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11:10 : ಸಂಜೆ



Executive Officer Mr. John Grindle to introduce your team and share with us whatever information that you want to before you start the presentation. Thank you.

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle Speaking:

Thank you. Thank you very much for the introductions, they were very good. Today we got Shahid, our Chief Financial Officer, who is extensively worked on the accounts. And he is responsible for most of the investment activities at the fund. Suja is our Chief Operation Officer, who is responsible for Corporate Affairs, HR, Legal. A lot of public relations activities that goes on in the organization and as guys know who is deputy interim Chief of, CEO last year, I think. Yeah. So, Suja makes and enormous contribution. And on my far right, we have got CTI function is Shafeez. Shafeez's team has been extremely proactive in pushing the IT department long time. And the team has recently secured ISO certification, which means that the administration capabilities of Pension Office has been signed off as the best in class. So, I think, what we were thinking of doing is talking through the presentation. I mean we try and keep the star as the last as possible I guess. So, if you got any questions then feel free to chip in or ask questions as we go along. So, I think I if we start, I guess. I don't know which is the best way of doing it. So, I am not the best of IT. So, Affectively Pensions Office has been going for about 13 years. And we have got some big key functions at Pension Office. Which is largely to administer and manage the pension schemes under the pensions act. We do a lot of work on conducting awareness programs. We do a lot of work on providing retirement pension. Things like basic pension for an example: Pension fund, the pension HDC contribution scheme, MRPS and also administering a lot of other retirement promises that you make for the government. A lot of it is like to find benefit in nature. We also do a lot of work on formulating regulations. Looking at how pension to be paid. We got ongoing works into the moment. For an example in times we develop a lots of stake holders like world bank for an example on what is going to happen to the pension system here. And we have got a locking share on the far right, which I think says we pay basic old age pension. We think it is one of the most critical things that the organization as Shafeez's team is responsible for making the payments on that. Making sure it goes into the right bank accounts. So, I think on the next page, we have got some, I mean the team is produced a very good slide deck I think. And in the next page it gives an indication that the source of activities we do and the materiality of the number of transections we do. So, we have got the best part of



3000 employees involved in the scheme. Which goes for actually all the formal sector in the Maldives. We have got about, 100,000 active employees in the scheme. And that is going out quite quickly. We have got projections that is gonna go up to go up to 110,000 and beyond I think in the years come. So, again it's a critical part of the social infrastructure I think in the country. A lot of it, our well scheme is relatively mature. It is relatively young, and most of the members are quite young. We are starting to see quite a lot of pensions being paid. For example there is a 102 million of pensions disbursed in 2020. Billion of contributions in Sharia MRPS. Despite covid, which we will talk on later on. I think, we employer and member contributions to the scheme held out quite well during the covid crisis. And they have recovered since. The funds under management are growing well relatively quickly as well. I mean the average growth rate in the fund has been about 12% for the last couple of years. And looking forward it could be as much or even more than that. So, we have got about best part of 16 billion of funds under management. This is 2020. So, if we look now, we will have more than 16 billion on the management. Shafeez and team has been extremely progressive in pushing things like mobile applications and pushing wider applications out to the members of the pension scheme. So, we have got 55,000 people who mobile app users for pension scheme. I never keep up the lowest contributions in clients to make sure people pay the contributions they need to pay under the pensions act. The team is been extremely active in making sure people pay their contributions and make sure there's not too many a ways. So, it's about one and the half million, I think of basically of contributions, which should been recovered through legal action. And as mentioned, as the scheme is starting to mature, we have got more pensions. So, it's about 1400 beneficiaries on the scheme at the moment receiving, MRPs pension. Which is like drawdown. Next please. Oh yeah, Key performance indicators. We did look at the list of key performance indicators that you have provided us. So, hopefully we have covered everything in the list. If, if we have missed anything out, please tell us, and then we can talk if what we have missed out, and hopefully we can give you some comfort for the KPI working. Okay. Investments is key to a part of a pension fund effectively. I think if you look at the business model of a pension fund, there's some really important aspects. Making sure people get the contributions in and making sure people get what right benefits on time, which is critical. Another part of the business model of the pension fund is making sure the assets perform well. So, what we have done on the page is to give you an indication of what the investment performance of a pension fund has been like over the last couple of years. If you look, if you look



