the following:

- Amending and simplifying pension settlements procedures to comprehend the large number of pensioners as an application of administrative and economic reform, and the period was reduced from six months to two weeks.
- Documents related to pension settlement were briefed to be only 4 papers according to administrative and economic reform.
- Changes, as a result of social security law No. (25)1991 which included the addition of all allowance to social security contributions upon which pensions be defined, have been fully adopted. It also raised the minimum pension amount to YR7000.
- In 2000, the first GASSP's social security study had been conducted early eighties with the purpose of evaluating fund's financial situation.
- Developing the technical, administrative, and financial system of the GASSP by setting up the new social security system suitable for the activities of the GASSP by an international consultation firm.
- Improvement of GASSP's performance due the increase of pensioners in the last years.
- the GASSP has adopted several approaches in terms of easement of pensions payrolls in the center and in branches in governorates. Now, pensions have been paid through 136 posts centers.
- Carrying out decentralization performance policy by the inauguration of several branches in different governorates. Branches number now is 22



Description	Total pensioners number	Pensions	Service-end award	Funeral preparation and organization	Work injury	Other social security expenses	total	rate
1991	6.306	293.770.177.00	18.832.185.00	757.746.00	*	57.241.736.00	370.601.844.00	
1992	14.240	430.018.224.00	9.317.807.00	1.200.699.00	964.547.00	1.158.029.00	442.659.306.00	%19.40
1993	19.843	923.912.638.00	13.681.424.00	1.748.670.00	3.025.167.00	872.675.00	946.240.574.00	%113.76
1994	24.003	1.118.023.294.00	6.474.538.00	1.950.480.00	1.204.400.00	3.068.969.00	1.130.721.681.00	%19.40
1995	26.946	1.392.523.731.00	10.980.564.00	2.525.534.00	3.211.260.00	7.026.992.00	1.416.268.081.00	%25.20
1996	31.065	1.824.976.851.00	16.722.961.00	3.164.587.00	3.867.230.00	16.182.072.00	1.864.913.701.00	%31.67
1997	34.077	2.063.909.283.00	43.998.991.00	5.021.978.00	8.784.283.00	20.667.958.00	2.142.382.493	%14.87
1998	36.386	2.644.890.578.00	56.107.083.00	6.512.533.00	18.129.975.00	7.218.784.00	2.732.858.953.00	%27.56
1999	38.521	2.975.884.097.00	40.021.640.00	5.412.577.00	8.324.785.00	16.895.456.00	3.046.538.555.00	%11.47
2000	42.930	3.456.028.709.87	23.256.729.00	5.711.987.00	2.673.715.00	31.954.309.00	3.519.625.449.87	%15.50
2001	49.768	4.849.788.525.86	42.420.454.00	9.825.332.00	2.294.970.00	174.826.950.00	5.079.156.231.86	%44.30



Year	Wages and salaries	Commodity required	Service required	Current transferable expenditures	Total	Increase rate
1991	28.376.065.00	3.172.466.00	3.846.209.00	5.808.241.00	41.202.981.00	
1992	34.726.331.00	3.658.733.00	4.908.152.00	9.484.774.00	52.777.990	%28.90
1993	50.390.144.00	5.442.832.00	7.462.755.00	13.983.432.00	77.279.163.00	%46.40
1994	60.923.201.00	5.373.428.00	15.872.566.00	15.126.082.00	97.295.277.00	%25.90
1995	72.872.067.00	13.829.783.00	12.675.365.00	121.664.00;20	119.498.879.00	%22.80
1996	106.499.110.00	19.235.392.00	28.239.091.00	26.783.103.00	180.756.696	%51.26
1997	182.014.645.00	35.002.613.00	46.232.676.00	45.297.120.00	308.547.054.00	%70.69
1998	225.878.180.00	41.042.209.00	60.720.020.00	60.725.949.00	388.366.358.00	%26
1999	278.239.598	37.918.484.00	64.718.667.00	80.035.097.00	460.911.846.00	%31.13
2000	301.223.574.08	37.146.337.56	80.947.543.96	74.765.429	494.082.885.40	%7.19
2001	341.323.612.88	46.683.519.40	90.867.193.68	93.293.966.00	572.168.291.96	%15.80

comparing with the year 1997 where branches were only 16. This measure had a positive impact regarding the simplification of social security services for pensioners and secured employees.

