

ASSA Recognition Award

- 1.1 The ASSA Recognition was first introduced by the Employees Provident Fund (EPF) of Malaysia in 2015. The purpose of the Award is to recognize ASSA member-institutions' achievements.
- 1.2 Following the approval of EPF's proposal on the ASSA Sustainability Pledge at the 41st ASSA Board Meeting in Manila, Philippines in November 2024, and the signing of the Pledge by member-institutions in Palawan, Philippines in March 2025, **the Government Service Insurance System (GSIS) of the Philippines, introduces a new award category on Sustainability - recognizing programs and initiatives that address climate risks, environmental stewardship, sustainable development, and long-term resilience.**
- 1.3 The new criteria and categories for the ASSA Recognition Award are as follows.

No.	Categories of Recognition	Description of the Categories
1.	Innovation Recognition Award	Creation of an innovative technology, product or service which has led to improvements in services or products.
2.	Transformation Recognition Award	A practice that has resulted in improvement in the overall effectiveness, efficiency, and success of the organisation.
3.	Customer Service Recognition Award	Organisations that have implemented successful customer service strategies which are able to meet customers' expectations in terms of delivery and quality of service.
4.	Continuous Improvement Recognition Award	Organisations that are in a never-ending effort to expose and eliminate root causes of problems. It usually involves many incremental steps towards improvements rather than one overwhelming innovation.
5.	Strategic Communication Recognition Award	Organisations that have pushed the boundaries when it comes to their communications strategy in order to ensure they truly engage with their members using various communication channels.
6.	Information Technology Recognition Award	Organisations that run their business using effective and reliable technologies that are essential to drive efficiency and productivity, and improve organisational outcomes and performance.
7.	Insurance Coverage Recognition Award	Insurance and social security schemes that have developed their proposition with a clear focus on retirement, health and meeting members' needs.
8.	Financial Literacy Recognition Award	Organisations that have introduced and provide advisory services on financial literacy and retirement planning to address issues on adequacy of members' savings for retirement.
9.	Investment Governance Recognition Award	Organisations that have reflected specific issues relating to the management of funds of social security institutions' objectives, ranging from the investment of benefits provided and also addressing issues on the adequacy of the fund.
10.	Sustainability Recognition Award	Initiatives that promote environmental protection and stewardship, sustainable development, climate resilience, green transformation in social security operations, programs, value-chains, and resource allocation and deployment.

1.4 The write-up should include the following:

WRITE UP TEMPLATE

CATEGORY	:	Continuous Improvement Recognition Award
ORGANISATION	:	BPJS Ketenagakerjaan
CONTACT PERSON	:	Kristiana Martanti (+628159094336) Team Support: Indri Safitri Gunawan (+628111856156) Taufan Perdana (+6281364366578) Bambang Suprayogi (+6281379424448) Bintang Seantero (+6285250168019) Nyoman Kristian (+6281366255560)
NAME OF PROJECT	:	Annual Business Plan and Budget (RKAT) as a Continuous Improvement Engine: Eliminating Waste, Shifting Mindsets
OBJECTIVE AND NATURE OF PROJECT	:	The “Annual Business Plan and Budget (RKAT/Rencana Kerja & Anggaran Tahunan) as a Continuous Improvement Engine” project aims to transform the budgeting process from a static annual activity into a dynamic, organization-wide tool for continuous operational improvement. The core objective is to eliminate inefficiencies, reduce waste, and embed a culture of discipline and data-driven decision-making across all business units. The Annual Business Plan and Budget initiative is aligned with the institution’s 2026 Strategic Outcome: Improving the Quality of Life and Welfare for All Indonesian Workers. As a core management tool, RKAT translates strategic drivers, such as expanding coverage, enhancing services, and optimizing investment benefits, into measurable action plans and resource allocations across the organization. Positioned within this strategic framework, RKAT operates not only as a financial instrument, but as a continuous improvement engine that integrates planning, monitoring, evaluation, and refinement. Through this cycle, the institution ensures that every budgeted action is accountable, outcome-oriented, and contributes directly to the national social security agenda. RKAT Transformation Timeline: From Static Planning to Risk-Based Continuous Improvement Over the years, BPJS Ketenagakerjaan has progressively transformed its Annual Business Plan and Budget into a dynamic and accountable tool for continuous improvement. Pre-2021: RKAT followed a conventional planning model, static, target-based, and often reactive. Budget execution issues such as year-end bunching and misaligned outputs were common. In 2021, budget execution at BPJS Ketenagakerjaan was monitored through absorption-based indicators, focusing on how much of the allocated budget was spent rather than the quality or impact of the spending. While this approach ensured that disbursement levels were tracked, it lacked deeper insight into the efficiency or effectiveness of program outcomes. At this stage, budget performance evaluation was still reactive, adjustments were often made only after inefficiencies had occurred, and execution delays commonly led to spending spikes in the final quarter. This period marked a critical baseline for identifying the need for more forward-looking and performance-based planning mechanisms.