internationally pension scheme assets like in the US and so forth. I mean, yields of extremely low. In the Maldives historically we have been lucky to have things like treasury bills and so forth. Which have provided relatively attractive yields, like four or five, six percent. So, if you look on the page, we have got an indication of the types of funds we have got and we have received relatively attractive yields on this. I think what is important to draw out, I think for the last 2020 is like inflation was negative. So, basically, real yields over and above inflation. I think it might be on this one. Let's hold on. I have actually been much, have been more positive than the nominal yields we have got. So really, that's quite rarely experienced in the most jurisdictions these days for pension scheme to actually post good yields of five or six percent, I think historically. So, I think the investment team has done well in the world who have seen, if that sort of makes sense. We need to think about the future, which we will touch on later on. So, basically, in terms of investment performance, a large chunk of the government, a large chunk of the pension scheme is invested in government treasury bills. So, really the pension scheme when it collects contributions is a key strategic funding partner for the ministry of finance. so, it's a lot of work that goes on to actually help fund the budget deficit and a fund the budget deficit on relatively attractive terms and it doesn't give rise to foreign exchange risk, which a lot of bilateral lending would do. So, it plays a key part in actually sustaining the ministry of finance and sustaining the government budgets. So, a large concentration of the pension fund is in government securities. We have got a small component of the pension fund in listed securities, public listed securities, which we can touch on a bit later on and corporate bonds and so forth. So, this, I think the table just gives you a broad indication of where the assets are and what asset classes wherein. Next one. As stated, a large chunk of the funds actually in T-bills and government securities. We have got a bit in the banks, for example, I think we have got some MIB shares at the moment. Haven't we? and some BML shares for example. Which we are looking to expand our exposures. Telecommunications, we have got shares in mobile phone operators here, and these are all publicly listed investments. So, what you can sort of see is the type of returns we are getting on our assets, I think. we turn 2020, for example, for sovereign debt, we had on the schemes for about 5%. Ranging up to about basically touching 12% for some of the telecom shares we were holding. We will touch on a bit later on, but what we are looking to do is actually increased the returns on the funds to make the pensions more attractive. But, we will touch that a bit later on which might mean us picking up some more shares and so forth. The investment team is going a period of expansion, I think, and we are



looking at new areas to invest in. Given the current account situation in the Maldives, we have previous consultancies and have been telling us to look at overseas investments. But I think for us anyways, the team, I think the increasing focus we will be looking at domestic investments in nation building for us to invest in local infrastructure and local shares, for example. Its all, we will be hoping to do this in collaboration with the CMDA for example, and things like private placements. I don't want to go too far ahead because we are doing this one. But really, I think there will be less focused on overseas investments and trying to invest in a US. A lot more focus on funding the investment needs of our, of the country locally, whether it be resorts or infrastructure and so forth. And now the key mechanism to diversify the fund from to make the returns more stable. Risk management, we have a very capable audit team, internal audit team in the Pension Office. And over the last decade, they have sequentially reviewed most of the processes in the Pension Office. They keep a list of recommendations and ensure they track in the business. In the last year we have had some audits, I think, on the Maldives procurement process, for example, we have got someone Hajj, collateralization, for example. But, over the last decade for Pension Office of internal audit team that the Pension Office is basically reviewed most of the key operations in the Pension Office and sequentially and continuously improve them. So, effectively, most of the processes on the existing business model at Pension Office are fairly mature. We have the occasional issue, but it's raised by audit. But we see the audit recommendations and none of them are showstoppers. They are usually relatively minor recommendations. We might dispute the classification as minor with our audit team. Wherever the amber or whether green. I sometimes take the role of a management here. I think most of them are really green. But we have got a robust audit process. Audit has gone through most of the business over the last decade of 15 years. And all the staff goes up towards the committee. And all the audit recommendations attract. I've been at the time I have been now I have reviewed most of your recommendations and they are very, very typical and most of them are later will be resolved. Sujaa and team is very actively involved in stakeholder relationships and stakeholder improvement. So, Shafeez an the IT team, we have got a pension app, for example. Where people can provide Pension Office on, feedback to the Pension Office, likewise for Pension Office is very very active on Facebook, and we got a viber messaging service well. So, if anyone's got any feedback on what we are doing or like to make any comments, this is actively managed and looked at, at the Pension Office. IT has provided some really good tools to do that with and Sujaa and team is very active in monitoring this feedback as well. And this type of



