

## **Symposium** **“Key Issues in Introducing** **Pre-Funded Pension Schemes”**

Pension reform is high on the agenda worldwide. In the developed world, population aging has put pressure on pay-as-you-go schemes, especially those that provide comprehensive income replacement packages. In developing countries, despite more favorable demographic structures and more limited coverage, the financial problems have already arrived due to overly generous benefit promises, massive contribution evasion and mismanagement of pension reserves. The need to provide secure benefits for the elderly in a financially sustainable manner has prompted the World Bank, after extensive research, to propose a multi-pillar system (World Bank 1994). Balancing defined benefit and defined contribution provisions, unfunded and funded financing, and public and private management in an appropriate manner was, and still is, seen as a useful benchmark for any reform (Holzmann and Stiglitz 2001). While the hands-on experience in more than 60 countries in the world has indicated that countries and their starting positions differ and thereby require a country-specific reform approach, the reform work has also signaled the need for more research on basic design and implementation questions and more extensive sharing of country reform experiences.

In order to provide this intellectual support for pension reforms worldwide, the World Bank has launched a Pension Reform Primer. It aims at providing a comprehensive toolkit for policymakers on design and implementation issues. The papers presented in this volume constitute some of the background papers that have been written to this end. They address some of the most crucial and often contested issues in pension reform as systems move from unfunded to funded provisions: the scope of administrative charges; the performance, structure, and investment of pension funds; the role of pension funds in stock market development; the appropriate tax treatment of pension funds; and the role of public information when undertaking such a reform. In writing the papers, the authors relied on cutting-edge knowledge and information, but also on hands-on reform experience that render their papers a unique combination of academic rigor and practical relevance.

As with all pension reform primer papers, the papers in the volume benefited from an extensive review process that includes at least one internal

and one external reviewer, presentation and discussion at seminars at the World Bank and international conferences outside the Bank, and feedback from the international pension reform community. While having been written by World Bank staff or consultants, the interpretations and conclusions are solely those of the authors and should not be attributed to the World Bank, its Executive Board of Directors, or any of its members.

Washington DC, December 2000

*Robert Holzmann*

Director, Social Protection,  
The World Bank

*Robert Palacios*

Senior Pension Economist and  
Manager of the Pension Reform Primer,  
Social Protection, The World Bank

### **References**

World Bank (1994): *Averting the Old-Age Crisis*, OUP.

*Holzmann, R. / Stiglitz, J.* (2001): *New Ideas About Old-Age Security*, World Bank, in print.

Pension Reform Primer: [www.worldbank.org/pensions](http://www.worldbank.org/pensions).