-Considerable efforts had been exerted to raise GASSP's real estate proceeds.

-The completion of building and/or purchasing headquarters for the GASSP in the governorates; Aden, Abian, Hadrahmout, and the capital Sana'a, in addition to the economic support and contribution to the country's monetary policy by investing its treasury bills proceeds.

- An automatic system was prepared to run treasury bonds investments and the financial data for pensioners automatically.

## **Chapter four**

### **Social security privileges**

To increase awareness among secured employees and to illustrate measures for getting covered by social security system very easily with possibly minimum cost according to rules of the economic and administrative reform aimed at simplifying the measures of referring to retirement, the following will give presentation about the social security privileges included in the social security and pensions law No. (25) 1991 and its executive bye-laws amendments.

- Security death, invalidity, old age.
- security injuries –during –work and career diseases.
- service time period accumulation.
- exchange reserves.
- debts measures.

Firstly: securing death, invalidity, and old age.

1- death, invalidity and old age pensions



Contributions rates:

- 6% out of the total salary committed by the hiring party.
- 6% out of the total salary committed by the secured employee.

### **Pension eligibility**

Eligibility for pension starts upon reaching the service-end date for any legal eligibility reason. Pension will be paid right after the completion of the required documents and information for pension settlement and after sending a notice to the hiring party to transfer all secured employee financial rights.

Pension eligibility cases:

Cases of secured employee eligibility for pension:

1- obligatory retirement

- when serving 35 years or being older than 60 years.
- In case of death or an injury during work.
- complete and constant natural disability or injury-during –work.

2- optional retirement

- upon reaching 30 year- service time period for males and 20 year for females.
- when being older than 50 years and made social security contributions for 25 years.
- when being 46 years for females and made social security contributions for 20 years long.

Other pensions

- Disciplinary dismiss to retirement: when the secured employee made contributions for 25 years and was sentenced by court or by a disciplinary administrative resolution.

- Retirement of causes related to jail: when the secured employee made contributions for 20 years and was sentenced to jail (final sentence, not appealed).
- Pension of lost employee: eligibility for pension when announced lost with a judgment of death.

### **Pensions settlements factors.**

1- service time calculation: is the period which contributions were made for and the secured employee has not received for an award of service end but employee applied to add this period to his service record and pay contributions for the added period.

2- wage calculation

The monthly salary in addition to allowances subject to social security contributions discounts or deduction.

### **The mathematical factor used for benefits calculation**

Pension is calculated on the basis 1/ 240 (a part out of four hundred and twenty parts) out of the whole last salary upon which social security contributions discounts or deductions were based on.

The whole salary+ the time( in month) x 1

240

### **Eligibility for pension**

If the secured employee died or the eligible for the pension, his family whom he was earning living to, pension will be equally divided among them:

- The husband- the wife or wives.
- Sons and daughters, males or females.
- Father and mother or either one of them provided that the deceased was supporting their livelihood.

- Grandsons if their father, whom is not receiving a salary, died and their grandfather (the pensioner) was their livelihood provider.
- Brothers or sisters provided that the deceased was their livelihood earner.

### **Pensions and awards distribution manner**

Pension be equally divided among all eligible family members, in case one of them don't enjoy this right any longer, the pension then will be divided among the rest of the eligible family.

### **Pension suspension**

The pension amount is suspended in the following cases:

Regarding males with the right of receiving pension:

- death.
- being older than 18 years old whom do not study.
- being older that 21 years old whom is studying in high school.
- being 26 years old or older than that and studying at universities.
- getting a job from which the holder of pension right earns sustainable income except in cases of disability or invalidity which is decided by specialized medical committee. For holders of pension right, it is provided that they are completely dedicated for studying and have no income.