feedback actually is a good feedback clue to help us continuously improve the service we have got. I think this slide just gives us a couple of examples of the sorts of things we get involved in terms of stakeholder relationship improvement. Sujaa and team for example does things like you know, member satisfaction service for example. A lot of the face-to-face work is being really been bit disrupted I think because of covid over the last year. We are hoping to pick more of that up. We get lots of work on policy advices, for example feeding into things like various initiatives in this app like unemployment benefit is maybe on the list I think. We stuff on housing we get to see. We get to see work from the world bank and add to that for an example on pension sustainability in the Maldives in design of the pension system. So, beyond what we normally do in our day jobs, a large chunk of the work is actually contributing to the wider stakeholder community out there. And developing things like, you know things like socio inclusion and stuff in the wider community. We do get some complaints, given a 150,000 members more or less. We have got like at the moment we have about 110,000 actives. Quiet a lot of deferred members in this game and the pensioners. We don't get that many complaints given the size of the membership. So, that gives comfort that Shafeez's ISO accreditation is working quiet well. Yeah. If it was like, in other organisation, I've worked for you would see huge buckets and spreadsheets full of complaints quiet often. The fact we have only got 22 gives you some view of back testing the performance of the state of the customer relationship is reasonably okay. We do a couple of them on contributions for example RSA statements, pension withdrawals I think is number one. Because its only 22 complaints because the services is reasonably good, the complaints don't usually take too long to resolve and hang around. I have worked in organisations where there is three or six months delays to working on complaints that's not really the case at the Pension Office. It's a lot more efficient than that. I think this slide gives a little indication of some of the stuff work we do on public awareness. A lot of this is held by Sujatha's team on public relations for example. So, it's a lot of stuff we do on pension awareness you know what a pension is and what basic pension is what the scheme provides. We do a lot of work on media. There is a lot of, I have seen lots of television advertisements, not advertisements, television, news articles and so forth. I'm a bit camera, I'm not very good on camera. So, really I am very happy we have got someone there to do it I think from public relations. Panel discussions, there is a website designers has evolved in leaps and bands I think over the last five or ten years there and its quiet comprehensive. We might be thinking of adding some more stuff onto the website as well in terms of member communication to further



improve it. But if you look at the website relative to other companies who have organisations its quite strong. Also, we do invest a way to Sujatha's team of public relations has been actively involved in CMDA. Example providing education to the next generation coming through on financial awareness on things like what stock market is, what a pension is, how to invest and so forth. To make sure the next generation coming through in the schools and so forth is going to invest and be financially aware. Relationship improvement, stakeholder feedback, employer awareness, awareness materials. A large chunk of what we have is specialist team at front office I think in Pension Office. Which does a lot of this sort of work. Again, this slide gives a couple of examples of the sort of things we do at the moment I think. So in terms of employer awareness we in incur sessions through the year I mean the IT radically improve contributions collection and the IT team for example has been doing awareness with employers to actually use the new system to the employment contributions collection at the Pension Office. Which means there is a lot less manual intervention for example in terms of collecting contributions and contributions are a lot easier to track through the system. So, the systems are a lot more efficient and a lot easier to use for the employers. Awareness materials there has been lots of work on improving the mobile phone application. Sorry I am losing my words. We design of awareness materials and upgrading the website. The website I think is quite pretty and attractive I think at the moment. I will keep flipping on to keeping momentum up. I think we have got some Sujatha's team mono sys matrix for example on inclusion in the work force. The percentage of women in the workforce and a turn over rate at the Pension Offices is quite low. For example, women are quite well represented in the management and the board or in particular the board I think at the moment. And in the executive teams at the Pension Office. There is quite a lot of training I think at the Pension Office. As part of natural improvement at the Pension Office we are seeking to introduce more training for examples on investments for example subject to evolution of the investment model in the years to come. So, what we find the staffs are already trained on the basic things the Pension Office does as we expand into other areas or think about other areas or think about new assets for example the guys are going to get more training whether it be on credit or you know buying assets and doing due diligence. So, it's a natural training programme there. We will be looking to improve it as the world gets more complicated going forward. Really really, I differed to Shafeez is vast expertise on IT on this page I think. And I thank Shafeez for the hard work the team has done I think on getting the IT up to be recognised as one of the best IT