2021–2022: Establishment of Budget Shifting, Monitoring, and KPI Integration

Introduction of budget shifting policies allowed more flexible reallocation based on actual program performance. Action plan adjustments were implemented to improve execution accuracy. In 2022, BPJS Ketenagakerjaan began to strengthen its budget monitoring and evaluation framework by integrating elements of efficiency and effectiveness into its review process. While budget absorption remained a key metric, there was increasing emphasis on:

- Pacing and timing of spending, to prevent year-end bunching,
- Alignment of outputs with strategic goals, and
- Early detection of underperforming programs and regions, based on KPI-based thresholds.

This transition was supported by the introduction of improved reporting tools and internal dashboards. However, execution remained heavily reliant on historical patterns, and budget revisions were still frequent. The challenges of year-end bunching and program misalignment highlighted the need for more proactive, data-informed planning approaches, paving the way for deeper reforms starting in 2023.

2023: Enhancing Budget Credibility Through Unit Cost Standardization

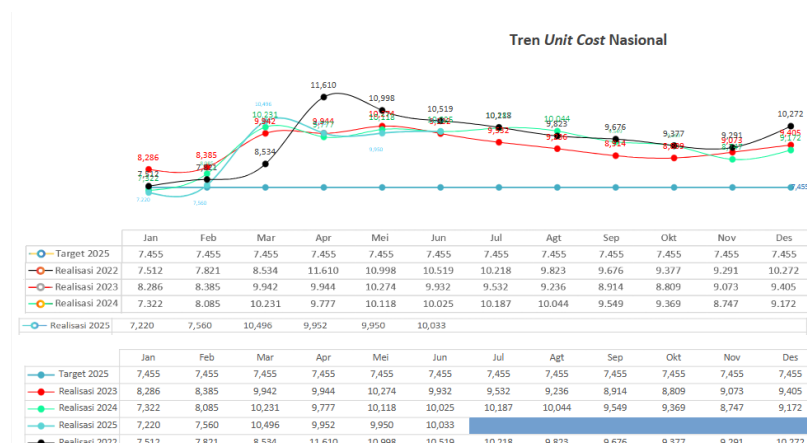


Figure 1 Unit Cost Trend: Strengthening Planning Precision and Regional Budget Credibility. In 2024, the trend showed an early spike: January: IDR 7,322 May: Peaked at IDR 10,118 Followed by a gradual decline, ending in December at IDR 9,172 In contrast, 2025 began with a more stable trajectory: January: IDR 7,220, only slightly below the national unit cost target of IDR 7,455 for the year. The 2024 average unit cost was generally lower than in 2022 and 2023, though still above the annual target. January 2025 marked the closest alignment to target compared to previous years, indicating stronger planning accuracy and cost control. This improving trend highlights the impact of institutional reforms, particularly the adoption of unit cost as a formal planning parameter in RKAT since 2023. It reflects the organization's commitment to cost discipline, output-based budgeting, and continuous performance refinement.

Responding to the growing emphasis from the Ministry of Finance, BPJS Ketenagakerjaan formally adopted unit cost-based planning in RKAT 2023 as part of its continuous improvement journey. BPJS Ketenagakerjaan formally adopted unit cost as a basis for regional budget ceilings starting in RKAT 2023. This marked a significant step toward improving the fairness, transparency, and effectiveness of resource allocation across all offices.