Regarding females with the right of receiving pension.

- death.
- marriage.
- hired and getting a sustainable income.

In order for a widow to receive pensions, it is termed that she was married to the decayed secured employee.

## **Pensions suspension revocation**

- If a married female's husband died, and her husband has no salary, pension amount instantly given back to her.
- If a married female got divorced, pension amount is returned to her as soon as legal time period finishes.

## **Manner of pensions disbursements to retirees:**

The GASSP disburses pensions through posts centers to reach all pensioners in a considerable short time. Also, the GASSP transfers pensions to pensioners personal accounts ( if available) in banks or in posts centers across the country.

## **2- Service- end awards**

It is the amount disbursed all at once for pensioner ,or other eligible relative members in case the pensioner died, if the retiree does not meet pension eligibility requirements. Awards are disbursed in the following cases:

- to be completely out of the social security laws placed into effect.
- immigration of the secured employee abroad.
- resignation of secured employee to accompany the immigrated spouse or to marry or to take care of the family.
- If the secured employee was sentenced, and this sentence can not be appealed, to serve a period of five years or more.

## **Awards mathematical calculation factor**

Awards are calculated by 9% out of the whole salary which contributions are monthly based on provided that service time is not less than one year.

Salary x the period x 9

100

### **3- funeral preparation**

When the secured employee dies, his eligible family members are disbursed pensions amount that is received in two months.

### **4- Marriage disbursement**

Eligible females for pension are granted when married an amount equivalent to the received pensions in a year paid all at once, where her share is to be given to the other eligible family members after one year.

### **5-the increase of pension**

The pension is raised for pensioner ,or for his family if he passed away, when an increase in salaries or allowances are approved to all state's employees and to the employees of public and private sector.

### **Minimum pension limits**

Pensions disbursed should not be less than the minimum limit that is currently YR7000.

### **7- Maximum pension limit**

The maximum pension limit is 100% out of the whole salary which contributions were made for.

### **Second: injury –during – work and career diseases**

The rate of contribution for the above is 1% out of the whole salary which monthly social security contributions were based on.

-the injured, any one injured during work.

Injuries during work are:

1- injury in work headquarters or a buildings belong to it during official work time.

2- injuries related to the exposure to natural factors or chemical substances exist in the work place or because of the nature of work.

3- injuries during going back and forth to work. Natural death because of a disease is not treated as an injury- during –work. Required terms for eligibility of injury-during –work compensation are :

- when there is a causative relation between injury circumstances and work duties.
- If the GASSP's branch was notified within a week starting from the date of injury.

4- the secured employee ,or his family , is entitled, if injured, a compensation according to the extent of the injury. In case of a complete disability or a death, the secured employee has the right of one month salary despite the time service in addition to a complete compensation.

#### **Injury –during – work and career diseases compensation disentitlement.**

- 1- if the secured employee deliberately hurt himself.
- 2- if the injury causes are a result of:
  - being drunk or under drugs influence.
  - breaking regulations regarding safety.
  - not getting a medical care for more than half of a month.
  - negligence of doctor instructions.

#### **Measures that should be taken by the secured employee or the hiring party.**

##### **The secured employee must**

A- notify his organization or the GASSP or any police station of the incident causes with an explanation of the incident.

B- obtain copies of the received medical care documents and send them to his organization to be referred to the GASSP.

### **The hiring organization must :**

- 1- provide primary health care for the injured employee.
- 2- transfer the employee to the specialized medical care center.
- 3- investigate the incident in collaboration with the Health and Safety Committee describing the details of the incident and confirming witnesses testimonies. Also, clarifying whether the incident causes were deliberate or as a result of purposely-done misdeed, and a copy of all the above to be sent to the GASSP.
- 4- inform the police about every death incident or an injury that causes invalidity or punishable crime within a week of the incident and the police must clarify and confirm the details of the incident.
- 5- inform the GASSP within a week of the incident date with a stamped copy of the incident report.
- 6- have an injury-during- work record to document incidents' causes ,circumstances, and compensations, and take all necessary actions to eliminate dangers leading to injuries.