functions in the Maldives, is that fair Shafeez? So, I think, I mean the administration system at the Pension Office have been ISO accredited. We do a lot of work with ISO as well. We have got a regular governance, governance function we got a committee called, what was it, Innovation and Technology. And my brain is going today, I'm afraid. Who regularly look at IT performance over the free monthly period. So, there is a lot of work done on cyber testing, for example we are beefing up activities and that. We have just recruited a new graduate to look at artificial intelligence to look up what that can do for the organisation. The IT functionality at the Pension Office is very modern. Really, I mean you know that most of what you'd expect to see in a good organisation is there. I mean although parts of any organisation there's always room for improvement. But there is a very very solid base I think which the IT team has established there. And a base for expansion into the future as well whether it be to provide other benefits or to help other government agencies via data to sharing. Promoting good governance: This like gives an indication I think of the expense charges of the pension fund. And we have bench marked them to our state pension funds. At the moment, Pension Office charges administration fee of 0.6% per annum. I've got to know a lot of pension providers in UK. And a lot more expensive than that. I think what we got honestly; we got a comparison of different countries. But there is a, I think there is a key point to due rights in this slide as well. While we are charging 0.6% of assets under the management, the expense performance of Pension Office is a lot better than that. So, with a bit of a headroom in the management charge, in the scope of the management charge to come down or to be used to provide our benefits. So, basically what you have got here, the existing 0.6% is per reasonable to most of the our pension organizations on the sheet. But, in reality the expense performance is about Twenty Five. 0.25%. And that really brings it down to the bottom of the expense charges on the sheet. So, although we charging 60 bits of 0.6% at the moment, the actually underlying expense performance is lot better than that. And we work something we can look into the future how we use that expense performance to either provide better services or give it back to the members as better pensions. So, I got ahead of myself on this slide I am afraid. Yeah, with 6% is, yeah we are annual administration 0.6%. The actual expenditure is a budget illustration on the website which actually gives you some sort of strategic plan and that actually shows a bit more detail. But, actually, the actual expense performance is about half of what we are charging. So, it is the key area I think where we can give that back to the members and actually add some value I think going forward. As going forwarding into the future of



the expense place of Pension Office is relatively stable but the assets are growing quite quickly. So, basic expense performance we got at the moment have a back 0.25% or 25 bibs is actually on track to reduce cost substantially over next five years. So, if we get back to the previous slide it's not a case of us being relatively middle of the path will be in 5 years' time I think will probably right down to the bottom of it. So, there is a really positive trend and still where I think on expenses here. Because the scheme is immature. The systems are quite more than efficient. We expand performance over next five years will really converge to best in class internationally. Good governance is important for any organization. And if you look at the suite of policies and rules and procedures in Pension Office, Suja's team and legal have taken a lot of effort to report to a really good policy suite. I think over the last year we have seen quite a lot of initiatives. About performance have of due process have been initiated. For example, to review the all performance. A lot more of the internal policies and procedures have been brought up today, reviewed and refined. We have got a code of conduct. we have got rules of procedure and succession planning has also been initiative at courtesy of the remuneration committee. So, what I think we have is we have got a lot of the stuff on governance is on train to be improving, on train to improve. But like every organization we need to show continuous improvement. So, they might have been a board performance process for example in January of this year. Next time we will work very hard to actually make that even better. So, for us as a team I think there is no real grounds for complacency. we got policies. We got most of stuff there. There is always got to improve. As always got to learn, and is always got improve any items on this sheet. Compliance to the pensions act. Shafeez's team does a lot of work on contributions compliance. Making sure people pay the 14% contributions joint. So, the table here just gives a brief indication of some matrix effect of these. So, you have got, because of covid there has been quite a lot of activity halt I think, on contribution of ways. Covid has stopped a lot of the door to door visits. For example, where people go around and see how many people are working in an organization and than tie that up to the member of, in that pension contributions they are paying. A contributions, uncollected contribution is about a million rufiyaa at the moment. The team will work very hard I think to bring that down and institute legal action. Going forward I think when we move on from covid it will be far easier to do things like door to door visits and on sites and so forth. For actually look at the number of contributions been paid, look at the number of people in that organization and make sure to a consistence. So, there is no anti avoidance. So, I think the top just gives you a couple of matrix on, you



know the notification process every time someone is late with the contribution. Shafeez's team chases them to pay the contributions. There is an automated reminder system through the website and through the applications to remind them. They get multiple warnings. If they don't ultimately pay there is some grants for leniency. But ultimately, they get sued through the legal team. Sorry, Ah! Covid. I think in terms of heads up on this one, Pension Office has been remarkably stable during the pandemic...