The unit cost is calculated by dividing the total operational expenditure by the number of active participants. The unit cost approach ensures that proposed budgets are linked to measurable outputs and participant volume, making execution more predictable and performance-oriented. It encourages each regional office to plan based on realistic service needs, rather than arbitrary targets or historical spending patterns.

The unit cost trend from 2023 onward reflects the organization's progress in institutionalizing cost discipline and aligning financial plans with service delivery. This shift has supported a culture of evidence-based planning, reduced budget inflation, and minimized inefficiencies.

As part of the RKAT continuous improvement cycle, the application of unit cost metrics is now integrated with action plan reviews, quarterly monitoring, and budget justification processes, laying the foundation for stronger fiscal governance and long-term sustainability.

Marked improvements in cost-efficiency and output effectiveness were achieved, supported by stronger planning discipline and alignment with Ministerial Decrees (PMK) on public service operational funding.

Simultaneously, the implementation of adjustment mechanisms for action plans enabled more flexible and responsive program execution, while maintaining control and accountability. These measures marked a key step in building structured, measurable, and performance-oriented financial planning within the RKAT cycle.

2024: Execution Bunching and Its Strategic Impact

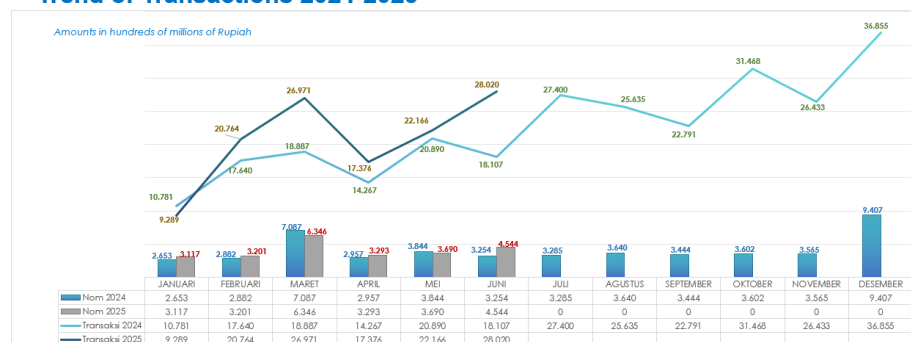
Operational Fund: Institutional Synergy for Accountable Social Protection



Figure 2 Sharp Transaction Spike in December 2024 Triggered Operational Fund Reduction and Reinforced Continuous Improvement Measure

The 2024 National Transaction data shows a sharp spike in December (IDR 31.8 trillion), indicating persistent year-end budget bunching. This late execution raised concerns at the Ministerial Coordination Meeting (RTM) and contributed to the downward revision of BPJS Ketenagakerjaan's operational fund (DaOps) for 2025.

Trend of Transactions 2024-2025



Note:

- ✦ The acceleration in budget realization during the first semester of 2025 indicates anticipatory action by work units ahead of the budget freeze policy implemented under the 2025 RKAT (Work Plan and Budget). With the implementation of the freeze policy, work units are encouraged to execute their Semester II activities in alignment with their respective Action Plans.
- ✦ Data Source: SMILE, extracted on July 3, 2025, based on data as of June 30, 2025.