### **Injury-during-work required confirmation documents**

- 1- the notification of injury to the GASSP either by the secured or the hiring organization.
- 2- the secured employee testimony minutes and incident investigation minutes that clarify incident circumstances, or the police report if the injury consequences were significant.
- 3- the medical committee report about the incident.
- 4- documents of medical care received.

### **Service- time calculation**

The concept of the actual time served is the period the secured employee in the government administrative units or in the private sector have made contributions for.

Possibly extra service time periods to be added to the actual service time:

- 1- prior service time with either of the two sectors( the public or the private sector) without social security contributions.
- 2- prior service time that the secured employee has receive a service-end award for it.
- 3- service time period that the secured employee left for a scholarship ,work in an Arabic or international organization , an affiliated organizations, illegal work suspension ,and obligatory time service upon employment.

### **Rules and regulations of adding service time**

1-if the secured employee requests an addition of a definite service, in writing ,to the GASSP enclosing the additional service time confirmation documents. Some of which are:

- steady information in the service file or in the pension file.
- recorded information in the official records.
- in case of indefinite time of employment, the employment date is assumed to be in 31/12 i.e. at the end of the year.
- it is allowed to apply for adding service time after being referred to retirement and to complete pensions reference procedures.
- to make contributions for the additional requested periods.

### **Optional addition of service time**

- 1-the period must not be more than five years.



2-it is allowed for whom was referred to retirement and the contributions time period is less than five years to apply for the eligibility of the minimum or maximum pension amount ,provided that contributions must be paid. In case the applicant died before being approved by the GASSP, sons and daughters may apply again after one year if it will lead to gain minimum or maximum pensions eligibility.

### **Additional service times calculation and payment of contributions**

Social security due contributions for the additional service time period is calculated on the basis of last due salary of the secured employee at the date of application multiplied according to the rate of contributions and the approval of the GASSP. In case of not making the contributions on due date and the last received salary increased, contributions are re-calculated accordingly. Generally, the additional service time period is not taken into consideration upon pension settlement if contributions, that were defined and being approved by the GASSP, for the additional period were not made.

Service time periods not applicable to addition

1- absence without an official permission issued by the hiring organization.

2-complete salary suspension, if legal.

3-periods spent in side the country or abroad which contributions can no be made for.

4-if the actual served period was 35 years.

### **Four: reserve exchange**

Social security law has the right to exchange reserves between the GASSP and the military and police pensions funds in case the secured employee in both sectors went to work with the military or police forces or in the private sector and possibly vice versa. It

guarantees that the time period served be counted and added to the organization transferred to according to:

1- the contributions reserves of old age, invalidity, or death are exchanged , among funds of public sector employees, private sector employees, or military and police manpower, and added to the fund of the sector the employee was transferred to.

2- The time period served must have made contributions for by the hiring organization subject to the effective laws, and the service-end award has not been disbursed.

3- Coordination between concerned bodies must be attached with the stamped job information documents considering the date of employment till transference.

### **Debts donations procedures**

The GASSP donates debts to pensioners equivalent to five years of pension received but not exceeding 25% in the following cases:

1- if debt applicant was sick (replacement) or any member of his family that needs treatment abroad or for a long period in light of a medical report issued by the specialized medical committee.

2-to build a residence mansion or in the time of natural disaster.

3- If the debt applicant married or his / her sons or daughters married.

### **Debt amount (replacement)**

Quarter of the pension received multiplied in 60 months that is equivalent to 15 months provided that the debt amount must not exceed YR150, 000.

### **Debt fees**

1- Debt fee 3% out of whole five years account is transferred in advance that is equivalent to 1, 8%

2- the debt applicant is not entitled to apply for another replacement debt till all previous debt installments are disburse if a case of debt eligibility occurs.

Installment payments period

Not over five years (60 months).

**Appendixes ( pictures to be inserted )**