Chairman speaking:

Excuse me, I am sorry for the interruption. But can we go back to the last slide there was something that I didn't understand there. The non-compliance notification first and final, the difference between them is, does that mean with the first notice you getting a response. So, the final notice is going to for example, last one says 504 and the first one is 1198 I think. What does the difference between those two?

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle Speaking:

I could comment on this one. For one minute, I think I will give it to shafeez because it is a lot closer to the statistics and he is the expert.

Chief Technology Officer of Maldives Pension Administration Office, Ahmed Shafeez speaking:

Actually, there is a employee not making contribution like by the deadline. Then we initiate the first notice like. And also, after sending the first notice if the payment is still not paid, we send the final notice. Because there is a procedure for us to send these both notices for the employees who doesn't pay. In private sector actually there is a tendency that they pay like after the final notice. Some, I mean around like 30 to 40% they used to pay like after the final notice. So, but we regularly keep sending the notices.

Chairman Speaking:

Ok, got that. Thank you. Excuse me, your mike please.

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle Speaking:

Sorry. Okay sorry. We looking, effectively most of the staff that the Pension Office staff is relatively mature for the processes that has been matured are very well



administered and so forth. And it provides a very good platform to build on. We are doing quite a lot of projects at the moment, to expand the service of into the members and improve the Pension Office’s proposition. We touched on previously the investments largely being in government securities and bonds. Yeah. Effectively Pension Officer assets are growing quite quickly, because the contribution inflows into the pension scheme. So, we are looking to continue our commitment to the tertiary market, for example, so help the ministry of finance with the crisis. But also looking to diversify the investments and we will need, we are working with CMDA and so forth. And our board to get new plans in place to actually start investing in different types of assets and encouraging people to list on the stock market. For example, through private placements. This means will be looking to use the pensions scheme assets to enhance the returns of the members. We will be looking to use pension scheme assets to invest in the economy more. Whether that would be housing, renewables, de dollarization of economy, solar. There is lots and lots of opportunities first become more involved in, with the pension scheme in the Maldives to help build the economy. So, this is on the, this is inactive discussion at moment with key stakeholders like ministry of finance. We provided with our side with ideas. CMDA are looking at the legal framework here, to build the stock market. So, we are looking to explore investment opportunities for the fund to increase returns. Another prospective we have been looking at is introducing annuities to pension funds. Again, we need to check with legal. CMDA given us some positive feedback. But, the idea instead of like a drawdown accounts at the moment, members would be able to lock in an income for life. And a guaranteeing income for life, so they will never run out of pension. This is an inactive discussion the movement with the local insurance company. Again, we are trying to pursue this governance and get it to get live. Another area of the pension fund, I think which got room for development is, providing protection benefits, paper works is in it. So, for example wall for proposition for people over 65 is quite strong. At the moment people who basically, people who fall in gets less protection. We are looking at basically in preventing a scheme to pay cash lump sum. Or another type of that type of benefit to people who diagnose with a terminal illness for an example. Because, although the government is introducing unemployment benefit, here for example, that might be a need for an example to as a pledge before unemployment comes in or further reasons to help people who need to give up work if they got diagnosed with last stage cancer, for example. This is one of the initiates we are looking to on board a Pension Office. Because, we got so many members in the pension scheme, like 110,000 at the moments. This could be