Figure 3 Reflects a Shift Toward Front-Loaded Execution and Budget Discipline

	<i>in 2025</i> Following the significant budget bunching observed in December 2024, the implementation of operational fund reduction and a quarterly freeze mechanism in 2025 triggered a notable shift in transaction behavior. As illustrated in Figure 3, work units demonstrated a more proactive and disciplined approach by front-loading their transaction activities during the first half of the year. This shift was not solely behavioral, it was also institutionally supported. The financial function at BPJS Ketenagakerjaan played a critical role in enabling this improvement through intensive socialization and continuous monitoring efforts, ensuring that all work units were aligned with their Action Plans and annual performance targets. Regular dissemination of guidelines, early warning alerts, and strategic budget reviews were carried out to support more accountable and timely fund realization. This trend indicates a growing alignment between planning and execution, where work units anticipate the freeze timeline and adjust their operational spending accordingly. The acceleration in Semester I 2025 reflects improved compliance with the Action Plan and a heightened awareness of financial governance. Compared to the previous year, where spending was heavily concentrated at year-end, the distribution in 2025 reveals a healthier and more even transaction pattern that supports the principles of continuous improvement and sustainable budgeting practices. This shift marks an early signal of success in behavior change efforts under the accountability, strategy, synchronization, and acceleration framework, reinforcing the importance of data-driven decision-making and timely execution to enhance institutional credibility and performance. As part of the commitment to efficient and effective governance of social security funds, the operational fund mechanism reflects the strategic collaboration between BPJS Ketenagakerjaan and the Ministry of Finance. This institutional partnership is governed by Government Regulation No. 99 of 2013 on the Management of Social Security Employment Assets, as amended by Government Regulation No. 55 of 2015. The operational fund, sourced from contributions and investment returns of social security programs, is utilized to support the administrative implementation of social security programs. Its utilization is regulated and monitored through the Ministry of Finance to ensure fiscal discipline and compliance with performance standards. This framework highlights the inter-agency synergy in ensuring transparency, efficiency, and accountability. It also reinforces the government's long-term vision in strengthening sustainable and responsible social protection systems. In accordance with Minister of Finance Regulation Number 133/PMK.05/2024, BPJS Ketenagakerjaan receives its 2025 operational budget from a portion of social security contributions, with an indicative ceiling of IDR5.149.510.000.000 (approximately USD 326 million).
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Figure 4 Operational Fund Figures From 2020 to 2026

The Ministry of Finance emphasized the need for evenly paced budget execution as a key factor in assessing institutional efficiency. This reinforces the urgency of improving the RKAT continuous improvement cycle, including:

- Quarterly budget freeze,
- Early warning mechanisms, and
- Unit cost-based planning.

BPJS Ketenagakerjaan responded with stronger controls under the Money Follow Program and Risk-Based Budgeting, aiming to align spending with strategic discipline and fiscal credibility.

2025: Institutionalizing Budget Freeze: Enabling Discipline and Cultural Shift

In 2025, BPJS Ketenagakerjaan implemented a budget freeze mechanism as part of its broader effort to reinforce fiscal discipline and ensure more balanced budget execution throughout the year. The freeze was applied quarterly, acting as a pacing control to prevent backloaded spending, reduce idle budgets, and enable more responsive resource allocation.

Action Plan as the Basis for Budget Implementation

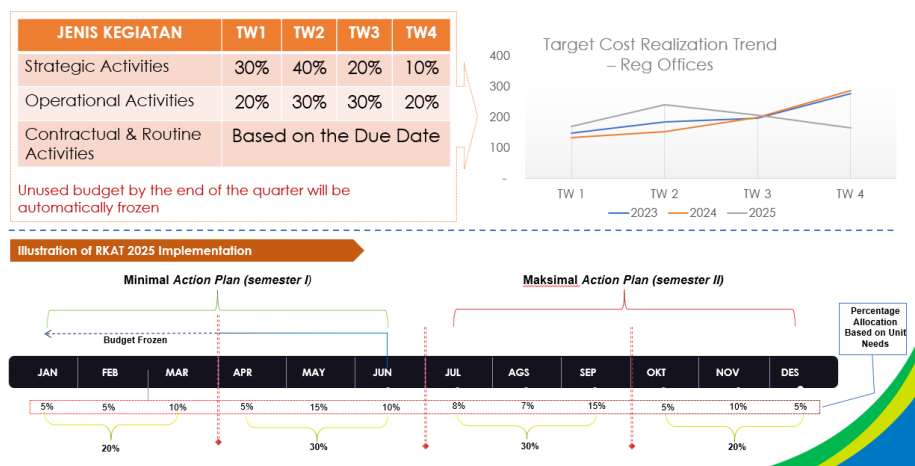


Figure 5 Budget Implementation Based on Action Plan and Quarterly Freezing Mechanism: RKAT 2025 Strategy

