



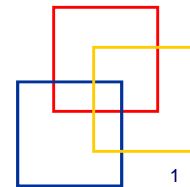
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## Policy and Process Aspects

John Woodall  
Social Security Department  
International Labour Office

Conference on Pension Reform in Serbia  
Belgrade 24<sup>th</sup>-25<sup>th</sup> September 2009

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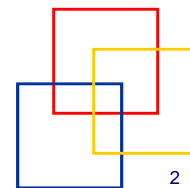


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## Sustainability - I

- *If*, in the long term, costs will exceed income, then the balance can *only* be re-established by:
  - **increasing income**
    - contributions – *already high in Serbia*
    - subsidies – *national budget under pressure*
    - make investments work harder
  - **reducing costs**
    - reduce amount of pensions - *problematical*
    - start paying pensions at later age(s) – *already done*

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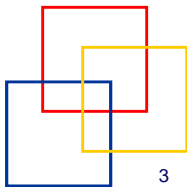
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## Sustainability - II

- Pensions – *adequacy* is critical, and relates to:
  - coverage of those of working age
  - coverage of those who should receive benefits
  - Amount of benefit
- Long-term focus:
  - financial balance *may* be established over a period of years, *provided that*
  - cash flow is assured year by year



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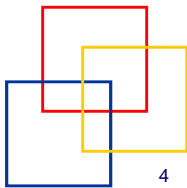
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## Ways forward


- “Universal” pensions
  - basic element in multi-pillar framework
  - implementable, and can be tailored to cost considerations
- Earnings-related
  - meets considerations of “fairness” (benefits received in return for contributions paid)
  - efficient and effective (proven over the years), particularly in the context of social insurance framework
- The choices for Serbia
  - is there a need to adjust the balance, placing less weight on the earnings-related component?



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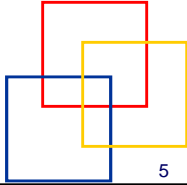


  
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## Guiding framework - I


- **Universal access**
  - to be interpreted according to country's own conditions
  - in Serbia, particular considerations relate to the inclusion of farmers, women, .....
- **Progressive structure**
  - is there a need to re-think the long-term framework, to combine a "basic" pension benefit with a reduced element of earnings-related, insurance-based, pension entitlements?

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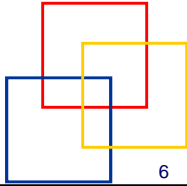


  
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## Guiding framework - II

- **Pluralistic approach**
  - may include elements which are
    - mandatory/voluntary
    - public/private
    - funded/PAYG
    - and more..
- **Outcome focus**
  - too much discussion in the past of technical issues?  
Important questions include:
    - how to share national income?
    - who bears risks?
    - what can we learn from the economic & financial crisis?

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**Process Governance**

- Social Dialogue
  - tripartite
  - continuing
- Accountability
- Transparency
  - Accessibility of technical reports etc.

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**There is much to discuss...**



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