hopefully transformative and give people another additional safety net to what mens per under sender. Shafeez and team are looking to modernize the administration systems at Pension Office. A lot of the systems there were 10 or 15 years old. They came, we have got an outsource partner in India. Shafeez is the best one to talk about this. But, we looking to have more control over the admin systems and modernized them as well as became more efficient. So, is an ongoing project at the Pension Office to accomplish that. And I think it is going to take several years. But, again that should reduce the cost-based at Pension Office. And make sure the administration systems are more robust going forward. Organizational review: Every organization always worked to improve. We are looking to enhance things like broad visibility and what goes on at the organization, Management reporting. We can look at how the organization is structured. I think for next year we might be having some inputs in, will be consulting more generally what we think the future of the organization could be. Part of that I think will be some of the work the World Bank is doing at the moment on these strategic direction of pensions in the Maldives. After you please. Okay. There is other, there is also other activities we need to think about in the strategic action plan. Which is bring the fisherman into the pension scheme. Again, another action in the strategic, in the SAP is basic due to the pension law as well and have pensions provided to senior citizens. Another action in this strategic plan is introduction for savings plan for housing. Pension Office has been putting a box who put in the list to be participant in that. But, next year, I think. If something we will be thinking about in terms of putting on the agenda in terms of how the Pension Office could actually provide a savings product for the housing sector. And possibly to more people in the wider of the economy. Because if you look at the Pension Offices, it's got accounting. It's got investment management. It's got administration. So, its got a really good plate form to provide national saving scheme to fund for housing. And build on the collateralization scheme we have got the Pension Office as well. so, we can't say these are promises that are going to happen. But, these are going where some project working groups in Pension Office working on it as the moment. But, we are hoping to having some good news on most of them hope over the next 6 months, I think. but no promises. I have been told to deliver. They are not to make promises. Just in case anything is developed for some reason. I think is, Oh, Yeah conclusion: yeah, everyone was home during covid. Pension payers were carried out without delays. Service was not disrupted. Customer service are provided largely because of you know over front office in the front desk was closed. Customer services were provided through the IT department. And the app and the user friendly



applications were CTO team office. I think there was it in terms of the slide decks. If you got any questions or can we help you with anything or...

Chairman speaking:

Thank you so much for that very comprehensive presentation. I would also like to introduce two staff from the auditor general's office who are sitting with us today. Manager, Nazmeena Mohamed and Assistant Auditor Mariyam Afa. Thank you for joining us. The key indicators that we have provided to you with were actually done by the auditor general's office, and they are collaborating with us on the review of the annual reports. Basically, I think despite covid you have done very well in the past year. And I was quite impressed with the number of people registered in your as mobile app users. Seems like people are quite in with technology these days. So, Pension Office is doing well with that. I have to leave at 12 o'clock and unfortunately the Deputy Chair also has leave at 12 o'clock. So, we are trying to finish by then. So, I open the floor to the committee members to see if they have any questions. Yes, I give the floor to the Deputy Chair.

Member of South Galolhu Constituency, Meekail Ahmed Naseem speaking:

Yeah. So, I have been receiving this question repeatedly from some of my constituents. It's regarding the collateralization of RSA for housing. Currently it's for home purchase as far as I am aware. Do you have any intention of expending this to construction or is it just for home purchase?

Chairman speaking:

Chair, I give the floor to you.

Chief Executive Officer of Maldives Pension Administration Office Mr. John Grindle Speaking:

Oh, Sorry yeah. I think the collateralize, I think Pension Office is keen to help the housing market. I mean part of the initiatives we got at the moment for this year diversification is to increase funding to the housing market. I think collateralization is useful scheme at the moment in helping people get bank finance. And also, there is another world bank initiative I think on forming housing policy here at the moment which is ongoing. I think on the savings product for the example for housing and expending the range of options on the collateralization there is certainly work to do. But



I think for us it would be something we start to think about early next year. Because we have got quite a relatively thick agenda. Our agenda this year on initiatives already like communities and protection benefits. The message I think here is I don't, you think so you did that. We recognize housing is a one of the most important of needs in the Maldives. Next year we will be looking at this in a bit more detail. So, and that will involve consulting quite a lot of stakeholders in the market. I don't know what you want, you want to think about. Is anything you want to say Sujaa?

Chairman speaking:

Sujatha.

Chief Operating Officer of Maldives Pension Administration Office, Fathimath Sujatha

Haleema speaking:

Yeah, we understand the difficulties, because it is only for the collateral, for purchase right now. But when we initiated the housing product, we had to bear in mind the risks in it. You know the construction industry is quite volatile and it could lead to a lot of you know risk when we open it. So, the idea behind introducing the product was to start it small, to see how it is going and then we would definitely look into the possibilities. But the concern is, as I have said the construction industry there are a lots of risks, and with the present product it definitely creates an asset. So, the possibility of losing the funds would be very low. And as this is a pension institution it is our priority to make sure that the pensions are secured. Yeah. Thank you.