This figure illustrates the allocation and execution strategy of BPJS Ketenagakerjaan's 2025 Annual Budget Plan (RKAT), highlighting the alignment of budget utilization with action plans across semesters. Budget portions are distributed based on activity types and quarterly targets, with automatic freezing of unused budgets at the end of each quarter. The bottom half visualizes the pacing of expenditures between Semester I (minimal action plan) and Semester II (maximum action plan), while the top right shows cost realization trends across regional offices from 2023 to 2025

Methodology and System Development

The methodology involved setting clear cut-off periods for expenditure realization within each quarter, backed by:

- Early warning dashboards for underperformance,

- Automated freeze triggers based on pacing deviation,
- Integration with action plan tracking and unit cost data.

A dedicated cross-functional team developed an internal digital system to manage the freeze process, integrating real-time monitoring, exception handling, and approval workflows into the existing RKAT platform.

The introduction of the freeze mechanism catalyzed a shift in organizational mindset from reactive budget absorption to proactive planning and accountability. Units were encouraged to pace their activities with greater accuracy, link budget to output more clearly, and justify deviations with measurable data.

Over time, this initiative transformed budget management into a performance-oriented culture, aligning financial execution with strategic priorities. The freeze mechanism not only improved execution quality but also strengthened trust with the Ministry of Finance, as it demonstrated commitment to responsible, data-driven financial governance.

A major leap occurred with the introduction of quarterly budget freeze mechanisms, enabling better pacing control and minimizing end-of-year spending spikes.

Shifting Trends as a Reflection of Continuous Improvement in Budget Governance

As part of the continuous improvement journey in budgeting and financial governance, BPJS Ketenagakerjaan has closely monitored the pattern of budget shifting, both in terms of transaction volume and nominal value, from 2020 to 2025.

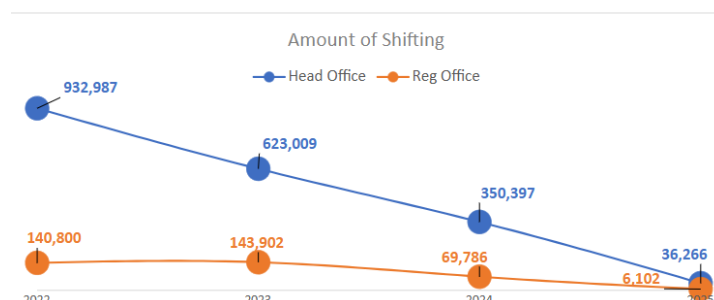


Figure 6 Trend in Budget Shifting Amount (2020–2025) The reduction in nominal shifting value demonstrates improved budget accuracy, better alignment between plans and execution, and enhanced resource optimization.

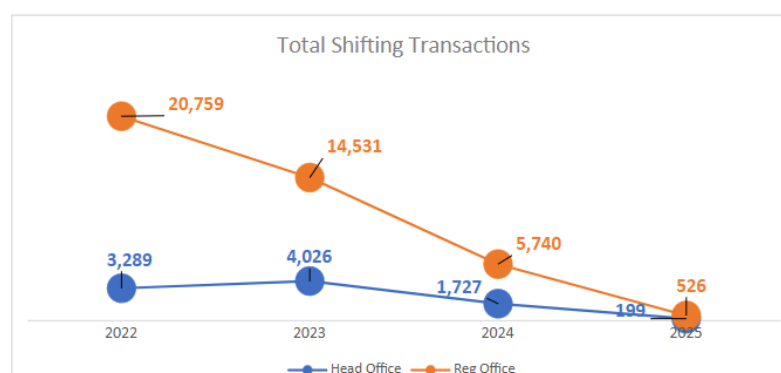


Figure 7 Trend in Budget Shifting Transactions (2020–2025) - The declining number of shifting transactions reflects stronger planning discipline, reduced reactivity, and improved execution control across years.

In earlier years, a high number of shifting transactions and large nominal reallocations reflected reactive planning, frequent execution delays, and a lack of precision in initial budgeting. These conditions often required mid-year

adjustments that strained operational consistency and created inefficiencies.