Chairman speaking:

Something I was wondering about was the, you mention that you were looking for new investment opportunities locally and abroad. What areas have you decided upon or is in discussion?

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle

Speaking:

We have been consulting CMDA for example on private placements. And we have had recent meetings to the stock market. I think the pension scheme is it needs to list, it needs to invest in listed securities at the moment. So, be a case of working with partners in the private sector and the government as well. To actually list new securities probably equity or debt instruments, Probably debt instruments in all fairness. Like



loans or laptop in a listed vehicles to things like infrastructural renewables and possibly some of the most strategic connections to the Ministry of Finance and the need in the economy. So, we need to position, we need to get, we need to go through the legal hurdles with CMDA and other parties as well get board by for an example to do this. And we need to effectively look into that a lot more of locally, local investment community to identify some attract opportunities. We have looked at some world bank research and we can see what other opportunities might be, but we really need to have those discussion to with other people to make those discussions crystal into actual pension scheme investments. I think for example, the world bank mention opportunities in the renewables for example, to reduce dependencies on diesel and improve the current account. There is lots of an opportunities in housing. there is lots of people who wants to expand their business like in fisheries here for example. There is opportunities in funding needs in tourism which could help bring attractive returns into the fund. There is opportunities in privatization as well. To work for Ministry of Finance to privatize some of, I want to say to good cases. But, some of the attractive privatization issues have come forward. So, promotes and help make get those into pension fund. But of all such initiatives this is to with diversification journey at the pension fund is going to take a lot of effort and a lot of care and a lot of prudent review of materials to make sure the returns and the assets secured. But these are types of sectors I think we are looking to get more involved in, increases public buy into pensions as well, if they can the see local hospitals or local part of their community is Pension Office is helping to fund the build of that.

Chairman speaking:

Thank you. I give the floor to MP Honorable Ahmed Abdullah now. And I would like to ask the Deputy to close the session for me, because I really have to go. Thank you.

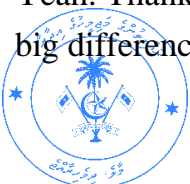
Member of South Galolhu Constituency, Meekail Ahmed Naseem speaking:

Okay.

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Member of Baarashu Constituency, Ahmed Abdullah speaking:

Yeah. Thank you Chair. If I am not wrong, I saw one slide the similar jurisdiction has a big difference than Maldives. Can you just explain a bit?





Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle

Speaking:

How many expenses?

Member of Baarashu Constituency, Ahmed Abdullah speaking:

Yes, the areas of same jurisdiction in investment.

(A Moment later)

Chief Financial Officer of Maldives Pension Administration Office, Mohamed Shaid

Speaking:

This slide indicates that the similar jurisdictions, we have compared two. One is the return on our investments, and on the other side the fee charge on the asset management. So, just we were just comparing. Because what we do is we invest the funds we receive in ordered to get a higher return, while reducing the administration cost. That's the contrasting, the objectives. So, we found that the Maldives among these jurisdictions, we have the advantages that we can say that a five-year annual return is higher compare to these jurisdictions. While, and also It supersede the management cost the expenses that we have. So, that is basically just to indicate that we are just doing better than what we spent. Thank you.

Member of Baarashu Constituency, Ahmed Abdullah speaking:

And I found one slide, the uncollected amount is 1.07 million. So, what's the plan to collect it?

Chief Technology Officer of Maldives Pension Administration Office, Ahmed Shafeez speaking:

Yeah, we are having through the legal activities we are trying to collect those amounts. It's like from the beginning until now we have that amount. So of course, every month they will be new employers who doesn't pay and they also will receive payments from the employers. Some of the employers they have huge amounts and that's why its high in a bigger amount. Yeah. So, continuously we are trying to get the amount. Yeah.



Chief Operating Officer of Maldives Pension Administration Office, Fathimath Sujatha Haleema speaking:

We do have a very vigorous process in which variable there is when the notices are served, and if the payment are not received. The court process is actually started. So, its ongoing. These are, and some of these cases would be like shafeez had mentioned while he was speaking earlier, because this is the debt on 31<sup>st</sup>. So, a lot of employees pay before the fifteenth. So, it would reduce. And again you know the legal process would recover some funds. Yeah.

Chairman speaking:

Honorable Ali Hameed, Isdhoo constituency.