However, the steady decline in both shifting frequency and nominal volume over the years signals a growing maturity in planning discipline. This improvement is the result of several institutional reforms, including:

- Enhanced planning accuracy through the Money Follow Program,
- Quarterly monitoring and early warning systems,
- Implementation of budget freeze controls to enforce execution pacing,
- And the formal adoption of Risk-Based Budgeting starting in 2026.

These improvements have fostered a shift in organizational mindset, from “adjust-as-you-go” to plan-execute-account. The decreasing trend in budget shifting transactions and nominal value is not just a statistical outcome, but a manifestation of stronger accountability, better alignment of resources to priorities, and a culture of proactive financial management.

2026: Advancing Strategic Agility Through Risk-Driven Planning

RKAT adopted Risk-Based Budgeting (RBB), fully integrating risk identification, evaluation, and mitigation into the budgeting process. This approach ensures resource allocation is not only goal-driven but also risk-informed, resulting in fewer revisions, stronger anticipatory planning, and enhanced organizational resilience.

This multi-year journey reflects BPJS Ketenagakerjaan’s commitment to embedding RKAT as a living engine of accountability, strategic alignment, and continuous improvement.

Integration of Risk-Based Budgeting into RKAT: Advancing Continuous Improvement

To strengthen financial governance and minimize repeated revisions, BPJS Ketenagakerjaan embedded *Risk-Based Budgeting* (RBB) into the RKAT (*Annual Business Plan and Budget*) process. This integration ensures that budgeting is aligned not only with strategic goals, but also with key institutional risks.

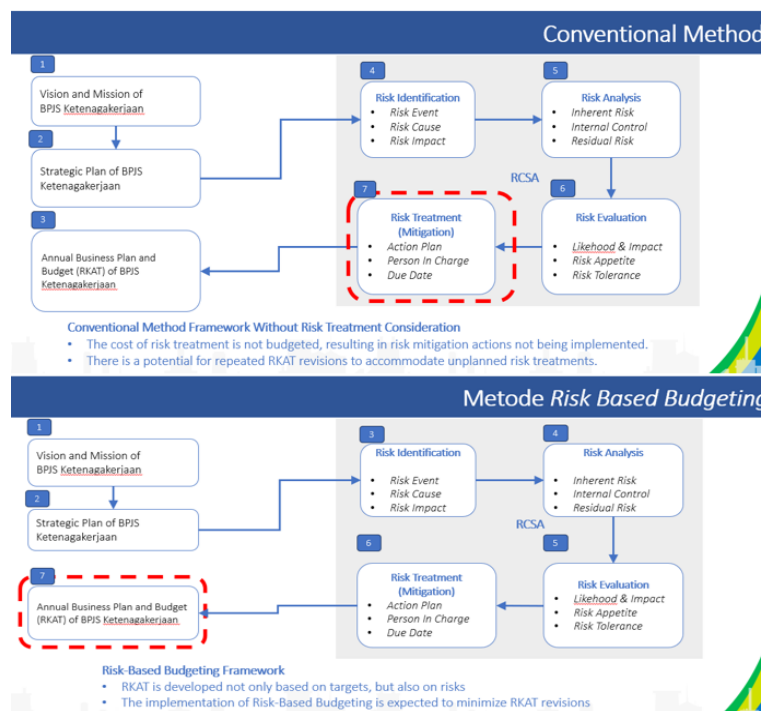


Figure 8 Evolving the RKAT Process: Incorporating Risk to Minimize Revisions and Strengthen Planning Accuracy