Member of Isdhoo Constituency, Ali Hameed speaking:

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Thank you chair. Thank you for the team of Pension Division. I would like to ask a few clarifications regarding as Mr. Ahmed have questioned about, and I understand that Shahid have explained about the financial cost of investing in other jurisdictions in competition to a local opportunities in here in Maldives. I would just like to ask if the pension authority could explain me that, are there any specific areas of opportunities being developed in Maldives? Where the pensions fund has the opportunity to leverage the market economy. like, I understand that Maldivian private sector we have a very less opportunity of liquidity across the financial institutions. And the private sector is very much desperately needed for these investments in ordered to go forward with our economical opportunities in here in locally. So, I would just wonder that, don't you have enough collaborations with the banking system in here and in private sector investment opportunities are there or not for pension authority to invest in.

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle Speaking:

I think this is one of the key things we are looking to we are agree with you on a banking system I think. This is one of, I think historically the pension fund is invested in writing T-Bills and government securities and it's been a bit of listed activity on the side. One of the things we are looking to do I think we share subject to legal and subject to other rules and getting it through the board. Make, the board needs to be very comfortable with this. This is actually starting to look at, starting to invest pension



scheme assets and other types of assets which we were things you are talking about. Things like where people need credit or finance to build an office block which is difficult although expense to financial bank, or possibly things like prude funds for example, we have a fund which can provide capital to resort building for example. So, these are the things we see these initiatives and see these opportunities on the table. And CMDA is now more advanced I think with it’s private placement framework. Is that fair? So, I think that will be in close contact with CMDA. For example, we have been in contact stock exchange to actually have a vehicle to start financing other types of businesses like small and medium size enterprises where people wanting to you know, build infrastructure for fishing for example. These are very active on the agenda. Because, we are very mindful of these types of credit assets can give attractive returns to the members and help build their pension into the future. And it’s a call over the pension scheme is to invest in the real economy. So, this is one of the reasons I think they are directing more locally and there has been a lot less focus of later trying to invest overseas.

Member of Isdhoo Constituency, Ali Hameed speaking:

Already the pension authority have invested in government bonds, and long term government financial tools. Which is more secure for the fund as you have explained as well. And then you have mentioned about the, in the, I guess it was the way forward slide. In more inclusive community contribution of including fishermen’s as well. I mean fisheries sector, people those who are working in fisheries sector, I believe that you are going to managed to have a some sort of pension fund over there. Wouldn’t, do you have any conspiracy for including famers as well, I mean those who are working in the agriculture industry as well?

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle Speaking:

I think our ambition is to Pension Scheme for all Maldivians. So, I think I our ambition is to include as many pension people in, will provide a pension, savings vehicle for as many people as we possibly can. So, fisherman I think is identified in a strategic plan. Go on, if you want it. Yeah? conciliations

Chief Operating Officer of Maldives Pension Administration Office, Fathimath Sujatha Haleema speaking:



Yeah, like CEO has mentioned, our aim is to include everyone. Why fisherman is specifically mentioned here is, because, as you know recently a law was passed on benefits of fisherman in which there is a requirement actually to have a pension scheme for fisherman. So, we are looking, we will be looking at that. That's why it has been specifically mentioned here. Regardless we will be looking at farmers as well as you know other informal sector workers. Yeah. Thank you.

Chairman speaking:

We will wait, just a break.

(A Moment later)

Member of Isdhoo Constituency, Ali Hameed speaking:

Thank you chair and Pension Office team. Yeah, as I have mentioned about, I find that fisheries sector, unlike the other employment sectors, Fisheries sector and Agriculture sector is more, less regulated compared to other employed sectors. I am sure that you must have thought about the legal infrastructure in the Fisheries employment sector. So, we rather, although we will have lot of challenges by legal point of view as well. But inclusivity of the grater population is what we are looking for maybe considered about the pension's schemes. So, I hope this initiative will be greatly benefited for the most needy people in the economy as well. And this will be very good initiative by the pension authority. And I hope you will continue exploring the sector and to be guided through greater benefit of the people being employed. Thank you very much.

Chairman speaking:

If there that is all the questions from the MPs' I would conclude today's meeting and we hope to see you some other day. Thank you.

Chief Executive Officer of Maldives Pension Administration Office, Mr. John Grindle Speaking:

Thank you sir. Thank you.