	Under the RBB approach, risks are systematically identified, analyzed, and linked to mitigation actions, each with a clear budget, person-in-charge, and timeline. These risk treatments are incorporated into RKAT, ensuring proactive allocation of resources toward risk response. This shift represents a strategic leap in the RKAT continuous improvement cycle, transforming it into a tool that is not only target-driven, but also risk-responsive. As a result, planning becomes more anticipative, execution more controlled, and adjustments more data-informed, strengthening accountability, reducing budget volatility, and improving resilience. RKAT is a continuous improvement framework designed to expose and eliminate root causes of budget-related issues. These include year-end budget bunching, uneven quarterly execution, idle budgets, and weak cost-output alignment. By shifting the mindset from reactive spending to proactive planning, RKAT seeks to align resources more effectively with strategic outcomes. The nature of the project is incremental and iterative. It introduces mechanisms such as quarterly budget freeze, action plan-based execution, unit cost analysis, and performance-based shifting, each reviewed and refined through a structured quarterly and annual evaluation cycle. Over the years, this framework has matured from a basic budget tool into a system of accountability, transparency, and behavioral change. By institutionalizing feedback loops, RKAT enables ongoing adjustments that strengthen financial governance and enhance service delivery outcomes. This project reflects a never-ending organizational effort to improve, not through dramatic overhauls, but through sustained, strategic steps that lead to measurable and scalable impact.
WHY IT SHOULD BE RECOGNISED	: The Annual Business Plan and Budget (RKAT) initiative exemplifies a long-term, institutionalized commitment to continuous improvement in financial governance. Rather than relying on one-time reforms, RKAT is structured as an adaptive cycle that enables the organization to consistently identify root causes of budgetary inefficiencies, such as year-end budget bunching, cost-output imbalances, and execution delays, and to implement targeted, incremental corrections over time. Since its inception, RKAT has evolved through a series of measurable and replicable steps: quarterly budget freeze mechanisms to mitigate spending spikes, performance-based budget shifting to align resources with impact, and the integration of unit cost analysis to sharpen decision-making. These mechanisms are not standalone innovations, but parts of a unified system that is reviewed, adjusted, and improved every year. The initiative has not only improved cost efficiency and the distribution of budget execution but has also shifted organizational behavior, instilling a culture of discipline, data-driven planning, and outcome-oriented execution. RKAT now operates as a built-in feedback engine that strengthens institutional resilience and accountability, making it a benchmark of how social security institutions can embed continuous improvement into core financial processes.
SUMMARY OF THE PROJECT	: The Annual Business Plan and Budget (RKAT) has evolved into a strategic engine for continuous improvement, transforming financial governance within BPJS Ketenagakerjaan. Through structured reforms, ranging from quarterly budget freezes, performance-based shifting, unit cost controls, and the recent integration of Risk-Based Budgeting (RBB), RKAT has shifted institutional behavior from reactive budgeting to proactive, data-driven planning. Over time, this transformation has successfully eliminated inefficiencies,

	reduced wasteful spending, and cultivated a culture of discipline and accountability across the organization. Measurable outcomes such as reduced shifting transactions, improved pacing, and enhanced execution quality reflect the tangible impact of this iterative improvement cycle. In alignment with the theme “Annual Business Plan and Budget (RKAT) as a Continuous Improvement Engine: Eliminating Waste, Shifting Mindsets”, the initiative exemplifies how long-term, adaptive planning mechanisms can drive not just operational excellence, but also strategic resilience. RKAT is no longer just a budgeting tool, it is a living system of governance that ensures alignment, performance, and sustained impact
PHOTOS/ IMAGES OF THE PROJECT, WHEN POSSIBLE	:  <i>Figure 9 Performance and Budget Monitoring of Operational Funds 2025 - This activity was conducted at the BPJS Ketenagakerjaan Regional Office in Surabaya, East Java 14-16 May 2025.</i> In alignment with the Minister of Finance Regulation, BPJS Ketenagakerjaan conducts quarterly performance and operational fund monitoring. This initiative supports transparency and budget discipline by submitting reports on fund utilization and performance achievements to the Minister via the Director General of Budget. The outcomes of this monitoring activity serve as a strategic basis for determining the operational fund ceiling for the following fiscal year.  <i>Figure 10 Quarterly Performance Review of BPJS Institutions: Ensuring Accountability, Efficiency, and Fiscal Alignment</i>



Figure 11 Kicking Off a Year of Alignment: ICK as a Driver of Performance-Linked Budgeting and Continuous Improvement – July 9th 2025